

Texas State Affordable Housing Corporation 2010 Annual Report



Texas State Affordable Housing Corporation
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Pictured on the cover: Spencer Duran, Executive Director of Accessible Housing Austin (AHA!). AHA! was awarded funding under the Affordable Communities of Texas (ACT) program (see page 8).

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Home Loan Programs

TSAHC administers the Professional Educators, Homes for Texas Heroes, and Home Sweet Texas Loan Programs. The first two Programs were established by the Legislature and are allocated a portion of the State's annual ceiling of Private Activity Bonds for the purpose of making single family mortgage loans to Texas educators, firefighters, correctional officers, law enforcement and EMS personnel who are first-time homebuyers. In 2006 TSAHC created the Home Sweet Texas Loan Program which offers mortgage loans to first-time homebuyers at or below 80 percent of the area median family income (AMFI). This program does not have profession-specific requirements. All three programs offer 30-year fixed rate mortgage loans as well as downpayment assistance in the form of a grant. In 2010 more than 545 Texas families became homeowners utilizing these programs. Since the inception of the programs, over 3475 individuals and families have become homeowners by utilizing these programs

Program	# of Loans	Total Committed
Professional Educators Home Loan Program	1954	\$225,927,481
Homes for Texas Heroes Home Loan Program	704	\$76,635,524
Home Sweet Texas Loan Program	817	\$78,270,296
Total	3475	\$380,833,301

Mortgage Credit Certificate Program

The Mortgage Credit Certificate (MCC) Program was created in 2008 and provides a federal income tax credit to first-time homebuyers. Under the MCC program, the homebuyer is eligible to take a portion of the annual interest paid on the mortgage as a special tax credit, not to exceed \$2,000, each year for the life of the home loan. This potentially saves the homebuyer thousands of dollars over the life of their home loan.

The MCC Program is available to any borrower who qualifies under our Professional Educators, Homes for Texas Heroes, or Home Sweet Texas Loan Programs. In 2010 more than 725 Texas families took advantage of this program. Since the inception of the program, over 1100 families have become homeowners by utilizing this program.

Program	# of Loans	Total Committed
Mortgage Credit Certificate Program	1106	\$134,080,453
Total	1106	\$134,080,453

Homeownership



Awards for Top Lenders in 2010

Left Picture: Lisa Swarts of Universal American Mortgage Company and Paige McGilloway of TSAHC. Middle Picture: Norma Guerrero Cowes of DHI Mortgage and Paige McGilloway. Right Picture (l to r): Liz Bayless of TSAHC, Kim Lewis of NTFN, Inc./Premier Nationwide Lending, and Paige McGilloway



Pictured above: Harper Ray of Cornerstone Mortgage meets with a first-time homebuyer

In 2010 TSAHC continued its role as a member and fundraising partner for the Texas Foreclosure Prevention Task Force, raising and administering public and private funding to support foreclosure counseling services for homeowners struggling to make their mortgage payments. TSAHC also assisted the State of Texas in administering approximately \$500,000 in federal National Foreclosure Mitigation Counseling (NFMC) funds to support foreclosure counseling services.



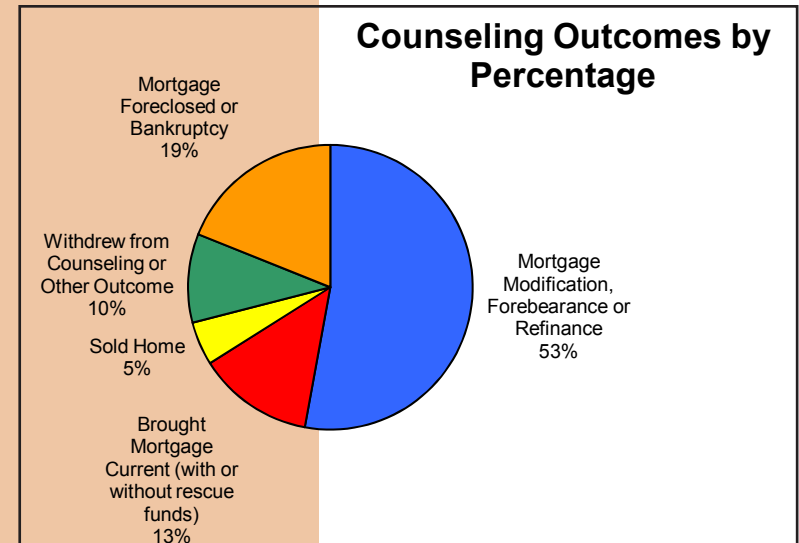
Picture taken at the Loan Scam Alert Volunteer Recruitment Event held at the BCL of Texas HomeOwnership Center in Dallas. Volunteers picked up door hangers and other loan scam information to disseminate to neighborhoods at risk of loan modification scams.

