



**March Board Meeting**

To be held at the offices of  
Texas State Affordable Housing Corporation  
2200 East Martin Luther King Jr. Blvd.  
Austin, TX 78702

Thursday, March 22, 2012  
10:00 a.m.

**BOARD MEETING**  
**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
To be held at the offices of  
**Texas State Affordable Housing Corporation**  
**2200 East Martin Luther King Jr. Blvd**  
**Austin, Texas 78702**  
**March 22, 2012 at 10:00 am**

**CALL TO ORDER, ROLL CALL**  
**CERTIFICATION OF QUORUM**

**Bob Jones**  
**Chair**

The Board of Directors of Texas State Affordable Housing Corporation will meet to consider and possibly act on the following:

**PUBLIC COMMENT**

**PRESIDENT'S REPORT**

**David Long**

**Tab A: Single Family Lending Reports**  
**Tab B: Development Finance Report**  
**Tab C: Monthly Budget and Investment Reports**

**ACTION ITEMS IN OPEN MEETING:**

- |       |  |
|-------|--|
| Tab 1 | Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on February 9, 2012.   |
| Tab 2 | Presentation, Discussion and Possible Approval of Supportive Services related to the Corporation's Single Family Programs.   |
| Tab 3 | Presentation, Discussion and Possible Approval of Revisions to the Fiscal Year 2012 Operating Budget.  |
| Tab 4 | Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of a calendar year 2012 Application for Allocation of Private Activity Bonds in the amount of \$15 million, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Gateway Northwest Apartments Project.                               |
| Tab 5 | Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of a calendar year 2012 Application for Allocation of Private Activity Bonds in the amount of \$75 million, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Dalcour Affordable Housing I Texas Affordable Housing Pool Project. |
| Tab 6 | Presentation, Discussion and Possible Approval for the Corporation to acquire a Property in Plano, Texas for the Affordable Communities of Texas Land Trust Program.   |

**CLOSED MEETING**

Consultation with legal counsel on legal matters – Texas Government Code § 551.071  
Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072  
Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073  
Personnel Matters – Texas Government Code § 551.074  
Implementation of security personnel or devices – Texas Government Code § 551.076  
Other matters authorized under the Texas Government Code

**OPEN MEETING**

Action in Open Meeting on Items Discussed in Closed Meeting

**ADJOURN**

*Individuals who require auxiliary aids or services for this meeting should contact Laura Ross, ADA Responsible Employee, at 512-477-3560 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.*

*Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will be held in the same location as this meeting. Texas State Affordable Housing Corporation also reserves the right to proceed into a closed meeting during the meeting in accordance with the Open Meetings Act, Chapter 551 of the Texas Government Code. If permitted by the Open Meetings Act, Chapter 551 of the Texas Government Code, any item on this Agenda to be discussed in open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.*

# PRESIDENT'S REPORT

# Tab A



**2009A Home Loan Program  
December 26, 2009 to March 13, 2012**

Month	Originated	# of Loans	% Total
December-09	\$0	0	0%
January-10	\$717,391	5	0%
February-10	\$3,521,497	26	3%
March-10	\$12,535,180	99	10%
April-10	\$12,643,756	103	10%
May-10	\$11,819,824	93	9%
June-10	\$7,168,334	59	6%
July-10	\$6,127,765	50	5%
August-10	\$3,853,431	30	3%
September-10	\$4,901,893	39	4%
October-10	\$5,871,150	47	5%
November-10	\$5,307,302	45	4%
December-10	\$4,843,295	39	4%
January-11	\$1,700,979	15	1%
February-11	\$2,517,675	20	2%
March-11	\$2,884,213	26	3%
April-11	\$3,220,506	26	3%
May-11	\$2,254,399	19	2%
June-11	\$4,515,393	35	3%
July-11	\$3,802,873	30	3%
August-11	\$3,612,777	30	3%
September-11	\$3,961,533	30	3%
October-11	\$3,035,253	25	2%
November-11	\$2,294,782	18	2%
December-11	\$0	0	0%
January-12	\$1,258,398	12	1%
February-12	\$7,391,393	63	6%
March-12	\$4,914,751	41	4%
<b>Totals</b>	<b>\$126,675,743</b>	<b>1025</b>	<b>100%</b>

Lender	Originated	# of Loans	% Total
Cornerstone Mortgage Company	\$16,839,045	127	12%
Rocky Mountain Mortgage Co.	\$16,746,457	151	15%
DHI Mortgage Company, Ltd.	\$14,539,168	110	11%
Universal American Mortgage Co	\$13,180,049	102	10%
WR Starkey Mortgage	\$8,891,124	76	7%
Bank of America	\$6,435,035	52	5%
K. Hovnanian American Mtg. LLC	\$6,110,401	48	5%
NTFN, Inc.	\$5,672,537	44	4%
AmeriHomeKey, Inc.	\$5,568,270	42	4%
First Continental Mortgage Ltd	\$4,680,043	36	4%
Affiliated Bank	\$4,437,905	38	4%
Ameripro Funding Inc.	\$3,775,831	30	3%
Wells Fargo Bank, NA	\$2,749,488	21	2%
imortgage.com, Inc.	\$2,314,965	18	2%
Guild Mortgage Company, LLC	\$2,116,797	17	2%
Service First Mortgage	\$2,112,052	18	2%
Houstonian Mortgage Group Inc.	\$1,348,040	16	2%
Primary Residential Mortgage, Inc	\$1,044,234	9	1%
Hometrust Mortgage Company	\$929,443	9	1%
Pulte Mortgage LLC	\$820,742	7	1%
Capstar Lending, LLC	\$815,250	6	1%
Prime Lending	\$773,959	6	1%
SWBC Mortgage Corporation	\$651,055	6	1%
Everett Financial, Inc	\$593,220	5	0%
Envoy Mortgage Limited	\$529,280	4	0%
Colonial Savings, FA	\$501,151	4	0%
First National Bank Texas	\$432,404	4	0%
Hancock Mortgage Partners, LLC	\$419,575	4	0%
FNBT dba First Community Mortgage	\$373,034	4	0%
TXL Mortgage Corporation	\$290,897	2	0%
NFM, Inc.	\$270,951	2	0%
International Bank of Commerce	\$229,854	2	0%
New American Mortgage LLC	\$156,333	1	0%
Highlands Residential Mortgage	\$149,533	2	0%
Prime West Mortgage Corp.	\$99,901	1	0%
1st Preference Mortgage Corp.	\$77,720	1	0%
<b>Total Committed</b>	<b>\$126,675,743</b>	<b>1025</b>	<b>100%</b>

At a Glance	
Total Amount Originated	\$126,675,743
Average Annual Income	\$44,154
Average Purchase Price	\$126,192
Average Loan Amount	\$123,586
Average Household Size	2
Interest Rates %	# of Loans
5.250%	308
5.125%	37
5.000%	168
4.990%	54
4.875%	23
4.750%	76
4.500%	160
4.250%	70
4.000%	129
New/Existing	
New	54%
Existing	46%
Professional Breakdown	
80% AMFI or below	52%
Professional Educator	36%
Texas Hero	12%
Type of Loan	
FHA-Insured	99%
VA-Guaranteed	1%
USDA-RD	0%
Ethnicity	
White	52%
Black	18%
Hispanic	16%
Other	12%
Asian or Pacific Islander	1%
American Indian or Alaskan Native	1%
Top Originating Counties	# of Loans
Harris	211
El Paso	163
Bexar	115
Tarrant	102
Travis	86
Dallas	66
Montgomery	38
Brazoria	24
Collin	23
Fort Bend	23
Galveston	20
Guadalupe	20
Denton	19
Williamson	15
Ellis	11
Hays	8
Bell	8
Comal	6
Jefferson	6
Cameron	5
McLennan	5
Kaufman	4
Nueces	4
Bastrop	3
Coryell	3
Wise	3
Rockwall	3
Hidalgo	3
Orange	2
Webb	2
Chambers	2
Kendall	2
Lubbock	2
Medina	2
Franklin	1
Midland	1
Wichita	1
Somervell	1
Nolan	1
Jim Wells	1
Madison	1
Brazos	1
Caldwell	1
Bowie	1
Taylor	1
Grayson	1
Tom Green	1
Hale	1
Hopkins	1



**2012A Mortgage Credit Certificate Program  
As of October 28, 2011 through March 12, 2012**

Month	Originated	# of Loans	% Total
Oct-11	\$242,528	2	1%
Nov-11	\$1,173,788	10	7%
Dec-11	\$4,156,943	34	25%
Jan-12	\$3,327,879	28	21%
Feb-12	\$5,554,780	43	32%
Mar-12	\$2,312,896	19	14%
<b>Totals</b>	<b>\$16,768,814</b>	<b>136</b>	<b>100%</b>

Lender	Originated	# of Loans	% Total
Ameripro Funding	\$2,904,078	22	16%
PrimeLending	\$2,011,485	15	11%
DHI Mortgage	\$1,179,293	10	7%
UAMC	\$1,150,851	9	7%
Cornerstone Mortgage	\$1,143,737	9	7%
SFMC	\$1,107,464	9	7%
Bank of America	\$1,010,320	11	8%
Flagstone Lending	\$639,166	6	4%
Network Funding	\$610,979	5	4%
imortgage	\$550,932	4	3%
First Choice	\$443,385	3	2%
Ryland Mortgage	\$415,960	2	1%
Patriot Bank Mortgage	\$328,358	3	2%
IHS Mortgage	\$320,139	3	2%
MetLife Home Loans	\$319,460	3	2%
Primary Residential Mortgage	\$283,134	2	1%
Town Square Mortgage & Investments	\$258,281	2	1%
First Continental Mortgage	\$222,179	2	1%
Willow Bend	\$220,169	2	1%
United Lending	\$189,723	2	1%
InterLinc Mortgage	\$168,367	1	1%
C&T Mortgage	\$159,235	1	1%
Envoy Mortgage	\$146,002	1	1%
Palm Lending	\$140,857	1	1%
Guild Mortgage	\$134,330	1	1%
King Financial	\$129,600	1	1%
Baymont Financial	\$129,194	1	1%
Elite Financing Group	\$122,008	1	1%
PNC Mortgage	\$93,359	1	1%
Republic State Mortgage	\$92,600	1	1%
Wells Fargo	\$92,533	1	1%
Mortgages USA	\$51,636	1	1%
<b>Total Committed</b>	<b>\$16,768,814</b>	<b>136</b>	<b>100%</b>

**Total Allocation**      **\$71,428,571**  
**Remaining to Commit**      **\$54,659,757**

At a Glance	
Total Amount Originated	\$16,768,814
Average Annual Income	\$36,365
Average Purchase Price	\$128,011
Average Loan Amount	\$123,300
Average Interest Rate	4.066%
Average Household Size	2
New/Existing	
New	59%
Existing	41%
Professional Breakdown	
80% AMFI or below	96%
Professional Educator	4%
Texas Hero	0%
Type of Loan	
FHA	60%
USDA	34%
Conventional	4%
VA	2%
Ethnicity	
Hispanic	33%
White	26%
Not Defined	2%
Black	12%
Asian or Pacific Islander	4%
Other	23%
American Indian/Alaskan Native	0%
Top Originating Counties	
Harris	48
Travis	20
Bexar	16
Williamson	14
Collin	9
Brazoria	7
Hays	6
Dallas	6
Galveston	2
Colorado	1
Kendall	1
Kyle	1
Grimes	1
Van Zandt	1
Bastrop	1
Nueces	1
Austin	1

# Tab B



## Development Finance Programs Report

March 2012

### Summary of Activities

#### *Affordable Communities of Texas Program*

Staff continues to work on the final few closings for our Texas NSP-1 program. While we have been wrapping up acquisitions, our local partners have been busy completing infrastructure projects, rehabbing and constructing new homes, and marketing homes to qualified buyers and tenants. There are more 14 homes complete and ready for sale or rental at this time.

