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T E X A S
State Affordable Housing Corporation

January 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, January 10, 2019
10:30 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
January 10, 2019 at 10:30am

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

Bill Dietz
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: Homeownership Finance Report
Tab B: Development Finance Report
Tab C: Quarterly Fundraising Report
Tab D: Monthly Financial Reports

ACTION ITEMS IN OPEN MEETING:

- | | |
|-------|---|
| Tab 1 | Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on December 13, 2018. |
| Tab 2 | Presentation, Discussion and Possible Approval of Modifications to the Corporation's Affordable Communities of Texas (ACT) Program Policies. |
| Tab 3 | Presentation, discussion and possible approval of a Resolution Regarding the Submission of a 2019 Application for Allocation of Private Activity Bonds, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board for Single Family Mortgage Revenue Bonds |
| Tab 4 | Presentation, Discussion and Possible Approval of the General Counsel of the Corporation. |
| Tab 5 | Closed Executive Session – Discussion regarding the Evaluation and Annual Performance Review of the President of the Corporation (Personnel Matters – Texas Government Code § 551.074) |
| Tab 6 | Review, Discussion and Possible Approval of the Annual Performance Review of the President of the Corporation and related actions. |

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

ACTION ITEMS IN OPEN MEETING:

Action in Open Meeting on Items Discussed in Closed Executive Session

ADJOURN:

Individuals who require auxiliary aids or services for this meeting should contact Lacy Brown, ADA Responsible Employee, at 512-220-1174 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.

Section 46.035 of the Texas Penal Code prohibits handgun licensees from carrying their handguns at government meetings such as this one. This prohibition applies to both concealed carry and open carry by handgun licensees. Handgun licensees are required by law to refrain from carrying their handguns at this meeting.

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



**Homeownership Programs with Down Payment Assistance
January 1, 2018 to November 30, 2018**

<i>Month</i>	<i>Closed</i>	<i># of Loans</i>	<i>% Total</i>
January-18	\$ 80,590,856	487	6.2%
February-18	\$ 87,423,997	521	6.7%
March-18	\$ 118,687,440	704	9.2%
April-18	\$ 121,339,442	723	9.4%
May-18	\$ 136,753,578	812	10.5%
June-18	\$ 146,474,181	847	11.3%
July-18	\$ 127,768,641	755	9.9%
August-18	\$ 134,155,254	768	10.3%
September-18	\$ 110,843,184	648	8.6%
October-18	\$ 109,483,001	634	8.4%
November-18	\$ 122,782,172	703	9.5%
Totals	\$1,296,301,746	7602	100%
<i>Lender</i>	<i>Closed</i>	<i># of Loans</i>	<i>% Total</i>
Everett Financial, dba Supreme Lending	\$139,936,119	793	10.8%
Fairway Independent Mortgage Corporation	\$93,310,321	573	7.2%
Guild Mortgage Corporation	\$88,015,647	542	6.8%
PrimeLending	\$79,420,741	507	6.1%
Cornerstone Home Lending, Inc.	\$58,904,436	324	4.5%
Nations Reliable Lending, LLC	\$41,435,922	235	3.2%
AmCap Mortgage Limited	\$37,708,650	243	2.9%
Academy Mortgage Corporation	\$36,111,694	213	2.8%
NTFN, Inc.	\$34,386,772	199	2.7%
DHI Mortgage Company, Ltd.	\$32,585,465	156	2.5%
Highlands Residential Mortgage	\$31,202,739	178	2.4%
loanDepot.com LLC	\$30,089,005	160	2.3%
Thrive Mortgage, LLC	\$27,345,170	155	2.1%
Cardinal Financial Company	\$26,002,075	148	2.0%
Mortgage Financial Services, LLC	\$24,988,775	148	1.9%
Movement Mortgage, LLC	\$23,478,693	142	1.8%
SFMC, LP (Service First Mortgage)	\$18,555,376	101	1.4%
Ark-La-Tex Financial (Benchmark Mtg.)	\$18,055,015	99	1.4%
First Choice Loan Services, Inc.	\$17,071,850	85	1.3%
CMG Mortgage, Inc. dba CMG Financial	\$16,625,847	85	1.3%
Hometrust Mortgage Company	\$15,730,263	104	1.2%
Gardner Financial Services, Ltd.	\$14,993,701	89	1.2%
Certainty Home Loans, LLC	\$14,812,308	92	1.1%
Mid America Mortgage, Inc.	\$14,319,211	83	1.1%
Network Funding, LP	\$14,029,975	83	1.1%
SWBC Mortgage Corporation	\$12,821,742	79	1.0%
Primary Residential Mortgage, Inc.	\$11,552,769	74	0.9%
FBC Mortgage LLC	\$11,354,123	74	0.9%
Interlinc Mortgage Services, LLC	\$11,330,496	61	0.9%
Cendera Funding, Inc.	\$10,848,879	58	0.8%
New American Funding (Broker Solutions)	\$10,439,599	68	0.8%
HomeBridge Financial Services	\$10,061,048	64	0.8%
Wallick and Volk, Inc.	\$9,960,025	57	0.8%
Stearns Lending, LLC	\$9,767,080	46	0.8%
Eagle Home Mortgage, LLC	\$9,294,158	45	0.7%
Right Start Mortgage, Inc.	\$9,283,365	60	0.7%
Pulte Mortgage LLC	\$9,196,460	41	0.7%
Guaranteed Rate	\$8,244,934	46	0.6%
Security National Mortgage Company	\$8,132,339	49	0.6%
Sente Mortgage Inc.	\$8,037,187	48	0.6%
Origin Bank	\$7,116,686	44	0.5%
Pilgrim Mortgage, LLC	\$6,922,546	42	0.5%
University Lending Group, LLC	\$6,800,492	44	0.5%
Envoy Mortgage	\$6,585,498	39	0.5%
Gateway Mortgage Group, LLC	\$5,818,915	33	0.4%
Crosscountry Mortgage, Inc.	\$5,703,589	32	0.4%
Churchill Mortgage Corporation	\$5,671,826	32	0.4%
Open Mortgage LLC	\$5,538,122	33	0.4%
Independent Bank	\$5,199,251	31	0.4%
Mortgage Solutions of Colorado, LLC	\$5,187,029	28	0.4%
First National Bank Mortgage	\$5,170,547	33	0.4%

<i>At a Glance</i>	
Average Annual Income	\$58,719
Average Purchase Price	\$174,340
Average Loan Amount	\$170,521
Average Household Size	2
Average Interest Rate	5.832%
<i>Program</i>	<i>%</i>
Home Sweet Texas	83.69%
Homes for Texas Heroes	16.31%
<i>Allied Health Faculty</i>	0.05%
<i>Corrections Officer</i>	0.83%
<i>County Jailor</i>	0.14%
<i>EMS Personnel</i>	0.30%
<i>Fire Fighter</i>	0.86%
<i>Peace Officer</i>	1.53%
<i>Professional Nurse Faculty</i>	0.86%
<i>Public Security Officer</i>	0.26%
<i>School Counselor</i>	0.26%
<i>School Librarian</i>	0.04%
<i>School Nurse</i>	0.07%
<i>Teacher</i>	9.51%
<i>Teacher Aide</i>	0.25%
<i>Veteran</i>	1.35%
<i>New/Existing Home</i>	
Existing	83.82%
New	16.18%
<i>Type of Loan</i>	
Conventional - Purchase	31.90%
FHA - Purchase	66.19%
USDA-RHS Purchase	0.13%
VA - Purchase	1.78%
<i>Ethnicity</i>	
American Indian/Alaskan Native	0.24%
Asian/Pacific Islander	1.41%
Black	14.39%
Hispanic	36.07%
Not Defined	7.10%
Other	0.88%
White	39.91%
<i>Top 20 Originating Counties*</i>	<i># Households</i>
Harris	1285
Tarrant	957
Dallas	824
Bexar	571
Denton	244
Travis	215
Williamson	200
Collin	193
Fort Bend	175
El Paso	158
Kaufman	147
Montgomery	142
Hidalgo	141
Galveston	135
Johnson	119
Nueces	113
Brazoria	106
Ellis	98
Bell	97
Hays	90
*Top 20 of all counties statewide. All remaining counties served 1,592 households combined.	



