BOARD MEETING OF AUGUST 23, 2007

Beth Anderson, Chair

C. Kent Conine, Vice-Chair

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Shadrick Bogany, Member
Sonny Flores, Member
Norberto Salinas, Member
Gloria Ray, Member

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING
August 23, 2007

ROLL CALL

	Present	Absent
Anderson, Beth, Chair	_____	_____
Conine, C. Kent, Vice-Chair	_____	_____
Bogany, Shadrick, Member	_____	_____
Ray, Gloria, Member	_____	_____
Flores, Sonny, Member	_____	_____
Salinas, Norberto, Member	_____	_____
Number Present	_____	
Number Absent		_____

_____, Presiding Officer

MISSION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TO HELP TEXANS ACHIEVE AN IMPROVED QUALITY OF LIFE THROUGH THE DEVELOPMENT OF BETTER COMMUNITIES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

August 23, 2007
8:30 am
Capitol Extension Auditorium
1500 N. Congress

A G E N D A

CALL TO ORDER, ROLL CALL **Elizabeth Anderson**
CERTIFICATION OF QUORUM Chair of Board

PUBLIC COMMENT
The Board will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by the department staff and motions made by the Board.

The Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

CONSENT AGENDA
Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the consent agenda alter any requirements provided under Texas Government Code Chapter 551, the Texas Open Meetings Act.

Item 1: Approval of the following items presented in the Board materials:

General Administration:
a) Minutes of the Board Meeting of July 12, 2007

Texas Homeownership Division Items:
b) Presentation, Discussion and Possible Approval of a one-year contract extension for Countrywide Home Loans Inc. to serve as Master Servicer for the Single Family Mortgage Revenue Bond Program

c) Presentation, Discussion and Possible Approval of the Participating Lender List for Single Family Mortgage Revenue Bond Program 70

Disaster Recovery Division Items:
d) Presentation, Discussion and Possible Approval of Requests for Amendments to Community Development Block Grant (CDBG) contracts for CDBG Round 1 Funding to be administered by Office of Rural Community Affairs (ORCA)

DRS060040	Jasper County
DRS060043	City of Joaquin
DRS060061	Newton County
DRS060089	Tyler County
DRS060042	Jefferson County

e) Presentation, Discussion and Possible Approval of Projects Granted from the Restoration of Critical Infrastructure Program Reserve Funds CDBG contracts for CDBG Round 2 Funding to be administered by Office of Rural Community Affairs (ORCA)

Memorial Hermann Hospital	Orange	$6,000,000

Financial Division Items:
f) Presentation, Discussion and Possible Approval of the 3rd Quarter Investment Report

Office of Colonia Initiatives Items:

g) Presentation, Discussion and Possible Approval of a Notice of Funding Availability (NOFA) for approximately $6,500,000 utilizing Housing Trust Funds from the 2007 Housing Trust Fund Plan and 2008 Fiscal Year allocation for the Texas Bootstrap Loan Program Reservation System

Bond Finance Items:

h) Presentation, Discussion and Possible Approval of Resolution No. 07-026 authorizing approval of Single Family Mortgage Revenue Bonds, 2007 Series B and authorizing approval of 30% of Program 70 statewide bond proceeds to assist families earning 60% Area Medium Family Income or below including families in statewide Targeted Areas

HOME Division Items:

i) Presentation, Discussion and Possible Approval of HOME Division award recommendation for disaster relief for Johnson County in the amount of $499,200

j) Presentation, Discussion and Possible Approval of HOME Disaster Relief Assistance for Recent Flooding in 57 Counties

Legal Services Division Items:

k) Presentation, Discussion and Possible Approval of the selection of an outside counsel for Bond Counsel in response to the RFP issued June 29, 2007

l) Presentation, Discussion and Possible Approval of the selection of an outside counsel for Disclosure Counsel in response to the RFP issued June 29, 2007

Multifamily Division Items:

m) Presentation, Discussion and Possible Approval of a Senior Managing Underwriting Firm for Multifamily Mortgage Revenue Bond Transactions

n) Presentation, Discussion and Possible Approval of a Trustee for Multifamily Mortgage Revenue Bond Transactions

o) Presentation, Discussion, and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2007, Resolution No. 07-027

ACTION ITEMS

Item 2: Presentation, Discussion and Possible Approval to Publish Draft Department Rules for Comment in the Texas Register

a) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 60, Subchapter A, Compliance Monitoring, and a draft of proposed new 10 TAC Chapter 60, Subchapter A, Compliance Monitoring for comment in the *Texas Register*

b) Presentation, Discussion and Possible Approval to publish a draft of proposed new 10 TAC Chapter 60, Subchapter B, Accessibility Requirements for comment in the *Texas Register*

c) Presentation, Discussion and Possible Approval to publish a draft of proposed new 10 TAC Chapter 60, Subchapter C, Administrative Penalties for comment in the *Texas Register*

d) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 50, concerning 2006 Housing Tax Credit Program Qualified Allocation Plan and Rules, and a draft of proposed new 10 TAC Chapter 50, concerning 2008 Housing Tax Credit Program Qualified Allocation Plan and Rules for comment in the *Texas Register*

e) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 33, Multifamily Housing Revenue Bond Rules, and a draft of proposed new 10 TAC Chapter 33, 2008 Multifamily Revenue Bond Rules for comment in the *Texas Register*

f) Presentation, Discussion and Possible Approval to publish the proposed amendments to 10 TAC Chapter 1, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines for comment in the *Texas Register*

g) Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 51, Housing Trust Fund Rules, and a draft of proposed new 10 TAC Chapter 51, Housing Trust Fund Rule for comment in the *Texas Register*

h) Presentation, Discussion and Possible Approval to publish a draft of proposed amendments to 10 TAC §1.20, Asset Resolution and Enforcement for comment in the *Texas Register*

i) Presentation, Discussion and Possible Approval to publish a draft of proposed new 10 TAC Chapter 7, First-Time Homebuyer Program Rules for comment in the *Texas Register*

j) Presentation, Discussion and Possible Approval to publish a draft of proposed new 10 TAC §1.22, Providing Current Contact Information to the Department for comment in the *Texas Register*

Item 3: Presentation, Discussion and Approval of Policy and Public Affairs Items:

a) Presentation, Discussion and Possible Approval of the 2008 State of Texas Consolidated Plan: One-Year Action Plan (Draft for Public Comment)

b) Presentation, Discussion and Possible Approval of the 2008 Regional Allocation Formula Methodology (Draft for Public Comment)

c) Presentation, Discussion and Possible Approval of the 2008 Affordable Housing Needs Score Methodology (Draft for Public Comment)

Item 4: Presentation, Discussion and Possible Approval of Real Estate Analysis Items:

a) Presentation Discussion and Possible Action for the 2007 Competitive Housing Tax Credits Appeals of Credit Underwriting Reports

Appeals Timely Filed

Item 5: Presentation, Discussion and Possible Approval of Multifamily Division Items:

a) Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:

07422-07434 Rainbow Housing Assistance Corporation, Texas Bond Portfolio
Texas State Affordable Housing Corporation is the Issuer
Recommended Credit Amount of $1,985,907

07444 HomeTowne on Bellfort, Houston
Houston HFC is the Issuer
Recommended Credit Amount of $781,100

07435 Villas at Shaver, Pasadena
Southeast Texas HFC is the Issuer
Recommended Credit Amount of $1,138,094

b) Presentation Discussion and Possible Action for Housing Tax Credit Amendments:

060118	Sunset Haven
04118	Churchill at Commerce Apartment Community
03176	Artisan at Salado Creek
02412	Shady Oaks Manor

c) Presentation, Discussion, and Possible Action for Housing Tax Credits Appeals:

Appeals Timely Filed

d) Presentation, Discussion, and Possible Approval of Forward Commitments for the Housing Tax Credit Program to be allocated from the 2008 State Credit Ceiling

Item 6: Presentation, Discussion and Possible Approval of Portfolio Management and Compliance Division Items:

a) Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Investment Partnerships Program Contracts

1000020	City of Cotulla
1000290	City of Granger
1000364	Lifetime Independence for Everyone, Inc.
1000460	Kendall County
1000490	Edinburg Housing Authority
1000518	Temple Housing Authority
1000539	City of San Benito
1000559	City of Primera
1000601	Newton County

Item 7: Presentation, Discussion and Possible Approval of Disaster Recovery Division Items:

a) Presentation, Discussion and Possible Approval of Program Management Firm selected to administer the $210,371,273 set-aside for the Homeowner Assistance Program (HAP) and the $12,000,000 set-aside for the Sabine Pass Restoration Program (SPRP) for CDBG Round 2 Funding as detailed in the partial Action Plan dated February 5 and approved by HUD

b) Presentation and Discussion of the Community Development Block Grant (CDBG) Disaster Recovery Status Report for CDBG Round 1 Funding relating to housing

c) Presentation and Discussion of the Community Development Block Grant (CDBG) Disaster Recovery Status Report relating to non-housing activities for CDBG Round 1 Funding, and infrastructure activities for CDBG Round 2

EXECUTIVE SESSION **Elizabeth Anderson**

a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551

b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee

1. Annual review and possible salary adjustment for Executive Director Michael Gerber

c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:

2. With Respect to pending litigation styled *Dever v. TDHCA* Filed in Federal Court

3. With Respect to pending litigation styled *Brandal v.TDHCA* Filed in State Court in Potter County

4. With Respect to pending litigation styled *Ballard v. TDHCA* Filed in Federal Court

5. With regard to contract negotiations with selected vendor on HAP Disaster Recovery RFP

6. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

OPEN SESSION **Elizabeth Anderson**

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS
Executive Director's Report

1. TDHCA Outreach Activities, July 2007

ADJOURN **Elizabeth Anderson**

To access this agenda & details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Nidia Hiroms, 512-475-3934; TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Nidia Hiroms, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.
Personas que hablan español y requieren un intérprete, favor de llamar a Jorge Reyes al siguiente número (512) 475-4577 por lo menos tres días antes de la junta para hacer los preparativos apropiados.

EXECUTIVE OFFICE – BOARD

BOARD ACTION REQUEST
August 23, 2007

Action Item

Minutes of the Board Meeting of July 12, 2007.

Required Action

Review minutes of the July 12, 2007 Board Meeting and make any necessary corrections.

Background

The Board is required to keep minutes of each of their meetings.

Recommendation

Staff recommends approval of minutes with any requested corrections.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

July 12, 2007; 8:30 am
Capitol Extension Hearing Room E1.010
1500 N. Congress

SUMMARY OF MINUTES

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of July 12, 2007 was called to order by Chair, Elizabeth Anderson at 8:30 a.m. It was held at the Capitol Extension Hearing Room, E1.010, Austin, Texas. Roll call certified a quorum was present.

Members Present:

Elizabeth Anderson – Chair
C. Kent Conine – Vice-Chair
Shadrick Bogany – Member
Sonny Flores – Member
Gloria Ray – Member
The Honorable Norberto Salinas – Member

PUBLIC COMMENT

The Board will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by the department staff and motions made by the Board.

The Honorable Representative Warren Chisum, provided testimony in support of 07-131, Stoneleaf at Dalhart.
The Honorable Representative Aaron Peña, provided testimony in support of 07206, Villa Stella Treviño Resident project.
Aaron Gibson read letter into the record from the Honorable Representative David Swinford, in support of 07-131, Stoneleaf at Dalhart.
Lauren Presnal read letter into the record from the Honorable Senator Kel Seliger, in support of 07-131, Stoneleaf at Dalhart.
Chair Anderson noted for the record that the Department received a letter from the Honorable Commissioner Todd Staples, Commissioner of Agriculture, in support of 07-131, Stone Leaf at Dalhart.
Chair Anderson read for the record a letter from the Honorable Representative John Smithee, in support of 07-131, Stone Leaf at Dalhart.
The Honorable Mayor Pro-Tem Alma A. Garza, Edinburg, TX, provided testimony in support of 07206, Villa Stella Treviño Resident project.
Stella Treviño, Director, Edinburg Housing Authority, provided testimony in support of 07206, Villa Stella Treviño Resident project.
Dean Andrews, Superintendent of Liberty Hill Schools, provided testimony in support of San Gabriel Crossing, Liberty Hill, TX.
Pat Patterson, Liberty Hill, TX, provided testimony in support of San Gabriel Crossing, Liberty Hill, TX.
Bill Burden, Liberty Hill, TX, provided testimony in support of San Gabriel Crossing, Liberty Hill, TX.
The Honorable Mayor Connie Fuller, provided testimony in support of San Gabriel Crossing, Liberty Hill, TX.

Chair Anderson noted for the record that the Department received a letter from Ann Lott, President and CEO of the Dallas Housing Authority, supporting Frazier-Berean's application for tax credits, project 07101.
Jay Oji, Sphinx Development Corporation, provided testimony in support of 07245, Sphinx at Fiji Seniors in Dallas, Texas.
Darrell Jack, Apartment Market Data, provided testimony regarding the status of senior housing in the major metroplexes, primarily Houston and Dallas.
Aurora Lopez, San Juan Resident Council, provided testimony in favor of 07171, San Juan Square II.
Ruby Gomez, San Juan Resident Council, provided testimony in favor of 07171, San Juan Square II.
Mark Barineau, Reed Park Townhomes, provided testimony in opposition to 07291, Cypress Creek Apts.
Christine Ramirez, operations coordinator for Raden [phonetic] Management, the managing agent for Reed Park Townhomes, Scott Street Townhomes and South Union Place, provided testimony in opposition to 07291, Cypress Creek Apts.
Willie J. Alexander, Reed Parque Townhomes, provided testimony in opposition to 07291, Cypress Creek Apts.
Sue Fielder, Director, Area Agency on Aging, Permian Basin, provided testimony in support of 07151 Keywest Senior Village Phase II.
Bernadine Spears, provided testimony in support of 07151 Keywest Senior Village Phase II.
Chair Anderson provided a brief summary of three witness statements concerning 07101 Carpenter's Point from William Snell, in support; from the Honorable John Wiley Price, Dallas County Commissioner, District 3, in support; and read for the record a letter from the Honorable State Representative Terri Hodge, declining to provide a letter of support.
Reverend George D. King, read letter into the record from Board Trustee Ron Price from the Dallas Independent School District for the record, in support of 07101 Carpenter's Point.
Charles Wiley, provided testimony in support of 07101 Carpenter's Point.
Steven Shirley, Frazier Berean Group, provided testimony in support of 07101 Carpenter's Point.

Chair Anderson welcomed Amanda Arriaga, Governor's Office, to the meeting.

Board adjourned for a brief period.

The Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

CONSENT AGENDA
Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the consent agenda alter any requirements provided under Texas Government Code Chapter 551, the Texas Open Meetings Act.

AGENDA ITEM 1:
Approval of the following items presented in the Board materials:
General Administration Items:
a) Minutes of the Board Meeting of June 14, 2007
Motion made by Mr. Conine to approve Consent Agenda; seconded by Mr. Bogany; passed unanimously.

ACTION ITEMS

AGENDA ITEM 9 (EMERGENCY AGENDA ITEM):

Presentation, discussion and possible approval of creating a preference in the Department's Public Housing Agency Plan to allow the use of Section 8 Vouchers under the jurisdiction of the Department to be used by persons eligible under the existing guidelines who have been displaced or are otherwise without safe affordable housing or homeless in counties that have been impacted by disasters. The requests must be made within 90 days of the disaster and may result in the disaster impacted person or family receiving assistance before someone currently on a waiting list.

Motion made by Mr. Conine to approve staff recommendation; seconded by Mr. Bogany; passed unanimously.

Darrell Jack, Apartment Market Data, provided testimony in response to Mr. Flores' question during the public comment period.

AGENDA ITEM 2:

Presentation and Discussion of Financial Administration Items:

a) **Draft FY08 Operating Budget**
No action taken.

b) **Draft FY08 Housing Finance Budget**
No action taken.

AGENDA ITEM 3:

Presentation, Discussion and Possible Approval of Real Estate Analysis Items:

Presentation Discussion and Possible Action for the 2007 Competitive Housing Tax Credits Appeals of Credit Underwriting Reports

Tom Gouris, Director, Real Estate Analysis, reported on the two appeals received.

The **first appeal** concerns a proposed 76-unit, all two-bedroom seniors development in Krum which Krum is located just outside of Denton, **tax credit number 07272.**

Byron Ballas, Developer, Plantation Valley Estate, L.L.C., Krum, TX., provided testimony.
John Cole, manager, Novogradic & Company, Austin office, provided testimony.
Darrell Jack, Apartment Market Data, provided testimony.
Sarah Anderson, Anderson Consulting, provided testimony.

Motion by Mr. Conine to table until the July 30 meeting; seconded by Mr. Flores; Mr. Bogany, Ms. Ray and Mayor Salinas vote no; motion fails. Motion made by Mr. Flores to deny appeal; seconded by Mr. Bogany; Mr. Conine voted no; motion passes.

The **second appeal** concerns the Poteet Housing Farm Labor Development, a U.S. Farm Labor property, **tax credit number 07110**, applying for acquisition and rehabilitation credits, with 30 units.

Cynthia Bast, Locke, Liddell & Sapp, provided testimony.

Motion made by Mr. Conine to approve reduction to 82 cents and accept staff recommendation to grant tax credit amount of $505,000; seconded by Mr. Flores; passed unanimously.

AGENDA ITEM 4:

Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Housing Tax Credit Items:

a) **Presentation Discussion and Possible Action for Housing Tax Credits Appeals Appeals Timely Filed**
None filed.

b) **Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:**
07415 Costa Vizcaya, Houston, Harris County, Texas; Houston HFC is the Issuer; Recommended Credit Amount of $1,087,975
Motion made by Mr. Conine to approve staff recommendation; seconded by Mr. Flores; passed unanimously.

AGENDA ITEM 5:
Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Multifamily Private Activity Bond Program Items:

a) **Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds and Housing Tax Credits with TDHCA as the Issuer:**
07619 Costa Rialto, Houston, Harris County Texas for a bond Amount Not to Exceed $12,385,000 and the Issuance of a Determination Notice Recommended Credit Amount of $942,498. Resolution No. 07-022
Motion made by Mr. Conine to approve; seconded by Ms. Ray; Mr. Bogany voted no; motion passed.

Chair Anderson welcomed Carolyn Scott from Lieutenant Governor Dewhurst's office and Tim Thetford from the Senate Intergovernmental Relations Committee, for attending the meeting.

Board adjourned for one hour, fifteen minutes.

AGENDA ITEM 6:
Presentation, Discussion and Possible Approval of HOME Division Items:

a) **Presentation, discussion and approval of 2007 Single Family HOME Investments Partnerships Program Award recommendations:**
2006-0091 City of Olton
2006-0118 City of Roaring Springs
2006-0157 City of Morton
2006-0035 City of Muleshoe
2006-0179 City of Slaton
2006-0104 Azteca Economic Dev. Corp.
2006-0174 City of Plainview
2006-0147 City of Littlefield
2006-0053 City of Floydada
2006-0124 City of Gainesville
2006-0115 City of Palmer
2006-0171 City of Jefferson
2006-0189 City of Point
2006-0162 City of Alto
2006-0137 City of Hallsville
2006-0158 City of New Summerfield
2006-0032 City of Domino
2006-0169 City of Gladewater
2006-0181 City of Mineola
2006-0025 City of Hughes Springs
2006-0173 City of Kilgore
2006-0023 City of Lone Star
2006-0029 City of Maud
2006-0183 Lamar County
2006-0088 City of Athens
2006-0138 City of Emory

2006-0057 City of Naples
2006-0063 Cass County
2006-0120 City of Rusk
2006-0187 City of Avery
2006-0022 City of Clarksville
2006-0027 City of DeKalb
2006-0065 City of Omaha
2006-0031 Morris County
2006-0038 Red River County
2006-0067 City of San Augustine
2006-0113 City of Palacios
2006-0178 Economic Action Committee Gulf Coast
2006-0072 City of Hempstead
2006-0168 City of Gatesville
2006-0080 City of Hubbard
2006-0149 City of Mart
2006-0060 City of Rosebud
2006-0073 Falls County
2006-0081 City of Marlin
2006-0037 City of Hillsboro
2006-0136 City of Gregory
2006-0144 City of Bishop
2006-0122 City of Freer
2006-0127 City of Sinton
2006-0160 City of Odem
2006-0059 City of Queen City

Motion made by Mr. Conine to approve staff recommendation, including increasing the maximum cost per units to $60,000 and Azteca Economic Dev. Corp to complete a minimum of 5 units rather than 8 units.(was 5 units rather than 8); seconded by Mr. Bogany; Ms. Anderson made a motion to amend Mr. Conine's motion to include a staff evaluation of the merits of deploying the remaining 07 HOME funds to owner-occupied reconstruction/rehab and publishing a NOFA making the funds available to the 57 counties that are declared disaster areas from the floods, and to provide the Board a proposed approach for the August 23rd board meeting; Mr. Conine accepted amendment to his motion; seconded by Mr. Bogany; passed unanimously.

AGENDA ITEM 7:

Presentation, Discussion and Approval of Office of Colonia Initiatives Items:

a) **Approve, Deny or Approve with amendments the TDHCA Texas Bootstrap Loan Program Reservation System**

Ann Chappell, President of the Board, Habitat Texas, provided testimony.

Motion made by Mr. Bogany to approve staff recommendation to bring back a full plan for the reservation system; seconded by Mayor Salinas; passed unanimously.

AGENDA ITEM 8:

Presentation, Discussion and Possible Approval of Bond Finance Items:

a) **Presentation, Discussion and Possible Approval of Resolution No. 07-020 authorizing the extension of the certificate purchase period for Single Family Mortgage Revenue Bonds, 2005 Series A (Program 62A)**

Mr. Conine made motion to approve staff recommendation; seconded by Mr. Bogany; passed unanimously.

b) **Presentation, Discussion, and Possible Approval of the Resolution No. 07-018 authorizing the extension of TDHCA's Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes Program to December 31, 2010 and the authorization to issue notes for the purpose of recycling repayments of mortgage loans**

Mr. Conine made motion to approve staff recommendation; seconded by Mr. Bogany; passed unanimously.

c) **Presentation, Discussion and Possible Approval of Resolution No. 07-024 authorizing application to request a reservation from the collapse of the 2007 Texas Bond Review Board state issuance authority for the Single Family Mortgage Revenue Bond Program in the amount of $80,000,000**
Mr. Conine made motion to approve staff recommendation; seconded by Mr. Bogany; passed unanimously.

d) **Presentation, Discussion and Possible Approval of Resolution No. 07-019 authorizing application to the Texas Bond Review Board for reservation of single family private activity bond authority and presentation, discussion and possible preliminary approval of Single Family Mortgage Revenue Bonds, 2007 Series B and Approval of Underwriting Team for Program 70**
Elizabeth Rippy, Vinson & Elkins, bond counsel to the department, provided testimony.
Motion made by Mr. Bogany to approve staff recommendation; seconded by Ms. Ray; passed unanimously.

REPORT ITEMS

Executive Director's Report

1. TDHCA Outreach Activities, June 2007
   No action taken.
2. Executive level overview of highlights surrounding the closing of TDHCA's Single Family Mortgage Revenue Bond program 69
   No action taken.
3. 2007 Competitive Housing Tax Credit Challenges
   No action taken.

EXECUTIVE SESSION

At 1:58 p.m. Ms. Anderson convened the Executive Session. The Executive Session concluded at 2:16 p.m.

a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551
b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee
c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:
   1. With Respect to pending litigation styled *Dever v. TDHCA* Filed in Federal Court
   2. With Respect to pending litigation styled *Ballard v. TDHCA* Filed in Federal Court
   3. With Respect to pending litigation styled *Brandal v. TDHCA* Filed in State Court in Potter County
   4. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

OPEN SESSION

Ms. Anderson reconvened Open Session at 2:16 p.m. and announced that no action had been taken during Executive Session and certified that the posted agenda was followed.

ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 2:18 p.m.

_____

Mr. Kevin Hamby
Board Secretary

NOTE:

For a full transcript of this meeting, please see the TDHCA website at: www.TDHCA.state.tx.us

TEXAS HOMEOWNERSHIP DIVISION

BOARD ACTION REQUEST
AUGUST 23, 2007

Action Items

Request approval of a one-year contract extension for Countrywide Home Loans, Inc., to serve as Master Servicer for the Single Family Mortgage Revenue Bond Program.

Required Action

Approve a one-year extension for Countrywide Home Loans, Inc., as Master Servicer for the Single Family Mortgage Revenue Bond Program.

Background and Recommendations

Summary

In August 2004, the Single Family Finance Production staff developed a Request For Proposal ("RFP") to solicit responses from loan servicing companies to act as Master Servicer for a period of two years under the Department's Single Family Mortgage Revenue Bond ("MRB) Program with the discretion to renew and extend the Agreement at the end of the two-year term under three annual options for an additional one-year term. On October 14, 2004, staff recommended and the Board approved the selection of Countrywide Home Loans, Inc., as Master Servicer for the Single Family Mortgage Revenue Bond Programs. If approval of the extension is granted, this will be the second annual option exercised under this contract.

Under the current contract, Countrywide has been the servicer on Programs 62, 62A, 66, 68 and 69. In addition to meeting all of the requirements of the original request for proposal, Countrywide has a superior internet registration/allocation monitoring system and offers access to homebuyer counseling services to potential homeowners at no charge through their "House America Counseling Centers". In addition, they offer superior lender training, superb customer service and allow mortgage brokers to participate in our programs. Countrywide operates approximately 100 retail branch offices statewide, many of which participate in our program. They also maintain a database of over 85 subordinate lien mortgage programs in the State of Texas, which may be used in conjunction with our MRB program.

Recommendation

Staff requests approval of a one-year extension for Countrywide Home Loans, Inc. as Master Servicer for the Single Family Mortgage Revenue Bond Program.

TEXAS HOMEOWNERSHIP DIVISION

BOARD ACTION REQUEST
AUGUST 23, 2007

Action Item

Presentation, Discussion and Possible Approval of the Participating Lender List for Single Family Mortgage Revenue Bond (MRB) Program 70.

Required Action

Approve or deny the Participating Lender List for Program 70.

Background

Summary

Invitations are scheduled to be sent out to our existing lender network and other interested lenders for participation in upcoming MRB Program 70. There are currently 56 lending institutions participating in the current program with branch offices located statewide. It is anticipated that most, if not all, of the existing lenders will continue to participate in Program 70 by executing an Offer to Originate Mortgage Loans. At any time, new mortgage lenders interested in participating in an existing program are allowed to complete documentation for consideration and approval by the program Master Servicer. Requirements for becoming a lender under the program include the following criteria: approval as a FHA, VA, RHS, Fannie Mae or Freddie Mac approved lender, a minimum net worth of $400,000, a warehouse line of credit of at least $1 million and the lender must have had a loan origination office in Texas for one year.

In an effort to create a well trained and knowledgeable participating lender network, mandatory lender training was implemented with the release of Program 69 for lenders desiring to have their contact information listed on the program's participating lender list. A series of trainings were conducted in several cities across the state during May 2007 as well as Webex internet based trainings that were offered by the program's Master Servicer for those lenders unable to attend the live trainings. Lender trainings will again be conducted during the month of September prior to the release of Program 70. We recommend the following list of participating lenders be approved by the Board.

Lender Name	Address	City	State
1st Advantage Mortgage, LLC	1000 Ballpark Way, Ste. 208	Arlington	TX
Amarillo National Bank	7205 I-40 West, Ste. G	Amarillo	TX
Amcap Mortgage, Ltd.	2539 S. Gessner, Ste. 20	Houston	TX
American Bank	5120 South Padre Island Drive	Corpus Christi	TX
American State Bank	5122 82nd Street	Lubbock	TX
Capital One, N.A.	11130 Industriplex Blvd.	Baton Rouge	LA

Lender Name	Address	City	State
Castle & Cooke Mortgage, LLC	2735.E. Parleys Way, Ste. 305	Salt Lake City	UT
City Bank Mortgage	5815 82nd St., Ste. 120	Lubbock	TX
Colonial Savings, F.A./Colonial National Mortgage	2626A West Freeway	Fort Worth	TX
Community Development Corporation of Brownsville	901 East Levee St.	Brownsville	TX
Cornerstone Mortgage Company	1177 West Loop South; Ste. 200	Houston	TX
Countrywide Home Loans, Inc.	6400 Legacy Dr.; MS PTX-80	Plano	TX
CTX Mortgage Co.	1603 LBJ Freeway; Ste. 500	Dallas	TX
DHI Mortgage Co., Ltd.	12357 Riata Trace Parkway; C-150	Austin	TX
Falcon International Bank	212 Bob Bullock Loop	Laredo	TX
Family Lending Services, Inc.	18581 Teller Ave.; Ste. 175	Irvine	CA
First Continental Mortgage Co.	2929 Briarpark Drive; Ste. 125	Houston	TX
First Horizon Home Loan Corporation	4000 Horizon Way	Irving	TX
First National Bank Texas dba First Community Mortgage	2102 S. WS Young Drive; Ste. E	Killeen	TX
GMAC Mortgage Corporation	100 Witmer Road	Horsham	PA
Global Mortgage Group (Coastal Bend Mortgage, Inc.)	5656 South Staples; Ste. 200	Corpus Christi	TX
Hammersmith Financial, LP	7850 N. Sam Houston Pkwy West	Houston	TX
Home Loan Corporation	450 Gears Rd.; Ste. 600	Houston	TX
Hometrust Mortgage Company	5353 W. Alabama; Ste. 500	Houston	TX
Houstonian Mortgage Group, Inc.	888 West Sam Houston Parkway; Ste. 295	Houston	TX
imortgage.com	PO Box 4050	Scottsdale	AZ
International Bank of Commerce	1 S. Broadway	McAllen	TX
JPMorgan Chase Home Finance	12750 Merit Drive; Ste. 1400	Dallas	TX
Judith O. Smith Mortgage Group, Inc.	6125 I-20; Ste. 140	Fort Worth	TX
K. Hovnanian American Mortgage, LLC	3601 Quantum Blvd.	Boynton Beach	FL
Legacy Financial Group, Inc.	1205 W. Abram Street	Arlington	TX

Lender Name	Address	City	State
Mission Mortgage of Texas, Inc.	901 South Mopac Expressway; Ste. 120	Austin	TX
Network Funding, LP	9700 Richmond Ave.; Ste. 320	Houston	TX
National Bank	4103 E. Central Texas Expwy.	Killeen	TX
National City Mortgage	3232 Newmark Drive	Miamisburg	OH
New South Federal Savings Bank	1900 Crestwood Boulevard; MS 30830	Birmingham	AL
Orange Savings Bank	812 N. 16th Street	Orange	TX
Patriot Mortgage Company	9870 Gateway N.; Ste. A	El Paso	TX
Premier Nationwide Lending (NTFN, Inc.)	5301 Village Creek Drive; Ste. B	Plano	TX
PrimeLending, a PlainsCapital Company	18111 Preston Road; Ste. 900	Dallas	TX
PrimeWest Mortgage Corp.	7806 Indiana Ave.	Lubbock	TX
Pulaski Mortgage Company	1705 Forest Ridge Dr.	Bedford	TX
Residential Home Lending	105 Decker Ct.; Ste. 1050	Irving	TX
Rocky Mountain Mortgage Company	2244 Trawood; Ste. 100	El Paso	TX
Ryland Mortgage Company	6300 Canaga Ave., 14th Floor	Woodland Hills	CA
Service First Mortgage Co. (SFMC, LP)	2105 Waterview Parkway; Ste. 102	Richardson	TX
Shelter Mortgage LLC (Subsidiary of Guaranty Bank - Milwaukee, WI)	4000 W. Brown Deer Road	Milwaukee	WI
Texas State Bank (fka *Valley Mortgage Company*)	1319 N. 10th St.	McAllen	TX
Universal American Mortgage Company	311 Park Place Blvd.; Ste. 600	Clearwater	FL
Wachovia Mortgage Corp.	401 South Tryon St. NC-1088; Ste. 2200	Charlotte	NC
Wells Fargo Home Mortgage	1595 Spruce Street; MAC X0601-015	Riverside	CA
Whitney National Bank	7910 Main Street	Houma	LA
Willow Bend Mortgage	5800 W. Plano Parkway; Ste. 105	Plano	TX
WR Starkey Mortgage, LLP	5055 W. Park Blvd.; Ste. 300	Plano	TX

Recommendation
Staff recommends approval of the Participating Lender List for Single Family Mortgage Revenue Bond Program 70.

OFFICE OF RURAL COMMUNITY AFFAIRS

BOARD ACTION REQUEST
August 23, 2007

Action Item

Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG contracts administered by Office of Rural Community Affairs (ORCA) for CDBG Round 1 Funding

Requested Action

Approve the request for amendments related to the use of non-housing funds under the State of Texas Action Plan (Action Plan) for *Community Development Block Grant (CDBG) Disaster Recovery Funds to Areas Most Impacted and Distressed by Hurricane Rita*.

Background

The U. S. Department of Housing and Urban Development (HUD) approved the State of Texas Action Plan (Action Plan) related to the *CDBG Disaster Recovery Funds to Areas Most Impacted & Distressed by Hurricane Rita* on June 16, 2006. On August 30, 2006 the TDHCA Governing Board approved the non-housing project recommendations of the Office of Rural Community Affairs (ORCA) and the four COGs in the affected area.

The Action Plan approved by HUD specifically states "contract amendments that vary more than 5% must be approved by the TDHCA Board."

Jasper County Contract Number DRS060040

Summary of Request
Jasper County is requesting approval of a transfer in funding categories to move $100,500 from the street improvement line item, $28,818.25 from the debris removal line item, $17,600 from the planning and project delivery line item, and $57,707.14 from the public services line item and move the total of $204,625.39 to the flood and drainage facilities line item.

The TDHCA Governing Board approved a $2,270,118 award for street improvements, debris removal, flood and drainage activities, public services, and planning and project delivery. The County has recently been awarded $1,399,657.50 from the U.S. Department of Agriculture (USDA) under its Natural Resources and Conservation Service program (NRCS) to make drainage improvements to drainage facilities impacted by Hurricane Rita. A requirement of the NRCS award is that the County provides 25% of the total project cost for match. This amendment will allow the County to leverage CDBG funds to receive additional federal funds on a 1:3 basis. There will be no change in the number of beneficiaries.

Activity	Current Budget	Change (+/-)		Revised Budget
4 Street Improvements	$ 100,500.00	-	$100,500.00	$ -
5 Flood and Drainage	$ 285,000.00	+	$204,625.39	$ 489,625.39
5a Flood and Drainage Debris Removal	$ 580,000.00	-	$ 28,818.25	$ 551,181.75
33 Planning / Project Delivery	$ 113,500.00	-	$ 17,600.00	$ 95,900.00
15 Public Services	$ 1,191,118.00	-	$ 57,707.14	$ 1,133,410.86
	$ 2,270,118.00			$ 2,270,118.00

Requested Action
ORCA recommends approval of a transfer in funding categories to move $100,500 from the street improvement line item, $28,818.25 from the debris removal line item, $17,600 from the planning and project delivery line item, and $57,707.14 from the public services line item and move the total of $204,625.39 to the flood and drainage facilities line item.

City of Joaquin Contract Number DRS060043

Summary of Request
The City of Joaquin is requesting approval of a transfer in funding categories to move $32,000 from the sewer facilities line item to the water facilities line item.

On August 30, 2006 the TDHCA Governing Board approved a $35,200 award which included installation of a generator at a lift station and planning and project delivery. Under the city's original application the city had planned to acquire one portable generator to be used at several of its lift stations. (Portable generators are considered to be equipment and equipment that is not permanently affixed is not generally eligible.) Based on this interpretation, the city has determined that a generator affixed at its water plant will be a better use of its funds because more individuals can be served at once from the water plant than could be served by affixing the generator at one lift station. Based on this determination, the city is requesting to use the funding to acquire a generator to be located at its water plant at 640 Morris Street. There will be no change in the number of beneficiaries.

Activity		C		Revised Budget
1a Water Facilities	$ -	+	$ 32,000.00	$ 32,000.00
1b Sewer Facilities	$ 32,000.00	-	$ 32,000.00	$ -
33 Planning / Project Delivery	$ 3,200.00		$ -	$ 3,200.00
	$ 35,200.00			$ 35,200.00

Requested Action
ORCA recommends approval of a transfer in funding categories to move $32,000 from the sewer facilities line item to the water facilities line item.

Newton County Contract Number DRS060061

Summary of Request
Newton County is requesting approval of a transfer in funding categories to move $51,482 from the debris removal line item and $129,669.01 from the neighborhood facilities line item to move a total of $181,151.01 to the flood and drainage facilities line item.

On August 30, 2006 the TDHCA Governing Board approved an $877,654 award which included installation of generators at eight water wells and pump stations county wide, for NRCS match, debris removal, sheltering expenses, FEMA match to buyout forty-one housing units, engineering, and planning and project delivery costs. The County has recently been awarded $743,235 from the U.S. Department of Agriculture (USDA) under its Natural Resources and Conservation Service program (NRCS) to make drainage improvements to drainage facilities impacted by Hurricane Rita. A requirement of the NRCS award is that the County provides 25% of the total project cost for match. This amendment will allow the County to leverage CDBG funds to receive additional federal funds on a 1:3 basis. There will be no change in the number of beneficiaries.

Activity	Current Budget		Change (+/-)	Revised Budget
1a Water Facilities	$ 282,272.00		$ -	$ 282,272.00
5 Flood and Drainage	$ 254,500.00	+	$181,151.01	$ 435,651.01
5a Flood and Drainage Debris Removal	$ 63,482.00	-	$ 51,482.00	$ 12,000.00
6 Neighborhood Facilities	$ 136,000.00	-	$129,669.01	$ 6,330.99
24 Acquisition	$ 50,000.00		$ -	$ 50,000.00
30 Engineering	$ 30,000.00		$ -	$ 30,000.00
33 Planning / Project Delivery	$ 61,400.00		$ -	$ 61,400.00
	$ 877,654.00			$ 877,654.00

Requested Action
ORCA recommends approval of a transfer in funding categories to move $51,482 from the debris removal line item and $129,669.01 from the neighborhood facilities line item to move a total of $181,151.01 to the flood and drainage facilities line item.

Tyler County Contract Number DRS060089

Summary of Request

Tyler County is requesting approval of a transfer in funding categories to move $156,599 from the street improvements line item to the flood and drainage facilities line item.

On August 30, 2006 the TDHCA Governing Board approved a $1,918,920 award which included installation of fifteen generators at water facilities throughout the county, repair of twelve miles of county road, debris removal, two generators at community shelters, one generator at the county hospital, engineering and project delivery costs. The County has recently been awarded $693,945 from the U.S. Department of Agriculture (USDA) under its Natural Resources and Conservation Service program (NRCS) to make drainage improvements to drainage facilities impacted by Hurricane Rita. A requirement of the NRCS award is that the County provides 25% of the total project cost for match. This amendment will allow the County to leverage CDBG funds to receive additional federal funds on a 1:3 basis. There will be no change in the number of beneficiaries.

Activity	Current Budget	Change (+/-)		Revised Budget
1a Water Facilities	$ 1,075,000.00	-	$ -	$ 1,075,000.00
4 Street Improvements	$ 216,719.00	-	$156,599.00	$ 60,120.00
5a Flood and Drainage Debris Removal	$ 74,651.00	+	$156,599.00	$ 231,250.00
6 Neighborhood Facilities	$ 110,000.00			$ 110,000.00
14 Specially Authorized Public Facilities	$ 295,650.00			$ 295,650.00
30 Engineering	$ 51,000.00			$ 51,000.00
33 Planning / Project Delivery	$ 95,900.00		$ -	$ 95,900.00
	$ 1,918,920.00			$ 1,918,920.00

Requested Action

ORCA recommends approval of a transfer in funding categories to move $156,599 from the street improvements line item to the flood and drainage facilities line item.

Jefferson County Contract Number DRS060042

Summary of Request

Jefferson County is requesting approval of a transfer in funding categories to move $122,330 from the drainage line item and $278,591 from the specially authorized public facilities line item to move $171,381.79 to the street improvements line item, $149,539.21 to the public service line item, and $80,000 to the engineering line item.

On August 30, 2006 the TDHCA Governing Board approved a $1,500,000 award which included road and bridge repairs, debris removal, repair of several public buildings, engineering, and project delivery costs. As the County has progressed with its projects FEMA match is no longer required for the debris removal or repair of the public buildings. The County is requesting to move the funds originally allocated for these purposes for additional road and bridge repairs, engineering costs, and for reimbursement of medical supplies necessary immediately following the storm. There will be no change in the number of beneficiaries.

Activity	Current Budget	Change (+/-)		Revised Budget
4 Street Improvements	$ 1,082,363.00	+	$171,381.79	$ 1,253,744.79
5a Flood and Drainage Debris Removal	$ 122,330.00	-	$122,330.00	$ -
14 Specially Authorized Public Facilities	$ 278,591.00	-	$278,591.00	$ -
15 Public Services	$ -	+	$149,539.21	$ 149,539.21
30 Engineering	$ 16,716.00	+	$ 80,000.00	$ 96,716.00
	$ 1,500,000.00			$ 1,500,000.00

Requested Action

ORCA recommends approval of a transfer in funding categories to move $122,330 from the debris line item and $278,591 from the specially authorized public facilities line item to move $171,381.79 to the street improvements line item, $149,539.21 to the public service line item, and $80,000 to the engineering line item.

OFFICE OF RURAL COMMUNITY AFFAIRS

BOARD ACTION REQUEST
August 23, 2007

Action Item

Presentation, Discussion and Possible Approval of projects granted reserved funds under the Restoration of Critical Infrastructure Program to be administered by Office of Rural Community Affairs (ORCA).

Requested Action

Discussion and Possible Approval of three set aside projects described in the *Partial Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding* (Action Plan) under the Restoration of Critical Infrastructure Program.

Background

The U. S. Department of Housing and Urban Development (HUD) approved the State of Texas Action Plan (*Partial Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG)) Funding* (Action Plan) on April 13, 2007. Within the Action Plan Memorial Hermann Baptist Orange Hospital, Bridge City, and Hardin County presented significant need for clearly established projects therefore funds were specifically reserved accordingly.

Memorial Hermann Baptist Orange Hospital

Summary of Request
Memorial Hermann Baptist Orange Hospital is the only acute health care provider in Orange County and provides medical services to portions of Hardin, Jasper, Newton, and Jefferson Counties as well as Beauregard, Calcasieu, and Cameron Parishes in Louisiana. Provision of this funding will provide funding toward restoration of the critical care services and quality healthcare to minority and underserved populations of South East Texas.

Hurricane Rita, a category three storm at landfall had sustained winds of 120 mph with gusts over 170 mph. The storm continued in Orange County for over 16 hours. The high winds forced rain and moisture into the hospital facility by ripping up roofs, breaking windows, tearing off HVAC duct work, and even penetrating brick mortar joints and caulking material around windows and other areas. The wind driven rain poured into elevator and mechanical shafts, chassis, exterior and interior duct work, and stairwells throughout all floors. The wind driven rain and moisture caused damage to ceilings, floors, walls, and almost all building materials. Asbestos is prevalent throughout the building and must be abated prior to permanent repairs being made. There is also evidence of mildew and mold growth throughout.

Once the storm passed the facility found itself without normal electrical power or water for 12 days. Without electrical power and water, the facility could not operate air conditioning systems which resulted in humidity levels reaching over 95% inside the hospital.

These high humidity and moisture levels caused catastrophic failure to utility systems and medical equipment in radiology (CT Scan), surgery, and most areas of the hospital. Once generator power and then normal power was restored, the facility experienced power surges and interruptions causing even more problems. Medical equipment is very sensitive to humidity, power surges, spikes, or interruptions and can be damaged easily.

Presently the floors in the Old Tower represent an environmental hazard. The building is un-sprinkled, has extensive water damage from the storm creating mold and air quality issues, and has asbestos insulation in the walls and ceilings that is no longer encapsulated. The hospital has been instructed by the fire marshal to get the Old Tower sprinkled or risk closure. The hospital is constantly monitoring mold growth and asbestos becoming friable and airborne. The hospital is currently following interim life safety measures to protect employees, patients, and visitors.

The following areas are located in the area slated for demolition and repairs: In-patient Rehabilitation Unit, Physical Therapy Department, Materials Management, Human Resources, Infection Control, Education and Respiratory, Pharmacy, Case Management, Copy/Mail Room, and over 50 patient rooms that are not patient-habitable. This loss of patient beds has limited the hospital's ability to obtain Medicare funds.

The CDBG funds will be used for replacement and installation of CT Scan damaged by the humidity created in the hospital by Hurricane Rita and demolition of the interior of floors 2-5, build them back to meet present codes with sprinkler systems and HVAC, enclose and re-skin the exterior with stucco, install a new elevator, and complete the build-out of Pulmonary Function, Central Supply, Sterile Process and other departments. In addition, the hospital will install fire protection, electrical, and finishes. The CDBG funds will not finish the work necessary to make the facility completely operational. The remainder of the build out will be completed from other funds.

Funding for this project is crucial in order to stabilize the future access of critical health care services for citizens in extreme South East Texas recovering from the devastation of Hurricane Rita. Closure of the Old Tower would result in the closure of the hospital as it would have no other place to house essential hospital services. The hospital's insurance was limited and capped and almost all of what was received went towards business interruption.

Once the project begins it will be completed within 15 months and will serve 394,976 beneficiaries.

Activity	**Cost**
Purchase of CT Scan	$ 1,350,000
Construction Related to CT Scan	$ 300,000
Demolition and Construction of Old Tower	$ 4,321,780
Engineering / Architectural Costs	$ 28,220
Administration (Planning / Project Delivery Costs)	$ 0
Total	$ 6,000,000

Requested Action

ORCA recommends approval of the Memorial Hermann Baptist Orange Hospital set aside project as requested by the hospital.

FINANCIAL ADMINISTRATION DIVISION

BOARD ACTION REQUEST
August 23, 2007

Report Item

3rd Quarter Investment Report

Required Action

Presentation of the Department's 3rd Quarter Investment Report

Background

- This report is in the prescribed format and detail as required by the Public Funds Investment Act. It shows in detail the types of investments, their maturity, their carrying (face amount) value and fair value at the beginning and end of the quarter.

- Overall, the portfolio carrying value decreased by $33,628,717 (Refer to Page 1) for a total of $1,517,882,144. There were 2 new Multi-Family bond issuances issued for a total of $21 million during the 3rd quarter. The Single Family Revenue Bond indenture paid $17.8 million in principal and the multi-family issues paid $33.2 million in principal. The remaining difference is accounted for by construction draws made by multi-family projects currently under construction.

The portfolio consists of (See Page 4):

	Beginning Quarter	Ending Quarter
Mortgage Backed Securities (MBS)	67%	71%
Guaranteed Investment Contract/ Investment Agreement (GIC/IA)	23%	21%
Repurchase Agreements	7%	5%
Other (Cd's, MM's, T-Bonds)	3%	3%

The portfolio activity for the quarter (See Page 5):

- $69,683,755 of Mortgage Backed Security purchases during the quarter represent portfolio activity for new loans originated.

- The maturities in Mortgage Backed Security this quarter were $32,196,447 representing loan payoffs. The table below shows a strong trend in new loans and loan payoffs.

	3rd Qtr FY 06	4th Qtr FY 06	1st Qtr FY 07	2nd Qtr FY 07	3rd Qtr FY 07	Total
Purchases	71,241,317	44,123,295	104,944,001	67,807,964	69,683,755	357,800,332
Sales						
Maturities	18,345,860	17,158,700	19,396,370	19,795,687	32,196,447	106,893,064

- The fair value decreased $13,911,059 (See Pages 1 and 5) increasing the difference between fair value and carrying value with fair value being less. The national average for a 30-year fixed mortgage as reported by HSH was 6.39% for the end of May up from 6.37% at the end of February. The spread between the market rate and our below-market rates is increasing.

- This change in market value is to be expected. It is reflective of the overall change in the bond market as a whole.

- Since we typically hold our investments to maturity, this is referred to as an unrealized loss.

- The fact that our investments provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is more important than their relative value in the bond market as a whole.

- The more relevant measures of indenture parity, projected future cash flows, and the comparison of current interest income to interest expense are not part of a public funds investment report. The next page is an additional analysis prepared by the Bond Finance group (it is not part of the PFIA report). This report shows parity by indentures with assets greater than liabilities in a range from 102.84% to 114.02%. This is considered strong by rating agencies. The interest comparison shows interest income greater than interest expense by indenture for Collateralized Home Mortgage Revenue Bond and Multi-Family Indenture Bonds indicating a current positive cash flow. The monthly change reported on this report from April to May shows interest income is less than interest expense for Single Family and Residential Mortgage Revenue Bond Indenture Funds. This is due to an adjustment of arbitrage liability for Single Family and correction of an overstatement in loan interest income for RMRB that was booked in May. However, the more relevant year-to-date figures reflect interest income greater than interest expense by $4,620,444 (114.32%) for Single Family and $994,309 (107.34%) for RMRB.

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of May 31, 2007

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Collateralized Home Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
PARITY COMPARISON:					
PARITY ASSETS					
Cash	$ 201,157	$ -	$ -	$ 2,048,840	$ 2,249,997
Investments	$ 205,958,000	$ 32,730,836	$ 1,576,419	$ 166,380,792	$ 406,646,048
Mortgage Backed Securities	$ 729,525,266	$ 307,780,061	$ 13,313,986		$ 1,050,619,313
Loans Receivable	$ 43,395,818	$ 1,296,977	$ -	$ 1,173,309,794	$ 1,218,002,589
Accrued Interest Receivable	$ 6,033,374	$ 2,329,023	$ 88,147	$ 15,042,412	$ 23,492,956
TOTAL PARITY ASSETS	$ 985,113,615	$ 344,136,897	$ 14,978,552	$ 1,356,781,838	$ 2,701,010,903
PARITY LIABILITIES					
Bonds Payable	$ 935,470,000	$ 327,250,000	$ 13,400,000	$ 1,174,713,299	$ 2,450,833,299
Accrued Interest Payable	$ 11,151,283	$ 7,385,892	$ 55,727	$ 15,219,322	$ 33,812,224
TOTAL PARITY LIABILITIES	$ 946,621,283	$ 334,635,892	$ 13,455,727	$ 1,189,932,621	$ 2,484,645,523
PARITY DIFFERENCE	$ 38,492,332	$ 9,501,005	$ 1,522,825	$ 166,849,217	$ 216,365,380
PARITY	**104.07%**	**102.84%**	**111.32%**	**114.02%**	**108.71%**
INTEREST COMPARISON (For the Ninth Fiscal Month) :					
INTEREST INCOME					
Loans	$149,183	($504,355)	$0	$5,839,081	$5,483,909
Investments	$3,461,588	$1,543,917	$85,257	$417	$5,091,179
Real Estate Owned	$0	$0	$0	$0	$0
TOTAL INTEREST INCOME	$3,610,771	$1,039,562	$85,257	$5,839,498	$10,575,088
INTEREST EXPENSE					
Interest on Bonds	$3,697,689	$1,452,016	$78,051	$5,839,080	$11,066,836
TOTAL INTEREST EXPENSE	$3,697,689	$1,452,016	$78,051	$5,839,080	$11,066,836
NET INTEREST	($86,918)	($412,454)	$7,206	$418	($491,748)
INTEREST RATIO	**97.65%**	**71.59%**	**109.23%**	**100.01%**	**95.56%**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING MAY 31, 2007

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING MAY 31, 2007

1) PFIA- Internal Management Report (Sec. 2256.023)
2) Bar Graph - Comparison of Market by Fund Group between Quarters
3) Supplemental Schedule of Portfolio Interest Rate Trends and Maturities
4) Bar Graph - Comparison of Market Valuation by Investment Type between Quarters
5) Supplemental Public Funds Investment Act Report by Investment Type
6) Detail of Investments including maturity dates by Fund Group

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending May 31, 2007

(b) (4) Summary statement of each pooled fund group:

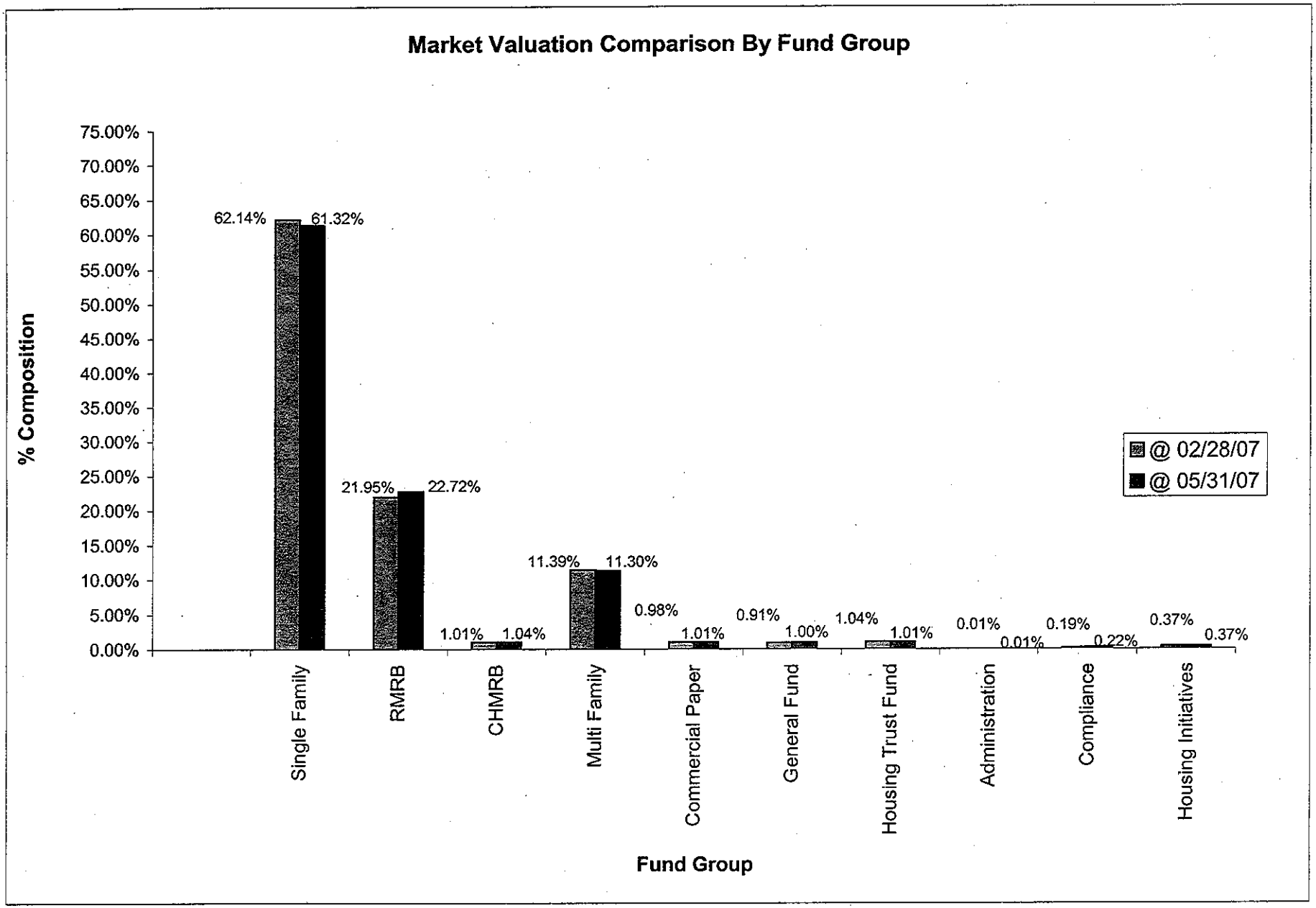
INDENTURE	FAIR VALUE (MARKET) @ 02/28/07	CARRYING VALUE @ 02/28/07	CHANGE IN CARRYING VALUE: ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 05/31/07	FAIR VALUE (MARKET) @ 05/31/07	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 05/31/07	RECOGNIZED GAIN
Single Family	954,755,378.95	969,874,840.05	79,170,102.58	(98,842,430.84)	(11,379,099.12)	0.00	938,823,412.67	913,017,232.25	(10,686,719.32)	5,920,747.00	0.
RMRB	337,307,330.16	337,911,661.77	12,823,755.81	(545,674.50)	(8,067,119.62)	0.00	342,122,623.46	338,266,818.64	(3,251,473.21)	2,306,194.00	0.
CHMRB	15,520,669.55	14,943,086.13	544,543.13	(54,443.87)	(501,504.51)	0.00	14,931,680.88	15,536,397.88	27,133.58	88,147.00	0.
Multi Family	175,067,910.31	175,067,910.31	51,778,360.95	(46,397,442.52)	(12,248,723.93)	0.00	168,200,104.81	168,200,104.81	-	3,707.00	0.
Commercial Paper	15,090,429.79	15,090,429.79	15,039,000.00	(15,070,697.44)	0.00	0.00	15,058,732.35	15,058,732.35	-	82,847.00	0.
General Fund	13,953,848.28	13,953,848.28	1,013,515.69	(148,953.95)	0.00	0.00	14,818,410.02	14,818,410.02	-	2,173.00	0.
Housing Trust Fund	15,999,762.65	15,999,762.65	2,424,774.59	(3,336,380.00)	0.00	0.00	15,088,157.24	15,088,157.24	-	2,213.00	0.
Administration	149,426.53	149,426.53	1,971.45	0.00	0.00	0.00	151,397.98	151,397.98	-	22.00	0.
Compliance	2,859,528.37	2,859,528.37	341,820.26	0.00	0.00	0.00	3,201,348.63	3,201,348.63	-	470.00	0.
Housing Initiatives	5,660,367.15	5,660,367.15	81,021.23	(255,112.56)	0.00	0.00	5,486,275.82	5,486,275.82	-	805.00	0.
TOTAL	1,536,364,651.74	1,551,510,861.03	163,218,865.69	(164,651,135.68)	(32,196,447.18)	0.00	1,517,882,143.86	1,488,824,875.62	(13,911,058.95)	8,407,325.00	0.

* No relationship can be drawn between the "ACCRUED INT RECVBL @ 05/31/07" figures and the corresponding investment values, because of various factors (e.g. purchase date of investment; interest payment terms-daily, monthly & semi-annual; etc..). In addition to the aforementioned factors with regards to the Multi Family Indenture, the Department is carrying $ 170,248,943 of investments pledged as reserves by participating entities. The Department is carrying these investments with their corresponding liability purely for tracking the flow of funds.

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

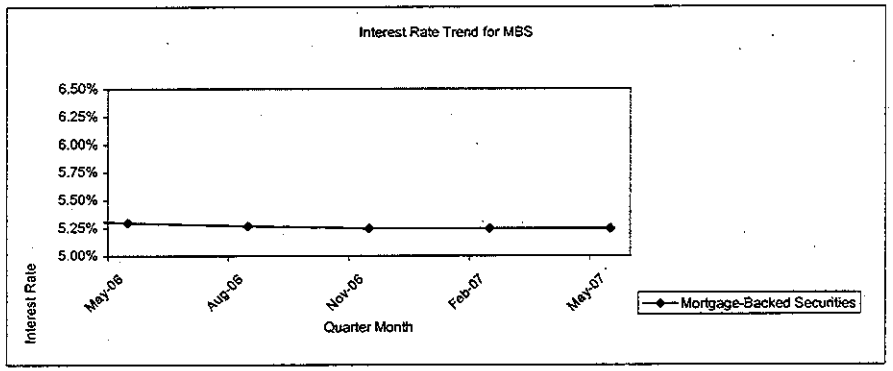
David Cervantes, Director of Financial Administration — Date 7/9/07

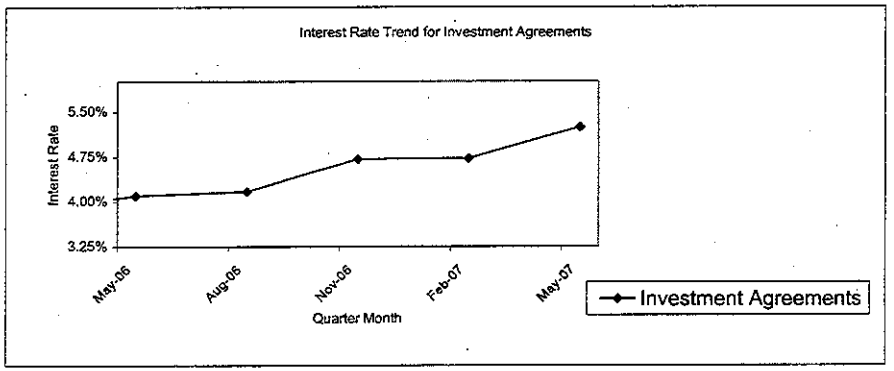
Matt Pogor, Director of Bond Finance — Date 6/28/07

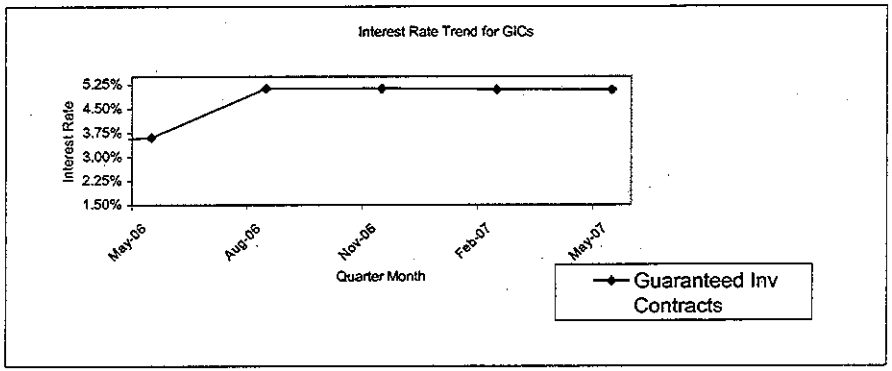

Market Valuation Comparison By Fund Group
% Composition
75.00%
70.00%
65.00%
60.00%
55.00%
50.00%
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
62.14%
61.32%
21.95%
22.72%
1.01%
1.04%
11.39%
11.30%
0.98%
1.01%
0.91%
1.00%
1.04%
1.01%
0.01%
0.01%
0.19%
0.22%
0.37%
0.37%
@ 02/28/07
@ 05/31/07
Single Family
RMRB
CHMRB
Multi Family
Commercial Paper
General Fund
Housing Trust Fund
Administration
Compliance
Housing Initiatives
Fund Group

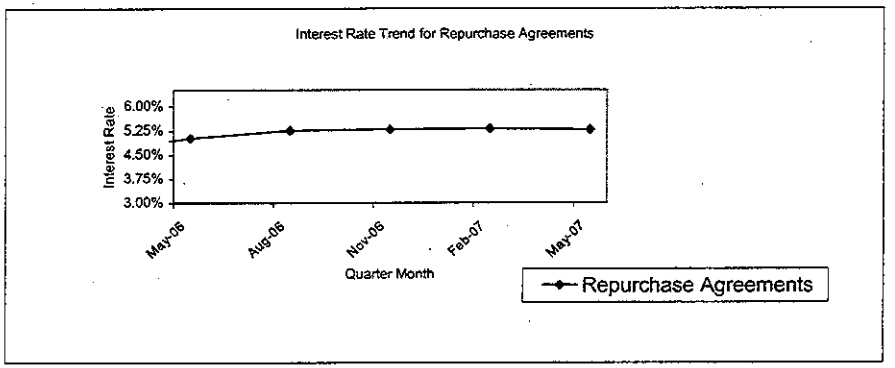
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Schedule of Portfolio Interest Rate Trends and Maturities
Quarter May 31, 2007

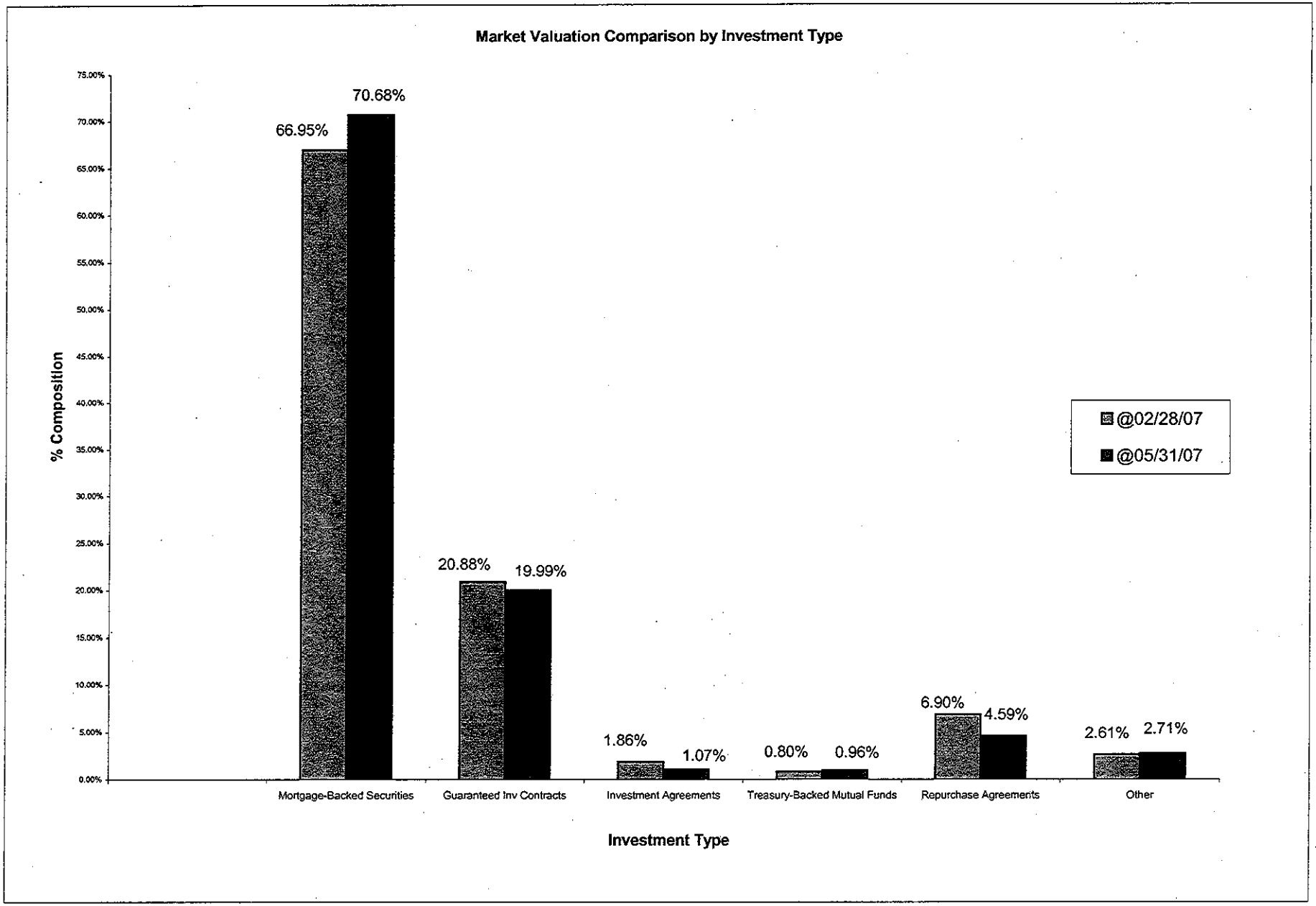
INVESTMENT TYPE	Range of Interest for Current Quarter HI	LOW	Portfolio % Composition	Weighted Avg Rate Beg Carrying Value @ 02/28/07	Weighted Avg Rate Beg Market Value @ 02/28/07	Weighted Avg Rate End Carrying Value @ 05/31/07	Weighted Avg Rate End Market Value @ 05/31/07	Weighted Avg Maturity Beg Carrying Value @ 02/28/07 Months	Days	Weighted Avg Maturity Beg Market Value @ 02/28/07 Months	Days	Weighted Avg Maturity End Carrying Value @ 05/31/07 Months	Days	Weighted Avg Maturity End Market Value @ 05/31/07 Months	Days
Mortgage-Backed Securities	8.75%	4.49%	70.68%	5.23%	5.25%	5.23%	5.25%	322	1	321	1	326	16	325	
Guaranteed Inv Contracts	6.51%	3.37%	19.99%	5.10%	5.10%	5.09%	5.09%	36	29	36	29	63	2	63	
Investment Agreements	6.70%	2.51%	1.07%	4.72%	4.72%	5.24%	5.24%	97	19	97	19	243	16	243	
Repurchase Agreements	5.28%	5.28%	4.59%	5.31%	5.31%	5.28%	5.28%	0	1	0	1	0	1	0	
Money Markets	5.15%	4.27%	2.53%	4.76%	4.76%	4.70%	4.70%	0	1	0	1	0	1	0	
Treasury-Backed Mutual Funds	5.15%	4.27%	0.96%	4.65%	4.65%	4.59%	4.59%	0	1	0	1	0	1	0	
Certificates of Deposit	5.16%	5.16%	0.11%	5.13%	5.13%	5.13%	5.13%	0	26	0	26	0	6	0	
Treasury Bonds/Notes	13.25%	13.25%	0.07%	10.73%	11.02%	13.25%	13.25%	61	7	64	8	84	21	84	










Market Valuation Comparison by Investment Type
% Composition
75.00%
70.00%
65.00%
60.00%
55.00%
50.00%
45.00%
40.00%
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
66.95%
70.68%
20.88%
19.99%
1.86%
1.07%
0.80%
0.96%
6.90%
4.59%
2.61%
2.71%
@02/28/07
@05/31/07
Mortgage-Backed Securities
Guaranteed Inv Contracts
Investment Agreements
Treasury-Backed Mutual Funds
Repurchase Agreements
Other
Investment Type

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Public Funds Investment Act Report by Investment Type Schedule
Quarter Ending May 31, 2007

(b) (4) Summary statement of each pooled investment group:

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 02/28/07	CARRYING VALUE @ 02/28/07	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 05/31/07	FAIR VALUE (MARKET) @ 05/31/07	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZE GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS				
Certificates of Deposit	4,666,537.92	4,666,537.92	67,400.41	(3,125,691.04)	0.00	0.00	1,608,247.29	1,608,247.29	-	(
Mortgage-Backed Securities	1,028,667,161.40	1,043,987,492.05	69,683,755.22	0.00	(32,196,447.18)	0.00	1,081,474,800.09	1,052,268,464.09	(13,886,005.35)	(
Guaranteed Inv Contracts	320,750,634.53	320,750,634.53	59,915,573.12	(83,066,545.68)	0.00	0.00	297,599,661.97	297,599,661.97	-	(
Investment Agreements	28,595,515.19	28,595,515.19	4,140,365.10	(16,860,867.87)	0.00	0.00	15,875,012.42	15,875,012.42	-	(
Treasury-Backed Mutual Funds	12,246,902.45	12,246,902.45	5,763,032.48	(3,708,931.74)	0.00	0.00	14,301,003.19	14,301,003.19	-	(
Repurchase Agreements	105,989,726.12	105,989,726.12	8,962,521.57	(46,575,416.18)	0.00	0.00	68,376,831.51	68,376,831.51	-	(
Money Markets	33,845,681.30	33,845,681.30	14,686,059.38	(10,823,779.45)	0.00	0.00	37,707,961.23	37,707,961.23	-	(
Treasury Bills	82,959.08	82,959.08	0.00	(82,959.08)	0.00	0.00	0.00	0.00	-	(
Treasury Bonds/Notes	1,519,533.75	1,345,412.39	158.41	(406,944.64)	0.00	0.00	938,626.16	1,087,693.92	(25,053.60)	(
TOTAL	1,536,364,651.74	1,551,510,861.03	163,218,865.69	(164,651,135.68)	(32,196,447.18)	0.00	1,517,882,143.86	1,488,824,875.62	(13,911,058.95)	(