Meanwhile, staff is researching new properties to acquire using deobligated Texas NSP-1 funding that were recently released by the State. The Corporation was approved to participate in this new round of funding in December but is awaiting receipt of our contract before executing new purchase contracts. We anticipate being able to purchase up to 100 additional properties using these funds before the end of the year.

Finally, the Corporation has been working on the acquisition of its first potential land trust development. The property, located in downtown Plano, will be developed in conjunction with our local partner Green Extreme Homes and has the potential to be the first transit oriented development involving affordable housing in Plano. The board will be reviewing a separate agenda item during this meeting.

Here is a snapshot of our current ACT portfolio

ACT Program	Units	Value
ACT Land Banking	24	\$152,134
Buyer's Agent	20	\$666,577
Texas NSP	302	\$4,393,313

#### *Lending Programs*

Staff is in the process of reviewing four loan applications at this time. Each application will be reviewed in accordance with the Corporation's loan program policies and those applications approved by the loan committee will be forwarded to the Board, as applicable.

Project	City	Units	Funding Request
El Camino Apartments – ICAP	Chireno	34	\$500,000
Green Extreme Homes – ICAP	Dallas Metro	10-15	\$250,000
Angelina Development – MF Direct	Lufkin	11	\$550,000
Brentwood Apts – MF Direct	West Columbia	24	\$210,000

#### *Multifamily Bond Programs*

The Corporation has received two bond applications in the past several weeks. Both applications are being recommended for inducement this month. More details about each property are included in the write-ups attached.



# Tab C

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
**STATEMENT OF NET ASSETS (unaudited)**  
As of January 31, 2012

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 2,532,943
Building Maintenance Reserve	54,356
Computer Equipment and Furniture Reserve	5,559
Foundations Fund	250,000
Custodial Cash and Cash Equivalents, Current	147,398
Restricted Assets Held by Bond Trustee:	
Cash and Cash Equivalents	33,718,406
Short-term Investments, at Fair Market Value	520,989
Accrued Interest	380,963
Custodial Cash and Cash Equivalents	237,214
Investments, at Fair Market Value	2,006,267
Accounts Receivable & Accrued Revenue, Net of uncollectible amts. of \$874,372	396,944
Accrued Interest Receivable	24,564
Loans Receivable, Current Portion	95,000
Notes Receivable, Current Portion	63,500
Downpayment Assistance, Current Portion	1,000,000
Prepaid Expenses	15,543

**Total Current Assets:** 41,449,646

**Noncurrent Assets**

Loans Receivable, Net of uncollectible amounts of \$91,726	887,486
Notes Receivable	3,160,598
Investments, at Fair market Value	1,019,936
Mortgage Servicing Rights, Net of Accumulated Amortization of \$2,077,132	650,929
Fixed Assets, Net of Accumulated Depreciation of \$372,445	1,431,211
Owned Real Estate, Federal Programs & Other Programs	4,024,619
Bond Issuance Costs, Net of Amortization of \$2,758,702	4,005,668
Downpayment Assistance	5,728,724
Restricted Investments Held by Bond Trustee, at Fair Market Value	263,113,086

**Total Noncurrent Assets:** 284,022,257

**TOTAL ASSETS** **\$ 325,471,903**

**LIABILITIES & NET ASSETS**

**Current Liabilities**

Accounts Payable and Accrued Expenses	\$ 97,033
Notes Payable, Current Portion	45,889
Multifamily Custodial and Reserve Funds	237,214
Other Current Liabilities	23,335
Payable from Restricted Assets Held by Bond Trustee:	
Bonds Payable, Current Portion	2,107,579
Accrued Interest on Bonds	2,120,965

**Total Current Liabilities:** 4,632,015

**Noncurrent Liabilities**

Notes Payable	4,037,227
Revenue Bonds Payable	276,704,362
Due to TDHCA, Federal Programs	3,848,025
Deferred Revenue	292,162

**Total Noncurrent Liabilities:** 284,881,776

**Total Liabilities:** 289,513,791

**Net Assets**

Invested in Capital Assets, Net of Related Debt	672,526
Restricted Assets	28,168,837
Unrestricted Net Assets	7,116,749

**Total Net Assets:** 35,958,112

**TOTAL LIABILITIES & NET ASSETS** **\$ 325,471,903**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (unaudited)**  
for the 5 months ending January 31, 2012

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**Operating Revenues**

Interest and Investment Income	\$ 4,737,333
Single Family Income	740,727
Asset Oversight and Compliance Fees	103,455
Loan Servicing Fees, Net of subservicer fees of \$40,157.	87,498
Multifamily Bond Fees	27,974
Public Support	
Federal and State Grants	267,742
Contributions	198,861
Other Operating Revenue	35,003
<b>Total Operating Revenues</b>	<u>6,198,593</u>

**Operating Expenses**

Interest Expense on Bonds and Notes Payable	4,324,993
Down Payment Assistance Program	163,491
Salaries, Wages and Payroll Related Costs	577,868
Professional Fees and Services	131,835
Amortization	210,002
Office and Equipment Rental and Maintenance	17,915
Travel and Meals	26,586
Depreciation	21,369
Program and Loan Administration	216,351
Grant Expenditures	278,477
Other Operating Expenses	42,189
<b>Total Operating Expenses</b>	<u>6,011,076</u>

**Net Income** 187,517

**Total Net Assets, Beginning** 37,338,626

**Total Net Assets, Ending** \$ 35,958,112

**Other Comprehensive (Expense) Income**

Net Unrealized Loss on Restricted Investments \$ (1,568,031)

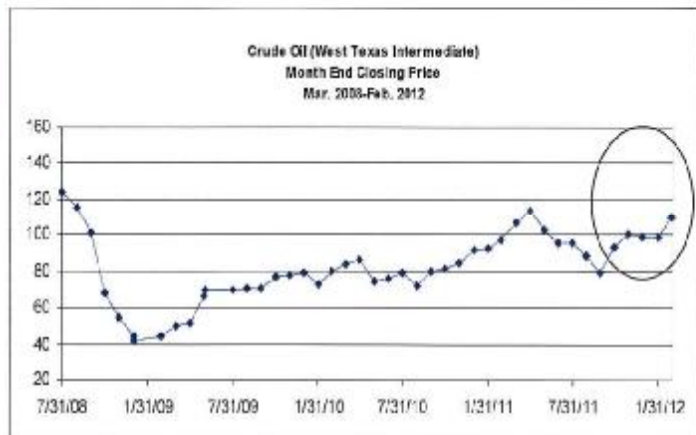
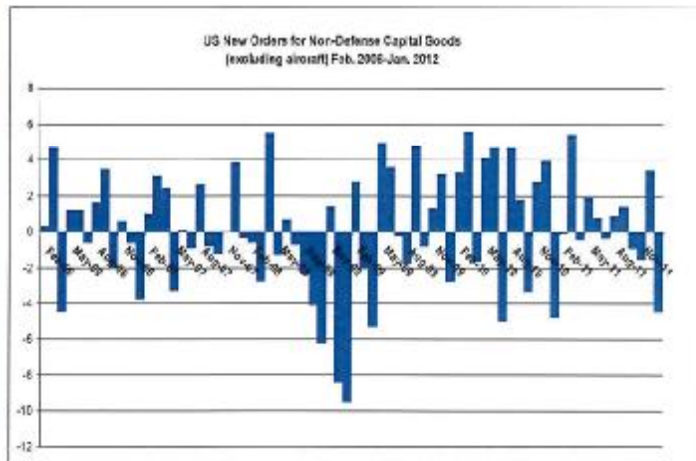


**Monthly Investment Report**

**February 29, 2012**



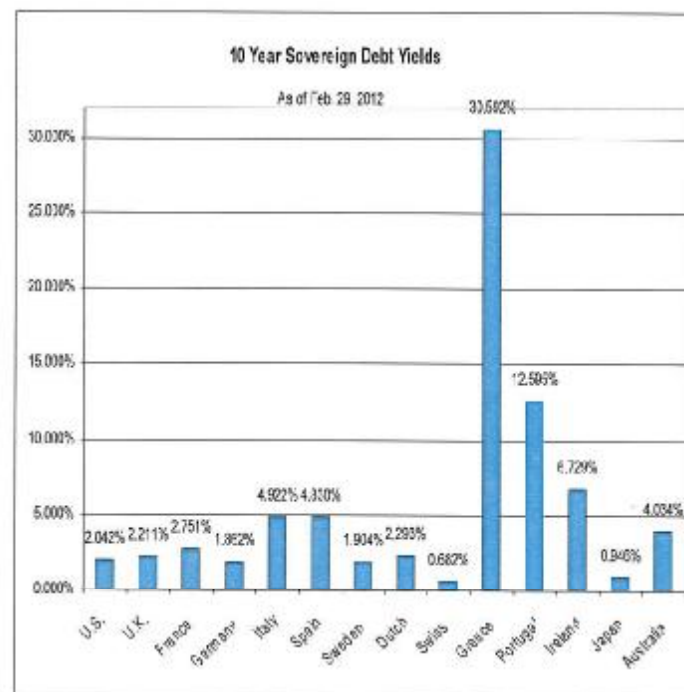
# US businesses remain optimistic but cautious



- Businesses in the US have begun to spend money on themselves (mostly new technology), but the spending comes in waves then diminishes sharply. This seems indicative of lack of conviction in sustained or accelerating growth here.
- Federal Reserve monetary policy is now targeted to keep short rates at or near 0% through the end of 2014. This is an extension of the target date from mid-2013.
- Geopolitical price spikes, from Iranian threats, affects European energy more than US, but we are not immune. During the month of February 2012, WTI prices rise almost 10%. Gasoline at the pump moves significantly higher as well.
- The 2012 republican primary elections are in full swing. A combative and divisive campaign could possibly move voters into a "none of the above" position, further clouding the post election outlook.