**Homeownership Programs with Down Payment Assistance
January 1, 2018 to November 30, 2018**

Amerifirst Financial, Inc.	\$5,155,803	33	0.4%
First Community Mortgage	\$5,036,979	40	0.4%
CLM Mortgage, LLC	\$4,485,352	23	0.3%
First Continental Mortgage, Ltd.	\$4,410,765	18	0.3%
Willow Bend Mortgage Company, LLC	\$4,123,028	26	0.3%
Union Home Mortgage	\$4,083,304	26	0.3%
Pacific Union Financial, LLC	\$4,034,922	19	0.3%
American Mortgage & Equity Consultants	\$4,002,844	23	0.3%
On Q Financial, Inc.	\$3,992,013	25	0.3%
American Financial Network, Inc.	\$3,896,814	24	0.3%
Bank of England	\$3,324,900	19	0.3%
Wells Fargo Bank, N.A.	\$3,318,537	23	0.3%
Guaranteed Rate Affinity, LLC	\$3,074,847	18	0.2%
Aim Bank	\$2,931,242	20	0.2%
Synergy One Lending, Inc.	\$2,794,433	21	0.2%
BancorpSouth Bank	\$2,793,558	18	0.2%
Gold Star Mortgage Financial Group	\$2,705,868	15	0.2%
Rocky Mountain Mortgage Company	\$2,621,980	18	0.2%
Nations Lending Corporation	\$2,515,965	15	0.2%
Michigan Mutual, Inc.	\$2,457,796	13	0.2%
Texas Bank Mortgage Company	\$2,451,583	16	0.2%
Southwest Funding, LP	\$2,388,788	15	0.2%
Summit Funding, Inc.	\$2,338,512	13	0.2%
Patriot Mortgage Company	\$2,255,883	15	0.2%
Happy State Bank	\$2,080,296	17	0.2%
Republic State Mortgage Co.	\$2,042,279	10	0.2%
Legacy Mortgage, LLC	\$1,863,682	15	0.1%
Loan Simple, Inc.	\$1,860,539	14	0.1%
LoanStar Home Loans	\$1,826,547	10	0.1%
International City Mortgage, Inc.	\$1,793,707	10	0.1%
GoPrime Mortgage	\$1,728,498	10	0.1%
Cherry Creek Mortgage Co., Inc.	\$1,581,177	9	0.1%
LegacyTexas Bank	\$1,524,502	8	0.1%
LHM Financial Corp., dba CNN Mortgage	\$1,480,063	9	0.1%
Geneva Financial, LLC	\$1,434,202	8	0.1%
Inspire Home Loans, Inc.	\$1,374,437	7	0.1%
Citywide Home Loans, a Utah Corporation	\$1,286,720	8	0.1%
Goldwater Bank, N.A.	\$1,237,967	7	0.1%
Affiliated Bank	\$1,212,478	9	0.1%
Castle and Cooke Mortgage	\$1,118,020	7	0.1%
KBHS Home Loan, LLC	\$1,112,384	5	0.1%
Home Financing Unlimited, Inc.(Mission)	\$1,067,059	6	0.1%
America's Choice Home Loans, LP	\$1,051,997	7	0.1%
Inter National Bank	\$1,024,039	7	0.1%
Finance of America Mortgage, LLC	\$1,021,813	7	0.1%
Resmac, Inc.	\$979,265	6	0.1%
Moria Development/Peoples Mortgage Co	\$968,711	6	0.1%
First Service CU dba eCU Mortgage	\$842,457	5	0.1%
The Home Lending Group, LLC	\$812,903	4	0.1%
Victorian Finance LLC	\$777,135	6	0.1%
Peoples Home Equity, Inc.	\$744,072	4	0.1%
Paramount Residential Mortgage Group	\$700,444	4	0.1%
American Pacific Mortgage Corporation	\$656,747	5	0.1%
integrity First Financial Group, Inc.	\$652,364	3	0.1%
Perl Mortgage, Inc.	\$622,317	4	0.0%
Commerce Home Mortgage, Inc.	\$614,753	3	0.0%
JNC Mortgage Company, Inc.	\$589,396	3	0.0%
Lone Star National Bank	\$560,067	4	0.0%
Southwest Bank	\$539,408	4	0.0%
Inlanta Mortgage, Inc.	\$537,969	3	0.0%
First Bank	\$478,995	3	0.0%
Encompass Lending Group, LP	\$477,249	3	0.0%
Extraco Mortgage	\$475,670	3	0.0%
LeaderOne Financial	\$462,467	3	0.0%
Directions Equity, LLC	\$456,577	3	0.0%



**Homeownership Programs with Down Payment Assistance
January 1, 2018 to November 30, 2018**

First Financial Bank, N.A.	\$454,415	4	0.0%
Finance Home America	\$443,320	3	0.0%
OVM Financial, Inc.	\$424,664	3	0.0%
Diamond Residential Mortgage Corporation	\$417,486	2	0.0%
Colonial Savings, F.A.	\$404,490	2	0.0%
Trinity Oaks Mortgage	\$365,457	3	0.0%
Family First Funding, LLC	\$363,051	2	0.0%
Gibraltar Mortgage Services, LLC	\$358,803	2	0.0%
1st Preference Mortgage Corporation	\$350,217	2	0.0%
Infinity Mortgage Holdings, LLC	\$291,251	2	0.0%
Branch Banking and Trust Company	\$258,020	2	0.0%
Guardian Mortgage	\$225,810	1	0.0%
New Penn Financial, LLC	\$207,178	1	0.0%
First Centennial Mortgage Corporation	\$201,286	1	0.0%
Associated Mortgage Corporation	\$200,091	1	0.0%
Residential Wholesale Mortgage, Inc.	\$193,431	1	0.0%
Corridor Mortgage Group, Inc.	\$192,429	1	0.0%
Axia Financial, LLC	\$182,529	1	0.0%
American Bank, N.A.	\$167,810	1	0.0%
American Nationwide Mortgage Company	\$157,500	1	0.0%
Cstone Mortgage, Inc.	\$151,210	1	0.0%
AmRes Corporation	\$147,000	1	0.0%
Guaranty Bank & Trust, N.A.	\$122,735	1	0.0%
Grand Total	\$1,296,301,746	7602	100%



Mortgage Credit Certificate Program
January 1, 2018 to November 30, 2018

Month	Closed	# of Loans	% Total
Jan	\$ 13,817,927	82	4%
Feb	\$ 21,440,163	130	6%
Mar	\$ 29,762,922	175	8%
Apr	\$ 36,678,956	221	10%
May	\$ 41,971,323	253	12%
June	\$ 48,232,347	278	13%
July	\$ 39,288,513	233	11%
Aug	\$ 36,668,707	219	10%
Sep	\$ 28,376,077	164	8%
Oct	\$ 33,474,112	185	9%
Nov	\$ 29,139,775	166	8%
Totals	\$358,850,822	2106	100%

Lender	Closed	# of Loans	% Total
Everett Financial, dba Supreme Lending	\$44,765,235	258	12.3%
PrimeLending	\$25,127,810	152	7.2%
Guild Mortgage Corporation	\$19,552,352	122	5.8%
Nations Reliable Lending, LLC	\$17,708,061	103	4.9%
Fairway Independent Mortgage Corporation	\$17,172,152	97	4.6%
Cornerstone Home Lending, Inc.	\$14,929,572	82	3.9%
Movement Mortgage, LLC	\$14,892,185	98	4.7%
Thrive Mortgage, LLC	\$9,376,636	49	2.3%
AmCap Mortgage Limited	\$8,509,693	52	2.5%
DHI Mortgage Company, Ltd.	\$8,442,483	40	1.9%
Cardinal Financial Company	\$8,427,412	48	2.3%
Primary Residential Mortgage, Inc.	\$7,755,975	50	2.4%
Highlands Residential Mortgage	\$7,580,170	38	1.8%
First Choice Loan Services, Inc.	\$7,567,854	39	1.9%
Texas Bank Mortgage Company	\$7,013,170	47	2.2%
Hometrust Mortgage Company	\$6,410,022	44	2.1%
Open Mortgage LLC	\$6,384,959	39	1.9%
First Continental Mortgage, Ltd.	\$6,367,073	26	1.2%
Pilgrim Mortgage, LLC	\$5,994,756	38	1.8%
Certainty Home Loans, LLC	\$4,439,363	29	1.4%
Academy Mortgage Corporation	\$4,306,730	27	1.3%
Colonial Savings, F.A.	\$4,301,210	22	1.0%
loanDepot.com LLC	\$3,942,266	24	1.1%
Sente Mortgage Inc.	\$3,731,011	24	1.1%
Interlinc Mortgage Services, LLC	\$3,400,043	19	0.9%
CMG Mortgage, Inc. dba CMG Financial	\$3,343,992	17	0.8%
CLM Mortgage, LLC	\$3,223,625	15	0.7%
SWBC Mortgage Corporation	\$3,160,430	19	0.9%
Gateway Mortgage Group, LLC	\$3,066,856	16	0.8%
New American Funding (Broker Solutions)	\$2,911,816	19	0.9%
SFMC, LP (Service First Mortgage)	\$2,881,255	16	0.8%
Pulte Mortgage LLC	\$2,719,599	13	0.6%
Origin Bank	\$2,708,500	20	0.9%
NTFN, Inc.	\$2,687,675	16	0.8%
Eagle Home Mortgage, LLC	\$2,579,368	12	0.6%
Amerifirst Financial, Inc.	\$2,556,964	16	0.8%
American Mortgage & Equity Consultants	\$2,481,519	15	0.7%
University Federal Credit Union	\$2,442,396	11	0.5%
Crosscountry Mortgage, Inc.	\$2,359,357	14	0.7%
Mid America Mortgage, Inc.	\$2,321,893	13	0.6%
Cendera Funding, Inc.	\$2,306,756	12	0.6%
Bank of England	\$2,286,637	14	0.7%
Gardner Financial Services, Ltd.	\$2,186,646	12	0.6%
Guaranteed Rate	\$2,049,537	14	0.7%
Network Funding, LP	\$2,025,168	12	0.6%
Envoy Mortgage	\$1,974,222	12	0.6%
BancorpSouth Bank	\$1,929,559	11	0.5%
Wallick and Volk, Inc.	\$1,739,213	11	0.5%
Stearns Lending, LLC	\$1,727,679	8	0.4%

At a Glance	
Total Amount Originated	\$358,850,822
Average Annual Income	\$50,639
Average Purchase Price	\$177,099
Average Loan Amount	\$170,395
Average Household Size	2
Average Interest Rate	5.448%
Program	%
Home Sweet Texas	81.43%
Homes for Texas Heroes	18.57%
Allied Health Faculty	0.00%
Corrections Officer	1.19%
County Jailer	0.09%
EMS Personnel	0.19%
Fire Fighter	0.52%
Peace Officer	1.28%
Professional Nurse Faculty	0.76%
Public Security Officer	0.52%
School Counselor	0.33%
School Librarian	0.05%
School Nurse	0.09%
Teacher	11.02%
Teacher Aide	0.33%
Veteran	2.18%
New/Existing Home	
Existing	82.95%
New	17.05%
Type of Loan	
Conventional - Purchase	37.75%
FHA - Purchase	57.41%
USDA-RHS Purchase	2.52%
VA - Purchase	2.33%
Ethnicity	
American Indian/Alaskan Native	0.41%
Asian/Pac Isle	6.62%
Black	14.55%
Hispanic	35.00%
Not Defined	6.60%
Other	1.24%
White	35.57%
Top 20 Originating Counties*	# of Loans
Harris	455
Tarrant	243
Dallas	214
Bexar	169
Travis	120
Williamson	104
Fort Bend	66
Denton	66
El Paso	54
Collin	49
Montgomery	43
Kaufman	40
Hays	39
Galveston	37
Hidalgo	27
Nueces	26
Brazoria	23
Bell	20
Johnson	18
Webb	18

*Top 20 of all counties statewide. All remaining counties served 275 households.