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

David Cervantes, Director of Financial Administration — Date 7/9/0

Matt Pogor, Director of Bond Finance — Date 6/28/

Detail of Investments including maturity dates by Fund Group

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending May 31, 2007

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	1980 Single Family Surplus Rev	5.28	05/31/07	06/01/07	57,545.38	57,545.38		(46,582.34)			10,963.04	10,963.04	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	5.28	05/31/07	06/01/07	58,944.32	58,944.32	4,672,765.44				4,731,709.76	4,731,709.76	-	0.00
GIC's	1980 Single Family Surplus Rev	6.08	11/14/96	09/30/29	1,963,160.96	1,963,160.96		(838,796.59)			1,124,364.37	1,124,364.37	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	5.28	05/31/07	06/01/07	544.78	544.78	687.93				1,232.71	1,232.71	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	5.28	05/31/07	06/01/07	46,130.23	46,130.23	620.22				46,750.45	46,750.45	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	5.28	05/31/07	06/01/07	841,970.33	841,970.33	77,828.98				919,799.31	919,799.31	-	0.00
Repo Agmt	1980 Single Family Surplus Rev				475.97	475.97		(475.97)					-	0.00
	1980 Single Family Surplus Rev Total				2,968,771.97	2,968,771.97	4,751,902.57	(885,854.90)	0.00	0.00	6,834,819.64	6,834,819.64	0.00	0.00
GIC's	1982 A Single Family	6.08	11/14/96	09/30/29	1,438.11	1,438.11	4,365.34				5,803.45	5,803.45	-	0.00
	1982 A Single Family Total				1,438.11	1,438.11	4,365.34	0.00	0.00	0.00	5,803.45	5,803.45	0.00	0.00
Repo Agmt	1983 A&B Single Family	5.28	05/31/07	06/01/07	16,018.06	16,018.06		(16,000.36)			17.70	17.70	-	0.00
GIC's	1983 A&B Single Family	6.08	11/14/96	09/30/29	371,163.64	371,163.64	5,287.51				376,451.15	376,451.15	-	0.00
Treasury Note	1983 A&B Single Family	13.25	08/05/85	05/15/14	716.37	849.48	0.12				716.49	830.48	(19.12)	0.00
	1983 A&B Single Family Total				387,898.07	388,031.18	5,287.63	(16,000.36)	0.00	0.00	377,185.34	377,299.33	(19.12)	0.00
Repo Agmt	1984 A&B Single Family	5.28	05/31/07	06/01/07	3,695.91	3,695.91		(3,681.34)			14.57	14.57	-	0.00
Treasury Bond	1984 A&B Single Family	13.25	08/05/85	05/15/14	407.87	483.73	0.07				407.94	472.91	(10.89)	0.00
GIC's	1984 A&B Single Family	6.08	11/14/96	09/30/29	32,642.24	32,642.24	112,433.87				145,076.11	145,076.11	-	0.00
	1984 A&B Single Family Total				36,746.02	36,821.88	112,433.94	(3,681.34)	0.00	0.00	145,498.62	145,563.59	(10.89)	0.00
Repo Agmt	1985 A Single Family	5.28	05/31/07	06/01/07	3,222.24	3,222.24		(3,203.66)			18.58	18.58	-	0.00
GIC's	1985 A Single Family	6.08	11/14/96	09/30/29	8.78	8.78	160,530.03				160,538.81	160,538.81	-	0.00
	1985 A Single Family Total				3,231.02	3,231.02	160,530.03	(3,203.66)	0.00	0.00	160,557.39	160,557.39	0.00	0.00
Repo Agmt	1985 B&C Single Family	5.28	05/31/07	06/01/07	1,149.18	1,149.18		(1,144.84)			4.34	4.34	-	0.00
GIC's	1985 B&C Single Family	6.08	11/14/96	09/30/29	28,794.79	28,794.79	67,571.86				96,366.65	96,366.65	-	0.00
	1985 B&C Single Family Total				29,943.97	29,943.97	67,571.86	(1,144.84)	0.00	0.00	96,370.99	96,370.99	0.00	0.00
Repo Agmt	1987 B Single Family	5.28	05/31/07	06/01/07	6,879.03	6,879.03		(6,294.09)			584.94	584.94	-	0.00
GIC's	1987 B Single Family	6.08	11/14/96	09/30/29	77.78	77.78	2,300.13				2,377.91	2,377.91	-	0.00
Repo Agmt	1987 B Single Family	5.28	05/31/07	06/01/07	496,958.91	496,958.91	0.00				496,958.91	496,958.91	-	0.00
	1987 B Single Family Total				503,915.72	503,915.72	2,300.13	(6,294.09)	0.00	0.00	499,921.76	499,921.76	0.00	0.00
Repo Agmt	1995 A&B Single Family	5.28	05/31/07	06/01/07	12,130.87	12,130.87		(9,793.26)			2,337.61	2,337.61	-	0.00
GIC's	1995 A&B Single Family	6.08	11/14/96	09/30/29	218,198.22	218,198.22		(175,994.39)			42,203.83	42,203.83	-	0.00
GIC's	1995 A&B Single Family	6.08	11/14/96	09/30/29			0.02				0.02	0.02	-	0.00
Repo Agmt	1995 A&B Single Family				0.02	0.02		(0.02)					-	0.00
FNMA	1995 A&B Single Family	6.15	07/30/96	06/01/26	223,771.26	230,170.56			(1,466.12)		222,305.14	227,748.27	(956.17)	0.00
GNMA	1995 A&B Single Family	6.15	11/26/96	11/20/26	626,241.71	637,896.70			(5,509.83)		620,731.88	631,889.45	(497.42)	0.00
GNMA	1995 A&B Single Family	6.15	05/29/97	05/20/27	300,050.92	304,479.68			(3,859.93)		296,190.99	300,598.30	(21.45)	0.00
	1995 A&B Single Family Total				1,380,393.00	1,402,876.05	0.02	(185,787.67)	(10,835.88)	0.00	1,183,769.47	1,204,777.48	(1,475.04)	0.00
Repo Agmt	1996 A-C Single Family	5.28	05/31/07	06/01/07	459,740.96	459,740.96	6,180.97				465,921.93	465,921.93	-	0.00
Inv Agmt	1996 A-C Single Family	6.13	02/26/97	09/01/28	831,552.48	831,552.48	0.00				831,552.48	831,552.48	-	0.00
	1996 A-C Single Family Total				1,291,293.44	1,291,293.44	6,180.97	0.00	0.00	0.00	1,297,474.41	1,297,474.41	0.00	0.00
Repo Agmt	1996 D&E Single Family	5.28	05/31/07	06/01/07	502.29	502.29	6.44				508.73	508.73	-	0.00
Treasury Bond	1996 D&E Single Family	13.25	08/05/85	05/15/14	937,343.51	1,111,255.90	158.22				937,501.73	1,086,390.53	(25,023.59)	0.00
Repo Agmt	1996 D&E Single Family	5.28	05/31/07	06/01/07	585,982.60	585,982.60	7,878.21				593,860.81	593,860.81	-	0.00
GIC's	1996 D&E Single Family	6.08	04/06/98	09/30/29	399,159.39	399,159.39	0.00				399,159.39	399,159.39	-	0.00
	1996 D&E Single Family Total				1,922,987.79	2,096,900.18	8,042.87	0.00	0.00	0.00	1,931,030.66	2,079,919.46	(25,023.59)	0.00
Repo Agmt	1997 A-C Single Family	5.28	05/31/07	06/01/07	27.41	27.41	0.00				27.41	27.41	-	0.00
Repo Agmt	1997 A-C Single Family	5.28	05/31/07	06/01/07	2,758,847.63	2,758,847.63		(2,334,406.48)			424,441.15	424,441.15	-	0.00
GIC's	1997 A-C Single Family	6.14	09/17/97	08/31/29	197,204.28	197,204.28	655,245.82				852,450.10	852,450.10	-	0.00
FNMA	1997 A-C Single Family	6.25	02/20/98	01/01/28	291,824.84	296,180.84			(85,709.16)		206,115.68	209,914.46	(2,557.22)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
FNMA	1997 A-C Single Family	6.25	03/27/98	03/01/28	235,714.57	240,938.03			(1,867.43)		233,847.14	238,402.51	(668.09)	0.00
FNMA	1997 A-C Single Family	6.25	06/29/98	05/01/28	212,501.01	217,210.04			(34,508.73)		177,992.28	181,459.58	(1,241.73)	0.00
GNMA	1997 A-C Single Family	6.25	02/20/98	01/20/28	1,593,324.94	1,622,705.81			(78,155.46)		1,515,169.48	1,543,806.10	(744.25)	0.00
FNMA	1997 A-C Single Family	6.25	11/30/98	09/01/28	343,167.42	350,772.02			(2,150.06)		341,017.36	347,660.38	(961.58)	0.00
GNMA	1997 A-C Single Family	6.25	03/27/98	03/20/28	2,945,555.16	2,999,871.17			(23,554.01)		2,922,001.15	2,977,226.99	909.83	0.00
GNMA	1997 A-C Single Family	6.25	05/19/98	05/20/28	1,909,375.68	1,944,584.53			(115,390.17)		1,793,985.51	1,827,891.79	(1,302.57)	0.00
GNMA	1997 A-C Single Family	5.45	07/28/00	06/20/30	1,204,797.12	1,199,917.66			(8,896.56)		1,195,900.56	1,172,329.32	(18,691.78)	0.00
GNMA	1997 A-C Single Family	6.25	08/14/98	07/20/28	1,092,270.16	1,112,411.62			(87,690.15)		1,004,580.01	1,023,566.56	(1,154.91)	0.00
GNMA	1997 A-C Single Family	6.25	06/29/98	06/20/28	540,047.83	550,006.33			(3,374.54)		536,673.29	546,816.44	184.65	0.00
GNMA	1997 A-C Single Family	6.25	09/18/98	09/20/28	760,706.79	774,734.21			(4,525.48)		756,181.31	770,473.13	264.40	0.00
FNMA	1997 A-C Single Family	6.25	03/31/99	11/01/28	132,878.11	135,822.62			(1,138.37)		131,739.74	134,305.97	(378.28)	0.00
GNMA	1997 A-C Single Family	6.25	11/30/98	11/20/28	660,929.32	673,116.85			(4,682.52)		656,246.80	668,649.85	215.52	0.00
GNMA	1997 A-C Single Family	6.25	11/30/98	10/20/28	484,000.53	492,925.47			(2,990.74)		481,009.79	490,100.84	166.11	0.00
GNMA	1997 A-C Single Family	6.25	11/30/98	10/20/28	162,733.86	165,734.70			(888.95)		161,844.91	164,903.80	58.05	0.00
FNMA	1997 A-C Single Family	6.25	05/27/99	11/01/28	135,158.41	138,102.14			(2,883.93)		132,274.48	134,712.28	(505.93)	0.00
GNMA	1997 A-C Single Family	6.25	02/16/99	02/20/29	1,020,064.56	1,038,497.13			(8,108.17)		1,011,956.39	1,031,021.64	632.68	0.00
GNMA	1997 A-C Single Family	6.25	03/31/99	02/20/29	65,535.73	66,719.97			(822.56)		64,713.17	65,932.38	34.97	0.00
GNMA	1997 A-C Single Family	6.25	05/27/99	05/20/29	353,400.68	359,786.62			(2,347.89)		351,052.79	357,666.61	227.88	0.00
GNMA	1997 A-C Single Family	5.45	07/30/99	07/20/29	815,579.43	813,181.61			(5,132.82)		810,446.61	795,202.10	(12,846.69)	0.00
GNMA	1997 A-C Single Family	5.45	08/26/99	08/20/29	820,272.83	817,861.19			(4,772.28)		815,500.55	800,160.93	(12,927.98)	0.00
FNMA	1997 A-C Single Family	5.45	09/20/99	08/01/29	105,988.67	105,440.27			(571.10)		105,417.57	103,209.68	(1,659.49)	0.00
GNMA	1997 A-C Single Family	5.45	09/20/99	09/20/29	374,348.27	373,247.69			(2,090.79)		372,257.48	365,255.33	(5,901.57)	0.00
FNMA	1997 A-C Single Family	5.45	12/20/99	12/01/29	439,670.53	437,393.05			(2,973.58)		436,696.95	427,548.16	(6,871.31)	0.00
FNMA	1997 A-C Single Family	5.45	01/19/00	12/01/29	302,357.13	300,790.91			(2,080.72)		300,276.41	293,985.61	(4,724.58)	0.00
GNMA	1997 A-C Single Family	5.45	10/28/99	10/20/29	1,425,877.92	1,421,685.77			(9,227.18)		1,416,650.74	1,390,003.47	(22,455.12)	0.00
GNMA	1997 A-C Single Family	5.45	11/18/99	11/20/29	185,198.93	184,654.43			(1,475.44)		183,723.49	180,267.64	(2,911.35)	0.00
GNMA	1997 A-C Single Family	5.45	12/30/99	12/20/29	2,732,722.74	2,724,688.50			(16,429.01)		2,716,293.73	2,665,200.20	(43,059.29)	0.00
GNMA	1997 A-C Single Family	5.45	01/28/00	01/20/30	754,318.16	751,263.17			(4,038.31)		750,279.85	735,491.84	(11,733.02)	0.00
GNMA	1997 A-C Single Family	5.45	02/22/00	01/20/30	318,660.87	317,370.25			(1,717.19)		316,943.68	310,696.68	(4,956.38)	0.00
GNMA	1997 A-C Single Family	5.45	03/27/00	02/20/30	485,048.09	483,083.67			(3,707.15)		481,340.94	471,853.73	(7,522.79)	0.00
FNMA	1997 A-C Single Family	5.45	04/27/00	03/01/30	303,936.44	301,684.25			(2,389.44)		301,547.00	294,680.76	(4,614.05)	0.00
GNMA	1997 A-C Single Family	5.45	04/27/00	04/20/30	525,455.32	523,327.23			(3,604.61)		521,850.71	511,565.03	(8,157.59)	0.00
GNMA	1997 A-C Single Family	5.45	05/30/00	04/20/30	143,629.41	143,047.74			(46,687.35)		96,942.06	95,031.36	(1,329.03)	0.00
GNMA	1997 A-C Single Family	5.45	06/21/00	05/20/30	730,113.48	727,156.47			(4,786.74)		725,326.74	711,030.51	(11,339.22)	0.00
GNMA	1997 A-C Single Family	5.45	09/18/00	09/20/30	1,149,258.98	1,144,604.44			(5,930.47)		1,143,328.51	1,120,793.47	(17,880.50)	0.00
FNMA	1997 A-C Single Family	5.45	07/24/00	06/01/30	284,622.74	282,513.65			(58,769.55)		225,853.19	220,710.49	(3,033.61)	0.00
	1997 A-C Single Family Total				28,997,125.98	29,191,111.37	655,245.82	(2,334,406.48)	(646,068.61)	0.00	26,671,896.71	26,656,446.28	(209,435.82)	0.00
Repo Agmt	1997 D-F Single Family	5.28	05/31/07	06/01/07	17,853.25	17,853.25	240.13				18,093.38	18,093.38	-	0.00
Repo Agmt	1997 D-F Single Family	5.28	05/31/07	06/01/07	2,555,299.64	2,555,299.64		(2,096,027.76)			459,271.88	459,271.88	-	0.00
GIC's	1997 D-F Single Family				11,357.71	11,357.71		(11,357.71)					-	0.00
GIC's	1997 D-F Single Family	5.91	12/04/97	03/01/30	756,852.38	756,852.38		(96,765.64)			660,086.74	660,086.74	-	0.00
FNMA	1997 D-F Single Family	6.25	06/29/98	06/01/28	384,774.79	393,302.07			(3,940.26)		380,834.53	388,253.86	(1,107.95)	0.00
FNMA	1997 D-F Single Family	6.25	11/30/98	10/01/28	228,049.29	233,102.83			(1,352.07)		226,697.22	231,113.25	(637.51)	0.00
GNMA	1997 D-F Single Family	6.25	05/19/98	05/20/28	649,337.26	661,311.07			(6,562.73)		642,774.53	654,923.02	174.68	0.00
GNMA	1997 D-F Single Family	5.45	07/24/00	06/20/30	1,346,935.27	1,341,480.15			(9,074.92)		1,337,860.35	1,311,491.09	(20,914.14)	0.00
GNMA	1997 D-F Single Family	6.25	08/14/98	07/20/28	210,834.42	214,722.21			(1,521.23)		209,313.19	213,269.21	68.23	0.00
GNMA	1997 D-F Single Family	5.45	08/28/00	08/20/30	238,378.07	237,412.62			(1,243.19)		237,134.88	232,460.92	(3,708.51)	0.00
GNMA	1997 D-F Single Family	6.25	06/30/98	06/20/28	488,990.50	498,007.49			(3,549.37)		485,441.13	494,615.97	157.85	0.00
GNMA	1997 D-F Single Family	6.25	09/18/98	08/20/28	1,060,243.12	1,079,794.03			(59,562.51)		1,000,680.61	1,019,593.52	(638.00)	0.00
FNMA	1997 D-F Single Family	6.25	03/31/99	11/01/28	156,663.10	160,134.75			(1,273.04)		155,390.06	158,417.05	(444.66)	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	11/20/28	932,736.54	949,936.12			(6,493.03)		926,243.51	943,749.45	306.36	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	429,081.18	436,993.43			(2,474.45)		426,606.73	434,669.58	150.60	0.00
GNMA	1997 D-F Single Family				53,823.99	54,816.47			(53,823.99)				(992.48)	0.00
FNMA	1997 D-F Single Family	6.25	05/27/99	04/01/29	212,729.81	217,333.28			(1,192.66)		211,537.15	215,668.46	(472.16)	0.00
GNMA	1997 D-F Single Family	6.25	02/16/99	02/20/29	1,610,436.34	1,639,536.92			(22,288.39)		1,588,147.95	1,618,068.70	820.17	0.00
GNMA	1997 D-F Single Family	6.25	03/31/99	03/20/29	710,956.84	723,803.86			(6,476.31)		704,480.53	717,752.98	425.43	0.00
GNMA	1997 D-F Single Family	6.25	05/27/99	04/20/29	470,800.65	479,308.00			(4,694.59)		466,106.06	474,887.47	274.06	0.00
GNMA	1997 D-F Single Family	5.45	06/22/99	06/20/29	817,154.84	814,752.38			(35,214.83)		781,940.01	767,231.71	(12,305.84)	0.00
GNMA	1997 D-F Single Family	5.45	07/30/99	07/20/29	1,054,850.82	1,051,749.48			(63,600.55)		991,250.27	972,604.79	(15,544.14)	0.00
GNMA	1997 D-F Single Family	5.45	08/26/99	08/20/29	675,841.10	673,854.12			(4,110.62)		671,730.48	659,095.21	(10,648.29)	0.00
GNMA	1997 D-F Single Family	5.45	09/30/99	09/20/29	514,750.25	513,236.86			(2,909.64)		511,840.61	502,212.86	(8,114.36)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
FNMA	1997 D-F Single Family	5.45	12/21/99	11/01/29	379,206.44	377,242.14			(4,239.36)		374,967.08	367,111.51	(5,891.27)	0.00
GNMA	1997 D-F Single Family	5.45	10/29/99	10/20/29	1,100,642.41	1,097,406.54			(6,783.46)		1,093,858.95	1,073,283.47	(17,339.61)	0.00
GNMA	1997 D-F Single Family	5.45	11/18/99	11/20/29	1,428,673.71	1,424,473.41			(9,086.57)		1,419,587.14	1,392,884.71	(22,502.13)	0.00
GNMA	1997 D-F Single Family	5.45	12/30/99	12/20/29	1,330,131.08	1,326,220.48			(88,546.66)		1,241,584.42	1,218,230.20	(19,443.62)	0.00
GNMA	1997 D-F Single Family	5.45	01/28/00	01/20/30	1,465,722.53	1,459,786.35			(7,989.29)		1,457,733.24	1,429,001.30	(22,795.76)	0.00
GNMA	1997 D-F Single Family	5.45	02/22/00	01/20/30	711,537.64	708,655.92			(5,354.29)		706,183.35	692,264.48	(11,037.15)	0.00
GNMA	1997 D-F Single Family	5.45	03/27/00	02/20/30	394,100.92	392,504.80			(2,666.39)		391,434.53	383,719.34	(6,119.07)	0.00
FNMA	1997 D-F Single Family	5.45	02/23/00	01/01/30	185,436.25	184,475.68			(35,261.12)		150,175.13	147,028.95	(2,185.61)	0.00
GNMA	1997 D-F Single Family	5.45	04/27/00	03/20/30	569,875.59	567,567.57			(3,382.23)		566,493.36	555,327.76	(8,857.58)	0.00
GNMA	1997 D-F Single Family	5.45	05/30/00	05/20/30	614,098.32	611,611.22			(6,655.02)		607,443.30	595,470.59	(9,485.61)	0.00
GNMA	1997 D-F Single Family	5.45	06/21/00	06/20/30	1,140,718.05	1,136,098.13			(6,011.68)		1,134,706.37	1,112,341.29	(17,745.16)	0.00
FNMA	1997 D-F Single Family	5.45	05/30/00	05/01/30	278,036.16	275,975.88			(2,838.13)		275,198.03	268,931.73	(4,206.02)	0.00
GNMA	1997 D-F Single Family	5.45	10/23/00	09/20/30	42,892.02	42,718.31			(212.58)		42,679.44	41,838.23	(667.50)	0.00
GNMA	1997 D-F Single Family	5.45	10/30/00	10/20/30	329,349.42	328,015.56			(2,121.99)		327,227.43	320,777.78	(5,115.79)	0.00
FNMA	1997 D-F Single Family	5.45	07/24/00	06/01/30	551,489.82	547,403.23			(8,646.94)		542,842.88	530,482.29	(8,274.00)	0.00
GNMA	1997 D-F Single Family	5.45	12/21/00	05/20/30	68,332.36	68,055.59			(349.11)		67,983.25	66,643.26	(1,063.22)	0.00
FNMA	1997 D-F Single Family	5.45	10/06/00	09/01/30	318,417.94	316,058.43			(1,692.09)		316,725.85	309,513.96	(4,852.38)	0.00
FNMA	1997 D-F Single Family	5.45	10/30/00	08/01/30	345,032.27	342,475.59			(2,689.05)		342,343.22	334,548.08	(5,238.46)	0.00
FNMA	1997 D-F Single Family	5.45	02/12/01	02/01/30	80,322.35	79,906.27			(423.70)		79,898.65	78,224.76	(1,257.81)	0.00
Repo Agmt	1997 D-F Single Family	5.28	05/31/07	06/01/07	185,385.89	185,385.89	11,357.71				196,743.60	196,743.60	-	0.00
GNMA	1997 D-F Single Family	4.49	05/12/05	05/20/35	81,623.31	77,657.68			(329.76)		81,293.55	75,916.50	(1,411.42)	0.00
GNMA	1997 D-F Single Family	4.49	07/14/05	07/20/35	46,685.08	44,415.84			(187.11)		46,497.97	43,421.41	(807.32)	0.00
GNMA	1997 D-F Single Family	4.49	05/26/05	05/20/35	69,842.58	66,628.75			(284.06)		69,558.52	65,132.86	(1,211.83)	0.00
GNMA	1997 D-F Single Family	4.49	06/02/05	06/20/35	63,771.84	60,838.93			(347.67)		63,424.17	59,391.18	(1,100.08)	0.00
GNMA	1997 D-F Single Family	4.49	06/09/05	06/20/35	77,238.33	73,485.46			(313.35)		76,924.98	71,836.65	(1,335.46)	0.00
GNMA	1997 D-F Single Family	4.49	06/15/05	06/20/35	69,441.64	66,244.77			(6,950.91)		62,490.73	58,574.99	(718.87)	0.00
GNMA	1997 D-F Single Family	4.49	06/23/05	06/20/35	139,444.31	132,730.88			(830.33)		138,613.98	129,507.81	(2,392.74)	0.00
GNMA	1997 D-F Single Family	4.49	06/29/05	06/20/35	61,926.67	59,007.93			(250.21)		61,676.46	57,684.49	(1,073.23)	0.00
GNMA	1997 D-F Single Family	4.49	09/08/05	09/20/35	12,566.00	11,987.40			(50.50)		12,515.50	11,718.85	(218.05)	0.00
GNMA	1997 D-F Single Family	4.49	07/21/05	07/20/35	30,452.19	29,137.64			(121.21)		30,330.98	28,485.53	(530.90)	0.00
GNMA	1997 D-F Single Family	4.49	07/28/05	07/20/35	23,503.76	22,361.35			(96.90)		23,406.86	21,858.20	(406.25)	0.00
GNMA	1997 D-F Single Family	4.49	08/04/05	08/20/35	5,141.67	4,985.99			(19.87)		5,121.80	4,874.63	(91.49)	0.00
FNMA	1997 D-F Single Family	4.49	07/28/05	07/01/35	30,137.51	28,569.13			(158.84)		29,978.67	27,831.24	(579.05)	0.00
FNMA	1997 D-F Single Family	4.49	10/20/05	09/01/35	6,444.00	6,108.40			(51.73)		6,392.27	5,934.24	(122.43)	0.00
	1997 D-F Single Family Total				27,826,351.22	27,872,148.26	11,597.84	(2,204,151.11)	(496,300.49)	0.00	25,137,497.46	24,924,066.97	(259,227.53)	0.00
Repo Agmt	2002A Single Family (JR Lien)	5.28	05/31/07	06/01/07	212,545.86	212,545.86		(137,819.46)			74,726.40	74,726.40	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	5.28	05/31/07	06/01/07	70,606.07	70,606.07		(57,058.70)			13,547.37	13,547.37	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	5.28	05/31/07	06/01/07	518,443.30	518,443.30		(10,690.75)			507,752.55	507,752.55	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	5.28	05/31/07	06/01/07	299,999.95	299,999.95	0.00				299,999.95	299,999.95	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	5.28	05/31/07	06/01/07	187,159.97	187,159.97	9,356.98				196,516.95	196,516.95	-	0.00
	2002A Single Family (JR Lien) Total				1,288,755.15	1,288,755.15	9,356.98	(205,568.91)	0.00	0.00	1,092,543.22	1,092,543.22	0.00	0.00
Repo Agmt	2004 A/B Single Family	5.28	05/31/07	06/01/07	1,056,833.25	1,056,833.25	20,271.10				1,077,104.35	1,077,104.35	-	0.00
Repo Agmt	2004 A/B Single Family	5.28	05/31/07	06/01/07	6,251,416.92	6,251,416.92		(6,083,538.94)			167,877.98	167,877.98	-	0.00
GIC's	2004 A/B Single Family	3.96	04/25/05	03/01/36	786,599.35	786,599.35	3,588,783.42				4,375,382.77	4,375,382.77	-	0.00
Repo Agmt	2004 A/B Single Family	5.28	05/31/07	06/01/07	172,078.98	172,078.98	2,313.54				174,392.52	174,392.52	-	0.00
GNMA	2004 A/B Single Family	4.49	07/08/04	06/20/34	1,344,127.07	1,278,325.03			(6,619.66)		1,337,507.41	1,248,188.39	(23,516.98)	0.00
GNMA	2004 A/B Single Family	4.49	07/08/04	07/20/34	1,104,176.62	1,050,123.51			(4,967.39)		1,099,209.23	1,025,805.86	(19,350.26)	0.00
GNMA	2004 A/B Single Family	4.49	06/29/04	06/20/34	824,945.92	784,555.00			(3,880.33)		821,065.59	766,229.28	(14,445.39)	0.00
GNMA	2004 A/B Single Family	4.49	09/02/04	08/20/34	1,398,639.44	1,330,235.84			(6,049.96)		1,392,589.48	1,299,657.62	(24,528.26)	0.00
GNMA	2004 A/B Single Family	4.49	09/09/04	09/20/34	1,885,061.52	1,792,882.85			(126,456.51)		1,758,605.01	1,641,261.04	(25,165.30)	0.00
GNMA	2004 A/B Single Family	4.49	09/16/04	08/20/34	2,689,441.10	2,557,938.92			(130,447.68)		2,558,993.42	2,388,252.69	(39,238.55)	0.00
GNMA	2004 A/B Single Family	4.49	09/23/04	09/20/34	946,193.64	899,936.11			(4,125.04)		942,068.60	879,219.17	(16,591.90)	0.00
GNMA	2004 A/B Single Family	4.49	09/29/04	09/20/34	1,340,061.83	1,274,555.23			(6,428.82)		1,333,633.01	1,244,666.87	(23,459.54)	0.00
GNMA	2004 A/B Single Family	4.49	10/07/04	10/20/34	2,590,521.70	2,463,908.48			(152,491.43)		2,438,030.27	2,275,408.63	(36,008.42)	0.00
GNMA	2004 A/B Single Family	4.49	07/15/04	07/20/34	2,211,245.86	2,103,010.85			(10,085.78)		2,201,160.08	2,054,182.76	(38,742.31)	0.00
GNMA	2004 A/B Single Family	4.49	07/22/04	07/20/34	1,939,219.46	1,844,310.62			(8,919.34)		1,930,300.12	1,801,419.73	(33,971.55)	0.00
GNMA	2004 A/B Single Family	4.49	07/29/04	07/20/34	2,469,480.22	2,348,631.29			(11,651.22)		2,457,829.00	2,293,738.63	(43,241.44)	0.00
GNMA	2004 A/B Single Family	4.49	08/05/04	08/20/34	3,239,850.65	3,081,327.03			(15,400.01)		3,224,450.64	3,009,206.18	(56,720.84)	0.00
GNMA	2004 A/B Single Family	4.49	08/12/04	08/20/34	3,810,320.80	3,623,906.40			(290,679.93)		3,519,640.87	3,284,707.88	(48,518.59)	0.00
GNMA	2004 A/B Single Family	4.49	08/19/04	08/20/34	3,629,885.57	3,452,319.61			(17,643.54)		3,612,242.03	3,371,148.41	(63,527.66)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	5.00	08/19/04	08/20/34	269,485.00	265,286.40			(1,040.22)		268,444.78	259,281.41	(4,964.77)	0.00
GNMA	2004 A/B Single Family	4.49	08/26/04	08/20/34	1,828,779.72	1,739,328.63			(7,938.44)		1,820,841.28	1,699,322.29	(32,067.90)	0.00
GNMA	2004 A/B Single Family	5.00	08/26/04	08/20/34	84,528.62	83,212.07			(330.79)		84,197.83	81,324.23	(1,557.05)	0.00
GNMA	2004 A/B Single Family	4.49	12/02/04	12/20/34	1,062,899.25	1,011,000.46			(4,710.43)		1,058,188.82	987,656.27	(18,633.76)	0.00
GNMA	2004 A/B Single Family	5.00	12/09/04	10/20/34	291,581.61	286,336.83			(1,315.94)		290,265.67	279,655.33	(5,365.56)	0.00
GNMA	2004 A/B Single Family	4.49	12/09/04	12/20/34	368,918.58	350,907.30			(1,552.76)		367,365.82	342,881.14	(6,473.40)	0.00
GNMA	2004 A/B Single Family	5.00	12/09/04	11/20/34	210,816.74	207,552.71			(1,109.73)		209,707.01	202,568.70	(3,874.28)	0.00
GNMA	2004 A/B Single Family	5.00	12/16/04	12/20/34	335,583.16	329,550.23			(1,267.37)		334,315.79	322,098.49	(6,184.37)	0.00
GNMA	2004 A/B Single Family	4.49	12/16/04	12/20/34	1,017,822.50	968,136.40			(4,925.54)		1,012,896.96	945,393.77	(17,817.09)	0.00
GNMA	2004 A/B Single Family	4.49	10/14/04	10/20/34	1,577,682.08	1,500,581.06			(6,595.33)		1,571,086.75	1,466,300.91	(27,684.82)	0.00
GNMA	2004 A/B Single Family	5.00	10/14/04	10/20/34	992,585.99	974,686.78			(3,939.60)		988,646.39	952,463.30	(18,283.88)	0.00
GNMA	2004 A/B Single Family	5.00	10/21/04	10/20/34	1,088,386.43	1,068,766.10			(4,487.35)		1,083,899.08	1,044,236.18	(20,042.57)	0.00
GNMA	2004 A/B Single Family	4.49	10/21/04	10/20/34	1,429,984.07	1,360,109.26			(6,372.95)		1,423,611.12	1,328,669.44	(25,066.87)	0.00
GNMA	2004 A/B Single Family	5.00	10/28/04	10/20/34	343,916.55	337,718.48			(1,637.70)		342,278.85	329,755.57	(6,325.21)	0.00
GNMA	2004 A/B Single Family	4.49	10/28/04	10/20/34	755,635.03	718,905.51			(3,214.32)		752,620.71	702,431.42	(13,259.77)	0.00
GNMA	2004 A/B Single Family	4.49	11/04/04	11/20/34	1,813,078.13	1,724,506.43			(8,098.40)		1,804,979.73	1,684,628.08	(31,779.95)	0.00
GNMA	2004 A/B Single Family	4.49	11/10/04	11/20/34	1,143,160.64	1,087,320.91			(5,587.95)		1,137,572.69	1,061,726.38	(20,006.58)	0.00
GNMA	2004 A/B Single Family	5.00	11/10/04	10/20/34	522,930.99	513,512.42			(2,056.97)		520,874.02	501,821.89	(9,633.56)	0.00
GNMA	2004 A/B Single Family	4.49	11/18/04	11/20/34	948,496.66	902,172.03			(4,496.59)		944,000.07	881,066.22	(16,609.22)	0.00
GNMA	2004 A/B Single Family	5.00	11/23/04	11/20/34	397,824.09	391,659.53			(1,502.51)		396,321.58	382,825.97	(7,331.05)	0.00
GNMA	2004 A/B Single Family	4.49	11/23/04	11/20/34	1,862,444.54	1,771,489.79			(7,973.17)		1,854,471.37	1,730,845.92	(32,670.70)	0.00
GNMA	2004 A/B Single Family	5.00	12/23/04	12/20/34	402,886.73	395,646.26			(1,660.98)		401,225.75	386,565.62	(7,419.66)	0.00
GNMA	2004 A/B Single Family	4.49	12/23/04	12/20/34	505,276.50	480,613.79			(2,084.02)		503,192.48	469,660.72	(8,869.05)	0.00
GNMA	2004 A/B Single Family	5.00	12/29/04	12/20/34	545,759.52	535,954.10			(2,055.55)		543,703.97	523,840.55	(10,058.00)	0.00
GNMA	2004 A/B Single Family	4.49	12/29/04	12/20/34	373,527.25	356,258.26			(144,971.55)		228,555.70	213,907.45	2,620.74	0.00
GNMA	2004 A/B Single Family	4.49	01/06/05	01/20/35	723,460.99	687,719.65			(3,826.20)		719,634.79	671,434.43	(12,459.02)	0.00
GNMA	2004 A/B Single Family	4.49	01/13/05	01/20/35	871,191.59	828,156.85			(4,214.11)		866,977.48	808,913.13	(15,029.61)	0.00
GNMA	2004 A/B Single Family	4.49	01/19/05	01/20/35	471,750.70	448,449.63			(1,983.80)		469,766.90	438,307.26	(8,158.57)	0.00
GNMA	2004 A/B Single Family	4.49	01/28/05	01/20/35	356,926.63	339,299.44			(1,479.43)		355,447.20	331,645.74	(6,174.27)	0.00
GNMA	2004 A/B Single Family	4.49	02/03/05	02/20/35	2,010,057.78	1,910,802.50			(8,280.89)		2,001,776.89	1,867,747.10	(34,774.51)	0.00
GNMA	2004 A/B Single Family	4.49	02/10/05	02/20/35	1,409,701.64	1,343,698.90			(5,843.08)		1,403,858.56	1,313,383.79	(24,472.03)	0.00
GNMA	2004 A/B Single Family	5.00	02/10/05	02/20/35	1,815,530.98	1,781,956.37			(7,230.64)		1,808,300.34	1,741,557.25	(33,168.48)	0.00
GNMA	2004 A/B Single Family	4.49	02/17/05	02/20/35	554,062.67	526,709.81			(2,299.46)		551,763.21	514,825.92	(9,584.43)	0.00
GNMA	2004 A/B Single Family	5.00	02/17/05	01/20/35	469,747.15	461,061.97			(123,923.61)		345,823.54	333,060.78	(4,077.58)	0.00
GNMA	2004 A/B Single Family	4.49	02/24/05	02/20/35	367,287.82	349,157.74			(1,545.89)		365,741.93	341,259.73	(6,352.12)	0.00
GNMA	2004 A/B Single Family	5.00	03/03/05	02/20/35	413,586.14	405,944.64			(1,612.67)		411,973.47	396,774.63	(7,557.34)	0.00
GNMA	2004 A/B Single Family	4.49	03/03/05	03/20/35	369,019.14	351,748.27			(2,029.45)		366,989.69	343,344.81	(6,374.01)	0.00
GNMA	2004 A/B Single Family	5.00	03/10/05	03/20/35	275,311.95	270,916.47			(89,404.00)		185,907.95	179,517.86	(1,994.61)	0.00
GNMA	2004 A/B Single Family	4.49	03/17/05	03/20/35	579,328.74	550,742.44			(2,704.55)		576,624.19	538,036.18	(10,001.71)	0.00
GNMA	2004 A/B Single Family	5.00	03/24/05	03/20/35	305,606.26	299,965.88			(1,291.87)		304,314.39	293,093.30	(5,580.71)	0.00
GNMA	2004 A/B Single Family	4.49	03/24/05	03/20/35	105,240.26	100,316.61			(1,094.37)		104,145.89	97,437.61	(1,784.63)	0.00
GNMA	2004 A/B Single Family	5.00	03/30/05	03/20/35	183,444.91	180,519.23			(1,021.51)		182,423.40	176,156.11	(3,341.61)	0.00
GNMA	2004 A/B Single Family	5.00	04/07/05	04/20/35	248,907.15	244,939.41			(916.25)		247,990.90	239,472.92	(4,550.24)	0.00
GNMA	2004 A/B Single Family	4.49	04/07/05	04/20/35	788,983.21	750,066.13			(3,447.12)		785,536.09	732,981.61	(13,637.40)	0.00
GNMA	2004 A/B Single Family	5.00	04/21/05	04/20/35	526,927.64	517,215.53			(2,284.46)		524,643.18	505,310.58	(9,620.49)	0.00
GNMA	2004 A/B Single Family	4.49	04/21/05	04/20/35	323,260.51	307,319.21			(1,313.68)		321,946.83	300,411.36	(5,594.17)	0.00
GNMA	2004 A/B Single Family	5.00	04/28/05	04/20/35	387,325.59	381,157.92			(1,439.32)		385,886.27	372,638.63	(7,079.97)	0.00
GNMA	2004 A/B Single Family	5.00	05/05/05	05/20/35	134,265.17	132,128.23			(515.75)		133,749.42	129,158.66	(2,453.82)	0.00
GNMA	2004 A/B Single Family	4.49	05/05/05	04/20/35	1,057,385.46	1,005,252.62			(4,481.01)		1,052,904.45	982,485.12	(18,286.49)	0.00
GNMA	2004 A/B Single Family	5.00	05/12/05	04/20/35	219,332.31	215,842.34			(821.11)		218,511.20	211,011.96	(4,009.27)	0.00
GNMA	2004 A/B Single Family	4.49	05/12/05	04/20/35	648,081.34	617,787.19			(2,616.47)		645,464.87	603,914.60	(11,256.12)	0.00
GNMA	2004 A/B Single Family	5.00	06/03/05	05/20/35	128,186.06	126,148.93			(479.81)		127,706.25	123,325.90	(2,343.22)	0.00
GNMA	2004 A/B Single Family	5.00	07/07/05	06/20/35	332,008.88	326,742.50			(1,207.96)		330,800.92	319,464.05	(6,070.49)	0.00
GNMA	2004 A/B Single Family	4.49	07/07/05	06/20/35	337,154.51	321,410.66			(1,351.55)		335,802.96	314,202.29	(5,856.82)	0.00
GNMA	2004 A/B Single Family	5.00	05/26/05	05/20/35	128,389.17	126,348.05			(467.54)		127,921.63	123,533.14	(2,347.37)	0.00
GNMA	2004 A/B Single Family	4.49	05/26/05	05/20/35	280,700.91	267,583.50			(1,173.67)		279,527.24	261,537.03	(4,872.80)	0.00
GNMA	2004 A/B Single Family	5.00	06/02/05	05/20/35	261,860.17	257,698.44			(957.60)		260,902.57	251,953.31	(4,787.53)	0.00
GNMA	2004 A/B Single Family	4.49	06/02/05	05/20/35	229,615.78	218,886.73			(3,370.18)		226,245.60	211,685.64	(3,830.91)	0.00
GNMA	2004 A/B Single Family	4.49	06/10/05	04/20/35	222,993.07	212,005.36			(901.06)		222,092.01	207,244.55	(3,859.75)	0.00
GNMA	2004 A/B Single Family	5.00	06/15/05	06/20/35	303,120.49	298,306.92			(1,115.71)		302,004.78	291,649.48	(5,541.73)	0.00
GNMA	2004 A/B Single Family	4.49	06/23/05	06/20/35	265,942.33	253,521.01			(1,187.06)		264,755.27	247,722.03	(4,611.92)	0.00
GNMA	2004 A/B Single Family	4.49	09/08/05	09/20/35	156,459.95	149,162.59			(618.86)		155,841.09	145,825.08	(2,718.65)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	5.00	09/15/05	09/20/35	723,713.44	710,468.17			(2,699.94)		721,013.50	694,536.66	(13,231.57)	0.00
GNMA	2004 A/B Single Family	5.00	09/22/05	09/20/35	196,034.75	192,938.85			(696.53)		195,338.22	188,657.12	(3,585.20)	0.00
GNMA	2004 A/B Single Family	4.49	07/21/05	07/20/35	350,691.66	334,320.39			(1,436.05)		349,255.61	326,794.21	(6,090.13)	0.00
GNMA	2004 A/B Single Family	5.00	07/21/05	07/20/35	107,673.35	105,966.92			(666.28)		107,007.07	103,341.30	(1,959.34)	0.00
GNMA	2004 A/B Single Family	4.49	07/28/05	07/20/35	3,765,943.82	3,580,544.17			(16,078.45)		3,749,865.37	3,499,338.95	(65,126.77)	0.00
GNMA	2004 A/B Single Family	5.00	08/04/05	08/20/35	194,993.13	191,905.34			(726.21)		194,266.92	187,614.31	(3,564.82)	0.00
GNMA	2004 A/B Single Family	4.49	08/11/05	07/20/35	140,076.50	133,539.63			(551.97)		139,524.53	130,553.64	(2,434.02)	0.00
GNMA	2004 A/B Single Family	5.00	08/11/05	08/20/35	967,630.11	949,891.01			(3,601.19)		964,028.92	928,599.08	(17,690.74)	0.00
GNMA	2004 A/B Single Family	4.49	08/30/05	08/20/35	438,662.17	417,078.77			(2,084.00)		436,578.17	407,422.55	(7,572.22)	0.00
GNMA	2004 A/B Single Family	5.00	08/30/05	08/20/35	122,179.65	120,247.57			(451.54)		121,728.11	117,562.19	(2,233.84)	0.00
GNMA	2004 A/B Single Family	5.00	08/30/05	08/20/35	209,027.89	205,722.43			(1,008.39)		208,019.50	200,900.41	(3,813.63)	0.00
GNMA	2004 A/B Single Family	5.00	10/27/05	10/20/35	650,448.61	640,196.35			(2,532.05)		647,916.56	625,775.62	(11,888.68)	0.00
GNMA	2004 A/B Single Family	4.49	10/27/05	09/20/35	215,868.99	205,809.28			(841.75)		215,027.24	201,215.62	(3,751.91)	0.00
GNMA	2004 A/B Single Family	5.00	09/29/05	09/20/35	149,524.94	147,164.44			(874.36)		148,650.58	143,567.19	(2,722.89)	0.00
GNMA	2004 A/B Single Family	5.00	09/29/05	09/20/35	169,994.41	167,310.76			(609.22)		169,385.19	163,592.74	(3,108.80)	0.00
GNMA	2004 A/B Single Family	4.49	09/29/05	09/20/35	206,272.53	196,655.46			(804.11)		205,468.42	192,266.32	(3,585.03)	0.00
GNMA	2004 A/B Single Family	5.00	12/08/05	12/20/35	623,303.85	611,942.59			(2,284.72)		621,019.13	598,259.54	(11,398.33)	0.00
GNMA	2004 A/B Single Family	5.00	12/15/05	12/20/35	1,600,693.26	1,571,526.16			(5,830.91)		1,594,862.35	1,536,421.89	(29,273.36)	0.00
GNMA	2004 A/B Single Family	5.00	11/03/05	11/20/35	552,302.07	543,600.62			(1,962.65)		550,339.42	531,536.70	(10,101.27)	0.00
GNMA	2004 A/B Single Family	5.00	11/10/05	11/20/35	238,077.94	234,328.48			(839.19)		237,238.75	229,134.70	(4,354.59)	0.00
GNMA	2004 A/B Single Family	4.49	11/17/05	10/20/35	245,296.43	233,869.85			(980.79)		244,315.64	228,627.16	(4,261.90)	0.00
GNMA	2004 A/B Single Family	5.00	11/17/05	11/20/35	999,896.67	984,155.34			(59,576.40)		940,320.27	908,204.57	(16,374.37)	0.00
GNMA	2004 A/B Single Family	5.00	11/22/05	11/20/35	278,987.66	274,596.68			(981.50)		278,006.16	268,512.22	(5,102.96)	0.00
GNMA	2004 A/B Single Family	4.49	11/29/05	10/20/35	227,644.83	217,042.93			(894.35)		226,750.48	212,192.28	(3,956.30)	0.00
GNMA	2004 A/B Single Family	5.00	11/29/05	11/20/35	1,493,901.99	1,470,398.40			(5,591.42)		1,488,310.57	1,437,493.32	(27,313.66)	0.00
GNMA	2004 A/B Single Family	5.00	12/22/05	12/20/35	1,567,598.24	1,539,043.51			(5,530.81)		1,562,067.43	1,504,837.80	(28,674.90)	0.00
GNMA	2004 A/B Single Family	5.00	12/29/05	12/20/35	1,681,861.22	1,651,235.13			(89,265.30)		1,592,595.92	1,534,257.12	(27,712.71)	0.00
GNMA	2004 A/B Single Family	4.49	12/29/05	11/20/35	214,658.97	204,119.19			(839.46)		213,819.51	199,561.54	(3,718.19)	0.00
GNMA	2004 A/B Single Family	5.00	01/05/06	01/20/36	1,400,809.54	1,378,125.01			(5,220.13)		1,395,589.41	1,347,322.23	(25,582.65)	0.00
GNMA	2004 A/B Single Family	5.00	01/12/06	01/20/36	340,947.46	329,034.64			(1,261.42)		339,686.04	321,742.99	(6,030.23)	0.00
GNMA	2004 A/B Single Family	5.00	01/12/06	01/20/36	853,937.48	840,114.00			(2,979.84)		850,957.64	821,531.82	(15,602.34)	0.00
GNMA	2004 A/B Single Family	4.49	01/12/06	12/20/35	92,437.00	88,135.57			(684.87)		91,752.13	85,864.78	(1,585.92)	0.00
GNMA	2004 A/B Single Family	5.00	03/09/06	03/20/36	4,005,842.92	3,931,126.06			(15,075.72)		3,990,767.20	3,842,971.76	(73,078.58)	0.00
GNMA	2004 A/B Single Family	5.00	03/02/06	03/20/36	1,124,807.29	1,103,820.73			(4,147.07)		1,120,660.22	1,079,150.77	(20,522.89)	0.00
GNMA	2004 A/B Single Family	5.00	03/02/06	01/20/36	197,762.57	190,844.36			(721.72)		197,040.85	186,624.54	(3,498.10)	0.00
GNMA	2004 A/B Single Family	5.00	01/19/06	01/20/36	1,716,264.64	1,688,492.11			(92,390.83)		1,623,873.81	1,567,730.29	(28,370.99)	0.00
GNMA	2004 A/B Single Family	5.00	01/26/06	01/20/36	1,564,046.57	1,534,815.16			(90,027.03)		1,474,019.54	1,419,375.75	(25,412.38)	0.00
GNMA	2004 A/B Single Family	5.00	01/26/06	01/20/36	211,950.02	204,541.99			(3,309.09)		208,640.93	197,617.66	(3,615.24)	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	01/20/36	3,628,126.87	3,484,835.23			(15,165.99)		3,612,960.88	3,405,899.21	(63,770.03)	0.00
GNMA	2004 A/B Single Family	4.49	02/09/06	01/20/36	179,784.62	171,375.72			(1,089.45)		178,695.17	167,186.37	(3,099.90)	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	02/20/36	1,528,486.73	1,503,781.67			(50,763.78)		1,477,722.95	1,426,659.78	(26,358.11)	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	01/20/36	118,466.30	114,324.22			(441.49)		118,024.81	111,787.68	(2,095.05)	0.00
GNMA	2004 A/B Single Family	5.00	02/16/06	02/20/36	3,903,223.56	3,830,347.28			(15,329.57)		3,887,893.99	3,743,836.54	(71,181.17)	0.00
GNMA	2004 A/B Single Family	5.00	02/23/06	02/20/36	2,640,257.78	2,597,614.55			(10,031.65)		2,630,226.13	2,539,368.63	(48,214.27)	0.00
GNMA	2004 A/B Single Family	5.00	02/23/06	02/20/36	1,727,432.44	1,699,532.40			(71,036.27)		1,656,396.17	1,599,178.28	(29,317.85)	0.00
GNMA	2004 A/B Single Family	5.00	05/11/06	05/20/36	474,249.13	465,429.76			(1,650.65)		472,598.48	455,121.83	(8,657.28)	0.00
GNMA	2004 A/B Single Family	5.00	05/11/06	05/20/36	657,123.01	646,554.76			(2,245.65)		654,877.36	632,299.59	(12,009.52)	0.00
GNMA	2004 A/B Single Family	5.00	05/18/06	05/20/36	976,139.21	957,992.24			(3,351.54)		972,787.67	936,819.73	(17,820.97)	0.00
GNMA	2004 A/B Single Family	5.00	03/16/06	03/20/36	1,558,527.44	1,529,467.10			(6,141.11)		1,552,386.33	1,494,903.77	(28,422.22)	0.00
GNMA	2004 A/B Single Family	4.49	03/23/06	02/20/36	296,386.00	282,533.97			(1,171.52)		295,214.48	276,211.61	(5,150.84)	0.00
GNMA	2004 A/B Single Family	5.00	03/23/06	03/20/36	1,610,650.06	1,584,676.17			(6,828.89)		1,603,821.17	1,548,458.48	(29,388.80)	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	175,075.83	168,946.75			(2,822.41)		172,253.42	163,143.10	(2,981.24)	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	1,311,500.24	1,290,358.37			(5,236.21)		1,306,264.03	1,261,180.42	(23,941.74)	0.00
GNMA	2004 A/B Single Family	5.00	04/06/06	04/20/36	1,480,968.60	1,453,382.32			(5,243.06)		1,475,725.54	1,421,108.88	(27,030.38)	0.00
GNMA	2004 A/B Single Family	5.00	04/13/06	04/20/36	810,517.29	797,461.92			(3,223.90)		807,293.39	779,441.19	(14,796.83)	0.00
GNMA	2004 A/B Single Family	5.00	04/20/06	04/20/36	233,518.58	225,339.06			(844.28)		232,674.30	220,364.01	(4,130.77)	0.00
GNMA	2004 A/B Single Family	5.00	04/20/06	04/20/36	1,805,907.60	1,776,829.76			(6,940.35)		1,798,967.25	1,736,912.08	(32,977.33)	0.00
GNMA	2004 A/B Single Family	5.00	04/27/06	04/20/36	1,510,215.70	1,482,111.53			(5,557.77)		1,504,657.93	1,448,996.77	(27,556.99)	0.00
GNMA	2004 A/B Single Family	5.00	05/05/06	05/20/36	1,469,632.70	1,445,988.39			(5,277.98)		1,464,354.72	1,413,861.96	(26,848.45)	0.00
GNMA	2004 A/B Single Family	5.00	05/05/06	05/20/36	188,123.51	181,531.36			(1,430.35)		186,693.16	176,813.01	(3,288.00)	0.00
GNMA	2004 A/B Single Family	4.49	05/25/06	04/20/36	62,413.79	59,500.16			(233.72)		62,180.07	58,180.85	(1,085.59)	0.00
GNMA	2004 A/B Single Family	5.00	05/25/06	05/20/36	884,791.07	868,347.59			(3,007.09)		881,783.98	849,185.98	(16,154.52)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	5.00	05/25/06	05/20/36	144,590.66	139,521.48			(986.64)		143,604.02	136,001.80	(2,533.04)	0.00
GNMA	2004 A/B Single Family	5.00	06/01/06	05/20/36	1,079,075.40	1,061,740.33			(3,705.96)		1,075,369.44	1,038,313.49	(19,720.88)	0.00
GNMA	2004 A/B Single Family	5.00	06/08/06	06/20/36	608,786.34	599,009.96			(2,219.32)		606,567.02	585,669.58	(11,121.06)	0.00
GNMA	2004 A/B Single Family	5.00	06/15/06	05/20/36	228,882.99	220,375.10			(818.40)		228,064.59	215,522.28	(4,034.42)	0.00
GNMA	2004 A/B Single Family	5.00	06/15/06	06/20/36	1,097,052.24	1,076,684.62			(3,745.91)		1,093,306.33	1,052,908.90	(20,029.81)	0.00
GNMA	2004 A/B Single Family	5.00	06/27/06	06/20/36	1,192,156.75	1,173,032.27			(4,426.08)		1,187,730.67	1,146,829.49	(21,776.70)	0.00
GNMA	2004 A/B Single Family	5.00	06/27/06	06/20/36	271,207.98	261,691.72			(1,019.46)		270,188.52	255,877.22	(4,795.04)	0.00
GNMA	2004 A/B Single Family	5.00	07/06/06	07/20/36	1,646,982.90	1,620,575.26			(6,309.69)		1,640,673.21	1,584,188.75	(30,076.82)	0.00
GNMA	2004 A/B Single Family	4.49	07/06/06	06/20/36	300,687.99	286,662.11			(1,257.86)		299,430.13	280,182.49	(5,221.76)	0.00
GNMA	2004 A/B Single Family	5.00	07/13/06	06/20/36	509,770.77	501,600.17			(2,046.90)		507,723.87	490,246.62	(9,306.65)	0.00
GNMA	2004 A/B Single Family	5.00	07/19/06	07/20/36	1,145,505.22	1,127,151.90			(3,936.68)		1,141,568.54	1,102,279.30	(20,935.92)	0.00
GNMA	2004 A/B Single Family	5.00	07/19/06	06/20/36	68,605.38	66,196.81			(248.57)		68,356.81	64,734.82	(1,213.42)	0.00
GNMA	2004 A/B Single Family	5.00	07/27/06	07/20/36	505,500.06	496,133.60			(1,939.27)		503,560.79	484,972.45	(9,221.88)	0.00
GNMA	2004 A/B Single Family	5.00	08/09/06	08/20/36	673,069.49	662,298.26			(77,311.76)		595,757.73	575,264.63	(9,721.87)	0.00
GNMA	2004 A/B Single Family	5.00	08/16/06	06/20/36	62,386.47	60,194.68			(244.41)		62,142.06	58,847.91	(1,102.36)	0.00
GNMA	2004 A/B Single Family	5.00	08/23/06	08/20/36	1,004,300.00	988,240.00			(3,773.26)		1,000,526.74	966,121.93	(18,344.81)	0.00
GNMA	2004 A/B Single Family	5.00	09/06/06	08/20/36	943,594.99	926,144.69			(3,289.62)		940,305.37	905,628.04	(17,227.03)	0.00
GNMA	2004 A/B Single Family	5.00	09/12/06	08/20/36	607,051.87	597,354.62			(2,066.10)		604,985.77	584,192.35	(11,096.17)	0.00
GNMA	2004 A/B Single Family	4.49	09/20/06	08/20/36	125,618.96	119,767.44			(463.59)		125,155.37	117,118.19	(2,185.66)	0.00
GNMA	2004 A/B Single Family	5.00	09/20/06	08/20/36	65,990.41	62,766.86			(280.58)		65,709.83	61,349.30	(1,136.98)	0.00
GNMA	2004 A/B Single Family	5.00	09/20/06	08/20/36	576,816.62	566,156.16			(1,928.73)		574,887.89	553,693.42	(10,534.01)	0.00
GNMA	2004 A/B Single Family	5.00	09/26/06	09/20/36	232,177.88	228,471.99			(972.43)		231,205.45	223,261.82	(4,237.74)	0.00
GNMA	2004 A/B Single Family	5.00	10/17/06	10/20/36	931,803.97	916,948.64			(8,929.66)		922,874.31	891,183.82	(16,835.16)	0.00
GNMA	2004 A/B Single Family	5.00	11/14/06	10/20/36	953,774.09	938,591.25			(3,440.67)		950,333.42	917,722.25	(17,428.33)	0.00
GNMA	2004 A/B Single Family	4.49	11/14/06	10/20/36	193,884.39	184,862.12			(881.00)		193,003.39	180,618.10	(3,363.02)	0.00
GNMA	2004 A/B Single Family	5.00	11/14/06	10/20/36	67,195.52	64,829.33			(354.97)		66,840.55	63,292.00	(1,182.36)	0.00
GNMA	2004 A/B Single Family	5.00	11/28/06	11/20/36	563,759.40	554,792.37			(2,083.15)		561,676.25	542,409.17	(10,300.05)	0.00
GNMA	2004 A/B Single Family	5.00	12/12/06	11/20/36	309,238.66	304,323.66			(1,433.84)		307,804.82	297,249.85	(5,639.97)	0.00
GNMA	2004 A/B Single Family	5.00	01/09/07	12/20/36	109,797.17	108,054.80			(357.26)		109,439.91	105,689.76	(2,007.78)	0.00
GNMA	2004 A/B Single Family	5.00	01/09/07	08/20/36	74,353.69	71,731.74			(260.24)		74,093.45	70,156.30	(1,315.20)	0.00
GNMA	2004 A/B Single Family	5.00	02/13/07	01/20/37	429,351.29	422,564.58			(1,401.78)		427,949.51	413,173.11	(7,989.69)	0.00
GNMA	2004 A/B Single Family	5.00	03/20/07	03/20/36			83,164.47				83,164.47	80,319.65	(2,844.82)	0.00
GNMA	2004 A/B Single Family	5.00	04/10/07	02/20/37			203,609.04				203,609.04	196,588.48	(7,020.56)	0.00
GNMA	2004 A/B Single Family	5.00	05/08/07	04/20/37			73,437.79				73,437.79	69,507.32	(3,930.47)	0.00
FNMA	2004 A/B Single Family	4.49	08/05/04	07/01/34	451,980.37	428,811.59			(5,151.68)		446,828.69	414,990.11	(8,669.80)	0.00
FNMA	2004 A/B Single Family	4.49	08/12/04	08/01/34	352,152.64	334,102.43			(2,779.64)		349,373.00	324,480.21	(6,842.58)	0.00
FNMA	2004 A/B Single Family	4.49	08/26/04	08/01/34	336,070.67	318,846.70			(1,958.48)		334,112.19	310,308.30	(6,579.92)	0.00
FNMA	2004 A/B Single Family	4.49	09/02/04	08/01/34	242,288.23	229,871.40			(1,025.13)		241,263.10	224,074.94	(4,771.33)	0.00
FNMA	2004 A/B Single Family	4.49	10/28/04	10/01/34	292,796.51	277,797.91			(1,230.70)		291,565.81	270,800.48	(5,766.73)	0.00
FNMA	2004 A/B Single Family	5.00	10/28/04	10/01/34	250,747.40	244,962.15			(966.11)		249,781.29	239,322.28	(4,673.76)	0.00
FNMA	2004 A/B Single Family	4.49	11/10/04	10/01/34	367,753.28	348,917.11			(1,930.71)		365,822.57	339,770.38	(7,216.02)	0.00
FNMA	2004 A/B Single Family	5.00	11/23/04	11/01/34	274,011.56	267,692.78			(1,053.02)		272,958.54	261,532.19	(5,107.57)	0.00
FNMA	2004 A/B Single Family	4.49	02/10/05	01/01/35	154,414.20	146,318.72			(877.75)		153,536.45	142,477.09	(2,963.88)	0.00
FNMA	2004 A/B Single Family	5.00	02/10/05	02/01/35	451,577.64	441,179.21			(65,926.29)		385,651.35	369,520.53	(5,732.39)	0.00
FNMA	2004 A/B Single Family	5.00	03/29/05	04/01/35	228,162.67	222,693.48			(1,776.43)		226,386.24	216,771.36	(4,145.69)	0.00
FNMA	2004 A/B Single Family	4.49	04/21/05	04/01/35	346,210.58	328,070.01			(1,605.24)		344,605.34	319,793.07	(6,671.70)	0.00
FNMA	2004 A/B Single Family	4.49	06/10/05	05/01/35	279,660.46	265,012.55			(1,144.19)		278,516.27	258,468.00	(5,400.36)	0.00
FNMA	2004 A/B Single Family	5.00	06/29/05	06/01/35	291,638.74	284,659.14			(1,108.07)		290,530.67	278,202.40	(5,348.67)	0.00
FNMA	2004 A/B Single Family	4.49	07/14/05	04/01/35	161,165.49	152,726.04			(652.12)		160,513.37	148,961.18	(3,112.74)	0.00
FNMA	2004 A/B Single Family	5.00	07/14/05	07/01/35	74,456.90	72,675.48			(270.86)		74,186.04	71,038.56	(1,366.06)	0.00
FNMA	2004 A/B Single Family	5.00	09/22/05	09/01/35	358,246.39	349,685.71			(1,345.49)		356,900.90	341,769.01	(6,571.21)	0.00
FNMA	2004 A/B Single Family	4.49	10/06/05	09/01/35	394,483.04	373,840.16			(1,733.35)		392,749.69	364,497.30	(7,609.51)	0.00
FNMA	2004 A/B Single Family	5.00	10/20/05	09/01/35	324,943.10	317,182.06			(1,168.36)		323,774.74	310,051.07	(5,962.63)	0.00
FNMA	2004 A/B Single Family	5.00	11/17/05	10/01/35	317,293.13	309,718.54			(1,417.47)		315,875.66	302,490.44	(5,810.63)	0.00
FNMA	2004 A/B Single Family	5.00	12/15/05	12/01/35	301,783.55	294,583.06			(1,185.41)		300,598.14	287,864.07	(5,533.58)	0.00
FNMA	2004 A/B Single Family	4.49	12/29/05	12/01/35	409,916.81	388,480.74			(2,165.44)		407,751.37	378,433.91	(7,881.39)	0.00
FNMA	2004 A/B Single Family	5.00	12/29/05	12/01/35	986,148.13	962,624.65			(3,834.65)		982,313.48	940,705.95	(18,084.05)	0.00
FNMA	2004 A/B Single Family	5.00	01/12/06	01/01/36	356,652.09	348,146.65			(2,035.55)		354,616.54	339,598.21	(6,512.89)	0.00
FNMA	2004 A/B Single Family	5.00	01/12/06	12/01/35	126,303.76	120,953.24			(468.49)		125,835.27	118,240.10	(2,244.65)	0.00
FNMA	2004 A/B Single Family	5.00	01/26/06	01/01/36	485,460.85	473,886.43			(1,848.08)		483,612.77	463,134.13	(8,904.22)	0.00
FNMA	2004 A/B Single Family	5.00	02/09/06	01/01/36	397,343.88	387,509.45			(1,717.26)		395,626.62	378,470.66	(7,321.53)	0.00
FNMA	2004 A/B Single Family	5.00	02/16/06	02/01/36	540,836.18	527,451.84			(2,000.08)		538,836.10	515,471.56	(9,980.20)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
FNMA	2004 A/B Single Family	5.00	02/23/06	02/01/36	1,122,159.35	1,094,392.01			(9,969.32)		1,112,190.03	1,063,967.43	(20,455.26)	0.00
FNMA	2004 A/B Single Family	5.00	03/09/06	02/01/36	655,714.82	640,092.75			(61,042.42)		594,672.40	569,501.22	(9,549.11)	0.00
FNMA	2004 A/B Single Family	5.00	03/16/06	03/01/36	990,614.90	966,112.27			(5,603.47)		985,011.43	942,312.53	(18,196.27)	0.00
FNMA	2004 A/B Single Family	5.00	03/23/06	03/01/36	495,426.63	483,173.34			(1,852.41)		493,574.22	472,179.40	(9,141.53)	0.00
FNMA	2004 A/B Single Family	5.00	03/30/06	03/01/36	638,899.10	623,099.22			(2,995.78)		635,903.32	608,340.84	(11,762.60)	0.00
FNMA	2004 A/B Single Family	5.00	04/13/06	03/01/36	218,635.75	213,230.20			(761.05)		217,874.70	208,432.43	(4,036.72)	0.00
FNMA	2004 A/B Single Family	5.00	04/20/06	04/01/36	310,437.21	302,763.18			(1,462.72)		308,974.49	295,585.32	(5,715.14)	0.00
FNMA	2004 A/B Single Family	5.00	04/27/06	03/01/36	311,720.98	298,192.97			(1,895.45)		309,825.53	290,771.73	(5,525.79)	0.00
FNMA	2004 A/B Single Family	5.00	05/05/06	04/01/36	285,736.53	278,674.78			(1,029.24)		284,707.29	272,371.36	(5,274.18)	0.00
FNMA	2004 A/B Single Family	5.00	05/11/06	05/01/36	257,226.15	250,869.77			(1,638.69)		255,587.46	244,513.99	(4,717.09)	0.00
FNMA	2004 A/B Single Family	5.00	06/27/06	06/01/36	530,165.53	517,074.87			(1,947.23)		528,218.30	505,343.10	(9,784.54)	0.00
FNMA	2004 A/B Single Family	5.00	07/06/06	05/01/36	65,307.78	62,467.59			(235.02)		65,072.76	61,065.05	(1,167.52)	0.00
FNMA	2004 A/B Single Family	5.00	08/09/06	07/01/36	265,539.91	258,988.24			(903.08)		264,636.83	253,181.21	(4,903.95)	0.00
FNMA	2004 A/B Single Family	4.49	08/23/06	06/01/36	78,254.47	74,143.12			(294.51)		77,959.96	72,315.03	(1,533.58)	0.00
FNMA	2004 A/B Single Family	5.00	09/20/06	07/01/36	196,859.47	192,005.82			(1,375.73)		195,483.74	187,025.01	(3,605.08)	0.00
FNMA	2004 A/B Single Family	5.00	10/17/06	09/01/36	534,527.35	521,354.65			(4,573.44)		529,953.91	507,028.50	(9,752.71)	0.00
FNMA	2004 A/B Single Family	5.00	11/14/06	08/01/36	62,779.07	60,038.03			(222.78)		62,556.29	58,692.98	(1,122.27)	0.00
FNMA	2004 A/B Single Family	5.00	11/28/06	10/01/36	203,247.38	198,242.21			(682.64)		202,564.74	193,805.45	(3,754.12)	0.00
FNMA	2004 A/B Single Family	5.00	12/27/06	11/01/36	368,859.04	359,780.22			(1,306.72)		367,552.32	351,662.88	(6,810.62)	0.00
FNMA	2004 A/B Single Family	5.00	02/13/07	02/01/37	487,291.76	475,307.47			(1,609.47)		485,682.29	464,696.31	(9,001.69)	0.00
FNMA	2004 A/B Single Family	5.00	03/20/07	01/01/37			153,830.20				153,830.20	144,213.97	(9,616.23)	0.00
FNMA	2004 A/B Single Family	5.00	04/10/07	03/01/37			59,485.97				59,485.97	56,881.14	(2,604.83)	0.00
FNMA	2004 A/B Single Family	5.00	05/08/07	02/01/37			73,118.45				73,118.45	69,914.00	(3,204.45)	0.00
FNMA	2004 A/B Single Family	4.49	05/22/07	04/01/37			237,416.83				237,416.83	220,241.21	(17,175.62)	0.00
Repo Agmt	2004 A/B Single Family	5.28	05/31/07	06/01/07	2,667,818.75	2,667,818.75		(883,427.50)			1,784,391.25	1,784,391.25	-	0.00
	2004 A/B Single Family Total				174,224,417.69	168,988,416.22	4,495,430.81	(6,966,966.44)	(2,322,257.45)	0.00	169,430,624.61	161,299,216.09	(2,895,407.05)	0.00
Repo Agmt	2004 CDEF Single Family	5.28	05/31/07	06/01/07	454.97	454.97	6.44				461.41	461.41	-	0.00
Repo Agmt	2004 CDEF Single Family	5.28	05/31/07	06/01/07	695,035.69	695,035.69	9,344.28				704,379.97	704,379.97	-	0.00
Repo Agmt	2004 CDEF Single Family	5.28	05/31/07	06/01/07	3,769,081.10	3,769,081.10		(3,739,729.80)			29,351.30	29,351.30	-	0.00
Repo Agmt	2004 CDEF Single Family	5.28	05/31/07	06/01/07	0.34	0.34	0.00				0.34	0.34	-	0.00
GIC's	2004 CDEF Single Family	3.80	12/16/04	03/01/36	101,275.82	101,275.82	3,189,303.08				3,290,578.90	3,290,578.90	-	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	07/20/35	26,761.55	25,487.05			(109.32)		26,652.23	24,913.24	(464.49)	0.00
GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	17,467.69	16,636.13			(68.57)		17,399.12	16,264.21	(303.35)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	40,636.80	38,704.68			(159.46)		40,477.34	37,839.47	(705.75)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	27,203.30	25,909.88			(2,247.25)		24,956.05	23,329.67	(332.96)	0.00
GNMA	2004 CDEF Single Family	4.49	09/29/05	09/20/35	146,707.35	139,727.86			(614.62)		146,092.73	136,567.78	(2,545.46)	0.00
GNMA	2004 CDEF Single Family	4.49	10/06/05	09/20/35	47,892.48	45,614.34			(198.82)		47,693.66	44,584.44	(831.08)	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/05	10/20/35	32,763.57	31,205.57			(140.59)		32,622.98	30,496.75	(568.23)	0.00
GNMA	2004 CDEF Single Family	4.49	12/08/05	12/20/35	24,913.05	23,729.61			(95.76)		24,817.29	23,201.01	(432.84)	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/05	12/20/35	37,167.17	35,496.96			(144.78)		37,022.39	34,704.31	(647.87)	0.00
GNMA	2004 CDEF Single Family	4.49	11/03/05	11/20/35	8,592.64	8,206.15			(38.53)		8,554.11	8,018.16	(149.46)	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/05	11/20/35	46,376.69	44,291.02			(208.53)		46,168.16	43,275.82	(806.67)	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/05	11/20/35	30,550.73	29,098.84			(127.95)		30,422.78	28,440.77	(530.12)	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/05	11/20/35	21,350.73	20,336.16			(90.36)		21,260.37	19,875.39	(370.41)	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/05	11/20/35	24,056.80	22,975.36			(113.68)		23,943.12	22,443.57	(418.11)	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/05	12/20/35	35,945.84	34,330.75			(151.66)		35,794.18	33,553.23	(625.86)	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/05	12/20/35	59,855.50	57,013.45			(264.37)		59,591.13	55,711.31	(1,037.77)	0.00
GNMA	2004 CDEF Single Family	4.49	01/05/06	01/20/36	38,438.19	36,602.10			(2,780.23)		35,657.96	33,326.18	(495.69)	0.00
GNMA	2004 CDEF Single Family	4.49	01/12/06	01/20/36	41,032.72	39,179.20			(157.42)		40,875.30	38,306.35	(715.43)	0.00
GNMA	2004 CDEF Single Family	4.49	03/09/06	02/20/36	33,029.06	31,453.42			(137.26)		32,891.80	30,742.93	(573.23)	0.00
GNMA	2004 CDEF Single Family	4.49	03/02/06	02/20/36	40,483.19	38,551.67			(167.07)		40,316.12	37,681.93	(702.67)	0.00
GNMA	2004 CDEF Single Family	4.49	01/19/06	01/20/36	21,613.30	20,581.18			(200.55)		21,412.75	20,012.79	(367.84)	0.00
GNMA	2004 CDEF Single Family	4.49	01/26/06	01/20/36	29,373.46	27,970.96			(112.06)		29,261.40	27,348.48	(510.42)	0.00
GNMA	2004 CDEF Single Family	4.49	02/02/06	02/20/36	61,433.52	58,500.70			(243.15)		61,190.37	57,190.67	(1,066.88)	0.00
GNMA	2004 CDEF Single Family	4.49	02/09/06	02/20/36	28,524.34	27,162.81			(129.64)		28,394.70	26,538.89	(494.28)	0.00
GNMA	2004 CDEF Single Family	4.49	02/16/06	02/20/36	36,832.27	35,074.42			(214.81)		36,617.46	34,224.47	(635.14)	0.00
GNMA	2004 CDEF Single Family	4.49	02/23/06	02/20/36	40,224.89	38,305.44			(168.32)		40,056.57	37,439.09	(698.03)	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	04/20/36	19,412.53	18,487.70			(77.50)		19,335.03	18,073.04	(337.16)	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	05/20/36	8,813.03	8,415.99			(42.06)		8,770.97	8,220.76	(153.17)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	05/20/36	26,601.21	25,334.09			(119.18)		26,482.03	24,753.77	(461.14)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	05/20/36	9,529.07	9,099.84			(45.68)		9,483.39	8,888.57	(165.59)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	4.49	03/16/06	03/20/36	19,011.42	18,153.85			(76.62)		18,934.80	17,745.97	(331.26)	0.00
GNMA	2004 CDEF Single Family	4.49	03/23/06	03/20/36	48,999.08	46,662.28			(206.57)		48,792.51	45,605.49	(850.22)	0.00
GNMA	2004 CDEF Single Family	4.49	03/30/06	03/20/36	26,833.59	25,554.07			(112.10)		26,721.49	24,976.30	(465.67)	0.00
GNMA	2004 CDEF Single Family	4.49	04/06/06	03/20/36	40,286.20	38,365.47			(240.24)		40,045.96	37,430.82	(694.41)	0.00
GNMA	2004 CDEF Single Family	4.49	04/13/06	03/20/36	24,038.64	22,892.72			(104.50)		23,934.14	22,371.33	(416.89)	0.00
GNMA	2004 CDEF Single Family	4.49	04/20/06	04/20/36	45,743.23	43,563.00			(184.08)		45,559.15	42,584.64	(794.28)	0.00
GNMA	2004 CDEF Single Family	4.49	04/27/06	04/20/36	19,202.57	18,287.47			(82.13)		19,120.44	17,872.20	(333.14)	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/06	04/20/36	35,988.79	34,367.21			(171.67)		35,817.12	33,570.07	(625.47)	0.00
GNMA	2004 CDEF Single Family	4.49	05/25/06	05/20/36	25,072.88	23,878.74			(94.23)		24,978.65	23,348.67	(435.84)	0.00
GNMA	2004 CDEF Single Family	4.49	06/01/06	06/20/36	29,194.56	27,879.94			(108.88)		29,085.68	27,261.78	(509.28)	0.00
GNMA	2004 CDEF Single Family	4.49	06/08/06	06/20/36	36,687.92	34,941.13			(190.85)		36,497.07	34,116.02	(634.26)	0.00
GNMA	2004 CDEF Single Family	4.49	06/15/06	06/20/36	25,310.90	24,171.50			(100.90)		25,210.00	23,629.46	(441.14)	0.00
GNMA	2004 CDEF Single Family	4.49	06/27/06	06/20/36	43,447.94	41,492.61			(207.81)		43,240.13	40,529.68	(755.12)	0.00
GNMA	2004 CDEF Single Family	4.49	07/06/06	07/20/36	18,374.84	17,548.07			(70.22)		18,304.62	17,157.39	(320.46)	0.00
GNMA	2004 CDEF Single Family	4.49	07/13/06	06/20/36	32,166.91	30,719.76			(133.86)		32,033.05	30,025.59	(560.31)	0.00
GNMA	2004 CDEF Single Family	4.49	07/19/06	06/20/36	41,652.31	39,670.83			(158.51)		41,493.80	38,788.36	(723.96)	0.00
GNMA	2004 CDEF Single Family	4.49	07/27/06	07/20/36	26,597.80	25,401.58			(99.94)		26,497.86	24,837.68	(463.96)	0.00
GNMA	2004 CDEF Single Family	4.49	08/02/06	08/20/36	19,281.04	18,414.04			(78.48)		19,202.56	17,999.60	(335.96)	0.00
GNMA	2004 CDEF Single Family	4.49	08/09/06	08/20/36	41,821.12	39,940.82			(199.41)		41,621.71	39,014.53	(726.88)	0.00
GNMA	2004 CDEF Single Family	4.49	08/16/06	07/20/36	23,940.64	22,802.43			(94.40)		23,846.24	22,292.10	(415.93)	0.00
GNMA	2004 CDEF Single Family	4.49	08/23/06	07/20/36	17,198.32	16,425.31			(91.70)		17,106.62	16,035.28	(298.33)	0.00
GNMA	2004 CDEF Single Family	4.49	09/06/06	08/20/36	21,666.10	20,692.57			(88.86)		21,577.24	20,226.20	(377.51)	0.00
GNMA	2004 CDEF Single Family	4.49	09/12/06	08/20/36	11,440.41	10,926.43			(44.35)		11,396.06	10,682.58	(199.50)	0.00
GNMA	2004 CDEF Single Family	4.49	09/26/06	09/20/36	13,380.59	12,779.64			(51.46)		13,329.13	12,494.83	(233.35)	0.00
GNMA	2004 CDEF Single Family	4.49	10/17/06	10/20/36	26,488.26	25,299.18			(140.05)		26,348.21	24,699.56	(459.57)	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/06	10/20/36	22,654.94	21,638.59			(82.89)		22,572.05	21,160.30	(395.40)	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/06	10/20/36	4,856.64	4,638.82			(17.62)		4,839.02	4,536.42	(84.78)	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/06	10/20/36	5,572.81	5,322.96			(30.59)		5,542.22	5,195.73	(96.64)	0.00
GNMA	2004 CDEF Single Family	4.49	01/16/07	12/20/36	5,497.85	5,251.55			(19.66)		5,478.19	5,135.90	(95.99)	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/07	12/20/36	2,882.09	2,753.04			(10.75)		2,871.34	2,692.11	(50.18)	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/07	01/20/37	6,976.40	6,664.49			(29.46)		6,946.94	6,512.72	(122.31)	0.00
GNMA	2004 CDEF Single Family	4.49	02/20/07	02/20/37	5,088.03	4,860.59			(18.15)		5,069.88	4,753.02	(89.42)	0.00
GNMA	2004 CDEF Single Family	4.49	03/20/07	01/20/37			4,947.34				4,947.34	4,638.28	(309.06)	0.00
GNMA	2004 CDEF Single Family	4.49	04/24/07	03/20/37			11,656.58				11,656.58	10,928.81	(727.77)	0.00
GNMA	2004 CDEF Single Family	4.49	04/10/07	02/20/37			5,985.69				5,985.69	5,611.89	(373.80)	0.00
GNMA	2004 CDEF Single Family	4.49	05/22/07	04/20/37			8,567.60				8,567.60	8,011.01	(556.59)	0.00
FNMA	2004 CDEF Single Family	4.49	10/20/05	10/01/35	5,662.96	5,367.95			(34.79)		5,628.17	5,224.60	(108.56)	0.00
FNMA	2004 CDEF Single Family	4.49	11/10/05	11/01/35	5,472.64	5,187.61			(2,831.92)		2,640.72	2,451.40	95.71	0.00
FNMA	2004 CDEF Single Family	4.49	12/15/05	12/01/35	6,605.36	6,261.42			(26.66)		6,578.70	6,107.11	(127.65)	0.00
FNMA	2004 CDEF Single Family	4.49	01/05/06	12/01/35	7,710.50	7,309.09			(34.60)		7,675.90	7,125.73	(148.76)	0.00
FNMA	2004 CDEF Single Family	4.49	02/09/06	02/01/36	4,646.01	4,402.62			(21.60)		4,624.41	4,290.25	(90.77)	0.00
FNMA	2004 CDEF Single Family	4.49	02/23/06	01/01/36	5,429.14	5,144.76			(20.87)		5,408.27	5,017.47	(106.42)	0.00
FNMA	2004 CDEF Single Family	4.49	03/16/06	03/01/36	8,583.52	8,133.98			(45.36)		8,538.16	7,921.30	(167.32)	0.00
FNMA	2004 CDEF Single Family	4.49	04/06/06	03/01/36	5,880.11	5,572.20			(22.41)		5,857.70	5,434.53	(115.26)	0.00
FNMA	2004 CDEF Single Family	4.49	04/20/06	04/01/36	8,296.71	7,862.32			(32.36)		8,264.35	7,667.38	(162.58)	0.00
FNMA	2004 CDEF Single Family	4.49	05/11/06	04/01/36	6,515.96	6,174.86			(28.08)		6,487.88	6,019.28	(127.50)	0.00
FNMA	2004 CDEF Single Family	4.49	06/08/06	04/01/36	6,112.17	5,792.28			(29.97)		6,082.20	5,642.98	(119.33)	0.00
FNMA	2004 CDEF Single Family	4.49	06/27/06	06/01/36	6,296.48	5,967.00			(23.93)		6,272.55	5,819.64	(123.43)	0.00
FNMA	2004 CDEF Single Family	4.49	07/13/06	06/01/36	7,768.67	7,362.20			(33.00)		7,735.67	7,177.17	(152.03)	0.00
FNMA	2004 CDEF Single Family	4.49	07/19/06	07/01/36	11,816.86	11,198.62			(44.42)		11,772.44	10,922.54	(231.66)	0.00
FNMA	2004 CDEF Single Family	4.49	08/02/06	07/01/36	10,655.70	10,098.29			(40.57)		10,615.13	9,848.85	(208.87)	0.00
FNMA	2004 CDEF Single Family	4.49	08/09/06	07/01/36	7,999.44	7,580.99			(30.00)		7,969.44	7,394.16	(156.83)	0.00
FNMA	2004 CDEF Single Family	4.49	09/12/06	08/01/36	6,192.74	5,868.90			(23.03)		6,169.71	5,724.43	(121.44)	0.00
FNMA	2004 CDEF Single Family	4.49	10/17/06	09/01/36	5,837.06	5,531.90			(36.99)		5,800.07	5,381.55	(113.36)	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/06	10/01/36	8,760.53	8,302.63			(32.09)		8,728.44	8,098.72	(171.82)	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/06	10/01/36	6,233.54	5,907.76			(23.44)		6,210.10	5,762.09	(122.23)	0.00
FNMA	2004 CDEF Single Family	4.49	12/12/06	11/01/36	8,262.02	7,852.44			(32.45)		8,229.57	7,688.09	(131.90)	0.00
FNMA	2004 CDEF Single Family	4.49	01/30/07	11/01/36	1,232.31	1,167.94			(6.86)		1,225.45	1,163.25	2.17	0.00
FNMA	2004 CDEF Single Family	4.49	02/13/07	01/01/37	1,287.50	1,220.21			(4.74)		1,282.76	1,215.34	(0.13)	0.00
FNMA	2004 CDEF Single Family	4.49	03/20/07	02/01/37			3,612.82				3,612.82	3,420.18	(192.64)	0.00
FNMA	2004 CDEF Single Family	4.49	04/10/07	01/01/37			4,864.77				4,864.77	4,514.11	(350.66)	0.00
FNMA	2004 CDEF Single Family	4.49	04/24/07	04/01/37			8,236.92				8,236.92	7,782.03	(454.89)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
FNMA	2004 CDEF Single Family	4.49	05/22/07	04/01/37			4,992.33				4,992.33	4,632.58	(359.75)	0.00
Inv Agmt	2004 CDEF Single Family	3.80	10/28/04	03/01/36	1,562,432.42	1,562,432.42	0.00				1,562,432.42	1,562,432.42	-	0.00
FNMA	2004 CDEF Single Family	6.10	06/30/94	06/01/24	162,032.44	166,080.12			(1,802.47)		160,229.97	163,577.47	(700.18)	0.00
FNMA	2004 CDEF Single Family	6.90	08/17/94	08/01/24	266,358.91	276,663.67			(3,392.02)		262,966.89	274,507.29	1,235.64	0.00
FNMA	2004 CDEF Single Family	6.97	08/17/94	07/01/24	380,788.77	396,109.48			(3,444.35)		377,344.42	394,510.63	1,845.50	0.00
FNMA	2004 CDEF Single Family	7.06	08/17/94	07/01/24	144,246.19	149,482.24			(1,068.44)		143,177.75	148,837.22	423.42	0.00
FNMA	2004 CDEF Single Family	6.90	05/26/95	01/01/25	69,115.68	72,062.01			(509.73)		68,605.95	71,887.93	335.65	0.00
FNMA	2004 CDEF Single Family	7.10	08/15/95	05/01/25	55,237.79	57,677.59			(1,788.87)		53,448.92	55,982.06	93.34	0.00
GNMA	2004 CDEF Single Family	6.10	06/30/94	06/20/24	1,851,947.28	1,883,706.65			(112,914.18)		1,739,033.10	1,767,687.07	(3,105.40)	0.00
GNMA	2004 CDEF Single Family	6.90	08/17/94	08/20/24	1,123,294.85	1,169,390.42			(13,069.91)		1,110,224.94	1,159,110.77	2,790.26	0.00
GNMA	2004 CDEF Single Family	6.97	08/17/94	08/20/24	921,788.24	961,662.62			(71,941.64)		849,846.60	889,069.89	(651.09)	0.00
GNMA	2004 CDEF Single Family	7.06	08/17/94	08/20/24	278,250.82	286,953.09			(5,129.67)		273,121.15	283,351.83	1,528.41	0.00
GNMA	2004 CDEF Single Family	6.10	01/27/95	10/20/24	336,728.31	342,751.21			(39,096.89)		297,631.42	302,752.34	(901.98)	0.00
GNMA	2004 CDEF Single Family	6.97	02/16/95	12/20/24	517,642.89	540,429.89			(4,202.33)		513,440.56	537,525.48	1,297.92	0.00
GNMA	2004 CDEF Single Family	6.90	03/30/95	02/20/25	128,904.14	134,332.28			(932.08)		127,972.06	133,747.18	346.98	0.00
GNMA	2004 CDEF Single Family	7.06	03/30/95	12/20/24	81,874.18	84,447.63			(1,057.08)		80,817.10	83,857.13	466.58	0.00
GNMA	2004 CDEF Single Family	7.10	06/29/95	05/20/25	77,031.64	79,602.96			(541.33)		76,490.31	79,517.42	455.79	0.00
GNMA	2004 CDEF Single Family	7.06	08/15/95	06/20/25	33,506.83	34,586.34			(213.01)		33,293.82	34,574.41	201.08	0.00
GNMA	2004 CDEF Single Family	7.10	08/15/95	08/20/25	121,806.03	125,956.54			(1,452.82)		120,353.21	125,199.28	695.56	0.00
GNMA	2004 CDEF Single Family	4.49	02/24/05	02/20/35	2,591,276.19	2,467,429.31			(239,684.95)		2,351,591.24	2,197,767.69	(29,976.67)	0.00
GNMA	2004 CDEF Single Family	4.49	03/17/05	03/20/35	6,349,560.64	6,046,231.63			(455,968.68)		5,893,591.96	5,508,199.64	(82,063.31)	0.00
GNMA	2004 CDEF Single Family	4.49	03/24/05	03/20/35	2,277,267.90	2,168,494.39			(231,285.32)		2,045,982.58	1,912,205.71	(25,003.36)	0.00
GNMA	2004 CDEF Single Family	4.49	03/29/05	02/20/35	414,292.83	395,564.93			(2,032.09)		412,260.74	386,339.61	(7,193.23)	0.00
GNMA	2004 CDEF Single Family	4.49	04/07/05	04/20/35	2,593,120.20	2,469,299.99			(11,605.95)		2,581,514.25	2,412,760.60	(44,933.44)	0.00
GNMA	2004 CDEF Single Family	4.49	04/14/05	04/20/35	1,087,638.93	1,035,710.99			(4,521.99)		1,083,116.94	1,012,320.72	(18,868.28)	0.00
GNMA	2004 CDEF Single Family	4.49	04/21/05	04/20/35	744,865.41	711,212.84			(4,699.75)		740,165.66	693,646.25	(12,866.84)	0.00
GNMA	2004 CDEF Single Family	4.49	04/28/05	04/20/35	1,673,368.92	1,593,498.59			(6,871.04)		1,666,497.88	1,557,591.93	(29,035.62)	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/05	05/20/35	1,129,842.93	1,075,925.02			(4,768.62)		1,125,074.31	1,051,560.06	(19,596.34)	0.00
GNMA	2004 CDEF Single Family	4.49	05/12/05	05/20/35	226,020.42	215,813.97			(901.74)		225,118.68	210,974.67	(3,937.56)	0.00
GNMA	2004 CDEF Single Family	4.49	05/19/05	05/20/35	308,664.56	294,728.22			(1,395.82)		307,268.74	287,965.34	(5,367.06)	0.00
GNMA	2004 CDEF Single Family	4.49	07/14/05	07/20/35	2,207,708.29	2,108,155.04			(8,724.68)		2,198,983.61	2,060,960.83	(38,469.53)	0.00
GNMA	2004 CDEF Single Family	4.49	05/26/05	05/20/35	959,261.55	913,503.46			(129,885.32)		829,376.23	775,199.07	(8,419.07)	0.00
GNMA	2004 CDEF Single Family	4.49	06/02/05	06/20/35	1,082,938.31	1,031,290.05			(6,319.39)		1,076,618.92	1,006,300.34	(18,670.32)	0.00
GNMA	2004 CDEF Single Family	4.49	09/08/05	09/20/35	424,738.24	405,609.50			(1,670.57)		423,067.67	396,537.19	(7,401.74)	0.00
GNMA	2004 CDEF Single Family	4.49	09/15/05	09/20/35	329,832.77	314,980.48			(1,389.33)		328,443.44	307,848.69	(5,742.46)	0.00
GNMA	2004 CDEF Single Family	4.49	09/22/05	09/20/35	412,204.84	392,591.71			(1,604.15)		410,600.69	383,827.61	(7,159.95)	0.00
GNMA	2004 CDEF Single Family	4.49	07/21/05	07/20/35	533,751.40	508,321.05			(2,102.99)		531,648.41	496,949.30	(9,268.76)	0.00
GNMA	2004 CDEF Single Family	4.49	07/28/05	07/20/35	1,124,129.62	1,073,453.90			(140,684.12)		983,445.50	921,730.98	(11,038.80)	0.00
GNMA	2004 CDEF Single Family	4.49	08/04/05	07/20/35	497,167.69	474,758.75			(2,071.94)		495,095.75	464,030.11	(8,656.70)	0.00
GNMA	2004 CDEF Single Family	4.49	08/04/05	08/20/35	3,751,260.97	3,572,587.94			(16,021.89)		3,735,239.08	3,491,507.55	(65,058.50)	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	08/20/35	1,132,440.75	1,078,510.09			(6,004.26)		1,126,436.49	1,052,941.79	(19,564.04)	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	08/20/35	321,638.70	306,321.17			(1,291.48)		320,347.22	299,446.06	(5,583.63)	0.00
GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	592,741.45	564,523.94			(2,750.16)		589,991.29	551,507.72	(10,266.06)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	1,078,542.26	1,027,261.53			(142,126.33)		936,415.93	875,389.99	(9,745.21)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	342,188.77	325,918.94			(1,417.08)		340,771.69	318,563.70	(5,938.16)	0.00
GNMA	2004 CDEF Single Family	4.49	09/29/05	09/20/35	396,838.37	378,974.19			(1,873.92)		394,964.45	370,203.80	(6,896.47)	0.00
GNMA	2004 CDEF Single Family	4.49	10/06/05	10/20/35	407,703.43	389,353.30			(1,782.46)		405,920.97	380,476.91	(7,093.93)	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/05	10/20/35	1,098,859.43	1,049,416.26			(4,724.32)		1,094,135.11	1,025,566.73	(19,125.21)	0.00
GNMA	2004 CDEF Single Family	4.49	12/08/05	11/20/35	1,128,003.88	1,074,419.21			(4,941.10)		1,123,062.78	1,049,918.76	(19,559.35)	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/05	12/20/35	637,538.10	607,257.43			(2,540.37)		634,997.73	593,646.34	(11,070.72)	0.00
GNMA	2004 CDEF Single Family	4.49	11/03/05	11/20/35	1,044,716.50	995,053.10			(4,585.82)		1,040,130.68	972,353.54	(18,113.74)	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/05	10/20/35	1,187,674.72	1,131,222.27			(4,655.79)		1,183,018.93	1,105,937.58	(20,628.90)	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/05	11/20/35	749,641.07	714,014.96			(3,141.34)		746,499.73	697,866.08	(13,007.54)	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/05	11/20/35	1,096,658.96	1,044,546.41			(4,316.61)		1,092,342.35	1,021,182.60	(19,047.20)	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/05	11/20/35	669,790.94	637,967.39			(2,583.85)		667,207.09	623,746.83	(11,636.71)	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/05	12/20/35	914,790.68	871,347.65			(3,598.89)		911,191.79	851,860.46	(15,888.30)	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/05	12/20/35	913,170.81	869,811.81			(179,634.40)		733,536.41	685,777.82	(4,399.59)	0.00
GNMA	2004 CDEF Single Family	4.49	01/05/06	01/20/36	581,975.70	554,176.26			(2,219.38)		579,756.32	541,844.33	(10,112.55)	0.00
GNMA	2004 CDEF Single Family	4.49	01/12/06	01/20/36	531,647.25	506,255.45			(2,135.94)		529,511.31	494,888.49	(9,231.02)	0.00
GNMA	2004 CDEF Single Family	4.49	03/09/06	02/20/36	740,109.97	706,719.20			(2,805.63)		737,304.34	691,006.38	(12,907.19)	0.00
GNMA	2004 CDEF Single Family	4.49	03/02/06	02/20/36	443,421.44	423,413.06			(1,981.86)		441,439.58	413,717.10	(7,714.10)	0.00
GNMA	2004 CDEF Single Family	4.49	01/19/06	01/20/36	558,020.82	531,373.16			(2,389.79)		555,631.03	519,304.02	(9,679.35)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	4.49	01/26/06	01/20/36	716,728.16	682,506.44			(4,188.94)		712,539.22	665,958.30	(12,359.20)	0.00
GNMA	2004 CDEF Single Family	4.49	02/02/06	01/20/36	1,141,667.35	1,087,163.69			(4,661.15)		1,137,006.20	1,062,684.07	(19,818.47)	0.00
GNMA	2004 CDEF Single Family	4.49	02/09/06	02/20/36	1,230,269.35	1,171,545.27			(5,870.86)		1,224,398.49	1,144,374.24	(21,300.17)	0.00
GNMA	2004 CDEF Single Family	4.49	02/16/06	02/20/36	427,573.75	407,167.39			(1,627.63)		425,946.12	398,109.95	(7,429.81)	0.00
GNMA	2004 CDEF Single Family	4.49	02/23/06	02/20/36	393,290.92	375,541.90			(2,820.88)		390,470.04	365,945.86	(6,775.16)	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	05/20/36	853,358.35	812,704.16			(3,206.95)		850,151.40	794,663.55	(14,833.66)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	04/20/36	153,695.72	146,772.43			(591.05)		153,104.67	143,501.28	(2,680.10)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	04/20/36	252,029.56	240,676.77			(962.15)		251,067.41	235,319.37	(4,395.25)	0.00
GNMA	2004 CDEF Single Family	4.49	03/23/06	03/20/36	493,605.49	471,343.15			(1,879.31)		491,726.18	460,855.93	(8,607.91)	0.00
GNMA	2004 CDEF Single Family	4.49	04/06/06	03/20/36	206,118.03	196,824.59			(773.14)		205,344.89	192,456.39	(3,595.06)	0.00
GNMA	2004 CDEF Single Family	4.49	04/20/06	04/20/36	200,737.95	191,690.00			(769.40)		199,968.55	187,420.34	(3,500.26)	0.00
GNMA	2004 CDEF Single Family	4.49	04/27/06	04/20/36	585,609.54	559,218.61			(2,191.34)		583,418.20	546,812.05	(10,215.22)	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/06	04/20/36	596,681.84	569,796.53			(2,244.45)		594,437.39	557,144.36	(10,407.72)	0.00
GNMA	2004 CDEF Single Family	4.49	05/25/06	05/20/36	124,172.96	118,580.49			(3,554.23)		120,618.73	113,053.91	(1,972.35)	0.00
GNMA	2004 CDEF Single Family	4.49	06/01/06	05/20/36	647,578.48	616,740.78			(2,413.49)		645,164.99	603,069.63	(11,257.66)	0.00
GNMA	2004 CDEF Single Family	4.49	06/08/06	05/20/36	196,966.24	188,097.98			(742.97)		196,223.27	183,919.57	(3,435.44)	0.00
GNMA	2004 CDEF Single Family	4.49	06/15/06	06/20/36	232,066.06	221,619.26			(858.38)		231,207.68	216,712.12	(4,048.76)	0.00
GNMA	2004 CDEF Single Family	4.49	07/06/06	06/20/36	236,111.22	225,487.34			(124,512.04)		111,599.18	104,604.69	3,629.39	0.00
GNMA	2004 CDEF Single Family	4.49	07/13/06	06/20/36	369,648.85	353,018.91			(1,384.31)		368,264.54	345,185.98	(6,448.62)	0.00
GNMA	2004 CDEF Single Family	4.49	07/19/06	06/20/36	388,560.69	371,082.18			(1,795.71)		386,764.98	362,529.21	(6,757.26)	0.00
GNMA	2004 CDEF Single Family	4.49	07/27/06	07/20/36	440,870.11	421,042.42			(2,325.19)		438,544.92	411,068.65	(7,648.58)	0.00
GNMA	2004 CDEF Single Family	4.49	08/09/06	07/20/36	963,197.19	919,891.38			(139,287.45)		823,909.74	772,299.24	(8,304.69)	0.00
GNMA	2004 CDEF Single Family	4.49	08/16/06	06/20/36	204,859.41	195,650.02			(759.44)		204,099.97	191,316.11	(3,574.47)	0.00
GNMA	2004 CDEF Single Family	4.49	09/06/06	08/20/36	701,153.00	669,648.47			(2,824.00)		698,329.00	654,604.20	(12,220.27)	0.00
GNMA	2004 CDEF Single Family	4.49	09/12/06	09/20/36	219,222.39	209,373.67			(802.18)		218,420.21	204,745.61	(3,825.88)	0.00
GNMA	2004 CDEF Single Family	4.49	10/05/06	09/20/36	1,010,744.14	962,741.98			(4,048.10)		1,006,696.04	941,137.34	(17,556.54)	0.00
GNMA	2004 CDEF Single Family	4.49	11/02/06	10/20/36	1,056,797.54	1,009,374.28			(3,841.42)		1,052,956.12	987,086.78	(18,446.08)	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/06	10/20/36	422,319.48	403,373.41			(1,847.17)		420,472.31	394,174.18	(7,352.06)	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/06	11/20/36	547,911.40	523,334.74			(2,151.73)		545,759.67	511,629.67	(9,553.34)	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/06	11/20/36	523,567.24	500,086.09			(2,019.99)		521,547.25	488,934.88	(9,131.22)	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/06	11/20/36	560,793.91	535,651.33			(2,013.10)		558,780.81	523,847.64	(9,790.59)	0.00
GNMA	2004 CDEF Single Family	4.49	12/27/06	12/20/36	544,406.08	520,006.64			(2,009.33)		542,396.75	508,496.09	(9,501.22)	0.00
GNMA	2004 CDEF Single Family	4.49	01/09/07	12/20/36	404,952.16	386,807.91			(2,047.98)		402,904.18	377,727.38	(7,032.55)	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/07	12/20/36	237,093.16	226,475.03			(1,197.45)		235,895.71	221,159.91	(4,117.67)	0.00
FNMA	2004 CDEF Single Family	4.49	04/07/05	02/01/35	185,201.00	175,536.78			(1,397.26)		183,803.74	170,607.90	(3,531.62)	0.00
FNMA	2004 CDEF Single Family	4.49	05/27/05	04/01/35	266,485.67	252,585.92			(1,542.19)		264,943.48	245,928.04	(5,115.69)	0.00
FNMA	2004 CDEF Single Family	4.49	07/14/05	11/01/33	81,395.85	77,327.48			(1,424.63)		79,971.22	74,384.58	(1,518.27)	0.00
FNMA	2004 CDEF Single Family	4.49	12/08/05	11/01/35	358,776.44	340,093.27			(1,790.58)		356,985.86	331,394.35	(6,908.34)	0.00
FNMA	2004 CDEF Single Family	4.49	01/05/06	12/01/35	307,611.51	291,596.55			(1,803.29)		305,808.22	283,889.23	(5,904.03)	0.00
FNMA	2004 CDEF Single Family	4.49	01/12/06	11/01/35	112,259.55	106,415.38			(438.58)		111,820.97	103,806.34	(2,170.46)	0.00
FNMA	2004 CDEF Single Family	4.49	02/02/06	01/01/36	162,159.16	153,718.79			(1,230.93)		160,928.23	149,395.55	(3,092.31)	0.00
FNMA	2004 CDEF Single Family	4.49	04/20/06	04/01/36	256,179.90	242,766.77			(979.08)		255,200.82	236,766.71	(5,020.98)	0.00
FNMA	2004 CDEF Single Family	4.49	05/25/06	04/01/36	210,704.38	199,675.47			(800.49)		209,903.89	194,744.88	(4,130.10)	0.00
FNMA	2004 CDEF Single Family	4.49	07/06/06	05/01/36	130,220.44	123,406.66			(499.44)		129,721.00	120,355.00	(2,552.22)	0.00
FNMA	2004 CDEF Single Family	4.49	08/02/06	07/01/36	257,422.61	243,956.18			(3,365.26)		254,057.35	235,717.21	(4,873.71)	0.00
FNMA	2004 CDEF Single Family	4.49	09/12/06	08/01/36	308,229.63	292,110.93			(1,394.59)		306,835.04	284,690.07	(6,026.27)	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/06	01/01/36	387,411.46	367,161.95			(1,435.89)		385,975.57	358,128.58	(7,597.48)	0.00
FNMA	2004 CDEF Single Family	4.49	01/09/07	09/01/36	78,030.83	73,954.27			(287.30)		77,743.53	72,136.52	(1,530.45)	0.00
FNMA	2004 CDEF Single Family	4.49	01/30/07	01/01/37	157,542.19	149,306.88			(569.10)		156,973.09	145,653.51	(3,084.27)	0.00
Repo Agmt	2004 CDEF Single Family	5.28	05/31/07	06/01/07	1,544,950.18	1,544,950.18		(32,931.79)			1,512,018.39	1,512,018.39	-	0.00
	2004 CDEF Single Family Total				84,038,995.88	80,963,504.31	3,251,517.85	(3,772,661.59)	(2,289,619.71)	0.00	81,228,232.43	77,048,322.13	(1,104,418.73)	0.00
Repo Agmt	2005 BCD Single Family	5.28	05/31/07	06/01/07	505,948.36	505,948.36		(439,809.09)			66,139.27	66,139.27	-	0.00
Repo Agmt	2005 BCD Single Family	5.28	05/31/07	06/01/07	2,655,934.39	2,655,934.39		(1,400,364.46)			1,255,569.93	1,255,569.93	-	0.00
GNMA	2005 BCD Single Family	5.13	08/10/06	07/20/36	16,341.98	16,188.36			(74.45)		16,267.53	15,857.93	(255.98)	0.00
GNMA	2005 BCD Single Family	5.38	08/16/06	08/20/36	8,078.40	8,092.81			(25.05)		8,053.35	7,940.70	(127.06)	0.00
GNMA	2005 BCD Single Family	5.63	08/16/06	08/20/36	5,272.84	5,322.68			(15.53)		5,257.31	5,259.16	(47.99)	0.00
GNMA	2005 BCD Single Family	5.38	08/23/06	08/20/36	14,023.55	14,048.68			(43.35)		13,980.20	13,784.74	(220.59)	0.00
GNMA	2005 BCD Single Family	5.13	08/23/06	08/01/36	21,058.50	20,821.86			(69.30)		20,989.20	20,422.15	(330.41)	0.00
GNMA	2005 BCD Single Family	5.38	09/06/06	08/20/36	56,496.52	56,598.58			(226.66)		56,269.86	55,483.89	(888.03)	0.00
GNMA	2005 BCD Single Family	5.63	09/06/06	09/20/36	21,134.68	21,303.47			(64.86)		21,069.83	21,046.37	(192.25)	0.00
GNMA	2005 BCD Single Family	5.13	09/06/06	08/20/36	51,925.07	51,438.62			(1,697.72)		50,227.35	48,964.26	(776.64)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2005 BCD Single Family	5.38	09/12/06	09/20/36	27,278.59	27,328.07			(95.01)		27,183.58	26,804.08	(428.98)	0.00
GNMA	2005 BCD Single Family	5.13	09/12/06	09/20/36	34,820.69	34,456.63			(128.00)		34,692.69	33,783.46	(545.17)	0.00
GNMA	2005 BCD Single Family	5.63	09/12/06	09/20/36	7,921.70	7,996.78			(134.43)		7,787.27	7,790.22	(72.13)	0.00
GNMA	2005 BCD Single Family	5.38	09/20/06	09/20/36	47,765.45	47,852.47			(171.91)		47,593.54	46,929.48	(751.08)	0.00
GNMA	2005 BCD Single Family	5.13	09/20/06	09/20/36	90,701.54	89,586.06			(313.30)		90,388.24	87,852.74	(1,420.02)	0.00
GNMA	2005 BCD Single Family	5.63	09/20/06	09/20/36	7,734.16	7,807.55			(26.37)		7,707.79	7,710.79	(70.39)	0.00
GNMA	2005 BCD Single Family	5.13	09/26/06	09/20/36	37,299.05	36,909.60			(149.12)		37,149.93	36,176.85	(583.63)	0.00
GNMA	2005 BCD Single Family	5.38	09/26/06	09/20/36	45,728.42	45,812.00			(1,794.17)		43,934.25	43,321.55	(696.28)	0.00
GNMA	2005 BCD Single Family	5.38	10/05/06	10/20/36	76,985.92	77,127.41			(279.01)		76,706.91	75,637.93	(1,210.47)	0.00
GNMA	2005 BCD Single Family	5.63	10/17/06	10/20/36	44,118.68	44,472.97			(137.47)		43,981.21	43,934.18	(401.32)	0.00
GNMA	2005 BCD Single Family	5.13	10/05/06	10/20/36	71,855.15	70,972.60			(276.83)		71,578.32	69,571.66	(1,124.11)	0.00
GNMA	2005 BCD Single Family	5.38	10/17/06	10/20/36	49,311.99	49,403.23			(198.15)		49,113.84	48,430.00	(775.08)	0.00
GNMA	2005 BCD Single Family	5.13	10/17/06	10/20/36	76,068.51	75,275.93			(271.27)		75,797.24	73,813.50	(1,191.16)	0.00
GNMA	2005 BCD Single Family	5.63	10/24/06	10/20/36	43,199.64	43,611.13			(155.45)		43,044.19	43,062.48	(393.20)	0.00
GNMA	2005 BCD Single Family	5.38	10/24/06	10/20/36	61,664.50	61,779.07			(198.71)		61,465.79	60,610.38	(969.98)	0.00
GNMA	2005 BCD Single Family	5.13	10/24/06	10/20/36	80,840.17	79,998.52			(280.86)		80,559.31	78,451.50	(1,266.16)	0.00
GNMA	2005 BCD Single Family	5.38	11/02/06	11/20/36	45,483.86	45,568.78			(148.52)		45,335.34	44,704.86	(715.40)	0.00
GNMA	2005 BCD Single Family	5.13	11/02/06	10/20/36	47,303.64	46,811.56			(168.47)		47,135.17	45,902.30	(740.79)	0.00
GNMA	2005 BCD Single Family	5.63	11/14/06	11/20/36	37,744.60	38,104.98			(118.33)		37,626.27	37,643.10	(343.55)	0.00
GNMA	2005 BCD Single Family	5.38	11/14/06	10/20/36	32,228.12	32,288.71			(102.49)		32,125.63	31,679.24	(506.98)	0.00
GNMA	2005 BCD Single Family	5.13	11/14/06	11/20/36	43,906.79	43,450.63			(171.82)		43,734.97	42,591.60	(687.21)	0.00
GNMA	2005 BCD Single Family	5.38	11/21/06	11/20/36	59,609.60	59,722.12			(244.55)		59,365.05	58,540.65	(936.92)	0.00
GNMA	2005 BCD Single Family	5.63	11/21/06	11/20/36	16,930.10	17,066.69			(57.02)		16,873.08	16,855.67	(154.00)	0.00
GNMA	2005 BCD Single Family	5.13	11/21/06	11/20/36	30,309.71	29,995.03			(114.19)		30,195.52	29,406.35	(474.49)	0.00
GNMA	2005 BCD Single Family	5.38	11/28/06	11/20/36	46,701.36	46,789.85			(149.86)		46,551.50	45,905.38	(734.61)	0.00
GNMA	2005 BCD Single Family	5.63	11/28/06	11/20/36	5,941.24	5,998.05			(17.27)		5,923.97	5,926.72	(54.06)	0.00
GNMA	2005 BCD Single Family	5.13	11/28/06	11/20/36	8,656.84	8,567.02			(27.59)		8,629.25	8,403.77	(135.66)	0.00
GNMA	2005 BCD Single Family	5.38	12/12/06	12/20/36	42,953.32	43,039.66			(2,044.94)		40,908.38	40,345.20	(649.52)	0.00
GNMA	2005 BCD Single Family	5.63	12/12/06	12/20/36	27,856.90	28,123.69			(81.57)		27,775.33	27,788.59	(253.53)	0.00
GNMA	2005 BCD Single Family	5.13	12/12/06	11/20/36	50,912.01	50,384.55			(181.50)		50,730.51	49,405.70	(797.35)	0.00
GNMA	2005 BCD Single Family	5.38	12/27/06	12/20/36	84,400.97	84,563.53			(287.72)		84,113.25	82,948.28	(1,327.53)	0.00
GNMA	2005 BCD Single Family	5.63	12/27/06	12/20/36	22,071.12	22,250.05			(64.66)		22,006.46	21,984.58	(200.81)	0.00
GNMA	2005 BCD Single Family	5.13	12/27/06	12/20/36	50,576.40	50,053.22			(158.45)		50,417.95	49,102.10	(792.67)	0.00
GNMA	2005 BCD Single Family	5.38	01/10/07	12/20/36	47,536.26	47,628.49			(180.17)		47,356.09	46,700.90	(747.42)	0.00
GNMA	2005 BCD Single Family	5.63	01/09/07	12/20/36	23,360.39	23,550.07			(126.08)		23,234.31	23,211.54	(212.45)	0.00
GNMA	2005 BCD Single Family	5.13	01/09/07	01/20/37	34,022.44	33,658.93			(110.01)		33,912.43	33,013.06	(535.86)	0.00
GNMA	2005 BCD Single Family	5.38	01/16/07	12/20/36	29,266.37	29,323.37			(123.34)		29,143.03	28,740.01	(460.02)	0.00
GNMA	2005 BCD Single Family	5.63	01/16/07	01/20/37	22,410.82	22,621.55			(65.91)		22,344.91	22,350.97	(204.67)	0.00
GNMA	2005 BCD Single Family	5.13	01/30/07	01/20/37	51,614.51	51,064.18			(200.22)		51,414.29	50,051.90	(812.06)	0.00
GNMA	2005 BCD Single Family	5.38	01/30/07	01/20/37	39,506.95	39,579.29			(191.61)		39,315.34	38,762.69	(624.99)	0.00
GNMA	2005 BCD Single Family	5.63	01/30/07	01/20/37	12,012.01	12,125.13			(37.10)		11,974.91	11,978.33	(109.70)	0.00
GNMA	2005 BCD Single Family	5.38	02/13/07	01/20/37	48,857.68	48,947.84			(241.36)		48,616.32	47,933.61	(772.87)	0.00
GNMA	2005 BCD Single Family	5.13	02/13/07	01/20/37	49,242.24	48,717.89			(170.68)		49,071.56	47,771.92	(775.29)	0.00
GNMA	2005 BCD Single Family	5.63	02/13/07	02/20/37	5,727.12	5,781.14			(24.60)		5,702.52	5,704.24	(52.30)	0.00
FNMA	2005 BCD Single Family	5.38	08/09/06	08/01/36	12,790.92	12,677.25			(45.51)		12,745.41	12,436.04	(195.70)	0.00
FNMA	2005 BCD Single Family	5.13	08/10/06	07/01/36	7,971.70	7,820.27			(43.07)		7,928.63	7,655.02	(122.18)	0.00
FNMA	2005 BCD Single Family	5.38	08/23/06	08/01/36	12,381.67	12,271.73			(38.99)		12,342.68	12,043.18	(189.56)	0.00
FNMA	2005 BCD Single Family	5.63	08/23/06	08/01/36	15,985.64	15,996.16			(52.75)		15,932.89	15,780.83	(162.58)	0.00
FNMA	2005 BCD Single Family	5.13	08/23/06	08/01/36	17,884.47	17,544.84			(143.40)		17,741.07	17,128.94	(272.50)	0.00
FNMA	2005 BCD Single Family	5.38	09/06/06	09/01/36	21,139.02	20,951.43			(68.61)		21,070.41	20,559.22	(323.60)	0.00
FNMA	2005 BCD Single Family	5.63	09/06/06	08/01/36	7,958.46	7,963.74			(23.85)		7,934.61	7,858.92	(80.97)	0.00
FNMA	2005 BCD Single Family	5.13	09/12/06	09/01/36	25,205.92	24,700.15			(85.98)		25,119.94	24,226.67	(387.30)	0.00
FNMA	2005 BCD Single Family	5.38	09/12/06	09/01/36	20,046.00	19,868.17			(98.20)		19,947.80	19,463.91	(306.06)	0.00
FNMA	2005 BCD Single Family	5.63	09/20/06	09/01/36	9,722.18	9,728.70			(29.93)		9,692.25	9,599.87	(98.90)	0.00
FNMA	2005 BCD Single Family	5.38	09/20/06	09/01/36	18,543.99	18,379.54			(78.33)		18,465.66	18,017.77	(283.44)	0.00
FNMA	2005 BCD Single Family	5.13	09/20/06	09/01/36	15,164.38	14,860.15			(63.54)		15,100.84	14,564.03	(232.58)	0.00
FNMA	2005 BCD Single Family	5.38	09/26/06	09/01/36	20,247.08	20,067.60			(83.19)		20,163.89	19,674.88	(309.53)	0.00
FNMA	2005 BCD Single Family	5.38	10/05/06	09/01/36	33,263.74	32,969.01			(107.24)		33,156.50	32,352.54	(509.23)	0.00
FNMA	2005 BCD Single Family	5.63	10/17/06	09/01/36	16,031.25	16,042.20			(80.68)		15,950.57	15,798.72	(162.80)	0.00
FNMA	2005 BCD Single Family	5.13	10/17/06	10/01/36	34,107.52	33,423.67			(137.79)		33,969.73	32,762.54	(523.34)	0.00
FNMA	2005 BCD Single Family	5.38	10/17/06	10/01/36	33,581.53	33,284.18			(142.79)		33,438.74	32,628.13	(513.26)	0.00
FNMA	2005 BCD Single Family	5.38	10/24/06	11/01/36	43,864.83	43,476.54			(618.00)		43,246.83	42,198.58	(659.96)	0.00