Foreclosure Prevention

Through our participation in the Texas Foreclosure Prevention Task Force and NFMC, TSAHC raised and administered funding to support approximately 3,000 foreclosure counseling sessions in 2010.

Number of Counseling Sessions Funded by Area	
Austin	971
Dallas	496
Houston	264
San Antonio	249
South Texas	772
El Paso	190
Other Areas	49
TOTAL	2991

As the fundraising partner for the Texas Foreclosure Prevention Task Force, TSAHC also spearheaded a statewide loan modification scam alert initiative to help homeowners identify, avoid, and report loan modification and foreclosure rescue scams. In support of this initiative, TSAHC raised funding that was used for the creation of a 30-minute Texas Public Broadcasting Service (PBS) special focused on loan modification scams. TSAHC also raised funds to provide loan scam awareness materials to vulnerable homeowners and supported local foreclosure outreach events in areas with high foreclosure rates.



The chart reflects the outcome percentages of homeowners who have completed counseling to date through NFMC and other TSAHC-supported foreclosure counseling services.

Developer Lending Programs

TSAHC operates two lending programs, the Multifamily Direct Lending Program and the Interim Construction and Land Acquisition Loan Program, that provide financing to developers for the construction or redevelopment of housing that serves the needs of low-, very low- and extremely low-income Texans in rural and underserved communities. All homes or apartments built using funding under these programs must be affordable to households earning at or below 80% of the area median income and must be constructed to meet TSAHC's housing construction standards. TSAHC funds our lending programs by leveraging cash reserves with program investments from partners like Wells Fargo, the Federal Home Loan Bank of Dallas, and the Community Development Trust.

2010 Lending Programs	
Single Family Rental Homes Constructed	27
Multifamily Rental Units Constructed	28
Total Amount of Loan Funds	\$1,056,125
Loan Funds Leveraged	\$600,000
Total Value of Constructed Properties	\$4.6 million
Estimated Jobs Created	42

Affordable Communities of Texas Program

The Affordable Communities of Texas ("ACT") Program stabilizes communities hardest hit by foreclosures by working with locally based nonprofits and government agencies to acquire and rehabilitate foreclosed homes, vacant land and tax foreclosed properties. The ACT program was awarded \$1.25 million in federal Neighborhood Stabilization Program funds in 2010, and \$500,000 in program related investments.

2010 ACT Program	
New Funds Raised	\$1.25 million
Number of Acquired Properties	161
% of Funds Committed	100%
Local Partners	16
Counties Served	21

Development Finance



The pictures above were taken at the ribbon cutting for The Willows in Austin. The Willows was constructed by the Mary Lee Foundation using funds awarded under TSAHC's Multifamily Direct Lending Program.



Accessible Housing Austin (AHA!) used funding provided by the ACT Program to make this home accessible to individuals with disabilities.

	# of Portfolios	# of Properties	# of Units	Site Visits in 2009 (Compliance/Asset Oversight)
TSAHC Properties	7	38	6766	76
Third Party Properties	2	2	462	2



Salem Village Apartments, Victoria

Asset Oversight and Compliance



White Rock Apartment Homes, San Antonio

Asset Oversight and Compliance monitoring of multifamily properties is required by many tax-exempt bond issuers, including TSAHC.

Asset Oversight activities include performing physical inspections and management reviews for our portfolio of bond-financed multifamily properties. Performing these duties encourages owners to maintain safe and decent housing. On-site inspections are performed at least once each calendar year. In addition, we monitor the monthly financial statements and annual audited financial statements of properties in our direct lending and bond portfolios, and administer requests by the properties for withdrawals from their Replacement Reserve Accounts.