**Mortgage Credit Certificate Program
January 1, 2018 to November 30, 2018**

Synergy One Lending, Inc.	\$1,499,709	13	0.6%
University Lending Group, LLC	\$1,465,725	10	0.5%
Nations Lending Corporation	\$1,315,346	8	0.4%
Gold Star Mortgage Financial Group	\$1,271,696	7	0.3%
Geneva Financial, LLC	\$1,253,145	7	0.3%
Mortgage Financial Services, LLC	\$1,251,672	7	0.3%
American Financial Network, Inc.	\$1,228,332	9	0.4%
Right Start Mortgage, Inc.	\$1,195,959	9	0.4%
FBC Mortgage LLC	\$1,157,861	9	0.4%
Independent Bank	\$1,076,967	7	0.3%
Brazos National Bank	\$980,650	6	0.3%
GoPrime Mortgage	\$965,428	7	0.3%
Home Financing Unlimited, Inc.(Mission)	\$855,609	5	0.2%
Inspire Home Loans, Inc.	\$798,467	4	0.2%
Bank of America, N.A.	\$782,492	5	0.2%
Victorian Finance LLC	\$728,041	5	0.2%
Republic State Mortgage Co.	\$698,788	5	0.2%
Southwest Funding, LP	\$679,884	4	0.2%
Pacific Union Financial, LLC	\$668,667	3	0.1%
Churchill Mortgage Corporation	\$589,837	4	0.2%
International City Mortgage, Inc.	\$583,514	3	0.1%
On Q Financial, Inc.	\$573,421	4	0.2%
Castle and Cooke Mortgage	\$559,183	4	0.2%
American Pacific Mortgage Corporation	\$530,519	3	0.1%
Encompass Lending Group, LP	\$492,760	3	0.1%
AmRes Corporation	\$486,535	3	0.1%
integrity First Financial Group, Inc.	\$453,912	2	0.1%
Willow Bend Mortgage Company, LLC	\$431,298	3	0.1%
Rocky Mountain Mortgage Company	\$421,178	3	0.1%
Summit Funding, Inc.	\$409,825	2	0.1%
HomeBridge Financial Services	\$407,915	2	0.1%
Commerce Home Mortgage, Inc.	\$391,653	2	0.1%
Palm Lending LLC	\$279,812	1	0.0%
Guaranteed Rate Affinity, LLC	\$262,273	2	0.1%
Legacy Mortgage, LLC	\$261,900	2	0.1%
Affiliated Bank	\$242,001	2	0.1%
Trinity Oaks Mortgage	\$240,104	2	0.1%
Happy State Bank	\$211,055	2	0.1%
Guaranty Bank & Trust, N.A.	\$207,735	2	0.1%
JNC Mortgage Company, Inc.	\$203,603	1	0.0%
Cherry Creek Mortgage Co., Inc.	\$196,296	1	0.0%
The Home Lending Group, LLC	\$185,478	1	0.0%
KBHS Home Loan, LLC	\$183,967	1	0.0%
Family First Funding, LLC	\$182,631	1	0.0%
Trustmark National Bank	\$175,750	1	0.0%
LHM Financial Corp., dba CNN Mortgage	\$172,812	1	0.0%
Branch Banking and Trust Company	\$172,000	1	0.0%
Waterloo Lending LLC	\$161,000	1	0.0%
Security National Mortgage Company	\$160,147	1	0.0%
American Nationwide Mortgage Company	\$157,500	1	0.0%
LeaderOne Financial	\$152,525	1	0.0%
Loan Simple, Inc.	\$148,510	1	0.0%
Northpointe Bank	\$144,444	1	0.0%
America's Choice Home Loans, LP	\$142,373	1	0.0%
Paramount Residential Mortgage Group	\$141,391	1	0.0%
Lone Star National Bank	\$137,857	1	0.0%
Michigan Mutual, Inc.	\$133,110	1	0.0%
First Bank	\$114,460	1	0.0%
Inter National Bank	\$105,245	1	0.0%
Total Committed	\$358,850,822	2106	100%

Tab B

Texas State Affordable Housing Corporation

Development Finance Programs Report
January 2019

Affordable Communities of Texas Program (ACT)

In the past month, NSP development and sales activity was high in the Rio Grande Valley. Staff completed five NSP homes sales with local partners Affordable Homes of South Texas, Inc. (“ASHTI”) and Community Development Corporation of Brownsville (“CDCB”). Staff anticipates two more NSP home sales by early January 2019 and several more sales in the spring and summer of 2019 as housing construction progresses.

Staff is working with local partners and listing agents in the marketing of longstanding properties for sale in Clarksville, TX and an ACT- Veteran property in Harlingen, TX. Due to its rural location, the Clarksville sale has been challenging. However, staff has increased marketing efforts in this community by distributing e-marketing flyers to local community resources and is in weekly communication with the property’s listing agent. Regarding the ACT-Veteran Harlingen property, staff is working closely with ASHTI on the MLS listing and sale of this property and has connected with the current Condominium Association who have offered their support and assistance with this sale.

In January, staff will be working with DMA Development Company to submit a pre-application for 9% tax credits for Corporation’s Park at 14th apartment project in Plano, TX. A full application will be considered for submittal based on pre-application scoring.

Here is a summary of the past month’s portfolio activity:

Program	Portfolio as of Dec. 1, 2018	Acquired	Sold	Portfolio as of Jan. 1, 2019	Current Portfolio Value
ACT Land Bank	50	0	0	50	\$506,739.00
ACT Land Trust	1	0	0	1	\$650,000.00
Texas NSP	199	0	5	194	\$2,657,668.90
Veteran’s Initiative	1	0	0	1	\$33,210.00
Totals	251	0	5	246	\$3,847,617.90

Our current pipeline report has 22 homes under contract with eligible buyers, 11 homes listed for sale, 15 homes under construction and 27 properties in predevelopment.

Texas Housing Impact Fund

In December 2018, the Loan Committee requested a revised recommendation for the East Dallas Community Organization’s (“EDCO”) loan request. Staff worked with the applicant and will present a new recommendation for a loan with the maximum amount of \$500,000 with a term of one-year. EDCO plans to build as many as 16 homes on lots NSP Land Banked lots owned by the Corporation. This loan does not need Board approval pursuant to the Corporation’s Texas Housing Impact Fund Policies.

This month’s Board Book also includes a report item on the AHA! at Briarcliff Apartments project. The update provides information on changes that other lenders in the transactions have made to their terms and loan structure.

Texas State Affordable Housing Corporation

Development Finance Programs Report
January 2019

Multifamily Bond Program

The Ventura at Tradewinds project located in Midland, Texas is scheduled to close on January 7, 2019. The companion transaction, Ventura at Fairgrounds was not able to close due to difficulties in finalizing all due diligence needed to close. The Developer, Dominion, has asked the Corporation to hold open the application and plans to reapply for private activity bond volume cap in August 2019. The Corporation's inducement resolution, for federal tax purposes, is valid through January 1, 2020.

Texas State Affordable Housing Corporation

Texas Housing Impact Fund Loan Recommendation

Report Item:

Update to the Corporation's Parity Lien for the AHA! at Briarcliff Apartment Project Loan to Accessible Housing Austin in the Amount of \$995,000.

Summary:

In November 2018, the Board approved an amended loan to Accessible Housing Austin! (AHA!) in the amount of \$995,000 to finance the construction of a 27-unit affordable apartment complex to be named AHA! at Briarcliff in Austin, Texas. The loan is part of the total \$5,353,794 project budget and staff was informed after the



November Board Meeting that the loan the project is receiving from the Texas Department of Housing and Community Affairs ("TDHCA") was also amended in November.

TDHCA's original award included a repayable loan, in the amount of \$155,000, and a deferred forgivable portion in the amount of \$1,337,200. TDHCA has amended their award and combined the two amounts into one deferred forgivable loan that totals \$1,492,200. While this change improves the feasibility of the project and increases the amount of cash flow after debt service, TDHCA does require that their entire deferred forgivable loan amount be placed in parity with the Corporation's repayable loan of \$995,000. Previously, staff underwrote the transaction with only the \$155,000 repayable loan in parity with the Corporation's loan.

The combined TSAHC and TDHCA loans account for only 46% of the total sources for the project and therefore staff does not believe that this change increases the Corporation's risk. The Corporation often accepts parity lien positions of this nature with other developments and is not recommending a change to our or would have original recommendation.

The Loan Committee reviewed and approved this change at the December meeting and asked staff to provide this update to the Board.

Tab C

**Texas State Affordable Housing Corporation
2019 Quarterly Fundraising Report
January 2, 2019**

Home Buyer Programs/Financial & Housing Education			
Funder	Amount	Status	Notes
BBVA Compass	\$5,000	Received	Submitted in April 2018 for 2019 Housing Connection Training.
Housing Connection Sponsorships	\$9,940	Received	Online donations received June 2018-December 2018 to support Housing Connection workshops.
Wells Fargo Housing Foundation	\$15,000	Received	Requested in June 2018 for 2019 Housing Connection workshop.
Amon Carter Foundation	\$10,000	Declined	Requested in September 2018 for 2019 Housing Connection workshop.
Federal Reserve Bank of Dallas	\$5,000	Awarded	In Kind donation of event space and food for 2019 Housing Connection workshop.
Bank of America	\$10,000	Declined	Requested in June 2018 for 2019 Housing Connection workshop.

Total Received/Awarded	\$34,940
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Housing and Economic Assistance to Rebuild Texas (HEART) Program			
Funder	Amount	Status	Notes
Rebuild Texas Fund	\$500,000	Received	Awarded in March 2018 to support the HEART Program. Half of TSAHC's award was provided up front, and the other half was awarded as a matching grant contingent upon raising additional funding.
Meadows Foundation	\$100,000	Received	Awarded in June 2018 to support HEART Program.
Center for Disaster Philanthropy	\$50,000	Awarded	Awarded in July 2018 to support critical repair grants provided through the HEART Program. Awarded as pass-through funding as part of a larger grant submitted by Enterprise Community Partners.
Rebuild Texas Fund	TBD	Discussion	Have initiated discussion to submit a follow up request to continue the HEART Program in 2019.
Wells Fargo	\$100,000	Pending	Submitted in July 2018 to support HEART Program.
Texas Capital Bank	\$50,000	Discussion	Initiated discussion in July 2018 to support HEART Program.
Fannie Mae	\$500,000	Pending	Submitted in July 2018 to support HEART Program.