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FNMA	2005 BCD Single Family	5.38	11/02/06	11/01/36	44,011.40	43,622.01			(1,854.46)		42,156.94	41,135.28	(632.27)	0.00
FNMA	2005 BCD Single Family	5.63	11/02/06	10/01/36	12,886.10	12,894.99			(45.57)		12,840.53	12,718.39	(131.03)	0.00
FNMA	2005 BCD Single Family	5.13	11/02/06	10/01/36	23,276.39	22,809.85			(112.18)		23,164.21	22,341.16	(356.51)	0.00
FNMA	2005 BCD Single Family	5.38	11/14/06	11/01/36	27,798.17	27,552.38			(93.37)		27,704.80	27,033.55	(425.46)	0.00
FNMA	2005 BCD Single Family	5.63	11/14/06	11/01/36	11,667.24	11,675.36			(41.15)		11,626.09	11,515.57	(118.64)	0.00
FNMA	2005 BCD Single Family	5.13	11/14/06	11/01/36	11,011.67	10,791.03			(48.16)		10,963.51	10,574.05	(168.82)	0.00
FNMA	2005 BCD Single Family	5.38	11/21/06	10/01/36	13,561.61	13,441.74			(44.68)		13,516.93	13,189.47	(207.59)	0.00
FNMA	2005 BCD Single Family	5.63	11/21/06	11/01/36	8,541.29	8,547.25			(25.31)		8,515.98	8,435.04	(86.90)	0.00
FNMA	2005 BCD Single Family	5.13	11/21/06	11/01/36	5,188.66	5,084.71			(17.41)		5,171.25	4,987.56	(79.74)	0.00
FNMA	2005 BCD Single Family	5.38	11/28/06	11/01/36	9,868.50	9,781.30			(33.29)		9,835.21	9,596.96	(151.05)	0.00
FNMA	2005 BCD Single Family	5.13	11/28/06	11/01/36	6,577.85	6,446.09			(34.49)		6,543.36	6,310.95	(100.65)	0.00
FNMA	2005 BCD Single Family	5.63	11/28/06	11/01/36	8,747.93	8,754.06			(42.47)		8,705.46	8,622.75	(88.84)	0.00
FNMA	2005 BCD Single Family	5.38	12/12/06	11/01/36	9,174.92	9,084.27			(38.86)		9,136.06	9,097.66	52.25	0.00
FNMA	2005 BCD Single Family	5.63	12/12/06	11/01/36	10,445.74	10,478.36			(48.07)		10,397.67	10,484.19	53.90	0.00
FNMA	2005 BCD Single Family	5.13	12/12/06	11/01/36	14,760.34	14,457.18			(53.81)		14,706.53	14,481.79	78.42	0.00
FNMA	2005 BCD Single Family	5.38	12/27/06	11/01/36	31,518.89	31,233.82			(113.76)		31,405.13	31,279.87	159.81	0.00
FNMA	2005 BCD Single Family	5.63	12/27/06	12/01/36	10,745.98	10,783.58			(35.80)		10,710.18	10,789.58	41.80	0.00
FNMA	2005 BCD Single Family	5.13	12/27/06	10/01/36	8,552.80	8,429.52			(29.06)		8,523.74	8,443.87	43.41	0.00
FNMA	2005 BCD Single Family	5.38	01/09/07	12/01/36	40,464.45	40,107.46			(214.68)		40,249.77	40,021.38	128.60	0.00
FNMA	2005 BCD Single Family	5.63	01/09/07	12/01/36	10,741.41	10,749.11			(44.62)		10,696.79	10,595.36	(109.13)	0.00
FNMA	2005 BCD Single Family	5.13	01/09/07	12/01/36	10,652.73	10,439.56			(46.21)		10,606.52	10,424.53	31.18	0.00
FNMA	2005 BCD Single Family	5.38	01/30/07	12/01/36	33,620.74	33,324.46			(186.85)		33,433.89	33,252.95	115.34	0.00
FNMA	2005 BCD Single Family	5.63	01/30/07	12/01/36	23,553.17	23,570.29			(98.18)		23,454.99	23,571.61	99.50	0.00
FNMA	2005 BCD Single Family	5.13	01/30/07	01/01/37	8,026.32	7,865.78			(65.35)		7,960.97	7,854.46	54.03	0.00
FNMA	2005 BCD Single Family	5.38	02/13/07	01/01/37	22,827.70	22,626.68			(82.69)		22,745.01	22,578.12	34.13	0.00
FNMA	2005 BCD Single Family	5.63	02/13/07	01/01/37	7,192.50	7,197.78			(25.87)		7,166.63	7,198.18	26.27	0.00
FNMA	2005 BCD Single Family	5.13	02/13/07	01/01/37	7,783.02	7,627.39			(25.37)		7,757.65	7,616.41	14.39	0.00
FNMA	2005 BCD Single Family	5.38	02/20/07	01/01/37	9,352.70	9,296.35			(33.25)		9,319.45	9,116.05	(147.05)	0.00
FNMA	2005 BCD Single Family	5.63	02/20/07	01/01/37	11,817.40	11,826.14			(35.48)		11,781.92	11,670.43	(120.23)	0.00
FNMA	2005 BCD Single Family	6.15	05/01/96	04/01/26	258,312.07	265,289.81			(1,847.56)		256,464.51	262,344.28	(1,097.97)	0.00
FNMA	2005 BCD Single Family	6.15	06/01/96	05/01/26	200,741.55	205,896.20			(2,010.64)		198,730.91	203,026.55	(859.01)	0.00
FNMA	2005 BCD Single Family	6.15	07/01/96	06/01/26	223,115.25	229,369.28			(1,739.22)		221,376.03	226,672.99	(957.07)	0.00
FNMA	2005 BCD Single Family	6.15	08/01/96	07/01/26	245,077.79	252,002.20			(3,243.82)		241,833.97	247,673.51	(1,084.87)	0.00
FNMA	2005 BCD Single Family	6.15	08/01/96	08/01/26	173,969.83	177,210.47			(1,332.73)		172,637.10	175,157.77	(719.97)	0.00
FNMA	2005 BCD Single Family	6.15	09/01/96	08/01/26	211,040.27	214,725.40			(3,795.84)		207,244.43	210,032.67	(896.89)	0.00
FNMA	2005 BCD Single Family	6.15	10/01/96	10/01/26	498,194.45	506,797.44			(5,492.74)		492,701.71	499,237.04	(2,067.66)	0.00
FNMA	2005 BCD Single Family	6.15	12/01/96	11/01/26	245,681.60	250,029.41			(2,303.09)		243,378.51	246,709.15	(1,017.17)	0.00
FNMA	2005 BCD Single Family	6.15	03/01/97	01/01/27	242,423.45	246,547.09			(2,721.99)		239,701.46	242,820.00	(1,005.10)	0.00
FNMA	2005 BCD Single Family	6.15	07/01/97	03/01/27	34,037.55	34,633.97			(1,593.10)		32,444.45	32,882.91	(157.96)	0.00
FNMA	2005 BCD Single Family	6.15	09/01/97	07/01/27	200,145.57	204,895.01			(41,939.83)		158,205.74	161,409.39	(1,545.79)	0.00
GNMA	2005 BCD Single Family	6.15	07/01/96	07/20/26	1,294,032.40	1,320,822.72			(10,156.45)		1,283,875.95	1,309,486.48	(1,179.79)	0.00
GNMA	2005 BCD Single Family	6.15	03/01/96	03/20/26	394,953.39	403,164.58			(3,703.74)		391,249.65	399,087.53	(373.31)	0.00
GNMA	2005 BCD Single Family	6.15	08/01/96	07/20/26	999,057.17	1,019,701.63			(171,054.73)		828,002.44	844,486.99	(4,159.91)	0.00
GNMA	2005 BCD Single Family	6.15	04/01/96	04/20/26	405,248.32	413,599.89			(48,364.30)		356,884.02	363,969.77	(1,265.82)	0.00
GNMA	2005 BCD Single Family	6.15	05/01/96	05/20/26	1,009,276.05	1,030,089.23			(10,778.27)		998,497.78	1,018,335.70	(975.26)	0.00
GNMA	2005 BCD Single Family	6.15	05/01/96	05/20/26	497,890.29	508,269.20			(3,259.44)		494,630.85	504,566.69	(443.07)	0.00
GNMA	2005 BCD Single Family	6.15	06/01/96	06/20/26	1,360,993.15	1,389,213.10			(94,748.79)		1,266,244.36	1,291,543.48	(2,920.83)	0.00
GNMA	2005 BCD Single Family	6.15	06/01/96	06/20/26	380,054.68	387,856.61			(2,460.67)		377,594.01	385,061.12	(334.82)	0.00
GNMA	2005 BCD Single Family	6.15	07/01/96	06/20/26	1,374,682.97	1,402,747.86			(11,585.15)		1,363,097.82	1,389,902.71	(1,260.00)	0.00
GNMA	2005 BCD Single Family	6.15	08/01/96	08/20/26	995,326.41	1,011,720.49			(10,064.77)		985,261.64	1,000,802.44	(853.28)	0.00
GNMA	2005 BCD Single Family	6.15	09/01/96	09/20/26	472,417.55	479,864.15			(5,255.33)		467,162.22	474,204.97	(403.85)	0.00
GNMA	2005 BCD Single Family	6.15	09/01/96	09/20/26	386,559.66	392,809.84			(38,120.19)		348,439.47	353,831.99	(857.66)	0.00
GNMA	2005 BCD Single Family	6.15	10/01/96	10/20/26	1,109,885.00	1,127,478.04			(11,782.76)		1,098,102.24	1,114,752.83	(942.45)	0.00
GNMA	2005 BCD Single Family	6.15	12/01/96	12/20/26	376,850.72	382,707.38			(51,532.75)		325,317.97	330,151.26	(1,023.37)	0.00
GNMA	2005 BCD Single Family	6.15	01/01/97	12/20/26	894,463.92	908,384.83			(6,932.58)		887,531.34	900,737.36	(714.89)	0.00
GNMA	2005 BCD Single Family	6.15	01/01/97	01/20/27	607,129.97	617,645.82			(5,195.46)		601,934.51	612,413.13	(37.23)	0.00
GNMA	2005 BCD Single Family	6.15	02/01/97	02/20/27	499,981.14	508,624.26			(3,866.15)		496,114.99	504,735.28	(22.83)	0.00
GNMA	2005 BCD Single Family	6.15	02/01/97	02/20/27	217,615.75	221,142.66			(1,485.57)		216,130.18	219,655.02	(2.07)	0.00
GNMA	2005 BCD Single Family	6.15	03/01/97	03/20/27	553,749.47	562,313.03			(4,044.13)		549,705.34	558,267.35	(1.55)	0.00
GNMA	2005 BCD Single Family	6.15	04/01/97	04/20/27	225,722.20	229,053.84			(1,438.69)		224,283.51	227,620.84	5.69	0.00
GNMA	2005 BCD Single Family	6.15	06/01/97	06/20/27	240,047.00	243,693.90			(61,470.07)		178,576.93	181,310.48	(913.35)	0.00
GNMA	2005 BCD Single Family	6.15	08/01/97	07/20/27	329,254.71	336,327.19			(12,853.79)		316,400.92	323,209.17	(264.23)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2005 BCD Single Family	6.15	09/01/97	08/20/27	644,961.99	654,841.12			(4,169.72)		640,792.27	650,680.58	9.18	0.00
GNMA	2005 BCD Single Family	6.15	02/01/98	02/20/28	189,147.02	191,929.37			(1,071.99)		188,075.03	190,954.47	97.09	0.00
GNMA	2005 BCD Single Family	6.15	03/01/98	01/20/28	260,697.12	264,531.96			(60,680.03)		200,017.09	203,079.33	(772.60)	0.00
GNMA	2005 BCD Single Family	6.15	04/01/98	04/20/28	267,719.73	271,657.87			(4,195.66)		263,524.07	267,558.61	96.40	0.00
GNMA	2005 BCD Single Family	6.15	06/01/98	05/20/28	341,556.93	346,581.23			(78,600.55)		262,956.38	266,982.24	(998.44)	0.00
GNMA	2005 BCD Single Family	6.15	07/01/98	06/20/28	194,253.30	197,110.74			(2,153.25)		192,100.05	195,041.08	83.59	0.00
GNMA	2005 BCD Single Family	6.15	09/01/98	07/20/28	374,631.63	380,142.47			(3,718.12)		370,913.51	376,592.19	167.84	0.00
GNMA	2005 BCD Single Family	6.15	11/01/98	10/20/28	704,948.87	715,318.65			(4,293.37)		700,655.50	711,382.51	357.23	0.00
Repo Agmt	2005 BCD Single Family	5.28	05/31/07	06/01/07	2,938.66	2,938.66	0.00				2,938.66	2,938.66	-	0.00
	2005 BCD Single Family Total				26,135,696.29	26,494,066.26	0.00	(1,840,173.55)	(815,006.33)	0.00	23,480,516.41	23,770,698.14	(68,188.24)	0.00
GIC's	2006 ABCDE Single Family	5.25	06/28/06	12/31/07	3,019,305.56	3,019,305.56		(686,618.30)			2,332,687.26	2,332,687.26	-	0.00
Repo Agmt	2006 ABCDE Single Family	5.28	05/31/07	06/01/07	9,881,663.40	9,881,663.40		(9,524,750.12)			356,913.28	356,913.28	-	0.00
GIC's	2006 ABCDE Single Family	4.73	06/28/06	08/31/37	1,542,310.48	1,542,310.48	3,244,303.98				4,786,614.46	4,786,614.46	-	0.00
Repo Agmt	2006 ABCDE Single Family	5.28	05/31/07	06/01/07	38,135.09	38,135.09		(38,123.98)			11.11	11.11	-	0.00
GIC's	2006 ABCDE Single Family	4.73	06/28/06	08/31/37	1,613,274.81	1,613,274.81	38,252.10				1,651,526.91	1,651,526.91	-	0.00
FNMA	2006 ABCDE Single Family	6.25	04/15/97	03/01/27	304,698.70	311,335.04			(2,462.69)		302,236.01	307,806.21	(1,066.14)	0.00
FNMA	2006 ABCDE Single Family	6.25	05/29/97	05/01/27	258,683.07	264,317.19			(20,434.12)		238,248.95	242,639.88	(1,243.19)	0.00
FNMA	2006 ABCDE Single Family	6.25	06/26/97	05/01/27	269,613.79	275,485.94			(2,041.27)		267,572.52	272,503.84	(940.83)	0.00
FNMA	2006 ABCDE Single Family	6.25	08/18/97	06/01/27	133,849.79	137,430.28			(1,146.62)		132,703.17	135,808.43	(475.23)	0.00
FNMA	2006 ABCDE Single Family	6.25	09/29/97	08/01/27	212,521.81	218,206.73			(3,102.13)		209,419.68	214,320.06	(784.54)	0.00
FNMA	2006 ABCDE Single Family	6.25	01/29/98	11/01/27	260,275.48	267,237.84			(3,430.64)		256,844.84	262,855.01	(952.19)	0.00
GNMA	2006 ABCDE Single Family	6.25	03/18/97	02/20/27	2,339,386.11	2,382,594.48			(84,611.90)		2,254,774.21	2,296,487.52	(1,495.06)	0.00
GNMA	2006 ABCDE Single Family	6.25	04/15/97	04/20/27	975,288.60	993,302.15			(75,428.65)		899,859.95	916,507.33	(1,366.17)	0.00
GNMA	2006 ABCDE Single Family	6.45	04/29/97	04/20/27	364,214.96	373,648.09			(2,149.30)		362,065.66	371,396.04	(102.75)	0.00
GNMA	2006 ABCDE Single Family	6.25	04/29/97	04/20/27	743,177.47	756,903.88			(7,231.16)		735,946.31	749,561.22	(111.50)	0.00
GNMA	2006 ABCDE Single Family	6.25	05/15/97	05/20/27	793,095.81	807,744.19			(51,960.27)		741,135.54	754,846.47	(937.45)	0.00
GNMA	2006 ABCDE Single Family	6.45	05/29/97	05/20/27	128,381.76	131,706.85			(64,903.90)		63,477.86	65,113.69	(1,689.26)	0.00
GNMA	2006 ABCDE Single Family	6.25	06/17/97	06/20/27	1,584,875.30	1,614,147.89			(11,499.68)		1,573,375.62	1,602,483.03	(165.18)	0.00
GNMA	2006 ABCDE Single Family	6.25	06/26/97	06/20/27	399,397.27	406,774.19			(41,731.20)		357,666.07	364,282.95	(760.04)	0.00
GNMA	2006 ABCDE Single Family	6.45	07/15/97	05/20/27	339,056.86	347,838.46			(3,526.22)		335,530.64	344,177.30	(134.94)	0.00
GNMA	2006 ABCDE Single Family	6.25	07/15/97	06/20/27	586,180.98	597,007.74			(4,179.43)		582,001.55	592,768.58	(59.73)	0.00
GNMA	2006 ABCDE Single Family	6.25	07/30/97	07/20/27	672,143.65	684,558.10			(4,313.23)		667,830.42	680,185.23	(59.64)	0.00
GNMA	2006 ABCDE Single Family	6.25	08/18/97	07/20/27	1,427,216.69	1,453,577.34			(71,053.12)		1,356,163.57	1,381,252.58	(1,271.64)	0.00
GNMA	2006 ABCDE Single Family	6.25	08/28/97	08/20/27	1,365,954.22	1,391,183.32			(13,254.25)		1,352,699.97	1,377,724.83	(204.24)	0.00
GNMA	2006 ABCDE Single Family	6.45	08/28/97	08/20/27	296,423.10	304,100.45			(1,718.67)		294,704.43	302,298.94	(82.84)	0.00
GNMA	2006 ABCDE Single Family	6.25	09/18/97	09/20/27	264,979.26	269,873.40			(2,864.67)		262,114.59	266,963.68	(45.05)	0.00
GNMA	2006 ABCDE Single Family	6.25	09/29/97	09/20/27	492,982.40	502,087.79			(4,503.45)		488,478.95	497,515.80	(68.54)	0.00
GNMA	2006 ABCDE Single Family	6.25	10/15/97	09/20/27	481,715.40	490,612.71			(4,175.21)		477,540.19	486,374.72	(62.78)	0.00
GNMA	2006 ABCDE Single Family	6.45	10/15/97	08/20/27	65,841.03	67,546.29			(426.03)		65,415.00	67,100.72	(19.54)	0.00
GNMA	2006 ABCDE Single Family	6.25	10/30/97	10/20/27	507,812.88	517,192.16			(10,468.38)		497,344.50	506,545.36	(178.42)	0.00
GNMA	2006 ABCDE Single Family	6.25	11/17/97	10/20/27	415,489.10	423,163.17			(2,472.25)		413,016.85	420,657.65	(33.27)	0.00
GNMA	2006 ABCDE Single Family	6.45	11/25/97	10/20/27	362,379.52	371,765.11			(2,057.79)		360,321.73	369,607.18	(100.14)	0.00
GNMA	2006 ABCDE Single Family	6.25	11/25/97	11/20/27	525,207.24	534,907.78			(3,550.21)		521,657.03	531,307.63	(49.94)	0.00
GNMA	2006 ABCDE Single Family	6.25	12/17/97	11/20/27	736,688.26	750,294.87			(12,953.23)		723,735.03	737,124.13	(217.51)	0.00
GNMA	2006 ABCDE Single Family	6.25	01/29/98	01/20/28	1,045,374.69	1,064,651.38			(54,688.11)		990,686.58	1,009,410.54	(552.73)	0.00
GNMA	2006 ABCDE Single Family	6.45	02/12/98	12/20/27	307,087.72	315,041.30			(1,789.34)		305,298.38	313,165.93	(86.03)	0.00
GNMA	2006 ABCDE Single Family	6.45	04/16/98	02/20/28	434,594.12	445,859.06			(2,609.63)		431,984.49	443,255.22	5.79	0.00
GNMA	2006 ABCDE Single Family	6.25	04/29/98	04/20/28	744,800.28	758,534.41			(12,555.17)		732,245.11	746,084.56	105.32	0.00
GNMA	2006 ABCDE Single Family	6.25	07/06/98	05/20/28	151,063.77	153,849.17			(859.80)		150,203.97	153,042.62	53.25	0.00
GNMA	2006 ABCDE Single Family	6.45	08/13/98	06/20/28	204,444.41	209,743.58			(1,628.67)		202,815.74	208,107.18	(7.73)	0.00
GNMA	2006 ABCDE Single Family	6.25	08/27/98	07/20/28	287,659.99	292,964.44			(2,849.41)		284,810.58	290,193.49	78.46	0.00
GNMA	2006 ABCDE Single Family	6.25	09/24/98	08/20/28	129,976.22	132,372.94			(702.58)		129,273.64	131,716.87	46.51	0.00
GNMA	2006 ABCDE Single Family	6.25	10/01/98	08/20/28	159,540.98	162,482.89			(1,150.09)		158,390.89	161,384.46	51.66	0.00
GNMA	2006 ABCDE Single Family	6.25	10/29/98	09/20/28	116,619.84	118,770.31			(1,007.00)		115,612.84	117,797.92	34.61	0.00
GNMA	2006 ABCDE Single Family	6.45	12/15/98	09/20/28	281,186.95	288,475.31			(5,453.54)		275,733.41	282,927.30	(94.47)	0.00
GNMA	2006 ABCDE Single Family	6.25	12/29/98	10/20/28	1,054,826.10	1,074,277.10			(7,001.69)		1,047,824.41	1,067,628.31	352.90	0.00
GNMA	2006 ABCDE Single Family	6.45	01/28/99	11/20/28	38,858.92	39,866.14			(193.78)		38,665.14	39,673.91	1.55	0.00
GNMA	2006 ABCDE Single Family	5.45	03/18/99	02/20/29	556,335.35	554,699.70			(41,173.99)		515,161.36	505,471.14	(8,054.57)	0.00
GNMA	2006 ABCDE Single Family	5.45	06/24/99	05/20/29	556,346.94	554,711.26			(4,035.93)		552,311.01	541,922.02	(8,753.31)	0.00
GNMA	2006 ABCDE Single Family	5.45	07/29/99	06/20/29	576,593.44	574,898.28			(6,141.63)		570,451.81	559,721.63	(9,035.02)	0.00
GNMA	2006 ABCDE Single Family	5.45	10/14/99	08/20/29	216,246.51	215,610.77			(1,483.53)		214,762.98	210,723.32	(3,403.92)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.45	08/26/99	07/20/29	383,595.88	382,468.12			(2,580.75)		381,015.13	373,848.25	(6,039.12)	0.00
GNMA	2006 ABCDE Single Family	6.25	10/20/99	07/20/29	191,351.76	194,809.49			(1,194.12)		190,157.64	193,740.22	124.85	0.00
GNMA	2006 ABCDE Single Family	6.25	11/23/99	10/20/29	46,406.54	47,245.10			(221.72)		46,184.82	47,054.93	31.55	0.00
GNMA	2006 ABCDE Single Family	5.45	12/01/99	10/20/29	188,303.05	187,749.43			(1,672.57)		186,630.48	183,119.94	(2,956.92)	0.00
GNMA	2006 ABCDE Single Family	5.45	01/27/00	12/20/29	1,149,798.34	1,146,417.93			(7,035.43)		1,142,762.91	1,121,267.53	(18,114.97)	0.00
GNMA	2006 ABCDE Single Family	6.25	01/27/00	12/20/29	262,323.03	267,063.23			(1,552.11)		260,770.92	265,683.67	172.75	0.00
FNMA	2006 ABCDE Single Family	5.45	01/28/00	07/01/29	174,851.41	174,814.66			(1,000.42)		173,850.99	171,074.56	(2,739.68)	0.00
FNMA	2006 ABCDE Single Family	6.25	01/28/00	09/01/29	199,594.95	205,009.96			(1,672.69)		197,922.26	202,759.47	(577.80)	0.00
GNMA	2006 ABCDE Single Family	5.13	08/10/06	07/20/36	788,661.59	780,372.41			(3,600.01)		785,061.58	764,443.97	(12,328.43)	0.00
GNMA	2006 ABCDE Single Family	5.38	08/16/06	08/20/36	369,417.10	370,076.19			(1,144.89)		368,272.21	363,120.57	(5,810.73)	0.00
GNMA	2006 ABCDE Single Family	5.63	08/16/06	08/20/36	241,122.12	243,400.91			(710.54)		240,411.58	240,496.19	(2,194.18)	0.00
GNMA	2006 ABCDE Single Family	5.38	08/23/06	08/20/36	641,282.68	642,432.02			(1,982.10)		639,300.58	630,362.09	(10,087.83)	0.00
GNMA	2006 ABCDE Single Family	5.13	08/23/06	08/01/36	1,016,281.45	1,003,733.10			(3,353.84)		1,012,927.61	984,465.06	(15,914.20)	0.00
GNMA	2006 ABCDE Single Family	5.38	09/06/06	08/20/36	2,583,527.80	2,588,194.80			(10,365.06)		2,573,162.74	2,537,221.57	(40,608.17)	0.00
GNMA	2006 ABCDE Single Family	5.63	09/06/06	09/20/36	966,466.57	974,186.10			(2,965.43)		963,501.14	962,429.24	(8,791.43)	0.00
GNMA	2006 ABCDE Single Family	5.13	09/06/06	08/20/36	2,505,904.95	2,479,637.03			(81,956.71)		2,423,948.24	2,360,358.81	(37,321.51)	0.00
GNMA	2006 ABCDE Single Family	5.38	09/12/06	09/20/36	1,247,422.72	1,249,684.97			(4,344.98)		1,243,077.74	1,225,723.47	(19,616.52)	0.00
GNMA	2006 ABCDE Single Family	5.13	09/12/06	09/20/36	1,680,484.56	1,662,914.43			(6,177.61)		1,674,306.95	1,630,426.34	(26,310.48)	0.00
GNMA	2006 ABCDE Single Family	5.63	09/12/06	09/20/36	362,250.73	365,685.00			(6,147.32)		356,103.41	356,238.83	(3,298.85)	0.00
GNMA	2006 ABCDE Single Family	5.38	09/20/06	09/20/36	2,184,265.57	2,188,244.52			(7,861.43)		2,176,404.14	2,146,037.34	(34,345.75)	0.00
GNMA	2006 ABCDE Single Family	5.13	09/20/06	09/20/36	4,377,354.72	4,323,520.44			(15,120.50)		4,362,234.22	4,239,868.62	(68,531.32)	0.00
GNMA	2006 ABCDE Single Family	5.63	09/20/06	09/20/36	353,675.92	357,031.78			(1,205.78)		352,470.14	352,607.03	(3,218.97)	0.00
GNMA	2006 ABCDE Single Family	5.13	09/26/06	09/20/36	1,800,092.81	1,781,297.36			(7,196.75)		1,792,896.06	1,745,933.95	(28,166.66)	0.00
GNMA	2006 ABCDE Single Family	5.38	09/26/06	09/20/36	2,091,114.21	2,094,936.16			(82,045.79)		2,009,068.42	1,981,050.41	(31,839.96)	0.00
GNMA	2006 ABCDE Single Family	5.38	10/05/06	10/20/36	3,520,487.33	3,526,957.46			(12,758.95)		3,507,728.38	3,458,845.41	(55,353.10)	0.00
GNMA	2006 ABCDE Single Family	5.63	10/17/06	10/20/36	2,017,502.43	2,033,703.40			(6,286.87)		2,011,215.56	2,009,065.49	(18,351.04)	0.00
GNMA	2006 ABCDE Single Family	5.13	10/05/06	10/20/36	3,467,807.50	3,425,214.61			(13,360.12)		3,454,447.38	3,357,603.93	(54,250.56)	0.00
GNMA	2006 ABCDE Single Family	5.38	10/17/06	10/20/36	2,254,987.51	2,259,159.26			(9,061.25)		2,245,926.26	2,214,654.38	(35,443.63)	0.00
GNMA	2006 ABCDE Single Family	5.13	10/17/06	10/20/36	3,671,148.93	3,632,897.91			(13,091.40)		3,658,057.53	3,562,319.68	(57,486.83)	0.00
GNMA	2006 ABCDE Single Family	5.63	10/24/06	10/20/36	1,975,475.50	1,994,292.42			(7,108.63)		1,968,366.87	1,969,203.00	(17,980.79)	0.00
GNMA	2006 ABCDE Single Family	5.38	10/24/06	10/20/36	2,819,853.92	2,825,093.53			(9,086.64)		2,810,767.28	2,771,650.25	(44,356.64)	0.00
GNMA	2006 ABCDE Single Family	5.13	10/24/06	10/20/36	3,901,434.64	3,860,815.43			(13,553.98)		3,887,880.66	3,786,154.72	(61,106.73)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/02/06	11/20/36	2,079,930.21	2,083,813.93			(6,791.76)		2,073,138.45	2,044,307.59	(32,714.58)	0.00
GNMA	2006 ABCDE Single Family	5.13	11/02/06	10/20/36	2,282,924.96	2,259,177.19			(8,130.43)		2,274,794.53	2,215,294.97	(35,751.79)	0.00
GNMA	2006 ABCDE Single Family	5.63	11/14/06	11/20/36	1,726,021.99	1,742,501.59			(5,410.96)		1,720,611.03	1,721,380.23	(15,710.40)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/14/06	10/20/36	1,473,758.56	1,476,529.83			(4,686.58)		1,469,071.98	1,448,659.36	(23,183.89)	0.00
GNMA	2006 ABCDE Single Family	5.13	11/14/06	11/20/36	2,118,989.74	2,096,974.86			(8,292.22)		2,110,697.52	2,055,517.10	(33,165.54)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/21/06	11/20/36	2,725,886.12	2,731,031.26			(11,183.23)		2,714,702.89	2,677,004.01	(42,844.02)	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/06	11/20/36	774,196.27	780,442.44			(2,607.38)		771,588.89	770,792.86	(7,042.20)	0.00
GNMA	2006 ABCDE Single Family	5.13	11/21/06	11/20/36	1,462,780.19	1,447,593.13			(5,511.15)		1,457,269.04	1,419,182.83	(22,899.15)	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/06	11/20/36	2,135,605.45	2,139,651.59			(6,852.65)		2,128,752.80	2,099,205.83	(33,593.11)	0.00
GNMA	2006 ABCDE Single Family	5.63	11/28/06	11/20/36	271,687.13	274,285.01			(789.11)		270,898.02	271,023.22	(2,472.68)	0.00
GNMA	2006 ABCDE Single Family	5.13	11/28/06	11/20/36	417,788.66	413,453.97			(1,332.01)		416,456.65	405,575.29	(6,546.67)	0.00
GNMA	2006 ABCDE Single Family	5.38	12/12/06	12/20/36	1,964,407.84	1,968,159.47			(93,523.63)		1,870,884.21	1,844,944.42	(29,691.42)	0.00
GNMA	2006 ABCDE Single Family	5.63	12/12/06	12/20/36	1,273,867.51	1,286,067.79			(3,729.92)		1,270,137.59	1,270,743.95	(11,593.92)	0.00
GNMA	2006 ABCDE Single Family	5.13	12/12/06	11/20/36	2,457,068.77	2,431,612.80			(8,759.27)		2,448,309.50	2,384,372.75	(38,480.78)	0.00
GNMA	2006 ABCDE Single Family	5.38	12/27/06	12/20/36	3,859,569.98	3,867,003.59			(13,157.21)		3,846,412.77	3,793,139.88	(60,706.50)	0.00
GNMA	2006 ABCDE Single Family	5.63	12/27/06	12/20/36	1,009,290.40	1,017,472.41			(2,957.18)		1,006,333.22	1,005,332.65	(9,182.58)	0.00
GNMA	2006 ABCDE Single Family	5.13	12/27/06	12/20/36	2,440,871.78	2,415,622.70			(7,646.81)		2,433,224.97	2,369,720.52	(38,255.37)	0.00
GNMA	2006 ABCDE Single Family	5.38	01/10/07	12/20/36	2,173,784.46	2,178,002.05			(8,239.49)		2,165,544.97	2,135,584.53	(34,178.03)	0.00
GNMA	2006 ABCDE Single Family	5.63	01/09/07	12/20/36	1,068,247.01	1,076,921.12			(5,765.26)		1,062,481.75	1,061,440.37	(9,715.49)	0.00
GNMA	2006 ABCDE Single Family	5.38	01/09/07	12/01/36	1,652,707.86	1,624,416.48			(5,436.23)		1,647,271.63	1,593,246.30	(25,733.95)	0.00
GNMA	2006 ABCDE Single Family	5.38	01/16/07	12/20/36	1,338,321.48	1,340,927.59			(5,640.46)		1,332,681.02	1,314,251.26	(21,035.87)	0.00
GNMA	2006 ABCDE Single Family	5.63	01/16/07	01/20/37	1,024,824.39	1,034,460.51			(3,014.22)		1,021,810.17	1,022,087.16	(9,359.13)	0.00
GNMA	2006 ABCDE Single Family	5.13	01/30/07	01/20/37	2,490,972.28	2,464,412.77			(9,662.27)		2,481,310.01	2,415,559.34	(39,191.16)	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/07	01/20/37	1,806,612.82	1,809,920.72			(8,762.27)		1,797,850.55	1,772,578.40	(28,580.05)	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/07	01/20/37	549,297.04	554,470.33			(1,696.80)		547,600.24	547,756.99	(5,016.54)	0.00
GNMA	2006 ABCDE Single Family	5.38	02/13/07	01/20/37	2,234,211.94	2,238,334.48			(11,036.91)		2,223,175.03	2,191,955.17	(35,342.40)	0.00
GNMA	2006 ABCDE Single Family	5.13	02/13/07	01/20/37	2,376,484.08	2,351,178.60			(8,236.97)		2,368,247.11	2,305,525.08	(37,416.55)	0.00
GNMA	2006 ABCDE Single Family	5.63	02/13/07	02/20/37	261,895.78	264,366.07			(1,124.92)		260,770.86	260,849.46	(2,391.69)	0.00
GNMA	2006 ABCDE Single Family	5.38	02/20/07	02/20/37	781,933.46	783,382.61			(2,473.08)		779,460.38	768,520.71	(12,388.82)	0.00
GNMA	2006 ABCDE Single Family	5.13	02/20/07	02/20/37	1,182,797.05	1,170,211.76			(4,308.47)		1,178,488.58	1,147,286.08	(18,617.21)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.63	02/20/07	02/20/37	562,993.21	568,308.14			(1,620.91)		561,372.30	561,545.48	(5,141.75)	0.00
GNMA	2006 ABCDE Single Family	5.38	03/06/07	02/20/37			1,064,498.15				1,064,498.15	1,049,573.91	(14,924.24)	0.00
GNMA	2006 ABCDE Single Family	5.63	03/06/07	02/20/37			229,759.55				229,759.55	229,833.92	74.37	0.00
GNMA	2006 ABCDE Single Family	5.63	03/20/07	02/20/37			276,400.01				276,400.01	276,493.40	93.39	0.00
GNMA	2006 ABCDE Single Family	5.13	03/20/07	03/20/37			1,307,274.64				1,307,274.64	1,272,699.65	(34,574.99)	0.00
GNMA	2006 ABCDE Single Family	5.38	03/20/07	03/20/37			1,080,333.12				1,080,333.12	1,065,201.96	(15,131.16)	0.00
GNMA	2006 ABCDE Single Family	5.13	03/06/07	02/20/37			657,525.33				657,525.33	640,125.93	(17,399.40)	0.00
GNMA	2006 ABCDE Single Family	5.13	04/24/07	04/20/37			1,175,677.97				1,175,677.97	1,144,626.30	(31,051.67)	0.00
GNMA	2006 ABCDE Single Family	5.63	04/24/07	04/20/37			1,018,984.06				1,018,984.06	1,019,366.48	382.42	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	04/20/37			676,547.38				676,547.38	667,096.62	(9,450.76)	0.00
GNMA	2006 ABCDE Single Family	5.13	03/27/07	03/20/37			924,261.23				924,261.23	899,823.52	(24,437.71)	0.00
GNMA	2006 ABCDE Single Family	5.63	03/27/07	02/20/37			212,170.89				212,170.89	212,244.29	73.40	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	03/20/37			468,842.40				468,842.40	462,293.09	(6,549.31)	0.00
GNMA	2006 ABCDE Single Family	5.38	04/10/07	03/20/37			633,257.47				633,257.47	624,401.96	(8,855.51)	0.00
GNMA	2006 ABCDE Single Family	5.13	04/10/07	03/20/37			1,201,061.94				1,201,061.94	1,169,322.09	(31,739.85)	0.00
GNMA	2006 ABCDE Single Family	5.63	04/10/07	03/20/37			356,344.33				356,344.33	356,472.66	128.33	0.00
GNMA	2006 ABCDE Single Family	5.13	05/08/07	04/20/37			644,673.71				644,673.71	627,656.30	(17,017.41)	0.00
GNMA	2006 ABCDE Single Family	5.63	05/08/07	04/20/37			286,042.47				286,042.47	286,154.17	111.70	0.00
GNMA	2006 ABCDE Single Family	5.38	05/08/07	05/20/37			648,311.75				648,311.75	639,265.11	(9,046.64)	0.00
GNMA	2006 ABCDE Single Family	5.63	05/22/07	04/20/37			225,477.85				225,477.85	225,569.32	91.47	0.00
GNMA	2006 ABCDE Single Family	5.38	05/22/07	05/20/37			941,001.25				941,001.25	927,884.47	(13,116.78)	0.00
GNMA	2006 ABCDE Single Family	5.13	05/22/07	05/20/37			1,393,102.26				1,393,102.26	1,356,349.22	(36,753.04)	0.00
FNMA	2006 ABCDE Single Family	5.38	08/09/06	08/01/36	584,916.04	579,718.12			(2,081.16)		582,834.88	568,687.68	(8,949.28)	0.00
FNMA	2006 ABCDE Single Family	5.13	08/10/06	07/01/36	384,715.05	376,982.18			(2,082.20)		382,632.85	369,016.30	(5,883.68)	0.00
FNMA	2006 ABCDE Single Family	5.38	08/23/06	08/01/36	566,201.61	561,173.95			(1,782.98)		564,418.63	550,722.32	(8,668.65)	0.00
FNMA	2006 ABCDE Single Family	5.63	08/23/06	08/01/36	731,007.64	731,488.09			(2,412.47)		728,595.17	721,641.09	(7,434.53)	0.00
FNMA	2006 ABCDE Single Family	5.13	08/23/06	08/01/36	863,105.95	845,762.39			(6,928.63)		856,177.32	825,713.96	(13,119.80)	0.00
FNMA	2006 ABCDE Single Family	5.38	09/06/06	09/01/36	966,665.38	958,087.50			(3,137.63)		963,527.75	940,152.23	(14,797.64)	0.00
FNMA	2006 ABCDE Single Family	5.63	09/06/06	08/01/36	363,932.18	364,173.55			(1,090.91)		362,841.27	359,380.30	(3,702.34)	0.00
FNMA	2006 ABCDE Single Family	5.13	09/12/06	09/01/36	1,216,465.51	1,192,056.16			(4,149.55)		1,212,315.96	1,169,215.04	(18,691.57)	0.00
FNMA	2006 ABCDE Single Family	5.38	09/12/06	09/01/36	916,683.09	908,551.48			(4,490.47)		912,192.62	890,065.19	(13,995.82)	0.00
FNMA	2006 ABCDE Single Family	5.63	09/20/06	09/01/36	444,585.85	444,883.40			(1,368.77)		443,217.08	438,992.07	(4,522.56)	0.00
FNMA	2006 ABCDE Single Family	5.38	09/20/06	09/01/36	847,997.57	840,477.79			(3,582.16)		844,415.41	823,934.56	(12,961.07)	0.00
FNMA	2006 ABCDE Single Family	5.13	09/20/06	09/01/36	731,849.86	717,166.87			(3,066.17)		728,783.69	702,875.70	(11,225.00)	0.00
FNMA	2006 ABCDE Single Family	5.38	09/26/06	09/01/36	925,878.61	917,670.99			(3,804.55)		922,074.06	899,712.37	(14,154.07)	0.00
FNMA	2006 ABCDE Single Family	5.38	10/05/06	09/01/36	1,521,117.36	1,507,639.19			(4,904.17)		1,516,213.19	1,479,448.66	(23,286.36)	0.00
FNMA	2006 ABCDE Single Family	5.63	10/17/06	09/01/36	733,093.24	733,593.47			(3,689.46)		729,403.78	722,459.40	(7,444.61)	0.00
FNMA	2006 ABCDE Single Family	5.13	10/17/06	10/01/36	1,646,066.38	1,613,062.70			(6,650.23)		1,639,416.15	1,581,156.17	(25,256.30)	0.00
FNMA	2006 ABCDE Single Family	5.38	10/17/06	10/01/36	1,535,649.07	1,522,051.29			(6,529.51)		1,529,119.56	1,492,051.07	(23,470.71)	0.00
FNMA	2006 ABCDE Single Family	5.38	10/24/06	11/01/36	2,005,893.71	1,988,138.04			(28,260.27)		1,977,633.44	1,929,698.03	(30,179.74)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/02/06	11/01/36	2,012,596.76	1,994,789.78			(84,802.90)		1,927,793.86	1,881,074.06	(28,912.82)	0.00
FNMA	2006 ABCDE Single Family	5.63	11/02/06	10/01/36	589,268.56	589,674.81			(2,083.66)		587,184.90	581,599.22	(5,991.93)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/02/06	10/01/36	1,123,343.68	1,100,828.35			(5,414.35)		1,117,929.33	1,078,209.02	(17,204.98)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/14/06	11/01/36	1,271,182.15	1,259,942.63			(4,269.49)		1,266,912.66	1,236,216.66	(19,456.48)	0.00
FNMA	2006 ABCDE Single Family	5.63	11/14/06	11/01/36	533,531.48	533,902.51			(1,881.66)		531,649.82	526,595.59	(5,425.26)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/14/06	11/01/36	531,435.57	520,787.08			(2,324.01)		529,111.56	510,315.17	(8,147.90)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/06	10/01/36	620,159.03	614,677.58			(2,042.80)		618,116.23	603,141.12	(9,493.66)	0.00
FNMA	2006 ABCDE Single Family	5.63	11/21/06	11/01/36	390,584.82	390,857.63			(1,157.64)		389,427.18	385,726.18	(3,973.81)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/06	11/01/36	250,410.50	245,393.71			(840.12)		249,570.38	240,705.26	(3,848.33)	0.00
FNMA	2006 ABCDE Single Family	5.38	11/28/06	11/01/36	451,276.17	447,288.79			(1,522.57)		449,753.60	438,859.19	(6,907.03)	0.00
FNMA	2006 ABCDE Single Family	5.13	11/28/06	11/01/36	317,454.81	311,095.77			(1,664.85)		315,789.96	304,573.54	(4,857.38)	0.00
FNMA	2006 ABCDE Single Family	5.63	11/28/06	11/01/36	400,033.61	400,314.22			(1,941.91)		398,091.70	394,309.54	(4,062.77)	0.00
FNMA	2006 ABCDE Single Family	5.38	12/12/06	11/01/36	419,560.31	415,414.55			(1,776.48)		417,783.83	416,026.97	2,388.90	0.00
FNMA	2006 ABCDE Single Family	5.63	12/12/06	11/01/36	477,673.40	479,165.04			(2,198.45)		475,474.95	479,431.67	2,465.08	0.00
FNMA	2006 ABCDE Single Family	5.13	12/12/06	11/01/36	714,837.81	697,719.17			(2,626.95)		712,210.86	698,906.95	3,814.73	0.00
FNMA	2006 ABCDE Single Family	5.38	12/27/06	11/01/36	1,441,326.96	1,428,290.75			(5,201.91)		1,436,125.05	1,430,396.38	7,307.54	0.00
FNMA	2006 ABCDE Single Family	5.63	12/27/06	12/01/36	491,402.97	493,122.58			(1,637.28)		489,765.69	493,396.98	1,911.68	0.00
FNMA	2006 ABCDE Single Family	5.13	12/27/06	10/01/36	412,766.97	406,817.78			(1,401.89)		411,365.08	407,510.33	2,094.44	0.00
FNMA	2006 ABCDE Single Family	5.38	01/09/07	12/01/36	1,850,397.65	1,834,072.87			(9,816.86)		1,840,580.79	1,830,136.92	5,880.91	0.00
FNMA	2006 ABCDE Single Family	5.63	01/09/07	12/01/36	491,193.95	491,546.17			(2,040.60)		489,153.35	484,515.30	(4,990.27)	0.00
FNMA	2006 ABCDE Single Family	5.13	01/09/07	12/01/36	514,112.44	503,824.43			(2,230.28)		511,882.16	503,099.06	1,504.91	0.00
FNMA	2006 ABCDE Single Family	5.38	01/30/07	12/01/36	1,527,426.45	1,523,893.62			(8,405.53)		1,519,020.92	1,520,623.31	5,135.22	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in in Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.63	01/30/07	12/01/36	1,077,062.54	1,077,845.70			(4,489.63)		1,072,572.91	1,077,906.10	4,550.03	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/07	01/01/37	387,359.00	379,611.30			(3,154.10)		384,204.90	379,064.76	2,607.56	0.00
FNMA	2006 ABCDE Single Family	5.38	02/13/07	01/01/37	1,043,887.45	1,034,694.59			(3,781.21)		1,040,106.24	1,032,474.12	1,560.74	0.00
FNMA	2006 ABCDE Single Family	5.63	02/13/07	01/01/37	328,905.93	329,147.07			(1,183.43)		327,722.50	329,165.51	1,201.87	0.00
FNMA	2006 ABCDE Single Family	5.13	02/13/07	01/01/37	375,617.05	368,106.42			(1,220.93)		374,396.12	367,576.45	690.96	0.00
FNMA	2006 ABCDE Single Family	5.38	02/20/07	01/01/37	428,981.57	425,112.96			(1,535.65)		427,445.92	416,867.62	(6,709.69)	0.00
FNMA	2006 ABCDE Single Family	5.63	02/20/07	01/01/37	540,397.87	540,797.60			(1,622.42)		538,775.45	533,677.08	(5,498.10)	0.00
FNMA	2006 ABCDE Single Family	5.13	02/20/07	01/01/37	464,915.89	455,620.42			(1,937.70)		462,978.19	446,550.90	(7,131.82)	0.00
FNMA	2006 ABCDE Single Family	5.38	03/06/07	02/01/37			598,037.77				598,037.77	592,057.74	(5,980.03)	0.00
FNMA	2006 ABCDE Single Family	5.63	03/06/07	02/01/37			314,689.41				314,689.41	315,452.63	763.22	0.00
FNMA	2006 ABCDE Single Family	5.13	03/20/07	09/01/36			87,757.99				87,757.99	89,047.55	1,289.56	0.00
FNMA	2006 ABCDE Single Family	5.63	03/20/07	02/01/37			358,294.09				358,294.09	359,984.77	1,690.68	0.00
FNMA	2006 ABCDE Single Family	5.38	03/20/07	09/01/36			239,848.40				239,848.40	237,738.08	(2,110.32)	0.00
FNMA	2006 ABCDE Single Family	5.13	03/27/07	03/01/37			446,650.80				446,650.80	430,477.59	(16,173.21)	0.00
FNMA	2006 ABCDE Single Family	5.38	04/10/07	03/01/37			989,176.37				989,176.37	964,717.93	(24,458.44)	0.00
FNMA	2006 ABCDE Single Family	5.63	04/10/07	03/01/37			535,534.27				535,534.27	530,311.98	(5,222.29)	0.00
FNMA	2006 ABCDE Single Family	5.13	04/10/07	03/01/37			896,321.87				896,321.87	863,872.16	(32,449.71)	0.00
FNMA	2006 ABCDE Single Family	5.38	04/24/07	04/01/37			1,662,369.83				1,662,369.83	1,649,891.06	(12,478.77)	0.00
FNMA	2006 ABCDE Single Family	5.13	04/24/07	04/01/37			492,310.70				492,310.70	480,850.91	(11,459.79)	0.00
FNMA	2006 ABCDE Single Family	5.63	04/24/07	04/01/37			243,774.23				243,774.23	243,690.94	(83.29)	0.00
FNMA	2006 ABCDE Single Family	5.13	05/08/07	04/01/37			255,117.14				255,117.14	245,884.06	(9,233.08)	0.00
FNMA	2006 ABCDE Single Family	5.38	05/22/07	04/01/37			233,458.87				233,458.87	227,690.70	(5,768.17)	0.00
FNMA	2006 ABCDE Single Family	5.13	05/22/07	04/01/37			206,162.57				206,162.57	198,702.62	(7,459.95)	0.00
GIC's	2006 ABCDE Single Family	5.25	06/28/06	12/31/07	96,444,290.28	96,444,290.28		(23,022,655.03)			73,421,635.25	73,421,635.25	-	0.00
GNMA	2006 ABCDE Single Family	6.15	11/12/02	11/20/32	8,500.37	8,684.17			(31.11)		8,469.26	8,660.98	7.92	0.00
GNMA	2006 ABCDE Single Family	5.40	11/12/02	10/20/32	13,543.19	13,564.22			(56.01)		13,487.18	13,295.80	(212.41)	0.00
GNMA	2006 ABCDE Single Family	6.15	01/10/03	09/20/32	8,993.28	9,187.76			(41.21)		8,952.07	9,154.73	8.18	0.00
GNMA	2006 ABCDE Single Family	5.40	09/26/02	09/20/32	11,733.61	11,751.36			(48.84)		11,684.77	11,518.51	(184.01)	0.00
GNMA	2006 ABCDE Single Family	6.15	10/10/02	09/20/32	8,599.03	8,784.71			(2,890.67)		5,708.36	5,837.41	(56.63)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/10/02	09/20/32	3,502.85	3,508.17			(14.55)		3,488.30	3,438.69	(54.93)	0.00
GNMA	2006 ABCDE Single Family	6.15	10/21/02	10/20/32	10,922.03	11,158.37			(41.83)		10,880.20	11,126.69	10.15	0.00
GNMA	2006 ABCDE Single Family	6.15	10/29/02	10/20/32	6,395.28	6,533.49			(25.86)		6,369.42	6,513.54	5.91	0.00
GNMA	2006 ABCDE Single Family	5.40	10/29/02	09/20/32	2,818.80	2,823.12			(21.32)		2,797.48	2,757.73	(44.07)	0.00
GNMA	2006 ABCDE Single Family	6.15	11/05/02	10/20/32	3,091.31	3,158.17			(11.26)		3,080.05	3,149.78	2.87	0.00
GNMA	2006 ABCDE Single Family	5.40	11/05/02	09/20/32	6,946.28	6,957.00			(33.47)		6,912.81	6,814.65	(108.88)	0.00
GNMA	2006 ABCDE Single Family	6.15	11/19/02	11/20/32	4,071.96	4,160.04			(14.74)		4,057.22	4,149.10	3.80	0.00
GNMA	2006 ABCDE Single Family	5.40	11/19/02	11/20/32	4,977.61	4,985.38			(20.79)		4,956.82	4,886.53	(78.06)	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/02	11/20/32	21,130.87	21,588.07			(3,193.23)		17,937.64	18,343.95	(50.89)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/02	11/20/32	13,492.13	13,513.29			(60.69)		13,431.44	13,241.06	(211.54)	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/02	11/20/32	5,107.63	5,218.14			(19.90)		5,087.73	5,202.95	4.71	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/02	11/20/32	7,209.82	7,221.14			(31.40)		7,178.42	7,076.69	(113.05)	0.00
GNMA	2006 ABCDE Single Family	6.15	12/12/02	12/20/32	3,152.52	3,220.79			(11.68)		3,140.84	3,212.04	2.93	0.00
GNMA	2006 ABCDE Single Family	5.40	12/12/02	12/20/32	5,420.50	5,429.11			(22.64)		5,397.86	5,321.45	(85.02)	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/02	12/20/32	5,924.37	6,052.73			(42.08)		5,882.29	6,015.71	5.06	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/02	12/20/32	10,271.00	10,287.41			(41.94)		10,229.06	10,084.39	(161.08)	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/02	12/20/32	8,732.69	8,921.92			(33.55)		8,699.14	8,896.48	8.11	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/02	12/20/32	5,074.17	5,082.29			(20.63)		5,053.54	4,982.07	(79.59)	0.00
GNMA	2006 ABCDE Single Family	6.15	01/07/03	12/20/32	5,786.29	5,911.69			(21.82)		5,764.47	5,895.25	5.38	0.00
GNMA	2006 ABCDE Single Family	6.15	01/23/03	01/20/33	24,428.65	24,944.53			(92.74)		24,335.91	24,871.81	20.02	0.00
GNMA	2006 ABCDE Single Family	5.40	01/23/03	01/20/33	4,948.46	4,956.42			(20.12)		4,928.34	4,858.73	(77.57)	0.00
GNMA	2006 ABCDE Single Family	6.15	01/23/03	01/20/33	5,450.75	5,565.85			(19.74)		5,431.01	5,550.60	4.49	0.00
GNMA	2006 ABCDE Single Family	5.40	01/23/03	01/20/33	5,131.43	5,139.74			(20.72)		5,110.71	5,038.57	(80.45)	0.00
GNMA	2006 ABCDE Single Family	6.15	01/30/03	01/20/33	17,875.27	18,252.79			(3,464.51)		14,410.76	14,728.13	(60.15)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/30/03	01/20/33	17,066.15	17,093.71			(76.59)		16,989.56	16,749.71	(267.41)	0.00
GNMA	2006 ABCDE Single Family	6.15	02/12/03	02/20/33	21,142.56	21,589.41			(102.81)		21,039.75	21,503.44	16.84	0.00
GNMA	2006 ABCDE Single Family	6.15	02/20/03	02/20/33	8,606.81	8,788.75			(41.17)		8,565.64	8,754.45	6.87	0.00
GNMA	2006 ABCDE Single Family	5.40	03/03/03	03/20/33	5,875.05	5,884.74			(23.43)		5,851.62	5,769.19	(92.12)	0.00
GNMA	2006 ABCDE Single Family	6.15	02/27/03	02/20/33	21,862.58	22,324.92			(79.19)		21,783.39	22,263.75	18.02	0.00
GNMA	2006 ABCDE Single Family	5.40	02/27/03	01/20/33	5,330.07	5,338.78			(21.56)		5,308.51	5,233.65	(83.57)	0.00
GNMA	2006 ABCDE Single Family	6.15	03/12/03	02/20/33	15,798.16	16,132.42			(58.20)		15,739.96	16,087.20	12.98	0.00
GNMA	2006 ABCDE Single Family	6.15	03/24/03	03/20/33	7,855.31	8,021.65			(28.59)		7,826.72	7,999.53	6.47	0.00
GNMA	2006 ABCDE Single Family	5.40	03/24/03	02/20/33	5,459.68	5,468.76			(24.03)		5,435.65	5,359.15	(85.58)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	6.15	04/02/03	04/20/33	10,004.72	10,216.64			(36.86)		9,967.86	10,188.00	8.22	0.00
GNMA	2006 ABCDE Single Family	6.15	04/02/03	03/20/33	8,001.81	8,171.27			(28.29)		7,973.52	8,149.59	6.61	0.00
GNMA	2006 ABCDE Single Family	6.15	04/10/03	03/20/33	15,858.77	16,194.71			(75.81)		15,782.96	16,131.57	12.67	0.00
GNMA	2006 ABCDE Single Family	6.15	04/10/03	03/20/33	3,537.45	3,612.37			(15.78)		3,521.67	3,599.44	2.85	0.00
GNMA	2006 ABCDE Single Family	6.15	04/17/03	04/20/33	8,182.67	8,356.11			(28.93)		8,153.74	8,333.93	6.75	0.00
GNMA	2006 ABCDE Single Family	6.15	04/24/03	04/20/33	8,460.33	8,639.69			(30.92)		8,429.41	8,615.72	6.95	0.00
GNMA	2006 ABCDE Single Family	6.15	04/29/03	03/20/33	4,395.89	4,489.11			(15.93)		4,379.96	4,476.79	3.61	0.00
GNMA	2006 ABCDE Single Family	6.15	05/08/03	04/20/33	2,571.85	2,626.38			(9.60)		2,562.25	2,618.88	2.10	0.00
GNMA	2006 ABCDE Single Family	6.15	05/08/03	04/20/33	4,207.04	4,296.28			(19.97)		4,187.07	4,279.68	3.37	0.00
GNMA	2006 ABCDE Single Family	6.15	05/15/03	04/20/33	8,949.16	9,139.09			(4,638.20)		4,310.96	4,406.39	(94.50)	0.00
GNMA	2006 ABCDE Single Family	6.15	06/10/03	06/20/33	3,172.21	3,239.62			(11.22)		3,160.99	3,231.01	2.61	0.00
GNMA	2006 ABCDE Single Family	6.15	06/19/03	05/20/33	4,093.58	4,180.58			(14.22)		4,079.36	4,169.74	3.38	0.00
GNMA	2006 ABCDE Single Family	6.15	07/17/03	07/20/33	2,593.10	2,648.27			(10.33)		2,582.77	2,640.05	2.11	0.00
GNMA	2006 ABCDE Single Family	6.15	07/17/03	07/20/33	4,665.03	4,764.27			(27.78)		4,637.25	4,740.09	3.60	0.00
GNMA	2006 ABCDE Single Family	6.15	07/24/03	07/20/33	4,369.12	4,462.11			(15.76)		4,353.36	4,449.94	3.59	0.00
GNMA	2006 ABCDE Single Family	6.15	07/30/03	07/30/33	2,421.85	2,473.39			(8.33)		2,413.52	2,467.06	2.00	0.00
GNMA	2006 ABCDE Single Family	6.15	09/04/03	08/20/33	2,766.46	2,825.43			(9.41)		2,757.05	2,818.31	2.29	0.00
GNMA	2006 ABCDE Single Family	6.15	09/29/03	09/20/33	8,299.10	8,476.24			(28.56)		8,270.54	8,454.55	6.87	0.00
GNMA	2006 ABCDE Single Family	6.15	10/09/03	08/20/33	2,902.43	2,964.39			(9.96)		2,892.47	2,956.82	2.39	0.00
GNMA	2006 ABCDE Single Family	6.15	01/15/04	12/20/33	3,276.57	3,346.82			(10.94)		3,265.63	3,338.59	2.71	0.00
GNMA	2006 ABCDE Single Family	6.15	03/11/04	03/20/34	5,195.91	5,302.01			(16.91)		5,179.00	5,289.65	4.55	0.00
GNMA	2006 ABCDE Single Family	5.40	07/08/04	06/20/34	17,863.59	17,894.44			(65.45)		17,798.14	17,550.15	(278.84)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/08/04	04/20/34	1,995.95	2,036.76			(6.52)		1,989.43	2,031.99	1.75	0.00
GNMA	2006 ABCDE Single Family	5.40	06/17/04	06/20/34	37,524.26	37,588.37			(7,485.05)		30,039.21	29,620.12	(483.20)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/02/04	09/20/34	36,887.47	36,953.06			(145.75)		36,741.72	36,231.67	(575.64)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/09/04	09/20/34	52,389.32	52,385.00			(191.90)		52,197.42	51,375.66	(817.44)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/16/04	09/20/34	47,421.39	47,506.25			(169.47)		47,251.92	46,596.47	(740.31)	0.00
GNMA	2006 ABCDE Single Family	5.40	07/15/04	07/20/34	17,820.04	17,850.92			(70.22)		17,749.82	17,502.61	(278.09)	0.00
GNMA	2006 ABCDE Single Family	5.40	07/22/04	07/20/34	17,980.71	18,012.02			(69.19)		17,911.52	17,662.22	(280.61)	0.00
GNMA	2006 ABCDE Single Family	5.40	07/29/04	07/20/34	15,095.63	15,121.93			(57.03)		15,038.60	14,829.29	(235.61)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/05/04	08/20/34	19,318.46	19,352.33			(71.09)		19,247.37	18,979.72	(301.52)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/12/04	08/20/34	29,858.82	29,911.32			(110.12)		29,748.70	29,335.13	(466.07)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/20/04	08/20/34	10,382.99	10,401.33			(40.27)		10,342.72	10,199.01	(162.05)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/26/04	08/20/34	6,674.85	6,686.67			(66.12)		6,608.73	6,516.94	(103.61)	0.00
GNMA	2006 ABCDE Single Family	5.40	12/02/04	12/20/34	20,750.11	20,788.69			(75.20)		20,674.91	20,389.56	(323.93)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/14/04	10/20/34	47,003.98	47,001.55			(7,702.28)		39,301.70	38,684.15	(615.12)	0.00
GNMA	2006 ABCDE Single Family	4.49	10/14/04	09/20/34	7,773.08	7,413.19			(33.05)		7,740.03	7,243.46	(136.68)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/21/04	10/20/34	77,826.95	77,968.70			(3,620.69)		74,206.26	73,179.24	(1,168.77)	0.00
GNMA	2006 ABCDE Single Family	4.49	10/21/04	10/20/34	16,186.36	15,437.05			(68.87)		16,117.49	15,083.55	(284.63)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/28/04	10/20/34	19,297.17	19,296.37			(82.76)		19,214.41	18,912.69	(300.92)	0.00
GNMA	2006 ABCDE Single Family	4.49	10/29/04	10/20/34	29,072.66	27,652.23			(132.68)		28,939.98	27,010.12	(509.43)	0.00
GNMA	2006 ABCDE Single Family	4.49	11/04/04	10/20/34	126,993.13	120,789.07			(585.20)		126,407.93	117,978.99	(2,224.88)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/04/04	11/20/34	22,877.99	22,919.96			(82.53)		22,795.46	22,480.29	(357.14)	0.00
GNMA	2006 ABCDE Single Family	4.49	11/10/04	11/20/34	27,103.12	25,779.21			(134.11)		26,969.01	25,170.87	(474.23)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/10/04	11/20/34	3,396.98	3,403.19			(11.98)		3,385.00	3,338.16	(53.05)	0.00
GNMA	2006 ABCDE Single Family	4.49	11/18/04	11/20/34	39,383.13	37,459.66			(8,085.33)		31,297.80	29,211.27	(163.05)	0.00
GNMA	2006 ABCDE Single Family	5.40	12/23/04	12/20/34	5,346.40	5,356.44			(19.67)		5,326.73	5,253.31	(83.46)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/08/05	08/20/35	2,965.75	2,970.82			(15.18)		2,950.57	2,909.31	(46.33)	0.00
FNMA	2006 ABCDE Single Family	5.40	08/14/03	09/01/32	2,869.91	2,852.54			(12.57)		2,857.34	2,796.02	(43.95)	0.00
FNMA	2006 ABCDE Single Family	6.15	08/14/03	12/01/31	3,152.74	3,221.50			(34.66)		3,118.08	3,178.87	(7.97)	0.00
FNMA	2006 ABCDE Single Family	5.45	03/01/04	02/01/34	7,071.36	7,039.79			(24.02)		7,047.34	6,908.88	(106.89)	0.00
FNMA	2006 ABCDE Single Family	6.15	04/15/04	02/01/34	5,155.18	5,245.81			(17.06)		5,138.12	5,220.09	(8.66)	0.00
FNMA	2006 ABCDE Single Family	5.40	10/28/04	10/01/34	15,181.20	15,078.57			(55.74)		15,125.46	14,793.82	(229.01)	0.00
FNMA	2006 ABCDE Single Family	4.49	11/04/04	10/01/34	15,378.56	14,590.83			(64.64)		15,313.92	14,223.31	(302.88)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/29/02	08/20/32	10,980.58	10,996.71			(46.29)		10,934.29	10,778.23	(172.19)	0.00
GNMA	2006 ABCDE Single Family	6.15	09/12/02	08/20/32	3,125.06	3,192.52			(11.98)		3,113.08	3,183.44	2.90	0.00
GNMA	2006 ABCDE Single Family	6.15	09/19/02	09/20/32	4,622.54	4,722.29			(17.21)		4,605.33	4,709.38	4.30	0.00
GNMA	2006 ABCDE Single Family	5.40	09/19/02	09/20/32	12,090.96	12,109.18			(55.84)		12,035.12	11,863.80	(189.54)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/09/04	12/20/34	97,340.45	92,588.11			(427.53)		96,912.92	90,453.73	(1,706.85)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/16/04	12/20/34	90,933.63	86,494.62			(9,248.67)		81,684.96	76,241.19	(1,004.76)	0.00
GNMA	2006 ABCDE Single Family	4.49	11/23/04	11/20/34	100,773.63	95,852.21			(434.68)		100,338.95	93,649.98	(1,767.55)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/02/04	12/20/34	163,256.43	155,285.03			(9,322.15)		153,934.28	143,673.96	(2,288.92)	0.00