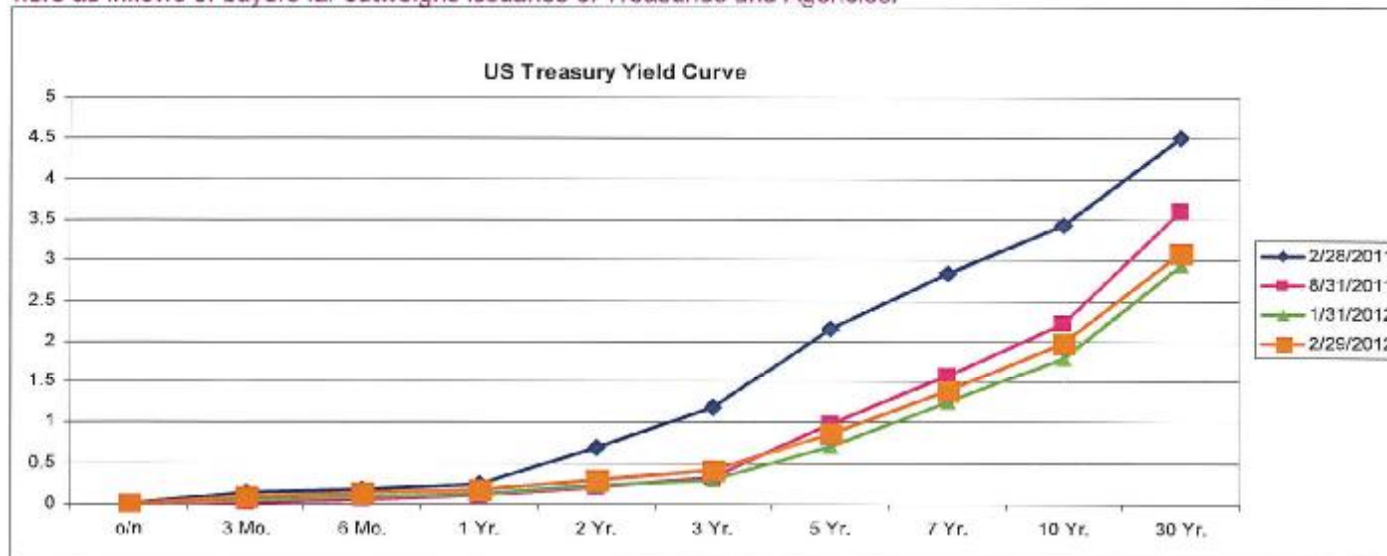
# The European "Virus" grows more contagious

- Financial "contagion" seems to have spread beyond Greece and Portugal and the ECB itself continues to be teetering on the edge. Greek settlement offers hinge on investors receiving only 25% of face value, which seems unlikely to be accepted without great pressure
- After the ECB created a "TARP"-like fund to provide liquidity and lending power, it now appears much more will be necessary. A doubling of the Euro-TARP to over \$1 Trillion Euros in early March 2012, may be necessary. Funding could be problematic.
- Leading economic indicators for the Euro-zone point to a significant recession in the area in 2012. GDP in England has gone negative (recession indicator) as well as in Italy, the Netherlands and Japan.
- Greek, Portugal and Ireland sovereign debt is still showing significant evidence of default risk. Levels on Italian and Spanish debt show risks appear to have been reduced for them.
- The political season in Europe is in full swing. National elections are on tap in several major European zone nations and the outcomes may well determine the results from current financial efforts.



# Long and Short Term Rates

- The Fed announced their stance had changed and that growing uncertainty across global markets will keep US rates low until late in 2014, moving rates lower on the long end.
- The yield on a 5 Year US Treasury Note hit an all time low at the end of January 2012. Short rates have drifted higher during the entire month of February, as higher energy costs seem poised to take QE3 off the table.
- As US economic data has continued to improve, yields have moved a little higher, especially on the longer end of the curve. The buying frenzy seen over the last few months has tapered off and the US bond market seems to be treading water with little direction. However, The trend to a flatter yield curve continues.
- Short rates remain anchored by Fed policy to near 0%. Unless there is some change in rhetoric by the Fed, we will remain here as inflows of buyers far outweighs issuance of Treasuries and Agencies.



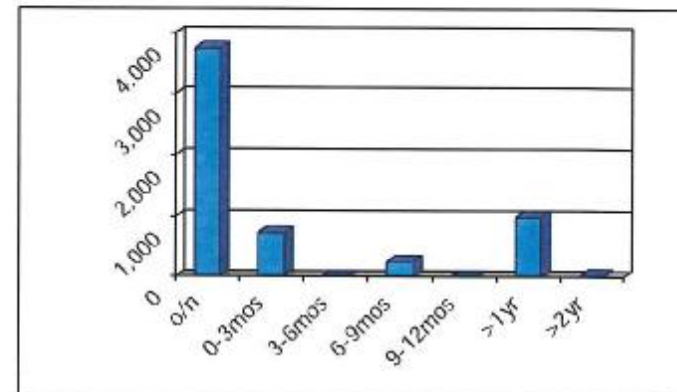
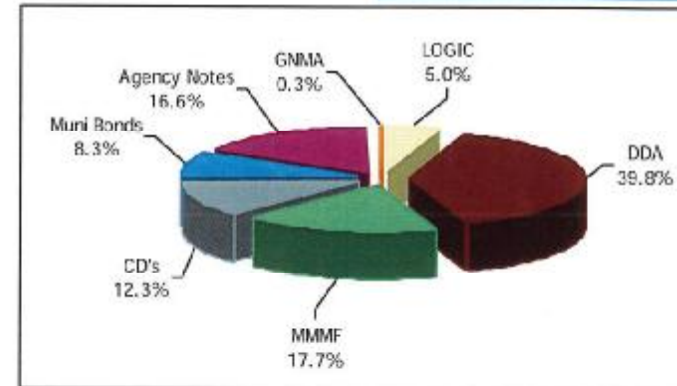
Full Yield Curve – Fed Funds to 30yr

# Your Portfolio

As of February 29, 2012



- P&A constantly reviews your portfolio for optimal asset allocation and a controlled average maturity because a diversified portfolio can better adjust to volatile market conditions.
- The extremely low short-term rates make diversification difficult and they are reasonably expected to continue now probably well into late 2014.
- Banks remain *uninterested* in accepting new deposits and CD rates are unusually low. Municipal bonds are adding value in many portfolios.







**Texas State Affordable Housing  
Portfolio Management  
Portfolio Summary  
February 29, 2012**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX 78701

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
Certificates of Deposit - Bank	490,000.00	490,000.00	490,000.00	8.14	360	142	0.874
Federal Agency Coupon Securities	1,000,000.00	1,000,070.00	1,000,000.00	16.80	731	571	0.550
Municipal Obligations	500,000.00	500,190.00	500,101.07	8.30	305	15	1.022
Pass Through Securities (GNMA)	17,449.19	19,485.24	17,449.19	0.29	8,646	8,258	5.971
LOGIC	301,365.14	301,365.14	301,365.14	5.00	1	1	0.286
FHLB Dallas-Money Fund	52,475.93	52,475.93	52,475.93	0.87	1	1	0.011
MM Funds/NOW Accounts	1,011,796.75	1,011,796.75	1,011,796.75	16.80	1	1	0.360
CD's - Interest monthly/quarterly	253,365.74	253,365.74	253,365.74	4.21	305	154	0.250
Bank Accounts	2,386,711.51	2,386,711.51	2,386,711.51	39.79	1	1	0.009
<b>Investments</b>	<b>6,023,154.26</b>	<b>6,025,430.31</b>	<b>6,023,255.33</b>	<b>100.00%</b>	<b>214</b>	<b>139</b>	<b>0.353</b>

**Cash and Accrued Interest**

Accrued Interest at Purchase		1,250.00	1,250.00				
Subtotal		1,250.00	1,250.00				
<b>Total Cash and Investments</b>	<b>6,023,154.26</b>	<b>6,026,680.31</b>	<b>6,024,505.33</b>		<b>214</b>	<b>139</b>	<b>0.353</b>

Total Earnings	February 29 Month Ending	Fiscal Year To Date
Current Year	1,729.80	11,982.21

The following reports are submitted in accordance with the Public Funds Investment Act (Texas Gov't Code 2256). The reports also offer supplemental information not required by the Act in order to fully inform the governing body of the Texas State Affordable Housing Corporation of the position and activity within the Corporation's portfolio of investments. The reports include a management summary overview, a detailed inventory report for the end of the period, a transaction report, as well as graphic representations of the portfolio to provide full disclosure to the governing body.

 3/2012  
Melinda Smith, Chief Financial Officer

Reporting period 02/01/2012-02/29/2012  
Data Updated: SET\_TSAH: 03/09/2012 16:47  
Run Date: 03/09/2012 - 16:47

Portfolio TSAH  
AP  
PM (PRF, PM1) 7.3.0  
Report Ver. 7.3.2b



**Texas State Affordable Housing  
Summary by Type  
February 29, 2012  
Grouped by Fund**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX 78701

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
<b>Fund: Bunker Hill Debt</b>						
Bank Accounts	1	22,819.76	22,819.76	0.38	0.050	1
<b>Subtotal</b>	<b>1</b>	<b>22,819.76</b>	<b>22,819.76</b>	<b>0.38</b>	<b>0.050</b>	<b>1</b>
<b>Fund: Bunker Hill Operating</b>						
Bank Accounts	1	22,809.49	22,809.49	0.38	0.050	1
<b>Subtotal</b>	<b>1</b>	<b>22,809.49</b>	<b>22,809.49</b>	<b>0.38</b>	<b>0.050</b>	<b>1</b>
<b>Fund: Bunker Hill Replacement Res</b>						
Bank Accounts	1	72,978.91	72,978.91	1.21	0.100	1
<b>Subtotal</b>	<b>1</b>	<b>72,978.91</b>	<b>72,978.91</b>	<b>1.21</b>	<b>0.100</b>	<b>1</b>
<b>Fund: General Investments</b>						
Bank Accounts	1	1,815,157.01	1,815,157.01	30.14	0.000	1
FHLE Dallas-Money Fund	1	52,475.93	52,475.93	0.87	0.011	1
Federal Agency Coupon Securities	2	1,000,000.00	1,000,000.00	16.60	0.550	571
Pass Through Securities (GNMA)	1	17,449.19	17,449.19	0.29	5.971	8,268
MM Funds/NOW Accounts	3	1,011,798.75	1,011,798.75	16.80	0.380	1
Municipal Obligations	1	500,000.00	500,101.07	8.30	1.022	15
LOGIC	1	300,358.49	300,358.49	4.95	0.298	1
CD's - Interest monthly/quarterly	1	253,355.74	253,355.74	4.21	0.250	154
Certificates of Deposit - Bank	2	490,000.00	490,000.00	8.14	0.874	142
<b>Subtotal</b>	<b>13</b>	<b>5,440,593.11</b>	<b>5,440,694.18</b>	<b>90.34</b>	<b>0.387</b>	<b>153</b>
<b>Fund: NFMC Account</b>						
Bank Accounts	1	100,109.49	100,109.49	1.66	0.000	1
<b>Subtotal</b>	<b>1</b>	<b>100,109.49</b>	<b>100,109.49</b>	<b>1.66</b>	<b>0.000</b>	<b>1</b>
<b>Fund: Neighborhood Stabilization Prog.</b>						
Bank Accounts	1	144,782.65	144,782.65	2.40	0.000	1