Total Awarded/Received	\$650,000
Total Requests Under Discussion	\$50,000
Total Requests Pending	\$600,000

Texas Housing Impact Fund			
Funder	Amount	Status	Notes
Texas Capital Bank	\$750,000	Received	Structured as a five year community development loan to be used for the Texas Housing Impact Fund. Have initiated discussion to increase investment amount to \$1.25 million in 2019.
Texas Capital Bank	\$7,500	Received	Grant to support Texas Housing Impact Fund. 3-year grant totaling \$22,500, with \$7,500 received in 2017, \$7,500 in 2018, and another \$7,500 to be received in 2019.
Austin Community Foundation	\$250,000	Received	Structured as a three year Program-Related Investment to be used for the Texas Housing Impact Fund to support the AHA! at Briarcliff project.
Texas Capital Bank	\$500,000	Discussion	Initiated discussion in July 2018 to increase current investment by \$500,000.
Frost Bank	\$4,000,000	Received	A community development loan initially awarded to fund down payment assistance for TSAHC's home buyer programs. In December 2018, Frost Bank granted TSAHC a one-year extension and expanded the loan purpose to include the Texas Housing Impact Fund.
Capital Magnet Fund	\$5,250,000	Pending	Submitted in September 2018 for a five year grant to support the Texas Housing Impact Fund. We expect a decision in 2019.

Total Received	\$5,007,500
Total Requests Under Discussion	\$500,000
Total Requests Pending	\$5,250,000

Affordable Communities of Texas (ACT) Program			
Funder	Amount	Status	Notes
Lowes	\$2,000	Declined	Submitted request in March 2018 for a gift card to purchase appliances for an ACT property in Wichita Falls.
JCPenney	\$2,000	Withdrawn	Submitted a request for discounted gift cards to purchase appliance for an ACT property in Wichita Falls. Awarded a 6% discount on gift cards, but staff determined the award was not financially feasible, so it was declined.
Good360	TBD	Pending (In-Kind)	Completed application to request appliances for ACT properties. No appliances are currently available, but we continue to monitor on a monthly basis for potential appliance donations.
Texas Community Bank	\$500,000	Discussion	Have initiated discussion to renew EQ2 investment, which is due in May 2020. Based on preliminary conversations with Texas Community Bank staff, we believe they will approve the renewal.
Whirlpool	\$2,000	Declined	Submitted request for in kind donation of appliances for an ACT property in Wichita Falls.

Total Requests Under Discussion	\$500,000
Summary	
Total Received/Awarded	\$5,692,440
Total Pending	\$5,850,000
Total Under Discussion	\$1,050,000

Tab D

TEXAS STATE AFFORDABLE HOUSING CORPORATION
STATEMENT OF NET ASSETS (unaudited)
As of November 30, 2018

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 7,396,863
Restricted Assets Held by Bond Trustee:	
Cash and Cash Equivalents	1,165,672
Accrued Interest	45,471
Custodial Cash and Cash Equivalents	133,586
Investments, at Fair Market Value	10,033,899
Accounts Receivable & Accrued Revenue	367,371
Accrued Interest Receivable	64,208
Loans Receivable, Current Portion	69,699
Notes Receivable, Current Portion	1,559,641
Prepaid Expenses	88,413

Total Current Assets: 20,924,823

Noncurrent Assets

Loans Receivable, Net of uncollectible amounts of \$4,834	480,004
Notes Receivable, Net Allowance for Loss of \$500,000	3,325,462
Investments, at Fair Market Value	6,271,579
Mortgage Servicing Rights, Net of Accumulated Amortization of \$2,502,677	225,384
Fixed Assets, Net of Accumulated Depreciation of \$781,698	1,262,555
Owned Real Estate, Federal & Other Programs Net of Amort \$578,457	11,331,982
Restricted Investments Held by Bond Trustee, at Fair Market Value	30,045,848

Total Noncurrent Assets: 52,942,814

TOTAL ASSETS \$ 73,867,637

(continued)

TEXAS STATE AFFORDABLE HOUSING CORPORATION
STATEMENT OF NET ASSETS - Continued (unaudited)
As of November 30, 2018

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Expenses	\$	394,871
Notes Payable, Current Portion		52,862
Custodial Reserve Funds		133,586
Due to Federal Programs		2,057,213
Other Current Liabilities		203,941
Payable from Restricted Assets Held by Bond Trustee:		
Bonds Payable, Current Portion		750,000
Accrued Interest on Bonds		254,173

Total Current Liabilities: 3,846,646

Noncurrent Liabilities

Notes Payable		2,422,193
Revenue Bonds Payable		28,339,313
Unearned Revenue		83,338

Total Noncurrent Liabilities: 30,844,844

Total Liabilities: 34,691,490

DEFERRED INFLOWS OF RESOURCES

Deferred Revenue		187,200
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Total Deferred Inflows of Resources 187,200

NET POSITION

Invested in Capital Assets		1,262,555
Restricted for:		
Debt Service		1,913,505
Other Purposes		261,147
Unrestricted		35,551,740

Total Net Position: \$ 38,988,947

TEXAS STATE AFFORDABLE HOUSING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (unaudited)
for the 3 months ending November 30, 2018

Operating Revenues

Interest and Investment Income	\$	499,494
Net Increase (Decrease) in Fair Value of Investments		(379,762)
Single Family Income		1,324,317
Asset Oversight and Compliance Fees		61,480
Rental Program Income		137,430
Multifamily Income		67,503
Land Bank Income		136,408
Public Support		
Federal & State Grants		5,865
Contributions		21,280
Other Operating Revenue		18,525
Total Operating Revenues	\$	<u>1,892,540</u>

Operating Expenses

Interest Expense on Bonds and Notes Payable	\$	271,597
Salaries, Wages and Payroll Related Costs		674,834
Professional Fees and Services		94,538
Amortization		50,999
Office and Equipment Rental and Maintenance		25,387
Travel and Meals		20,597
Depreciation		62,222
Program and Loan Administration		138,920
Grant Expenditures		5,865
Foundation Fund/Rebuild Texas Grants		255,000
Other Operating Expenses		86,592
Total Operating Expenses	\$	<u>1,686,551</u>

Net Income 205,989

Total Net Position, Beginning 38,782,958

Total Net Position, Ending \$ 38,988,947

Texas State Affordable Housing Corporation
Budget Report
November 30, 2018

	Annual Budget	Actual	Percent of Annual Budget	Reference
Revenue				
Servicing Revenue	128,000	31,812	25%	
Single Family	9,550,000	2,429,198	25%	
Multifamily Program Revenue	764,000	92,006	12%	
Lending Program Revenue	2,720,000	1,302,619	48%	①
ACT/THIF Program Revenue	200,000	56,720	28%	
Grants & Donations	720,000	21,280	3%	
Federal & State Grants	151,000	76,066	50%	②
Tenant Rent Revenue	513,000	137,430	27%	
Investment Revenue	1,140,000	719,881	63%	③
Total Revenue	15,886,000	4,867,012	31%	
Expenditures				
Salaries & Payroll Related Expenditures	2,935,000	675,588	23%	
Program Expenditures	10,491,000	2,444,733	23%	
HEART Program & Foundation Fund Grants	950,000	255,000	27%	
Professional Services	451,000	96,038	21%	
Principal & Interest on Notes Payable	159,000	34,266	22%	
Marketing	152,000	53,144	35%	④
Insurance	120,000	26,400	22%	
Travel & Meals	125,000	20,597	16%	
Furniture, Equipment & Software	31,000	8,748	28%	
Building Maintenance	72,000	8,825	12%	
Professional Dues, Conferences & Training	43,000	15,346	36%	⑤
Bank Fees & Charges	20,000	2,817	14%	
Sponsorships	20,000	2,450	12%	
Communication	15,000	3,857	26%	
Printing & Office Supplies	4,000	862	22%	
Publications, Subscriptions & Office Exp.	18,000	4,601	26%	
Freight, Delivery & Postage	9,000	2,016	22%	
	15,615,000	3,655,288	23%	
Net Income	271,000	1,211,724	447%	

Average Expected Percent Expended = 25%

Texas State Affordable Housing Corporation
Budget Report
November 30, 2018

Explanation of Variances

- ① The budget overage for Lending Program Revenue relates exclusively to the timing of the repayment of the Chicon Note Receivable. Through the end of November 2018 the Corporation had been repaid \$908,000 of the \$2 million loaned. Through December \$1.6 million had been repaid. We anticipate that this line item will be on target by year end.
- ② Federal & State Grant Revenue is over budget due to the timing of the receipt of grant income from the federal Neighborhood Stabilization Program. Reimbursement for the previous year's expenditures totaling approximately \$76,000 was received during the first quarter of fiscal year 2019. We anticipate that this line item will be on budget by year end.
- ③ Investment revenue is over budget due the refinancing of mortgages within the pools making up the Corporation's mortgage backed securities investment. While we make every effort to estimate the number and amount of refinancings it is not possible to know for certain.
- ④ Marketing expenses are over budget at this point during the year because the Corporation is in the process of refurbishing the infrastructure or platform for the Corporation's website. This project was anticipated and budgeted for. We expect that this line item will be on budget by year end.
- ⑤ Professional Dues, Conferences and Trainings are slightly over budget through the end of November due to the timing of conferences and trainings typically attended by staff. Many of the conferences attended either occur during the first three to four months of the fiscal year or require that registration payment be made. We anticipate that this line item will be on target by year end.