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GNMA	2006 ABCDE Single Family	4.49	12/23/04	12/20/34	96,128.60	91,436.54			(416.10)		95,712.50	89,334.42	(1,686.02)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/29/04	12/20/34	87,124.57	82,872.39			(364.26)		86,760.31	80,979.16	(1,528.97)	0.00
GNMA	2006 ABCDE Single Family	4.49	01/06/05	01/20/35	198,823.57	189,001.05			(855.98)		197,967.59	184,707.95	(3,437.12)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/06/05	01/20/35	22,202.90	22,235.92			(77.56)		22,125.34	21,811.03	(347.33)	0.00
GNMA	2006 ABCDE Single Family	4.49	01/13/05	01/20/35	100,561.66	95,594.15			(476.47)		100,085.19	93,382.14	(1,735.54)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/13/05	01/20/35	9,459.61	9,473.72			(32.85)		9,426.76	9,292.89	(147.98)	0.00
GNMA	2006 ABCDE Single Family	4.49	01/19/05	01/20/35	131,847.83	125,335.49			(562.09)		131,285.74	122,493.71	(2,279.69)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/19/05	01/20/35	13,072.07	13,091.67			(45.37)		13,026.70	12,841.80	(204.50)	0.00
GNMA	2006 ABCDE Single Family	4.49	01/27/05	01/20/35	149,088.98	141,726.05			(833.59)		148,255.39	138,327.90	(2,564.56)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/03/05	02/20/35	199,226.66	189,388.97			(924.63)		198,302.03	186,024.62	(3,439.72)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/10/05	02/20/35	72,740.92	69,149.44			(8,197.92)		64,543.00	60,221.85	(729.67)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/10/05	02/20/35	149,947.92	142,544.45			(647.68)		149,300.24	139,304.63	(2,592.14)	0.00
GNMA	2006 ABCDE Single Family	5.40	02/17/05	11/20/34	9,628.20	9,646.71			(4,483.71)		5,144.49	5,073.80	(89.20)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/17/05	02/20/35	89,209.53	84,805.48			(371.73)		88,837.80	82,890.66	(1,543.09)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/24/05	02/20/35	96,860.98	92,079.73			(5,576.57)		91,284.41	85,173.97	(1,329.19)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/03/05	03/20/35	88,027.89	83,683.24			(405.08)		87,622.81	81,758.05	(1,520.11)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/11/05	03/20/35	39,000.06	37,075.46			(7,288.70)		31,711.36	29,589.08	(197.68)	0.00
GNMA	2006 ABCDE Single Family	5.40	03/17/05	02/20/35	6,262.49	6,272.18			(22.85)		6,239.64	6,151.37	(97.96)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/17/05	03/20/35	59,387.45	56,457.06			(258.40)		59,129.05	55,172.11	(1,026.55)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/24/05	03/20/35	58,828.88	55,926.38			(238.82)		58,590.06	54,669.51	(1,018.05)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/07/05	04/20/35	73,492.97	69,867.86			(6,540.27)		66,952.70	62,473.37	(854.22)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/14/05	04/20/35	57,940.73	55,231.04			(233.23)		57,707.50	53,991.46	(1,006.35)	0.00
GNMA	2006 ABCDE Single Family	5.40	04/21/05	04/20/35	11,475.84	11,472.57			(40.04)		11,435.80	11,252.95	(179.58)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/21/05	04/20/35	81,976.21	77,933.65			(6,958.58)		75,017.63	69,999.63	(975.44)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/28/05	04/20/35	73,017.88	69,417.44			(305.40)		72,712.48	67,849.07	(1,262.97)	0.00
GNMA	2006 ABCDE Single Family	5.40	04/28/05	04/20/35	6,587.45	6,597.88			(22.89)		6,564.56	6,471.93	(103.06)	0.00
GNMA	2006 ABCDE Single Family	4.49	05/05/05	05/20/35	119,394.32	113,507.96			(527.55)		118,866.77	110,917.04	(2,063.37)	0.00
GNMA	2006 ABCDE Single Family	5.40	05/05/05	04/20/35	11,564.95	11,561.79			(41.47)		11,523.48	11,339.36	(180.96)	0.00
GNMA	2006 ABCDE Single Family	5.40	07/07/05	07/20/35	5,871.99	5,881.67			(20.87)		5,851.12	5,768.94	(91.86)	0.00
GNMA	2006 ABCDE Single Family	5.40	05/26/05	05/20/35	8,006.57	8,019.49			(27.37)		7,979.20	7,866.85	(125.27)	0.00
GNMA	2006 ABCDE Single Family	4.49	05/26/05	05/20/35	35,229.71	33,493.45			(143.33)		35,086.38	32,740.43	(609.69)	0.00
GNMA	2006 ABCDE Single Family	5.40	06/09/05	05/20/35	8,456.44	8,470.17			(28.81)		8,427.63	8,309.04	(132.32)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/11/05	07/20/35	3,195.67	3,201.04			(10.69)		3,184.98	3,140.34	(50.01)	0.00
FNMA	2006 ABCDE Single Family	4.49	12/23/04	12/01/34	16,027.98	15,207.32			(75.59)		15,952.39	14,816.63	(315.10)	0.00
FNMA	2006 ABCDE Single Family	4.49	01/19/05	01/01/35	21,449.86	20,351.85			(5,636.42)		15,813.44	14,687.75	(27.68)	0.00
FNMA	2006 ABCDE Single Family	4.49	01/27/05	01/01/35	21,901.93	20,753.52			(100.89)		21,801.04	20,230.53	(422.10)	0.00
FNMA	2006 ABCDE Single Family	4.49	03/14/05	12/01/34	17,355.85	16,467.74			(72.24)		17,283.61	16,053.59	(341.91)	0.00
FNMA	2006 ABCDE Single Family	5.40	03/24/05	02/01/35	11,943.09	11,863.11			(46.27)		11,896.82	11,636.71	(180.13)	0.00
FNMA	2006 ABCDE Single Family	4.49	04/07/05	02/01/35	15,067.23	14,277.61			(61.65)		15,005.58	13,925.02	(290.94)	0.00
FNMA	2006 ABCDE Single Family	5.40	07/14/05	04/01/35	5,615.68	5,575.44			(19.48)		5,596.20	5,470.50	(85.46)	0.00
	2006 ABCDE Single Family Total				278,629,249.66	278,308,914.78	26,263,608.15	(33,272,147.43)	(1,638,840.74)	0.00	269,981,869.64	267,363,234.13	(2,298,300.63)	0.00
GIC's	2006 FGH Single Family	5.19	11/15/06	08/29/08	1,338,384.70	1,338,384.70		(801,392.25)			536,992.45	536,992.45	-	0.00
Repo Agmt	2006 FGH Single Family	5.28	05/31/07	06/01/07	2,014,634.66	2,014,634.66		(1,934,958.65)			79,676.01	79,676.01	-	0.00
GIC's	2006 FGH Single Family	4.33	05/25/07	02/26/36			483,307.57				483,307.57	483,307.57	-	0.00
GIC's	2006 FGH Single Family	4.33	11/15/06	02/26/38	600,000.00	600,000.00	0.00				600,000.00	600,000.00	-	0.00
GNMA	2006 FGH Single Family	5.49	01/30/07	01/20/37	5,460,259.26	5,503,177.75			(19,812.06)		5,440,447.20	5,396,604.51	(86,761.18)	0.00
GNMA	2006 FGH Single Family	5.15	02/13/07	01/20/37	44,988.35	44,576.66			(651.15)		44,337.20	43,228.88	(696.63)	0.00
GNMA	2006 FGH Single Family	5.49	02/13/07	02/20/37	2,425,092.69	2,444,188.92			(9,456.42)		2,415,636.27	2,396,205.85	(38,526.65)	0.00
GNMA	2006 FGH Single Family	5.49	02/13/07	01/20/37	187,481.94	188,958.26			(548.22)		186,933.72	185,429.92	(2,980.12)	0.00
GNMA	2006 FGH Single Family	5.70	02/20/07	02/20/37	584,569.03	591,932.71			(1,736.95)		582,832.08	584,874.87	(5,320.89)	0.00
GNMA	2006 FGH Single Family	5.15	02/20/07	01/20/37	428,091.18	424,177.11			(2,954.27)		425,136.91	414,512.84	(6,710.00)	0.00
GNMA	2006 FGH Single Family	5.15	02/20/07	01/20/37	1,327,676.95	1,338,142.49			(10,253.72)		1,317,423.23	1,306,835.65	(21,053.12)	0.00
GNMA	2006 FGH Single Family	5.15	03/07/07	02/20/37			771,685.28				771,685.28	752,413.22	(19,272.06)	0.00
GNMA	2006 FGH Single Family	5.49	03/20/07	03/20/37			1,460,473.44				1,460,473.44	1,448,778.73	(11,694.71)	0.00
GNMA	2006 FGH Single Family	5.15	03/20/07	02/20/37			274,572.86				274,572.86	267,719.20	(6,853.66)	0.00
GNMA	2006 FGH Single Family	5.49	03/06/07	02/20/37			2,452,905.43				2,452,905.43	2,417,459.24	(35,446.19)	0.00
GNMA	2006 FGH Single Family	5.49	03/20/07	02/20/37			291,216.53				291,216.53	288,884.62	(2,331.91)	0.00
GNMA	2006 FGH Single Family	5.70	04/24/07	04/20/37			519,207.03				519,207.03	521,061.61	1,854.58	0.00
GNMA	2006 FGH Single Family	5.15	04/24/07	04/20/37			1,588,609.24				1,588,609.24	1,546,072.82	(42,536.42)	0.00
GNMA	2006 FGH Single Family	5.49	04/24/07	04/20/37			1,814,397.30				1,814,397.30	1,799,935.91	(14,461.39)	0.00
GNMA	2006 FGH Single Family	5.15	03/27/07	03/20/37			1,313,288.73				1,313,288.73	1,278,086.77	(35,201.96)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2006 FGH Single Family	5.49	03/27/07	02/20/37			535,260.51				535,260.51	530,978.72	(4,281.79)	0.00
GNMA	2006 FGH Single Family	5.15	04/10/07	04/20/37			1,804,845.56				1,804,845.56	1,756,494.35	(48,351.21)	0.00
GNMA	2006 FGH Single Family	5.49	04/10/07	03/20/37			1,499,017.52				1,499,017.52	1,487,047.25	(11,970.27)	0.00
GNMA	2006 FGH Single Family	5.49	04/10/07	02/20/37			191,068.05				191,068.05	189,542.29	(1,525.76)	0.00
GNMA	2006 FGH Single Family	5.15	05/08/07	04/20/37			645,196.76				645,196.76	629,124.99	(16,071.77)	0.00
GNMA	2006 FGH Single Family	5.15	05/08/07	03/20/37			75,151.54				75,151.54	73,279.53	(1,872.01)	0.00
GNMA	2006 FGH Single Family	5.49	05/08/07	04/20/37			750,344.08				750,344.08	744,374.87	(5,969.21)	0.00
GNMA	2006 FGH Single Family	5.49	05/08/07	04/20/37			196,115.25				196,115.25	194,555.09	(1,560.16)	0.00
GNMA	2006 FGH Single Family	5.70	05/08/07	04/20/37			182,839.24				182,839.24	182,298.81	(540.43)	0.00
GNMA	2006 FGH Single Family	5.15	05/22/07	05/20/37			986,576.46				986,576.46	962,015.57	(24,560.89)	0.00
GNMA	2006 FGH Single Family	5.49	05/22/07	04/20/37			564,758.91				564,758.91	560,274.59	(4,484.32)	0.00
GNMA	2006 FGH Single Family	5.70	05/22/07	04/20/37			325,346.97				325,346.97	326,519.00	1,172.03	0.00
FNMA	2006 FGH Single Family	5.49	01/30/07	01/01/37	1,204,325.44	1,200,133.96			(4,593.19)		1,199,732.25	1,176,661.27	(18,879.50)	0.00
FNMA	2006 FGH Single Family	5.70	02/13/07	01/01/37	201,792.39	202,419.67			(577.71)		201,214.68	199,827.68	(2,014.28)	0.00
FNMA	2006 FGH Single Family	5.15	02/13/07	01/01/37	176,239.61	172,950.96			(1,528.93)		174,710.68	168,746.40	(2,675.63)	0.00
FNMA	2006 FGH Single Family	5.49	02/13/07	02/01/37	1,405,042.41	1,400,245.54			(4,420.10)		1,400,622.31	1,374,372.14	(21,453.30)	0.00
FNMA	2006 FGH Single Family	5.49	02/13/07	02/01/37	202,737.65	202,033.27			(701.94)		202,035.71	198,151.74	(3,179.59)	0.00
FNMA	2006 FGH Single Family	5.49	02/20/07	02/01/37	1,256,741.79	1,252,379.21			(4,730.10)		1,252,011.69	1,227,946.50	(19,702.61)	0.00
FNMA	2006 FGH Single Family	5.15	02/21/07	02/01/37	215,035.07	210,915.27			(690.88)		214,344.19	206,874.80	(3,349.59)	0.00
FNMA	2006 FGH Single Family	5.49	03/07/07	02/01/37			2,479,582.90				2,479,582.90	2,431,939.39	(47,643.51)	0.00
FNMA	2006 FGH Single Family	5.49	03/06/07	01/01/37			237,689.36				237,689.36	233,236.98	(4,452.38)	0.00
FNMA	2006 FGH Single Family	5.15	03/20/07	02/01/37			346,346.92				346,346.92	334,281.57	(12,065.35)	0.00
FNMA	2006 FGH Single Family	5.49	03/20/07	02/01/37			1,709,385.29				1,709,385.29	1,676,550.71	(32,834.58)	0.00
FNMA	2006 FGH Single Family	5.49	03/20/07	02/01/37			84,323.46				84,323.46	82,703.74	(1,619.72)	0.00
FNMA	2006 FGH Single Family	5.15	03/27/07	12/01/36			113,037.69				113,037.69	109,180.89	(3,856.80)	0.00
FNMA	2006 FGH Single Family	5.70	04/10/07	03/01/37			474,763.60				474,763.60	471,503.31	(3,260.29)	0.00
FNMA	2006 FGH Single Family	5.15	04/10/07	03/01/37			429,186.02				429,186.02	414,239.04	(14,946.98)	0.00
FNMA	2006 FGH Single Family	5.49	04/10/07	03/01/37			2,740,115.60				2,740,115.60	2,687,509.34	(52,606.26)	0.00
FNMA	2006 FGH Single Family	5.49	04/10/07	04/20/37			374,362.12				374,362.12	369,578.04	(4,784.08)	0.00
FNMA	2006 FGH Single Family	5.70	04/24/07	04/01/37			64,585.39				64,585.39	64,142.26	(443.13)	0.00
FNMA	2006 FGH Single Family	5.15	04/24/07	03/01/37			570,938.81				570,938.81	551,058.43	(19,880.38)	0.00
FNMA	2006 FGH Single Family	5.49	04/24/07	04/01/37			1,274,533.85				1,274,533.85	1,250,072.18	(24,461.67)	0.00
FNMA	2006 FGH Single Family	5.49	04/24/07	04/01/37			334,524.82				334,524.82	328,104.40	(6,420.42)	0.00
FNMA	2006 FGH Single Family	5.15	05/08/07	04/01/37			436,876.49				436,876.49	421,666.77	(15,209.72)	0.00
FNMA	2006 FGH Single Family	5.49	05/08/07	05/01/37			242,556.81				242,556.81	237,902.94	(4,653.87)	0.00
FNMA	2006 FGH Single Family	5.49	05/22/07	04/01/37			291,750.09				291,750.09	286,154.38	(5,595.71)	0.00
FNMA	2006 FGH Single Family	5.70	05/22/07	04/01/37			236,752.24				236,752.24	235,130.91	(1,621.33)	0.00
GIC's	2006 FGH Single Family	5.19	11/15/06	08/29/08	116,756,635.95	116,756,635.95		(30,997,808.12)			85,758,827.83	85,758,827.83	-	0.00
Repo Agmt	2006 FGH Single Family	5.28	05/31/07	06/01/07	39,263.37	39,263.37	527.94				39,791.31	39,791.31	-	0.00
	2006 FGH Single Family Total				135,868,992.44	135,925,150.46	31,168,023.66	(33,734,159.02)	(62,655.64)	0.00	133,240,201.44	132,520,740.68	(775,618.78)	0.00
GNMA	2002 A-D SF MRB	4.49	12/09/04	12/20/34	74,936.73	71,278.16			(329.15)		74,607.58	69,635.02	(1,313.99)	0.00
GNMA	2002 A-D SF MRB	4.49	12/16/04	12/20/34	70,004.45	66,587.13			(7,120.01)		62,884.44	58,693.61	(773.51)	0.00
GNMA	2002 A-D SF MRB	4.49	10/14/04	09/20/34	5,984.03	5,706.98			(25.44)		5,958.59	5,576.31	(105.23)	0.00
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34	12,461.14	11,884.09			(53.02)		12,408.12	11,611.95	(219.12)	0.00
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34	22,381.86	21,287.83			(102.17)		22,279.69	20,793.51	(392.15)	0.00
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34	97,764.54	92,988.41			(450.51)		97,314.03	90,825.10	(1,712.80)	0.00
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34	20,865.07	19,845.90			(103.24)		20,761.83	19,377.57	(365.09)	0.00
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34	30,318.76	28,837.98			(6,224.42)		24,094.34	22,488.04	(125.52)	0.00
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34	77,579.68	73,790.98			(334.64)		77,245.04	72,095.62	(1,360.72)	0.00
GNMA	2002 A-D SF MRB	4.49	12/02/04	12/20/34	125,681.57	119,544.82			(7,176.57)		118,505.00	110,606.14	(1,762.11)	0.00
GNMA	2002 A-D SF MRB	4.49	12/23/04	12/20/34	74,003.75	70,391.62			(320.32)		73,683.43	68,773.32	(1,297.98)	0.00
GNMA	2002 A-D SF MRB	4.49	12/29/04	12/20/34	67,072.05	63,798.58			(280.43)		66,791.62	62,341.09	(1,177.06)	0.00
GNMA	2002 A-D SF MRB	4.49	01/06/05	01/20/35	153,062.60	145,500.81			(658.96)		152,403.64	142,195.80	(2,646.05)	0.00
GNMA	2002 A-D SF MRB	4.49	01/13/05	01/20/35	77,416.51	73,592.32			(366.81)		77,049.70	71,889.42	(1,336.09)	0.00
GNMA	2002 A-D SF MRB	5.40	01/13/05	01/20/35	7,282.37	7,293.25			(25.28)		7,257.09	7,154.05	(113.92)	0.00
GNMA	2002 A-D SF MRB	4.49	01/19/05	01/20/35	101,501.90	96,488.43			(432.72)		101,069.18	94,300.71	(1,755.00)	0.00
GNMA	2002 A-D SF MRB	5.40	01/19/05	01/20/35	10,063.45	10,078.50			(34.94)		10,028.51	9,886.14	(157.42)	0.00
GNMA	2002 A-D SF MRB	4.49	01/27/05	01/20/35	114,774.84	109,106.56			(641.74)		114,133.10	106,490.52	(1,974.30)	0.00
GNMA	2002 A-D SF MRB	4.49	02/03/05	02/20/35	153,372.90	145,799.44			(711.82)		152,661.08	142,439.59	(2,648.03)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	55,998.94	53,234.09			(6,311.11)		49,687.83	46,361.26	(561.72)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	115,436.11	109,736.61			(498.61)		114,937.50	107,242.46	(1,995.54)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	02/17/05	02/20/35	68,677.20	65,286.75			(286.16)		68,391.04	63,812.65	(1,187.94)	0.00
GNMA	2002 A-D SF MRB	4.49	02/24/05	02/20/35	74,567.57	70,886.77			(4,293.07)		70,274.50	65,570.44	(1,023.26)	0.00
GNMA	2002 A-D SF MRB	4.49	03/03/05	03/20/35	67,767.49	64,422.80			(311.84)		67,455.65	62,940.71	(1,170.25)	0.00
GNMA	2002 A-D SF MRB	4.49	03/11/05	03/20/35	30,023.86	28,542.22			(5,611.14)		24,412.72	22,778.89	(152.19)	0.00
GNMA	2002 A-D SF MRB	4.49	03/17/05	03/20/35	45,718.89	43,462.98			(198.93)		45,519.96	42,473.77	(790.28)	0.00
GNMA	2002 A-D SF MRB	4.49	03/24/05	03/20/35	45,288.90	43,054.43			(183.86)		45,105.04	42,086.84	(783.73)	0.00
GNMA	2002 A-D SF MRB	4.49	04/07/05	04/20/35	56,577.91	53,787.16			(5,034.97)		51,542.94	48,094.58	(657.61)	0.00
GNMA	2002 A-D SF MRB	4.49	04/14/05	04/20/35	44,605.15	42,519.13			(179.55)		44,425.60	41,564.86	(774.72)	0.00
GNMA	2002 A-D SF MRB	4.49	04/21/05	04/20/35	63,108.70	59,996.55			(5,356.99)		57,751.71	53,888.61	(750.95)	0.00
GNMA	2002 A-D SF MRB	4.49	04/28/05	04/20/35	56,212.19	53,440.41			(235.11)		55,977.08	52,233.01	(972.29)	0.00
GNMA	2002 A-D SF MRB	4.49	05/05/05	05/20/35	91,914.67	87,383.11			(406.13)		91,508.54	85,388.50	(1,588.48)	0.00
GNMA	2002 A-D SF MRB	4.49	05/12/05	05/20/35	62,884.00	59,784.09			(251.92)		62,632.08	58,443.66	(1,088.51)	0.00
GNMA	2002 A-D SF MRB	4.49	07/07/05	07/20/35	206,537.37	196,365.84			(5,709.46)		200,827.91	187,407.30	(3,249.08)	0.00
GNMA	2002 A-D SF MRB	4.49	07/14/05	07/20/35	35,964.10	34,193.15			(142.91)		35,821.19	33,427.59	(622.65)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	53,808.05	51,293.56			(217.01)		53,591.04	50,141.96	(934.59)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	27,121.30	25,784.63			(110.34)		27,010.96	25,204.93	(469.36)	0.00
GNMA	2002 A-D SF MRB	4.49	06/02/05	06/20/35	49,131.95	46,836.32			(265.48)		48,866.47	45,721.78	(849.06)	0.00
GNMA	2002 A-D SF MRB	4.49	06/09/05	06/20/35	59,504.00	56,572.14			(239.36)		59,264.64	55,302.82	(1,029.96)	0.00
GNMA	2002 A-D SF MRB	4.49	06/15/05	06/20/35	53,497.01	50,997.96			(5,302.62)		48,194.39	45,093.45	(601.89)	0.00
GNMA	2002 A-D SF MRB	4.49	06/23/05	06/20/35	107,476.01	102,181.71			(634.43)		106,841.58	99,700.45	(1,846.83)	0.00
GNMA	2002 A-D SF MRB	4.49	06/29/05	06/20/35	47,780.17	45,426.74			(191.77)		47,588.40	44,407.90	(827.07)	0.00
GNMA	2002 A-D SF MRB	4.49	09/08/05	09/20/35	9,679.85	9,228.39			(38.56)		9,641.29	9,021.65	(168.18)	0.00
GNMA	2002 A-D SF MRB	4.49	09/15/05	09/20/35	16,710.85	15,888.88			(72.15)		16,638.70	15,527.77	(288.96)	0.00
GNMA	2002 A-D SF MRB	4.49	09/22/05	09/20/35	21,875.61	20,799.72			(97.39)		21,778.22	20,324.26	(378.07)	0.00
GNMA	2002 A-D SF MRB	4.49	07/21/05	07/20/35	23,529.77	22,431.35			(93.19)		23,436.58	21,929.33	(408.83)	0.00
GNMA	2002 A-D SF MRB	4.49	07/28/05	07/20/35	18,106.06	17,214.69			(74.01)		18,032.05	16,827.34	(313.34)	0.00
GNMA	2002 A-D SF MRB	4.49	08/04/05	08/20/35	4,026.33	3,838.42			(15.77)		4,010.56	3,752.69	(69.96)	0.00
GNMA	2002 A-D SF MRB	4.49	08/11/05	07/20/35	29,187.24	27,825.16			(116.55)		29,070.69	27,201.54	(507.07)	0.00
GNMA	2002 A-D SF MRB	4.49	08/18/05	08/20/35	80,871.08	76,891.21			(376.61)		80,494.47	75,118.11	(1,396.49)	0.00
GNMA	2002 A-D SF MRB	4.49	08/30/05	08/20/35	143,544.30	136,481.51			(677.50)		142,866.80	133,325.84	(2,478.17)	0.00
GNMA	2002 A-D SF MRB	4.49	09/29/05	07/20/35	11,869.95	11,316.50			(47.16)		11,822.79	11,063.11	(206.23)	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/05	09/20/35	15,106.10	14,363.38			(60.30)		15,045.80	14,041.53	(261.55)	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/05	10/20/35	99,651.38	94,753.22			(6,429.03)		93,222.35	87,001.32	(1,322.87)	0.00
GNMA	2002 A-D SF MRB	4.49	11/01/05	11/20/35	24,772.09	23,617.85			(100.15)		24,671.94	23,087.38	(430.32)	0.00
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34	11,839.07	11,232.63			(49.77)		11,789.30	10,949.70	(233.16)	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/04	12/01/34	12,339.01	11,707.22			(58.19)		12,280.82	11,406.45	(242.58)	0.00
FNMA	2002 A-D SF MRB	4.49	01/19/05	01/01/35	16,513.00	15,667.69			(4,339.16)		12,173.84	11,307.23	(21.30)	0.00
FNMA	2002 A-D SF MRB	4.49	01/27/05	01/01/35	16,861.00	15,976.92			(77.67)		16,783.33	15,574.30	(324.95)	0.00
FNMA	2002 A-D SF MRB	4.49	03/14/05	12/01/34	13,361.24	12,677.54			(55.61)		13,305.63	12,358.71	(263.22)	0.00
FNMA	2002 A-D SF MRB	4.49	04/07/05	02/01/35	11,599.34	10,991.50			(47.45)		11,551.89	10,720.06	(223.99)	0.00
FNMA	2002 A-D SF MRB	4.49	07/28/05	07/01/35	23,208.85	21,993.69			(121.81)		23,087.04	21,425.63	(446.25)	0.00
FNMA	2002 A-D SF MRB	4.49	09/08/05	08/01/35	17,878.10	16,942.36			(72.81)		17,805.29	16,524.28	(345.27)	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/05	09/01/35	4,962.13	4,702.50			(39.65)		4,922.48	4,568.42	(94.43)	0.00
FNMA	2002 A-D SF MRB	4.49	11/01/05	10/01/35	10,250.53	9,714.23			(186.78)		10,063.75	9,339.93	(187.52)	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	06/20/34	7,786.22	7,799.59			(28.52)		7,757.70	7,649.53	(121.54)	0.00
GNMA	2002 A-D SF MRB	5.40	06/01/04	06/20/34	16,355.81	16,383.52			(3,262.54)		13,093.27	12,910.43	(210.55)	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	16,078.01	16,106.62			(63.52)		16,014.49	15,792.19	(250.91)	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	22,834.92	22,832.89			(83.64)		22,751.28	22,392.95	(356.30)	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	20,669.66	20,706.40			(73.87)		20,595.79	20,309.85	(322.68)	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	7,767.23	7,780.62			(30.61)		7,736.62	7,628.81	(121.20)	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	7,837.33	7,850.84			(30.16)		7,807.17	7,698.37	(122.31)	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	6,579.81	6,591.15			(24.86)		6,554.95	6,463.60	(102.69)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	8,420.29	8,435.04			(30.97)		8,389.32	8,272.63	(131.44)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	13,014.57	13,037.35			(48.01)		12,966.56	12,786.21	(203.13)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	4,525.68	4,533.60			(17.56)		4,508.12	4,445.41	(70.63)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	2,909.41	2,914.49			(28.82)		2,880.59	2,840.51	(45.16)	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34	20,487.49	20,486.42			(3,357.16)		17,130.33	16,861.14	(268.12)	0.00
Repo Agmt	2002 A-D SF MRB	5.28	05/31/07	06/01/07	10,852.00	10,852.00	145.89				10,997.89	10,997.89	-	0.00
Repo Agmt	2002 A-D SF MRB	5.28	05/31/07	06/01/07	5,745,225.35	5,745,225.35		(5,634,348.24)			110,877.11	110,877.11	-	0.00
Repo Agmt	2002 A-D SF MRB	5.28	05/31/07	06/01/07	267,922.53	267,922.53		(267,657.53)			265.00	265.00	-	0.00
GIC's	2002 A-D SF MRB	5.01	06/26/02	03/01/34	268,166.96	268,166.96	3,391,392.47				3,659,559.43	3,659,559.43	-	0.00
GIC's	2002 A-D SF MRB	4.51	06/26/02	03/01/34	26,532.15	26,532.15	165,091.05				191,623.20	191,623.20	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	5.40	08/29/02	08/20/32	218,990.36	219,316.31			(923.25)		218,067.11	214,959.04	(3,434.02)	0.00
GNMA	2002 A-D SF MRB	6.15	11/12/02	11/20/32	169,331.23	172,993.13			(619.81)		168,711.42	172,531.10	157.78	0.00
GNMA	2002 A-D SF MRB	5.40	11/12/02	10/20/32	269,786.83	270,206.09			(1,115.71)		268,671.12	264,859.15	(4,231.23)	0.00
GNMA	2002 A-D SF MRB	6.15	09/12/02	08/20/32	62,897.89	64,254.34			(241.08)		62,656.81	64,071.62	58.36	0.00
GNMA	2002 A-D SF MRB	6.15	09/19/02	09/20/32	93,036.04	95,043.28			(346.44)		92,689.60	94,783.42	86.58	0.00
GNMA	2002 A-D SF MRB	5.40	09/19/02	09/20/32	243,348.20	243,715.30			(1,123.94)		242,224.26	238,776.68	(3,814.68)	0.00
GNMA	2002 A-D SF MRB	6.15	09/26/02	09/20/32	181,014.29	184,920.66			(829.68)		180,184.61	184,255.88	164.90	0.00
GNMA	2002 A-D SF MRB	5.40	09/26/02	09/20/32	236,156.11	236,513.56			(983.02)		235,173.09	231,827.04	(3,703.50)	0.00
GNMA	2002 A-D SF MRB	6.15	10/10/02	09/20/32	171,297.39	174,995.97			(57,583.69)		113,713.70	116,284.33	(1,127.95)	0.00
GNMA	2002 A-D SF MRB	5.40	10/10/02	09/20/32	69,778.22	69,884.61			(289.78)		69,488.44	68,500.52	(1,094.31)	0.00
GNMA	2002 A-D SF MRB	6.15	10/21/02	10/20/32	217,574.62	222,275.11			(832.94)		216,741.68	221,644.07	201.90	0.00
GNMA	2002 A-D SF MRB	6.15	10/29/02	10/20/32	127,397.40	130,150.49			(515.06)		126,882.34	129,753.04	117.61	0.00
GNMA	2002 A-D SF MRB	5.40	10/29/02	09/20/32	56,151.65	56,238.04			(424.65)		55,727.00	54,935.48	(877.91)	0.00
GNMA	2002 A-D SF MRB	6.15	11/05/02	10/20/32	61,581.19	62,912.32			(224.47)		61,356.72	62,745.26	57.41	0.00
GNMA	2002 A-D SF MRB	5.40	11/05/02	09/20/32	138,373.13	138,586.91			(666.83)		137,706.30	135,751.26	(2,168.82)	0.00
GNMA	2002 A-D SF MRB	6.15	11/19/02	11/20/32	81,115.64	82,870.23			(293.58)		80,822.06	82,652.29	75.64	0.00
GNMA	2002 A-D SF MRB	5.40	11/19/02	11/20/32	99,156.49	99,311.46			(414.17)		98,742.32	97,342.20	(1,555.09)	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	420,937.51	430,045.31			(63,610.77)		357,326.74	365,420.76	(1,013.78)	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	268,769.84	269,191.58			(1,208.92)		267,560.92	263,768.67	(4,213.99)	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	101,746.52	103,948.00			(396.72)		101,349.80	103,645.53	94.25	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	143,623.46	143,848.83			(625.46)		142,998.00	140,971.24	(2,252.13)	0.00
GNMA	2002 A-D SF MRB	6.15	12/12/02	12/20/32	62,799.89	64,159.75			(232.60)		62,567.29	63,985.60	58.45	0.00
GNMA	2002 A-D SF MRB	5.40	12/12/02	12/20/32	107,979.51	108,150.67			(451.06)		107,528.45	106,006.10	(1,693.51)	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	118,016.44	120,573.47			(838.30)		117,178.14	119,836.02	100.85	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	204,603.54	204,930.57			(835.32)		203,768.22	200,886.19	(3,209.06)	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	173,960.02	177,729.17			(668.29)		173,291.73	177,222.41	161.53	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	101,080.19	101,241.74			(410.99)		100,669.20	99,245.36	(1,585.39)	0.00
GNMA	2002 A-D SF MRB	6.15	01/07/03	12/20/32	115,265.66	117,763.92			(434.54)		114,831.12	117,436.49	107.11	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	486,632.01	496,907.59			(1,847.64)		484,784.37	495,459.07	399.12	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	98,575.59	98,734.45			(400.80)		98,174.79	96,788.39	(1,545.26)	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	108,581.86	110,874.66			(393.27)		108,188.59	110,570.87	89.48	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	102,221.58	102,386.28			(412.88)		101,808.70	100,370.96	(1,602.44)	0.00
GNMA	2002 A-D SF MRB	6.15	01/30/03	01/20/33	356,084.09	363,604.90			(69,014.75)		287,069.34	293,391.95	(1,198.20)	0.00
GNMA	2002 A-D SF MRB	5.40	01/30/03	01/20/33	339,965.73	340,515.36			(1,525.41)		338,440.32	333,662.68	(5,327.27)	0.00
GNMA	2002 A-D SF MRB	6.15	02/12/03	02/20/33	421,170.32	430,071.88			(2,047.94)		419,122.38	428,359.47	335.53	0.00
GNMA	2002 A-D SF MRB	6.15	02/20/03	02/20/33	171,451.57	175,076.31			(820.09)		170,631.48	174,393.09	136.87	0.00
GNMA	2002 A-D SF MRB	5.40	03/03/03	03/20/33	117,034.13	117,227.13			(467.02)		116,567.11	114,925.28	(1,834.83)	0.00
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	435,514.07	444,723.74			(1,577.38)		433,936.69	443,505.21	358.85	0.00
GNMA	2002 A-D SF MRB	5.40	02/27/03	01/20/33	106,177.18	106,351.21			(429.65)		105,747.53	104,257.05	(1,664.51)	0.00
GNMA	2002 A-D SF MRB	6.15	03/12/03	02/20/33	314,707.68	321,365.91			(1,159.50)		313,548.18	320,465.28	258.87	0.00
GNMA	2002 A-D SF MRB	6.15	03/24/03	03/20/33	156,482.70	159,795.46			(569.57)		155,913.13	159,354.76	128.87	0.00
GNMA	2002 A-D SF MRB	5.40	03/24/03	02/20/33	108,759.69	108,940.47			(478.94)		108,280.75	106,757.05	(1,704.48)	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	04/20/33	199,299.33	203,520.78			(734.54)		198,564.79	202,950.16	163.92	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	03/20/33	159,400.11	162,775.80			(563.40)		158,836.71	162,344.04	131.64	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	315,914.66	322,606.92			(1,510.09)		314,404.57	321,349.02	252.19	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	70,467.65	71,960.44			(314.39)		70,153.26	71,702.80	56.75	0.00
GNMA	2002 A-D SF MRB	6.15	04/17/03	04/20/33	163,003.37	166,457.89			(576.39)		162,426.98	166,016.09	134.59	0.00
GNMA	2002 A-D SF MRB	6.15	04/24/03	04/20/33	168,534.19	172,106.98			(616.12)		167,918.07	171,629.58	138.72	0.00
GNMA	2002 A-D SF MRB	6.15	04/29/03	03/20/33	87,568.91	89,425.29			(317.56)		87,251.35	89,179.86	72.13	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	51,232.26	52,318.89			(191.47)		51,040.79	52,169.50	42.08	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	83,806.65	85,584.14			(397.69)		83,408.96	85,253.40	66.95	0.00
GNMA	2002 A-D SF MRB	6.15	05/15/03	04/20/33	178,273.20	182,055.35			(92,395.11)		85,878.09	87,777.63	(1,882.61)	0.00
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33	63,192.51	64,534.93			(223.66)		62,968.85	64,363.44	52.17	0.00
GNMA	2002 A-D SF MRB	6.15	06/19/03	05/20/33	81,546.60	83,279.25			(283.30)		81,263.30	83,063.30	67.35	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	51,655.86	52,754.91			(205.83)		51,450.03	52,591.22	42.14	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	92,929.55	94,906.77			(553.52)		92,376.03	94,424.98	71.73	0.00
GNMA	2002 A-D SF MRB	6.15	07/24/03	07/20/33	87,035.14	88,887.49			(314.02)		86,721.12	88,645.18	71.71	0.00
GNMA	2002 A-D SF MRB	6.15	07/30/03	07/20/33	48,244.34	49,271.32			(166.03)		48,078.31	49,145.21	39.92	0.00
GNMA	2002 A-D SF MRB	6.15	09/04/03	08/20/33	55,109.16	56,284.08			(187.53)		54,921.63	56,142.21	45.66	0.00
GNMA	2002 A-D SF MRB	6.15	09/30/03	09/20/33	165,322.49	168,851.05			(568.98)		164,753.51	168,419.03	136.96	0.00
GNMA	2002 A-D SF MRB	6.15	10/09/03	08/20/33	57,817.96	59,052.22			(198.57)		57,619.39	58,901.50	47.85	0.00
GNMA	2002 A-D SF MRB	6.15	01/15/04	12/20/33	65,271.03	66,670.45			(218.14)		65,052.89	66,506.45	54.14	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	6.15	03/11/04	03/20/34	103,504.65	105,618.79			(336.77)		103,167.88	105,372.58	90.56	0.00
GNMA	2002 A-D SF MRB	5.40	07/08/04	06/20/34	186,507.30	186,829.09			(683.45)		185,823.85	183,234.46	(2,911.18)	0.00
GNMA	2002 A-D SF MRB	6.15	04/01/04	04/20/34	39,760.42	40,573.38			(129.76)		39,630.66	40,478.40	34.78	0.00
GNMA	2002 A-D SF MRB	5.40	06/17/04	06/20/34	391,776.60	392,445.81			(78,148.60)		313,628.00	309,252.38	(5,044.83)	0.00
GNMA	2002 A-D SF MRB	5.40	09/02/04	09/20/34	385,128.12	385,812.83			(1,521.87)		383,606.25	378,281.03	(6,009.93)	0.00
GNMA	2002 A-D SF MRB	5.40	09/09/04	09/20/34	546,977.03	546,931.76			(2,003.53)		544,973.50	536,393.64	(8,534.59)	0.00
GNMA	2002 A-D SF MRB	5.40	09/16/04	09/20/34	495,108.38	495,994.65			(1,769.30)		493,339.08	486,495.95	(7,729.40)	0.00
GNMA	2002 A-D SF MRB	5.40	07/15/04	07/20/34	186,052.14	186,374.68			(733.18)		185,318.96	182,738.10	(2,903.40)	0.00
GNMA	2002 A-D SF MRB	5.40	07/22/04	07/20/34	187,730.13	188,056.69			(722.31)		187,007.82	184,404.53	(2,929.85)	0.00
GNMA	2002 A-D SF MRB	5.40	07/29/04	07/20/34	157,607.46	157,882.41			(595.53)		157,011.93	154,826.97	(2,459.91)	0.00
GNMA	2002 A-D SF MRB	5.40	08/05/04	08/20/34	201,696.84	202,050.35			(742.13)		200,954.71	198,160.06	(3,148.16)	0.00
GNMA	2002 A-D SF MRB	5.40	08/12/04	08/20/34	311,744.41	312,292.68			(1,149.70)		310,594.71	306,276.87	(4,866.11)	0.00
GNMA	2002 A-D SF MRB	5.40	08/20/04	08/20/34	108,404.94	108,596.36			(420.49)		107,984.45	106,484.02	(1,691.85)	0.00
GNMA	2002 A-D SF MRB	5.40	08/26/04	08/20/34	69,689.65	69,812.99			(690.38)		68,999.27	68,040.88	(1,081.73)	0.00
GNMA	2002 A-D SF MRB	5.40	12/02/04	12/20/34	413,352.43	414,121.18			(1,497.97)		411,854.46	406,170.30	(6,452.91)	0.00
GNMA	2002 A-D SF MRB	4.49	12/09/04	12/20/34	1,372,809.50	1,305,786.45			(6,029.67)		1,366,779.83	1,275,684.90	(24,071.88)	0.00
GNMA	2002 A-D SF MRB	4.49	12/16/04	12/20/34	1,282,453.21	1,219,848.88			(130,435.59)		1,152,017.62	1,075,242.93	(14,170.36)	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34	490,750.44	490,725.17			(80,416.50)		410,333.94	403,886.44	(6,422.23)	0.00
GNMA	2002 A-D SF MRB	4.49	10/14/04	09/20/34	109,625.16	104,549.67			(466.15)		109,159.01	102,155.85	(1,927.67)	0.00
GNMA	2002 A-D SF MRB	5.40	10/21/04	10/20/34	1,550,352.00	1,553,175.74			(72,125.82)		1,478,226.18	1,457,767.18	(23,282.74)	0.00
GNMA	2002 A-D SF MRB	4.49	10/21/04	10/20/34	228,278.80	217,711.58			(971.28)		227,307.52	212,726.19	(4,014.11)	0.00
GNMA	2002 A-D SF MRB	5.40	10/28/04	10/20/34	384,409.13	384,393.60			(1,648.61)		382,760.52	376,750.45	(5,994.54)	0.00
GNMA	2002 A-D SF MRB	4.49	10/29/04	10/20/34	410,017.11	389,984.40			(1,871.27)		408,145.84	380,928.61	(7,184.52)	0.00
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34	1,791,006.28	1,703,509.41			(8,253.18)		1,782,753.10	1,663,878.44	(31,377.79)	0.00
GNMA	2002 A-D SF MRB	5.40	11/04/04	11/20/34	455,741.08	456,577.14			(1,643.84)		454,097.24	447,818.76	(7,114.54)	0.00
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34	382,239.95	363,568.75			(1,891.41)		380,348.54	354,989.24	(6,688.10)	0.00
GNMA	2002 A-D SF MRB	5.40	11/10/04	11/20/34	67,668.85	67,793.37			(238.95)		67,429.90	66,497.91	(1,056.51)	0.00
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34	555,427.16	528,300.07			(114,028.73)		441,398.43	411,971.63	(2,299.71)	0.00
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34	1,421,227.90	1,351,820.49			(6,130.47)		1,415,097.43	1,320,762.15	(24,927.87)	0.00
GNMA	2002 A-D SF MRB	4.49	12/02/04	12/20/34	2,302,434.09	2,190,011.83			(131,471.78)		2,170,962.31	2,026,258.95	(32,281.10)	0.00
GNMA	2002 A-D SF MRB	5.40	12/23/04	12/20/34	106,503.16	106,703.17			(391.77)		106,111.39	104,648.69	(1,662.71)	0.00
GNMA	2002 A-D SF MRB	4.49	12/23/04	12/20/34	1,355,718.58	1,289,545.56			(5,868.29)		1,349,850.29	1,259,898.96	(23,778.31)	0.00
GNMA	2002 A-D SF MRB	4.49	12/29/04	12/20/34	1,228,732.77	1,168,763.87			(5,137.30)		1,223,595.47	1,142,063.27	(21,563.30)	0.00
GNMA	2002 A-D SF MRB	4.49	01/06/05	01/20/35	2,804,043.91	2,665,514.88			(12,072.10)		2,791,971.81	2,604,968.53	(48,474.25)	0.00
GNMA	2002 A-D SF MRB	5.40	01/06/05	01/20/35	442,292.83	442,950.74			(1,545.04)		440,747.79	434,486.78	(6,918.92)	0.00
GNMA	2002 A-D SF MRB	4.49	01/13/05	01/20/35	1,418,238.62	1,348,181.11			(6,719.82)		1,411,518.80	1,316,984.74	(24,476.55)	0.00
GNMA	2002 A-D SF MRB	5.40	01/13/05	01/20/35	133,410.30	133,609.56			(463.21)		132,947.09	131,059.33	(2,087.02)	0.00
GNMA	2002 A-D SF MRB	4.49	01/19/05	01/20/35	1,859,472.95	1,767,628.47			(7,927.28)		1,851,545.67	1,727,550.27	(32,150.92)	0.00
GNMA	2002 A-D SF MRB	5.40	01/19/05	01/20/35	184,357.88	184,634.17			(640.00)		183,717.88	181,110.11	(2,884.06)	0.00
GNMA	2002 A-D SF MRB	4.49	01/27/05	01/20/35	2,102,627.76	1,998,787.30			(11,756.31)		2,090,871.45	1,950,862.54	(36,168.45)	0.00
GNMA	2002 A-D SF MRB	4.49	02/03/05	02/20/35	2,809,728.22	2,670,985.73			(13,040.29)		2,796,687.93	2,609,434.54	(48,510.90)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	1,025,877.87	975,226.62			(115,616.88)		910,260.99	849,319.24	(10,290.50)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	2,114,741.79	2,010,329.45			(9,134.22)		2,105,607.57	1,964,637.64	(36,557.59)	0.00
GNMA	2002 A-D SF MRB	5.40	02/17/05	11/20/34	191,798.61	192,167.34			(89,317.78)		102,480.83	101,072.67	(1,776.89)	0.00
GNMA	2002 A-D SF MRB	4.49	02/17/05	02/20/35	1,258,137.96	1,196,026.44			(5,242.48)		1,252,895.48	1,169,021.50	(21,762.46)	0.00
GNMA	2002 A-D SF MRB	4.49	02/24/05	02/20/35	1,366,047.41	1,298,616.51			(78,647.37)		1,287,400.04	1,201,223.49	(18,745.65)	0.00
GNMA	2002 A-D SF MRB	4.49	03/03/05	03/20/35	1,241,472.64	1,180,199.33			(5,712.83)		1,235,759.81	1,153,048.12	(21,438.38)	0.00
GNMA	2002 A-D SF MRB	4.49	03/11/05	03/20/35	550,024.67	522,881.72			(102,793.61)		447,231.06	417,299.99	(2,788.12)	0.00
GNMA	2002 A-D SF MRB	5.40	03/17/05	02/20/35	124,751.83	124,944.97			(455.22)		124,296.61	122,538.35	(1,951.40)	0.00
GNMA	2002 A-D SF MRB	4.49	03/17/05	03/20/35	837,551.89	796,223.88			(3,644.35)		833,907.54	778,101.97	(14,477.56)	0.00
GNMA	2002 A-D SF MRB	4.49	03/24/05	03/20/35	829,674.05	788,739.55			(3,368.23)		826,305.82	771,013.64	(14,357.68)	0.00
GNMA	2002 A-D SF MRB	4.49	04/07/05	04/20/35	1,036,483.83	985,358.65			(92,238.40)		944,245.43	881,072.88	(12,047.37)	0.00
GNMA	2002 A-D SF MRB	4.49	04/14/05	04/20/35	817,148.16	778,932.99			(3,289.17)		813,858.99	761,451.05	(14,192.77)	0.00
GNMA	2002 A-D SF MRB	5.40	04/21/05	04/20/35	228,604.75	228,539.45			(797.49)		227,807.26	224,164.62	(3,577.34)	0.00
GNMA	2002 A-D SF MRB	4.49	04/21/05	04/20/35	1,156,125.36	1,099,112.08			(98,137.95)		1,057,987.41	987,217.16	(13,756.97)	0.00
GNMA	2002 A-D SF MRB	4.49	04/28/05	04/20/35	1,029,784.34	979,006.40			(4,307.14)		1,025,477.20	956,887.40	(17,811.86)	0.00
GNMA	2002 A-D SF MRB	5.40	04/28/05	04/20/35	131,224.97	131,433.16			(456.04)		130,768.93	128,924.19	(2,052.93)	0.00
GNMA	2002 A-D SF MRB	4.49	05/05/05	05/20/35	1,683,838.63	1,600,822.68			(7,440.19)		1,676,398.44	1,564,282.37	(29,100.12)	0.00
GNMA	2002 A-D SF MRB	5.40	05/05/05	04/20/35	230,380.11	230,316.86			(826.13)		229,553.98	225,885.92	(3,604.81)	0.00
GNMA	2002 A-D SF MRB	4.49	05/12/05	05/20/35	1,152,009.18	1,095,219.87			(4,615.09)		1,147,394.09	1,070,663.82	(19,940.96)	0.00
GNMA	2002 A-D SF MRB	4.49	07/07/05	07/20/35	3,783,679.51	3,597,341.34			(104,594.98)		3,679,084.53	3,433,224.56	(59,521.80)	0.00
GNMA	2002 A-D SF MRB	5.40	07/07/05	07/20/35	116,972.82	117,165.96			(415.66)		116,557.16	114,920.19	(1,830.11)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	07/14/05	07/20/35	658,847.47	626,404.44			(2,617.95)		656,229.52	612,379.80	(11,406.69)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	985,741.58	939,676.99			(3,975.51)		981,766.07	918,580.18	(17,121.30)	0.00
GNMA	2002 A-D SF MRB	5.40	05/26/05	05/20/35	159,495.30	159,752.52			(545.24)		158,950.06	156,711.69	(2,495.59)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/34	496,860.93	472,363.94			(2,020.05)		494,840.88	461,744.02	(8,599.87)	0.00
GNMA	2002 A-D SF MRB	4.49	06/02/05	06/20/35	900,077.46	858,022.09			(4,863.74)		895,213.72	837,604.21	(15,554.14)	0.00
GNMA	2002 A-D SF MRB	5.40	06/09/05	05/20/35	168,456.48	168,730.04			(573.85)		167,882.63	165,520.33	(2,635.86)	0.00
GNMA	2002 A-D SF MRB	4.49	06/09/05	06/20/35	1,090,089.04	1,036,378.33			(4,384.83)		1,085,704.21	1,013,124.95	(18,868.55)	0.00
GNMA	2002 A-D SF MRB	4.49	06/15/05	06/20/35	980,043.01	934,261.71			(97,141.57)		882,901.44	826,093.43	(11,026.71)	0.00
GNMA	2002 A-D SF MRB	4.49	06/23/05	06/20/35	1,968,916.34	1,871,926.84			(11,622.24)		1,957,294.10	1,826,471.22	(33,833.38)	0.00
GNMA	2002 A-D SF MRB	4.49	06/29/05	06/20/35	875,313.34	832,199.30			(3,513.02)		871,800.32	813,534.47	(15,151.81)	0.00
GNMA	2002 A-D SF MRB	4.49	09/08/05	09/20/35	177,331.18	169,060.36			(706.34)		176,624.84	165,273.02	(3,081.00)	0.00
GNMA	2002 A-D SF MRB	5.40	09/08/05	08/20/35	59,079.43	59,180.20			(302.10)		58,777.33	57,954.99	(923.11)	0.00
GNMA	2002 A-D SF MRB	4.49	09/15/05	09/20/35	306,136.16	291,077.84			(1,321.80)		304,814.36	284,462.53	(5,293.51)	0.00
GNMA	2002 A-D SF MRB	4.49	09/22/05	09/20/35	400,752.48	381,042.42			(1,784.20)		398,968.28	372,332.21	(6,926.01)	0.00
GNMA	2002 A-D SF MRB	4.49	07/21/05	07/20/35	431,056.11	410,933.22			(1,707.32)		429,348.79	401,736.44	(7,489.46)	0.00
GNMA	2002 A-D SF MRB	4.49	07/28/05	07/20/35	331,695.73	315,366.13			(1,355.73)		330,340.00	308,270.15	(5,740.25)	0.00
GNMA	2002 A-D SF MRB	4.49	08/04/05	08/20/35	73,760.80	70,318.37			(288.77)		73,472.03	68,747.79	(1,281.81)	0.00
GNMA	2002 A-D SF MRB	5.40	08/11/05	07/20/35	63,659.27	63,766.26			(212.93)		63,446.34	62,557.12	(996.21)	0.00
GNMA	2002 A-D SF MRB	4.49	08/11/05	07/20/35	534,698.02	509,745.55			(2,135.26)		532,562.76	498,321.01	(9,289.28)	0.00
GNMA	2002 A-D SF MRB	4.49	08/18/05	08/20/35	1,481,524.68	1,408,615.37			(6,899.26)		1,474,625.42	1,376,132.92	(25,583.19)	0.00
GNMA	2002 A-D SF MRB	4.49	08/30/05	08/20/35	2,629,672.24	2,500,285.08			(12,411.48)		2,617,260.76	2,442,474.52	(45,399.08)	0.00
GNMA	2002 A-D SF MRB	4.49	09/29/05	07/20/35	217,452.75	207,313.78			(863.85)		216,588.90	202,671.65	(3,778.28)	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/05	09/20/35	276,737.38	263,131.21			(1,104.80)		275,632.58	257,235.11	(4,791.30)	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/05	10/20/35	1,825,572.03	1,735,839.96			(117,777.18)		1,707,794.85	1,593,828.33	(24,234.45)	0.00
GNMA	2002 A-D SF MRB	4.49	11/01/05	11/20/35	453,814.61	432,669.45			(1,834.62)		451,979.99	422,951.43	(7,883.40)	0.00
FNMA	2002 A-D SF MRB	6.40	07/24/03	11/01/32	76,307.33	78,134.89			(250.23)		76,057.10	77,737.96	(146.70)	0.00
FNMA	2002 A-D SF MRB	5.40	08/14/03	09/01/32	57,170.11	56,823.99			(250.58)		56,919.53	55,698.12	(875.29)	0.00
FNMA	2002 A-D SF MRB	6.15	08/14/03	12/01/31	62,804.54	64,174.02			(690.51)		62,114.03	63,324.82	(158.69)	0.00
FNMA	2002 A-D SF MRB	6.40	08/28/03	11/01/32	48,179.50	49,333.39			(156.51)		48,022.99	49,084.29	(92.59)	0.00
FNMA	2002 A-D SF MRB	5.45	03/25/04	02/01/34	82,566.40	81,846.43			(283.62)		82,282.78	80,324.45	(1,238.36)	0.00
FNMA	2002 A-D SF MRB	6.15	04/01/04	02/01/34	102,694.72	104,499.29			(339.72)		102,355.00	103,987.01	(172.56)	0.00
FNMA	2002 A-D SF MRB	5.40	10/28/04	10/01/34	302,417.35	300,372.82			(1,110.48)		301,306.87	294,700.35	(4,561.99)	0.00
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34	216,886.66	205,777.20			(911.60)		215,975.06	200,593.93	(4,271.67)	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/04	12/01/34	226,045.40	214,471.52			(1,066.02)		224,979.38	208,961.58	(4,443.92)	0.00
FNMA	2002 A-D SF MRB	4.49	01/19/05	01/01/35	302,511.25	287,025.67			(79,491.51)		223,019.74	207,143.95	(390.21)	0.00
FNMA	2002 A-D SF MRB	4.49	01/27/05	01/01/35	308,886.37	292,690.62			(1,422.95)		307,463.42	285,314.85	(5,952.82)	0.00
FNMA	2002 A-D SF MRB	4.49	03/14/05	12/01/34	244,772.50	232,247.47			(1,018.79)		243,753.71	226,406.51	(4,822.17)	0.00
FNMA	2002 A-D SF MRB	5.40	03/24/05	02/01/35	237,912.32	236,319.10			(921.55)		236,990.77	231,809.16	(3,588.39)	0.00
FNMA	2002 A-D SF MRB	4.49	04/07/05	02/01/35	212,495.63	201,359.76			(869.37)		211,626.26	196,387.16	(4,103.23)	0.00
FNMA	2002 A-D SF MRB	4.49	07/28/05	07/01/35	425,176.69	402,915.50			(2,231.43)		422,945.26	392,508.93	(8,175.14)	0.00
FNMA	2002 A-D SF MRB	5.40	07/14/05	04/01/35	111,868.04	111,065.66			(387.90)		111,480.14	108,975.15	(1,702.61)	0.00
FNMA	2002 A-D SF MRB	4.49	09/08/05	08/01/35	327,519.63	310,377.13			(1,333.93)		326,185.70	302,717.94	(6,325.26)	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/05	09/01/35	90,904.32	86,147.91			(726.27)		90,178.05	83,691.61	(1,730.03)	0.00
FNMA	2002 A-D SF MRB	4.49	11/01/05	10/01/35	187,785.24	177,960.79			(3,421.45)		184,363.79	171,103.67	(3,435.67)	0.00
Repo Agmt	2002 A-D SF MRB	5.28	05/31/07	06/01/07	1,224,914.85	1,224,914.85		(479,308.67)			745,606.18	745,606.18	-	0.00
GNMA	2002 A-D SF MRB	5.38	02/20/07	02/20/37	17,099.30	17,097.46			(54.08)		17,045.22	16,805.99	(237.39)	0.00
GNMA	2002 A-D SF MRB	5.13	02/20/07	02/20/37	24,508.29	24,203.50			(89.28)		24,419.01	23,772.48	(341.74)	0.00
GNMA	2002 A-D SF MRB	5.63	02/20/07	02/20/37	12,311.52	12,434.59			(35.45)		12,276.07	12,279.86	(119.28)	0.00
GNMA	2002 A-D SF MRB	5.38	03/06/07	02/20/37			23,278.42				23,278.42	22,952.05	(326.37)	0.00
GNMA	2002 A-D SF MRB	5.63	03/06/07	02/20/37			5,024.38				5,024.38	5,026.00	1.62	0.00
GNMA	2002 A-D SF MRB	5.63	03/20/07	02/20/37			6,044.31				6,044.31	6,046.35	2.04	0.00
GNMA	2002 A-D SF MRB	5.13	03/20/07	03/20/37			27,087.55				27,087.55	26,371.13	(716.42)	0.00
GNMA	2002 A-D SF MRB	5.38	03/20/07	03/20/37			23,624.70				23,624.70	23,293.81	(330.89)	0.00
GNMA	2002 A-D SF MRB	5.13	03/06/07	02/20/37			13,624.33				13,624.33	13,263.81	(360.52)	0.00
GNMA	2002 A-D SF MRB	5.13	04/24/07	04/20/37			24,360.79				24,360.79	23,717.37	(643.42)	0.00
GNMA	2002 A-D SF MRB	5.63	04/24/07	04/20/37			22,283.11				22,283.11	22,291.47	8.36	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/07	04/20/37			14,794.72				14,794.72	14,588.05	(206.67)	0.00
GNMA	2002 A-D SF MRB	5.13	03/27/07	03/20/37			19,151.28				19,151.28	18,644.91	(506.37)	0.00
GNMA	2002 A-D SF MRB	5.62	03/27/07	02/20/37			4,639.74				4,639.74	4,641.34	1.60	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/07	03/20/37			10,252.63				10,252.63	10,109.40	(143.23)	0.00
GNMA	2002 A-D SF MRB	5.38	04/10/07	03/20/37			13,848.05				13,848.05	13,654.40	(193.65)	0.00
GNMA	2002 A-D SF MRB	5.13	04/10/07	03/20/37			24,886.75				24,886.75	24,229.09	(657.66)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	5.63	04/10/07	03/20/37			7,792.53				7,792.53	7,795.33	2.80	0.00
GNMA	2002 A-D SF MRB	5.13	05/08/07	04/20/37			13,358.04				13,358.04	13,005.43	(352.61)	0.00
GNMA	2002 A-D SF MRB	5.63	05/08/07	04/20/37			6,255.17				6,255.17	6,257.61	2.44	0.00
GNMA	2002 A-D SF MRB	5.38	05/08/07	05/20/37			14,177.26				14,177.26	13,979.43	(197.83)	0.00
GNMA	2002 A-D SF MRB	5.63	05/22/07	04/20/37			4,930.74				4,930.74	4,932.74	2.00	0.00
GNMA	2002 A-D SF MRB	5.38	05/22/07	05/20/37			20,577.79				20,577.79	20,290.95	(286.84)	0.00
GNMA	2002 A-D SF MRB	5.13	05/22/07	05/20/37			28,865.95				28,865.95	28,104.40	(761.55)	0.00
FNMA	2002 A-D SF MRB	5.13	02/20/07	01/01/37	9,633.35	9,440.24			(40.16)		9,593.19	9,252.81	(147.27)	0.00
FNMA	2002 A-D SF MRB	5.38	03/06/07	02/01/37			13,063.14				13,063.14	12,947.10	(116.04)	0.00
FNMA	2002 A-D SF MRB	5.63	03/06/07	02/01/37			6,881.62				6,881.62	6,898.30	16.68	0.00
FNMA	2002 A-D SF MRB	5.13	03/20/07	09/01/36			1,818.39				1,818.39	1,845.11	26.72	0.00
FNMA	2002 A-D SF MRB	5.63	03/20/07	02/01/37			7,849.89				7,849.89	7,872.13	22.24	0.00
FNMA	2002 A-D SF MRB	5.38	03/20/07	09/01/36			5,245.03				5,245.03	5,198.85	(46.18)	0.00
FNMA	2002 A-D SF MRB	1.00	03/27/07	03/01/37			9,254.89				9,254.89	8,919.76	(335.13)	0.00
FNMA	2002 A-D SF MRB	5.38	04/10/07	03/01/37			21,631.28				21,631.28	21,096.42	(534.86)	0.00
FNMA	2002 A-D SF MRB	5.63	04/10/07	03/01/37			11,711.05				11,711.05	11,596.85	(114.20)	0.00
FNMA	2002 A-D SF MRB	5.13	04/10/07	03/01/37			18,572.35				18,572.35	17,899.97	(672.38)	0.00
FNMA	2002 A-D SF MRB	5.38	04/24/07	04/01/37			36,466.20				36,466.20	36,079.78	(386.42)	0.00
FNMA	2002 A-D SF MRB	5.13	04/24/07	04/01/37			10,200.98				10,200.98	9,963.53	(237.45)	0.00
FNMA	2002 A-D SF MRB	5.63	04/24/07	04/01/37			5,330.84				5,330.84	5,329.02	(1.82)	0.00
FNMA	2002 A-D SF MRB	5.13	05/08/07	04/01/37			5,286.18				5,286.18	5,094.86	(191.32)	0.00
FNMA	2002 A-D SF MRB	5.38	05/22/07	04/01/37			5,105.29				5,105.29	4,979.13	(126.16)	0.00
FNMA	2002 A-D SF MRB	5.13	05/22/07	04/01/37			4,271.82				4,271.82	4,117.24	(154.58)	0.00
	2002 A-D SF MRB Total				94,213,684.12	91,121,811.35	4,048,176.60	(6,381,314.44)	(2,230,962.59)	0.00	89,649,583.69	85,278,068.96	(1,279,641.96)	0.00
Repo Agmt	2004A Single Family (JR Lien)	5.28	05/31/07	06/01/07	117,492.75	117,492.75		(113,864.74)			3,628.01	3,628.01	-	0.00
Repo Agmt	2004A Single Family (JR Lien)	5.28	05/31/07	06/01/07	124,205.19	124,205.19	0.00				124,205.19	124,205.19	-	0.00
Repo Agmt	2004A Single Family (JR Lien)	5.28	05/31/07	06/01/07	291,968.82	291,968.82		(17,639.06)			274,329.76	274,329.76	-	0.00
	2004A Single Family (JR Lien) Total				533,666.76	533,666.76	0.00	(131,503.80)	0.00	0.00	402,162.96	402,162.96	0.00	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	5.28	05/31/07	06/01/07	6,483.77	6,483.77		(5,974.31)			509.46	509.46	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	254,624.90	254,624.90	64,442.67				319,067.57	319,067.57	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	6,797.89	6,797.89		(19.65)			6,778.24	6,778.24	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)				183.14	183.14		(183.14)					-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	5.28	05/31/07	06/01/07	12,466.98	12,466.98		(12,463.35)			3.63	3.63	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	4.51	06/26/02	03/01/34	566,817.35	566,817.35	12,479.77				579,297.12	579,297.12	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29			0.11				0.11	0.11	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)				0.11	0.11		(0.11)					-	0.00
	1991 A S/F (1980 A Refunding) Total				847,374.14	847,374.14	76,922.55	(18,640.56)	0.00	0.00	905,656.13	905,656.13	0.00	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	5.28	05/31/07	06/01/07	21,522.05	21,522.05		(21,519.15)			2.90	2.90	-	0.00
GIC's	1994 A&B SF (1983 Refunding)	6.08	11/14/96	09/30/29	35,956.97	35,956.97		(7,741.14)			28,215.83	28,215.83	-	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)				7.67	7.67		(7.67)					-	0.00
GIC's	1994 A&B SF (1983 Refunding)				3.28	3.28		(3.28)					-	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	04/01/26	12,739.22	13,083.54			(91.12)		12,648.10	12,938.28	(54.14)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	06/27/96	05/01/26	9,900.06	10,154.37			(99.15)		9,800.91	10,012.85	(42.37)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/01/26	11,003.51	11,312.02			(85.77)		10,917.74	11,179.04	(47.21)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/01/96	06/01/26	11,035.94	11,351.53			(72.31)		10,963.63	11,232.07	(47.15)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/01/26	12,086.61	12,428.23			(159.98)		11,926.63	12,214.75	(53.50)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/01/26	8,579.81	8,739.65			(65.72)		8,514.09	8,638.42	(35.51)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	08/01/26	10,408.04	10,589.81			(187.20)		10,220.84	10,358.37	(44.24)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/01/26	24,570.01	24,994.15			(270.89)		24,299.12	24,621.29	(101.97)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	11/01/26	12,116.01	12,330.93			(113.58)		12,002.43	12,167.18	(50.17)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	01/01/27	11,955.86	12,159.19			(134.24)		11,821.62	11,975.38	(49.57)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/97	03/01/27	1,678.74	1,708.07			(78.57)		1,600.17	1,621.71	(7.79)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	07/01/27	9,870.65	10,105.05			(2,068.40)		7,802.25	7,960.42	(76.23)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/30/96	07/20/26	63,805.46	65,140.26			(500.60)		63,304.86	64,581.18	(58.48)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/28/96	03/20/26	19,477.69	19,883.37			(182.64)		19,295.05	19,682.29	(18.44)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/20/26	49,271.09	50,289.58			(8,436.05)		40,835.04	41,648.36	(205.17)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/96	04/20/26	19,984.72	20,397.89			(2,385.17)		17,599.55	17,950.24	(62.48)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/15/96	05/20/26	49,775.01	50,801.90			(531.52)		49,243.49	50,222.24	(48.14)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	05/20/26	24,554.55	25,066.79			(160.77)		24,393.78	24,884.19	(21.83)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/17/96	06/20/26	67,120.73	68,513.13			(4,672.72)		62,448.01	63,696.26	(144.15)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/29/96	06/20/26	18,743.18	19,128.28			(121.36)		18,621.82	18,990.42	(16.50)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/20/26	67,795.99	69,180.64			(571.28)		67,224.71	68,547.14	(62.22)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/20/26	49,087.24	49,895.97			(496.37)		48,590.87	49,357.51	(42.09)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	09/20/26	23,298.63	23,665.91			(259.16)		23,039.47	23,386.81	(19.94)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/26/96	09/20/26	19,064.23	19,372.57			(1,879.98)		17,184.25	17,450.26	(42.33)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/20/26	53,626.13	54,476.19			(569.32)		53,056.81	53,861.35	(45.52)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/26/96	11/20/26	30,943.87	31,459.75			(270.29)		30,673.58	31,163.48	(25.98)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	12/20/26	18,585.49	18,874.34			(2,541.49)		16,044.00	16,282.38	(50.47)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/16/97	12/20/26	44,113.12	44,799.67			(341.85)		43,771.27	44,422.51	(35.31)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/30/97	01/20/27	29,942.18	30,461.02			(256.23)		29,685.95	30,202.95	(1.84)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/13/97	02/20/27	24,657.98	25,084.30			(190.67)		24,467.31	24,892.50	(1.13)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/27/97	02/20/27	10,732.38	10,906.30			(73.26)		10,659.12	10,832.93	(0.11)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	03/20/27	27,309.71	27,732.12			(199.44)		27,110.27	27,532.59	(0.09)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/97	04/20/27	11,132.18	11,296.46			(70.95)		11,061.23	11,225.79	0.28	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/29/97	05/20/27	14,797.96	15,016.31			(190.37)		14,607.59	14,824.88	(1.06)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/26/97	06/20/27	11,838.57	12,018.48			(3,031.55)		8,807.02	8,941.86	(45.07)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/18/97	07/20/27	16,237.97	16,586.96			(633.90)		15,604.07	15,940.01	(13.05)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	08/20/27	31,808.93	32,293.99			(205.65)		31,603.28	32,088.81	0.47	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/26/98	02/20/28	9,328.37	9,465.56			(52.87)		9,275.50	9,417.48	4.79	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/26/98	01/20/28	12,857.03	13,046.17			(2,992.62)		9,864.41	10,015.45	(38.10)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/98	04/20/28	13,203.43	13,397.60			(206.91)		12,996.52	13,195.43	4.74	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/25/98	05/20/28	16,844.89	17,092.67			(3,876.42)		12,968.47	13,167.01	(49.24)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/16/98	06/20/28	9,580.13	9,721.09			(106.19)		9,473.94	9,619.02	4.12	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/10/98	07/20/28	18,476.07	18,747.84			(183.37)		18,292.70	18,572.75	8.28	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/19/98	10/20/28	34,766.61	35,278.04			(211.74)		34,554.87	35,083.92	17.62	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	5.28	05/31/07	06/01/07	11,080.52	11,080.52	149.04				11,229.56	11,229.56	-	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	5.28	05/31/07	06/01/07	745,104.09	745,104.09		(618,351.77)			126,752.32	126,752.32	-	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/01/28	4,805.42	4,910.07			(1,411.35)		3,394.07	3,456.61	(42.11)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/01/28	3,881.40	3,967.46			(30.75)		3,850.65	3,925.71	(11.00)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	06/29/98	05/01/28	3,499.23	3,576.74			(568.25)		2,930.98	2,988.05	(20.44)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/20/28	26,236.89	26,720.70			(1,286.97)		24,949.92	25,421.48	(12.25)	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	09/01/28	5,650.79	5,776.07			(35.41)		5,615.38	5,724.84	(15.82)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/20/28	48,503.75	49,398.16			(387.86)		48,115.89	49,025.28	14.98	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/19/98	05/20/28	31,441.24	32,021.01			(1,900.10)		29,541.14	30,099.45	(21.46)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	19,839.17	19,758.78			(146.49)		19,692.68	19,304.49	(307.80)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	08/14/98	07/20/28	17,986.15	18,317.81			(1,443.97)		16,542.18	16,854.82	(19.02)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	06/29/98	06/20/28	8,892.82	9,056.82			(55.57)		8,837.25	9,004.29	3.04	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	09/18/98	09/20/28	12,526.40	12,757.36			(74.52)		12,451.88	12,687.19	4.35	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	11/01/28	2,188.04	2,236.55			(18.74)		2,169.30	2,211.58	(6.23)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	10,883.38	11,084.05			(77.10)		10,806.28	11,010.49	3.54	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	7,969.92	8,116.88			(49.25)		7,920.67	8,070.37	2.74	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	10/20/28	2,679.71	2,729.11			(14.64)		2,665.07	2,715.43	0.96	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	11/01/28	2,225.61	2,274.09			(47.49)		2,178.12	2,218.27	(8.33)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	02/16/99	02/20/29	16,797.16	17,100.68			(133.51)		16,663.65	16,977.58	10.41	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	02/20/29	1,079.17	1,098.66			(13.54)		1,065.63	1,085.69	0.57	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	05/20/29	5,819.35	5,924.52			(38.66)		5,780.69	5,889.61	3.75	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	13,429.96	13,390.49			(84.52)		13,345.44	13,094.42	(211.55)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	13,507.28	13,467.54			(78.59)		13,428.69	13,176.08	(212.87)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	1,745.50	1,736.10			(9.40)		1,736.10	1,699.38	(27.32)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	6,164.30	6,146.19			(34.43)		6,129.87	6,014.58	(97.18)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	7,239.99	7,202.46			(48.96)		7,191.03	7,040.34	(113.16)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	4,978.83	4,953.05			(34.26)		4,944.57	4,840.99	(77.80)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	23,479.65	23,410.59			(151.95)		23,327.70	22,888.89	(369.75)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	3,049.62	3,040.66			(24.30)		3,025.32	2,968.42	(47.94)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	44,999.22	44,866.87			(270.53)		44,728.69	43,887.29	(709.05)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	12,421.14	12,370.89			(66.51)		12,354.63	12,111.19	(193.19)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	5,247.32	5,226.06			(28.28)		5,219.04	5,116.17	(81.61)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	7,987.21	7,954.83			(61.04)		7,926.17	7,769.91	(123.88)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	5,004.81	4,967.77			(39.34)		4,965.47	4,852.44	(75.99)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	8,652.58	8,617.51			(59.36)		8,593.22	8,423.83	(134.32)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	2,365.15	2,355.53			(768.79)		1,596.36	1,564.86	(21.88)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	12,022.63	11,973.93			(78.83)		11,943.80	11,708.39	(186.71)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	18,924.60	18,847.95			(97.65)		18,826.95	18,455.86	(294.44)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	4,686.89	4,652.09			(967.75)		3,719.14	3,634.39	(49.95)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	111,465.05	111,137.31			(701.51)		110,763.54	108,680.06	(1,755.74)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	112,106.42	111,776.87			(652.23)		111,454.19	109,357.78	(1,766.86)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	14,485.63	14,410.35			(78.06)		14,407.57	14,105.50	(226.79)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	51,162.11	51,011.66			(285.75)		50,876.36	49,919.35	(806.56)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	60,089.68	59,778.39			(406.40)		59,683.28	58,432.89	(939.10)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	41,323.11	41,109.02			(284.38)		41,038.73	40,178.94	(645.70)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	194,874.37	194,301.43			(1,261.08)		193,613.29	189,971.41	(3,068.94)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	25,311.08	25,236.67			(201.65)		25,109.43	24,637.13	(397.89)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/30/29	373,480.56	372,382.47			(2,245.35)		371,235.21	364,252.22	(5,884.90)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	103,092.44	102,674.94			(551.91)		102,540.53	100,519.48	(1,603.55)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	43,551.30	43,374.91			(234.68)		43,316.62	42,462.83	(677.40)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	17,964.99	17,892.21			(137.31)		17,827.68	17,476.28	(278.62)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/22/99	06/20/29	109,871.08	109,548.09			(4,734.83)		105,136.25	103,158.66	(1,654.60)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	141,830.69	141,413.70			(8,551.46)		133,279.23	130,772.24	(2,090.00)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	90,870.67	90,603.52			(552.69)		90,317.98	88,619.10	(1,431.73)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	69,211.12	69,007.61			(391.22)		68,819.90	67,525.37	(1,091.02)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/99	11/01/29	50,986.47	50,722.34			(570.00)		50,416.47	49,360.22	(792.12)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/29/99	10/20/29	147,987.63	147,552.55			(912.07)		147,075.56	144,309.07	(2,331.41)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	192,093.28	191,528.55			(1,221.74)		190,871.54	187,281.27	(3,025.54)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	178,843.68	178,317.88			(11,905.61)		166,938.07	163,797.97	(2,614.30)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	197,074.76	196,276.58			(1,074.21)		196,000.55	192,137.35	(3,065.02)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	95,670.29	95,282.82			(719.91)		94,950.38	93,078.89	(1,484.02)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	46,054.70	45,867.93			(311.59)		45,743.11	44,841.27	(715.07)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	02/23/00	01/01/30	24,932.95	24,803.80			(4,741.05)		20,191.90	19,768.87	(293.88)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	164,659.31	163,992.43			(1,215.89)		163,443.42	160,221.94	(2,554.60)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	48,326.42	48,130.70			(369.35)		47,957.07	47,011.84	(749.51)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	41,538.92	41,231.11			(326.56)		41,212.36	40,273.94	(630.61)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	71,813.84	71,522.99			(492.64)		71,321.20	69,915.46	(1,114.89)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	19,629.81	19,550.29			(6,380.75)		13,249.06	12,987.91	(181.63)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	99,784.46	99,380.28			(654.20)		99,130.26	97,176.35	(1,549.73)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	157,068.93	156,432.79			(810.52)		156,258.41	153,178.55	(2,443.72)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	38,899.31	38,611.06			(8,032.02)		30,867.29	30,164.44	(414.60)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/20/30	181,103.08	180,369.63			(1,220.17)		179,882.91	176,337.43	(2,812.03)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/28/00	08/20/30	32,051.25	31,921.47			(167.15)		31,884.10	31,255.69	(498.63)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	6,934.43	6,906.56			(46.92)		6,887.51	6,751.97	(107.67)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/20/30	76,623.02	76,312.68			(454.76)		76,168.26	74,666.97	(1,190.95)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	05/20/30	82,568.99	82,234.60			(894.81)		81,674.18	80,064.40	(1,275.39)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	06/20/30	153,376.03	152,754.85			(808.30)		152,567.73	149,560.61	(2,385.94)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	05/31/00	05/01/30	37,383.53	37,106.53			(381.61)		37,001.92	36,159.40	(565.52)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/23/00	09/20/30	5,767.07	5,743.72			(28.58)		5,738.49	5,625.38	(89.76)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	10/20/30	44,282.96	44,103.55			(285.31)		43,997.65	43,130.39	(687.85)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	74,150.97	73,601.47			(1,162.63)		72,988.34	71,326.36	(1,112.48)	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/00	05/20/30	9,187.66	9,150.46			(46.95)		9,140.71	8,960.56	(142.95)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/06/00	09/01/30	42,813.07	42,495.85			(227.52)		42,585.55	41,615.91	(652.42)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	08/01/30	46,391.57	46,047.79			(361.56)		46,030.01	44,981.89	(704.34)	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	02/12/01	02/01/30	10,799.78	10,743.85			(56.97)		10,742.81	10,517.76	(169.12)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	07/07/05	07/20/35	268,285.65	255,073.15			(7,416.42)		260,869.23	243,436.29	(4,220.44)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/15/05	09/20/35	21,706.89	20,639.17			(93.73)		21,613.16	20,170.11	(375.33)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/22/05	09/20/35	28,415.75	27,018.20			(126.51)		28,289.24	26,400.60	(491.09)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/11/05	07/20/35	37,913.31	36,144.03			(151.40)		37,761.91	35,333.96	(658.67)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/18/05	08/20/35	104,968.52	99,879.30			(502.50)		104,466.02	97,576.10	(1,800.70)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/30/05	08/20/35	186,459.59	177,285.26			(880.05)		185,579.54	173,186.14	(3,219.07)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/29/05	07/20/35	15,418.71	14,699.79			(61.25)		15,357.46	14,370.64	(267.90)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	10/13/05	09/20/35	19,622.33	18,657.58			(78.33)		19,544.00	18,239.51	(339.74)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	10/27/05	10/20/35	129,444.07	123,081.50			(8,351.12)		121,092.95	113,012.02	(1,718.36)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	11/01/05	11/20/35	32,178.19	30,678.87			(130.08)		32,048.11	29,989.80	(558.99)	0.00
FNMA	1994 A&B SF (1983 Refunding)	4.49	09/08/05	08/01/35	23,223.11	22,007.59			(94.57)		23,128.54	21,464.51	(448.51)	0.00
FNMA	1994 A&B SF (1983 Refunding)	4.49	11/01/05	10/01/35	13,315.10	12,618.48			(242.60)		13,072.50	12,132.27	(243.61)	0.00
	1994 A&B SF (1983 Refunding) Total				7,111,632.53	7,075,867.48	149.04	(647,623.01)	(135,748.72)	0.00	6,328,409.84	6,212,560.28	(80,084.51)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	1995 C SF (1985 A&B Refunding)				0.56	0.56		(0.56)					-	0.00
GIC's	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	20.95	20.95	0.56				21.51	21.51	-	0.00
Repo Agmt	1995 C SF (1985 A&B Refunding)				0.01	0.01		(0.01)					-	0.00
GIC's	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	0.29	0.29	0.01				0.30	0.30	-	0.00
	1995 C SF (1985 A&B Refunding) Total				21.81	21.81	0.57	(0.57)	0.00	0.00	21.81	21.81	0.00	0.00
Repo Agmt	2005 Single Family	5.28	05/31/07	06/01/07	1,058,544.47	1,058,544.47	36,234.90				1,094,779.37	1,094,779.37	-	0.00
Repo Agmt	2005 Single Family	5.28	05/31/07	06/01/07	3,984,131.03	3,984,131.03		(3,809,578.06)			174,552.97	174,552.97	-	0.00
GIC's	2005 Single Family	3.37	09/22/05	09/01/36	32,377.04	32,377.04	1,638,166.17				1,670,543.21	1,670,543.21	-	0.00
Repo Agmt	2005 Single Family	5.28	05/31/07	06/01/07	1,042.55	1,042.55	13.80				1,056.35	1,056.35	-	0.00
Inv Agmt	2005 Single Family	3.50	05/13/05	09/01/36	395,878.80	395,878.80	0.00				395,878.80	395,878.80	-	0.00
GNMA	2005 Single Family	4.49	08/11/05	07/20/35	1,213,462.40	1,155,672.06			(4,957.20)		1,208,505.20	1,129,653.63	(21,061.23)	0.00
GNMA	2005 Single Family	4.49	08/30/05	08/20/35	792,046.11	754,340.66			(3,109.54)		788,936.57	737,476.32	(13,754.80)	0.00
GNMA	2005 Single Family	4.49	10/27/05	10/20/35	1,842,615.67	1,755,006.01			(7,230.14)		1,835,385.53	1,715,773.99	(32,001.88)	0.00
GNMA	2005 Single Family	4.49	10/27/05	10/20/35	1,233,492.87	1,174,844.78			(101,898.20)		1,131,594.67	1,057,848.97	(15,097.61)	0.00
GNMA	2005 Single Family	4.49	09/29/05	09/20/35	6,652,225.15	6,335,750.37			(27,868.99)		6,624,356.16	6,192,461.03	(115,420.35)	0.00
GNMA	2005 Single Family	4.49	10/06/05	09/20/35	2,171,612.44	2,068,314.19			(9,014.96)		2,162,597.48	2,021,614.63	(37,684.60)	0.00
GNMA	2005 Single Family	4.49	10/20/05	10/20/35	1,485,615.82	1,414,970.20			(6,374.59)		1,479,241.23	1,382,829.74	(25,765.87)	0.00
GNMA	2005 Single Family	4.49	12/08/05	12/20/35	1,129,645.40	1,075,983.86			(4,342.53)		1,125,302.87	1,052,015.10	(19,626.23)	0.00
GNMA	2005 Single Family	4.49	12/15/05	12/20/35	1,098,841.90	1,049,462.10			(4,280.58)		1,094,561.32	1,026,027.41	(19,154.11)	0.00
GNMA	2005 Single Family	4.49	11/03/05	11/20/35	389,620.88	372,095.91			(1,746.94)		387,873.94	363,571.78	(6,777.19)	0.00
GNMA	2005 Single Family	4.49	11/10/05	11/20/35	2,102,882.38	2,008,309.87			(9,455.53)		2,093,426.85	1,962,277.43	(36,576.91)	0.00
GNMA	2005 Single Family	4.49	11/17/05	11/20/35	1,385,277.61	1,319,443.42			(5,802.04)		1,379,475.57	1,289,604.25	(24,037.13)	0.00
GNMA	2005 Single Family	4.49	11/22/05	11/20/35	968,117.28	922,112.94			(4,096.92)		964,020.36	901,220.05	(16,795.97)	0.00
GNMA	2005 Single Family	4.49	11/29/05	11/20/35	1,090,820.33	1,041,783.11			(5,154.63)		1,085,665.70	1,017,670.25	(18,958.23)	0.00
GNMA	2005 Single Family	4.49	12/22/05	12/20/35	1,629,910.40	1,556,676.45			(6,877.04)		1,623,033.36	1,521,420.96	(28,378.45)	0.00
GNMA	2005 Single Family	4.49	12/29/05	12/20/35	2,714,058.17	2,585,189.73			(11,987.75)		2,702,070.42	2,526,145.87	(47,056.11)	0.00
GNMA	2005 Single Family	4.49	01/05/06	01/20/36	1,742,922.14	1,659,667.35			(126,065.40)		1,616,856.74	1,511,125.67	(22,476.28)	0.00
GNMA	2005 Single Family	4.49	01/12/06	01/20/36	1,860,567.39	1,776,521.89			(7,138.12)		1,853,429.27	1,736,943.97	(32,439.80)	0.00
GNMA	2005 Single Family	4.49	03/09/06	02/20/36	1,497,653.54	1,426,208.31			(6,223.82)		1,491,429.72	1,393,992.30	(25,992.19)	0.00
GNMA	2005 Single Family	4.49	03/02/06	02/20/36	1,835,649.34	1,748,067.74			(7,575.81)		1,828,073.53	1,708,630.57	(31,861.36)	0.00
GNMA	2005 Single Family	4.49	01/19/06	01/20/36	980,022.98	933,223.09			(9,093.82)		970,929.16	907,450.07	(16,679.20)	0.00
GNMA	2005 Single Family	4.49	01/26/06	01/20/36	1,331,895.43	1,268,301.23			(5,081.85)		1,326,813.58	1,240,075.63	(23,143.75)	0.00
GNMA	2005 Single Family	4.49	02/02/06	02/20/36	2,785,610.14	2,652,626.70			(11,024.84)		2,774,585.30	2,593,225.57	(48,376.29)	0.00
GNMA	2005 Single Family	4.49	02/09/06	02/20/36	1,293,394.10	1,231,656.92			(5,878.45)		1,287,515.65	1,203,366.19	(22,412.28)	0.00
GNMA	2005 Single Family	4.49	02/16/06	02/20/36	1,670,104.40	1,590,397.09			(9,739.74)		1,660,364.66	1,551,857.55	(28,799.80)	0.00
GNMA	2005 Single Family	4.49	02/23/06	02/20/36	1,823,937.86	1,736,902.73			(7,632.57)		1,816,305.29	1,697,619.21	(31,650.95)	0.00
GNMA	2005 Single Family	4.49	05/11/06	04/20/36	880,232.43	838,297.08			(3,514.65)		876,717.78	819,495.12	(15,287.31)	0.00
GNMA	2005 Single Family	4.49	05/11/06	05/20/36	399,613.79	381,610.67			(1,907.48)		397,706.31	372,758.17	(6,945.02)	0.00
GNMA	2005 Single Family	4.49	05/18/06	05/20/36	1,206,191.88	1,148,736.72			(5,403.47)		1,200,788.41	1,122,423.03	(20,910.22)	0.00
GNMA	2005 Single Family	4.49	05/18/06	05/20/36	432,082.09	412,619.16			(2,071.04)		430,011.05	403,039.27	(7,508.85)	0.00
GNMA	2005 Single Family	4.49	03/16/06	03/20/36	862,044.52	823,159.21			(3,474.18)		858,570.34	804,664.16	(15,020.87)	0.00
GNMA	2005 Single Family	4.49	03/23/06	03/20/36	2,221,788.94	2,115,831.10			(9,366.83)		2,212,422.11	2,067,912.51	(38,551.76)	0.00
GNMA	2005 Single Family	4.49	03/30/06	03/20/36	1,216,729.26	1,158,711.25			(5,083.01)		1,211,646.25	1,132,512.71	(21,115.53)	0.00
GNMA	2005 Single Family	4.49	04/06/06	03/20/36	1,826,716.65	1,739,624.57			(10,893.10)		1,815,823.55	1,697,244.47	(31,487.00)	0.00
GNMA	2005 Single Family	4.49	04/13/06	03/20/36	1,089,996.23	1,038,036.02			(4,738.38)		1,085,257.85	1,014,394.24	(18,903.40)	0.00
GNMA	2005 Single Family	4.49	04/20/06	04/20/36	2,074,158.51	1,975,299.17			(8,346.84)		2,065,811.67	1,930,936.89	(36,015.44)	0.00
GNMA	2005 Single Family	4.49	04/27/06	04/20/36	870,711.93	829,218.43			(3,724.40)		866,987.53	810,388.50	(15,105.53)	0.00
GNMA	2005 Single Family	4.49	05/05/06	04/20/36	1,631,858.00	1,558,329.69			(7,784.40)		1,624,073.60	1,522,184.59	(28,360.70)	0.00
GNMA	2005 Single Family	4.49	05/25/06	05/20/36	1,136,892.10	1,082,745.61			(4,272.46)		1,132,619.64	1,058,710.55	(19,762.60)	0.00
GNMA	2005 Single Family	4.49	06/01/06	06/20/36	1,323,784.42	1,264,174.38			(4,936.84)		1,318,847.58	1,236,144.93	(23,092.61)	0.00
GNMA	2005 Single Family	4.49	06/08/06	06/20/36	1,663,559.19	1,584,353.30			(8,653.54)		1,654,905.65	1,546,939.85	(28,759.91)	0.00
GNMA	2005 Single Family	4.49	06/15/06	06/20/36	1,147,685.16	1,096,020.39			(4,575.41)		1,143,109.75	1,071,442.49	(20,002.49)	0.00
GNMA	2005 Single Family	4.49	06/27/06	06/20/36	1,970,081.73	1,881,420.30			(9,422.86)		1,960,658.87	1,837,757.70	(34,239.74)	0.00
GNMA	2005 Single Family	4.49	07/06/06	07/20/36	833,179.24	795,690.94			(3,183.87)		829,995.37	777,976.14	(14,530.93)	0.00
GNMA	2005 Single Family	4.49	07/13/06	06/20/36	1,458,559.81	1,392,941.41			(6,069.27)		1,452,490.54	1,361,465.21	(25,406.93)	0.00
GNMA	2005 Single Family	4.49	07/19/06	06/20/36	1,888,661.57	1,798,814.44			(7,187.42)		1,881,474.15	1,758,799.96	(32,827.06)	0.00
GNMA	2005 Single Family	4.49	07/27/06	07/20/36	1,206,037.24	1,151,796.92			(4,531.51)		1,201,505.73	1,126,227.46	(21,037.95)	0.00
GNMA	2005 Single Family	4.49	08/02/06	08/20/36	874,270.76	834,957.22			(3,558.51)		870,712.25	816,165.05	(15,233.66)	0.00
GNMA	2005 Single Family	4.49	08/09/06	08/20/36	1,896,316.40	1,811,057.12			(9,041.97)		1,887,274.43	1,769,055.55	(32,959.60)	0.00
GNMA	2005 Single Family	4.49	08/16/06	07/20/36	1,085,552.29	1,033,941.92			(4,280.80)		1,081,271.49	1,010,802.05	(18,859.07)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2005 Single Family	4.49	08/23/06	07/20/36	779,832.19	744,781.12			(4,157.62)		775,674.57	727,095.86	(13,527.64)	0.00
GNMA	2005 Single Family	4.49	09/06/06	08/20/36	982,416.26	938,273.89			(4,029.05)		978,387.21	917,126.99	(17,117.85)	0.00
GNMA	2005 Single Family	4.49	09/12/06	08/20/36	518,748.43	495,442.79			(2,011.37)		516,737.06	484,385.80	(9,045.62)	0.00
GNMA	2005 Single Family	4.49	09/26/06	09/20/36	606,723.44	579,474.16			(2,333.25)		604,390.19	566,559.82	(10,581.09)	0.00
GNMA	2005 Single Family	4.49	10/17/06	10/20/36	1,201,070.50	1,147,153.35			(6,349.97)		1,194,720.53	1,119,964.80	(20,838.58)	0.00
GNMA	2005 Single Family	4.49	11/14/06	10/20/36	1,027,254.11	981,169.50			(3,758.16)		1,023,495.95	959,482.17	(17,929.17)	0.00
GNMA	2005 Single Family	4.49	11/28/06	10/20/36	220,216.97	210,340.59			(799.35)		219,417.62	205,697.23	(3,844.01)	0.00
GNMA	2005 Single Family	4.49	12/12/06	10/20/36	252,691.07	241,361.94			(1,387.27)		251,303.80	235,593.11	(4,381.56)	0.00
GNMA	2005 Single Family	4.49	01/16/07	12/20/36	249,291.95	238,124.12			(891.66)		248,400.29	232,879.83	(4,352.63)	0.00
GNMA	2005 Single Family	4.49	01/30/07	12/20/36	132,003.89	124,832.74			(497.89)		131,506.00	122,069.99	(2,264.86)	0.00
GNMA	2005 Single Family	4.49	02/13/07	01/20/37	316,329.44	302,191.41			(1,382.43)		314,947.01	295,309.98	(5,499.00)	0.00
GNMA	2005 Single Family	4.49	02/20/07	02/20/37	230,707.80	220,396.55			(855.63)		229,852.17	215,519.18	(4,021.74)	0.00
GNMA	2005 Single Family	4.49	03/20/07	01/20/37			224,329.75				224,329.75	210,315.94	(14,013.81)	0.00
GNMA	2005 Single Family	4.49	04/24/07	03/20/37			528,550.30				528,550.30	495,550.49	(32,999.81)	0.00
GNMA	2005 Single Family	4.49	04/10/07	02/20/37			271,412.54				271,412.54	254,463.15	(16,949.39)	0.00
GNMA	2005 Single Family	4.49	05/22/07	04/20/37			388,485.81				388,485.81	363,247.62	(25,238.19)	0.00
FNMA	2005 Single Family	4.49	10/20/05	10/01/35	256,778.79	243,401.72			(1,577.10)		255,201.69	236,901.62	(4,923.00)	0.00
FNMA	2005 Single Family	4.49	11/10/05	11/01/35	248,149.66	235,224.50			(128,409.15)		119,740.51	111,155.23	4,339.88	0.00
FNMA	2005 Single Family	4.49	12/15/05	12/01/35	243,397.16	230,723.25			(982.51)		242,414.65	225,037.39	(4,703.35)	0.00
FNMA	2005 Single Family	4.49	01/05/06	12/01/35	349,621.99	331,419.86			(1,569.34)		348,052.65	323,105.77	(6,744.75)	0.00
FNMA	2005 Single Family	4.49	02/09/06	02/01/36	210,666.99	199,630.61			(979.11)		209,687.88	194,535.27	(4,116.23)	0.00
FNMA	2005 Single Family	4.49	02/23/06	01/01/36	246,176.83	233,281.34			(947.22)		245,229.61	227,509.82	(4,824.30)	0.00
FNMA	2005 Single Family	4.49	03/16/06	03/01/36	389,207.14	368,823.37			(2,056.69)		387,150.45	359,179.71	(7,586.97)	0.00
FNMA	2005 Single Family	4.49	04/06/06	03/01/36	266,624.89	252,663.35			(1,016.49)		265,608.40	246,421.02	(5,225.84)	0.00
FNMA	2005 Single Family	4.49	04/20/06	04/01/36	376,202.26	356,504.97			(1,467.66)		374,734.60	347,666.12	(7,371.19)	0.00
FNMA	2005 Single Family	4.49	05/11/06	04/01/36	295,456.75	279,989.98			(1,273.93)		294,182.82	272,935.65	(5,780.40)	0.00
FNMA	2005 Single Family	4.49	06/08/06	04/01/36	277,147.92	262,642.74			(1,359.33)		275,788.59	255,873.00	(5,410.41)	0.00
FNMA	2005 Single Family	4.49	06/27/06	06/01/36	285,505.19	270,565.07			(1,086.46)		284,419.73	263,883.26	(5,596.35)	0.00
FNMA	2005 Single Family	4.49	07/13/06	06/01/36	352,258.69	333,828.12			(1,496.51)		350,762.18	325,438.08	(6,893.53)	0.00
FNMA	2005 Single Family	4.49	07/19/06	07/01/36	535,818.26	507,785.17			(2,014.20)		533,804.06	495,266.30	(10,504.67)	0.00
FNMA	2005 Single Family	4.49	08/02/06	07/01/36	483,167.41	457,891.68			(1,839.39)		481,328.02	446,581.42	(9,470.87)	0.00
FNMA	2005 Single Family	4.49	08/09/06	07/01/36	362,722.83	343,748.92			(1,359.97)		361,362.86	335,277.46	(7,111.49)	0.00
FNMA	2005 Single Family	4.49	09/12/06	08/01/36	280,801.07	266,116.73			(1,044.28)		279,756.79	259,566.13	(5,506.32)	0.00
FNMA	2005 Single Family	4.49	10/17/06	09/01/36	264,672.91	250,836.01			(1,677.56)		262,995.35	244,018.32	(5,140.13)	0.00
FNMA	2005 Single Family	4.49	11/14/06	10/01/36	397,232.83	376,470.34			(1,455.05)		395,777.78	367,224.32	(7,790.97)	0.00
FNMA	2005 Single Family	4.49	11/21/06	10/01/36	282,651.21	267,878.73			(1,063.02)		281,588.19	261,273.74	(5,541.97)	0.00
FNMA	2005 Single Family	4.49	12/12/06	11/01/36	374,628.89	356,057.08			(1,471.40)		373,157.49	348,605.06	(5,980.62)	0.00
FNMA	2005 Single Family	4.49	01/30/07	11/01/36	55,877.45	52,958.61			(310.58)		55,566.87	52,746.29	98.26	0.00
FNMA	2005 Single Family	4.49	02/13/07	01/01/37	58,379.67	55,328.88			(219.12)		58,160.55	55,108.08	(1.68)	0.00
FNMA	2005 Single Family	4.49	03/20/07	02/01/37			163,816.86				163,816.86	155,083.20	(8,733.66)	0.00
FNMA	2005 Single Family	4.49	04/10/07	01/01/37			220,586.01				220,586.01	204,685.78	(15,900.23)	0.00
FNMA	2005 Single Family	4.49	04/24/07	04/01/37			373,491.24				373,491.24	352,864.59	(20,626.65)	0.00
FNMA	2005 Single Family	4.49	05/22/07	04/01/37			226,369.97				226,369.97	210,057.68	(16,312.29)	0.00
Repo Agmt	2005 Single Family	5.28	05/31/07	06/01/07	6,831,144.27	6,831,144.27		(2,421,569.01)			4,409,575.26	4,409,575.26	-	0.00
	2005 Single Family Total				101,632,257.27	97,421,347.08	4,071,457.35	(6,231,147.07)	(730,802.96)	0.00	98,741,764.59	92,840,986.97	(1,689,867.43)	0.00
	Total Single Family Investment Summary				969,874,840.05	954,755,378.95	79,170,102.58	(98,842,430.84)	(11,379,099.12)	0.00	938,823,412.67	913,017,232.25	(10,686,719.32)	0.00