Compliance monitoring ensures that IRS requirements, including providing the required number of affordable units, are being adhered to by property owners. Annual resident file reviews of affordable units ensure that federal requirements relating to the tax-exempt status of the bonds are followed. TSAHC's Asset Oversight and Compliance Department also monitors monthly and quarterly compliance and resident services reporting through its online reporting system.

To encourage the use of good practices, TSAHC has created a compliance training program available at a low cost to managers of our portfolio properties and other industry partners.



New Hope Housing, Inc. used their Foundations Fund grant to provide supportive services to residents at Bray's Crossing, pictured above and to the right.



Awardees	Counties Served	Households Assisted	Award Amount
Brazos Valley Affordable Housing Corporation	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Washington	18	\$50,000
Coastal Bend Center for Independent Living	Aransas, Bee, Brooks, Duval, Jim Wells, Kenedy, Kleberg, Live Oak, McMullen, Nueces, Refugio, San Patricio	20	\$50,000
Community Development Corporation of Brownsville	Cameron	10	\$50,000
Easter Seals - Central Texas, Inc.*	Bastrop, Blanco, Burnet, Caldwell, Hays, Travis, Williamson, Tarrant, Johnson, Parker, Dallas, Ft. Bend, Harris, Montgomery	10	\$100,000
Fort Bend CORPS	Fort Bend	11	\$50,000
Foundation Communities**	Travis	928	\$100,000
Midland Habitat for Humanity	Midland	1	\$50,000
Motivation, Education & Training, Inc.	Dimmit, Maverick, Starr, Willacy, Zavala	8	\$50,000
New Hope Housing, Inc.	Harris	900	\$50,000
Self Help Housing of East Texas	Jasper, Newton	7	\$50,000
Southeast Texas Interfaith Organization	Jefferson, Orange	8	\$50,000
Totals	44	1,921	\$650,000

*Received grant in 2008 as United Cerebral Palsy of Texas before merging with Easter Seals. Households served with 2008 and 2009 awards.

**Received grant in 2008 and 2009. Households served with 2008 and 2009 awards.

Texas Foundations Fund

The Texas Foundations Fund grant program provides \$50,000 grants to non-profit organizations and rural government entities for the costs associated with the construction, rehabilitation, and/or critical repair of single family homes, as well as the provision of supportive housing services within multifamily housing. Since the initial release of the Texas Foundations Fund, we have conducted three funding cycles, awarding 13 nonprofits grants totaling \$650,000. We are currently in the planning stages of our next funding cycle and anticipate making awards mid-2011.



Check Presentation made to Motivation, Education & Training (MET), Inc.

l to r: Hilda Escobar, Secretary of the Board for MET, Inc.; Carmen Gonzalez, Vice President of the Board for MET, Inc.; Jerry Romero, TSAHC Board Member; and Texas State Representative Armando Martinez.

TSAHC's financial statements for the fiscal year ending August 31, 2010, were audited by Mikeska, Monahan & Peckham, LLP, Certified Public Accountants. The audit was conducted in accordance with generally accepted and government auditing standards. The Independent Auditors issued an unqualified report, and there were no reportable conditions, audit findings or management letter comments.



Grant presentation made by Wells Fargo

l to r: Jeran Akers, TSAHC Board Member; David Long, President of TSAHC; Jerry Romero, TSAHC Board Member; Bob Jones, TSAHC Board Chair; and Jo Van Hovel, TSAHC Board Vice Chair

Financial Overview

2010 Statement of Net Assets	
Assets	
Current Assets	\$ 88,764,757
Noncurrent Assets	\$ 248,886,210
Total Assets	\$ 337,650,967
Liabilities & Net Assets	
Current Liabilities	\$ 5,283,891
Long-Term Liabilities	\$ 303,526,149
Total Liabilities	\$ 308,810,040
Invested in Capital Assets	\$ 681,978
Restricted Net Assets	\$ 21,198,045
Unrestricted Net Assets	\$ 6,960,904
Total Net Assets	\$ 28,840,927
Total Liabilities & Net Assets	\$ 337,650,967

2010 Statement of Revenues, Expenses and Changes in Net Assets	
Operating Revenue	\$ 20,076,730
Operating Expenses	\$ 17,221,433
Net Income	\$ 2,855,297
Total Net Assets – Beginning	\$ 25,985,630
Total Net Assets – Ending	\$ 28,840,927

TSAHC continues to seek private and public funding in support of our efforts to provide affordable housing opportunities to low-income families and other underserved populations in Texas. In 2010 TSAHC received \$675,000 in private grants and program-related investments in support of our affordable housing programs. We also received approximately \$1.25 million in federal Neighborhood Stabilization Program funding, which enabled us to expand our Affordable Communities of Texas land banking program. TSAHC would like to thank the following contributors for their support in 2010.