Tab One

**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
December 13, 2018 at 10:30 a.m.**

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 Jerry Romero, Vice Chair, at 10:30 a.m., on December 13, 2018, 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

Jerry Romero, Vice Chair
Valerie Cardenas, Member
Lori Cobos, Member
Bob Jones, Member

Board Member Absent

Bill Dietz, Chair

Staff Present

Betsy Aldrich, Senior Accounting Manager
Cassandra Ramirez, Specialist, Development Finance
Cynthia Gonzales, Senior Office & Loan Servicing Manager
Dave Danenfelzer, Senior Director, Development Finance
David Long, President
Frank Duplechain, Homeownership Programs Specialist
James Matias, Senior Manager, Asset Oversight and Compliance
Janie Taylor, Executive Vice President
Joniel Crim, Director, Homeownership Programs
Katie Claflin, Director, Communications & Development
Lacy Brown, Corporate Secretary
Laura Ross, Manager, Communications & Development
Melinda Smith, Chief Financial Officer
Michael Wilt, Manager of External Relations
Nick Lawrence, Controller

Sarah Ellinor, Manager, Homeownership Programs

Guests

Jimmy Romell, Maxwell Locke and Ritter LLP
Bill Gehrig, Greenberg Traurig, LLP
Karen Kennard, Greenberg Traurig, LLP
Aaron Gregg, Greenberg Traurig, LLP
Tim Nelson, Hilltop Securities
Chris Spelbring, Raymond James

Public Comment

No public comment was given.

Audit Committee Report

Ms. Smith presented the report of the morning's Committee meeting. The Committee recommended the Corporation's August 31, 2018 annual financial audit for approval to the full Board. The Audit Committee guidelines, with a few changes, were also recommended for approval to the Board. Ms. Cobos explained the changes made to the guidelines, which included language about the Corporation's RFP process and the three-year engagement for auditors, however it was pointed out that the auditors can be discharged at any time.

President's Report

Mr. Long informed the Board that the Corporation's program and financial reports could be found under Tabs A through C, with the annual audit found under Tab Item 3. Mr. Long stated that the Loan Committee met on December 12, 2018, where they discussed and considered a loan to East Dallas Community Organization, or EDCO. After this discussion, the Loan Committee decided to withdraw the item from today's Board agenda (under Tab Item 6) to provide staff additional time for further analysis and information gathering, in hopes of bringing the item back to the Board at a later date. Mr. Long asked Mr. Romero and Ms. Cardenas for any additional comments. They didn't have any additional comments.

Mr. Long reported that while no additional Overcoming the Down Payment Hurdle classes occurred in the past month, forty-eight classes were held in 2018, with staff providing training to over 1,500 Realtors.

The Corporation awarded three additional grants under the HEART program, supporting critical home repairs for low income families impacted by Hurricane Harvey: Career and Recovery Resources were awarded \$30,000, Nutrition and Services for Seniors were awarded \$40,000, and Galveston County Long Term Recovery Group was awarded \$50,000. Mr. Long reported that the Corporation's partnership with Enterprise Community Partners has awarded \$500,000 in grants to eligible organizations providing critical repair and assistance to households affected by Hurricane Harvey.

The Corporation received \$8,000 in donations from lenders and Realtors through the Giving Tuesday campaign in November 2018; these funds will go towards the Housing Connection training program. Mr. Long thanked everyone who supported this giving campaign. Mr. Long recognized Yoli Davila from BBVA Compass for the \$5,000 donation from the BBVA Compass Foundation which will support Housing Connection training.

Mr. Long then informed the Board on the staff's activities during the past month. Mr. Long and Mr. Wilt met new staff at the Lieutenant Governor's office. Ms. Claflin, Mr. Wilt and Mr. Long attended the Raise Texas Summit in Dallas last week. Mr. Long and a few staff members attended a presentation at UT Law School on the Low Income Housing Tax Credit Program. Mr. Long was invited to the CRA Monetization roundtable at the Federal Reserve Bank in Dallas.

Mr. Long concluded his report acknowledging the professionals in attendance and noting that the next Board Meeting is tentatively scheduled for January 10, 2019.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on November 15, 2018.

Mr. Romero pointed out that the Board had a revised redline copy of the minutes for the November 15, 2018 Board meeting, and asked if Board members had any questions. Mr. Jones asked about the difference between the minutes and the full transcript record. Mr. Romero answered that the transcript is the official record and the minutes are summarization of what is said in the Board meetings. Mr. Jones asked if Ms. Cobos, who had reviewed the minutes and suggested corrections, would do so in future.

Ms. Cobos said she has taken it upon herself to read through the minutes and make sure they are clear, grammatically correct, and include important highlights. She commented that she would rather not have to do so for every meeting. Mr. Romero said that reviewing Board minutes is a responsibility for each Board member. He commented that the Board minutes have fluctuated through the years from more detail to lighter summary, and that more information is needed. Mr. Jones said that it is best that the minutes reflect the participatory level of each Board member. Ms. Cobos commented that she hoped a point could be reached where staff understands what Board members expect in the minutes.

Mr. Long explained the current process for the internal preparation of the minutes. He explained that other state agencies use less detail in their minutes because the transcript, as the official record, is posted. Mr. Long said staff is working with Ms. Cobos to figure out common ground so that such revisions are unnecessary. Ms. Cobos said that although transcripts are available, most people would prefer to read the minutes; thus, she wants to make sure they are clear and include important comments from the Board.

Ms. Cardenas made a motion to approve the minutes of the Board Meeting held on November 15, 2018, including the proposed changes that were presented by Ms. Cobos. Mr. Jones seconded the motion. Mr. Romero asked for public comment and none was given. A vote was taken and the motion passed unanimously.

Tab 2 Presentation, Discussion and Possible Approval of the Audit Committee Guidelines

Ms. Smith presented the few changes made to the Audit Committee Guidelines during this year's review. Those changes included: a grammatical change on page 2, removal of the word "the" on page 3, and also on page 3, including language saying that auditors are hired on the three-year rotating basis through an RFP process, but the Audit Committee has the authority to discharge the auditors at any time for any warranted circumstances.

Mr. Jones asked how the independence of auditors is reviewed. Ms. Smith answered that the Corporation, Board members and staff members have no related party transactions with the auditor. Staff also writes financial statements in the footnotes, so the auditors aren't doing that for the Corporation.

Mr. Jones made a motion to approve the Audit Committee recommendation to approve the Audit Committee Guidelines. Ms. Cobos seconded the motion. Mr. Romero asked for public comment and none was given. A vote was taken and the motion passed unanimously.

Tab 3 Presentation, Discussion and Possible Approval of the Annual Independent Financial Audit for the Fiscal Year ending August 31, 2018

Ms. Smith introduced Jimmy Romell from Maxwell Locke and Ritter to present the audit. Mr. Romell pointed out that there were no difficulties in performing the audit. No audit adjustments were identified during the process. Mr. Romell went over the audit report; an unmodified, clean opinion was issued. Current assets increased this year because the Corporation isn't advancing the DPA for the Single Family Homeownership program, thus there were more available assets to be used on a current basis. Overall assets decreased from last year because of the early redemption of some of the Single Family Mortgage Revenue Bonds during FY '18.

Mr. Romell reported that overall operating revenues increased, due to an increase in single family income from the prior year. Operating cash flow produced around \$16.2 million during FY '18. One new accounting pronouncement related to lease agreements was included on page 21; the auditors will work with staff to determine the overall impact that will have on future financial statements.

No material weaknesses in internal controls or instances of reportable noncompliance were identified during the audit process. Mr. Romell asked if Board members had any questions.

Mr. Jones made a motion to approve the Audit Committee recommendation to approve the audit for 2018. Ms. Cardenas seconded the motion. Mr. Romero 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 Guidelines, Scoring Criteria and Targeted Housing Needs for the Allocation of Qualified Residential Rental Project Tax Exempt Bond Funds under the Multifamily

Housing Private Activity Bond Program Request for Proposals, and the 501(c)(3) Bond Program Policies for Calendar Year 2019

Mr. Danenfelzer reported that these policies were posted on the website and put out for public comment and no direct public comment had been received. Comments were received from counsel and Ms. Cobos on the policies, but their suggested changes were grammatical or technical in nature. Mr. Danenfelzer asked if the Board had comments or questions about the policies.

Ms. Cobos commented that for the most part, everything seemed to be in order except for minor technicalities.

Mr. Jones made a motion to approve the presentation of the guidelines, scoring criteria and targeted housing needs for the allocation of qualified residential rental project tax exempt bond funds under the Multifamily Housing Private Activity Bond Program Request For Proposals, and the 501(c)(3) bond program policies for calendar year 2019. Ms. Cobos seconded the motion. Mr. Romero asked for public comment and none was given. A vote was taken and the motion passed unanimously.

Tab 5 Presentation, Discussion and Possible Approval of Modifications to the Corporation's Affordable Communities of Texas Program (ACT) Policies

Mr. Danenfelzer mentioned that this policy was initially brought to the Board for approval in October, but that initial request was withdrawn after comments from Ms. Cobos and Ms. Cardenas. The Affordable Communities of Texas Program Policies were being brought back for final approval today, with a small amendment to Section 6: waiving a requirement for developers whose annual gross revenues are less than \$500,000.

Ms. Cardenas asked if “developers” includes subcontractors. Mr. Danenfelzer said this umbrella term would include small subcontractors like lawn maintenance companies and roofers, as well as developers who may build an entire house for the Corporation. Ms. Cardenas questioned the use of the term to include smaller subcontractors, saying that it should be clarified that a developer is different from a general contractor. She recommended revising the word “developer” to “general contractor.” Ms. Cobos asked if “developer” was defined earlier in the policy guidelines.

Mr. Long commented that the idea behind this change was to streamline the review process. Mr. Romero asked if “developer/service provider” might work better. Mr. Danenfelzer said “private contractor” could be a better compromise. Ms. Cobos commented that including a definition of “developer” as a private contractor wouldn’t require changing the entire policy. She also suggested including language saying, “if the developer is required to have financial audits or statements, the developer's financial audits or statements for a two-year period must reflect the developer's ability to manage funds appropriately.”

Mr. Jones asked for clarification as to which solution the Board would agree to. Ms. Cardenas answered that adding the definition for “developer” wouldn’t require changing the entire document. Mr. Danenfelzer commented that any of these discussed changes would require tabling the item and bringing back to the Board after further adjustments are made. Ms. Cobos commented

that since these guidelines are not a critical matter, it might be best to work on these language changes.