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending May 31, 2007

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	1989 A&B RMRB	5.28	05/31/07	06/01/07	81,733.39	81,733.39	7,703.81				89,437.20	89,437.20	-	0.00
Repo Agmt	1989 A&B RMRB	5.28	05/31/07	06/01/07	491,277.75	491,277.75	0.00				491,277.75	491,277.75	-	0.00
	1989 A&B RMRB Total				573,011.14	573,011.14	7,703.81	0.00	0.00	0.00	580,714.95	580,714.95	0.00	0.00
Repo Agmt	1998 A/B RMRB	5.28	05/31/07	06/01/07	111,331.88	111,331.88		(64,863.17)			46,468.71	46,468.71	-	0.00
GIC's	1998 A/B RMRB	5.04	12/03/98	01/01/31	2,805,189.61	2,805,189.61	2,310,407.22				5,115,596.83	5,115,596.83	-	0.00
GIC's	1998 A/B RMRB	5.04	12/03/98	01/01/31	1,662,346.43	1,662,346.43	0.00				1,662,346.43	1,662,346.43	-	0.00
GNMA	1998 A/B RMRB	5.35	07/28/00	07/20/30	1,455,072.32	1,442,485.92			(236,803.53)		1,218,268.79	1,188,677.02	(17,005.37)	0.00
GNMA	1998 A/B RMRB	5.35	08/28/00	07/20/30	2,608,370.95	2,585,808.54			(14,386.16)		2,593,984.79	2,530,976.91	(40,445.47)	0.00
FNMA	1998 A/B RMRB	5.35	05/25/99	04/01/29	192,297.59	190,426.52			(1,276.93)		191,020.66	186,159.18	(2,990.41)	0.00
GNMA	1998 A/B RMRB	5.35	04/16/99	04/20/29	872,269.00	865,683.35			(5,434.21)		866,834.79	846,568.16	(13,680.98)	0.00
FNMA	1998 A/B RMRB	5.35	06/22/99	05/01/29	214,547.52	212,459.92			(2,051.47)		212,496.05	207,087.97	(3,320.48)	0.00
GNMA	1998 A/B RMRB	5.35	05/25/99	05/20/29	2,826,996.66	2,805,652.79			(19,297.05)		2,807,699.61	2,742,055.55	(44,300.19)	0.00
GNMA	1998 A/B RMRB	5.35	06/22/99	06/20/29	4,462,946.86	4,429,251.51			(95,296.70)		4,367,650.16	4,265,534.39	(68,420.42)	0.00
FNMA	1998 A/B RMRB	5.35	07/30/99	07/01/29	73,454.18	72,739.44			(459.53)		72,994.65	71,136.91	(1,143.00)	0.00
FNMA	1998 A/B RMRB	5.35	08/24/99	08/01/29	139,142.86	137,788.99			(885.22)		138,257.64	134,738.98	(2,164.79)	0.00
GNMA	1998 A/B RMRB	5.35	07/30/99	07/20/29	3,395,258.61	3,369,624.33			(120,002.87)		3,275,255.74	3,198,680.17	(50,941.29)	0.00
GNMA	1998 A/B RMRB	5.35	08/26/99	08/20/29	2,679,591.29	2,659,360.40			(17,358.31)		2,662,232.98	2,599,989.99	(42,012.10)	0.00
FNMA	1998 A/B RMRB	5.35	09/30/99	08/01/29	180,197.80	178,444.47			(1,002.89)		179,194.91	174,634.39	(2,807.19)	0.00
GNMA	1998 A/B RMRB	5.35	09/20/99	09/20/29	2,054,563.66	2,039,051.68			(91,015.25)		1,963,548.41	1,917,640.65	(30,395.78)	0.00
FNMA	1998 A/B RMRB	5.35	10/29/99	10/01/29	446,750.75	442,403.87			(6,580.50)		440,170.25	428,967.93	(6,855.44)	0.00
FNMA	1998 A/B RMRB	5.35	11/16/99	10/01/29	347,677.75	344,294.83			(4,623.34)		343,054.41	334,323.67	(5,347.82)	0.00
FNMA	1998 A/B RMRB	5.35	12/21/99	11/01/29	542,642.99	537,363.04			(4,548.16)		538,094.83	524,400.29	(8,414.59)	0.00
GNMA	1998 A/B RMRB	5.35	10/29/99	10/20/29	2,867,821.33	2,846,169.27			(33,189.69)		2,834,631.64	2,768,357.88	(44,621.70)	0.00
GNMA	1998 A/B RMRB	5.35	11/18/99	11/20/29	3,235,914.97	3,211,483.80			(154,059.35)		3,081,855.62	3,009,801.80	(47,622.65)	0.00
GNMA	1998 A/B RMRB	5.35	12/30/99	12/20/29	5,065,139.44	5,026,897.51			(124,917.91)		4,940,221.53	4,824,719.05	(77,260.55)	0.00
GNMA	1998 A/B RMRB	5.35	01/28/00	01/20/30	2,492,875.91	2,471,312.48			(17,640.31)		2,475,235.60	2,415,112.05	(38,560.12)	0.00
GNMA	1998 A/B RMRB	5.35	02/22/00	01/20/30	2,962,633.21	2,937,006.40			(20,358.57)		2,942,274.64	2,870,806.75	(45,841.08)	0.00
GNMA	1998 A/B RMRB	5.35	03/27/00	03/20/30	1,682,374.65	1,667,822.07			(66,758.72)		1,615,615.93	1,576,372.58	(24,690.77)	0.00
FNMA	1998 A/B RMRB	5.35	02/23/00	01/01/30	498,268.65	493,420.47			(7,404.35)		490,864.30	478,371.77	(7,644.35)	0.00
FNMA	1998 A/B RMRB	5.35	03/27/00	02/01/30	281,174.97	277,840.23			(3,658.49)		277,516.48	269,962.47	(4,219.27)	0.00
FNMA	1998 A/B RMRB	5.35	04/21/00	04/01/30	307,130.98	303,488.40			(1,930.25)		305,200.73	296,893.16	(4,664.99)	0.00
GNMA	1998 A/B RMRB	5.35	04/24/00	04/20/30	2,084,617.32	2,066,585.39			(16,141.05)		2,068,476.27	2,018,233.00	(32,211.34)	0.00
GNMA	1998 A/B RMRB	5.35	05/30/00	05/20/30	1,635,005.28	1,620,862.43			(21,404.95)		1,613,600.33	1,574,405.92	(25,051.56)	0.00
GNMA	1998 A/B RMRB	5.35	06/21/00	06/20/30	1,266,029.05	1,255,077.92			(18,411.89)		1,247,617.16	1,217,312.55	(19,353.48)	0.00
FNMA	1998 A/B RMRB	5.35	05/30/00	05/01/30	418,536.57	413,572.72			(6,750.25)		411,786.32	400,577.50	(6,244.97)	0.00
FNMA	1998 A/B RMRB	5.35	06/21/00	06/01/30	202,087.26	199,690.50			(2,411.35)		199,675.91	194,240.72	(3,038.43)	0.00
GNMA	1998 A/B RMRB	5.35	10/23/00	09/20/30	1,786,318.64	1,770,866.95			(10,339.88)		1,775,978.76	1,732,840.19	(27,686.88)	0.00
GNMA	1998 A/B RMRB	5.35	10/25/00	10/20/30	464,303.81	460,287.58			(7,015.66)		457,288.15	446,180.61	(7,091.31)	0.00
FNMA	1998 A/B RMRB	5.35	07/24/00	06/01/30	401,952.82	397,185.65			(2,602.48)		399,350.34	388,480.02	(6,103.15)	0.00
FNMA	1998 A/B RMRB	5.35	08/25/00	07/01/30	204,152.26	201,731.01			(1,807.80)		202,344.46	196,836.64	(3,086.57)	0.00
GNMA	1998 A/B RMRB	5.35	01/08/01	12/20/30	330,222.80	327,366.36			(4,562.90)		325,659.90	317,749.61	(5,053.85)	0.00
GNMA	1998 A/B RMRB	5.35	01/16/01	12/20/30	205,760.93	203,981.09			(1,665.83)		204,095.10	199,137.62	(3,177.64)	0.00
GNMA	1998 A/B RMRB	5.35	01/31/01	08/20/30	112,932.08	111,955.15			(586.37)		112,345.71	109,616.77	(1,752.01)	0.00
GNMA	1998 A/B RMRB	5.35	11/16/00	11/20/30	324,713.08	321,904.31			(4,015.53)		320,697.55	312,907.80	(4,980.98)	0.00
GNMA	1998 A/B RMRB	5.35	11/29/00	11/20/30	751,675.94	745,173.89			(3,893.56)		747,782.38	729,618.70	(11,661.63)	0.00
GNMA	1998 A/B RMRB	5.35	12/21/00	11/20/30	147,401.00	146,125.97			(2,826.31)		144,574.69	141,062.96	(2,236.70)	0.00
GNMA	1998 A/B RMRB	5.35	12/27/00	12/20/30	294,101.58	291,557.60			(1,536.30)		292,565.28	285,458.86	(4,562.44)	0.00
FNMA	1998 A/B RMRB	5.35	10/06/00	09/01/30	429,056.45	423,967.82			(3,546.60)		425,509.85	413,927.45	(6,493.77)	0.00
FNMA	1998 A/B RMRB	5.35	01/12/01	12/01/30	395,413.81	390,724.17			(2,667.63)		392,746.18	382,055.59	(6,000.95)	0.00
Repo Agmt	1998 A/B RMRB	5.28	05/31/07	06/01/07	1,144,747.17	1,144,747.17	2,016.34				1,146,763.51	1,146,763.51	-	0.00
Repo Agmt	1998 A/B RMRB				31,890.52	31,890.52		(31,890.52)					-	0.00
GNMA	1998 A/B RMRB	5.49	01/12/06	01/20/36	27,092.69	27,248.69			(86.09)		27,006.60	26,737.05	(425.55)	0.00
GNMA	1998 A/B RMRB	5.49	03/09/06	03/20/36	33,532.49	33,727.27			(138.83)		33,393.66	33,062.03	(526.41)	0.00
GNMA	1998 A/B RMRB	5.49	03/02/06	03/20/36	18,999.05	19,109.29			(60.17)		18,938.88	18,750.67	(298.45)	0.00
GNMA	1998 A/B RMRB	5.49	02/23/06	02/20/36	39,147.99	39,374.89			(1,230.17)		37,917.82	37,540.78	(603.94)	0.00
GNMA	1998 A/B RMRB	5.49	03/16/06	03/20/36	29,730.29	29,903.16			(94.79)		29,635.50	29,341.35	(467.02)	0.00
GNMA	1998 A/B RMRB	5.49	03/30/06	03/20/36	41,656.98	41,821.07			(135.66)		41,521.32	41,031.76	(653.65)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	1998 A/B RMRB	5.49	04/06/06	04/20/36	36,900.09	37,115.38			(116.53)		36,783.56	36,419.19	(579.66)	0.00
FNMA	1998 A/B RMRB	5.49	04/27/06	03/01/36	26,050.45	25,951.68			(87.18)		25,963.27	25,467.07	(397.43)	0.00
FNMA	1998 A/B RMRB	5.49	04/27/06	10/01/35	8,682.55	8,657.11			(28.46)		8,654.09	8,496.68	(131.97)	0.00
	1998 A/B RMRB Total				59,356,693.77	58,915,310.89	2,312,423.56	(96,753.69)	(1,165,103.98)	0.00	60,407,259.66	59,150,634.24	(815,242.54)	0.00
Repo Agmt	2000 BCDE RMRB	5.28	05/31/07	06/01/07	188,835.45	188,835.45	2,538.75				191,374.20	191,374.20	-	0.00
Repo Agmt	2000 BCDE RMRB	5.28	05/31/07	06/01/07	602,939.32	602,939.32	8,106.19				611,045.51	611,045.51	-	0.00
Repo Agmt	2000 BCDE RMRB	5.28	05/31/07	06/01/07	48,759.92	48,759.92	74,374.02				123,133.94	123,133.94	-	0.00
Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	2,947,384.74	2,947,384.74	3,064,922.49				6,012,307.23	6,012,307.23	-	0.00
Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	1,228.19	1,228.19	0.00				1,228.19	1,228.19	-	0.00
Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	1,383,363.11	1,383,363.11	0.00				1,383,363.11	1,383,363.11	-	0.00
GNMA	2000 BCDE RMRB	6.10	02/22/01	02/20/31	899,435.25	913,138.02			(4,611.51)		894,823.74	909,642.24	1,115.73	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	02/20/31	225,431.09	228,865.02			(1,202.97)		224,228.12	227,940.68	278.63	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	01/20/31	117,342.32	119,129.41			(528.84)		116,813.48	118,747.22	146.65	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	243,631.57	247,344.51			(42,536.12)		201,095.45	204,426.46	(381.93)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	1,288,028.65	1,307,658.15			(7,188.10)		1,280,840.55	1,302,056.82	1,586.77	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	95,530.52	96,986.40			(444.95)		95,085.57	96,660.60	119.15	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	355,475.79	360,895.01			(122,340.11)		233,135.68	236,998.60	(1,556.30)	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	790,207.22	802,253.93			(3,872.71)		786,334.51	799,363.58	982.36	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	27,046.90	27,459.37			(164.70)		26,882.20	27,327.76	33.09	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	257,200.24	261,122.60			(1,567.29)		255,632.95	259,869.97	314.66	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	03/20/31	181,661.92	184,433.42			(797.75)		180,864.17	183,863.04	227.37	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	04/20/31	754,081.02	765,587.80			(71,509.17)		682,571.85	693,891.44	(187.19)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	474,255.54	481,494.72			(44,629.22)		429,626.32	436,753.24	(112.26)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	938,590.17	952,917.21			(4,285.85)		934,304.32	949,803.33	1,171.97	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	96,153.22	97,620.95			(407.97)		95,745.25	97,333.56	120.58	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	170,827.88	173,436.49			(808.84)		170,019.04	172,840.47	212.82	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	449,742.03	456,609.85			(2,084.18)		447,657.85	455,086.74	561.07	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	112,450.53	114,167.82			(701.00)		111,749.53	113,604.11	137.29	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	1,116,429.41	1,133,478.99			(5,229.95)		1,111,199.46	1,129,640.85	1,391.81	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	05/20/31	114,998.21	116,754.76			(495.43)		114,502.78	116,403.41	144.08	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	47,219.69	47,941.09			(208.61)		47,011.08	47,791.56	59.08	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	287,567.68	291,961.02			(1,767.04)		285,800.64	290,545.49	351.51	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	47,939.11	48,671.50			(202.60)		47,736.51	48,529.04	60.14	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	198,547.78	201,582.29			(876.99)		197,670.79	200,953.70	248.40	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	1,221,315.54	1,239,981.83			(25,713.52)		1,195,602.02	1,215,458.82	1,190.51	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	43,183.68	43,843.69			(195.37)		42,988.31	43,702.26	53.94	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	247,570.53	251,356.11			(1,210.05)		246,360.48	250,453.84	307.78	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	1,067,854.38	1,084,182.82			(85,481.55)		982,372.83	998,695.28	(5.99)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	262,908.91	266,929.03			(1,483.36)		261,425.55	265,769.22	323.55	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	305,324.44	309,995.95			(40,916.80)		264,407.64	268,803.33	(275.82)	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	07/20/31	672,120.79	682,405.65			(3,299.53)		668,821.26	679,942.14	836.02	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	140,986.41	143,143.51			(1,787.31)		139,199.10	141,513.21	157.01	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	226,612.20	230,080.99			(1,354.50)		225,257.70	229,004.10	277.61	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	08/20/31	1,121,018.47	1,138,181.56			(5,483.77)		1,115,534.70	1,134,091.31	1,393.52	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	179,290.47	182,034.90			(1,521.80)		177,768.67	180,725.26	212.16	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	327,548.28	332,565.81			(1,611.13)		325,937.15	331,361.69	407.01	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	881,920.15	895,429.76			(95,838.66)		786,081.49	799,164.14	(426.96)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	174,712.30	177,388.61			(58,318.86)		116,393.44	118,330.56	(739.19)	0.00
FNMA	2000 BCDE RMRB	6.10	02/14/01	02/01/31	290,337.44	296,146.80			(3,405.62)		286,931.82	291,993.09	(748.09)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	230,367.01	233,904.56			(1,141.17)		229,225.84	233,049.48	286.09	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	269,865.20	274,009.28			(1,472.72)		268,392.48	272,869.43	332.87	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	11/20/31	258,757.49	262,731.52			(57,940.41)		200,817.08	204,167.25	(623.86)	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	322,630.61	327,575.76			(1,366.88)		321,263.73	326,613.43	404.55	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	09/20/31	877,785.17	891,241.27			(188,008.73)		689,776.44	701,264.01	(1,968.53)	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	193,179.65	196,140.62			(6,299.07)		186,880.58	189,992.53	150.98	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	171,825.24	174,460.64			(1,499.57)		170,325.67	173,163.67	202.60	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	781,012.50	792,991.47			(3,881.51)		777,130.99	790,079.74	969.78	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	199,202.98	202,258.31			(1,011.96)		198,191.02	201,493.34	246.99	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	08/20/31	94,397.69	95,846.31			(386.32)		94,011.37	95,578.58	118.59	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	10/20/31	206,254.79	209,421.01			(945.51)		205,309.28	208,732.93	257.43	0.00
FNMA	2000 BCDE RMRB	6.10	03/15/01	02/01/31	273,910.95	279,394.40			(1,238.16)		272,672.79	277,485.30	(670.94)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	01/22/02	12/20/31	202,804.37	205,923.62			(906.53)		201,897.84	205,270.57	253.48	0.00
FNMA	2000 BCDE RMRB	6.10	05/10/01	04/01/31	369,916.13	377,331.00			(49,907.42)		320,008.71	325,664.85	(1,758.73)	0.00
GNMA	2000 BCDE RMRB	6.10	02/25/02	02/20/32	385,204.17	391,054.27			(60,604.75)		324,599.42	329,903.67	(545.85)	0.00
FNMA	2000 BCDE RMRB	6.10	05/30/01	04/01/31	223,482.04	227,963.28			(1,127.51)		222,354.53	226,286.23	(549.54)	0.00
FNMA	2000 BCDE RMRB	6.10	07/12/01	05/01/31	307,770.61	313,947.35			(1,661.95)		306,108.66	311,526.62	(758.78)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	519,757.63	527,669.75			(42,919.04)		476,838.59	484,647.61	(103.10)	0.00
GNMA	2000 BCDE RMRB	6.10	05/24/02	05/20/32	111,060.60	112,751.59			(448.99)		110,611.61	112,423.40	120.80	0.00
GNMA	2000 BCDE RMRB	6.10	03/21/02	02/20/32	235,855.71	239,439.60			(7,030.60)		228,825.11	232,566.21	157.21	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/02	04/20/32	261,989.60	265,974.31			(1,149.16)		260,840.44	265,108.93	283.78	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/02	04/20/32	347,872.18	353,164.88			(1,425.99)		346,446.19	352,116.98	378.09	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	76,056.44	77,214.21			(296.21)		75,760.23	77,000.91	82.91	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	02/20/32	44,470.96	45,147.61			(177.09)		44,293.87	45,018.95	48.43	0.00
GNMA	2000 BCDE RMRB	6.10	08/29/02	08/20/32	1,047,564.13	1,063,558.99			(4,705.94)		1,042,858.19	1,059,984.66	1,131.61	0.00
GNMA	2000 BCDE RMRB	6.10	06/03/02	05/20/32	481,395.20	488,726.79			(2,638.53)		478,756.67	486,600.55	512.29	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/02	06/20/32	536,102.73	544,269.69			(2,150.21)		533,952.52	542,703.44	583.96	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/02	06/20/32	649,866.03	659,768.74			(59,515.39)		590,350.64	600,027.70	(225.65)	0.00
GNMA	2000 BCDE RMRB	6.10	06/25/02	06/20/32	443,913.43	450,678.72			(2,061.62)		441,851.81	449,095.56	478.46	0.00
GNMA	2000 BCDE RMRB	6.10	07/05/02	06/20/32	833,783.62	846,493.94			(3,804.97)		829,978.65	843,588.75	899.78	0.00
GNMA	2000 BCDE RMRB	6.10	07/22/02	07/20/32	666,791.35	676,961.46			(62,133.09)		604,658.26	614,578.45	(249.92)	0.00
GNMA	2000 BCDE RMRB	6.10	07/29/02	07/20/32	172,050.33	174,674.85			(701.22)		171,349.11	174,160.66	187.03	0.00
GNMA	2000 BCDE RMRB	6.10	08/01/02	07/20/32	194,868.95	197,841.76			(762.50)		194,106.45	197,291.80	212.54	0.00
GNMA	2000 BCDE RMRB	6.10	08/12/02	08/20/32	1,374,050.25	1,395,021.69			(6,843.57)		1,367,206.68	1,389,651.42	1,473.30	0.00
GNMA	2000 BCDE RMRB	6.10	08/23/02	08/20/32	1,194,173.89	1,212,404.84			(101,713.37)		1,092,460.52	1,110,399.35	(292.12)	0.00
GNMA	2000 BCDE RMRB	6.10	11/12/02	10/20/32	461,470.61	468,531.25			(2,198.81)		459,271.80	466,828.81	496.37	0.00
GNMA	2000 BCDE RMRB	6.10	09/12/02	08/20/32	894,614.41	908,278.51			(62,780.57)		831,833.84	845,499.00	1.06	0.00
GNMA	2000 BCDE RMRB	6.10	09/19/02	09/20/32	292,023.17	296,484.97			(1,214.76)		290,808.41	295,587.25	317.04	0.00
GNMA	2000 BCDE RMRB	6.10	09/26/02	09/20/32	1,362,967.00	1,383,794.37			(8,674.08)		1,354,292.92	1,376,550.63	1,430.34	0.00
GNMA	2000 BCDE RMRB	6.10	10/10/02	10/20/32	1,018,361.00	1,033,929.72			(67,441.86)		950,919.14	966,554.19	66.33	0.00
GNMA	2000 BCDE RMRB	6.10	10/21/02	10/20/32	626,058.83	635,632.57			(2,818.54)		623,240.29	633,490.17	676.14	0.00
GNMA	2000 BCDE RMRB	6.10	10/29/02	11/20/32	528,210.45	536,290.58			(59,266.38)		468,944.07	476,658.77	(365.43)	0.00
FNMA	2000 BCDE RMRB	6.10	08/31/01	06/01/31	590,910.49	602,782.41			(3,128.66)		587,781.83	598,197.32	(1,456.43)	0.00
GNMA	2000 BCDE RMRB	6.10	11/05/02	10/20/32	344,798.72	350,073.48			(2,087.92)		342,710.80	348,349.13	363.57	0.00
GNMA	2000 BCDE RMRB	6.10	11/19/02	11/20/32	30,779.50	31,250.59			(176.49)		30,603.01	31,106.72	32.62	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	122,612.55	124,489.56			(919.63)		121,692.92	123,696.29	126.36	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	156,283.97	158,676.43			(672.23)		155,611.74	158,173.49	169.29	0.00
GNMA	2000 BCDE RMRB	6.10	12/12/02	11/20/32	27,856.63	28,283.24			(613.85)		27,242.78	27,691.43	22.04	0.00
GNMA	2000 BCDE RMRB	6.10	12/19/02	06/20/32	64,052.51	65,032.99			(258.99)		63,793.52	64,843.59	69.59	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	09/20/32	84,370.25	85,662.60			(1,121.52)		83,248.73	84,619.89	78.81	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	11/20/32	34,489.89	35,018.30			(139.17)		34,350.72	34,916.64	37.51	0.00
GNMA	2000 BCDE RMRB	6.10	01/07/03	12/20/32	122,451.90	124,328.56			(970.10)		121,481.80	123,483.79	125.33	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	19,973.10	20,268.53			(679.45)		19,293.65	19,598.98	9.90	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	331,730.01	336,636.85			(1,597.09)		330,132.92	335,357.36	317.60	0.00
GNMA	2000 BCDE RMRB	6.10	02/12/03	02/20/33	175,823.98	178,426.32			(1,052.65)		174,771.33	177,538.74	165.07	0.00
FNMA	2000 BCDE RMRB	6.10	10/17/01	09/01/31	330,596.77	337,452.62			(3,187.28)		327,409.49	333,429.86	(835.48)	0.00
GNMA	2000 BCDE RMRB	6.10	02/20/03	02/20/33	257,045.79	260,851.06			(964.29)		256,081.50	260,137.19	250.42	0.00
GNMA	2000 BCDE RMRB	6.10	02/27/03	02/20/33	102,759.81	104,281.37			(372.97)		102,386.84	104,008.70	100.30	0.00
GNMA	2000 BCDE RMRB	6.10	03/24/03	03/20/33	189,737.34	192,548.90			(715.39)		189,021.95	192,018.29	184.78	0.00
GNMA	2000 BCDE RMRB	6.10	04/02/03	03/20/33	148,938.80	151,146.25			(558.72)		148,380.08	150,732.62	145.09	0.00
GNMA	2000 BCDE RMRB	6.10	04/10/03	04/20/33	39,878.43	40,469.68			(154.66)		39,723.77	40,353.78	38.76	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/03	04/20/33	146,388.83	148,559.68			(1,311.47)		145,077.36	147,378.72	130.51	0.00
GNMA	2000 BCDE RMRB	6.10	04/24/03	04/20/33	27,153.29	27,556.01			(98.93)		27,054.36	27,483.57	26.49	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/03	04/20/33	334,306.52	339,265.43			(1,262.55)		333,043.97	338,328.41	325.53	0.00
GNMA	2000 BCDE RMRB	6.10	05/08/03	04/20/33	82,405.32	83,628.01			(319.28)		82,086.04	83,388.84	80.11	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/03	04/20/33	71,810.18	72,875.81			(256.28)		71,553.90	72,689.69	70.16	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/03	05/20/33	146,603.81	148,780.09			(561.58)		146,042.23	148,361.14	142.63	0.00
GNMA	2000 BCDE RMRB	6.10	05/29/03	04/20/33	61,271.48	62,181.10			(220.59)		61,050.89	62,020.34	59.83	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/03	05/20/33	134,183.76	136,176.63			(515.17)		133,668.59	135,791.98	130.52	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	194,432.57	197,321.23			(879.06)		193,553.51	196,629.18	187.01	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	60,309.08	61,205.08			(220.49)		60,088.59	61,043.43	58.84	0.00
GNMA	2000 BCDE RMRB	6.10	06/26/03	06/20/33	98,559.19	100,023.77			(347.06)		98,212.13	99,773.08	96.37	0.00
GNMA	2000 BCDE RMRB	6.10	07/03/03	07/20/33	72,310.52	73,385.34			(254.79)		72,055.73	73,201.24	70.69	0.00
GNMA	2000 BCDE RMRB	6.10	07/10/03	07/20/33	480,067.14	487,203.85			(1,980.54)		478,086.60	485,688.55	466.24	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	07/17/03	07/20/33	237,706.22	241,240.70			(927.63)		236,778.59	240,544.03	230.96	0.00
GNMA	2000 BCDE RMRB	6.10	07/24/03	07/20/33	48,855.11	49,581.69			(181.02)		48,674.09	49,448.29	47.62	0.00
GNMA	2000 BCDE RMRB	6.10	07/30/03	07/20/33	219,205.19	222,465.69			(48,736.89)		170,468.30	173,180.09	(548.71)	0.00
GNMA	2000 BCDE RMRB	6.10	08/07/03	08/20/33	170,063.94	172,594.38			(622.07)		169,441.87	172,138.20	165.89	0.00
GNMA	2000 BCDE RMRB	6.10	08/14/03	08/20/33	169,019.96	171,535.20			(629.76)		168,390.20	171,070.31	164.87	0.00
FNMA	2000 BCDE RMRB	6.10	12/27/01	10/01/31	225,402.84	229,943.37			(1,123.09)		224,279.75	228,265.87	(554.41)	0.00
GNMA	2000 BCDE RMRB	6.10	08/21/03	08/20/33	204,697.11	207,743.90			(830.74)		203,866.37	207,111.53	198.37	0.00
GNMA	2000 BCDE RMRB	6.10	08/28/03	08/20/33	340,130.74	345,194.42			(1,251.03)		338,879.71	344,275.07	331.68	0.00
GNMA	2000 BCDE RMRB	6.10	09/04/03	08/20/33	157,316.14	159,658.49			(701.97)		156,614.17	159,107.97	151.45	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	09/20/33	385,435.35	391,177.04			(1,438.43)		383,996.92	390,114.11	375.50	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	08/20/33	81,282.44	82,493.19			(301.44)		80,981.00	82,270.97	79.22	0.00
GNMA	2000 BCDE RMRB	6.10	09/29/03	09/20/33	361,308.82	366,692.94			(1,279.27)		360,029.55	365,766.77	353.10	0.00
GNMA	2000 BCDE RMRB	6.10	10/09/03	09/20/33	190,052.40	192,885.09			(919.63)		189,132.77	192,147.26	181.80	0.00
GNMA	2000 BCDE RMRB	6.10	10/16/03	09/20/33	88,316.82	89,633.44			(306.05)		88,010.77	89,413.80	86.41	0.00
GNMA	2000 BCDE RMRB	5.40	10/23/03	10/20/33	235,044.63	234,430.67			(1,098.84)		233,945.79	229,679.26	(3,652.57)	0.00
GNMA	2000 BCDE RMRB	6.10	10/23/03	10/20/33	242,615.35	246,233.21			(841.01)		241,774.34	245,629.58	237.38	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	106,481.15	106,203.37			(447.65)		106,033.50	104,100.10	(1,655.62)	0.00
GNMA	2000 BCDE RMRB	6.10	10/30/03	08/20/33	58,110.38	58,976.92			(220.38)		57,890.00	58,813.09	56.55	0.00
GNMA	2000 BCDE RMRB	5.40	11/13/03	11/20/33	482,107.27	480,852.81			(2,222.58)		479,884.69	471,137.65	(7,492.58)	0.00
GNMA	2000 BCDE RMRB	6.10	11/13/03	11/20/33	137,065.79	139,111.10			(663.13)		136,402.66	138,579.08	131.11	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	496,866.22	495,574.87			(2,030.79)		494,835.43	485,817.35	(7,726.73)	0.00
GNMA	2000 BCDE RMRB	6.10	11/20/03	10/20/33	47,327.29	48,033.56			(162.55)		47,164.74	47,917.34	46.33	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	284,923.26	284,183.30			(1,856.73)		283,066.53	277,908.36	(4,418.21)	0.00
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	407,052.29	405,996.41			(44,706.17)		362,346.12	355,744.39	(5,545.85)	0.00
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	353,968.93	353,052.16			(2,698.31)		351,270.62	344,872.06	(5,481.79)	0.00
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	957,907.55	955,429.47			(6,006.34)		951,901.21	934,564.64	(14,858.49)	0.00
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	856,055.70	853,842.84			(3,786.55)		852,269.15	836,748.84	(13,307.45)	0.00
GNMA	2000 BCDE RMRB	5.40	01/08/04	01/20/34	130,267.40	129,884.44			(751.39)		129,516.01	127,122.03	(2,011.02)	0.00
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	1,190,478.18	1,186,982.36			(63,794.93)		1,126,683.25	1,105,859.99	(17,327.44)	0.00
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	288,808.85	287,425.09			(1,104.04)		287,704.81	281,853.85	(4,467.20)	0.00
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	49,562.25	49,417.01			(222.77)		49,339.48	48,427.88	(766.36)	0.00
GNMA	2000 BCDE RMRB	6.10	02/02/04	12/20/33	44,296.83	44,959.33			(178.45)		44,118.38	44,823.81	42.93	0.00
GNMA	2000 BCDE RMRB	5.75	03/25/04	03/20/34	39,379.06	39,702.83			(138.70)		39,240.36	39,235.09	(329.04)	0.00
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	161,689.03	163,018.62			(643.17)		161,045.86	161,024.50	(1,350.95)	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	736,340.24	742,428.16			(5,338.53)		731,001.71	730,937.09	(6,152.54)	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	246,822.07	248,862.75			(1,326.92)		245,495.15	245,473.45	(2,062.38)	0.00
GNMA	2000 BCDE RMRB	5.75	04/08/04	04/20/34	162,953.71	164,294.55			(589.80)		162,363.91	162,343.20	(1,361.55)	0.00
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	207,719.30	209,428.91			(772.04)		206,947.26	206,921.49	(1,735.38)	0.00
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	65,711.64	66,252.65			(229.91)		65,481.73	65,473.69	(549.05)	0.00
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	257,387.78	259,507.76			(1,058.12)		256,329.66	256,299.05	(2,150.59)	0.00
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	132,741.12	133,834.97			(523.38)		132,217.74	132,202.47	(1,109.12)	0.00
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	299,531.23	302,000.41			(1,063.24)		298,467.99	298,434.42	(2,502.75)	0.00
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	501,045.37	505,176.75			(1,772.59)		499,272.78	499,218.13	(4,186.03)	0.00
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	247,245.67	249,285.09			(971.81)		246,273.86	246,247.40	(2,065.88)	0.00
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34	401,473.76	404,786.95			(52,886.17)		348,587.59	348,551.51	(3,349.27)	0.00
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34	376,004.16	379,108.35			(1,632.24)		374,371.92	374,334.35	(3,141.76)	0.00
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34	125,305.05	126,339.89			(476.62)		124,828.43	124,816.26	(1,047.01)	0.00
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34	479,239.51	483,198.38			(53,370.30)		425,869.21	425,829.01	(3,999.07)	0.00
GNMA	2000 BCDE RMRB	5.75	09/02/04	08/20/34	104,908.30	105,778.12			(558.16)		104,350.14	104,343.43	(876.53)	0.00
GNMA	2000 BCDE RMRB	5.75	09/09/04	08/20/34	104,646.06	105,514.00			(359.58)		104,286.48	104,279.98	(874.44)	0.00
GNMA	2000 BCDE RMRB	5.75	09/16/04	09/20/34	94,040.33	94,820.73			(320.95)		93,719.38	93,713.94	(785.84)	0.00
GNMA	2000 BCDE RMRB	5.75	09/23/04	08/20/34	95,777.45	96,572.44			(337.73)		95,439.72	95,434.37	(800.34)	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/04	09/20/34	230,499.46	232,413.39			(840.76)		229,658.70	229,646.52	(1,926.11)	0.00
GNMA	2000 BCDE RMRB	5.75	10/07/04	10/20/34	142,264.20	143,446.17			(509.75)		141,754.45	141,747.60	(1,188.82)	0.00
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34	551,396.98	555,957.51			(2,018.34)		549,378.64	549,331.74	(4,607.43)	0.00
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34	603,457.87	608,450.82			(3,794.92)		599,662.95	599,613.56	(5,042.34)	0.00
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34	380,499.19	383,648.19			(1,312.43)		379,186.76	379,156.68	(3,179.08)	0.00
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34	428,404.93	431,952.11			(3,853.66)		424,551.27	424,519.29	(3,579.16)	0.00
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34	573,354.53	578,103.63			(2,455.16)		570,899.37	570,857.50	(4,790.97)	0.00
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34	241,474.14	243,116.07			(1,050.32)		240,423.82	240,049.56	(2,016.19)	0.00
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34	76,235.84	76,867.75			(301.61)		75,934.23	75,929.11	(637.03)	0.00
GNMA	2000 BCDE RMRB	5.75	12/02/04	11/20/34	13,889.39	14,005.12			(56.75)		13,832.64	13,832.30	(116.07)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	5.75	12/17/04	12/20/34	190,405.87	191,993.64			(683.88)		189,721.99	189,718.58	(1,591.18)	0.00
GNMA	2000 BCDE RMRB	5.75	10/14/04	10/20/34	57,816.97	58,297.45			(195.52)		57,621.45	57,618.78	(483.15)	0.00
GNMA	2000 BCDE RMRB	5.75	10/28/04	10/20/34	116,247.46	117,214.24			(395.28)		115,852.18	115,847.54	(971.42)	0.00
GNMA	2000 BCDE RMRB	5.75	11/04/04	10/20/34	62,035.81	62,551.90			(214.53)		61,821.28	61,818.97	(518.40)	0.00
GNMA	2000 BCDE RMRB	5.75	11/23/04	11/20/34	60,509.34	61,013.23			(202.44)		60,306.90	60,305.15	(505.64)	0.00
GNMA	2000 BCDE RMRB	5.75	12/23/04	12/20/34	298,031.25	300,517.04			(1,105.68)		296,925.57	296,921.09	(2,490.27)	0.00
GNMA	2000 BCDE RMRB	5.75	02/17/05	02/20/35	52,192.05	52,595.13			(184.22)		52,007.83	51,946.64	(464.27)	0.00
GNMA	2000 BCDE RMRB	5.75	05/05/05	04/20/35	138,333.02	139,406.05			(476.90)		137,856.12	137,698.58	(1,230.57)	0.00
FNMA	2000 BCDE RMRB	6.10	06/10/02	05/01/32	125,047.02	127,575.58			(795.71)		124,251.31	126,469.28	(310.59)	0.00
GNMA	2000 BCDE RMRB	5.75	09/08/05	08/20/35	62,837.27	63,632.00			(199.67)		62,637.60	62,866.98	(565.35)	0.00
GNMA	2000 BCDE RMRB	5.75	10/27/05	10/20/35	123,340.63	124,906.23			(434.75)		122,905.88	123,361.53	(1,109.95)	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/05	09/20/35	136,935.99	138,670.66			(450.90)		136,485.09	136,987.63	(1,232.13)	0.00
GNMA	2000 BCDE RMRB	5.75	11/22/05	11/20/35	248,519.43	250,468.97			(777.55)		247,741.88	247,480.31	(2,211.11)	0.00
GNMA	2000 BCDE RMRB	5.75	12/29/05	12/20/35	122,002.05	122,961.09			(849.30)		121,152.75	121,026.78	(1,085.01)	0.00
FNMA	2000 BCDE RMRB	6.10	07/29/02	07/01/32	282,615.91	288,146.91			(2,131.50)		280,484.41	285,362.39	(653.02)	0.00
GNMA	2000 BCDE RMRB	5.75	02/02/06	01/20/36	158,350.35	159,565.71			(493.39)		157,856.96	157,661.91	(1,410.41)	0.00
FNMA	2000 BCDE RMRB	6.10	09/12/02	07/01/32	342,696.39	349,409.16			(75,238.44)		267,457.95	272,114.02	(2,056.70)	0.00
FNMA	2000 BCDE RMRB	6.10	10/29/02	10/01/32	176,283.94	179,741.16			(1,142.30)		175,141.64	178,194.73	(404.13)	0.00
FNMA	2000 BCDE RMRB	6.10	04/10/03	03/01/33	192,473.09	196,006.48			(78,816.71)		113,656.38	115,521.38	(1,668.39)	0.00
FNMA	2000 BCDE RMRB	6.10	07/03/03	05/01/33	264,874.25	269,746.52			(1,109.07)		263,765.18	268,102.76	(534.69)	0.00
FNMA	2000 BCDE RMRB	6.10	08/14/03	08/01/33	246,689.86	251,232.68			(893.91)		245,795.95	249,843.29	(495.48)	0.00
FNMA	2000 BCDE RMRB	6.10	09/04/03	08/01/33	198,388.15	202,043.12			(2,699.00)		195,689.15	198,913.02	(431.10)	0.00
FNMA	2000 BCDE RMRB	6.10	12/04/03	10/01/33	145,344.28	148,027.80			(7,705.74)		137,638.54	139,911.54	(410.52)	0.00
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	249,249.82	247,680.10			(1,193.88)		248,055.94	242,719.91	(3,766.31)	0.00
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	227,909.59	226,479.28			(48,509.53)		179,400.06	175,544.81	(2,424.94)	0.00
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	256,320.80	257,792.53			(1,313.52)		255,007.28	254,176.75	(2,302.26)	0.00
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34	271,431.52	272,993.30			(1,882.89)		269,548.63	268,673.98	(2,436.43)	0.00
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34	290,434.48	292,109.99			(1,465.88)		288,968.60	288,035.26	(2,608.85)	0.00
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34	237,291.14	238,663.67			(826.07)		236,465.07	235,704.88	(2,132.72)	0.00
FNMA	2000 BCDE RMRB	5.75	09/23/04	08/01/34	73,711.09	74,138.51			(279.80)		73,431.29	73,196.27	(662.44)	0.00
FNMA	2000 BCDE RMRB	5.75	11/10/04	10/01/34	45,888.99	46,156.09			(156.55)		45,732.44	45,587.03	(412.51)	0.00
FNMA	2000 BCDE RMRB	5.75	02/03/05	02/01/35	231,581.13	232,740.22			(767.94)		230,813.19	229,631.55	(2,340.73)	0.00
FNMA	2000 BCDE RMRB	5.75	06/26/05	04/01/35	63,357.17	63,678.12			(234.31)		63,122.86	62,803.44	(640.37)	0.00
FNMA	2000 BCDE RMRB	5.75	10/27/05	10/01/35	263,999.16	265,351.16			(2,789.51)		261,209.65	259,902.42	(2,659.23)	0.00
FNMA	2000 BCDE RMRB	5.75	01/12/06	12/01/35	149,738.98	150,510.82			(519.80)		149,219.18	148,477.33	(1,513.69)	0.00
Repo Agmt	2000 BCDE RMRB	5.28	05/31/07	06/01/07	371,191.73	371,191.73	0.00				371,191.73	371,191.73	-	0.00
Repo Agmt	2000 BCDE RMRB	5.28	05/31/07	06/01/07	84,624.37	84,624.37		(83,038.09)			1,586.28	1,586.28	-	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	19,544.75	19,493.77			(91.37)		19,453.38	19,098.68	(303.72)	0.00
GNMA	2000 BCDE RMRB	5.40	10/20/03	10/20/33	8,854.37	8,831.20			(37.22)		8,817.15	8,656.30	(137.68)	0.00
GNMA	2000 BCDE RMRB	5.40	11/19/03	10/20/33	40,088.95	39,984.69			(184.81)		39,904.14	39,176.84	(623.04)	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	41,316.26	41,208.88			(168.86)		41,147.40	40,397.51	(642.51)	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	23,692.37	23,630.89			(154.39)		23,537.98	23,109.11	(367.39)	0.00
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	33,847.88	33,760.11			(3,717.48)		30,130.40	29,581.46	(461.17)	0.00
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	29,433.82	29,357.59			(224.36)		29,209.46	28,677.38	(455.85)	0.00
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	79,653.53	79,447.50			(499.45)		79,154.08	77,712.52	(1,235.53)	0.00
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	71,184.21	71,000.20			(314.87)		70,869.34	69,578.77	(1,106.56)	0.00
GNMA	2000 BCDE RMRB	5.40	01/01/04	01/20/34	10,832.19	10,800.37			(62.47)		10,769.72	10,570.67	(167.23)	0.00
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	98,992.66	98,701.98			(5,304.79)		93,687.87	91,956.35	(1,440.84)	0.00
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	24,015.55	23,900.46			(91.81)		23,923.74	23,437.19	(371.46)	0.00
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	4,121.29	4,109.20			(18.53)		4,102.76	4,026.95	(63.72)	0.00
GNMA	2000 BCDE RMRB	5.75	03/25/04	03/20/34	1,524.05	1,536.57			(5.37)		1,518.68	1,518.47	(12.73)	0.00
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	6,257.70	6,309.15			(24.89)		6,232.81	6,231.98	(52.28)	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	28,497.89	28,733.48			(206.60)		28,291.29	28,288.75	(238.13)	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	9,552.51	9,631.49			(51.35)		9,501.16	9,500.32	(79.82)	0.00
GNMA	2000 BCDE RMRB	4.75	04/08/04	04/20/34	6,306.63	6,358.53			(22.83)		6,283.80	6,283.01	(52.69)	0.00
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	8,039.14	8,105.32			(29.89)		8,009.25	8,008.28	(67.15)	0.00
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	2,543.16	2,564.11			(8.90)		2,534.26	2,533.96	(21.25)	0.00
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	9,961.47	10,043.48			(40.96)		9,920.51	9,919.29	(83.23)	0.00
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	5,137.32	5,179.68			(20.25)		5,117.07	5,116.50	(42.93)	0.00
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	11,592.45	11,688.03			(41.15)		11,551.30	11,550.02	(96.86)	0.00
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	19,391.48	19,551.36			(68.61)		19,322.87	19,320.75	(162.00)	0.00
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	9,568.94	9,647.84			(37.62)		9,531.32	9,530.27	(79.95)	0.00