Bank of America
Wells Fargo Housing Foundation
Capital One
The Meadows Foundation
NeighborWorks America
FB Heron Foundation
Citi Foundation
Wells Fargo
Fannie Mae

Texas Department of Housing & Community Affairs (NSP)



For the Texas State Affordable Housing Corporation (TSAHC), 2010 was a year of development and growth. We began the year by participating in a thorough strategic planning process that gave our Board and staff a clear picture of how we can use our unique strengths to create affordable housing for low-income Texans. And with that picture in mind, we continued to find new ways to serve families in spite of the challenges created by the difficult economic conditions of the last several years.

TSAHC staff, working with our consulting professional team, was able to take advantage of the New Issue Bond Program launched by the U.S. Treasury to help state and local housing finance agencies issue single family mortgage revenue bonds. As a result of this program, in 2010 TSAHC was able to assist 545 families in Texas in purchasing their first home by providing an affordable 30-year fixed rate mortgage and down payment and closing cost assistance. Through our Mortgage Credit Certificate (MCC) Program, we continued our commitment to offer families a second type of assistance when purchasing their first home. In 2010, more than 725 families took advantage of the MCC program.

We continued our efforts to help existing homeowners keep their homes in 2010. Homeowners at risk of foreclosure were able to receive assistance free of charge through a network of HUD-approved nonprofit housing counseling organizations. As a member and the fundraising partner of the Texas Foreclosure Prevention Task

Lending Program and Texas Foundations Fund grant program by providing them with access to affordable funding to build and rehabilitate foreclosed homes that will be sold or rented to low-income families.

As a statewide nonprofit, fundraising has been crucial to our ability to provide several of our programs. In 2010, we were pleased to surpass the \$1 million mark for grants received from corporations and foundations since we began our fundraising efforts three years ago.

Many of the successes we had in 2010 would not have been possible without our funders and partners in the housing and financial industries. TSAHC is looking forward to continuing to work with them towards our goal that every Texan has the opportunity to live in safe, decent and affordable housing. I know with the support and leadership of our Board of Directors, our skilled and dedicated staff is more than prepared to meet that challenge.

*David Long
President*

Letter from the President

Force and co-administrator of the National Foreclosure Mitigation Counseling Program for Texas, we were able to reimburse the participating nonprofit counseling organizations for almost 3,000 counseling sessions they provided, which helped over 50% of those homeowners keep their homes.

Unfortunately foreclosures do occur; however, their impact on neighborhoods can be lessened through programs such as our Affordable Communities of Texas (ACT) Program. In 2010, TSAHC utilized the ACT program to partner with 16 nonprofits and government agencies across the state to acquire 161 foreclosed homes and residential lots. We will continue to work with our partners through our Direct





Pictured l to r: Jerry Romero, Jeran Akers, Bob Jones, Jo Van Hovel, and Bill Dietz

David Long, President

Liz Bayless, Executive Vice President

Melinda Smith, Chief Financial Officer

Laura Ross, Corporate Secretary

Board of Directors

Robert Jones, Chair

Jo Van Hovel, Vice Chair

Jeran Akers, Member

Bill Dietz, Member

Jerry Romero, Member

Advisory Council Members

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Reznick Group

Russell A. Vandenburg
TVO North America

Staff

Betsy Aldrich, Senior Accountant

David Danenfelzer, Manager of Development Finance

Cynthia Gonzales, Office Manager

Mindy Green, Senior Asset Oversight and Compliance Specialist

Katie Howard, Senior Development Coordinator

Nick Lawrence, Controller

Paige McGilloway, Single Family Programs Manager

Sarah Beth Schildmier, Senior Asset Oversight and
Compliance Specialist

Janie Taylor, Manager of Marketing/Development and
Government Relations