Mr. Jones asked whether the Corporation still has a mission statement, since language on the first page of these guidelines says “public purpose” instead of “mission.” Mr. Danenfelzer answered the change was recommended by counsel. Mr. Gehrig said that statute talks about purpose, not mission. “Mission” is not legal terminology.

Tab item 5 was tabled for further discussion at a later date.

Tab 6 Presentation, Discussion and Possible Approval of a Resolution Authorizing a Revolving Line of Credit to East Dallas Community Organization in the Amount of \$1,000,000 to Construct New Homes at the Creekside at Carter Square Subdivision in Dallas, Texas

Tab item 6 was tabled for further discussion at a later date.

Tab 7 Presentation, Discussion and Possible Approval for Publication and Public Comment of the Draft of the Texas State Affordable Housing Corporation's 2019 Annual Action Plan.

Mr. Wilt presented the action plan, which in accordance with Texas Government Code, is required to be included with the State’s Low Income Housing Plan prepared by Texas Department of Housing and Community Affairs (TDHCA). The 2019 Annual Action Plan includes a recap of 2018 program activities, as well as implementation plans for 2019. Mr. Wilt thanked program managers for data information and their review of the draft.

Once the Board approves the plan for publication, it will be available for public comment from December 13, 2018, through January 14, 2019, including a public hearing in conjunction with TDHCA on December 18, 2018. After the public comment period, the plan will be brought before the Board for final approval. The plan, at that point, will include updated numbers and activities through December 31, 2018.

Mr. Wilt mentioned some of the highlights: the record numbers from the home ownership programs, the expanded nonprofit training through the Housing Connection program (and plans for even further expansion), the expansion of the single family rental housing program to San Antonio in 2019, and the expansion of other partnerships and programs. He asked for questions from the Board.

Ms. Cardenas asked about the down payment assistance grant drop off, suggesting the addition of the words “as available” to the sentence “TSAHC continues to offer down payment assistance grants for 3 or 4 percent of the mortgage loan amount” would be helpful. Mr. Long said that would give the Corporation flexibility. Ms. Cobos asked questions about the process for posting the action plan for public comment and the audience of the plan, specifically who ultimately receives the plan. Mr. Wilt replied that the annual plan is provided to the Governor’s Office, Lieutenant Governor’s Office and the Speaker’s Office.

Ms. Cardenas made a motion to approve the publication for public comment of the draft of the Texas State Affordable Housing Corporation 2019 Annual Action Plan. Mr. Jones seconded the motion. Mr. Romero asked for public comment and none was given. A vote was taken and the motion passed unanimously.

Tab 8 Discussion of the 86th Texas Legislative Session.

Mr. Wilt provided an overview of the upcoming legislative session, beginning January 8, 2019, and going through May 27, 2019. The anticipated Speaker of the House will be Rep. Dennis Bonnen from Angleton. Once Corporation staff knows who the liaison with the Speaker's office will be, staff will schedule a meeting.

Corporation staff met with Adrienne Evans, the liaison with Lieutenant Governor Dan Patrick's office, in November to provide an overview of programs and activities. House and Senate committee assignments are typically set by February. Legislative oversight for the Corporation falls under the House Urban Affairs Committee and the Senate Intergovernmental Relations (IGR) Committee; these committees oversee all general housing issues and affordable housing issues. Once the House Committee Chair is appointed, Corporation staff will meet with that member. Corporation staff will also likely be invited to speak at both Committee organizing meetings.

Mr. Wilt reported that Corporation staff attended an Urban Affairs hearing in Houston, focused on Hurricane Harvey long-term recovery, and a joint meeting between Urban Affairs and Public Health regarding housing needs for individuals dealing with mental health issues.

It is expected that Sen. Lucio will chair the IGR Committee. During the interim, Corporation staff testified at an IGR hearing in May in Pharr, providing the Committee with an overview of current housing issues throughout the state. Corporation staff met with Sen. Lucio's office twice in the fall, to give feedback and policy recommendations for expanding affordable housing options in the state.

Bill filing started on November 12 and a modest number of housing bills have already been submitted. Mr. Wilt showed the Board members the current bill track of the 25 housing-related bills already filed. He noted that property tax is likely to be a focal point this session, and the low income housing tax credit program and Section 1372 are also expected to show up in submitted bills.

Ms. Cobos thanked Mr. Wilt for preparing this presentation, at her request. The Legislative updates will keep Board members informed throughout the session. Ms. Cardenas thanked Ms. Cobos for her request. Mr. Romero thanked Mr. Wilt for the presentation.

Adjournment

Mr. Long recognized Ms. Smith, Mr. Lawrence, Ms. Aldrich and other staff who helped with the audit process. The Corporation has never had anything but a clean audit, which is a positive reflection on the staff.

Mr. Long reminded the Board Members that the next Board Meeting is tentatively scheduled for January 10, 2019.

Mr. Romero adjourned the meeting at 11:37 AM.

Respectfully submitted by _____
Lacy Brown, Corporate Secretary

Tab Two



Development Finance Programs

January 10, 2018

Agenda Item

Presentation, Discussion and Possible Approval of Modifications to the Corporation's Affordable Communities of Texas program ("ACT") policies.

Summary

Staff is proposing several modifications to the ACT policies in order to clarify the Corporation's management and operations of the program. Here is a summary of significant changes being proposed.

- Section 3, Eligible Activities, would be amended to clarify the Corporation's authority to maintain, manage and redevelopment Land Bank properties, without a Local Partner.
- Section 4(b), TSAHC Land Trust, would be amended to clarify the Corporation's ability to acquire real property, accept mortgages, and manage real and improved properties in the Land Trust program.
- Section 8, Local Partner Approvals, would be amended to grant authority to the Corporation's President and Executive Vice President to approve new Local Partners. This authority was previously granted by resolution, but the policy did not accurately represent this process.
- Section 9, Project Approvals, would be amended to clarify the process of approvals to acquire new properties.
- Section 11, Affordability Threshold, would be amended to clarify situations in which the Corporation may allow for the sale of a Land Bank property to a household up to the 120% area median income limit.
- Section 17, Disposition of Properties, would be amended to clarify that the Corporation does have authority to sell properties without the representation of a licensed real estate broker.

Numerous other "cleanup" changes have been made in the proposed policy for the sake of consistency and clarification. Counsel and the Board has reviewed and commented on the proposed changes. A black lined copy of the proposed policies is attached to this agenda item for the board's review and discussion. If approved, staff will accept all changes, as noted or amended by the board, and publish the amended policies to our website.

Recommendation

Staff recommends that the Board approve the proposed changes, with amendments if any, for immediate adoption and publication to the Corporation's website.

Texas State Affordable Housing Corporation

Affordable Communities of Texas ~~Land Bank/Land Trust~~ ~~Policy~~ Policies and Guidelines

1. **Policy General.** ~~This policy (the "Policy") has been adopted. These policies and guidelines (collectively, the "Policy") have been approved by the Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") in order to organize and codify its administration and set forth the Corporation's policies and guidelines relating to the -of the Affordable Communities of Texas program (the "ACT Program").~~ The ACT Program supports the Corporation's public purpose of promoting the public health, safety and welfare through the provision of adequate, safe and sanitary housing primarily for individuals and families of low, very low and extremely low income and for persons who are eligible for loans under the Homes for Texas Heroes Home Loan Program ~~mission to promote equal access to safe, decent, and affordable housing with an emphasis on serving rural and underserved markets.~~ The ~~ACT's~~ ACT Program's purpose is to create partnerships between the Corporation and local housing providers to acquire or accept donations of foreclosed housing assets, government properties and other real estate primarily for the benefit of, or to create affordable housing for, low-income households.
2. **Source of Funds for the ACT Program.** The primary sources of ~~funds available to funding for~~ the ACT Program are loans, grants or other sources of funding ("investments") made by public and private entities to the Corporation. The Corporation may also commit its own funds to the ACT Program, accept private donations and grants, or apply for funding from government agencies. The availability of funds is dependent upon the Corporation's ability to find new investments and generate income revenue from the sale, lease or disposition of properties acquired by the Corporation.
3. **Eligible Activities.** The ACT ~~initiative~~ Program focuses primarily on the acquisition of vacant or foreclosed housing units, land and other properties that may be used to provide safe, decent and affordable housing. Properties may be developed to preserve, rehabilitate, or construct housing for homeownership, rental, cooperative or any other form of affordable housing that ~~advances~~ is consistent with the Corporation's ~~mission~~ public purpose. The ACT program may also be used to clear vacant or blighted structures, maintain vacant lots, and manage the rehabilitation of existing homes or construction of new homes on land-banked properties owned by the Corporation or Local Partners (hereinafter defined). The Corporation shall adhere to its procurement guidelines when selecting vendors or other parties to maintain, manage or redevelop ACT properties. The use of ACT Program funds may be limited by local, state, federal or other contractual agreements ~~from~~ between the Corporation and the providers of such funding ~~and pursuant to any funding agreements executed by the Corporation.~~
4. **Corporation's Role.** ~~In order~~ To carry out the eligible activities of the ACT Program, the Corporation ~~shall~~ will enter into memoranda of understanding with its Local Partners ("Local Partner MOU"). Each Local Partner MOU will detail the responsibilities and roles of both the Corporation and Local Partner. The Corporation's responsibilities may include any one or more of the following:
 - a. TSAHC Land Bank. In this capacity, the Corporation will acquire properties using ACT Program funds, hold properties in the Corporation's name, and manage the redevelopment of properties directly or with assistance from Local Partners. The Corporation may use ACT Program funds to cover the cost of option fees, title reports, due diligence activities, environmental reviews, purchase price and closing costs. Local Partners ~~will~~ may be responsible for financing the redevelopment of acquired land bank properties, unless otherwise provided by the Corporation through an agreement separate from the Local Partner MOU. The Corporation and the applicable Local Partner shall determine the appropriate end use of the property (for-sale or rental) and a timeline for completing redevelopment