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GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34	15,537.84	15,666.08			(2,046.80)		13,491.04	13,489.65	(129.63)	0.00
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34	14,552.14	14,672.26			(63.16)		14,488.98	14,487.49	(121.61)	0.00
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34	4,849.58	4,889.61			(18.45)		4,831.13	4,830.64	(40.52)	0.00
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34	18,547.56	18,700.76			(2,065.54)		16,482.02	16,480.45	(154.77)	0.00
GNMA	2000 BCDE RMRB	5.75	09/02/04	08/20/34	4,060.17	4,093.82			(21.61)		4,038.56	4,038.30	(33.91)	0.00
GNMA	2000 BCDE RMRB	5.75	09/09/04	08/20/34	4,050.02	4,083.60			(13.92)		4,036.10	4,035.84	(33.84)	0.00
GNMA	2000 BCDE RMRB	5.75	09/16/04	09/20/34	3,639.57	3,669.75			(12.43)		3,627.14	3,626.92	(30.40)	0.00
GNMA	2000 BCDE RMRB	5.75	09/23/04	08/20/34	3,706.79	3,737.54			(13.07)		3,693.72	3,693.50	(30.97)	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/04	09/20/34	8,920.81	8,994.87			(32.54)		8,888.27	8,887.78	(74.55)	0.00
GNMA	2000 BCDE RMRB	5.75	10/07/04	10/20/34	5,505.90	5,551.66			(19.72)		5,486.18	5,485.92	(46.02)	0.00
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34	21,340.17	21,516.68			(78.11)		21,262.06	21,260.25	(178.32)	0.00
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34	23,355.04	23,548.28			(146.87)		23,208.17	23,206.26	(195.15)	0.00
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34	14,726.11	14,847.96			(50.80)		14,675.31	14,674.13	(123.03)	0.00
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34	16,580.13	16,717.42			(149.14)		16,430.99	16,429.75	(138.53)	0.00
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34	22,189.99	22,373.79			(95.01)		22,094.98	22,093.35	(185.43)	0.00
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34	9,345.54	9,409.08			(40.64)		9,304.90	9,290.40	(78.04)	0.00
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34	2,950.47	2,974.93			(11.67)		2,938.80	2,938.61	(24.65)	0.00
GNMA	2000 BCDE RMRB	5.75	12/02/04	11/20/34	537.57	542.02			(2.20)		535.37	535.33	(4.49)	0.00
GNMA	2000 BCDE RMRB	5.75	12/17/04	12/20/34	7,369.12	7,430.54			(26.47)		7,342.65	7,342.49	(61.58)	0.00
GNMA	2000 BCDE RMRB	5.75	10/14/04	10/20/34	2,237.62	2,256.22			(7.56)		2,230.06	2,229.96	(18.70)	0.00
GNMA	2000 BCDE RMRB	5.75	10/28/04	10/20/34	4,499.04	4,536.42			(15.30)		4,483.74	4,483.53	(37.59)	0.00
GNMA	2000 BCDE RMRB	5.75	11/04/04	10/20/34	2,400.90	2,420.88			(8.31)		2,392.59	2,392.51	(20.06)	0.00
GNMA	2000 BCDE RMRB	5.75	11/23/04	11/20/34	2,341.83	2,361.33			(7.83)		2,334.00	2,333.93	(19.57)	0.00
GNMA	2000 BCDE RMRB	5.75	12/23/04	12/20/34	11,534.41	11,630.62			(42.79)		11,491.62	11,491.45	(96.38)	0.00
GNMA	2000 BCDE RMRB	5.75	02/17/05	02/20/35	2,019.93	2,035.53			(7.14)		2,012.79	2,010.44	(17.95)	0.00
GNMA	2000 BCDE RMRB	5.75	05/05/05	04/20/35	5,363.80	5,395.29			(18.46)		5,335.34	5,329.21	(47.62)	0.00
GNMA	2000 BCDE RMRB	5.75	09/08/05	08/20/35	2,431.94	2,462.68			(7.73)		2,424.21	2,433.08	(21.87)	0.00
GNMA	2000 BCDE RMRB	5.75	10/27/05	10/20/35	4,796.55	4,834.12			(17.11)		4,779.44	4,774.34	(42.67)	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/05	09/20/35	5,299.71	5,366.83			(17.45)		5,282.26	5,301.70	(47.68)	0.00
GNMA	2000 BCDE RMRB	5.75	11/22/05	11/20/35	9,618.20	9,693.66			(30.08)		9,588.12	9,577.99	(85.59)	0.00
GNMA	2000 BCDE RMRB	5.75	12/29/05	12/20/35	4,721.72	4,758.84			(32.87)		4,688.85	4,683.98	(41.99)	0.00
GNMA	2000 BCDE RMRB	5.75	02/02/06	01/20/36	6,128.47	6,175.51			(19.09)		6,109.38	6,101.83	(54.59)	0.00
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	20,726.02	20,595.52			(99.27)		20,626.75	20,183.06	(313.19)	0.00
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	18,951.51	18,832.59			(4,033.75)		14,917.76	14,597.20	(201.64)	0.00
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	9,920.14	9,977.09			(50.83)		9,869.31	9,837.16	(89.10)	0.00
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34	10,504.95	10,565.39			(72.88)		10,432.07	10,398.23	(94.28)	0.00
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34	11,240.39	11,305.25			(56.73)		11,183.66	11,147.55	(100.97)	0.00
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34	9,183.64	9,236.76			(31.97)		9,151.67	9,122.25	(82.54)	0.00
FNMA	2000 BCDE RMRB	5.75	09/23/04	08/01/34	2,852.78	2,869.31			(10.82)		2,841.96	2,832.84	(25.65)	0.00
FNMA	2000 BCDE RMRB	5.75	11/10/04	10/01/34	1,775.99	1,786.33			(6.05)		1,769.94	1,764.30	(15.98)	0.00
FNMA	2000 BCDE RMRB	5.75	02/03/05	02/01/35	8,962.66	9,007.52			(29.72)		8,932.94	8,887.21	(90.59)	0.00
FNMA	2000 BCDE RMRB	5.75	05/26/05	04/01/35	2,452.08	2,464.46			(9.07)		2,443.01	2,430.61	(24.78)	0.00
FNMA	2000 BCDE RMRB	5.75	10/27/05	10/01/35	10,217.31	10,269.63			(107.96)		10,109.35	10,058.75	(102.92)	0.00
FNMA	2000 BCDE RMRB	5.75	01/12/06	12/01/35	5,795.20	5,825.07			(20.11)		5,775.09	5,746.37	(58.59)	0.00
	2000 BCDE RMRB Total				71,383,147.69	72,189,223.46	3,149,941.45	(83,038.09)	(2,148,794.46)	0.00	72,301,256.59	72,910,774.75	(196,557.61)	0.00
Repo Agmt	2001 A-E RMRB	5.28	05/31/07	06/01/07	4,723.57	4,723.57	63.54				4,787.11	4,787.11	-	0.00
Repo Agmt	2001 A-E RMRB	5.28	05/31/07	06/01/07	85,892.33	85,892.33	1,154.82				87,047.15	87,047.15	-	0.00
Repo Agmt	2001 A-E RMRB	5.28	05/31/07	06/01/07	3,292.37	3,292.37	44.28				3,336.65	3,336.65	-	0.00
Repo Agmt	2001 A-E RMRB	5.28	05/31/07	06/01/07	12,419.12	12,419.12	1,535.04				13,954.16	13,954.16	-	0.00
Repo Agmt	2001 A-E RMRB	5.28	05/31/07	06/01/07	0.18	0.18	619.07				619.25	619.25	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	1,340,077.15	1,340,077.15	2,129,645.66				3,469,722.81	3,469,722.81	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	1,203.52	1,203.52		(101.73)			1,101.79	1,101.79	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	2,656,162.42	2,656,162.42	0.00				2,656,162.42	2,656,162.42	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	186,714.86	186,714.86	1,394.74				188,109.60	188,109.60	-	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	213,607.99	224,301.58			(5,351.22)		208,256.77	219,234.65	284.29	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	58,227.95	59,622.60			(1,639.01)		56,588.94	58,239.10	255.51	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	50,822.73	53,366.92			(2,752.36)		48,070.37	50,604.21	(10.35)	0.00
GNMA	2001 A-E RMRB	7.19	01/22/90	11/20/14	154,983.93	158,405.42			(4,678.70)		150,305.23	154,377.67	650.95	0.00
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14	27,149.95	28,539.75			(776.28)		26,373.67	27,697.17	(66.30)	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	11/20/14	110,840.94	113,287.29			(3,364.54)		107,476.40	110,387.91	465.16	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	11/20/14	57,347.93	60,283.21			(2,658.71)		54,689.22	57,433.42	(191.08)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	7.19	01/01/90	12/20/14	150,667.41	153,995.23			(5,714.19)		144,953.22	148,882.36	601.32	0.00
GNMA	2001 A-E RMRB	8.19	02/28/90	12/20/14	169,852.98	178,552.23			(5,867.60)		163,985.38	172,219.01	(465.62)	0.00
GNMA	2001 A-E RMRB	7.19	01/20/90	01/20/15	223,532.96	228,858.12			(5,877.87)		217,655.09	223,974.09	993.84	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	01/20/15	280,416.10	294,416.16			(7,289.50)		273,126.60	287,486.80	360.14	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	108,648.05	111,237.34			(2,612.80)		106,035.25	109,114.66	490.12	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	12/20/14	95,216.31	100,092.88			(2,307.74)		92,908.57	97,573.42	(211.72)	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	132,277.19	135,429.61			(3,514.82)		128,762.37	132,501.82	587.03	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15	140,472.81	147,488.01			(3,241.08)		137,231.73	144,449.03	202.10	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	01/20/15	58,460.98	59,854.70			(2,643.51)		55,817.47	57,438.88	227.69	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	01/20/15	97,605.07	102,480.33			(2,738.95)		94,866.12	99,856.06	114.68	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	02/20/15	94,460.52	96,714.05			(2,227.85)		92,232.67	94,913.46	427.26	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	02/20/15	234,734.53	246,463.09			(5,322.67)		229,411.86	241,482.66	342.24	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	242,897.00	248,697.17			(26,637.39)		216,259.61	222,550.14	490.36	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	210,598.48	221,125.91			(7,011.97)		203,586.51	214,303.20	189.26	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	240,693.27	246,440.81			(6,580.41)		234,112.86	240,922.70	1,062.30	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	527,937.99	554,328.54			(14,553.87)		513,384.12	540,408.29	633.62	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	100,330.68	102,728.89			(3,219.55)		97,111.13	99,938.23	428.89	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	03/20/15	34,331.96	36,048.46			(771.80)		33,560.16	35,327.07	50.41	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	134,593.62	137,810.92			(3,690.31)		130,903.31	134,714.24	593.63	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	04/20/15	436,985.10	457,790.30			(24,861.43)		411,123.67	432,775.45	(153.42)	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	79,588.46	81,492.79			(1,997.47)		77,590.99	79,851.69	356.37	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	77,908.66	81,807.07			(24,973.32)		52,935.34	55,724.48	(1,109.27)	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	88,100.32	90,208.37			(2,126.41)		85,973.91	88,478.93	396.97	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	275,912.10	289,718.11			(42,113.37)		233,798.73	246,117.39	(1,487.35)	0.00
GNMA	2001 A-E RMRB	6.19	06/28/90	05/20/15	85,256.44	86,158.14			(2,105.88)		83,150.56	83,979.01	(73.25)	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	53,441.15	54,721.17			(1,288.06)		52,153.09	53,673.94	240.83	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	06/20/15	28,404.05	29,084.77			(645.76)		27,758.29	28,568.13	129.12	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15	74,877.67	78,628.40			(1,747.26)		73,130.41	76,987.52	106.38	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	07/20/15	86,630.93	88,708.30			(1,889.26)		84,741.67	87,215.17	396.13	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	08/20/15	146,837.66	154,195.35			(3,601.27)		143,236.39	150,793.43	199.35	0.00
GNMA	2001 A-E RMRB	6.19	09/13/90	07/20/15	99,977.60	101,040.19			(2,524.44)		97,453.16	98,429.16	(86.59)	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	103,666.99	108,861.98			(3,802.61)		99,864.38	105,133.62	74.25	0.00
GNMA	2001 A-E RMRB	6.19	09/28/90	08/20/15	186,000.86	187,981.55			(5,070.35)		180,930.51	182,746.28	(164.92)	0.00
GNMA	2001 A-E RMRB	7.19	09/28/90	08/20/15	184,493.96	188,921.88			(5,116.30)		179,377.66	184,617.23	811.65	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	402,070.22	422,218.92			(10,279.84)		391,790.38	412,462.78	523.70	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	08/20/15	8,640.71	8,848.15			(183.92)		8,456.79	8,703.86	39.63	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	101,974.76	107,087.58			(2,391.63)		99,583.13	104,840.10	144.15	0.00
GNMA	2001 A-E RMRB	6.19	10/31/90	09/20/15	111,519.30	112,709.54			(2,937.15)		108,582.15	109,674.47	(97.92)	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	09/20/15	29,982.38	30,702.69			(1,291.27)		28,691.11	29,529.86	118.44	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	242,956.20	255,137.45			(5,202.26)		237,753.94	250,304.80	369.61	0.00
GNMA	2001 A-E RMRB	6.19	11/28/90	10/20/15	129,381.25	130,765.10			(3,428.42)		125,952.83	127,222.77	(113.91)	0.00
GNMA	2001 A-E RMRB	8.19	11/28/90	10/20/15	430,214.24	451,794.64			(8,951.46)		421,262.78	443,511.22	668.04	0.00
GNMA	2001 A-E RMRB	7.19	12/21/90	10/20/15	72,216.01	73,953.15			(1,512.48)		70,703.53	72,772.64	331.97	0.00
GNMA	2001 A-E RMRB	8.19	12/21/90	11/20/15	104,858.44	110,120.75			(2,258.74)		102,599.70	108,020.73	158.72	0.00
GNMA	2001 A-E RMRB	8.19	02/25/91	10/20/15	39,638.40	41,627.78			(804.96)		38,833.44	40,885.36	62.54	0.00
GNMA	2001 A-E RMRB	6.19	01/25/91	11/20/15	142,869.53	144,402.15			(3,331.89)		139,537.64	140,948.95	(121.31)	0.00
GNMA	2001 A-E RMRB	8.19	01/28/91	11/20/15	40,032.41	42,041.88			(1,006.42)		39,025.99	41,088.43	52.97	0.00
GNMA	2001 A-E RMRB	8.19	02/25/90	01/20/16	120,960.88	127,340.27			(2,805.83)		118,155.05	124,756.97	222.53	0.00
GNMA	2001 A-E RMRB	8.19	03/28/91	02/20/16	97,633.10	102,794.63			(3,286.14)		94,346.96	99,630.35	121.86	0.00
GNMA	2001 A-E RMRB	8.75	04/29/91	02/20/20	124,307.06	132,824.50			(1,299.64)		123,007.42	131,525.24	0.38	0.00
GNMA	2001 A-E RMRB	8.19	04/29/91	04/20/16	130,891.33	137,816.54			(3,143.68)		127,747.65	134,906.73	233.87	0.00
GNMA	2001 A-E RMRB	7.19	04/29/91	02/20/16	273,257.42	280,265.97			(5,598.91)		267,658.51	275,955.52	1,288.46	0.00
GNMA	2001 A-E RMRB	6.19	04/29/91	04/20/16	307,200.44	310,829.17			(7,322.14)		299,878.30	303,146.42	(360.61)	0.00
GNMA	2001 A-E RMRB	8.19	04/26/91	04/20/16	20,936.83	22,044.59			(431.92)		20,504.91	21,654.08	41.41	0.00
GNMA	2001 A-E RMRB	7.19	04/26/91	04/20/16	44,646.05	45,792.45			(1,035.05)		43,611.00	44,964.21	206.81	0.00
GNMA	2001 A-E RMRB	6.19	10/23/92	09/20/17	339,907.61	344,362.69			(28,523.81)		311,383.80	315,117.78	(721.10)	0.00
GNMA	2001 A-E RMRB	8.19	11/23/92	01/20/17	16,863.84	17,868.89			(331.05)		16,532.79	17,536.39	(1.45)	0.00
GNMA	2001 A-E RMRB	7.19	10/30/92	08/20/17	290,206.01	298,150.93			(5,564.40)		284,641.61	293,994.83	1,408.30	0.00
GNMA	2001 A-E RMRB	6.00	10/30/92	09/20/17	348,709.95	352,973.43			(6,343.45)		342,366.50	344,591.18	(2,038.80)	0.00
GNMA	2001 A-E RMRB	5.45	02/25/02	01/20/32	457,867.56	459,578.75			(2,508.39)		455,359.17	449,889.60	(7,180.76)	0.00
GNMA	2001 A-E RMRB	4.95	02/25/02	02/20/32	1,162,609.80	1,140,880.84			(6,620.11)		1,155,989.69	1,112,684.93	(21,575.80)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	310,559.47	311,744.32			(86,125.64)		224,433.83	221,755.24	(3,863.44)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.95	05/15/02	05/20/32	1,037,416.18	1,018,100.92			(84,964.15)		952,452.03	916,838.54	(16,298.23)	0.00
GNMA	2001 A-E RMRB	4.95	05/24/02	05/20/32	834,779.71	819,242.30			(3,900.87)		830,878.84	799,816.05	(15,525.38)	0.00
GNMA	2001 A-E RMRB	5.45	05/24/02	05/20/32	332,332.55	333,602.50			(1,479.37)		330,853.18	326,906.48	(5,216.65)	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	1,031,894.39	1,035,774.97			(4,682.28)		1,027,212.11	1,014,896.27	(16,196.42)	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	101,758.24	102,140.91			(451.95)		101,306.29	100,091.67	(1,597.29)	0.00
GNMA	2001 A-E RMRB	4.95	03/21/02	02/20/32	760,449.43	746,250.29			(14,725.06)		745,724.37	717,800.92	(13,724.31)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	04/20/32	1,649,735.90	1,655,986.62			(9,001.92)		1,640,733.98	1,621,111.21	(25,873.49)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	03/20/32	153,893.26	154,475.73			(666.89)		153,226.37	151,393.06	(2,415.78)	0.00
GNMA	2001 A-E RMRB	4.95	04/17/02	04/20/32	1,467,605.50	1,440,243.05			(9,772.57)		1,457,832.93	1,403,287.28	(27,183.20)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	61,863.33	62,098.29			(264.49)		61,598.84	60,862.63	(971.17)	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	1,914,677.59	1,878,996.83			(91,725.39)		1,822,952.20	1,754,759.52	(32,511.92)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	634,129.33	636,537.78			(3,091.44)		631,037.89	623,495.87	(9,950.47)	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	79,793.17	78,306.19			(404.96)		79,388.21	76,418.47	(1,482.76)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	399,735.95	401,261.04			(2,130.67)		397,605.28	392,859.94	(6,270.43)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	04/20/32	321,535.69	315,547.56			(1,489.61)		320,046.08	308,077.59	(5,980.36)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	04/20/32	126,877.73	127,361.16			(602.24)		126,275.49	124,767.79	(1,991.13)	0.00
GNMA	2001 A-E RMRB	5.45	08/29/02	08/20/32	383,178.02	384,675.62			(5,557.16)		377,620.86	373,148.61	(5,969.85)	0.00
GNMA	2001 A-E RMRB	4.95	08/29/02	08/20/32	440,339.24	432,180.84			(2,131.35)		438,207.89	421,861.85	(8,187.64)	0.00
GNMA	2001 A-E RMRB	5.45	06/03/02	05/20/32	378,764.87	380,215.33			(84,765.58)		293,999.29	290,494.56	(4,955.19)	0.00
GNMA	2001 A-E RMRB	4.95	06/03/02	05/20/32	828,331.54	812,920.63			(4,424.37)		823,907.17	793,111.33	(15,384.93)	0.00
GNMA	2001 A-E RMRB	4.95	06/10/02	05/20/32	404,447.32	396,924.69			(2,885.22)		401,562.10	386,554.56	(7,484.91)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/02	06/20/32	97,973.60	98,350.37			(471.48)		97,502.12	96,341.36	(1,537.53)	0.00
GNMA	2001 A-E RMRB	4.95	06/19/02	06/20/32	182,598.75	179,204.44			(859.63)		181,739.12	174,948.94	(3,395.87)	0.00
GNMA	2001 A-E RMRB	5.45	06/25/02	05/20/32	201,388.84	202,163.30			(109,093.46)		92,295.38	91,196.61	(1,873.23)	0.00
GNMA	2001 A-E RMRB	4.95	06/25/02	06/20/32	190,669.34	187,125.95			(903.66)		189,765.68	182,676.53	(3,545.76)	0.00
GNMA	2001 A-E RMRB	5.45	07/05/02	06/20/32	350,579.01	351,931.47			(1,478.13)		349,100.88	344,949.04	(5,504.30)	0.00
GNMA	2001 A-E RMRB	4.95	07/05/02	06/20/32	1,022,559.59	1,003,563.47			(5,077.06)		1,017,482.53	979,478.97	(19,007.44)	0.00
GNMA	2001 A-E RMRB	5.45	07/15/02	06/20/32	118,149.14	118,605.88			(497.77)		117,651.37	116,253.08	(1,855.03)	0.00
GNMA	2001 A-E RMRB	4.95	07/15/02	06/20/32	291,562.17	286,148.12			(1,531.04)		290,031.13	279,200.56	(5,416.52)	0.00
GNMA	2001 A-E RMRB	5.45	07/22/02	06/20/32	165,651.31	166,292.53			(868.87)		164,782.44	162,824.82	(2,598.84)	0.00
GNMA	2001 A-E RMRB	4.95	07/22/02	07/20/32	617,858.59	606,391.00			(3,791.69)		614,066.90	591,141.26	(11,458.05)	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	72,525.31	72,278.71	27,084.87				99,610.18	70,776.77	(28,586.81)	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	99,982.47	100,897.71			(27,976.86)		72,005.61	98,801.08	25,880.23	0.00
GNMA	2001 A-E RMRB	4.95	07/29/02	07/20/32	356,740.89	350,121.49			(1,634.29)		355,106.60	341,851.11	(6,636.09)	0.00
GNMA	2001 A-E RMRB	5.45	08/01/02	07/20/32	63,300.00	63,545.80			(267.43)		63,032.57	62,284.49	(993.88)	0.00
GNMA	2001 A-E RMRB	4.95	08/01/02	06/20/32	55,653.29	54,620.57			(286.20)		55,367.09	53,300.18	(1,034.19)	0.00
GNMA	2001 A-E RMRB	5.45	08/12/02	07/20/32	163,538.86	164,175.21			(785.11)		162,753.75	160,823.47	(2,566.63)	0.00
GNMA	2001 A-E RMRB	4.95	08/12/02	07/20/32	240,459.00	235,999.85			(1,441.14)		239,017.86	230,098.06	(4,460.65)	0.00
GNMA	2001 A-E RMRB	5.45	08/23/02	08/20/32	853,080.02	856,409.84			(3,772.18)		849,307.84	839,245.95	(13,391.71)	0.00
GNMA	2001 A-E RMRB	4.95	08/23/02	08/20/32	1,365,391.13	1,340,087.02			(212,685.59)		1,152,705.54	1,109,702.78	(17,698.65)	0.00
GNMA	2001 A-E RMRB	5.45	11/12/02	10/20/32	354,002.42	355,409.29			(2,158.60)		351,843.82	347,699.66	(5,551.03)	0.00
GNMA	2001 A-E RMRB	5.45	09/12/02	08/20/32	236,605.82	237,533.19			(1,104.49)		235,501.33	232,714.80	(3,713.90)	0.00
GNMA	2001 A-E RMRB	4.95	09/12/02	08/20/32	432,400.12	424,393.55			(1,988.40)		430,411.72	414,361.11	(8,044.04)	0.00
GNMA	2001 A-E RMRB	5.45	09/19/02	09/20/32	114,006.38	114,454.27			(468.64)		113,537.74	112,195.35	(1,790.28)	0.00
GNMA	2001 A-E RMRB	4.95	09/19/02	09/20/32	545,694.26	535,594.68			(2,638.46)		543,055.80	522,809.25	(10,146.97)	0.00
GNMA	2001 A-E RMRB	5.45	09/26/02	09/20/32	595,842.76	598,186.61			(2,655.37)		593,187.39	586,176.95	(9,354.29)	0.00
GNMA	2001 A-E RMRB	4.95	09/26/02	09/20/32	381,172.36	374,119.60			(1,767.55)		379,404.81	365,261.44	(7,090.61)	0.00
GNMA	2001 A-E RMRB	5.45	10/10/02	09/20/32	592,557.87	594,895.42			(2,482.57)		590,075.30	583,108.12	(9,304.73)	0.00
GNMA	2001 A-E RMRB	4.95	10/10/02	09/20/32	443,433.66	435,233.73			(2,129.35)		441,304.31	424,858.18	(8,246.20)	0.00
GNMA	2001 A-E RMRB	5.45	10/21/02	10/20/32	151,408.63	152,007.75			(670.28)		150,738.35	148,960.34	(2,377.13)	0.00
GNMA	2001 A-E RMRB	4.95	10/21/02	10/20/32	310,763.87	305,020.95			(1,683.29)		309,080.58	297,565.65	(5,772.01)	0.00
GNMA	2001 A-E RMRB	5.45	10/29/02	11/20/32	126,905.90	127,409.35			(76,342.68)		50,563.22	49,967.36	(1,099.31)	0.00
GNMA	2001 A-E RMRB	4.95	10/29/02	11/20/32	313,376.18	307,588.09			(1,422.51)		311,953.67	300,335.02	(5,830.56)	0.00
GNMA	2001 A-E RMRB	5.45	11/05/02	10/20/32	424,695.18	426,380.84			(1,999.89)		422,695.29	417,714.51	(6,666.44)	0.00
GNMA	2001 A-E RMRB	4.95	11/05/02	10/20/32	257,705.37	252,946.03			(1,151.07)		256,554.30	246,999.25	(4,795.71)	0.00
GNMA	2001 A-E RMRB	5.45	11/19/02	11/20/32	109,643.68	110,080.42			(451.65)		109,192.03	107,906.90	(1,721.87)	0.00
GNMA	2001 A-E RMRB	4.95	11/19/02	11/20/32	73,481.17	72,125.13			(325.27)		73,155.90	70,432.29	(1,367.57)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	192,256.23	193,023.24			(789.08)		191,467.15	189,214.86	(3,019.30)	0.00
GNMA	2001 A-E RMRB	4.95	11/26/02	11/20/32	79,180.42	77,719.68			(505.99)		78,674.43	75,745.83	(1,467.86)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	181,991.18	182,717.21			(2,385.37)		179,605.81	177,493.02	(2,838.82)	0.00
GNMA	2001 A-E RMRB	4.95	12/12/02	11/20/32	76,348.43	74,940.84			(393.30)		75,955.13	73,128.63	(1,418.91)	0.00
GNMA	2001 A-E RMRB	5.45	12/12/02	11/20/32	361,509.76	362,956.34			(1,627.41)		359,882.35	355,653.18	(5,675.75)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	5.45	12/19/02	12/20/32	398,079.03	399,675.58			(11,213.31)		386,865.72	382,322.94	(6,139.33)	0.00
GNMA	2001 A-E RMRB	4.95	12/19/02	11/20/32	65,426.54	64,220.63			(287.67)		65,138.87	62,715.19	(1,217.77)	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	434,821.47	436,568.91			(2,279.62)		432,541.85	427,466.60	(6,822.69)	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	43,480.02	43,654.75			(178.88)		43,301.14	42,793.06	(682.81)	0.00
GNMA	2001 A-E RMRB	4.95	12/30/02	12/20/32	128,159.80	125,799.15			(590.83)		127,568.97	122,824.01	(2,384.31)	0.00
GNMA	2001 A-E RMRB	5.45	01/09/03	12/20/32	106,440.77	106,869.39			(768.69)		105,672.08	104,432.91	(1,667.79)	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	382,178.48	383,730.96			(1,777.94)		380,400.54	375,956.93	(5,996.09)	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	374,053.89	367,119.66			(1,711.73)		372,342.16	358,508.26	(6,899.67)	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	92,848.81	93,225.98			(375.63)		92,473.18	91,392.96	(1,457.39)	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	51,952.43	50,989.33			(806.35)		51,146.08	49,245.81	(937.17)	0.00
GNMA	2001 A-E RMRB	5.45	01/30/03	12/20/32	284,418.21	285,568.12			(1,590.48)		282,827.73	279,515.64	(4,462.00)	0.00
GNMA	2001 A-E RMRB	4.95	01/30/03	01/20/33	75,053.64	73,662.66			(533.61)		74,520.03	71,751.69	(1,377.36)	0.00
GNMA	2001 A-E RMRB	5.45	02/12/03	01/20/33	238,369.61	239,341.53			(1,336.08)		237,033.53	234,268.19	(3,737.26)	0.00
GNMA	2001 A-E RMRB	4.95	02/12/03	02/20/33	161,435.65	158,445.99			(742.98)		160,692.67	154,725.30	(2,977.71)	0.00
GNMA	2001 A-E RMRB	5.45	02/20/03	02/20/33	179,919.53	180,654.95			(791.17)		179,128.36	177,040.36	(2,823.42)	0.00
GNMA	2001 A-E RMRB	5.45	02/27/03	02/20/33	92,345.20	92,723.13			(368.67)		91,976.53	90,904.86	(1,449.60)	0.00
GNMA	2001 A-E RMRB	4.95	02/27/03	02/20/33	140,049.17	137,457.09			(671.01)		139,378.16	134,203.80	(2,582.28)	0.00
GNMA	2001 A-E RMRB	4.95	03/12/03	02/20/33	161,606.69	158,617.21			(712.97)		160,893.72	154,922.17	(2,982.07)	0.00
GNMA	2001 A-E RMRB	5.45	03/20/03	02/20/33	269,678.77	270,787.08			(1,562.89)		268,115.88	264,996.48	(4,227.71)	0.00
GNMA	2001 A-E RMRB	4.95	03/20/03	02/20/33	103,869.19	101,948.48			(504.57)		103,364.62	99,528.96	(1,914.95)	0.00
GNMA	2001 A-E RMRB	5.45	04/02/03	03/20/33	113,967.31	114,437.19			(461.78)		113,505.53	112,186.42	(1,788.99)	0.00
GNMA	2001 A-E RMRB	5.45	04/10/03	03/20/33	124,479.46	124,993.44			(643.54)		123,835.92	122,397.49	(1,952.41)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/03	03/20/33	54,535.10	54,760.61			(1,179.75)		53,355.35	52,735.87	(844.99)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/03	04/20/33	222,387.57	223,309.87			(1,007.95)		221,379.62	218,812.13	(3,489.79)	0.00
GNMA	2001 A-E RMRB	5.45	05/08/03	04/20/33	207,344.08	208,205.46			(847.94)		206,496.14	204,102.71	(3,254.81)	0.00
GNMA	2001 A-E RMRB	4.95	05/08/03	04/20/33	145,439.48	142,756.42			(2,395.98)		143,043.50	137,741.54	(2,618.90)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/03	04/20/33	148,028.17	145,298.23			(640.55)		147,387.62	141,925.51	(2,732.17)	0.00
GNMA	2001 A-E RMRB	5.45	05/22/03	04/20/33	153,401.41	154,040.40			(645.91)		152,755.50	150,986.63	(2,407.86)	0.00
GNMA	2001 A-E RMRB	5.45	05/29/03	05/20/33	286,233.44	287,428.35			(1,287.96)		284,945.48	281,648.45	(4,491.94)	0.00
GNMA	2001 A-E RMRB	5.45	06/10/03	05/20/33	265,023.94	266,132.73			(1,069.44)		263,954.50	260,902.72	(4,160.57)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	114,868.16	115,350.01			(456.19)		114,411.97	113,090.41	(1,803.41)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	219,788.04	220,710.01			(1,781.55)		218,006.49	215,488.34	(3,440.12)	0.00
GNMA	2001 A-E RMRB	5.45	06/26/03	06/20/33	104,432.79	104,871.40			(485.78)		103,947.01	102,746.86	(1,638.76)	0.00
GNMA	2001 A-E RMRB	5.45	07/10/03	06/20/33	49,918.86	50,129.07			(193.68)		49,725.18	49,151.60	(783.79)	0.00
GNMA	2001 A-E RMRB	5.45	07/17/03	07/20/33	53,418.96	53,644.40			(205.94)		53,213.02	52,599.69	(838.77)	0.00
GNMA	2001 A-E RMRB	5.45	07/24/03	07/20/33	49,801.16	50,011.64			(195.24)		49,605.92	49,034.47	(781.93)	0.00
GNMA	2001 A-E RMRB	5.45	07/30/03	07/20/33	52,540.85	52,763.11			(202.54)		52,338.31	51,735.59	(824.98)	0.00
GNMA	2001 A-E RMRB	5.45	08/07/03	07/20/33	97,627.37	98,041.06			(547.00)		97,080.37	95,963.08	(1,530.98)	0.00
GNMA	2001 A-E RMRB	5.45	08/28/03	08/20/33	55,476.10	55,712.24			(427.81)		55,048.29	54,415.78	(868.65)	0.00
GNMA	2001 A-E RMRB	5.45	09/29/03	09/20/33	54,306.76	54,539.52			(233.39)		54,073.37	53,453.63	(852.50)	0.00
GNMA	2001 A-E RMRB	5.45	10/23/03	10/20/33	50,037.16	50,252.73			(197.47)		49,839.69	49,269.57	(785.69)	0.00
GNMA	2001 A-E RMRB	5.45	11/20/03	10/20/33	53,464.30	53,695.83			(202.19)		53,262.11	52,654.01	(839.63)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/03	06/20/33	64,146.88	64,424.22			(287.83)		63,859.05	63,129.45	(1,006.94)	0.00
GNMA	2001 A-E RMRB	5.45	12/04/03	11/20/33	247,982.90	249,060.33			(933.20)		247,049.70	244,232.53	(3,894.60)	0.00
GNMA	2001 A-E RMRB	5.45	12/11/03	12/20/33	60,712.50	60,976.78			(226.77)		60,485.73	59,796.54	(953.47)	0.00
GNMA	2001 A-E RMRB	4.95	01/15/04	01/20/34	123,419.22	121,131.53			(498.39)		122,920.83	118,364.55	(2,268.59)	0.00
GNMA	2001 A-E RMRB	4.95	01/22/04	01/20/34	498,782.77	488,297.47			(119,566.52)		379,216.25	364,217.29	(4,513.66)	0.00
GNMA	2001 A-E RMRB	5.45	01/22/04	12/20/33	52,356.08	52,585.79			(195.62)		52,160.46	51,567.84	(822.33)	0.00
GNMA	2001 A-E RMRB	5.45	01/29/04	11/20/33	51,660.33	51,887.14			(195.46)		51,464.87	50,880.26	(811.42)	0.00
GNMA	2001 A-E RMRB	5.45	02/12/04	11/20/33	52,221.26	52,451.11			(222.28)		51,998.98	51,408.88	(819.95)	0.00
GNMA	2001 A-E RMRB	5.45	03/11/04	02/20/34	52,801.09	53,015.98			(194.68)		52,606.41	51,996.23	(825.07)	0.00
GNMA	2001 A-E RMRB	4.95	03/11/04	02/20/34	128,918.06	126,534.57			(521.09)		128,396.97	123,643.69	(2,369.79)	0.00
GNMA	2001 A-E RMRB	4.95	04/08/04	02/20/34	101,674.48	99,543.53			(408.17)		101,266.31	97,267.25	(1,868.11)	0.00
GNMA	2001 A-E RMRB	5.49	04/16/04	04/20/34	96,464.82	97,049.54			(394.57)		96,070.25	95,147.21	(1,507.76)	0.00
FNMA	2001 A-E RMRB	5.45	04/17/02	03/01/32	288,214.91	287,102.59			(1,518.78)		286,696.13	281,165.78	(4,418.03)	0.00
FNMA	2001 A-E RMRB	4.95	05/15/02	04/01/32	200,627.56	195,599.44			(2,477.48)		198,150.08	189,366.68	(3,755.28)	0.00
FNMA	2001 A-E RMRB	4.95	06/10/02	06/01/32	87,594.96	85,400.86			(496.69)		87,098.27	83,238.63	(1,665.54)	0.00
FNMA	2001 A-E RMRB	4.95	07/22/02	06/01/32	239,100.65	233,115.11			(1,825.10)		237,275.55	226,764.44	(4,525.57)	0.00
FNMA	2001 A-E RMRB	5.45	09/19/02	08/01/32	239,604.17	238,695.51			(1,048.49)		238,555.68	233,969.69	(3,677.33)	0.00
FNMA	2001 A-E RMRB	4.95	09/26/02	09/01/32	87,226.68	85,045.73			(395.76)		86,830.92	82,986.96	(1,663.01)	0.00
FNMA	2001 A-E RMRB	5.45	01/23/03	11/01/32	305,629.25	304,486.40			(1,460.73)		304,168.52	298,337.08	(4,688.59)	0.00
FNMA	2001 A-E RMRB	4.95	07/24/03	09/01/32	224,441.77	218,855.27			(1,521.69)		222,920.08	213,075.71	(4,257.87)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
FNMA	2001 A-E RMRB	5.45	09/18/03	01/01/33	66,104.95	65,843.47			(1,302.54)		64,802.41	63,560.18	(980.75)	0.00
FNMA	2001 A-E RMRB	5.45	12/04/03	11/01/33	93,695.06	93,328.66			(513.89)		93,181.17	91,399.15	(1,415.62)	0.00
FNMA	2001 A-E RMRB	4.95	02/26/04	09/01/33	65,290.70	63,649.87			(673.57)		64,617.13	61,768.79	(1,207.51)	0.00
FNMA	2001 A-E RMRB	5.45	04/08/04	01/01/32	25,810.14	25,717.74			(141.21)		25,668.93	25,180.76	(395.77)	0.00
Repo Agmt	2001 A-E RMRB	5.28	05/31/07	06/01/07	140,902.88	140,902.88	1,894.45				142,797.33	142,797.33	-	0.00
Repo Agmt	2001 A-E RMRB	5.28	05/31/07	06/01/07	323,570.09	323,570.09	63,571.37				387,141.46	387,141.46	-	0.00
Repo Agmt	2001 A-E RMRB	5.28	05/31/07	06/01/07	61,276.31	61,276.31		(61,004.17)			272.14	272.14	-	0.00
Repo Agmt	2001 A-E RMRB	5.28	05/31/07	06/01/07	299.30	299.30		(124.75)			174.55	174.55	-	0.00
GNMA	2001 A-E RMRB	5.49	03/12/03	03/20/33	4,878.54	4,908.14			(19.17)		4,859.37	4,812.35	(76.62)	0.00
GNMA	2001 A-E RMRB	5.49	03/20/03	02/20/33	11,813.05	11,884.73			(47.06)		11,765.99	11,652.13	(185.54)	0.00
GNMA	2001 A-E RMRB	5.49	04/02/03	03/20/33	32,267.22	32,463.38			(151.03)		32,116.19	31,805.78	(506.57)	0.00
GNMA	2001 A-E RMRB	4.80	04/02/03	03/20/33	11,222.84	10,923.56			(51.45)		11,171.39	10,666.18	(205.93)	0.00
GNMA	2001 A-E RMRB	4.80	04/10/03	04/20/33	56,915.43	55,398.17			(249.96)		56,665.47	54,103.39	(1,044.82)	0.00
GNMA	2001 A-E RMRB	5.49	04/17/03	04/20/33	68,047.15	68,461.87			(311.96)		67,735.19	67,081.52	(1,068.39)	0.00
GNMA	2001 A-E RMRB	4.80	04/17/03	03/20/33	9,542.90	9,288.51			(42.02)		9,500.88	9,071.30	(175.19)	0.00
GNMA	2001 A-E RMRB	4.80	04/24/03	04/20/33	23,492.74	22,866.73			(103.06)		23,389.68	22,332.39	(431.28)	0.00
GNMA	2001 A-E RMRB	5.49	04/29/03	04/20/33	7,036.21	7,079.18			(27.89)		7,008.32	6,940.77	(110.52)	0.00
GNMA	2001 A-E RMRB	4.80	04/29/03	03/20/33	9,706.21	9,447.56			(65.53)		9,640.68	9,204.88	(177.15)	0.00
GNMA	2001 A-E RMRB	5.49	05/08/03	05/20/33	28,070.77	28,242.43			(110.41)		27,960.36	27,691.11	(440.91)	0.00
GNMA	2001 A-E RMRB	5.49	05/15/03	05/20/33	15,136.48	15,229.12			(59.26)		15,077.22	14,932.10	(237.76)	0.00
GNMA	2001 A-E RMRB	4.80	05/15/03	04/20/33	24,175.07	23,531.24			(9,995.76)		14,179.31	13,538.58	3.10	0.00
GNMA	2001 A-E RMRB	5.49	05/22/03	05/20/33	37,487.03	37,716.71			(149.18)		37,337.85	36,978.71	(588.82)	0.00
GNMA	2001 A-E RMRB	4.80	05/22/03	04/20/33	26,232.45	25,533.96			(114.96)		26,117.49	24,937.41	(481.59)	0.00
GNMA	2001 A-E RMRB	5.49	05/29/03	05/20/33	21,019.18	21,148.05			(85.00)		20,934.18	20,732.91	(330.14)	0.00
GNMA	2001 A-E RMRB	4.80	05/29/03	05/20/33	19,995.72	19,463.51			(87.70)		19,908.02	19,008.71	(367.10)	0.00
GNMA	2001 A-E RMRB	5.49	06/10/03	05/20/33	11,296.24	11,365.59			(43.88)		11,252.36	11,144.27	(177.44)	0.00
GNMA	2001 A-E RMRB	4.80	06/10/03	05/20/33	9,154.61	8,910.99			(40.34)		9,114.27	8,702.59	(168.06)	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	11,483.87	11,554.52			(47.25)		11,436.62	11,326.91	(180.36)	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	10,515.21	10,235.55			(45.39)		10,469.82	9,997.08	(193.08)	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	24,940.37	25,093.77			(98.21)		24,842.16	24,603.79	(391.77)	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	6,706.47	6,528.07			(29.48)		6,676.99	6,375.47	(123.12)	0.00
GNMA	2001 A-E RMRB	5.49	06/26/03	06/20/33	5,087.73	5,119.08			(23.72)		5,064.01	5,015.47	(79.89)	0.00
GNMA	2001 A-E RMRB	5.49	07/03/03	06/20/33	15,157.47	15,250.86			(58.81)		15,098.66	14,953.96	(238.09)	0.00
GNMA	2001 A-E RMRB	5.49	07/10/03	06/20/33	32,420.06	32,620.03			(127.52)		32,292.54	31,983.25	(509.26)	0.00
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33	14,314.37	13,933.89			(62.18)		14,252.19	13,608.88	(262.83)	0.00
GNMA	2001 A-E RMRB	4.80	07/17/03	06/20/33	65,231.34	63,497.68			(309.20)		64,922.14	61,991.91	(1,196.57)	0.00
GNMA	2001 A-E RMRB	5.49	07/24/03	07/20/33	39,595.58	39,840.41			(211.09)		39,384.49	39,007.85	(621.47)	0.00
GNMA	2001 A-E RMRB	4.80	07/24/03	07/20/33	39,432.61	38,384.94			(173.53)		39,259.08	37,487.47	(723.94)	0.00
GNMA	2001 A-E RMRB	5.49	07/30/03	07/20/33	11,926.14	11,999.93			(84.60)		11,841.54	11,728.34	(186.99)	0.00
GNMA	2001 A-E RMRB	5.49	08/07/03	07/20/33	27,655.12	27,826.44			(111.78)		27,543.34	27,280.26	(434.40)	0.00
GNMA	2001 A-E RMRB	4.80	08/07/03	06/20/33	10,903.87	10,614.25			(47.07)		10,856.80	10,366.95	(200.23)	0.00
GNMA	2001 A-E RMRB	5.49	08/14/03	08/20/33	16,251.78	16,352.58			(62.78)		16,189.00	16,034.49	(255.31)	0.00
GNMA	2001 A-E RMRB	4.80	08/14/03	07/20/33	31,743.28	30,900.44			(136.77)		31,606.51	30,180.75	(582.92)	0.00
GNMA	2001 A-E RMRB	5.49	08/21/03	08/20/33	12,291.37	12,367.72			(47.88)		12,243.49	12,126.74	(193.10)	0.00
GNMA	2001 A-E RMRB	4.80	08/28/03	08/20/33	12,946.14	12,602.55			(56.60)		12,889.54	12,308.25	(237.70)	0.00
GNMA	2001 A-E RMRB	5.49	09/04/03	08/20/33	5,384.28	5,417.76			(23.20)		5,361.08	5,310.01	(84.55)	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	41,223.02	41,480.00			(171.52)		41,051.50	40,660.96	(647.52)	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	46,298.17	45,070.41			(209.54)		46,088.63	44,011.08	(849.79)	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	7,485.98	7,287.47			(31.75)		7,454.23	7,118.22	(137.50)	0.00
GNMA	2001 A-E RMRB	5.49	09/29/03	09/20/33	66,133.33	66,546.21			(10,311.61)		55,821.72	55,291.18	(943.42)	0.00
GNMA	2001 A-E RMRB	4.80	09/29/03	09/20/33	34,799.03	33,876.50			(197.71)		34,601.32	33,041.88	(636.91)	0.00
GNMA	2001 A-E RMRB	5.49	10/16/03	09/20/33	9,929.60	9,991.74			(39.03)		9,890.57	9,796.71	(156.00)	0.00
GNMA	2001 A-E RMRB	5.49	10/30/03	10/20/33	33,708.55	33,856.66			(128.88)		33,579.67	33,198.08	(529.70)	0.00
GNMA	2001 A-E RMRB	4.80	10/30/03	10/20/33	231,848.18	225,132.71			(1,022.92)		230,825.26	219,855.54	(4,254.25)	0.00
GNMA	2001 A-E RMRB	5.49	11/13/03	10/20/33	20,444.07	20,534.15			(124.42)		20,319.65	20,088.99	(320.74)	0.00
GNMA	2001 A-E RMRB	4.80	11/13/03	10/20/33	105,102.46	102,320.11			(454.69)		104,647.77	99,935.26	(1,930.16)	0.00
GNMA	2001 A-E RMRB	5.49	11/20/03	11/20/33	5,303.20	5,336.56			(36.31)		5,266.89	5,217.07	(83.18)	0.00
GNMA	2001 A-E RMRB	4.80	11/20/03	11/20/33	155,043.74	150,555.94			(716.32)		154,327.42	146,996.13	(2,843.49)	0.00
GNMA	2001 A-E RMRB	5.49	11/26/03	10/20/33	6,546.65	6,587.85			(68.59)		6,478.06	6,416.80	(102.46)	0.00
GNMA	2001 A-E RMRB	4.80	11/26/03	11/20/33	52,877.04	51,477.97			(244.71)		52,632.33	50,262.90	(970.36)	0.00
GNMA	2001 A-E RMRB	4.80	12/04/03	12/20/33	74,951.87	72,783.39			(431.33)		74,520.54	70,981.47	(1,370.59)	0.00
GNMA	2001 A-E RMRB	5.49	12/04/03	11/20/33	5,023.16	5,054.78			(19.12)		5,004.04	4,956.74	(78.92)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.80	12/11/03	12/20/33	44,388.08	43,104.08			(229.15)		44,158.93	42,062.01	(812.92)	0.00
GNMA	2001 A-E RMRB	5.49	12/11/03	09/20/33	10,879.88	10,948.42			(41.11)		10,838.77	10,736.33	(170.98)	0.00
GNMA	2001 A-E RMRB	5.49	12/18/03	12/20/33	5,639.59	5,675.23			(23.85)		5,615.74	5,562.80	(88.58)	0.00
GNMA	2001 A-E RMRB	4.80	12/18/03	12/20/33	45,384.09	44,184.15			(211.25)		45,172.84	43,140.08	(832.82)	0.00
GNMA	2001 A-E RMRB	5.49	12/23/03	12/20/33	11,716.33	11,790.41			(43.91)		11,672.42	11,562.40	(184.10)	0.00
GNMA	2001 A-E RMRB	4.80	12/23/03	12/20/33	32,261.64	31,328.72			(134.77)		32,126.87	30,601.56	(592.39)	0.00
GNMA	2001 A-E RMRB	5.49	01/15/04	01/20/34	45,037.38	45,306.60			(246.30)		44,791.08	44,357.03	(703.27)	0.00
GNMA	2001 A-E RMRB	5.49	01/22/04	01/20/34	40,155.48	40,320.43			(264.92)		39,890.56	39,429.43	(626.08)	0.00
GNMA	2001 A-E RMRB	4.80	01/22/04	01/20/34	38,712.36	37,675.57			(164.97)		38,547.39	36,803.44	(707.16)	0.00
GNMA	2001 A-E RMRB	5.49	01/29/04	01/20/34	12,300.69	12,374.37			(49.49)		12,251.20	12,132.63	(192.25)	0.00
GNMA	2001 A-E RMRB	4.80	01/29/04	11/20/33	8,418.65	8,196.35			(36.31)		8,382.34	8,005.41	(154.63)	0.00
GNMA	2001 A-E RMRB	4.80	02/12/04	01/20/34	20,732.28	20,125.93			(162.43)		20,569.85	19,588.72	(374.78)	0.00
GNMA	2001 A-E RMRB	5.49	02/12/04	02/20/34	43,470.84	43,731.82			(167.80)		43,303.04	42,884.56	(679.46)	0.00
GNMA	2001 A-E RMRB	4.80	02/26/04	02/20/34	27,213.34	26,417.80			(142.49)		27,070.85	25,780.02	(495.29)	0.00
GNMA	2001 A-E RMRB	5.49	02/26/04	02/20/34	21,885.17	21,975.76			(83.22)		21,801.95	21,550.60	(341.94)	0.00
GNMA	2001 A-E RMRB	4.80	03/11/04	03/20/34	25,594.41	24,846.57			(106.17)		25,488.24	24,273.23	(467.17)	0.00
GNMA	2001 A-E RMRB	5.49	03/11/04	03/20/34	72,389.72	72,826.15			(271.20)		72,118.52	71,423.30	(1,131.65)	0.00
GNMA	2001 A-E RMRB	5.49	03/25/04	03/20/34	28,846.65	28,966.75			(111.66)		28,734.99	28,404.41	(450.68)	0.00
GNMA	2001 A-E RMRB	4.80	03/30/04	03/20/34	11,099.56	10,802.91			(45.69)		11,053.87	10,554.38	(202.84)	0.00
GNMA	2001 A-E RMRB	5.49	07/09/04	07/20/34	15,434.88	15,529.61			(66.13)		15,368.75	15,222.24	(241.24)	0.00
GNMA	2001 A-E RMRB	4.80	07/08/04	06/20/34	9,822.35	9,536.32			(40.46)		9,781.89	9,316.53	(179.33)	0.00
GNMA	2001 A-E RMRB	5.49	04/01/04	04/20/34	28,183.08	37,047.59			(38.39)		28,144.69	36,316.62	(692.58)	0.00
GNMA	2001 A-E RMRB	4.80	04/22/04	04/20/34	31,275.05	30,439.95			(128.42)		31,146.63	29,739.96	(571.57)	0.00
GNMA	2001 A-E RMRB	5.49	04/22/04	04/20/34	19,072.69	19,188.40			(69.81)		19,002.88	18,820.40	(298.19)	0.00
GNMA	2001 A-E RMRB	4.80	04/29/04	04/20/34	22,655.98	21,994.88			(102.24)		22,553.74	21,479.50	(413.14)	0.00
GNMA	2001 A-E RMRB	5.49	04/29/04	04/20/34	10,661.89	10,726.61			(40.57)		10,621.32	10,519.36	(166.68)	0.00
GNMA	2001 A-E RMRB	4.80	05/06/04	04/20/34	17,638.80	17,168.01			(75.32)		17,563.48	16,770.46	(322.23)	0.00
GNMA	2001 A-E RMRB	5.49	05/06/04	04/20/34	7,017.12	7,059.75			(25.38)		6,991.74	6,924.65	(109.72)	0.00
GNMA	2001 A-E RMRB	4.80	05/13/04	04/20/34	11,056.34	10,761.29			(45.06)		11,011.28	10,514.14	(202.09)	0.00
GNMA	2001 A-E RMRB	5.49	05/27/04	05/20/34	18,969.76	19,085.41			(69.09)		18,900.67	18,719.73	(296.59)	0.00
GNMA	2001 A-E RMRB	5.49	06/03/04	05/20/34	6,632.97	6,673.45			(23.84)		6,609.13	6,545.91	(103.70)	0.00
GNMA	2001 A-E RMRB	5.49	06/24/04	06/20/34	13,786.65	13,871.06			(49.32)		13,737.33	13,606.16	(215.58)	0.00
GNMA	2001 A-E RMRB	5.49	09/02/04	08/20/34	27,155.42	27,272.42			(108.67)		27,046.75	26,739.43	(424.32)	0.00
GNMA	2001 A-E RMRB	5.49	09/09/04	09/20/34	28,963.48	29,142.84			(102.31)		28,861.17	28,587.61	(452.92)	0.00
GNMA	2001 A-E RMRB	5.49	09/16/04	09/20/34	17,086.96	17,192.84			(60.13)		17,026.83	16,865.51	(267.20)	0.00
GNMA	2001 A-E RMRB	4.80	09/29/04	09/20/34	13,946.48	13,576.01			(55.09)		13,891.39	13,265.89	(255.03)	0.00
GNMA	2001 A-E RMRB	5.49	09/29/04	09/20/34	16,753.60	16,857.64			(60.28)		16,693.32	16,535.37	(261.99)	0.00
GNMA	2001 A-E RMRB	5.49	10/07/04	09/20/34	19,582.32	19,704.05			(70.72)		19,511.60	19,327.12	(306.21)	0.00
GNMA	2001 A-E RMRB	4.80	10/07/04	09/20/34	13,788.98	13,422.77			(54.66)		13,734.32	13,115.97	(252.14)	0.00
GNMA	2001 A-E RMRB	5.49	07/15/04	04/20/34	11,897.77	11,970.80			(43.50)		11,854.27	11,741.26	(186.04)	0.00
GNMA	2001 A-E RMRB	5.49	07/22/04	07/20/34	11,558.20	11,629.28			(41.20)		11,517.00	11,407.36	(180.72)	0.00
GNMA	2001 A-E RMRB	5.49	07/29/04	07/20/34	6,579.99	6,620.47			(23.34)		6,556.65	6,494.24	(102.89)	0.00
GNMA	2001 A-E RMRB	5.49	08/05/04	08/20/34	26,293.91	26,455.95			(104.52)		26,189.39	25,940.40	(411.03)	0.00
GNMA	2001 A-E RMRB	5.49	08/19/04	08/20/34	22,422.32	22,560.76			(118.74)		22,303.58	22,091.77	(350.25)	0.00
GNMA	2001 A-E RMRB	5.49	08/26/04	08/20/34	13,468.56	13,551.75			(47.80)		13,420.76	13,293.35	(210.60)	0.00
GNMA	2001 A-E RMRB	5.49	12/02/04	11/20/34	37,888.24	38,125.69			(136.76)		37,751.48	37,396.40	(592.53)	0.00
GNMA	2001 A-E RMRB	4.80	12/02/04	11/20/34	25,803.47	25,119.49			(103.18)		25,700.29	24,544.49	(471.82)	0.00
GNMA	2001 A-E RMRB	4.80	10/14/04	09/20/34	3,264.56	3,177.85			(15.34)		3,249.22	3,102.93	(59.58)	0.00
GNMA	2001 A-E RMRB	5.49	10/21/04	06/20/34	10,289.31	10,334.00			(52.82)		10,236.49	10,120.52	(160.66)	0.00
GNMA	2001 A-E RMRB	4.80	10/28/04	09/20/34	10,290.63	9,991.97			(79.98)		10,210.65	9,725.88	(186.11)	0.00
GNMA	2001 A-E RMRB	5.49	10/28/04	10/20/34	14,800.96	14,893.23			(52.48)		14,748.48	14,609.29	(231.46)	0.00
GNMA	2001 A-E RMRB	5.49	11/04/04	10/20/34	7,125.58	7,170.08			(26.51)		7,099.07	7,032.15	(111.42)	0.00
GNMA	2001 A-E RMRB	5.49	12/29/04	12/20/34	37,442.04	37,677.65			(129.62)		37,312.42	36,962.42	(585.61)	0.00
GNMA	2001 A-E RMRB	4.80	12/29/04	12/20/34	15,000.16	14,602.89			(58.22)		14,941.94	14,270.30	(274.37)	0.00
GNMA	2001 A-E RMRB	5.49	01/06/05	01/20/35	11,157.47	11,223.87			(38.12)		11,119.35	11,010.69	(175.06)	0.00
GNMA	2001 A-E RMRB	5.49	01/13/05	12/20/34	12,165.07	12,241.75			(47.63)		12,117.44	12,003.91	(190.21)	0.00
GNMA	2001 A-E RMRB	5.49	01/27/05	01/20/35	58,077.15	58,314.02			(11,499.73)		46,577.42	46,035.49	(778.80)	0.00
GNMA	2001 A-E RMRB	5.49	03/10/05	12/20/34	11,842.90	11,918.15			(40.80)		11,802.10	11,692.08	(185.27)	0.00
GNMA	2001 A-E RMRB				7,170.31	7,213.63			(7,170.31)				(43.32)	0.00
GNMA	2001 A-E RMRB	5.49	05/05/05	03/20/35	6,578.48	6,618.29			(23.23)		6,555.25	6,491.82	(103.24)	0.00
GNMA	2001 A-E RMRB	5.49	07/07/05	06/20/35	14,235.92	14,322.91			(6,057.95)		8,177.97	8,099.32	(165.64)	0.00
GNMA	2001 A-E RMRB	4.80	07/07/05	06/20/35	8,669.02	8,277.44			(33.94)		8,635.08	8,091.70	(151.80)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.80	06/02/05	04/20/35	35,010.02	33,344.81			(140.43)		34,869.59	32,591.88	(612.50)	0.00
GNMA	2001 A-E RMRB	5.49	09/08/05	08/20/35	14,150.43	14,211.01			(49.45)		14,100.98	13,939.73	(221.83)	0.00
GNMA	2001 A-E RMRB	5.49	09/15/05	09/20/35	26,379.89	26,493.00			(89.76)		26,290.13	25,989.66	(413.58)	0.00
GNMA	2001 A-E RMRB	5.49	08/04/05	08/20/35	35,006.71	35,221.57			(149.56)		34,857.15	34,522.91	(549.10)	0.00
GNMA	2001 A-E RMRB	4.80	10/13/05	09/20/35	13,337.56	12,733.96			(52.72)		13,284.84	12,447.74	(233.50)	0.00
GNMA	2001 A-E RMRB	5.49	10/13/05	10/20/35	27,434.94	27,605.06			(91.86)		27,343.08	27,082.59	(430.61)	0.00
GNMA	2001 A-E RMRB	5.49	12/19/05	12/20/35	26,454.28	26,619.90			(84.89)		26,369.39	26,119.73	(415.28)	0.00
GNMA	2001 A-E RMRB	5.49	11/17/05	11/20/35	26,775.99	26,942.88			(92.21)		26,683.78	26,430.41	(420.26)	0.00
GNMA	2001 A-E RMRB	4.80	11/22/05	10/20/35	25,375.21	23,891.77			(123.58)		25,251.63	23,336.05	(432.14)	0.00
GNMA	2001 A-E RMRB	4.80	12/22/05	12/20/35	22,511.80	21,491.57			(88.44)		22,423.36	21,009.02	(394.11)	0.00
GNMA	2001 A-E RMRB	5.49	12/29/05	11/20/35	19,501.22	19,623.46			(63.16)		19,438.06	19,254.15	(306.15)	0.00
GNMA	2001 A-E RMRB	5.49	01/12/06	01/20/36	8,421.94	8,470.45			(26.75)		8,395.19	8,311.41	(132.29)	0.00
FNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33	28,706.52	28,646.92			(113.37)		28,593.15	28,098.51	(435.04)	0.00
FNMA	2001 A-E RMRB	4.80	09/18/03	07/01/33	8,600.62	8,316.72			(38.02)		8,562.60	8,117.97	(160.73)	0.00
FNMA	2001 A-E RMRB	5.49	12/04/03	11/01/33	15,938.37	15,906.66			(65.83)		15,872.54	15,599.33	(241.50)	0.00
FNMA	2001 A-E RMRB	4.80	01/15/04	11/01/33	33,511.07	32,406.59			(504.40)		33,006.67	31,294.39	(607.80)	0.00
FNMA	2001 A-E RMRB	4.80	02/26/04	01/01/34	11,722.41	11,328.28			(109.90)		11,612.51	11,004.60	(213.78)	0.00
FNMA	2001 A-E RMRB	5.49	04/08/04	06/01/33	7,686.33	7,671.32			(30.99)		7,655.34	7,523.84	(116.49)	0.00
FNMA	2001 A-E RMRB	5.49	09/01/04	08/01/34	27,415.89	27,475.05			(104.67)		27,311.22	26,951.80	(418.58)	0.00
FNMA	2001 A-E RMRB	4.80	09/23/04	08/01/34	6,762.73	6,535.96			(31.38)		6,731.35	6,379.55	(125.03)	0.00
FNMA	2001 A-E RMRB	4.80	11/10/04	10/01/34	6,863.26	6,633.26			(27.32)		6,835.94	6,478.81	(127.13)	0.00
FNMA	2001 A-E RMRB	5.49	04/07/05	01/01/35	10,141.53	10,110.13			(35.07)		10,106.46	9,920.97	(154.09)	0.00
FNMA	2001 A-E RMRB	5.49	07/14/05	05/01/35	4,335.02	4,321.79			(27.76)		4,307.26	4,228.39	(65.64)	0.00
FNMA	2001 A-E RMRB	4.80	07/14/05	04/01/35	8,516.61	8,071.10			(34.18)		8,482.43	7,887.02	(149.90)	0.00
FNMA	2001 A-E RMRB	5.49	11/03/05	10/01/35	27,346.33	27,264.18			(160.58)		27,185.75	26,689.27	(414.33)	0.00
FNMA	2001 A-E RMRB				12,812.33	12,373.53			(12,812.33)				438.80	0.00
FNMA	2001 A-E RMRB	4.80	12/15/05	10/01/35	8,024.22	7,602.84			(31.17)		7,993.05	7,430.40	(141.27)	0.00
	2001 A-E RMRB Total				56,297,178.18	56,308,605.53	2,227,007.84	(61,230.65)	(1,524,913.22)	0.00	56,938,042.15	56,271,635.41	(677,834.09)	0.00
Repo Agmt	2002 RMRB	5.28	05/31/07	06/01/07	412.72	412.72	5.52				418.24	418.24	-	0.00
Repo Agmt	2002 RMRB	5.28	05/31/07	06/01/07	13,490.02	13,490.02		(445.21)			13,044.81	13,044.81	-	0.00
Repo Agmt	2002 RMRB	5.28	05/31/07	06/01/07	0.55	0.55	0.00				0.55	0.55	-	0.00
GIC's	2002 RMRB	4.20	12/18/02	04/01/34	792,689.19	792,689.19	1,070,239.68				1,862,928.87	1,862,928.87	-	0.00
GIC's	2002 RMRB	4.20	12/18/02	04/01/34	26,736.99	26,736.99	0.00				26,736.99	26,736.99	-	0.00
GNMA	2002 RMRB	5.49	03/12/03	03/20/33	39,878.95	40,120.73			(156.69)		39,722.26	39,337.69	(626.35)	0.00
GNMA	2002 RMRB	5.49	03/20/03	02/20/33	96,563.75	97,149.53			(384.69)		96,179.06	95,248.21	(1,516.63)	0.00
GNMA	2002 RMRB	5.49	04/02/03	03/20/33	263,762.28	265,365.84			(1,234.55)		262,527.73	259,990.37	(4,140.92)	0.00
GNMA	2002 RMRB	4.80	04/02/03	03/20/33	91,739.22	89,292.68			(420.70)		91,318.52	87,188.73	(1,683.25)	0.00
GNMA	2002 RMRB	4.80	04/10/03	04/20/33	465,244.58	452,841.97			(2,043.31)		463,201.27	442,258.06	(8,540.60)	0.00
GNMA	2002 RMRB	5.49	04/17/03	04/20/33	556,238.56	559,628.66			(2,550.06)		553,688.50	548,345.27	(8,733.33)	0.00
GNMA	2002 RMRB	4.80	04/17/03	03/20/33	78,006.55	75,927.18			(343.50)		77,663.05	74,151.65	(1,432.03)	0.00
GNMA	2002 RMRB	4.80	04/24/03	04/20/33	192,037.11	186,919.79			(842.49)		191,194.62	182,551.95	(3,525.35)	0.00
GNMA	2002 RMRB	5.49	04/29/03	04/20/33	57,516.38	57,867.43			(227.96)		57,288.42	56,736.07	(903.40)	0.00
GNMA	2002 RMRB	4.80	04/29/03	03/20/33	79,341.69	77,227.34			(535.69)		78,806.00	75,243.61	(1,448.04)	0.00
GNMA	2002 RMRB	5.49	05/08/03	05/20/33	229,459.28	230,862.45			(902.42)		228,556.86	226,355.83	(3,604.20)	0.00
GNMA	2002 RMRB	5.49	05/15/03	05/20/33	123,730.40	124,487.64			(484.46)		123,245.94	122,059.66	(1,943.52)	0.00
GNMA	2002 RMRB	4.80	05/15/03	04/20/33	197,614.60	192,351.74			(81,708.39)		115,906.21	110,668.60	25.25	0.00
GNMA	2002 RMRB	5.49	05/22/03	05/20/33	306,431.02	308,308.25			(1,219.53)		305,211.49	302,275.57	(4,813.15)	0.00
GNMA	2002 RMRB	4.80	05/22/03	04/20/33	214,432.24	208,722.57			(939.73)		213,492.51	203,846.20	(3,936.64)	0.00
GNMA	2002 RMRB	5.49	05/29/03	05/20/33	171,817.36	172,870.80			(694.83)		171,122.53	169,477.29	(2,698.68)	0.00
GNMA	2002 RMRB	4.80	05/29/03	05/20/33	163,451.61	159,100.83			(716.96)		162,734.65	155,383.16	(3,000.71)	0.00
GNMA	2002 RMRB	5.49	06/10/03	05/20/33	92,338.87	92,905.87			(358.59)		91,980.28	91,096.78	(1,450.50)	0.00
GNMA	2002 RMRB	4.80	06/10/03	05/20/33	74,832.47	72,841.24			(329.73)		74,502.74	71,137.74	(1,373.77)	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	93,872.79	94,450.26			(386.17)		93,486.62	92,589.69	(1,474.40)	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	85,954.90	83,668.61			(371.05)		85,583.85	81,719.26	(1,578.30)	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	203,870.23	205,124.37			(802.84)		203,067.39	201,119.13	(3,202.40)	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	54,820.59	53,362.47			(240.97)		54,579.62	52,115.08	(1,006.42)	0.00
GNMA	2002 RMRB	5.49	06/26/03	06/20/33	41,588.99	41,845.00			(193.94)		41,395.05	40,998.07	(652.99)	0.00
GNMA	2002 RMRB	5.49	07/03/03	06/20/33	123,901.77	124,665.34			(480.62)		123,421.15	122,238.37	(1,946.35)	0.00
GNMA	2002 RMRB	5.49	07/10/03	06/20/33	265,011.75	266,646.30			(1,042.36)		263,969.39	261,441.03	(4,162.91)	0.00