Portfolio TSAH  
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Texas State Affordable Housing  
 Summary by Type  
 February 29, 2012  
 Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
<b>Subtotal</b>	<b>1</b>	<b>144,782.65</b>	<b>144,782.65</b>	<b>2.40</b>	<b>0.000</b>	<b>1</b>
<b>Fund: Sagebrush Apartments - Debt</b>						
Bank Accounts	1	39,124.31	39,124.31	0.65	0.100	1
<b>Subtotal</b>	<b>1</b>	<b>39,124.31</b>	<b>39,124.31</b>	<b>0.65</b>	<b>0.100</b>	<b>1</b>
<b>Fund: Sagebrush Apartments - Oper.</b>						
Bank Accounts	1	23,166.51	23,166.51	0.38	0.050	1
<b>Subtotal</b>	<b>1</b>	<b>23,166.51</b>	<b>23,166.51</b>	<b>0.38</b>	<b>0.050</b>	<b>1</b>
<b>Fund: Sagebrush Replacement Res</b>						
Bank Accounts	1	58,064.69	58,064.69	0.96	0.100	1
<b>Subtotal</b>	<b>1</b>	<b>58,064.69</b>	<b>58,064.69</b>	<b>0.96</b>	<b>0.100</b>	<b>1</b>
<b>Fund: Texas Foreclosure Prevention</b>						
Bank Accounts	1	92,786.07	92,786.07	1.54	0.000	1
LOGIC	1	1,006.65	1,006.65	0.02	0.285	1
<b>Subtotal</b>	<b>2</b>	<b>93,792.72</b>	<b>93,792.72</b>	<b>1.56</b>	<b>0.003</b>	<b>1</b>
<b>Fund: TX Home Education</b>						
Bank Accounts	1	100.12	100.12	0.00	0.000	1
<b>Subtotal</b>	<b>1</b>	<b>100.12</b>	<b>100.12</b>	<b>0.00</b>	<b>0.000</b>	<b>1</b>
<b>Fund: Wells Fargo - CDC</b>						
Bank Accounts	1	4,812.50	4,812.50	0.08	0.000	1
<b>Subtotal</b>	<b>1</b>	<b>4,812.50</b>	<b>4,812.50</b>	<b>0.08</b>	<b>0.000</b>	<b>1</b>
<b>Fund: Willows Insurance Reserve</b>						
Bank Accounts	1	0.00	0.00	0.00	0.000	0
<b>Subtotal</b>	<b>1</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.000</b>	<b>0</b>
<b>Fund: Willows Operating</b>						
Bank Accounts	1	0.00	0.00	0.00	0.000	0
<b>Subtotal</b>	<b>1</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.000</b>	<b>0</b>
<b>Fund: Willows Replacement Reserve</b>						

Texas State Affordable Housing  
 Summary by Type  
 February 29, 2012  
 Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
<b>Fund: Willows Replacement Reserve</b>						
Bank Accounts	1	0.00	0.00	0.00	0.000	0
Subtotal	1	0.00	0.00	0.00	0.000	0
<b>Total and Average</b>	<b>26</b>	<b>6,023,154.26</b>	<b>6,023,255.33</b>	<b>100.00</b>	<b>0.353</b>	<b>139</b>



Texas State Affordable Housing  
 Fund BHDEBT - Bunker Hill Debt  
 Investments by Fund  
 February 29, 2012

Patterson & Associates  
 301 Congress Ave  
 Suite 570  
 Austin, TX 78701

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591398016	76	Frost Bank Checking	04/23/2010	22,819.76	22,819.76	22,819.76	0.050	0.049	0.050		1
<b>Subtotal and Average</b>				22,819.76	22,819.76	22,819.76		0.049	0.050		1
<b>Total Investments and Average</b>				22,819.76	22,819.76	22,819.76		0.049	0.050		1

**Fund BHOPER - Bunker Hill Operating  
Investments by Fund  
February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591398281	75	Frost Bank Checking	04/20/2010	22,809.49	22,809.49	22,809.49	0.050	0.049	0.050		1
<b>Subtotal and Average</b>				<b>22,809.49</b>	<b>22,809.49</b>	<b>22,809.49</b>	<b>0.049</b>	<b>0.050</b>			<b>1</b>
<b>Total Investments and Average</b>				<b>22,809.49</b>	<b>22,809.49</b>	<b>22,809.49</b>	<b>0.049</b>	<b>0.050</b>			<b>1</b>

**Fund BHRR - Bunker Hill Replacement Res**  
**Investments by Fund**  
**February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591396288	77	Fiscal Bank Checking	04/09/2010	72,978.91	72,978.91	72,978.91	0.100	0.098	0.100		1
<b>Subtotal and Average</b>				<b>72,978.91</b>	<b>72,978.91</b>	<b>72,978.91</b>		<b>0.099</b>	<b>0.100</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>72,978.91</b>	<b>72,978.91</b>	<b>72,978.91</b>		<b>0.099</b>	<b>0.100</b>		<b>1</b>

**Fund GENERAL - General Investments**  
**Investments by Fund**  
**February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Certificates of Deposit - Bank</b>											
62685112	93	Hillcrest Bank CD	04/06/2011	245,000.00	245,000.00	245,000.00	1.100	1.084	1.100	03/25/2012	24
10685A	103	Texas Security Bank CD	11/15/2011	245,000.00	245,000.00	245,000.00	0.648	0.639	0.648	11/15/2012	259
<b>Subtotal and Average</b>				<b>490,000.00</b>	<b>490,000.00</b>	<b>490,000.00</b>		<b>0.852</b>	<b>0.874</b>		<b>141</b>
<b>Federal Agency Coupon Securities</b>											
3134G2G63	98	FHLMC Call Note	09/23/2011	500,000.00	500,000.00	500,035.00	0.550	0.542	0.550	09/23/2013	571
3134G2G63	99	FHLMC Call Note	09/23/2011	500,000.00	500,000.00	500,035.00	0.550	0.542	0.550	09/23/2013	571
<b>Subtotal and Average</b>				<b>1,000,000.00</b>	<b>1,000,000.00</b>	<b>1,000,070.00</b>		<b>0.542</b>	<b>0.550</b>		<b>571</b>
<b>Municipal Obligations</b>											
643563PM7	95	Lorain County Ohio	05/16/2011	500,101.07	500,000.00	500,190.00	1.500	1.008	1.022	03/16/2012	15
<b>Subtotal and Average</b>				<b>500,101.07</b>	<b>500,000.00</b>	<b>500,190.00</b>		<b>1.008</b>	<b>1.022</b>		<b>15</b>
<b>Pass Through Securities (GNMA)</b>											
36201LFC3	100	Gov't National Mtg. Assn	02/17/2011	17,449.19	17,449.19	19,465.24	5.990	5.888	5.971	10/20/2034	8,268
<b>Subtotal and Average</b>				<b>17,449.19</b>	<b>17,449.19</b>	<b>19,465.24</b>		<b>5.839</b>	<b>5.971</b>		<b>8,268</b>
<b>LOGIC</b>											
959999996	9005	Logic	09/01/2006	300,358.49	300,358.49	300,358.49	0.285	0.282	0.288		1
<b>Subtotal and Average</b>				<b>300,358.49</b>	<b>300,358.49</b>	<b>300,358.49</b>		<b>0.282</b>	<b>0.288</b>		<b>1</b>
<b>FHLB Dallas-Money Fund</b>											
999999995	9002	FHLB Money Market Fund	09/01/2006	52,475.93	52,475.93	52,475.93	0.011	0.010	0.010		1
<b>Subtotal and Average</b>				<b>52,475.93</b>	<b>52,475.93</b>	<b>52,475.93</b>		<b>0.010</b>	<b>0.011</b>		<b>1</b>
<b>MM Funds/NOW Accounts</b>											
20115959	52	Hillcrest Bank MM	07/31/2009	763,950.74	763,950.74	763,950.74	0.250	0.246	0.250		1
5001506	83	Libertad Bank MM	10/20/2010	247,846.01	247,846.01	247,846.01	0.700	0.690	0.700		1
4011012038	61	Texas Capital NOW Account	10/13/2009	0.00	0.00	0.00	0.250	0.246	0.250		1
<b>Subtotal and Average</b>				<b>1,011,796.75</b>	<b>1,011,796.75</b>	<b>1,011,796.75</b>		<b>0.355</b>	<b>0.360</b>		<b>1</b>
<b>CD's - Interest monthly/quarterly</b>											
6900729C	110	Plans Capital Bank CD	10/02/2011	253,355.74	253,355.74	253,355.74	0.250	0.245	0.250	08/02/2012	154



**Fund GENERAL - General Investments**  
**Investments by Fund**  
**February 29, 2012**

CUSIP	Investment#	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Subtotal and Average</b>				253,355.74	253,355.74	253,355.74		0.247	0.250		154
<b>Bank Accounts</b>											
591359667	69	Frost Bank Checking	03/05/2010	1,815,157.01	1,815,157.01	1,815,157.01					1
<b>Subtotal and Average</b>				1,815,157.01	1,815,157.01	1,815,157.01		0.000	0.000		1
<b>Total Investments and Average</b>				5,440,694.18	5,440,693.11	5,442,869.16		0.382	0.387		153

Fund NFMC - NFMC Account  
 Investments by Fund  
 February 29, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591355924	68	Frost Bank Checking	03/16/2010	100,109.49	100,109.49	100,109.49					1
<b>Subtotal and Average</b>				<b>100,109.49</b>	<b>100,109.49</b>	<b>100,109.49</b>	<b>0.000</b>	<b>0.000</b>			<b>1</b>
<b>Total Investments and Average</b>				<b>100,109.49</b>	<b>100,109.49</b>	<b>100,109.49</b>	<b>0.000</b>	<b>0.000</b>			<b>1</b>