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- and occupancy by a qualified low-income household. The Corporation shall determine the final sales price or rental rates of all homes, in its sole determination, ensuring that Local Partners are reimbursed for reasonable rehabilitation costs from sales proceeds. The Corporation may also utilize a shared equity agreement, in the form of a ground lease or other acceptable documentation, in order to recover its investment in a property and generate revenues for the ACT Program.
- b. TSAHC Land Trust. In this capacity, the Corporation ~~will may~~ acquire ~~properties~~real property, provide or accept mortgages and ~~hold them~~manage real and improved property in perpetuity for the benefit of providing affordable housing. The Corporation will assist Local Partners with the planning and redevelopment of properties and may commit ACT Program funds to cover predevelopment activities. After redevelopment the Corporation may split the ~~real property estate land~~ from the improvements and sell the improvements to the Local Partner or qualified low-income households. The Corporation will continue to own the ~~ground estate land~~ and grant access to the Local Partner or qualified low-income households through a ground lease agreement, mortgage or other legal ~~documentation agreement~~ deemed appropriate in the sole determination of the Corporation. The Corporation may collect ground lease ~~fees payment or other payments~~ in order to cover its holding cost, monitoring expenses and ~~long term other~~ expenses associated with a land trust property.
- c. Buyer Agent. In this capacity, the Corporation will serve as a conduit for the acquisition of properties on behalf of Local Partners, using funding provided by Local Partners. The Corporation will be reimbursed by Local Partners for any option fees, title agreements or due diligence activities required to purchase the property and paid for by the Corporation. The Corporation will immediately transfer ownership of the property to the Local Partner, be reimbursed for any expenses incurred during the acquisition process, and collect a transaction fee prior to transfer in an amount no less than ~~\$250~~500.00.
- d. Land Bank Administrator. In this capacity, the Corporation will acquire properties using funding provided by Local Partners, hold properties in the Corporation's name, and manage the redevelopment of properties with assistance from Local Partners. The Corporation will be reimbursed by Local Partners for any option fees, title agreements or due diligence activities required to purchase the property and initially paid for by the Corporation. The Corporation will hold properties under its ownership until the Local Partner can complete redevelopment activities and place qualified low-income households into properties. The Corporation will collect an annual fee for overhead and administration, plus reimbursement for the actual cost of insurance premiums from the Local Partner. The Corporation shall transfer ownership of the property to the Local Partner within 60 days of written notice, and the Corporation will collect a reasonable transfer fee.
5. **Selection of Local Partners.** The Corporation intends to focus on developing partnerships with qualified nonprofit and local government entities as local partners (collectively the "Local Partners") that have established clear relationships to the communities where properties are acquired by the Corporation. The Corporation will market the ACT Program to Local Partners in targeted communities and/or may

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accept partnership applications from Local Partners. In either case, Local Partners must meet the following minimum qualifications:

- a. A nonprofit ~~entities-entity~~ must be an active nonprofit 501(c)(3) or (c)(4) ~~corporation-organization~~ as recognized by the U.S. Internal Revenue Service, and registered as a nonprofit ~~corporation-entity~~ within the State of Texas;
 - b. Financial audits or statements of the Local Partner for a two-year period must reflect the entity's ability to manage funds appropriately, as determined solely by the Corporation;
 - c. At least two years of experience in the planning, marketing, development or management of housing programs for moderate and low-income households; ~~and~~
 - d. The ability to provide evidence of support from local government officials for their activities within the target community; ~~and -~~
 - e. The entity must not have an active exclusion cited within the Texas Comptroller's System for Award Management Database.
6. **Competitive or Select Application Procedures.** In the event the Corporation receives funding that requires the Corporation to utilize a competitive or other application process to disburse the funds, the Corporation ~~it~~ shall publish ~~to on~~ its website a request for proposals (an "RFP") and application materials. The Corporation will only accept applications when there are available sources of funds and will include all guidelines, procedures, thresholds and scoring criteria in the relevant RFP.
7. **Local Partner Approvals.** The ~~Manager~~Director of Development Finance (the "~~Manager~~Director") is responsible for coordinating and overseeing the review of Local Partner applications. Local Partner applications that fulfill all of the threshold and selection criteria of this Policy and any applicable RFP will be recommended by the Director to the Corporation's President or Executive Vice President for approval and execution of a Local Partner MOU. ~~Board of Directors (the "Board") for consideration and possible approval. The Board's approval may include the commitment of specific funding resources to the Local Partner to acquire properties and complete other activities (demolition, clearance, etc.) as detailed in the Manager's recommendation. If the Local Partner's application is approved by the Board,~~ the Local Partner must enter into a Local Partner MOU with the Corporation prior to the commencement of land banking activities, as defined above, which will detail the roles and responsibilities of the Corporation and Local Partner.
8. **Project Approvals.** The selection of individual properties acquired by the ACT Program will be completed by the ~~Manager~~Director, ~~and then approved by the Corporation's President or Executive Vice President.~~ If a property is selected, ~~properties are approved by~~ the President or Executive Vice President, ~~the Manager shall be authorized to~~ will execute purchase ~~agreements on any specific property contract and other applicable documentation on behalf of the Corporation, and the Corporation's staff will~~ and pursue

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~~other the applicable~~ due diligence requirements of this Policy, including any requirements of the related and the ACT Program's funding sources.

9. **Qualified Projects.** All housing units acquired by the Corporation must meet the following criteria in order to be considered a qualified project ("Qualified Project") for the purposes of this policy.
- A Qualified Project must ~~advance the mission~~be consistent with the public purpose of the Corporation;
 - A Qualified Project must be financially feasible and provide sufficient ~~return on the funds to the Corporation's investment~~ to sustain the ACT Program;
 - A Qualified Project must be located in an area that provides access to ~~reasonable good~~and employment opportunities, and to transportation and other community services; and
 - A Qualified Project must have a plan to ensure the property will be redeveloped primarily for the benefit of low-income Texans.

In order to be considered for the TSAHC Land Trust, a Qualified Project must also demonstrate a special circumstance or condition that justifies its inclusion in the Land Trust program. Such special circumstances may include the development of homes for persons with disabilities or other special needs, homes for extremely low-income households, and homes in areas considered to be high opportunity areas (such as areas experiencing gentrification or high income areas) that will affirmatively advance the Corporation's public purpose and provide affordable housing opportunities in these special circumstances.~~further fair housing choice.~~

10. Affordability Threshold.

- The Corporation's ~~statutory and charitable mission~~public purpose requires that ~~all properties held housing provided~~ by the Corporation be used primarily for the benefit of ~~qualified~~ low, very-low and extremely low-income households. To ensure adherence to these requirements, ~~all properties held by the Corporation~~ Qualified Projects will be ~~held required~~ to meet the following minimum qualifications:
 - ~~All units~~ Acquired and developed units for homeownership shall be ~~affordable primarily~~ made available to low, very low and extremely low-income households at eighty percent

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(80%) or below of the area median income (the "AMI") for the location of the property, or eighty percent (80%) or below of the statewide median income, whichever is greater;

- ii. ~~All units~~ Acquired and developed units for rental shall be affordable for primarily made available to low, very low and extremely low-income households at or below 80% of the AMI for the location of the property;
- iii. All multifamily properties (4 or more units) acquired and developed for rental shall be held to the following additional income and rent restrictions:
 - A. At least 20% of the total units in the development for persons or families earning 50% or less of the AMI, based on the size of the unit and number of persons occupying the unit; or
 - B. At least 40% of the total units in the development for persons or families earning 60% or less of the AMI, based on the size of the unit and number of persons occupying the unit.
- iv. The Corporation may impose additional affordability requirements in accordance with funding limitations or on a case by case basis ~~;~~ and

b. Consistent with its public purpose the Corporation ~~requires that all properties acquired, but not held, by the Corporation in the role of Buyer Agent be made affordable~~ may permit the development of units for sale or rental to qualified low or moderate income households, not to exceed 120% of the AMI for the location of the property or statewide median income, whichever is greater; ~~and~~

b.c. In the event the President or Executive Vice President determines that a property is not suitable for low or moderate income households, due to environmental or location conditions, feasibility concerns, or any other reason deemed appropriate by the President or Executive Vice President, the Corporation may remove a property from affordability restrictions and sell it to a private or public entity, and funds from such sale will be used by the Corporation for the acquisition or rehabilitation of other suitable ACT Program properties.

11. **Construction ~~Threshold~~Standards.** To ensure that working families have safe, decent, affordable housing, and to ensure long-term affordability and usability, all Qualified Projects ~~held by the Corporation~~ must meet the following standards:

- a. All Qualified Projects, at the time of acquisition or completion of construction or rehabilitation, shall meet all local building codes for the jurisdiction where they are located. If the development is located in an area where no local building codes are in place or have been adopted, the development shall meet the most recent International Residential Code or International Building Code;
- b. All Qualified Projects, at the time of acquisition or completion of construction or rehabilitation, shall be compliant with the Federal Fair Housing Act Accessibility Standards, Titles II and III of the Americans with Disabilities Act of 1990 ~~;~~ the Texas Minimum Construction Standards and §2306.514 (visitability guidelines) of the Texas Government Code. Borrowers must submit to the Corporation a certification from the project architect, engineer, or other third-party building inspector that the proposed Qualified Project Development will meet or exceed the above listed accessibility requirements;
- c. All Qualified Projects, at the time of acquisition or completion of construction or rehabilitation, shall be compliant with the U.S. Department of Energy's Energy Star Program, as confirmed by a certified