GNMA	2002 RMRB	4.80	07/10/03	06/20/33	117,010.45	113,899.98			(508.33)		116,502.12	111,243.20	(2,148.45)	0.00
GNMA	2002 RMRB	4.80	07/17/03	06/20/33	533,221.17	519,049.86			(2,527.56)		530,693.61	506,741.20	(9,781.10)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2002 RMRB	5.49	07/24/03	07/20/33	323,666.72	325,667.95			(1,725.53)		321,941.19	318,862.35	(5,080.07)	0.00
GNMA	2002 RMRB	4.80	07/24/03	07/20/33	322,334.21	313,770.45			(1,418.48)		320,915.73	306,434.25	(5,917.72)	0.00
GNMA	2002 RMRB	5.49	07/30/03	07/20/33	97,488.05	98,091.20			(691.56)		96,796.49	95,871.18	(1,528.46)	0.00
GNMA	2002 RMRB	5.49	08/07/03	07/20/33	226,061.78	227,462.06			(913.73)		225,148.05	222,997.38	(3,550.95)	0.00
GNMA	2002 RMRB	4.80	08/07/03	06/20/33	89,131.68	86,764.26			(384.75)		88,746.93	84,742.78	(1,636.73)	0.00
GNMA	2002 RMRB	5.49	08/14/03	08/20/33	132,847.15	133,671.12			(513.18)		132,333.97	131,070.94	(2,087.00)	0.00
GNMA	2002 RMRB	4.80	08/14/03	07/20/33	259,479.59	252,589.83			(1,118.04)		258,361.55	246,706.84	(4,764.95)	0.00
GNMA	2002 RMRB	5.49	08/21/03	08/20/33	100,473.83	101,097.60			(391.42)		100,082.41	99,127.78	(1,578.40)	0.00
GNMA	2002 RMRB	4.80	08/28/03	08/20/33	105,825.65	103,017.21			(462.67)		105,362.98	100,611.48	(1,943.06)	0.00
GNMA	2002 RMRB	5.49	09/04/03	08/20/33	44,012.78	44,286.51			(189.54)		43,823.24	43,405.70	(691.27)	0.00
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	336,969.85	339,070.49			(1,402.13)		335,567.72	332,375.39	(5,292.97)	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	378,455.84	368,419.61			(1,712.93)		376,742.91	359,760.33	(6,946.35)	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	61,192.86	59,570.09			(259.55)		60,933.31	58,186.59	(1,123.95)	0.00
GNMA	2002 RMRB	5.49	09/29/03	09/20/33	540,594.64	543,969.53			(84,290.37)		456,304.27	451,967.40	(7,711.76)	0.00
GNMA	2002 RMRB	4.80	09/29/03	09/20/33	284,458.13	276,917.15			(1,616.15)		282,841.98	270,094.69	(5,206.31)	0.00
GNMA	2002 RMRB	5.49	10/16/03	09/20/33	81,167.83	81,675.63			(319.05)		80,848.78	80,081.42	(1,275.16)	0.00
GNMA	2002 RMRB	5.49	10/30/03	10/20/33	275,544.22	276,754.94			(1,053.49)		274,490.73	271,371.49	(4,329.96)	0.00
GNMA	2002 RMRB	4.80	10/30/03	10/20/33	1,895,199.56	1,840,305.05			(8,361.71)		1,886,837.85	1,797,167.85	(34,775.49)	0.00
GNMA	2002 RMRB	5.49	11/13/03	10/20/33	167,116.40	167,852.56			(1,017.01)		166,099.39	164,213.71	(2,621.84)	0.00
GNMA	2002 RMRB	4.80	11/13/03	10/20/33	859,140.26	836,396.49			(3,716.78)		855,423.48	816,902.00	(15,777.71)	0.00
GNMA	2002 RMRB	5.49	11/20/03	11/20/33	43,350.08	43,622.78			(296.90)		43,053.18	42,646.03	(679.85)	0.00
GNMA	2002 RMRB	4.80	11/20/03	11/20/33	1,267,375.97	1,230,691.22			(5,855.52)		1,261,520.45	1,201,592.27	(23,243.43)	0.00
GNMA	2002 RMRB	5.49	11/26/03	10/20/33	53,514.48	53,851.23			(560.70)		52,953.78	52,453.03	(837.50)	0.00
GNMA	2002 RMRB	4.80	11/26/03	11/20/33	432,233.47	420,797.02			(2,000.34)		430,233.13	410,864.65	(7,932.03)	0.00
GNMA	2002 RMRB	4.80	12/04/03	12/20/33	612,679.99	594,954.14			(3,525.81)		609,154.18	580,224.70	(11,203.63)	0.00
GNMA	2002 RMRB	5.49	12/04/03	11/20/33	41,060.63	41,319.41			(156.27)		40,904.36	40,518.00	(645.14)	0.00
GNMA	2002 RMRB	4.80	12/11/03	12/20/33	362,842.07	352,346.20			(1,873.22)		360,968.85	343,828.05	(6,644.93)	0.00
GNMA	2002 RMRB	5.49	12/11/03	09/20/33	88,935.37	89,495.83			(336.19)		88,599.18	87,762.17	(1,397.47)	0.00
GNMA	2002 RMRB	5.49	12/18/03	12/20/33	46,099.99	46,391.12			(194.94)		45,905.05	45,472.03	(724.15)	0.00
GNMA	2002 RMRB	4.80	12/18/03	12/20/33	370,983.67	361,175.13			(1,726.84)		369,256.83	352,640.55	(6,807.74)	0.00
GNMA	2002 RMRB	5.49	12/23/03	12/20/33	95,773.26	96,378.51			(358.96)		95,414.30	94,514.66	(1,504.89)	0.00
GNMA	2002 RMRB	4.80	12/23/03	12/20/33	263,716.65	256,090.78			(1,101.76)		262,614.89	250,146.79	(4,842.23)	0.00
GNMA	2002 RMRB	5.49	01/15/04	01/20/34	368,149.47	370,350.34			(2,013.41)		366,136.06	362,588.25	(5,748.68)	0.00
GNMA	2002 RMRB	5.49	01/22/04	01/20/34	328,243.40	329,591.82			(2,165.47)		326,077.93	322,308.46	(5,117.89)	0.00
GNMA	2002 RMRB	4.80	01/22/04	01/20/34	316,447.06	307,971.93			(1,348.56)		315,098.50	300,842.88	(5,780.49)	0.00
GNMA	2002 RMRB	5.49	01/29/04	01/20/34	100,549.78	101,152.00			(404.55)		100,145.23	99,175.94	(1,571.51)	0.00
GNMA	2002 RMRB	4.80	01/29/04	11/20/33	68,816.97	66,999.58			(296.82)		68,520.15	65,438.75	(1,264.01)	0.00
GNMA	2002 RMRB	4.80	02/12/04	01/20/34	169,472.14	164,515.60			(1,327.74)		168,144.40	160,124.31	(3,063.55)	0.00
GNMA	2002 RMRB	5.49	02/12/04	02/20/34	355,344.27	357,477.60			(1,371.67)		353,972.60	350,551.84	(5,554.09)	0.00
GNMA	2002 RMRB	4.80	02/26/04	02/20/34	222,450.33	215,947.34			(1,164.78)		221,285.55	210,733.91	(4,048.65)	0.00
GNMA	2002 RMRB	5.49	02/26/04	02/20/34	178,896.26	179,636.75			(680.24)		178,216.02	176,161.32	(2,795.19)	0.00
GNMA	2002 RMRB	4.80	03/11/04	03/20/34	209,217.14	203,103.65			(867.92)		208,349.22	198,417.00	(3,818.73)	0.00
GNMA	2002 RMRB	5.49	03/11/04	03/20/34	591,736.16	595,303.71			(2,216.88)		589,519.28	583,836.36	(9,250.47)	0.00
GNMA	2002 RMRB	5.49	03/25/04	03/20/34	235,801.47	236,783.25			(912.73)		234,888.74	232,186.52	(3,684.00)	0.00
GNMA	2002 RMRB	4.80	03/30/04	03/20/34	90,731.13	88,306.43			(373.58)		90,357.55	86,274.86	(1,657.99)	0.00
GNMA	2002 RMRB	5.49	07/09/04	07/20/34	126,169.54	126,943.91			(540.56)		125,628.98	124,431.35	(1,972.00)	0.00
GNMA	2002 RMRB	4.80	07/08/04	06/20/34	80,290.82	77,952.85			(330.83)		79,959.99	76,156.23	(1,465.79)	0.00
GNMA	2002 RMRB	5.49	04/01/04	04/20/34	230,377.41	302,838.61			(313.88)		230,063.53	296,863.39	(5,661.34)	0.00
GNMA	2002 RMRB	4.80	04/22/04	04/20/34	255,652.29	248,825.69			(1,049.75)		254,602.54	243,103.72	(4,672.22)	0.00
GNMA	2002 RMRB	5.49	04/22/04	04/20/34	155,906.17	156,851.99			(570.64)		155,335.53	153,843.87	(2,437.48)	0.00
GNMA	2002 RMRB	4.80	04/29/04	04/20/34	185,196.99	179,793.04			(835.62)		184,361.37	175,580.15	(3,377.27)	0.00
GNMA	2002 RMRB	5.49	04/29/04	04/20/34	87,153.53	87,682.71			(331.66)		86,821.87	85,988.58	(1,362.47)	0.00
GNMA	2002 RMRB	4.80	05/06/04	04/20/34	144,185.34	140,336.76			(615.64)		143,569.70	137,087.06	(2,634.06)	0.00
GNMA	2002 RMRB	5.49	05/06/04	04/20/34	57,359.94	57,708.58			(207.47)		57,152.47	56,604.29	(896.82)	0.00
GNMA	2002 RMRB	4.80	05/13/04	04/20/34	90,378.04	87,966.20			(368.39)		90,009.65	85,945.94	(1,651.87)	0.00
GNMA	2002 RMRB	5.49	05/27/04	05/20/34	155,064.74	156,010.18			(564.77)		154,499.97	153,020.97	(2,424.44)	0.00
GNMA	2002 RMRB	5.49	06/03/04	05/20/34	54,220.01	54,550.91			(194.82)		54,025.19	53,508.33	(847.76)	0.00
GNMA	2002 RMRB	5.49	06/24/04	06/20/34	112,696.34	113,386.43			(403.21)		112,293.13	111,221.08	(1,762.14)	0.00
GNMA	2002 RMRB	5.49	09/02/04	08/20/34	221,976.90	222,933.30			(888.25)		221,088.65	218,576.51	(3,468.54)	0.00
GNMA	2002 RMRB	5.49	09/01/04	09/20/34	236,757.83	238,222.72			(836.22)		235,921.61	233,684.11	(3,702.39)	0.00
GNMA	2002 RMRB	5.49	09/16/04	09/20/34	139,673.77	140,539.69			(491.48)		139,182.29	137,863.96	(2,184.25)	0.00
GNMA	2002 RMRB	4.80	09/29/04	09/20/34	114,002.81	110,974.55			(450.32)		113,552.49	108,439.57	(2,084.66)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2002 RMRB	5.49	09/29/04	09/20/34	136,949.13	137,799.69			(492.78)		136,456.35	135,165.35	(2,141.56)	0.00
GNMA	2002 RMRB	5.49	10/07/04	09/20/34	160,071.96	161,067.09			(578.03)		159,493.93	157,985.89	(2,503.17)	0.00
GNMA	2002 RMRB	4.80	10/07/04	09/20/34	112,715.39	109,721.99			(446.87)		112,268.52	107,214.07	(2,061.05)	0.00
GNMA	2002 RMRB	5.49	07/15/04	04/20/34	97,256.34	97,853.07			(355.50)		96,900.84	95,976.80	(1,520.77)	0.00
GNMA	2002 RMRB	5.49	07/22/04	07/20/34	94,480.49	95,061.43			(336.73)		94,143.76	93,247.32	(1,477.38)	0.00
GNMA	2002 RMRB	5.49	07/29/04	07/20/34	53,786.83	54,117.84			(190.84)		53,595.99	53,085.94	(841.06)	0.00
GNMA	2002 RMRB	5.49	08/05/04	08/20/34	214,934.82	216,259.21			(854.43)		214,080.39	212,044.89	(3,359.89)	0.00
GNMA	2002 RMRB	5.49	08/19/04	08/20/34	183,287.12	184,418.75			(970.57)		182,316.55	180,585.09	(2,863.09)	0.00
GNMA	2002 RMRB	5.49	08/26/04	08/20/34	110,095.89	110,776.24			(390.73)		109,705.16	108,663.98	(1,721.53)	0.00
GNMA	2002 RMRB	5.49	12/02/04	11/20/34	309,710.13	311,651.26			(1,117.94)		308,592.19	305,689.86	(4,843.46)	0.00
GNMA	2002 RMRB	4.80	12/02/04	11/20/34	210,925.86	205,334.60			(843.45)		210,082.41	200,634.36	(3,856.79)	0.00
GNMA	2002 RMRB	4.80	10/14/04	09/20/34	26,685.30	25,976.79			(125.42)		26,559.88	25,364.30	(487.07)	0.00
GNMA	2002 RMRB	5.49	10/21/04	06/20/34	84,107.89	84,473.35			(431.76)		83,676.13	82,728.26	(1,313.33)	0.00
GNMA	2002 RMRB	4.80	10/28/04	09/20/34	84,118.95	81,677.58			(653.87)		83,465.08	79,502.43	(1,521.28)	0.00
GNMA	2002 RMRB	5.49	10/28/04	10/20/34	120,987.42	121,741.93			(428.91)		120,558.51	119,420.93	(1,892.09)	0.00
GNMA	2002 RMRB	5.49	11/04/04	10/20/34	58,246.93	58,610.50			(216.64)		58,030.29	57,483.04	(910.82)	0.00
GNMA	2002 RMRB	5.49	12/29/04	12/20/34	306,062.92	307,988.93			(1,059.56)		305,003.36	302,142.38	(4,786.99)	0.00
GNMA	2002 RMRB	4.80	12/29/04	12/20/34	122,615.86	119,368.57			(475.91)		122,139.95	116,649.91	(2,242.75)	0.00
GNMA	2002 RMRB	5.49	01/06/05	01/20/35	91,204.96	91,747.42			(311.57)		90,893.39	90,004.82	(1,431.03)	0.00
GNMA	2002 RMRB	5.49	01/13/05	12/20/34	99,440.95	100,067.95			(389.34)		99,051.61	98,123.70	(1,554.91)	0.00
GNMA	2002 RMRB	5.49	01/27/05	01/20/35	474,740.54	476,677.02			(94,002.32)		380,738.22	376,308.49	(6,366.21)	0.00
GNMA	2002 RMRB	5.49	03/10/05	12/20/34	96,807.70	97,422.71			(333.63)		96,474.07	96,574.74	(1,514.34)	0.00
GNMA	2002 RMRB				58,612.30	58,966.46			(58,612.30)				(354.16)	0.00
GNMA	2002 RMRB	5.49	05/05/05	03/20/35	53,774.50	54,099.98			(189.96)		53,584.54	53,066.19	(843.83)	0.00
GNMA	2002 RMRB	5.49	07/07/05	06/20/35	116,368.85	117,079.90			(49,519.64)		66,849.21	66,206.42	(1,353.84)	0.00
GNMA	2002 RMRB	4.80	07/07/05	06/20/35	70,863.31	67,662.45			(277.45)		70,585.86	66,144.11	(1,240.89)	0.00
GNMA	2002 RMRB	4.80	06/02/05	04/20/35	286,182.89	272,570.93			(1,147.83)		285,035.06	266,416.25	(5,006.85)	0.00
GNMA	2002 RMRB	5.49	09/08/05	08/20/35	115,670.26	116,165.27			(404.19)		115,266.07	113,947.74	(1,813.34)	0.00
GNMA	2002 RMRB	5.49	09/15/05	09/20/35	215,637.41	216,562.03			(733.70)		214,903.71	212,447.56	(3,380.77)	0.00
GNMA	2002 RMRB	5.49	08/04/05	08/20/35	286,155.80	287,912.14			(1,222.50)		284,933.30	282,201.11	(4,488.53)	0.00
GNMA	2002 RMRB	5.49	09/01/05	09/20/35	238,308.17	239,327.08			(774.34)		237,533.83	234,816.19	(3,736.55)	0.00
GNMA	2002 RMRB	4.80	10/13/05	09/20/35	109,101.81	104,091.44			(417.67)		108,684.14	101,751.76	(1,922.01)	0.00
GNMA	2002 RMRB	5.49	10/13/05	10/20/35	224,261.84	225,652.41			(750.91)		223,510.93	221,381.57	(3,519.93)	0.00
GNMA	2002 RMRB	5.49	12/19/05	12/20/35	216,245.55	217,599.38			(693.87)		215,551.68	213,510.86	(3,394.65)	0.00
GNMA	2002 RMRB	5.49	11/17/05	11/20/35	218,875.46	220,239.52			(753.76)		218,121.70	216,050.43	(3,435.33)	0.00
GNMA	2002 RMRB	4.80	11/22/05	10/20/35	204,563.77	195,298.79			(972.09)		203,591.68	190,756.11	(3,570.59)	0.00
GNMA	2002 RMRB	4.80	12/22/05	12/20/35	184,018.29	175,678.82			(722.91)		183,295.38	171,734.32	(3,221.59)	0.00
GNMA	2002 RMRB	5.49	12/29/05	11/20/35	159,409.00	160,408.29			(516.29)		158,892.71	157,389.44	(2,502.56)	0.00
GNMA	2002 RMRB	5.49	01/12/06	01/20/36	290,307.83	291,979.42			(922.41)		289,385.42	286,497.09	(4,559.92)	0.00
GNMA	2002 RMRB	5.49	03/09/06	03/20/36	274,104.93	275,697.17			(1,134.79)		272,970.14	270,259.33	(4,303.05)	0.00
GNMA	2002 RMRB	5.49	03/02/06	03/20/36	155,304.13	156,205.31			(491.86)		154,812.27	153,273.92	(2,439.53)	0.00
GNMA	2002 RMRB	5.49	02/23/06	02/20/36	320,008.01	321,862.64			(10,055.80)		309,952.21	306,870.08	(4,936.76)	0.00
GNMA	2002 RMRB	5.49	03/16/06	03/20/36	243,024.58	244,437.75			(774.88)		242,249.70	239,845.40	(3,817.47)	0.00
GNMA	2002 RMRB	5.49	03/30/06	03/20/36	340,517.09	341,858.47			(1,108.92)		339,408.17	335,406.39	(5,343.16)	0.00
GNMA	2002 RMRB	5.49	04/06/06	04/20/36	301,632.87	303,392.66			(952.52)		300,680.35	297,701.84	(4,738.30)	0.00
FNMA	2002 RMRB	5.49	05/29/03	04/01/33	234,655.92	234,168.89			(926.61)		233,729.31	229,686.01	(3,556.27)	0.00
FNMA	2002 RMRB	4.80	09/18/03	07/01/33	70,304.19	67,983.54			(310.84)		69,993.35	66,358.86	(1,313.84)	0.00
FNMA	2002 RMRB	5.49	12/04/03	11/01/33	130,285.67	130,026.06			(538.04)		129,747.63	127,513.84	(1,974.18)	0.00
FNMA	2002 RMRB	4.80	01/15/04	11/01/33	273,929.80	264,901.60			(4,123.08)		269,806.72	255,810.11	(4,968.41)	0.00
FNMA	2002 RMRB	4.80	02/26/04	01/01/34	95,822.62	92,600.90			(898.34)		94,924.28	89,955.03	(1,747.53)	0.00
FNMA	2002 RMRB	5.49	04/08/04	06/01/33	62,830.31	62,707.86			(253.36)		62,576.95	61,502.23	(952.27)	0.00
FNMA	2002 RMRB	5.49	09/02/04	08/01/34	224,106.01	224,589.69			(855.67)		223,250.34	220,312.45	(3,421.57)	0.00
FNMA	2002 RMRB	4.80	09/01/04	08/01/34	55,281.26	53,427.00			(256.56)		55,024.70	52,148.47	(1,021.97)	0.00
FNMA	2002 RMRB	4.80	11/10/04	10/01/34	56,102.44	54,222.34			(223.29)		55,879.15	52,959.85	(1,039.20)	0.00
FNMA	2002 RMRB	5.49	04/07/05	01/01/35	82,900.06	82,643.35			(286.69)		82,613.37	81,097.10	(1,259.56)	0.00
FNMA	2002 RMRB	5.49	07/14/05	05/01/35	35,435.91	35,327.73			(226.97)		35,208.94	34,564.24	(536.52)	0.00
FNMA	2002 RMRB	4.80	07/14/05	04/01/35	69,617.47	65,975.71			(279.37)		69,338.10	64,471.03	(1,225.31)	0.00
FNMA	2002 RMRB	5.49	11/03/05	10/01/35	223,537.40	222,865.97			(1,312.67)		222,224.73	218,166.43	(3,386.87)	0.00
FNMA	2002 RMRB				104,732.30	101,145.20			(104,732.30)				3,587.10	0.00
FNMA	2002 RMRB	4.80	12/15/05	10/01/35	65,592.56	62,148.00			(254.78)		65,337.78	60,738.45	(1,154.77)	0.00
FNMA	2002 RMRB	5.49	04/27/06	03/01/36	212,944.51	212,137.13			(712.64)		212,231.87	208,175.81	(3,248.68)	0.00
FNMA	2002 RMRB	5.49	04/27/06	10/01/35	70,973.88	70,765.98			(232.59)		70,741.29	69,454.57	(1,078.82)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	2002 RMRB	5.28	05/31/07	06/01/07	44,983.88	44,983.88		(39,315.70)			5,668.18	5,668.18	-	0.00
	2002 RMRB Total				31,635,881.96	31,583,138.48	1,070,245.20	(39,760.91)	(610,912.69)	0.00	32,255,453.56	31,491,714.24	(510,995.84)	0.00
Repo Agmt	1999 B-D RMRB	5.28	05/31/07	06/01/07	55,638.85	55,638.85	59,491.68				115,130.53	115,130.53	-	0.00
GIC's	1999 B-D RMRB	6.40	12/02/99	07/01/32	1,219,265.23	1,219,265.23	1,584,325.45				2,803,590.68	2,803,590.68	-	0.00
GIC's	1999 B-D RMRB	6.40	12/02/99	07/01/32	1,821,831.58	1,821,831.58	0.00				1,821,831.58	1,821,831.58	-	0.00
GNMA	1999 B-D RMRB				29,484.49	31,393.91			(29,484.49)				(1,909.42)	0.00
GNMA	1999 B-D RMRB	8.18	08/01/90	06/20/20	209,836.28	223,095.28			(12,718.64)		197,117.64	209,741.77	(634.87)	0.00
GNMA	1999 B-D RMRB	7.18	08/01/90	06/20/20	71,888.02	74,005.30			(1,020.55)		70,867.47	73,362.07	377.32	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	243,801.11	259,209.88			(3,050.97)		240,750.14	256,172.49	13.58	0.00
GNMA	1999 B-D RMRB	8.18	07/02/90	05/20/20	86,601.27	92,072.13			(27,270.09)		59,331.18	63,130.10	(1,671.94)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	191,959.04	204,097.01			(3,467.48)		188,491.56	200,571.84	(57.69)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	08/20/20	157,903.78	167,885.05			(2,292.79)		155,610.99	165,580.73	(11.53)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	112,330.26	119,429.82			(1,662.62)		110,667.64	117,756.99	(10.21)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	08/20/20	117,266.30	124,680.29			(1,166.96)		116,099.34	123,539.08	25.75	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	75,302.94	80,064.54			(1,049.72)		74,253.22	79,012.08	(2.74)	0.00
GNMA	1999 B-D RMRB	7.18	11/01/90	09/20/20	101,861.59	104,866.04			(1,188.23)		100,673.36	104,221.60	543.79	0.00
GNMA	1999 B-D RMRB	8.18	12/03/90	10/20/20	49,079.88	52,184.08			(714.01)		48,365.87	51,466.38	(3.69)	0.00
GNMA	1999 B-D RMRB	8.75	12/28/89	09/20/18	1,041,814.95	1,108,450.04			(112,326.18)		929,488.77	989,734.00	(6,389.86)	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	10/20/18	98,282.13	104,568.68			(1,422.91)		96,859.22	103,137.55	(8.22)	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	09/20/18	99,446.37	105,806.42			(1,345.44)		98,100.93	104,458.89	(2.09)	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	11/20/18	230,131.25	244,855.02			(4,144.90)		225,986.35	240,638.11	(72.01)	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	12/20/18	112,494.74	119,693.03			(1,781.16)		110,713.58	117,892.66	(19.21)	0.00
GNMA	1999 B-D RMRB	8.75	02/27/90	01/20/19	112,579.71	119,984.45			(2,707.53)		109,872.18	117,183.94	(92.98)	0.00
GNMA	1999 B-D RMRB	8.75	05/29/90	04/20/19	142,208.49	151,568.56			(2,521.30)		139,687.19	148,989.54	(57.72)	0.00
GNMA	1999 B-D RMRB	8.75	06/28/90	05/20/19	49,336.91	52,585.00			(580.26)		48,756.65	52,004.32	(0.42)	0.00
GNMA	1999 B-D RMRB	7.18	02/01/91	11/20/20	119,667.84	123,201.78			(3,053.73)		116,614.11	120,728.37	580.32	0.00
GNMA	1999 B-D RMRB	8.18	02/25/91	11/20/20	100,284.78	106,630.13			(1,116.05)		99,168.73	105,528.49	14.41	0.00
GNMA	1999 B-D RMRB	7.18	05/02/91	02/20/21	111,843.24	115,227.19			(1,747.87)		110,095.37	114,067.21	587.89	0.00
GNMA	1999 B-D RMRB	8.75	09/28/90	08/20/19	92,911.59	99,032.74			(1,165.85)		91,745.74	97,861.16	(5.73)	0.00
GNMA	1999 B-D RMRB	8.75	10/23/90	09/20/19	52,682.60	56,154.13			(1,119.88)		51,562.72	55,000.45	(33.80)	0.00
GNMA	1999 B-D RMRB	8.75	11/28/90	09/20/19	135,166.74	144,074.69			(1,462.14)		133,704.60	142,619.77	7.22	0.00
GNMA	1999 B-D RMRB	8.75	12/21/90	09/20/19	52,066.77	55,498.41			(570.06)		51,496.71	54,930.66	2.31	0.00
GNMA	1999 B-D RMRB	8.75	01/25/91	12/20/19	116,714.48	124,410.95			(1,254.29)		115,460.19	123,163.40	6.74	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	02/20/20	50,491.02	53,901.50			(877.53)		49,613.49	53,001.70	(22.27)	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	12/20/19	56,542.77	60,272.11			(599.76)		55,943.01	59,676.13	3.78	0.00
GNMA	1999 B-D RMRB	8.18	05/02/91	03/20/21	195,569.41	208,239.25			(2,676.62)		192,892.79	205,548.77	(13.86)	0.00
GNMA	1999 B-D RMRB	6.10	07/26/00	07/20/30	1,545,023.33	1,563,223.70			(79,308.17)		1,465,715.16	1,484,901.37	985.84	0.00
FNMA	1999 B-D RMRB	6.10	04/28/00	04/01/30	164,827.69	167,590.19			(991.60)		163,836.09	166,205.15	(393.44)	0.00
GNMA	1999 B-D RMRB	6.10	04/20/00	04/20/30	1,065,281.33	1,077,830.31			(15,854.03)		1,049,427.30	1,063,164.26	1,187.98	0.00
GNMA	1999 B-D RMRB	6.10	04/27/00	04/20/30	1,020,225.23	1,032,243.40			(6,637.60)		1,013,587.63	1,026,855.41	1,249.61	0.00
GNMA	1999 B-D RMRB	6.10	06/26/00	06/20/30	1,368,285.18	1,384,403.55			(101,698.25)		1,266,586.93	1,283,166.47	461.17	0.00
GNMA	1999 B-D RMRB	6.10	05/30/00	03/20/30	1,869,844.26	1,891,871.02			(88,540.22)		1,781,304.04	1,804,621.28	1,290.48	0.00
FNMA	1999 B-D RMRB	6.10	05/30/00	05/01/30	224,677.46	228,443.04			(2,910.63)		221,766.83	224,973.56	(558.85)	0.00
FNMA	1999 B-D RMRB	6.10	06/26/00	06/01/30	96,620.61	98,239.97			(787.94)		95,832.67	97,218.41	(233.62)	0.00
GNMA	1999 B-D RMRB	6.10	09/14/00	08/20/30	2,809,184.33	2,842,276.52			(91,435.63)		2,717,748.70	2,753,324.00	2,483.11	0.00
GNMA	1999 B-D RMRB	6.10	10/19/00	09/20/30	1,038,269.52	1,050,500.35			(100,352.70)		937,916.82	950,194.15	46.50	0.00
GNMA	1999 B-D RMRB	6.10	10/23/00	10/20/30	372,715.67	377,106.25			(1,773.72)		370,941.95	375,797.57	465.04	0.00
GNMA	1999 B-D RMRB	6.10	10/27/00	10/20/30	262,087.60	265,174.98			(2,197.39)		259,890.21	263,292.16	314.57	0.00
GNMA	1999 B-D RMRB	6.10	10/30/00	10/20/30	264,170.83	267,282.72			(1,243.66)		262,927.17	266,368.85	329.79	0.00
FNMA	1999 B-D RMRB	6.10	07/24/00	07/01/30	47,919.56	48,722.68			(284.19)		47,635.37	48,324.17	(114.32)	0.00
GNMA	1999 B-D RMRB	6.10	01/16/01	12/20/30	108,400.46	109,677.41			(898.76)		107,501.70	108,908.89	130.24	0.00
GNMA	1999 B-D RMRB	6.10	01/29/01	12/20/30	57,349.64	58,025.21			(367.53)		56,982.11	57,728.00	70.32	0.00
GNMA	1999 B-D RMRB	6.10	12/21/00	11/20/30	541,682.56	548,063.55			(3,677.25)		538,005.31	545,047.77	661.47	0.00
GNMA	1999 B-D RMRB	6.10	12/27/00	12/20/30	255,197.75	258,203.97			(2,915.88)		252,281.87	255,584.23	296.14	0.00
GNMA	1999 B-D RMRB	6.10	02/20/01	01/20/31	113,421.74	114,712.45			(508.73)		112,913.01	114,351.49	147.77	0.00
GNMA	1999 B-D RMRB	6.10	03/15/01	03/20/31	203,251.04	205,564.04			(1,001.82)		202,249.22	204,825.88	263.66	0.00
GNMA	1999 B-D RMRB	6.10	03/29/01	03/20/31	105,861.36	107,066.06			(481.47)		105,379.89	106,722.42	137.83	0.00
GNMA	1999 B-D RMRB	6.10	05/10/01	04/20/31	786,318.98	795,267.27			(107,277.64)		679,041.34	687,692.29	(297.34)	0.00
FNMA	1999 B-D RMRB	6.10	09/11/00	08/01/30	867,828.32	882,373.12			(99,989.30)		767,839.02	778,941.97	(3,441.85)	0.00
FNMA	1999 B-D RMRB	6.10	10/06/00	10/01/30	110,807.64	112,664.77			(1,203.06)		109,604.58	111,189.44	(272.27)	0.00
GNMA	1999 B-D RMRB	6.10	05/30/01	05/20/31	263,590.17	266,589.82			(1,279.85)		262,310.32	265,652.15	342.18	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	1999 B-D RMRB	6.10	06/18/01	04/20/31	214,033.53	216,469.22			(1,446.17)		212,587.36	215,295.72	272.67	0.00
GNMA	1999 B-D RMRB	6.10	07/25/01	06/20/31	534,836.07	540,922.51			(3,016.57)		531,819.50	538,594.88	688.94	0.00
GNMA	1999 B-D RMRB	6.10	08/31/01	08/20/31	558,711.31	565,069.44			(2,380.13)		556,331.18	563,418.84	729.53	0.00
FNMA	1999 B-D RMRB	6.10	12/27/00	11/01/30	149,564.44	152,071.12			(2,300.04)		147,264.40	149,393.83	(377.25)	0.00
FNMA	1999 B-D RMRB	6.10	01/12/01	12/01/30	107,469.19	109,270.37			(61,479.09)		45,990.10	46,655.11	(1,136.17)	0.00
FNMA	1999 B-D RMRB	6.10	02/05/01	01/01/31	256,651.06	260,952.53			(1,910.79)		254,740.27	258,423.81	(617.93)	0.00
GNMA	1999 B-D RMRB	6.10	12/27/01	10/20/31	62,987.11	63,703.90			(1,371.83)		61,615.28	62,400.25	68.18	0.00
GNMA	1999 B-D RMRB	6.10	09/20/01	08/20/31	331,516.68	335,289.30			(83,859.85)		247,656.83	250,811.94	(617.51)	0.00
GNMA	1999 B-D RMRB	6.10	09/28/01	09/20/31	70,888.40	71,695.10			(883.14)		70,005.26	70,897.12	85.16	0.00
GNMA	1999 B-D RMRB	6.10	10/17/01	09/20/31	179,913.91	181,961.32			(862.45)		179,051.46	181,332.57	233.70	0.00
GNMA	1999 B-D RMRB	6.10	10/30/01	05/20/31	42,140.44	42,619.99			(229.98)		41,910.46	42,444.39	54.38	0.00
FNMA	1999 B-D RMRB	6.10	03/15/01	02/01/31	270,549.89	275,084.30			(1,915.51)		268,634.38	272,518.82	(649.97)	0.00
GNMA	1999 B-D RMRB	6.10	02/25/02	02/20/32	944,914.93	955,469.63			(4,951.98)		939,962.95	951,580.89	1,063.24	0.00
GNMA	1999 B-D RMRB	6.10	05/24/02	05/20/32	238,303.43	240,965.27			(1,052.57)		237,250.86	240,183.27	270.57	0.00
GNMA	1999 B-D RMRB	6.10	03/21/02	03/20/32	333,183.11	336,904.81			(1,449.75)		331,733.36	335,833.63	378.57	0.00
GNMA	1999 B-D RMRB	6.10	04/17/02	03/20/32	687,066.40	694,740.88			(3,238.81)		683,827.59	692,279.66	777.59	0.00
GNMA	1999 B-D RMRB	6.10	04/29/02	04/20/32	587,703.59	594,268.22			(96,526.92)		491,176.67	497,247.59	(493.71)	0.00
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	96,879.78	96,950.75			(375.96)		95,503.82	96,684.24	109.45	0.00
GNMA	1999 B-D RMRB	6.10	06/03/02	05/20/32	310,494.16	313,962.38			(1,215.42)		309,278.74	313,101.42	354.46	0.00
GNMA	1999 B-D RMRB	6.10	06/19/02	04/20/32	210,894.86	213,250.55			(822.45)		210,072.41	212,668.90	240.80	0.00
GNMA	1999 B-D RMRB	6.10	06/28/02	06/20/32	60,620.08	61,297.20			(235.95)		60,384.13	61,130.47	69.22	0.00
GNMA	1999 B-D RMRB	6.10	11/12/02	10/20/32	91,935.69	92,962.61			(347.90)		91,587.79	92,719.81	105.10	0.00
GNMA	1999 B-D RMRB	6.10	10/21/02	09/20/32	96,578.41	97,657.19			(365.97)		96,212.44	97,401.62	110.40	0.00
GNMA	1999 B-D RMRB	6.10	01/30/03	01/20/33	107,225.95	108,365.76			(394.80)		106,831.15	108,081.07	110.11	0.00
FNMA	1999 B-D RMRB	6.10	10/17/01	09/01/31	79,528.22	80,811.80			(414.21)		79,114.01	80,207.36	(190.23)	0.00
FNMA	1999 B-D RMRB	6.10	01/28/02	11/01/31	204,536.84	207,838.06			(943.47)		203,593.37	206,407.02	(487.57)	0.00
FNMA	1999 B-D RMRB	6.10	04/17/02	02/01/32	35,136.95	35,680.51			(139.49)		34,997.46	35,464.32	(76.70)	0.00
Repo Agmt	1999 B-D RMRB	5.28	05/31/07	06/01/07	14,101.43	14,101.43		(13,791.06)			310.37	310.37	-	0.00
	1999 B-D RMRB Total				29,954,494.53	30,497,325.57	1,643,817.13	(13,791.06)	(1,215,308.23)	0.00	30,369,212.37	30,909,813.30	(2,230.11)	0.00
Repo Agmt	2000 A RMRB	5.28	05/31/07	06/01/07	75,321.91	75,321.91	1,012.70				76,334.61	76,334.61	-	0.00
Repo Agmt	2000 A RMRB	5.28	05/31/07	06/01/07	165,668.85	165,668.85		(151,847.79)			13,821.06	13,821.06	-	0.00
GIC's	2000 A RMRB	6.51	05/01/00	07/01/31	487,432.95	487,432.95	790,648.70				1,278,081.65	1,278,081.65	-	0.00
GIC's	2000 A RMRB	6.51	05/01/00	07/01/31	320,672.14	320,672.14	0.00				320,672.14	320,672.14	-	0.00
GNMA	2000 A RMRB	6.45	07/28/00	07/20/30	470,225.74	481,920.21			(61,681.34)		408,544.40	419,039.87	(1,199.00)	0.00
GNMA	2000 A RMRB	6.45	09/14/00	08/20/30	1,914,413.38	1,962,024.83			(10,795.82)		1,903,617.56	1,952,521.44	1,292.43	0.00
GNMA	2000 A RMRB	6.45	10/16/00	09/20/30	391,767.41	401,510.63			(1,875.06)		389,892.35	399,908.65	273.08	0.00
GNMA	2000 A RMRB	6.45	10/23/00	10/20/30	663,483.24	679,984.05			(73,889.10)		589,594.14	604,740.79	(1,354.16)	0.00
GNMA	2000 A RMRB	6.45	10/30/00	10/20/30	430,093.12	440,789.50			(2,174.75)		427,918.37	438,911.57	296.82	0.00
FNMA	2000 A RMRB	6.45	07/28/00	06/01/30	150,459.48	154,469.21			(714.13)		149,745.35	153,411.11	(343.97)	0.00
GNMA	2000 A RMRB	6.45	01/08/01	12/20/30	163,657.87	167,728.02			(699.90)		162,957.97	167,144.34	116.22	0.00
GNMA	2000 A RMRB	6.45	01/29/01	01/20/31	120,027.58	123,004.23			(1,962.82)		118,064.76	121,074.20	32.79	0.00
GNMA	2000 A RMRB	6.45	11/16/00	11/20/30	811,084.61	831,256.30			(3,964.59)		807,120.02	827,854.95	563.24	0.00
GNMA	2000 A RMRB	6.45	11/29/00	11/20/30	322,136.35	330,147.86			(1,550.23)		320,586.12	328,821.96	224.33	0.00
GNMA	2000 A RMRB	6.45	12/21/00	11/20/30	398,806.40	408,724.68			(2,349.23)		396,457.17	406,642.13	266.68	0.00
GNMA	2000 A RMRB	6.45	12/27/00	11/20/30	138,884.44	142,338.52			(603.30)		138,281.14	141,833.61	98.39	0.00
GNMA	2000 A RMRB	6.45	02/20/01	01/20/31	222,489.20	228,006.94			(1,030.60)		221,458.60	227,103.59	127.25	0.00
GNMA	2000 A RMRB	6.45	02/28/01	02/20/31	363,777.60	372,799.27			(1,938.40)		361,839.20	371,062.46	201.59	0.00
GNMA	2000 A RMRB	6.45	03/15/01	06/20/31	391,325.55	401,030.41			(2,062.87)		389,262.68	399,184.97	217.43	0.00
GNMA	2000 A RMRB	6.45	03/29/01	02/20/31	171,908.38	176,171.70			(71,600.66)		100,307.72	102,864.56	(1,706.48)	0.00
GNMA	2000 A RMRB	6.45	04/30/01	04/20/31	229,058.41	234,739.07			(1,241.40)		227,817.01	233,624.08	126.41	0.00
FNMA	2000 A RMRB	6.45	09/11/00	08/01/30	349,248.25	358,555.71			(1,911.05)		347,337.20	355,840.00	(804.66)	0.00
FNMA	2000 A RMRB	6.45	10/06/00	09/01/30	28,718.72	29,484.07			(124.29)		28,594.43	29,294.41	(65.37)	0.00
FNMA	2000 A RMRB	6.45	11/16/00	10/01/30	194,717.20	199,906.41			(871.64)		193,845.56	198,590.89	(443.88)	0.00
GNMA	2000 A RMRB	6.45	05/30/01	05/30/31	503,320.96	515,803.50			(2,167.62)		501,153.34	513,927.93	292.05	0.00
GNMA	2000 A RMRB	6.45	06/18/01	03/20/31	216,791.78	222,168.21			(1,295.68)		215,496.10	220,989.09	116.56	0.00
GNMA	2000 A RMRB	6.45	07/16/01	06/20/31	126,566.00	131,754.43			(649.05)		127,916.95	131,177.55	72.17	0.00
GNMA	2000 A RMRB	6.45	08/08/01	07/20/31	229,549.99	235,242.83			(905.68)		228,644.31	234,472.45	135.30	0.00
GNMA	2000 A RMRB	6.45	08/31/01	08/20/31	204,731.30	209,808.61			(980.65)		203,750.65	208,944.23	116.27	0.00
FNMA	2000 A RMRB	6.45	12/27/00	11/01/30	207,747.61	213,284.10			(996.32)		206,751.29	211,812.58	(475.20)	0.00
FNMA	2000 A RMRB	6.45	02/05/01	01/01/31	88,000.81	90,346.02			(734.46)		87,266.35	89,402.63	(208.93)	0.00
GNMA	2000 A RMRB	6.45	11/29/01	11/20/31	403,055.93	413,051.65			(1,876.97)		401,178.96	411,404.94	230.26	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2000 A RMRB	6.45	12/17/01	11/20/31	175,761.97	180,120.84			(1,367.22)		174,394.75	178,840.04	86.42	0.00
GNMA	2000 A RMRB	6.45	12/27/01	12/20/31	434,349.88	445,121.75			(2,309.88)		432,040.00	443,052.70	240.83	0.00
GNMA	2000 A RMRB	6.45	09/25/01	09/20/31	197,715.81	202,619.14			(10,175.78)		187,540.03	192,320.40	(122.96)	0.00
GNMA	2000 A RMRB	6.45	09/28/01	09/20/31	644,353.57	660,333.50			(4,116.28)		640,237.29	656,556.91	339.69	0.00
GNMA	2000 A RMRB	6.45	10/17/01	10/20/31	292,655.17	299,912.99			(5,622.82)		287,032.35	294,348.77	58.60	0.00
GNMA	2000 A RMRB	6.45	10/30/01	10/20/31	262,573.17	269,085.01			(1,027.81)		261,545.36	268,212.18	154.98	0.00
GNMA	2000 A RMRB	6.45	11/15/01	11/20/31	201,472.46	206,468.99			(1,912.57)		199,559.89	204,646.69	90.27	0.00
FNMA	2000 A RMRB	6.45	03/29/01	02/01/31	137,442.00	141,104.82			(2,722.14)		134,719.86	138,017.80	(364.88)	0.00
GNMA	2000 A RMRB	6.45	01/22/02	01/20/32	570,993.88	585,068.83			(2,658.77)		568,335.11	582,617.33	207.27	0.00
GNMA	2000 A RMRB	6.45	01/30/02	12/20/31	131,231.44	134,485.97			(550.15)		130,681.29	134,012.35	76.53	0.00
GNMA	2000 A RMRB	6.45	02/25/02	02/20/32	1,363,002.87	1,396,600.85			(6,853.89)		1,356,148.98	1,390,228.97	482.01	0.00
FNMA	2000 A RMRB	6.45	07/12/01	06/01/31	138,109.58	141,711.47			(560.49)		137,549.09	140,875.02	(275.96)	0.00
GNMA	2000 A RMRB	6.45	05/15/02	04/20/32	89,265.83	91,466.23			(338.70)		88,927.13	91,161.86	34.33	0.00
GNMA	2000 A RMRB	6.45	05/24/02	05/20/32	209,565.10	214,730.87			(1,206.01)		208,359.09	213,595.15	70.29	0.00
GNMA	2000 A RMRB	6.45	03/21/02	02/20/32	389,263.16	398,858.51			(1,534.51)		387,728.65	397,472.28	148.28	0.00
GNMA	2000 A RMRB	6.45	04/17/02	03/20/32	350,270.72	358,904.88			(1,745.44)		348,525.28	357,283.71	124.27	0.00
GNMA	2000 A RMRB	6.45	04/29/02	04/20/32	91,944.86	94,211.29			(377.51)		91,567.35	93,868.43	34.65	0.00
GNMA	2000 A RMRB	6.45	05/15/02	03/20/32	66,417.68	68,054.87			(259.23)		66,158.45	67,821.01	25.37	0.00
GNMA	2000 A RMRB	6.45	08/29/02	08/20/32	63,903.20	65,478.41			(230.81)		63,672.39	65,272.47	24.87	0.00
GNMA	2000 A RMRB	6.45	06/03/02	05/20/32	64,339.38	65,925.34			(676.88)		63,662.50	65,262.33	13.87	0.00
GNMA	2000 A RMRB	6.45	07/05/02	03/20/32	40,612.76	41,613.86			(580.74)		40,032.02	41,038.02	4.90	0.00
GNMA	2000 A RMRB	6.45	08/01/02	05/20/32	61,037.28	62,541.84			(224.71)		60,812.57	62,340.78	23.65	0.00
GNMA	2000 A RMRB	6.45	11/12/02	11/20/32	131,697.57	134,943.91			(480.78)		131,216.79	134,514.26	51.13	0.00
GNMA	2000 A RMRB	6.45	10/21/02	10/20/32	73,436.65	75,246.86			(262.36)		73,174.29	75,013.15	28.65	0.00
GNMA	2000 A RMRB				63,952.57	65,529.00			(63,952.57)				(1,576.43)	0.00
GNMA	2000 A RMRB	6.45	11/26/02	11/20/32	39,740.69	40,720.29			(238.06)		39,502.63	40,495.33	13.10	0.00
GNMA	2000 A RMRB	6.45	12/30/02	12/20/32	66,490.84	68,129.83			(232.81)		66,258.03	67,923.09	26.07	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	77,890.87	79,754.01			(293.51)		77,597.36	79,486.85	26.35	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	51,869.92	53,110.64			(194.68)		51,675.24	52,933.53	17.57	0.00
FNMA	2000 A RMRB	6.45	09/26/01	09/01/31	158,575.99	162,711.64			(1,102.56)		157,473.43	161,281.13	(327.95)	0.00
FNMA	2000 A RMRB	6.45	10/17/01	09/01/31	160,117.00	164,292.85			(642.77)		159,474.23	163,330.31	(319.77)	0.00
FNMA	2000 A RMRB	6.45	12/27/01	11/01/31	84,711.58	86,920.85			(657.64)		84,053.94	86,086.36	(176.85)	0.00
FNMA	2000 A RMRB	6.45	04/17/02	03/01/32	119,463.53	122,493.12			(583.84)		118,879.69	121,681.68	(227.60)	0.00
Repo Agmt	2000 A RMRB	5.28	05/31/07	06/01/07	19,406.68	19,406.68		(19,004.75)			401.93	401.93	-	0.00
	2000 A RMRB Total				17,980,778.82	18,402,826.76	791,661.40	(170,852.54)	(368,341.53)	0.00	18,233,246.15	18,652,503.26	(2,790.83)	0.00
Repo Agmt	2003A RMRB	5.28	05/31/07	06/01/07	40,034.83	40,034.83	538.28				40,573.11	40,573.11	-	0.00
Repo Agmt	2003A RMRB	5.28	05/31/07	06/01/07	21,727.61	21,727.61	701.31				22,428.92	22,428.92	-	0.00
GIC's	2003A RMRB	4.13	08/20/03	06/28/34	1,204,734.84	1,204,734.84	1,619,687.46				2,824,422.30	2,824,422.30	-	0.00
Repo Agmt	2003A RMRB	5.28	05/31/07	06/01/07	2,096.36	2,096.36	28.37				2,124.73	2,124.73	-	0.00
GNMA	2003A RMRB	4.49	03/25/04	03/20/34	10,913,836.50	10,378,573.45			(172,576.85)		10,741,259.65	10,023,025.83	(182,970.77)	0.00
GNMA	2003A RMRB	4.49	03/30/04	03/20/34	1,794,455.59	1,706,454.39			(109,429.38)		1,685,026.21	1,572,360.21	(24,664.80)	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	1,310,514.56	1,246,360.54			(6,170.54)		1,304,344.02	1,217,242.10	(22,947.90)	0.00
GNMA	2003A RMRB	5.49	07/08/04	06/20/34	167,682.45	168,711.10			(688.46)		166,993.99	165,401.54	(2,621.10)	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	180,207.38	171,849.29			(813.05)		179,394.33	167,870.77	(3,165.47)	0.00
GNMA	2003A RMRB	5.49	07/08/04	07/20/34	172,237.57	172,971.28			(1,748.34)		170,489.23	168,543.86	(2,679.08)	0.00
GNMA	2003A RMRB	4.49	04/08/04	04/20/34	1,762,668.52	1,680,777.84			(9,278.89)		1,753,389.63	1,640,626.58	(30,872.37)	0.00
GNMA	2003A RMRB	4.49	04/15/04	04/20/34	1,132,744.23	1,080,125.33			(5,074.44)		1,127,669.79	1,055,153.03	(19,897.86)	0.00
GNMA	2003A RMRB	5.49	04/15/04	04/20/34	62,799.98	63,180.58			(230.29)		62,569.69	61,968.46	(981.83)	0.00
GNMA	2003A RMRB	4.49	04/22/04	04/20/34	1,336,555.94	1,274,477.19			(6,226.01)		1,330,329.93	1,244,788.30	(23,462.88)	0.00
GNMA	2003A RMRB	4.49	04/29/04	04/20/34	1,065,495.71	1,013,270.75			(4,786.90)		1,060,708.81	989,812.54	(18,671.31)	0.00
GNMA	2003A RMRB	5.49	04/29/04	04/20/34	59,856.08	60,219.50			(216.62)		59,639.46	59,067.04	(935.84)	0.00
GNMA	2003A RMRB	4.49	05/06/04	05/20/34	662,201.75	629,749.19			(2,876.62)		659,325.13	615,262.35	(11,610.22)	0.00
GNMA	2003A RMRB	4.49	05/13/04	05/20/34	529,429.87	503,487.13			(2,641.31)		526,788.56	491,585.70	(9,260.12)	0.00
GNMA	2003A RMRB	5.49	05/01/04	04/20/34	97,915.70	98,510.40			(1,058.39)		96,857.31	95,927.87	(1,524.14)	0.00
GNMA	2003A RMRB	4.49	05/20/04	05/20/34	1,368,429.27	1,301,382.38			(6,065.53)		1,362,363.74	1,271,330.95	(23,985.90)	0.00
GNMA	2003A RMRB	4.49	05/27/04	05/20/34	647,385.97	615,670.11			(2,808.93)		644,577.04	601,509.64	(11,351.54)	0.00
GNMA	2003A RMRB	4.49	06/03/04	06/20/34	942,018.42	895,876.39			(4,074.57)		937,943.85	875,283.04	(16,518.78)	0.00
GNMA	2003A RMRB	4.49	06/10/04	06/20/34	549,247.13	522,346.50			(2,345.81)		546,901.32	510,367.31	(9,633.38)	0.00
GNMA	2003A RMRB	4.49	06/17/04	06/20/34	1,177,862.87	1,120,181.12			(5,202.32)		1,172,660.55	1,094,331.26	(20,647.54)	0.00
GNMA	2003A RMRB	4.49	06/24/04	06/20/34	1,266,336.73	1,204,329.55			(5,526.78)		1,260,809.95	1,176,599.73	(22,203.04)	0.00
GNMA	2003A RMRB	5.49	06/24/04	06/20/34	1,154,611.91	1,161,682.02			(4,634.60)		1,149,977.31	1,138,998.49	(18,048.93)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2003A RMRB	4.49	09/02/04	08/20/34	133,345.74	126,824.17			(572.33)		132,773.41	123,913.02	(2,338.82)	0.00
GNMA	2003A RMRB	5.49	09/09/04	09/20/34	83,445.06	83,961.86			(1,841.69)		81,603.37	80,829.93	(1,290.24)	0.00
GNMA	2003A RMRB	4.49	09/09/04	09/20/34	154,829.09	147,258.01			(656.58)		154,172.51	143,885.26	(2,716.17)	0.00
GNMA	2003A RMRB	5.49	09/16/04	09/20/34	168,198.82	169,241.57			(589.31)		167,609.51	166,021.91	(2,630.35)	0.00
GNMA	2003A RMRB	4.49	09/16/04	09/20/34	1,146,131.46	1,090,092.76			(5,645.06)		1,140,486.40	1,064,393.22	(20,054.48)	0.00
GNMA	2003A RMRB	5.49	09/23/04	09/20/34	75,527.81	75,996.50			(265.38)		75,262.43	74,549.99	(1,181.13)	0.00
GNMA	2003A RMRB	4.49	09/23/04	09/20/34	197,091.56	187,963.27			(981.09)		196,110.47	183,525.72	(3,456.46)	0.00
GNMA	2003A RMRB	4.49	09/29/04	09/20/34	572,558.76	544,570.25			(2,523.76)		570,035.00	532,008.22	(10,038.27)	0.00
GNMA	2003A RMRB	5.49	09/29/04	09/20/34	203,655.28	204,537.89			(1,036.06)		202,619.22	200,321.98	(3,179.85)	0.00
GNMA	2003A RMRB	5.49	10/07/04	09/20/34	136,069.63	136,915.55			(476.68)		135,592.95	134,310.91	(2,127.96)	0.00
GNMA	2003A RMRB	4.49	10/07/04	10/20/34	446,892.05	425,049.94			(2,434.61)		444,457.44	414,811.22	(7,804.11)	0.00
GNMA	2003A RMRB	5.49	07/15/04	06/20/34	52,750.71	53,074.63			(188.36)		52,562.35	52,061.43	(824.84)	0.00
GNMA	2003A RMRB	4.49	07/15/04	07/20/34	491,661.52	467,595.90			(2,087.19)		489,574.33	456,884.14	(8,624.57)	0.00
GNMA	2003A RMRB	5.49	07/22/04	07/20/34	62,148.40	62,530.54			(220.69)		61,927.71	61,338.03	(971.82)	0.00
GNMA	2003A RMRB	4.49	07/22/04	07/20/34	577,894.30	549,611.13			(2,464.37)		575,429.93	537,010.19	(10,136.57)	0.00
GNMA	2003A RMRB	4.49	07/29/04	07/20/34	551,487.92	525,918.69			(2,354.34)		549,133.58	513,868.28	(9,696.07)	0.00
GNMA	2003A RMRB	5.49	07/29/04	07/20/34	254,371.21	255,936.57			(944.18)		253,427.03	251,015.16	(3,977.23)	0.00
GNMA	2003A RMRB	4.49	08/05/04	08/20/34	331,649.49	316,275.42			(1,862.13)		329,787.36	308,611.26	(5,802.03)	0.00
GNMA	2003A RMRB	5.49	08/05/04	07/20/34	108,396.19	109,063.90			(385.96)		108,010.23	106,982.94	(1,695.00)	0.00
GNMA	2003A RMRB	4.49	08/12/04	08/20/34	386,807.93	368,879.16			(2,281.32)		384,526.61	359,837.45	(6,760.39)	0.00
GNMA	2003A RMRB	5.49	08/12/04	07/20/34	85,070.74	85,595.28			(301.82)		84,768.92	83,963.19	(1,330.27)	0.00
GNMA	2003A RMRB	4.49	08/19/04	08/20/34	383,020.39	365,269.38			(1,805.96)		381,214.43	356,740.08	(6,723.34)	0.00
GNMA	2003A RMRB	5.49	08/19/04	08/20/34	358,298.83	360,511.01			(80,189.28)		278,109.55	275,468.33	(4,853.40)	0.00
GNMA	2003A RMRB	4.49	12/02/04	10/20/34	139,694.59	132,873.11			(581.53)		139,113.06	129,839.96	(2,451.62)	0.00
GNMA	2003A RMRB	4.49	12/09/04	11/20/34	281,662.03	267,910.24			(1,180.12)		280,481.91	261,787.45	(4,942.67)	0.00
GNMA	2003A RMRB	5.49	12/16/04	12/20/34	117,838.74	118,578.98			(443.35)		117,395.39	116,292.92	(1,842.71)	0.00
GNMA	2003A RMRB	4.49	12/16/04	12/20/34	304,147.80	289,300.50			(2,661.63)		301,486.17	281,394.03	(5,244.84)	0.00
GNMA	2003A RMRB	4.49	10/14/04	09/20/34	341,844.13	325,137.62			(1,620.12)		340,224.01	317,531.65	(5,985.85)	0.00
GNMA	2003A RMRB	5.49	10/14/04	09/20/34	40,827.35	41,081.41			(155.80)		40,671.55	40,287.25	(638.36)	0.00
GNMA	2003A RMRB	5.49	10/21/04	10/20/34	184,571.33	185,721.39			(676.61)		183,894.72	182,158.56	(2,886.22)	0.00
GNMA	2003A RMRB	4.49	10/21/04	10/20/34	192,175.57	183,279.59			(797.07)		191,378.50	179,101.93	(3,380.59)	0.00
GNMA	2003A RMRB	4.49	10/28/04	10/20/34	472,056.21	448,991.90			(2,017.69)		470,038.52	438,693.51	(8,280.70)	0.00
GNMA	2003A RMRB	5.49	10/28/04	10/20/34	53,659.43	53,994.05			(299.39)		53,360.04	52,856.53	(838.13)	0.00
GNMA	2003A RMRB	5.49	11/04/04	11/20/34	510,930.32	513,161.70			(2,395.60)		508,534.72	502,786.35	(7,979.75)	0.00
GNMA	2003A RMRB	4.49	11/04/04	10/20/34	582,613.63	554,150.92			(133,129.58)		449,484.05	419,512.26	(1,509.08)	0.00
GNMA	2003A RMRB	5.49	11/10/04	11/20/34	65,676.20	66,086.63			(229.42)		65,446.78	64,830.07	(1,027.14)	0.00
GNMA	2003A RMRB	4.49	11/10/04	10/20/34	115,504.70	110,159.66			(503.45)		115,001.25	107,625.87	(2,030.34)	0.00
GNMA	2003A RMRB	5.49	11/18/04	11/20/34	106,318.77	106,983.94			(384.85)		105,933.92	104,936.43	(1,662.66)	0.00
GNMA	2003A RMRB	4.49	11/18/04	10/20/34	239,851.20	228,753.57			(998.37)		238,852.83	223,536.06	(4,219.14)	0.00
GNMA	2003A RMRB	5.49	11/23/04	11/20/34	265,961.42	267,626.45			(930.83)		265,030.59	262,536.10	(4,159.52)	0.00
GNMA	2003A RMRB	4.49	11/01/04	11/20/34	433,488.73	412,311.29			(1,863.75)		431,624.98	402,844.06	(7,603.48)	0.00
GNMA	2003A RMRB	5.49	12/29/04	12/20/34	327,910.81	329,974.32			(1,424.44)		326,486.37	323,423.90	(5,125.98)	0.00
GNMA	2003A RMRB	4.49	12/29/04	12/20/34	158,494.97	150,759.54			(952.78)		157,542.19	147,044.63	(2,762.13)	0.00
GNMA	2003A RMRB	5.49	01/06/05	01/20/35	52,237.56	52,548.27			(178.47)		52,059.09	51,550.18	(819.62)	0.00
GNMA	2003A RMRB	4.49	03/30/05	01/20/35	284,575.58	270,535.59			(1,855.28)		282,720.30	263,802.51	(4,877.80)	0.00
GNMA	2003A RMRB	5.49	01/13/05	01/20/35	221,920.88	223,242.18			(787.80)		221,133.08	218,972.67	(3,481.71)	0.00
GNMA	2003A RMRB	4.49	01/19/05	01/20/35	107,735.67	102,689.37			(443.94)		107,291.73	100,375.06	(1,870.38)	0.00
GNMA	2003A RMRB	4.49	01/27/05	01/20/35	784,339.61	745,604.19			(3,317.50)		781,022.11	728,723.32	(13,563.37)	0.00
GNMA	2003A RMRB	5.49	02/03/05	01/20/35	215,481.36	216,361.41			(761.52)		214,719.84	212,222.73	(3,377.16)	0.00
GNMA	2003A RMRB	4.49	02/03/05	02/20/35	759,648.80	724,077.38			(3,966.17)		755,682.63	706,976.70	(13,134.51)	0.00
GNMA	2003A RMRB	4.49	02/17/05	02/20/35	291,801.22	277,395.64			(1,196.68)		290,604.54	271,150.28	(5,048.68)	0.00
GNMA	2003A RMRB	5.49	02/17/05	01/20/35	55,313.52	55,644.48			(189.34)		55,124.18	54,587.23	(867.91)	0.00
GNMA	2003A RMRB	5.49	03/10/05	02/20/35	104,103.26	104,728.15			(354.03)		103,749.23	102,740.60	(1,633.52)	0.00
GNMA	2003A RMRB	4.49	03/17/05	01/20/35	27,567.35	26,277.35			(112.23)		27,455.12	25,686.41	(478.71)	0.00
GNMA	2003A RMRB	5.49	03/17/05	03/20/35	118,734.12	119,447.80			(401.98)		118,332.14	117,182.69	(1,863.13)	0.00
GNMA	2003A RMRB	5.49	04/07/05	04/20/35	312,376.00	314,259.66			(2,424.32)		309,951.68	306,946.77	(4,888.57)	0.00
GNMA	2003A RMRB	5.49	04/21/05	04/20/35	224,843.55	226,202.11			(988.55)		223,855.00	221,687.46	(3,526.10)	0.00
GNMA	2003A RMRB	4.49	04/28/05	03/20/35	61,907.35	59,012.75			(249.96)		61,657.39	57,687.58	(1,075.21)	0.00
GNMA	2003A RMRB	5.49	04/28/05	04/20/35	181,525.01	182,622.76			(628.60)		180,896.41	179,145.92	(2,848.24)	0.00
GNMA	2003A RMRB	5.49	05/12/05	05/20/35	179,581.10	180,669.64			(2,660.88)		176,920.22	175,210.50	(2,798.26)	0.00
GNMA	2003A RMRB	4.49	05/19/05	05/20/35	1,364,741.65	1,297,473.42			(5,913.35)		1,358,828.30	1,267,966.39	(23,593.68)	0.00
GNMA	2003A RMRB	5.49	07/07/05	07/20/35	671,730.45	675,836.29			(2,426.79)		669,303.66	662,869.10	(10,540.40)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	2003A RMRB	5.49	07/14/05	07/20/35	356,996.34	358,506.80			(1,196.47)		355,799.87	351,713.51	(5,596.82)	0.00
GNMA	2003A RMRB	4.49	05/26/05	04/20/35	126,294.14	120,392.05			(508.81)		125,785.33	117,689.62	(2,193.62)	0.00
GNMA	2003A RMRB	5.49	05/26/05	05/20/35	326,348.76	328,330.92			(1,130.15)		325,218.61	322,079.67	(5,121.10)	0.00
GNMA	2003A RMRB	5.49	06/09/05	05/20/35	283,364.18	285,086.43			(1,000.40)		282,363.78	279,641.57	(4,446.46)	0.00
GNMA	2003A RMRB	5.49	06/15/05	06/20/35	319,942.89	321,891.99			(1,089.29)		318,853.60	315,781.83	(5,020.87)	0.00
GNMA	2003A RMRB	5.49	06/23/05	06/20/35	297,699.05	298,952.89			(1,027.00)		296,672.05	293,259.16	(4,666.73)	0.00
GNMA	2003A RMRB	5.49	09/08/05	09/20/35	275,637.43	277,337.89			(1,080.35)		274,557.08	271,932.91	(4,324.63)	0.00
GNMA	2003A RMRB	5.49	09/15/05	09/20/35	702,874.50	707,214.96			(2,346.41)		700,528.09	693,836.75	(11,031.80)	0.00
GNMA	2003A RMRB	5.49	09/22/05	09/20/35	202,757.78	204,011.10			(681.75)		202,076.03	200,147.04	(3,182.31)	0.00
GNMA	2003A RMRB	4.49	07/28/05	07/20/35	87,031.62	82,969.25			(363.54)		86,668.08	81,094.76	(1,510.95)	0.00
GNMA	2003A RMRB	5.49	07/21/05	07/20/35	582,462.62	586,029.92			(2,497.15)		579,965.47	574,396.74	(9,136.03)	0.00
GNMA	2003A RMRB	5.49	07/28/05	07/20/35	227,668.16	229,063.91			(751.95)		226,916.21	224,738.76	(3,573.20)	0.00
GNMA	2003A RMRB	5.49	08/04/05	07/20/35	438,880.18	441,573.01			(1,645.25)		437,234.93	433,041.49	(6,886.27)	0.00
GNMA	2003A RMRB	5.49	08/11/05	08/20/35	258,529.10	260,117.46			(861.22)		257,667.88	255,198.69	(4,057.55)	0.00
GNMA	2003A RMRB	5.49	08/18/05	07/20/35	309,293.67	311,195.17			(1,019.93)		308,273.74	305,320.83	(4,854.41)	0.00
GNMA	2003A RMRB	5.49	08/30/05	08/20/35	854,456.43	859,719.94			(2,808.07)		851,648.36	843,500.78	(13,411.09)	0.00
GNMA	2003A RMRB	5.49	08/30/05	08/20/35	409,224.43	411,745.27			(1,389.23)		407,835.20	403,933.51	(6,422.53)	0.00
GNMA	2003A RMRB	5.49	10/27/05	10/20/35	408,503.51	411,041.48			(1,351.03)		407,152.48	403,278.49	(6,411.96)	0.00
GNMA	2003A RMRB	5.49	09/29/05	09/20/35	615,372.02	619,179.62			(2,024.52)		613,347.50	607,496.26	(9,658.84)	0.00
GNMA	2003A RMRB	5.49	10/06/05	09/20/35	525,220.78	528,473.77			(1,753.13)		523,467.65	518,476.99	(8,243.65)	0.00
GNMA	2003A RMRB	5.49	10/13/05	10/20/35	382,376.54	384,747.54			(1,245.84)		381,130.70	377,499.72	(6,001.98)	0.00
GNMA	2003A RMRB	5.49	10/20/05	10/20/35	327,757.26	329,791.58			(1,089.63)		326,667.63	323,557.48	(5,144.47)	0.00
GNMA	2003A RMRB	5.49	10/20/05	10/20/35	382,329.67	384,702.71			(1,439.18)		380,890.49	377,264.08	(5,999.45)	0.00
GNMA	2003A RMRB	5.49	12/15/05	12/20/35	153,365.83	154,325.53			(503.57)		152,862.26	151,414.52	(2,407.44)	0.00
GNMA	2003A RMRB	5.49	11/03/05	09/20/35	204,769.74	206,042.78			(666.88)		204,102.86	202,161.67	(3,214.23)	0.00
GNMA	2003A RMRB	5.49	11/03/05	10/20/35	273,319.52	275,019.29			(886.07)		272,433.45	269,842.92	(4,290.30)	0.00
GNMA	2003A RMRB	5.49	11/10/05	11/20/35	160,577.92	161,577.69			(529.65)		160,048.27	158,527.51	(2,520.53)	0.00
GNMA	2003A RMRB	5.49	11/17/05	07/20/35	229,854.43	231,285.75			(756.12)		229,098.31	226,921.45	(3,608.18)	0.00
GNMA	2003A RMRB	5.49	11/17/05	10/20/35	430,023.56	432,702.67			(1,435.48)		428,588.08	424,517.41	(6,749.78)	0.00
GNMA	2003A RMRB	5.49	11/22/05	11/20/35	219,525.04	220,894.05			(849.63)		218,675.41	216,599.77	(3,444.65)	0.00
GNMA	2003A RMRB	5.49	12/29/05	12/20/35	430,796.08	432,683.85			(1,526.20)		429,269.88	424,403.55	(6,754.10)	0.00
GNMA	2003A RMRB	5.49	01/12/06	01/20/36	213,477.99	214,707.20			(679.89)		212,798.10	210,674.20	(3,353.11)	0.00
GNMA	2003A RMRB	5.49	01/12/06	12/20/35	78,821.70	79,316.85			(251.38)		78,570.32	77,828.08	(1,237.39)	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	318,336.59	319,584.46			(1,029.77)		317,306.82	313,559.61	(4,995.08)	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	201,391.99	202,561.63			(641.72)		200,750.27	198,756.44	(3,163.47)	0.00
GNMA	2003A RMRB	5.49	02/09/06	01/20/36	207,270.79	208,469.31			(690.11)		206,580.68	204,523.78	(3,255.42)	0.00
GNMA	2003A RMRB	5.49	02/23/06	01/20/36	240,022.95	241,413.78			(760.81)		239,262.14	236,882.70	(3,770.27)	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	365,555.49	367,678.56			(1,250.74)		364,304.75	360,686.52	(5,741.30)	0.00
GNMA	2003A RMRB	5.49	03/30/06	03/20/36	463,076.29	465,774.67			(122,264.23)		340,812.06	337,433.63	(6,076.81)	0.00
GNMA	2003A RMRB	5.49	04/27/06	03/20/36	140,402.83	141,224.39			(447.15)		139,955.68	138,571.68	(2,205.56)	0.00
GNMA	2003A RMRB	4.49	04/27/06	03/20/36	121,147.60	115,176.10			(456.19)		120,691.41	112,620.26	(2,099.65)	0.00
FNMA	2003A RMRB	4.49	03/25/04	02/01/34	297,434.22	282,171.13			(1,567.75)		295,866.47	274,768.63	(5,834.75)	0.00
FNMA	2003A RMRB	4.49	07/29/04	07/01/34	308,955.87	293,118.03			(1,348.42)		307,607.45	285,688.45	(6,081.16)	0.00
FNMA	2003A RMRB	4.49	08/26/04	08/01/34	270,486.09	256,623.40			(8,099.79)		262,386.30	243,692.53	(4,831.08)	0.00
FNMA	2003A RMRB	5.49	09/23/04	08/01/34	202,258.25	201,763.18			(790.67)		201,467.58	197,911.01	(3,061.50)	0.00
FNMA	2003A RMRB	4.49	09/29/04	09/01/34	328,404.35	311,577.98			(1,399.00)		327,005.35	303,712.36	(6,466.62)	0.00
FNMA	2003A RMRB	4.49	11/10/04	10/01/34	163,712.74	155,327.44			(700.92)		163,011.82	151,402.88	(3,223.64)	0.00
FNMA	2003A RMRB	4.49	03/29/05	01/20/35	227,687.40	215,754.55			(976.29)		226,711.11	210,384.93	(4,393.33)	0.00
FNMA	2003A RMRB	5.49	06/23/05	06/01/35	352,573.04	351,493.91			(1,274.11)		351,298.93	344,863.70	(5,356.10)	0.00
FNMA	2003A RMRB	5.49	08/18/05	06/01/35	316,918.96	315,956.26			(1,287.61)		315,631.35	309,856.65	(4,812.00)	0.00
FNMA	2003A RMRB	5.49	09/08/05	08/01/35	253,321.27	252,554.29			(851.51)		252,469.76	247,853.14	(3,849.64)	0.00
FNMA	2003A RMRB	5.49	10/06/05	10/01/35	267,427.49	266,621.28			(1,666.24)		265,761.25	260,904.99	(4,050.05)	0.00
FNMA	2003A RMRB	5.49	10/20/05	10/01/35	250,027.34	249,275.09			(1,173.85)		248,853.49	244,307.65	(3,793.59)	0.00
FNMA	2003A RMRB	4.49	12/15/05	06/01/35	90,044.23	85,334.71			(360.51)		89,683.72	83,234.59	(1,739.61)	0.00
FNMA	2003A RMRB	5.49	12/29/05	12/01/35	336,104.72	335,103.60			(1,099.14)		335,005.58	328,895.91	(5,108.55)	0.00
FNMA	2003A RMRB	4.49	01/12/06	12/01/35	74,328.16	70,441.69			(287.96)		74,040.20	68,717.10	(1,436.63)	0.00
FNMA	2003A RMRB	5.49	02/02/06	01/01/36	113,822.38	113,386.72			(365.65)		113,456.73	111,284.38	(1,736.69)	0.00
Repo Agmt	2003A RMRB	5.28	05/31/07	06/01/07	83,894.68	83,894.68		(80,247.56)			3,647.12	3,647.12	-	0.00
	2003A RMRB Total				64,629,941.22	62,745,832.46	1,620,955.42	(80,247.56)	(837,861.86)	0.00	65,332,787.22	62,405,393.49	(1,043,284.97)	0.00
GNMA	1999 A RMRB	7.50	08/31/89	07/20/18	337,049.52	349,042.47			(4,977.92)		332,071.60	345,625.67	1,561.12	0.00
GNMA	1999 A RMRB	7.50	10/31/89	09/20/18	706,257.65	731,409.14			(38,889.89)		667,367.76	694,627.75	2,108.50	0.00