**Fund NSP - Neighborhood Stabilization Prog.**  
**Investments by Fund**  
**February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591359932	71	Frost Bank Checking	04/20/2010	144,782.65	144,782.65	144,782.65					1
<b>Subtotal and Average</b>				<b>144,782.65</b>	<b>144,782.65</b>	<b>144,782.65</b>	<b>0.000</b>	<b>0.000</b>			<b>1</b>
<b>Total Investments and Average</b>				<b>144,782.65</b>	<b>144,782.65</b>	<b>144,782.65</b>	<b>0.000</b>	<b>0.000</b>			<b>1</b>

**Fund SBDEBT - Sagebrush Apartments - Debt**  
**Investments by Fund**  
**February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591398253	79	Frost Bank Checking	04/20/2010	39,124.31	39,124.31	39,124.31	0.100	0.066	0.100		1
<b>Subtotal and Average</b>				<b>39,124.31</b>	<b>39,124.31</b>	<b>39,124.31</b>		<b>0.099</b>	<b>0.100</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>39,124.31</b>	<b>39,124.31</b>	<b>39,124.31</b>		<b>0.099</b>	<b>0.100</b>		<b>1</b>

**Fund SBOPER - Sagebrush Apartments - Oper.**  
**Investments by Fund**  
**February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591398237	73	Frost Bank Checking	04/20/2010	23,166.51	23,166.51	23,166.51	0.050	0.049	0.050		1
<b>Subtotal and Average</b>				<b>23,166.51</b>	<b>23,166.51</b>	<b>23,166.51</b>		<b>0.049</b>	<b>0.050</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>23,166.51</b>	<b>23,166.51</b>	<b>23,166.51</b>		<b>0.049</b>	<b>0.050</b>		<b>1</b>

**Fund SBRR - Sagebrush Replacement Res**  
**Investments by Fund**  
**February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
581388245	80	First Bank Checking	04/09/2010	58,064.69	58,064.69	58,064.69	0.100	0.098	0.100		1
<b>Subtotal and Average</b>				<b>58,064.69</b>	<b>58,064.69</b>	<b>58,064.69</b>	<b>0.099</b>	<b>0.100</b>			<b>1</b>
<b>Total Investments and Average</b>				<b>58,064.69</b>	<b>58,064.69</b>	<b>58,064.69</b>	<b>0.099</b>	<b>0.100</b>			<b>1</b>

**Fund TXFORE - Texas Foreclosure Prevention  
Investments by Fund  
February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>LOGIC</b>											
999999958	54	Logic	09/01/2009	1,006.65	1,006.65	1,006.65	0.286	0.282	0.286		1
<b>Subtotal and Average</b>				<b>1,006.65</b>	<b>1,006.65</b>	<b>1,006.65</b>		<b>0.282</b>	<b>0.286</b>		<b>1</b>
<b>Bank Accounts</b>											
591359940	73	Frost Bank Checking	04/14/2010	92,786.07	92,786.07	92,786.07					1
<b>Subtotal and Average</b>				<b>92,786.07</b>	<b>92,786.07</b>	<b>92,786.07</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>93,792.72</b>	<b>93,792.72</b>	<b>93,792.72</b>		<b>0.003</b>	<b>0.003</b>		<b>1</b>

Fund TXHOME - TX Home Education  
 Investments by Fund  
 February 29, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591398001	74	Frost Bank Checking	04/28/2010	100.12	100.12	100.12					1
<b>Subtotal and Average</b>				<b>100.12</b>	<b>100.12</b>	<b>100.12</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>100.12</b>	<b>100.12</b>	<b>100.12</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>



**Fund WELLS - Wells Fargo - CDC**  
**Investments by Fund**  
**February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
989999994	0014	Wells Fargo Bank	05/31/2005	4,812.50	4,812.50	4,812.50					1
<b>Subtotal and Average</b>				<b>4,812.50</b>	<b>4,812.50</b>	<b>4,812.50</b>	<b>0.000</b>	<b>0.000</b>			<b>1</b>
<b>Total Investments and Average</b>				<b>4,812.50</b>	<b>4,812.50</b>	<b>4,812.50</b>	<b>0.000</b>	<b>0.000</b>			<b>1</b>

**Fund WINSUR - Willows Insurance Reserve**  
**Investments by Fund**  
**February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591500545	107	Frost Bank Checking	11/17/2011	0.00	0.00	0.00					1
<b>Subtotal and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>
<b>Total Investments and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>

Fund WOPER - Willows Operating  
Investments by Fund  
February 29, 2012

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591501356	106	Frost Bank Checking	11/17/2011	0.00	0.00	0.00					1
<b>Subtotal and Average</b>				0.00	0.00	0.00		0.000	0.000		0
<b>Total Investments and Average</b>				0.00	0.00	0.00		0.000	0.000		0

**Fund WRR - Willows Replacement Reserve**  
**Investments by Fund**  
**February 29, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank Accounts</b>											
591501224	108	Frost Bank Checking	11/17/2011	0.00	0.00	0.00					1
<b>Subtotal and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>
<b>Total Investments and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>



**Texas State Affordable Housing  
Cash Reconciliation Report  
For the Period February 1, 2012 - February 29, 2012  
Grouped by Fund**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX 78701

Trans. Date	Investment #	Fund	Trans. Type	Security ID	Par Value	Security Description	Maturity Date	Purchases	Interest	Redemptions	Cash
<b>General Investments</b>											
02/06/2012	111	GENERAL	Interest	98900981A	513,835.77	PCBCD 0.5M 0.10% Mat. 02/06/201202/06/2012		0.00	123.88	0.00	123.88
02/06/2012	112	GENERAL	Interest	98900982A	246,842.66	PCBCD 0.2M 0.10% Mat. 02/06/201202/06/2012		0.00	56.13	0.00	56.13
02/06/2012	111	GENERAL	Maturity	98900981A	513,835.77	PCBCD 0.5M 0.10% Mat. 02/06/201202/06/2012		0.00	0.00	513,835.77	513,835.77
02/06/2012	112	GENERAL	Maturity	98900982A	246,842.66	PCBCD 0.2M 0.10% Mat. 02/06/201202/06/2012		0.00	0.00	246,842.66	246,842.66
02/20/2012	100	GENERAL	Interest	36201LFC3	22,957.26	GNMA 0.3M 5.99% Mat. 10/20/2034 10/20/2034		0.00	87.31	42.95	130.26
<b>Subtotal</b>								<b>0.00</b>	<b>267.32</b>	<b>750,721.38</b>	<b>760,988.70</b>
<b>Total</b>								<b>0.00</b>	<b>267.32</b>	<b>750,721.38</b>	<b>760,988.70</b>



**Texas State Affordable Housing  
Maturity Report  
Sorted by Maturity Date**  
Amounts due during February 1, 2012 - February 29, 2012

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX 78701

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date at Maturity	Rate	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
98900961A	111	GENERAL	BCD	PCBCD	513,835.77	02/06/2012	11/10/2011	0.100	513,835.77	123.88	513,959.65	123.88
98900962A	112	GENERAL	BCD	PCBCD	246,842.66	02/06/2012	11/15/2011	0.100	246,842.66	56.13	246,898.79	56.13
<b>Total Maturities</b>					<b>760,678.43</b>				<b>760,678.43</b>	<b>180.01</b>	<b>760,858.44</b>	<b>180.01</b>



**Texas State Affordable Housing  
Interest Earnings  
Sorted by Fund - Fund  
February 1, 2012 - February 29, 2012  
Yield on Average Book Value**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX 78701

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accrual	Adjusted Interest Earnings
<b>Fund: Bunker Hill Debt</b>												
591398016	76	BHDEBT	RR5	22,819.76	22,818.86	22,818.89		0.050	0.350	0.90	0.00	0.90
			<b>Subtotal</b>	<b>22,819.76</b>	<b>22,818.86</b>	<b>22,818.89</b>			<b>0.050</b>	<b>0.90</b>	<b>0.00</b>	<b>0.90</b>
<b>Fund: Bunker Hill Operating</b>												
591398261	75	BHOPER	RR5	22,809.49	22,808.59	22,808.62		0.050	0.350	0.90	0.00	0.90
			<b>Subtotal</b>	<b>22,809.49</b>	<b>22,808.59</b>	<b>22,808.62</b>			<b>0.050</b>	<b>0.90</b>	<b>0.00</b>	<b>0.90</b>
<b>Fund: Bunker Hill Replacement Res</b>												
591398268	77	BHRR	RR5	72,978.91	72,239.82	72,771.05		0.100	0.100	5.76	0.00	5.76
			<b>Subtotal</b>	<b>72,978.91</b>	<b>72,239.82</b>	<b>72,771.05</b>			<b>0.100</b>	<b>5.76</b>	<b>0.00</b>	<b>5.76</b>
<b>Fund: General Investments</b>												
999999965	9002	GENERAL	RR2	52,475.93	12,701.91	58,461.82		0.011	0.011	0.49	0.00	0.49
999999966	9005	GENERAL	RRP	300,358.49	300,290.26	300,292.61		0.286	0.286	68.23	0.00	68.23
20115956	52	GENERAL	RR3	793,950.74	793,799.03	793,904.26		0.250	0.250	151.71	0.00	151.71
5001506	83	GENERAL	RR3	247,846.01	247,708.24	247,712.99		0.700	0.700	137.77	0.00	137.77
62685112	93	GENERAL	BCD	245,000.00	245,000.00	245,000.00	03/25/2012	1.100	1.100	214.13	0.00	214.13
543553PM7	95	GENERAL	MC1	500,000.00	500,296.46	500,195.39	03/16/2012	1.500	1.029	604.17	-195.39	408.78
3134G2G63	98	GENERAL	FAC	500,000.00	500,000.00	500,000.00	09/23/2013	0.550	0.577	229.16	0.00	229.16
3134G2G63	99	GENERAL	FAC	500,000.00	500,000.00	500,000.00	09/23/2013	0.550	0.577	229.16	0.00	229.16
362011FC3	100	GENERAL	GN1	17,448.19	17,482.14	17,477.33	10/20/2034	5.990	0.216	87.10	0.00	87.10
10685A	103	GENERAL	BCD	245,000.00	245,000.00	245,000.00	11/15/2012	0.648	0.648	126.14	0.00	126.14
8900726C	110	GENERAL	RR4	253,355.74	253,355.74	253,355.74	08/02/2012	0.250	0.250	50.33	0.00	50.33
98900981A	111	GENERAL	BCD	0.00	513,835.77	86,592.37	02/06/2012	0.100	0.100	7.04	0.00	7.04
98900982A	112	GENERAL	BCD	0.00	246,842.66	42,599.08	02/06/2012	0.100	0.100	3.38	0.00	3.38
			<b>Subtotal</b>	<b>3,825,436.10</b>	<b>4,346,322.21</b>	<b>3,762,461.60</b>			<b>0.673</b>	<b>1,908.61</b>	<b>-195.39</b>	<b>1,713.42</b>