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- third-party Home Energy Rating System (“HERS”) inspector or as certified to by the Development’s architect or engineer; and
- d. All Qualified Projects, at the time of acquisition or completion of construction or rehabilitation, shall have sidewalks, driveways and streets that are compliant with the Americans with Disabilities Act and Fair Housing Accessibility Standards.
12. **Location ~~Threshold~~Standards.** The Corporation shall consider a variety of factors to determine if a Qualified Pproject is located in an area that promotes safe, healthy and decent housing for low-income households. The Corporation will consider a project’s proximity to grocery stores, pharmacies, financial services and other commercial services. All Qualified Projects ~~held by the Corporation~~ must meet the following minimum location standards:
- a. Qualified Projects may not be located within the 100-year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps; and
 - b. Qualified Projects located within a county or city that is covered by the Texas Windstorm Insurance Association (TWIA) shall be required to secure windstorm insurance in accordance with the TWIA insurance policy requirements.
13. **Additional Thresholds Requirements.** All Qualified Projects ~~held by the Corporation~~ must meet the following additional threshold ~~criteria~~requirements:
- a. ~~The Corporation requires~~—A general review of environmental conditions at each Qualified Project location. The environmental review may include a review of city or county environmental records; an environmental notification process, as may be required by the Corporation’s funding partners; or a Phase I Environmental Site Assessment and any necessary updates, based on the Corporation’s sole determination of need;
 - b. The Corporation generally will not fund a Qualified Pproject that may cause the displacement of a low-income household. Exceptions to this requirement may be considered on a case-by-case basis;
 - c. The Corporation ~~shall~~will use minimum underwriting standards in evaluating all projects. The Corporation ~~shall~~will review such items as debt coverage ratio, cost of project maintenance and the Local Partner’s financial strength and creditworthiness. The minimum underwriting standards ~~shall~~will reflect the nature of the project, its location and the AMI for ~~targeted-qualified~~ low-income households. The Corporation’s ~~Manager~~Director shall be responsible for determining the feasibility of each project; and
 - d. The Corporation may require a third-party market analysis, or may conduct its own assessment of market conditions, to determine the feasibility of a proposal. Current information on demographics, population growth, employment trends, median home prices, zoning requirements, absorption rates, and any other indicators of the market capacity may be considered in the Corporation’s review.
14. **Security Interest.** To ~~insure~~ensure the fulfillment of the applicable Affordability Threshold, a variety of agreements may be filed and recorded in the deed records of Qualified Projects ~~held by the Corporation~~.

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At a minimum, the Corporation may consider the following security interests, or any combination thereof:

- a. Deed Restriction or LURA: The Corporation may file a deed restriction or Land Use Restriction Agreement (the "LURA") in the real property records that defines limitations on resale and occupancy of the Qualified Project. Deed restrictions may or may not be filed as non-foreclosable instruments.
 - b. Shared Appreciation Agreement: A shared appreciation agreement (the "Shared Appreciation Agreement") ~~will be is~~ filed ~~and recorded either~~ as a mortgage instrument, deed restriction, or other form of agreement ~~or instrument~~ acceptable to the Corporation, and ~~allows for will allow~~ the Corporation to recapture grant funds or equity transfers (or the equivalent thereof) to a Qualified Project upon any future sale or transfer of ownership. ~~Generally,~~ The Corporation shall seek to recapture 100% of such grant dollars and/or a percentage of such equity transfers. The total recapture amount will depend on the net proceeds available after repayment of superior liens.
 - c. Ground Lease: The Corporation may also hold properties ~~in perpetuity~~ and sell or lease their improvements to Local Partners to operate affordable rental housing, or sell improvements to qualified low-income households. In either case, the Qualified Project will be restricted for occupancy in accordance with the applicable ~~Affordability Threshold~~ affordability requirements through a ground lease agreement.
15. **Project Monitoring.** The Corporation requires that all Qualified Projects ~~held by the Corporation~~ undergo a regular review to determine that the project continues to meet the applicable Affordability Threshold criteria and goals of the ACT ~~Program initiative~~. The Corporation may require, especially in the case of rental developments, that an asset management or asset oversight review be completed on an annual, semi-annual or other periodic basis, as determined by the Corporation. The Corporation may charge an annual fee in order to cover the cost of such reviews.
16. **Disposition of Properties.** To accomplish the sale or transfer of Qualified Projects, the Corporation may rely on its Local Partners to market, broker, or otherwise sell or lease Qualified Projects. In the absence of a Local Partner, or as otherwise determined necessary, the President or Executive Vice President of the Corporation shall be authorized to list properties for sale as owner without representation, contract disposition activities to a licensed real estate broker or contract with any other qualified third-party entity for the disposition of the property.
17. **Insurance.** The Corporation shall be authorized to carry general liability, property, casualty and other necessary insurance coverage on Qualified Projects ~~held by the Corporation~~. The President, Executive Vice President, or Chief Financial Officer of the Corporation shall be authorized to contract for such insurance services.
18. **Fees.** The Corporation may charge fees, penalties, ~~or any or~~ other monetary ~~accruals~~ amounts deemed reasonable by the Corporation's President or Executive Vice President in order to cover the cost of operating the ACT Program, including application review, professional fees, asset and compliance reviews, ground leases, maintenance or holding costs, and any other applicable costs associated with operating the program fee determined reasonable by the President or Executive Vice President of the Corporation.

Tab Three

MINUTES AND CERTIFICATION

THE STATE OF TEXAS §
TEXAS STATE AFFORDABLE §
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation, do hereby certify as follows:

1. The Board of Directors of said corporation convened on January 10, 2019, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of said Board, to wit:

BOARD OF DIRECTORS

Table with 2 columns: Name, Office. Rows include William H. Dietz (Chairperson), Jerry Romero (Vice Chairperson), Robert Elliott Jones (Director), Valerie Vargas Cardenas (Director), and Lori Cobos (Director).

and all of said persons were present except _____, thus constituting a quorum. Whereupon, among other business, the following was transacted, to-wit: a written resolution (the "Resolution") bearing the following caption was introduced:

RESOLUTION NO. 19-_____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION Regarding the Submission of a 2019 Application for Allocation of Private Activity Bonds, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board for Single Family Mortgage Revenue Bonds

was duly introduced for the consideration of said Board. It was duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion was adopted by the following vote:

___ AYES ___ NOES ___ ABSTENTIONS

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the

aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose.

SIGNED this January 10, 2019.

Secretary, Texas State Affordable Housing
Corporation

RESOLUTION NO. 19-_____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION Regarding the Submission of a 2019 Application for Allocation of Private Activity Bonds, Notice of Intention to Issue Bonds and State Bond Application to the Texas Bond Review Board for Single Family Mortgage Revenue Bonds

WHEREAS, the Board of Directors of the Texas State Affordable Housing Corporation (the "Corporation") desires to submit an Application for Allocation of Private Activity Bonds to the Texas Bond Review Board for the calendar year 2019 in connection with its proposed Single Family Mortgage Revenue Bonds in a principal amount not to exceed \$42,000,000 (the "Bonds");

WHEREAS, the Board desires to make all other appropriate filings and requests to the Texas Bond Review Board to enable the Corporation to issue the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Texas State Affordable Housing Corporation:

1. That the President of the Corporation or any officer of the Corporation is hereby authorized and directed to execute and deliver a 2019 Application for Allocation of Private Activity Bonds to the Texas Bond Review Board in connection with requesting an allocation for the Bonds, together with any documents, certificates or instruments related thereto.

2. That the President of the Corporation or any other officer of the Corporation is hereby authorized and directed to file with the Texas Bond Review Board a Notice of Intent to Issue Bonds and a State Bond Application in connection with the Bonds and such officers are further authorized and directed to request that the application be approved by the Executive Director of the Texas Bond Review Board in accordance with Section 181.9(e) of the Rules of the Texas Bond Review Board.

3. That the President of the Corporation is hereby authorized and directed to take any and all other actions necessary or incidental to securing the private activity bond allocation and the approval of the Bonds from the Texas Bond Review Board.

PASSED, APPROVED AND EFFECTIVE this 10th day of January, 2019.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Tab Four



Agenda: Presentation, Discussion and Possible Approval of the General Counsel of the Corporation.

Background: In March 2006 the Corporation’s Board selected the firm Greenberg Traurig as general counsel as a result of a Request for Proposals (RFP). The Corporation’s internal policies suggest we issue RFPs for professional services every 5 to 10 years. An RFP for general counsel had exceeded that guidance, so in August 2018 the Board approved for publication a new RFP for General Counsel of the Corporation. The deadline for interested firms to reply to the RFP was September 14, 2018.

Responses: The Corporation received responses to the RFP from the following firms:

- Coats Rose
- Greenberg Traurig (current general counsel)
- Naman, Howell, Smith & Lee
- The Fulton Law Group

Scoring: Seven senior staff members from various departments of the Corporation made up the scoring team. Each member scored the four RFPs based on the firm’s response to the following proposal sections:

- Subject Matter Experience (maximum 40 points)
- Fees (maximum 15 points)
- Ability for staff to work directly with subject matter experts (maximum 10 points)
- Firm’s staff experience --e.g. tenure, housing/nonprofit experience (maximum 10 points)
- Experience/willingness to provide solutions, alternatives (maximum 10 points)
- Experience with similar organizations (maximum 10 points)
- HUB/Minority and/or female representation on legal team (maximum 5 points)

Current Status: The Board considered the approval of general counsel of the Corporation at the November 15, 2018 Board Meeting. Representatives from the two top scoring firms, Coats Rose and Greenberg Traurig, were in attendance and answered questions from the Board. After significant discussion, the Board voted to table final approval of a general counsel firm and limit the scope of future information gathering to the two top scoring law firms.

The staff’s final scores for Coats Rose and Greenberg Traurig, which were presented at the November 15, 2018 Board Meeting, are available on Exhibit A.



Exhibit A. General Counsel Request for Proposal Staff Final Scores

Proposal Section	Coats Rose	Greenberg Traurig
A. Subject matter experience	34.5714	35.8571
B. Fees	11.2857	7.1429
C. Staff can work directly with subject matter experts	8.7143	6.2857
D. Firm staff experience	8.7143	9.1429
E. Solutions/Alternatives	5.4286	6.1429
F. Experience with similar organizations	9.4286	9.8571
G. HUB/Minority representation	2.7143	3.1429
Total Score:	80.8571	77.5714

Tab Five

Tab 5

Closed Executive Session – Discussion regarding the Evaluation and Annual Performance Review of the President of the Corporation
(Personnel Matters – Texas Government Code § 551.074)

Tab Six

Tab 6

Review, Discussion and Possible Approval of the Annual Performance Review of the President of the Corporation and related actions.