Texas State Affordable Housing  
Interest Earnings  
February 1, 2012 - February 29, 2012

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized		Adjusted Interest Earnings		
								Rate	Yield	Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
<b>Fund: Sagebrush Apartments - Debt</b>												
591398253	79	SBCEBT	RR5	39,124.31	39,121.21	39,121.32		0.100	0.100	3.10	0.00	3.10
			<b>Subtotal</b>	<b>39,124.31</b>	<b>39,121.21</b>	<b>39,121.32</b>			<b>0.100</b>	<b>3.10</b>	<b>0.00</b>	<b>3.10</b>
<b>Fund: Sagebrush Apartments - Oper.</b>												
591398237	78	SBOPER	RR5	23,166.51	23,165.59	23,165.62		0.050	0.050	0.92	0.00	0.92
			<b>Subtotal</b>	<b>23,166.51</b>	<b>23,165.59</b>	<b>23,165.62</b>			<b>0.050</b>	<b>0.92</b>	<b>0.00</b>	<b>0.92</b>
<b>Fund: Sagebrush Replacement Res</b>												
591398245	80	SBRR	RR5	58,064.69	57,060.12	57,784.42		0.100	0.100	4.57	0.00	4.57
			<b>Subtotal</b>	<b>58,064.69</b>	<b>57,060.12</b>	<b>57,784.42</b>			<b>0.100</b>	<b>4.57</b>	<b>0.00</b>	<b>4.57</b>
<b>Fund: Texas Foreclosure Prevention</b>												
999999958	54	TXFORE	RRP	1,006.65	1,006.42	1,006.43		0.286	0.288	0.23	0.00	0.23
			<b>Subtotal</b>	<b>1,006.65</b>	<b>1,006.42</b>	<b>1,006.43</b>			<b>0.288</b>	<b>0.23</b>	<b>0.00</b>	<b>0.23</b>
			<b>Total</b>	<b>3,865,406.42</b>	<b>4,584,542.82</b>	<b>4,001,927.96</b>			<b>0.544</b>	<b>1,925.19</b>	<b>-195.39</b>	<b>1,729.80</b>





**Texas State Affordable Housing  
Amortization Schedule  
February 1, 2012 - February 29, 2012  
Sorted By Fund - Fund**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX 78701

Investment #	Maturity Date	Beginning Par Value					Amounts Amortized And Unamortized As of 02/01/2012	Amount Amortized This Period	Amt Amortized Through 02/29/2012	Amount Unamortized Through 02/29/2012
Issuer	Fund	Amort. Date	Current Rate	Purchase Principal	Original Premium or Discount	Ending Book Value				
<b>General Investments</b>										
95	GENERAL	03/16/2012	500,000.00	502,055.00	2,055.00	500,101.07	-1,758.54	-195.39	-1,953.93	101.07
	Lorain County Ohio		1.500				296.46			
			<b>Subtotal</b>	<b>502,055.00</b>	<b>2,055.00</b>	<b>500,101.07</b>	<b>-1,758.54</b>	<b>-195.39</b>	<b>-1,953.93</b>	<b>101.07</b>
			<b>Total</b>	<b>502,055.00</b>	<b>2,055.00</b>	<b>500,101.07</b>	<b>-1,758.54</b>	<b>-195.39</b>	<b>-1,953.93</b>	<b>101.07</b>
							296.46			



**Texas State Affordable Housing  
Projected Cashflow Report  
Sorted by Fund  
For the Period March 1, 2012 - September 30, 2012**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX 78701

Projected Trans. Date	Investment #	Fund	Security ID	Transaction Type	Issuer	Par Value	Original Cost	Principal	Interest	Total
<b>General Investments</b>										
03/16/2012	95	GENERAL	543553PV7	Maturity	Lorain County Ohio	500,000.00	502,055.00	500,000.00	7,604.17	507,604.17
03/23/2012	98	GENERAL	3134G2G63	Interest	FHLMC Call Note	0.00	0.00	0.00	1,375.00	1,375.00
03/23/2012	98	GENERAL	3134G2G63	Call	FHLMC Call Note	500,000.00	500,000.00	500,000.00	0.00	500,000.00
03/23/2012	99	GENERAL	3134G2G63	Interest	FHLMC Call Note	0.00	0.00	0.00	1,375.00	1,375.00
03/23/2012	99	GENERAL	3134G2G63	Call	FHLMC Call Note	500,000.00	500,000.00	500,000.00	0.00	500,000.00
03/25/2012	93	GENERAL	62985112	Maturity	Hillcrest Bank CD	245,000.00	245,000.00	245,000.00	2,613.78	247,613.78
09/23/2012	98	GENERAL	3134G2G63	Interest	FHLMC Call Note	0.00	0.00	0.00	1,375.00	1,375.00
09/23/2012	99	GENERAL	3134G2G63	Interest	FHLMC Call Note	0.00	0.00	0.00	1,375.00	1,375.00
<b>Total for General Investments</b>						<b>1,745,000.00</b>	<b>1,747,055.00</b>	<b>1,745,000.00</b>	<b>15,717.95</b>	<b>1,760,717.95</b>
<b>GRAND TOTALS:</b>						<b>1,745,000.00</b>	<b>1,747,055.00</b>	<b>1,745,000.00</b>	<b>15,717.95</b>	<b>1,760,717.95</b>

**BOARD MEETING**  
**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
Held at the offices of  
**Texas State Affordable Housing Corporation**  
**2200 E. Martin Luther King Jr. Blvd.**  
**Austin, TX 78702**  
**February 9, 2012 at 10:00 am**

**Summary of Minutes**

**Call to Order, Roll Call**  
**Certification of Quorum**

The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Bob Jones, Chair, at 10:25 am, on February 9, 2012 at the offices of Texas State Affordable Housing Corporation, 2200 E. Martin Luther King Jr. Blvd, Austin, TX 78702. Roll Call certified that a quorum was present.

**Members Present**

Bob Jones, Chair  
Bill Dietz, Member  
Jerry Romero, Member

**Members Absent**

Gerry Evenwel, Member  
Jo Van Hovel, Vice Chair

**Staff Present**

Betsy Aldrich, Senior Accountant  
Liz Bayless, Executive Vice President  
David Danenfelzer, Manager of Development Finance  
Cynthia Gonzales, Office Manager and Assistant Corporate Secretary  
Katie Howard, Senior Development Coordinator  
Nick Lawrence, Controller  
David Long, President  
Paige McGilloway, Single Family Programs Manager  
Jo Ropiak, ACT Program Coordinator  
Laura Ross, Corporate Secretary  
Melinda Smith, Chief Financial Officer  
Janie Taylor, Manager of Government Relations, Marketing and Development

**Special Guests**

Jose Gayton, Bank of Texas  
Linda Patterson, Patterson & Associates  
Robin Miller, First Southwest Company  
Pam Stein, Greenberg Traurig

**Public Comment**

No public comment was given at the beginning of the meeting.

## **President's Report**

Mr. Long informed the board that staff had attended meetings throughout the past month including the Disability Advisory Work Group, Texas Interagency Council for the Homeless, and Housing and Health Services Coordination Council. Staff had also attended meetings related to the Analysis of Impediments to Fair Housing. Mr. Long stated that staff continued to work with Corcoran & Company regarding our fundraising efforts. Mr. Long noted that the application for Round 6 funding under the National Foreclosure Mitigation Counseling program (NFMC) had been completed and submitted. He stated that the application request was for approximately \$900,000 in funding to support counseling for borrowers at risk of foreclosure and was a joint effort between TSAHC and TDHCA.

Mr. Long informed the board that staff would be attending the Texas Association of Community Development Corporations (TACDC) Conference the first week of March. He also stated that he had been invited to attend a symposium entitled "Reclaiming the Vision of Homeownership" at the Neighborworks Training Institute at the end of February.

Referring to the reports in the Board packet, he asked the board if they had any questions, and they did not. He then introduced Ms. Patterson with Patterson and Associates, the Corporation's Investment Advisor. He explained that she would be giving them an update on the Corporation's investment strategy and also an overview of current economic conditions.

Ms. Patterson introduced herself. She began her presentation by stating that it had been a very difficult market the past two years and rates were very low. She discussed the current lack of inflation and noted that when the economy began to recover inflation would occur and rates would rise.

Ms. Patterson spoke briefly of Greece reaching an austerity agreement and how it would lead to them staying in the European Union. Mr. Jones inquired if Greece was a part of the euro zone and Ms. Patterson confirmed that they were. She stated that it would have disastrous implications if Greece stopped using the euro and returned to the drachma. She spoke further about the euro zone and how it was originally established to break down trade barriers between the countries. Mr. Jones inquired what her thoughts were on the euro surviving and she said she believed it would. She further stated that to go back to the individual currency would cause the recession in Europe to worsen. She noted that all of this was important because it affected the value of the dollar. To conclude, Ms. Patterson stated that the situation in Europe was murky and the recession would continue for awhile longer.

Ms. Patterson turned to rates on investments and different types of investments, discussing how the state of the world economy affected them and what investments were more appealing because of it. Ms. Patterson noted that our investment totals had remained steady, with only a slight fluctuation. Ms. Patterson spoke to the diversification of the Corporation's portfolio and the strategy for our investments.

Mr. Dietz asked about her role as Investment Advisor and Ms. Patterson noted that she had a discretionary role in that she advised staff on what investments would work best for the Corporation in compliance with the Investment Policy and staff had the final say as to making

those investments. Mr. Romero asked about our investment in Logic and Ms. Patterson noted that those investments had been made when Logic was outperforming the banks. She stated that currently banks were out-performing Logic so therefore funds were invested elsewhere. Mr. Long followed by adding that the Corporation's investments were kept in many different accounts with different maturity dates so that cash flow needs of the Corporation could be met. Mr. Dietz inquired about the fees associated with our investment activities and Ms. Patterson stated that the Corporation paid a flat fee. Mr. Long spoke to the very positive relationship staff had with Ms. Patterson and stated that she was doing a good job for the Corporation. He noted that with her guidance the Corporation had enhanced in our investment strategy as well as our portfolio growth. Ms. Patterson added that in addition to investments, her staff also advised on the Corporation's Investment Policy and procedures, internal controls and banking.

Mr. Jones thanked Ms. Patterson for her presentation.

Mr. Long ended his President's report by informing the Board that the Corporation had received a \$100,000 grant from the Meadows Foundation for foreclosure prevention activities. Mr. Long spoke to all the hard work staff had put into the application and noted his pleasure in continuing the Corporation's relationship with the Meadows Foundation. Mr. Jones noted the significance of the grant.

**Tab 1            Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on January 12, 2012.**

Mr. Jones commented that when referencing staff and speakers throughout the minutes, it might be helpful to include their titles. He also requested that board input be reflected more predominately in the minutes presented to the board. He asked that staff be sure to include all relevant questions and discussion in the summary and not to condense it so much that key information was lost. Mr. Long explained why staff had decided to provide such a condensed version of the meeting, noting the transcript was available on the Corporation's website. He stated that he and Ms. Ross would incorporate all relevant questions and comments by board and staff into future minutes provided to the board. Mr. Jones noted he was not requesting any changes to the minutes at this time. Mr. Long thanked Mr. Jones for his comments.

Mr. Romero made a motion to approve the minutes of the board meeting held on January 12, 2012. Mr. Dietz seconded the motion. Mr. Jones asked for public comment and none was given. A vote was taken on the motion and it passed unanimously.

**Tab 2            Presentation, Discussion and Possible Approval of Minutes of the Board Planning Session held on January 12, 2012.**

Referring to comments noted under Tab 1, Mr. Long explained that he and Ms. Ross had prepared the minutes for the planning session, referencing the specific agenda for the meeting. Because no board action was required and given the meeting transcript was posted on the website, a condensed summary of the meeting had been included in the minutes reflecting only the highlighted points that were discussed. He noted that in the future they would strive to include more comments and suggestions poised by the board and staff alike.

Mr. Romero made a motion to approve the minutes of the board planning session held on January 12, 2012. Mr. Dietz seconded the motion. Mr. Jones called for public comment and none was given. A vote was taken and it passed unanimously.

**Tab 3            Presentation, Discussion and Possible Approval of Modifications to the Corporation's Interim Construction and Acquisition Loan Program, the Multifamily Direct Lending Program and the Affordable Communities of Texas Land Banking Program regarding construction standards and the Americans with Disabilities Act.**

Mr. Danenfelzer noted that the changes being presented today were based on public comment received by staff from advocates during the Annual Action Plan review period. He added that the changes would provide clarity with regard to enforcement of Title 2 and Title 3 under the Americans with Disabilities Act (ADA) regarding accessibility in housing sponsored or funded by public entities. He added that ADA accessibility requirements had always been enforced with developments under the Corporation's programs, but the changes before the board would formalize Title's 2 and 3 within the development standards. Mr. Danenfelzer noted that the same development standards were used in all three programs and changes made today would be applied to all three program policies.

Mr. Danenfelzer explained that while the Corporation already enforced ADA standards, making the change to the policies would formalize the requirement. Mr. Danenfelzer stated that while ADA standards for the exterior of a home had always been promoted, ADA accessibility standards for the interior of homes had not been emphasized until recently. Mr. Dietz summarized that by adding these standards to the policies, the interior of homes built under the Corporation's programs would need to be certified by an inspector that they met ADA standards. Mr. Danenfelzer added that while this was already being done, adding this language in the policies would formalize the procedure.

Mr. Jones briefly inquired if compliance with ADA standards was required when private homeowners or builders made renovations to an existing home. As an example, Mr. Danenfelzer stated that if sidewalks were not required by the city when a home was remodeled or constructed than the homeowner or builder was not required under ADA to add them. However if during the course of the renovations a sidewalk was damaged, they would have to make improvements so that it met the standards. Mr. Jones inquired if these new standards being presented today would supersede other building standards and Mr. Danenfelzer stated that they would.

Mr. Dietz made a motion to approve modifications to the Corporation's Interim Construction and Acquisition Loan Program, the Multifamily Direct Lending Program and the Affordable Communities of Texas Land Banking Program regarding construction standards and the Americans with Disabilities Act. Mr. Romero seconded the motion. Mr. Jones asked for public comment and none was given. A vote was taken and the motion passed unanimously.

**Tab 4            Presentation, Discussion and Possible Approval of the Texas State Affordable Housing Corporation's 2012 Annual Action Plan.**

Ms. Taylor explained that the Corporation was required by statute to develop an Annual Action Plan. Once reviewed and approved by the board, it would be included with TDHCA's plan in the State Low Income Housing Plan (SLIHP) and submitted to the Governor and Legislature. She noted that the board had approved a draft of the 2012 Plan for public comment in December. She informed the board that a public hearing had been held in January to garner feedback and the Plan was also published on the Corporation's website. She noted that written comment had been received from the Disability Policy Consortium Housing Committee, proposing a new targeted

area of senior supportive housing under the Multifamily Private Activity Bond (PAB) program. They also asked that service enriched counseling be included. Ms. Taylor stated that staff had reviewed the comments and determined that since the guidelines for the PAB program had been approved by the board in December and were required to be approved in a certain timeframe as per statute, the Committee's comments would be considered further when the 2013 RFP and guidelines were revised. She added that staff had notified the Committee regarding the staff's plan to consider the comments during the next review cycle. Ms. Taylor referred the board to the third to last page of the Annual Action Plan and noted that language had been added to clarify that the program guidelines for the PAB program had been approved in December after a public comment period.

Ms. Taylor then asked for the board's approval of the Annual Action Plan.

Mr. Romero made a motion to approve with the Texas State Affordable Housing Corporation's 2012 Annual Action, including punctuation changes noted by Mr. Jones. Mr. Dietz seconded the motion. Mr. Jones asked for public comment and none was given. A vote was taken and the motion passed unanimously.

**Tab 5            Review, Discussion and Possible Approval of the 2011 Annual Performance Review of the President of the Corporation and related actions.**

Mr. Jones called the Board into Closed Meeting under Texas Government Code 551.074, Personnel Matters. The time was 11:21am. The board left closed meeting and came back into open meeting at 11:50am.

Mr. Dietz began the discussion by commenting that the feedback on Mr. Long's performance had been extremely positive and he concurred with his fellow members that they were proud of his job performance. Mr. Jones said Mr. Long's performance and abilities as President ranked very highly. He noted the Corporation's growth in stature and sighted the results of the Sunset Review process which included the Corporation receiving 12 years. Mr. Romero agreed with Mr. Jones and Mr. Dietz, adding that Mr. Long was a good leader and manager of the organization. He stated that Mr. Long's performance highly warranted the praise he received.

Mr. Romero made a motion to approve the 2011 annual performance review of the President and related actions recommended by the board. Mr. Dietz seconded the motion. Mr. Jones called for public comment and none was given. A vote was taken and the motion passed unanimously.

Mr. Long thanked the Board and expressed his great appreciation for their consideration and support.

**Closed Meeting**

Please refer to Tab 5

**Open Meeting**

After discussion, the March board meeting was tentatively set for March 15, 2012. Mr. Jones thanked everyone for their hard work.

**Adjournment**

Mr. Jones declared the meeting adjourned at 11:57am.

Respectfully submitted by \_\_\_\_\_  
Laura Ross, Corporate Secretary



## **Tab 2**

### **Presentation, Discussion and Possible Approval of Supportive Services related to the Corporation's Single Family Programs.**

Discussion

## **Tab 3**

### **Presentation, Discussion and Possible Approval of Revisions to the Fiscal Year 2012 Operating Budget.**

Discussion



## Development Finance Programs March 22, 2012

### **Agenda Item:**

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of a calendar year 2012 Application for Allocation of Private Activity Bonds in the amount of \$15 million, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Gateway Northwest Apartments Project

### **Summary:**

The Corporation received an application on March 12<sup>th</sup> for new private activity bonds to construct the Gateway Northwest Apartments in Georgetown, Texas. The applicant, Texas Housing Foundation (THF), is a non-profit developer based in Marble Falls, Texas. THF was created in 2006 and has developed more than 900 units of affordable rental housing throughout central Texas. THF's executive Director Mark Mayfield has been involved in affordable housing development for more than 20 years. The development team also includes Nash Builders, an experienced general contractor created in 1982 that has built more than 20 housing tax credit developments.

Gateway Northwest Apartments will be a newly constructed multifamily community of 180 units in Georgetown, Williamson County, Texas, targeted to families at a mix of 30%, 60% and 100% of area median incomes. The development will have nine two and three-story residential buildings with 20 units each and one community/leasing building. Apartment units will include 9' ceilings, a full appliance package, washer/dryer hookups, ceiling fans, and private patios with secured storage closets. The development will also meet the Corporation's energy efficiency standards and be rated for the new Energy Star 3.0 standard.

The proposed development will be located on approximately 8 acres of land at the northwest corner of the intersection of Northwest Boulevard and Washam Drive. The site is located within 1 mile of the IH 35 access roads and adjacent to both residential and commercial developments. Access to jobs, educational resources and community services is very good. The property is also located within a higher income census tract, which supports the Corporation's efforts to provide affordable housing choices for families outside of low-income areas.

Financing for the development includes a mix of tax exempt bonds, tax credit equity, federal HOME funds and private capital. The developer has requested \$12,241,800 in private activity bonds to be issued by the Corporation and purchased by PNC Real Estate. The bonds will be structured as an FHA guaranteed loan. PNC Real Estate will also provide \$6,513,162 in tax credit equity to the development as the limited partner. Other sources available to the development include \$2 million in federal HOME funds from the Texas Department of Housing and Community Affairs, and deferred developer fees of more than \$1 million.



## Development Finance Programs March 22, 2012

<b>Sources</b>	
TSAHC Bonds/FHA	\$12,241,800
TDHCA HOME funds	\$2,000,000
HTC Equity	\$6,513,162
Deferred Developer Fees	\$1,070,682
Other Equity	\$100,000
<b>Total Sources</b>	<b>\$21,925,644</b>

Staff has conducted only a cursory analysis of the feasibility of the project at this time. A full underwriting would be completed if the inducement is approved by the Board and prior to the final approval to issue bonds by the Board. The summary budget and proforma submitted by the applicant did meet the Corporation's threshold criteria.

### **Public Benefit**

If the proposed development advances to closing 180 new units of affordable housing will be created in a primarily rural community. Despite being located near the Austin-Round Rock MSA, Georgetown qualifies under the Corporation's Rural and Small Urban Area targeted housing need set-aside. The location of the project in a higher income census tract also helps to the Corporation fulfill its goals to affirmatively further fair housing choice for low-income families.

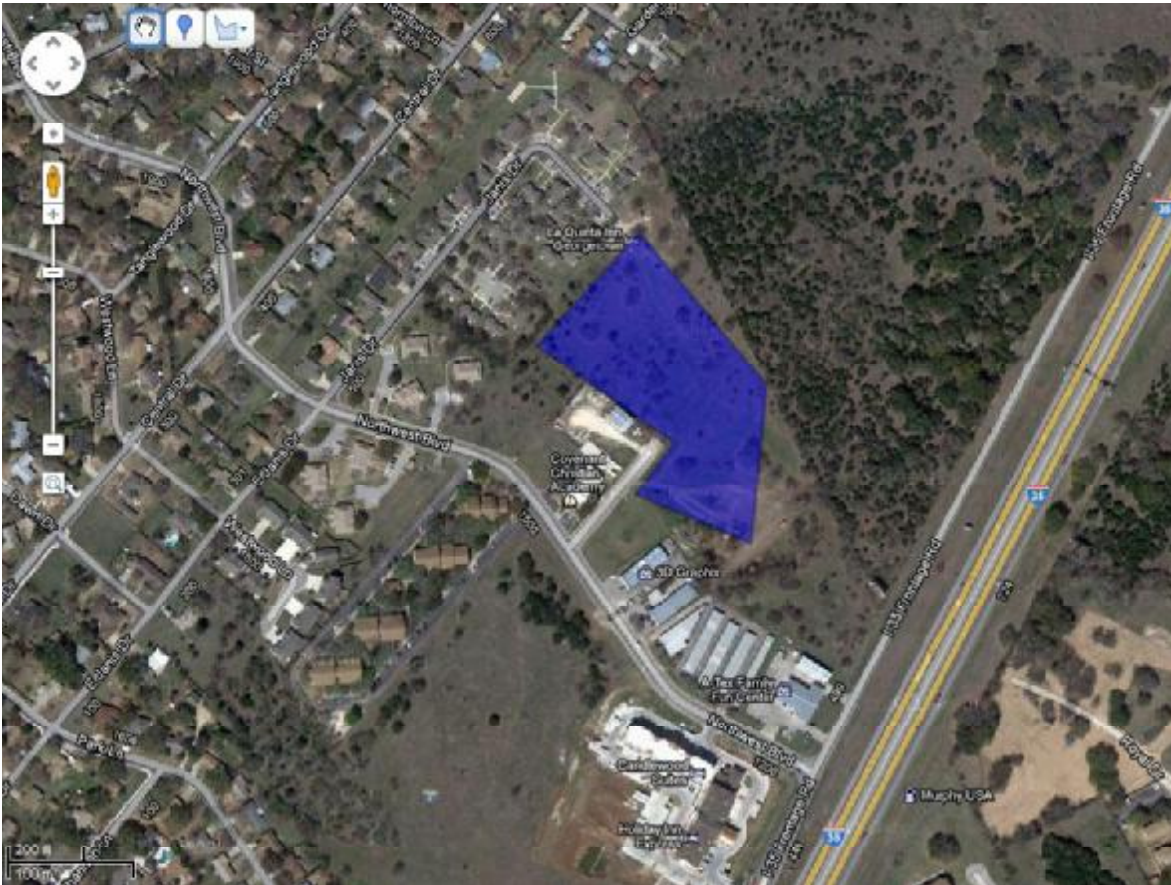
### **Staff's Recommendation:**

It should be noted that the Board is only taking action on an inducement of bonds that gives staff the authority to request a reservation of bond funds from the Texas Bond Review Board for private activity bond volume cap. If the inducement is approved, the applicant will be required to submit a full underwriting package, hold public hearings, and draft complete bond documents before the Board would consider a resolution to issue bonds and before the submission of a full bond application to the Texas Bond Review Board.

After reviewing the inducement application package, staff recommends that the Board approve the inducement resolution regarding the submission of a calendar year 2012 application for allocation of private activity bonds the amount of \$15 million, notice of intention to issue bonds and state bond application to the Texas Bond Review Board and declaration of expectation to reimburse expenditures with proceeds of future debt for the Gateway Northwest Apartments Project.



## Development Finance Programs March 22, 2012



Gateway Northwest Development Site



## Development Finance Programs March 22, 2012

### Agenda Item:

Presentation, Discussion and Possible Approval of a Resolution Regarding the Submission of a calendar year 2012 Application for Allocation of Private Activity Bonds in the amount of \$75 million, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Dalcors Affordable Housing I Texas Affordable Housing Pool Project

### Summary:

The Corporation received an application on March 5<sup>th</sup> for new Private Activity Bonds for the acquisition and rehabilitation of 6 affordable apartment communities. The applicant, Dalcors Affordable Housing I, LLC (“Dalcors”) is a for profit developer based in Dallas, Texas. Dalcors and its principals have been involved in real estate development for more than 20 years and is a subsidiary of Dalcors Holdings LLC.

Dalcors’s primary business plan is focused on the acquisition of multifamily properties in Texas and neighboring states utilizing tax exempt bond financing and low income housing tax credits. The application involves the acquisition of 6 properties currently owned by CED Capital and Concord Management Limited based in Florida.

Property Name	City	Units
Pine Club	Beaumont	232
Saddlewood Club	Bryan	232
Woodglens Park I & II	Dallas	232
Willow Green	Houston	336
Ridgewood West	Huntsville	232
Tealwood Club	Wichita Falls	180
<b>Totals</b>		<b>1,444</b>

All six of the properties are currently affordable properties previously financed under the low-income housing tax credit program. All are at the end of their 15 year affordability period and eligible for release from affordability restrictions. The proposed acquisition and rehabilitation will preserve affordability of the properties and qualifies this development under the Corporation’s target housing need for preservation of at-risk developments.

The acquisition and rehabilitation would be financed by new private activity bonds issued through a public offering that will either be rated by Standard & Poor's or enhanced by Fannie Mae or FHA. Additionally, approximately \$25 million in low-income housing tax credit equity will be used to fund acquisition and rehab activities. In total, the development plan includes \$114 million in total development costs with more than \$21 million or \$15,000 per unit in rehabilitation. The average cost per unit will be approximately \$78,000.



## Development Finance Programs March 22, 2012

Staff has conducted only a cursory analysis of the feasibility of this project at this time. A full underwriting would be completed if the inducement is approved by the Board and prior to the final approval to issue bonds. The summary budget and proforma submitted by the applicant did meet the Corporation's threshold criteria, but will need to include details for each of the six properties, along with assurances that the Corporation's fees and other necessary operating costs are budgeted for prior to the payment of primary or subordinate bonds.

### **Public Benefit**

If the proposed development were to advance to closing, the Corporation would be able to preserve 1,444 units of affordable housing targeted to low and very-low income families. If the projects are allowed to continue without a new financial plan the units are likely to be refinanced as market rate apartments.

### **Staff's Recommendation:**

It should be noted that the Board is only taking action on an inducement of bonds that gives staff the authority to request a reservation of bond funds from the Texas Bond Review Board for private activity bond volume cap. Since the total amount needed by the development is in excess of our available cap, the Corporation is discussing options to complete the project. At this time we have researched two possible alternatives. The first involves parceling out one or more properties from the pool to another issuer. The second would require Dalcors to wait until the Corporation can request additional volume cap on August 15<sup>th</sup>, at the time of the statewide collapse for multifamily housing bonds.

If the inducement is approved, the applicant will be required to submit a full underwriting package, hold public hearings, and draft complete bond documents before the Corporation's Board would consider a resolution to issue bonds and before the submission of a full bond application to the Texas Bond Review Board.

After reviewing the inducement application package, staff recommends that the Board approve the inducement resolution regarding the submission of a calendar year 2012 application for allocation of private activity bonds in the amount of \$75 million, notice of intention to issue bonds and state bond application to the Texas Bond Review Board and declaration of expectation to reimburse expenditures with proceeds of future debt for the Dalcors Affordable Housing I Texas Affordable Housing project.



## Development Finance Programs

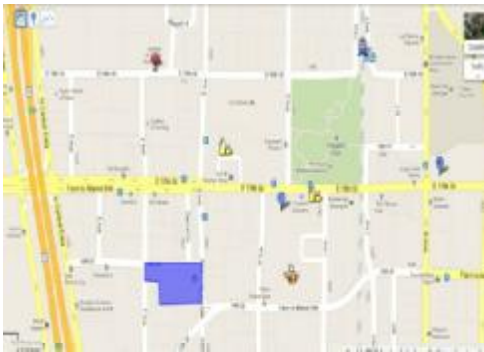
March 22, 2012

### Agenda Item:

Presentation, Discussion and Possible Approval for the Corporation's to acquire a Property in Plano, Texas for the Affordable Communities of Texas Land Trust Program.

### Summary:

Over the past two years The Texas State Affordable Housing Corporation (the "Corporation") has developed the first statewide land banking program for affordable housing in Texas. Our efforts are now leading us towards the development of land trust sites in select communities. Our first potential site is located within the City of Plano, Texas.



In partnership with our local partner, Green Extreme Homes, the Corporation is considering purchasing a 1.5 acre site within the downtown district of Plano. The City of Plano's Public Housing Authority has owned the site since it was originally developed in 1954 as public housing. The site was abandoned as a housing facility in 2004 due to the high cost of rehabilitation and a failed proposal to redevelop the site using low-income housing tax credits. The housing authority has also moved away from

providing multifamily housing to focus on providing single family rental and homeownership programs, and has been marketing the site for sale to potential developers.

The site is considered a transit oriented development site, being located on local bus routes and within three blocks of Plano's downtown light rail station. Additionally, the site is located in the last low and moderate income census tract in downtown Plano, making it eligible for Community Reinvestment Act credit for banks and financial institutions.

At this time the property is available at a cost of approximately \$600,000. The Corporation and our local partner are proposing to clear the existing buildings and redevelop the site with up to 36 new homes for low, very-low and moderate income households. Financial models regarding the feasibility of homeownership, rental or a hybrid model are all being developed at this time. However, we believe that any redevelopment will cost approximately \$4 million, based on average construction costs for Plano.



Our current strategy is to secure site control by borrowing up to \$600,000 or to utilize capital reserves to purchase the site outright. Under the first scenario the Corporation has





## Development Finance Programs

March 22, 2012

the ability to provide financial guarantees and has already spoken to a number of potential lenders. An interest only loan for 2 to 5 years would provide us with the most flexibility and time to complete any proposed redevelopment. If capital reserves are committed the Corporation could move more quickly to acquire the property.

In either event, staff believes that our investment would be repaid upon completion of the redevelopment. In both homeownership and rental models, the Corporation's investment in the property will be repaid as units are sold or long-term financing is put in place. Under the land trust model the Corporation would maintain ownership of the land after redevelopment and has the potential to earn ongoing ground lease and asset oversight fees.

Through the land trust program the Corporation will continue to own the property and lease improvements to our local partner and/or potential home buyers. As with traditional land trust development, this strategy helps maintain long-term affordability by eliminating taxes on land for low and very-low income households while providing a more secure avenue for the Corporation to ensure the transfer of properties to future low income families.

The Corporation is hopeful that it will be able to submit a purchase offer to the Plano Housing Authority before the end of March. We are currently seeking approval from the Board to either commit reserves as collateral to finance the acquisition, or purchase the property outright using our own capital.

### **Staff Recommendation:**

Staff is recommending that the Board grant authority for the Corporation to acquire the property described above for the Affordable Communities of Texas Land Trust Program.