Investment Type	Issue	Current interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GNMA	1999 A RMRB	8.75	10/31/89	09/20/18	124,614.00	132,583.00			(2,844.39)		121,769.61	129,660.81	(77.80)	0.00
GNMA	1999 A RMRB	7.50	11/30/89	10/20/18	686,732.88	713,967.57			(12,111.96)		674,620.92	705,026.04	3,170.43	0.00
GNMA	1999 A RMRB	8.75	11/30/89	09/20/18	88,679.05	94,798.28			(1,550.47)		87,128.58	93,230.92	(16.89)	0.00
GNMA	1999 A RMRB	7.50	01/01/90	11/20/18	410,182.47	424,802.33			(7,246.55)		402,935.92	419,406.81	1,851.03	0.00
GNMA	1999 A RMRB	8.75	01/01/90	11/20/18	123,875.86	131,801.43			(1,638.58)		122,237.28	130,162.52	(0.33)	0.00
GNMA	1999 A RMRB	7.50	01/01/90	12/20/18	197,985.69	205,044.02			(28,747.38)		169,238.31	176,157.90	(138.74)	0.00
GNMA	1999 A RMRB	7.50	02/27/90	12/20/18	60,890.21	63,061.75			(815.58)		60,074.63	62,531.63	285.46	0.00
GNMA	1999 A RMRB	8.75	05/29/90	02/20/19	165,837.09	176,749.64			(20,183.90)		145,653.19	155,350.43	(1,215.31)	0.00
GNMA	1999 A RMRB	7.50	03/30/90	01/20/19	280,227.19	290,584.48			(22,311.89)		257,915.30	268,808.44	535.85	0.00
GNMA	1999 A RMRB	8.75	03/30/90	01/20/19	71,625.67	76,337.20			(848.23)		70,777.44	75,488.00	(0.97)	0.00
GNMA	1999 A RMRB	7.50	04/26/90	03/20/19	271,145.94	281,173.87			(5,998.38)		265,147.56	276,352.35	1,176.86	0.00
GNMA	1999 A RMRB	8.75	04/26/90	03/20/19	165,984.81	176,907.19			(2,577.70)		163,407.11	174,286.48	(43.01)	0.00
GNMA	1999 A RMRB	7.50	05/29/90	04/20/19	360,586.32	373,927.58			(6,141.23)		354,445.09	369,428.91	1,642.56	0.00
GNMA	1999 A RMRB	7.50	06/28/90	04/20/19	5,978.57	6,199.86			(743.88)		5,234.69	5,456.07	0.09	0.00
GNMA	1999 A RMRB	8.75	06/28/90	04/20/19	90,383.29	96,332.84			(1,539.27)		88,844.02	94,761.07	(32.50)	0.00
GNMA	1999 A RMRB	7.50	10/31/90	07/20/19	54,640.59	56,665.43			(685.73)		53,954.86	56,238.93	259.23	0.00
GNMA	1999 A RMRB	7.50	12/21/90	08/20/19	47,148.95	48,897.07			(698.35)		46,450.60	48,417.89	219.17	0.00
GNMA	1999 A RMRB	8.75	12/21/90	08/20/19	19,852.94	21,161.26			(252.11)		19,600.83	20,907.72	(1.43)	0.00
GNMA	1999 A RMRB	7.50	03/28/91	11/20/19	40,130.44	41,620.22			(482.52)		39,647.92	41,328.96	191.26	0.00
GNMA	1999 A RMRB	8.75	04/26/91	01/20/20	158,859.33	169,589.45			(1,712.77)		157,146.56	167,878.01	1.33	0.00
GNMA	1999 A RMRB	8.75	04/29/91	02/20/20	33,668.65	35,943.14			(389.10)		33,279.55	35,552.53	(1.51)	0.00
GNMA	1999 A RMRB	7.50	04/29/91	12/20/19	112,072.16	116,234.47			(25,772.48)		86,299.68	89,960.13	(501.86)	0.00
GNMA	1999 A RMRB	5.35	01/31/01	08/20/30	41,945.82	41,583.03			(217.79)		41,728.03	40,714.49	(650.75)	0.00
GNMA	1999 A RMRB	5.35	01/31/01	01/20/31	326,580.76	323,634.99			(2,310.39)		324,270.37	316,309.52	(5,015.08)	0.00
GNMA	1999 A RMRB	5.35	05/10/01	04/20/31	11,597.33	11,492.72			(1,055.25)		10,542.08	10,283.26	(154.21)	0.00
GNMA	1999 A RMRB	5.35	06/22/01	05/20/31	54,128.46	53,640.22			(323.77)		53,804.69	52,483.78	(832.67)	0.00
GNMA	1999 A RMRB	5.35	06/29/01	05/20/31	98,826.24	97,934.82			(548.94)		98,277.30	95,864.59	(1,521.29)	0.00
FNMA	1999 A RMRB	5.35	03/15/01	10/01/30	245,529.45	242,617.46			(1,471.81)		244,057.64	237,414.39	(3,731.26)	0.00
FNMA	1999 A RMRB	5.35	06/18/01	03/01/31	66,886.73	66,051.31			(617.36)		66,269.37	64,437.02	(996.93)	0.00
GNMA	1999 A RMRB	5.35	03/18/02	02/20/32	39,431.17	39,068.40			(178.08)		39,253.09	38,282.75	(607.57)	0.00
Repo Agmt	1999 A RMRB	5.28	05/31/07	06/01/07	401,199.23	401,199.23	0.00				401,199.23	401,199.23	-	0.00
	1999 A RMRB Total				5,900,534.46	6,092,055.87	0.00	0.00	(195,883.65)	0.00	5,704,650.81	5,893,635.00	(2,537.22)	0.00
	Total Residential Mortgage Revenue Bonds Investment Summary				337,911,661.77	337,307,330.16	12,823,755.81	(545,674.50)	(8,067,119.62)	0.00	342,122,623.46	338,266,818.64	(3,251,473.21)	0.00

Texas Department of Housing and Community Affairs
Collatealized Home Mortgage Revenue Bonds Investment Summary
For Period Ending May 31, 2007

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	1990 A&B CHMRB	5.28	05/31/07	06/01/07	50,675.69	50,675.69	681.38				51,357.07	51,357.07	-	0.00
Repo Agmt	1990 A&B CHMRB	5.28	05/31/07	06/01/07	81,937.57	81,937.57	1,101.62				83,039.19	83,039.19	-	0.00
Mutual Fund	1990 A&B CHMRB				23.15	23.15		(23.15)					-	0.00
Repo Agmt	1990 A&B CHMRB	5.28	05/31/07	06/01/07	226,352.40	226,352.40	3,043.19				229,395.59	229,395.59	-	0.00
	1990 A&B CHMRB Total				358,988.81	358,988.81	4,826.19	(23.15)	0.00	0.00	363,791.85	363,791.85	0.00	0.00
Repo Agmt	1991 A CHMRB	5.28	05/31/07	06/01/07	106,931.75	106,931.75	1,437.70				108,369.45	108,369.45	-	0.00
Repo Agmt	1991 A CHMRB	5.28	05/31/07	06/01/07	7,128.59	7,128.59	95.89				7,224.48	7,224.48	-	0.00
	1991 A CHMRB Total				114,060.34	114,060.34	1,533.59	0.00	0.00	0.00	115,593.93	115,593.93	0.00	0.00
Repo Agmt	1992 A-C CHMRB	5.28	05/31/07	06/01/07	93,725.36	93,725.36		(54,420.72)			39,304.64	39,304.64	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	331,116.74	331,116.74	538,018.68				869,135.42	869,135.42	-	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	30,349.30	31,577.39			(254.89)		30,094.41	31,489.38	166.88	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	140,708.20	146,394.88			(6,582.99)		134,125.21	140,335.27	523.38	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	256,248.70	266,917.77			(5,772.08)		250,476.62	262,178.83	1,033.14	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	1,140,821.66	1,188,729.86			(11,649.00)		1,129,172.66	1,182,484.22	5,403.36	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	699,783.20	729,174.57			(48,561.18)		651,222.02	681,972.18	1,358.79	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	186,904.23	194,754.35			(2,081.99)		184,822.24	193,549.41	877.05	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	651,530.78	678,903.64			(57,890.22)		593,640.56	621,679.23	665.81	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	944,912.82	985,284.82			(33,768.82)		911,144.00	954,453.21	2,937.21	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	270,256.24	281,097.46			(2,717.08)		267,539.16	279,046.88	666.50	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	197,987.22	206,123.16			(1,968.03)		196,019.19	204,646.88	491.75	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	206,471.13	214,962.88			(2,860.35)		203,610.78	212,579.87	477.34	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	371,263.58	386,545.32			(3,879.19)		367,384.39	383,580.50	914.37	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	195,127.45	203,161.45			(1,701.91)		193,425.54	201,954.96	495.42	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	40,859.20	42,541.96			(655.41)		40,203.79	41,977.10	90.55	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	263,999.67	274,881.13			(4,116.21)		259,883.46	271,355.37	590.45	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	56,615.23	58,944.34			(3,032.87)		53,582.36	55,943.29	31.82	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	594,400.89	619,573.98			(27,410.24)		566,990.65	592,703.11	539.37	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	601,717.73	627,207.13			(7,711.24)		594,006.49	620,950.41	1,454.52	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	404,283.15	421,412.78			(3,434.02)		400,849.13	419,035.69	1,056.93	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	100,000.05	100,000.05	0.00				100,000.05	100,000.05	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	178,856.80	178,856.80	0.00				178,856.80	178,856.80	-	0.00
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	121,346.39	126,248.92			(1,873.31)		119,473.08	125,003.22	627.61	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	879,385.58	915,513.26			(50,815.25)		828,570.33	865,031.64	333.63	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	1,949,396.27	2,031,833.58			(56,949.35)		1,892,446.92	1,978,150.29	3,266.06	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	1,737,493.91	1,810,988.40			(72,615.12)		1,664,878.79	1,740,293.84	1,920.56	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	1,812,231.29	1,888,904.21			(93,203.76)		1,719,027.53	1,796,911.53	1,211.08	0.00
Repo Agmt	1992 A-C CHMRB	5.28	05/31/07	06/01/07	12,244.21	12,244.21	164.67				12,408.88	12,408.88	-	0.00
	1992 A-C CHMRB Total				14,470,036.98	15,047,620.40	538,183.35	(54,420.72)	(501,504.51)	0.00	14,452,295.10	15,057,012.10	27,133.58	0.00
	Total CHMRB Investment Summary				14,943,086.13	15,520,669.55	544,543.13	(54,443.87)	(501,504.51)	0.00	14,931,680.88	15,536,397.88	27,133.58	0.00

Texas Department of Housing and Community Affairs
Multi Family Investment Summary
For Period Ending May 31, 2007

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Mutual Fund	1996 A&B MF (Brighton/LasColi)	4.69	05/01/07	06/01/07			64,756.68				64,756.68	64,756.68	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	4.88	05/01/07	06/01/07	42,671.08	42,671.08	2,063.06				44,734.14	44,734.14	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	4.88	05/01/07	06/01/07	53,637.87	53,637.87	15,916.57				69,554.44	69,554.44	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	4.88	05/01/07	06/01/07	17,109.11	17,109.11	10,678.61				27,787.72	27,787.72	-	0.00
	1996 A&B MF (Brighton/LasColi) Total				113,418.06	113,418.06	93,414.92	0.00	0.00	0.00	206,832.98	206,832.98	0.00	0.00
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	4.49	05/01/07	06/01/07	495.76	495.76	5.86				501.62	501.62	-	0.00
	1998 M/F (Dallas-Oxford Rfdg) Total				495.76	495.76	5.86	0.00	0.00	0.00	501.62	501.62	0.00	0.00
Money Market	1984 A & B M/F (Summer Bend)	4.66	05/01/07	06/01/07	94.89	94.89	0.00				94.89	94.89	-	0.00
	1984 A & B M/F (Summer Bend) Total				94.89	94.89	0.00	0.00	0.00	0.00	94.89	94.89	0.00	0.00
Mutual Fund	1996 A&B MF (Braxton's)	4.69	05/01/07	06/01/07	6,635.31	6,635.31	68,121.41				74,756.72	74,756.72	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	4.69	05/01/07	06/01/07	5.64	5.64	0.00				5.64	5.64	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	4.69	05/01/07	06/01/07	31,750.62	31,750.62	17,021.62				48,772.24	48,772.24	-	0.00
	1996 A&B MF (Braxton's) Total				38,391.57	38,391.57	85,143.03	0.00	0.00	0.00	123,534.60	123,534.60	0.00	0.00
Treasury Note	1993 A&B M/F(Reming. Hill/HP)				406,944.64	406,944.64		(406,944.64)					-	0.00
Repo Agmt	1993 A&B M/F(Reming. Hill/HP)	5.28	05/31/07	06/01/07	581.50	581.50	8.13				589.63	589.63	-	0.00
Treasury Bill	1993 A&B M/F(Reming. Hill/HP)				82,959.08	82,959.08		(82,959.08)					-	0.00
Repo Agmt	1993 A&B M/F(Reming. Hill/HP)	5.28	05/31/07	06/01/07	25,067.84	25,067.84	337.03				25,404.87	25,404.87	-	0.00
	1993 A&B M/F(Reming. Hill/HP) Total				515,553.06	515,553.06	345.16	(489,903.72)	0.00	0.00	25,994.50	25,994.50	0.00	0.00
Repo Agmt	1987 South Tx. Rental Housing	5.28	05/31/07	06/01/07	834,492.32	834,492.32	11,219.26				845,711.58	845,711.58	-	0.00
	1987 South Tx. Rental Housing Total				834,492.32	834,492.32	11,219.26	0.00	0.00	0.00	845,711.58	845,711.58	0.00	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	4.88	05/01/07	06/01/07	4.26	4.26	0.00				4.26	4.26	-	0.00
	1996 A-D M/F(Dallas-Ft Worth) Total				4.26	4.26	0.00	0.00	0.00	0.00	4.26	4.26	0.00	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	4.49	05/01/07	06/01/07	0.02	0.02	0.00				0.02	0.02	-	0.00
Inv Agmt	1996 A&B M/F(NHP Project)	6.70	11/21/96	01/01/27	1.00	1.00	0.00				1.00	1.00	-	0.00
	1996 A&B M/F(NHP Project) Total				1.02	1.02	0.00	0.00	0.00	0.00	1.02	1.02	0.00	0.00
Mutual Fund	1997 M/F (Meadow Ridge)	4.49	05/01/07	06/01/07	3.38	3.38	0.00				3.38	3.38	-	0.00
	1997 M/F (Meadow Ridge) Total				3.38	3.38	0.00	0.00	0.00	0.00	3.38	3.38	0.00	0.00
Mutual Fund	1998 M/F (Pebble Brook)	4.88	05/01/07	06/01/07	186,248.00	186,248.00	180,701.35				366,949.35	366,949.35	-	0.00
Inv Agmt	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30	5,142.88	5,142.88	4,271.97				9,414.85	9,414.85	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	4.49	05/01/07	06/01/07	37,152.75	37,152.75	405.71				37,558.46	37,558.46	-	0.00
	1998 M/F (Pebble Brook) Total				228,543.63	228,543.63	185,379.03	0.00	0.00	0.00	413,922.66	413,922.66	0.00	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)				280.44	280.44		(280.44)					-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	4.69	05/01/07	06/01/07	0.11	0.11	0.00				0.11	0.11	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	4.69	05/01/07	06/01/07	192,057.37	192,057.37		(60,670.40)			131,386.97	131,386.97	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	4.69	05/01/07	06/01/07	90,525.15	90,525.15		(41,063.59)			49,461.56	49,461.56	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	4.69	05/01/07	06/01/07	12,380.56	12,380.56		(11,869.86)			510.70	510.70	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	4.69	05/01/07	06/01/07	38,688.28	38,688.28		(36,873.57)			1,814.71	1,814.71	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	4.69	05/01/07	06/01/07	19,099.61	19,099.61		(10,248.66)			8,850.95	8,850.95	-	0.00
	1998 M/F (Residence Oaks Proj) Total				353,031.52	353,031.52	0.00	(161,006.52)	0.00	0.00	192,025.00	192,025.00	0.00	0.00
Mutual Fund	1998 M/F (Volente Project)	4.49	05/01/07	06/01/07	9,223.59	9,223.59	1,750.02				10,973.61	10,973.61	-	0.00
Mutual Fund	1998 M/F (Volente Project)	4.49	05/01/07	06/01/07			77,279.07				77,279.07	77,279.07	-	0.00
Inv Agmt	1998 M/F (Volente Project)				154,254.48	154,254.48		(154,254.48)					-	0.00
Mutual Fund	1998 M/F (Volente Project)	4.49	05/01/07	06/01/07	4,210.83	4,210.83	47.27				4,258.10	4,258.10	-	0.00
Mutual Fund	1998 M/F (Volente Project)	4.49	05/01/07	06/01/07	1.24	1.24	0.00				1.24	1.24	-	0.00
	1998 M/F (Volente Project) Total				167,690.14	167,690.14	79,076.36	(154,254.48)	0.00	0.00	92,512.02	92,512.02	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	4.45	05/01/07	06/01/07	25,392.67	25,392.67		(5,562.08)			19,830.59	19,830.59	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Mutual Fund	1998 M/F (Greens-Hickory Trail	4.45	05/01/07	06/01/07	148,214.05	148,214.05	94,169.40				242,383.45	242,383.45	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail	4.45	05/01/07	06/01/07	127,560.45	127,560.45	9,777.38				137,337.83	137,337.83	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail				110,000.00	110,000.00		(110,000.00)					-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail	4.94	03/22/01	09/01/30	91,668.16	91,668.16		(32,667.26)			59,000.90	59,000.90	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail				338,287.31	338,287.31		(338,287.31)					-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail	4.94	09/10/98	09/01/30	5.95	5.95	162,001.02				162,006.97	162,006.97	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail				3,626.88	3,626.88		(3,626.88)					-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail	4.94	03/22/01	09/01/30	41,791.83	41,791.83		(18,539.16)			23,252.67	23,252.67	-	0.00
	1998 M/F (Greens-Hickory Trail Total				886,547.30	886,547.30	265,947.80	(508,682.69)	0.00	0.00	643,812.41	643,812.41	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	4.69	05/01/07	06/01/07			73,749.93				73,749.93	73,749.93	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	4.69	05/01/07	06/01/07	1.78	1.78	0.00				1.78	1.78	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	4.69	05/01/07	06/01/07	314,479.38	314,479.38		(218,608.36)			95,871.02	95,871.02	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	4.69	05/01/07	06/01/07	15,707.41	15,707.41	25,219.45				40,926.86	40,926.86	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	4.49	05/01/07	06/01/07	17,007.23	17,007.23		(16,471.88)			535.35	535.35	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	4.69	05/01/07	06/01/07	53,162.12	53,162.12		(48,813.37)			4,348.75	4,348.75	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	4.69	05/01/07	06/01/07	0.16	0.16	0.00				0.16	0.16	-	0.00
	1999 M/F (Mayfield Aptss) Total				400,358.08	400,358.08	98,969.38	(283,893.61)	0.00	0.00	215,433.85	215,433.85	0.00	0.00
Mutual Fund	1999 M/F (Woodglen Village)	4.74	05/01/07	06/01/07	7,379.10	7,379.10	87.37				7,466.47	7,466.47	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	4.74	05/01/07	06/01/07	407.60	407.60	4.48				412.08	412.08	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	4.74	05/01/07	06/01/07	0.01	0.01	0.00				0.01	0.01	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	4.74	05/01/07	06/01/07	23,303.48	23,303.48	0.00				23,303.48	23,303.48	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	4.74	05/01/07	06/01/07	16,194.53	16,194.53	10,357.46				26,551.99	26,551.99	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	4.74	05/01/07	06/01/07	16,194.53	16,194.53	0.00				16,194.53	16,194.53	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	4.74	05/01/07	06/01/07	19,688.32	19,688.32	1,309.05				20,997.37	20,997.37	-	0.00
	1999 M/F (Woodglen Village) Total				83,167.57	83,167.57	11,758.36	0.00	0.00	0.00	94,925.93	94,925.93	0.00	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	4.69	05/01/07	06/01/07	22,161.10	22,161.10		(5,888.44)			16,272.66	16,272.66	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	4.49	05/01/07	06/01/07	2,015.17	2,015.17	14,578.07				16,593.24	16,593.24	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	4.49	05/01/07	06/01/07	2.33	2.33	0.00				2.33	2.33	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	4.49	05/01/07	06/01/07	3.53	3.53	0.00				3.53	3.53	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	4.49	05/01/07	06/01/07	95,213.30	95,213.30	38,049.39				133,262.69	133,262.69	-	0.00
	2000 M/F (Timber Point Apts) Total				119,395.43	119,395.43	52,627.46	(5,888.44)	0.00	0.00	166,134.45	166,134.45	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	4.49	05/01/07	06/01/07	72,654.87	72,654.87	63,079.54				135,734.41	135,734.41	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	4.49	05/01/07	06/01/07	189,519.93	189,519.93	8,623.04				198,142.97	198,142.97	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	4.49	05/01/07	06/01/07	0.04	0.04	0.00				0.04	0.04	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	4.49	05/01/07	06/01/07	95,392.11	95,392.11		(92,454.15)			2,937.96	2,937.96	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	4.49	05/01/07	06/01/07	28,991.12	28,991.12		(7,417.39)			21,573.73	21,573.73	-	0.00
	2000 A&B M/F (Oaks at Hampton) Total				386,558.07	386,558.07	71,702.58	(99,871.54)	0.00	0.00	358,389.11	358,389.11	0.00	0.00
Mutual Fund	2000 M/F (Deerwood Apts)				11,140.17	11,140.17		(11,140.17)					-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	4.49	05/01/07	06/01/07	0.02	0.02	0.00				0.02	0.02	-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	4.49	05/01/07	06/01/07			0.02				0.02	0.02	-	0.00
Inv Agmt	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	98,853.00	98,853.00	122,550.04				221,403.04	221,403.04	-	0.00
	2000 M/F (Deerwood Apts) Total				109,993.19	109,993.19	122,550.06	(11,140.17)	0.00	0.00	221,403.08	221,403.08	0.00	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	4.69	05/01/07	06/01/07	23,223.62	23,223.62		(14,180.88)			9,042.74	9,042.74	-	0.00
Money Market	2000 M/F (Creek Point Apts)	4.69	05/01/07	06/01/07			3.32				3.32	3.32	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	4.69	05/01/07	06/01/07	24,715.06	24,715.06		(10,954.26)			13,760.80	13,760.80	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	4.69	05/01/07	06/01/07	26,807.05	26,807.05	0.00				26,807.05	26,807.05	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	4.69	05/01/07	06/01/07	241.77	241.77	1.82				243.59	243.59	-	0.00
	2000 M/F (Creek Point Apts) Total				74,987.50	74,987.50	5.14	(25,135.14)	0.00	0.00	49,857.50	49,857.50	0.00	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	4.49	05/01/07	06/01/07	18,199.73	18,199.73	7,838.13				26,037.86	26,037.86	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	4.49	05/01/07	06/01/07	168,016.53	168,016.53	13,637.42				181,653.95	181,653.95	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	4.49	05/01/07	06/01/07	11.71	11.71	0.13				11.84	11.84	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	4.49	05/01/07	06/01/07	280.74	280.74	3.15				283.89	283.89	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	4.49	05/01/07	06/01/07	92,568.68	92,568.68		(90,990.52)			1,578.16	1,578.16	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	4.49	05/01/07	06/01/07	235,348.40	235,348.40	17,694.84				253,043.24	253,043.24	-	0.00
	2000 M/F (Parks @ Westmoreld) Total				514,425.79	514,425.79	39,173.67	(90,990.52)	0.00	0.00	462,608.94	462,608.94	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Mutual Fund	2000 A-C MF Highland Meadows	4.69	05/01/07	06/01/07			118,664.37				118,664.37	118,664.37	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	4.69	05/01/07	06/01/07	331,050.98	331,050.98		(221,478.44)			109,572.54	109,572.54	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	4.69	05/01/07	06/01/07	49,627.62	49,627.62	25,632.93				75,260.55	75,260.55	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	4.69	05/01/07	06/01/07	71,974.23	71,974.23		(70,467.08)			1,507.15	1,507.15	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	4.69	05/01/07	06/01/07	378,448.60	378,448.60		(370,450.57)			7,998.03	7,998.03	-	0.00
	2000 A-C MF Highland Meadows Total				831,101.43	831,101.43	144,297.30	(662,396.09)	0.00	0.00	313,002.64	313,002.64	0.00	0.00
Mutual Fund	2000 A/B MF Greenbridge	4.49	05/01/07	06/01/07	56,045.91	56,045.91		(37,000.00)			19,045.91	19,045.91	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	4.49	05/01/07	06/01/07	293,523.89	293,523.89	336,586.04				630,109.93	630,109.93	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	4.49	05/01/07	06/01/07	11,770.00	11,770.00	0.00				11,770.00	11,770.00	-	0.00
Inv Agmt	2000 A/B MF Greenbridge	6.15	11/09/00	11/01/40	5.45	5.45	0.00				5.45	5.45	-	0.00
	2000 A/B MF Greenbridge Total				361,345.25	361,345.25	336,586.04	(37,000.00)	0.00	0.00	660,931.29	660,931.29	0.00	0.00
Mutual Fund	2000 A-C MF Collingham Park	4.88	05/01/07	06/01/07	38,827.15	38,827.15	18,171.20				56,998.35	56,998.35	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	4.88	05/01/07	06/01/07	49,658.73	49,658.73	17,267.16				66,925.89	66,925.89	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	4.88	05/01/07	06/01/07			0.01				0.01	0.01	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	4.88	05/01/07	06/01/07	326,581.94	326,581.94		(195,511.56)			131,070.38	131,070.38	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	4.88	05/01/07	06/01/07	14,613.33	14,613.33		(14,099.87)			513.46	513.46	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	4.88	05/01/07	06/01/07	73,766.57	73,766.57		(71,182.14)			2,584.43	2,584.43	-	0.00
	2000 A-C MF Collingham Park Total				503,447.72	503,447.72	35,438.37	(280,793.57)	0.00	0.00	258,092.52	258,092.52	0.00	0.00
Mutual Fund	2000 A/B MF Willams Run	4.49	05/01/07	06/01/07	54,013.09	54,013.09		(36,000.00)			18,013.09	18,013.09	-	0.00
Mutual Fund	2000 A/B MF Willams Run	4.49	05/01/07	06/01/07	14.72	14.72	0.00				14.72	14.72	-	0.00
Mutual Fund	2000 A/B MF Willams Run	4.49	05/01/07	06/01/07	139,894.12	139,894.12	140,393.16				280,287.28	280,287.28	-	0.00
Mutual Fund	2000 A/B MF Willams Run	4.49	05/01/07	06/01/07	1,514.53	1,514.53	16.99				1,531.52	1,531.52	-	0.00
Mutual Fund	2000 A/B MF Willams Run	4.49	05/01/07	06/01/07	0.66	0.66	0.00				0.66	0.66	-	0.00
	2000 A/B MF Willams Run Total				195,437.12	195,437.12	140,410.15	(36,000.00)	0.00	0.00	299,847.27	299,847.27	0.00	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	4.49	05/01/07	06/01/07	31,480.57	31,480.57		(18,472.72)			13,007.85	13,007.85	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	4.49	05/01/07	06/01/07	40,878.71	40,878.71	79,253.37				120,132.08	120,132.08	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	4.49	05/01/07	06/01/07	131,943.25	131,943.25	9,680.02				141,623.27	141,623.27	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	4.49	05/01/07	06/01/07	100,147.39	100,147.39	30.77				100,178.16	100,178.16	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	4.49	05/01/07	06/01/07	39,971.64	39,971.64	448.68				40,420.32	40,420.32	-	0.00
	2001A MF Bluffview Sr. Apts. Total				344,421.56	344,421.56	89,412.84	(18,472.72)	0.00	0.00	415,361.68	415,361.68	0.00	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	4.49	05/01/07	06/01/07	22,316.82	22,316.82		(21,249.05)			1,067.77	1,067.77	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	4.49	05/01/07	06/01/07	62,305.61	62,305.61	62,444.90				124,750.51	124,750.51	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	4.49	05/01/07	06/01/07	75,981.24	75,981.24	15,085.21				91,066.45	91,066.45	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	4.49	05/01/07	06/01/07	119,732.40	119,732.40		(119,702.05)			30.35	30.35	-	0.00
	2001A MF Knollwood Villas Apts Total				280,336.07	280,336.07	77,530.11	(140,951.10)	0.00	0.00	216,915.08	216,915.08	0.00	0.00
Mutual Fund	2001A MF Skyway Villas	4.49	05/01/07	06/01/07	7,791.43	7,791.43	23,072.15				30,863.58	30,863.58	-	0.00
Mutual Fund	2001A MF Skyway Villas	4.49	05/01/07	06/01/07	214,723.97	214,723.97	24,166.65				238,890.62	238,890.62	-	0.00
Mutual Fund	2001A MF Skyway Villas	4.49	05/01/07	06/01/07	187,441.38	187,441.38		(161,715.90)			25,725.48	25,725.48	-	0.00
Mutual Fund	2001A MF Skyway Villas	4.49	05/01/07	06/01/07			74,100.13				74,100.13	74,100.13	-	0.00
Mutual Fund	2001A MF Skyway Villas	4.49	05/01/07	06/01/07	9,980.07	9,980.07	865.43				10,845.50	10,845.50	-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	12,089.71	12,089.71	0.00				12,089.71	12,089.71	-	0.00
Mutual Fund	2001A MF Skyway Villas	4.49	05/01/07	06/01/07	9,166.67	9,166.67	45,833.35				55,000.02	55,000.02	-	0.00
Mutual Fund	2001A MF Skyway Villas	4.49	05/01/07	06/01/07	30,254.71	30,254.71	150,363.55				180,618.26	180,618.26	-	0.00
	2001A MF Skyway Villas Total				471,447.94	471,447.94	318,401.26	(161,715.90)	0.00	0.00	628,133.30	628,133.30	0.00	0.00
Mutual Fund	2001AB Cobb Park Apts	4.49	05/01/07	06/01/07	10,883.95	10,883.95	6,201.60				17,085.55	17,085.55	-	0.00
Mutual Fund	2001AB Cobb Park Apts	4.49	05/01/07	06/01/07	63,078.02	63,078.02	1,876.60				64,954.62	64,954.62	-	0.00
Mutual Fund	2001AB Cobb Park Apts	4.49	05/01/07	06/01/07	116,127.42	116,127.42		(63,326.23)			52,801.19	52,801.19	-	0.00
Mutual Fund	2001AB Cobb Park Apts	4.49	05/01/07	06/01/07	72,569.82	72,569.82	0.00				72,569.82	72,569.82	-	0.00
Mutual Fund	2001AB Cobb Park Apts	4.49	05/01/07	06/01/07	55,444.00	55,444.00	622.36				56,066.36	56,066.36	-	0.00
	2001AB Cobb Park Apts Total				318,103.21	318,103.21	8,700.56	(63,326.23)	0.00	0.00	263,477.54	263,477.54	0.00	0.00
Mutual Fund	2001A MF Greens Road Apts	4.88	05/01/07	06/01/07	31.02	31.02	0.14				31.16	31.16	-	0.00
Mutual Fund	2001A MF Greens Road Apts	4.88	05/01/07	06/01/07	140,260.00	140,260.00	133,013.67				273,273.67	273,273.67	-	0.00
Inv Agmt	2001A MF Greens Road Apts	4.01	09/14/01	06/01/34	3,209.26	3,209.26	7,494.89				10,704.15	10,704.15	-	0.00

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Mutual Fund	2001A MF Greens Road Apts	4.88	05/01/07	06/01/07	0.09	0.09	0.00				0.09	0.09	-	0.00
Mutual Fund	2001A MF Greens Road Apts	4.88	05/01/07	06/01/07	0.01	0.01	0.00				0.01	0.01	-	0.00
	2001A MF Greens Road Apts Total				143,500.38	143,500.38	140,508.70	0.00	0.00	0.00	284,009.08	284,009.08	0.00	0.00
Mutual Fund	2001AB MF Meridian Aptss				156.89	156.89		(156.89)					-	0.00
Mutual Fund	2001AB MF Meridian Aptss	4.69	05/01/07	06/01/07	2.78	2.78	0.73				3.51	3.51	-	0.00
Mutual Fund	2001AB MF Meridian Aptss				0.01	0.01		(0.01)					-	0.00
Mutual Fund	2001AB MF Meridian Aptss	4.69	05/01/07	06/01/07	3,432.26	3,432.26	589,535.40				592,967.66	592,967.66	-	0.00
Mutual Fund	2001AB MF Meridian Aptss	4.69	05/01/07	06/01/07	82.25	82.25	0.89				83.14	83.14	-	0.00
	2001AB MF Meridian Aptss Total				3,674.19	3,674.19	589,537.02	(156.90)	0.00	0.00	593,054.31	593,054.31	0.00	0.00
Mutual Fund	2001AB MF Wildwood Branch	4.69	05/01/07	06/01/07	2.62	2.62	0.00				2.62	2.62	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	4.69	05/01/07	06/01/07	0.02	0.02	0.00				0.02	0.02	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	4.69	05/01/07	06/01/07	555.81	555.81	586,346.57				586,902.38	586,902.38	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	4.69	05/01/07	06/01/07	14,106.84	14,106.84	0.00				14,106.84	14,106.84	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	4.69	05/01/07	06/01/07	1,043.49	1,043.49	12.33				1,055.82	1,055.82	-	0.00
	2001AB MF Wildwood Branch Total				15,708.78	15,708.78	586,358.90	0.00	0.00	0.00	602,067.68	602,067.68	0.00	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	4.69	05/01/07	06/01/07	86,318.07	86,318.07	69,039.51				155,357.58	155,357.58	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	4.49	05/01/07	06/01/07	6,458.97	6,458.97	8,220.62				14,679.59	14,679.59	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	4.49	05/01/07	06/01/07			8.95				8.95	8.95	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	4.49	05/01/07	06/01/07	136,518.89	136,518.89	15,622.10				152,140.99	152,140.99	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	4.49	05/01/07	06/01/07	51,587.44	51,587.44	49,637.69				101,225.13	101,225.13	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	4.49	05/01/07	06/01/07	235,096.98	235,096.98	221,649.62				456,746.60	456,746.60	-	0.00
	2001ABC MF Fallbrook Apts Total				515,980.35	515,980.35	364,178.49	0.00	0.00	0.00	880,158.84	880,158.84	0.00	0.00
Mutual Fund	2001 MF Oak Hollow Apts	4.49	05/01/07	06/01/07	16,059.85	16,059.85	5,914.67				21,974.52	21,974.52	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	4.49	05/01/07	06/01/07	47,244.32	47,244.32	8,868.86				56,113.18	56,113.18	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	4.49	05/01/07	06/01/07	56,961.04	56,961.04		(54,994.95)			1,966.09	1,966.09	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	4.49	05/01/07	06/01/07	36,505.89	36,505.89	36,096.26				72,602.15	72,602.15	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts				1,937.07	1,937.07		(1,937.07)					-	0.00
	2001 MF Oak Hollow Apts Total				158,708.17	158,708.17	50,879.79	(56,932.02)	0.00	0.00	152,655.94	152,655.94	0.00	0.00
Mutual Fund	2001AB MF Hillside Apts	4.49	05/01/07	06/01/07	8,631.10	8,631.10	8,431.26				17,062.36	17,062.36	-	0.00
Mutual Fund	2001AB MF Hillside Apts	4.49	05/01/07	06/01/07	102,132.55	102,132.55	13,592.90				115,725.45	115,725.45	-	0.00
Mutual Fund	2001AB MF Hillside Apts	4.49	05/01/07	06/01/07	108,408.93	108,408.93		(108,395.07)			13.86	13.86	-	0.00
Mutual Fund	2001AB MF Hillside Apts	4.49	05/01/07	06/01/07	96,702.47	96,702.47	75,477.59				172,180.06	172,180.06	-	0.00
	2001AB MF Hillside Apts Total				315,875.05	315,875.05	97,501.75	(108,395.07)	0.00	0.00	304,981.73	304,981.73	0.00	0.00
Mutual Fund	2002A MF Millstone Apts	4.27	05/01/07	06/01/07	28.51	28.51	1,759.77				1,788.28	1,788.28	-	0.00
Mutual Fund	2002A MF Millstone Apts	4.27	05/01/07	06/01/07	15,683.03	15,683.03	20,876.19				36,559.22	36,559.22	-	0.00
Mutual Fund	2002A MF Millstone Apts	4.27	05/01/07	06/01/07	1.03	1.03	0.00				1.03	1.03	-	0.00
Mutual Fund	2002A MF Millstone Apts	4.27	05/01/07	06/01/07	176,526.70	176,526.70		(147,387.79)			29,138.91	29,138.91	-	0.00
Mutual Fund	2002A MF Millstone Apts	4.27	05/01/07	06/01/07	6,672.24	6,672.24	39,379.46				46,051.70	46,051.70	-	0.00
Mutual Fund	2002A MF Millstone Apts	4.27	05/01/07	06/01/07	14,653.76	14,653.76	50,258.52				64,912.28	64,912.28	-	0.00
Mutual Fund	2002A MF Millstone Apts	4.27	05/01/07	06/01/07	32,493.52	32,493.52	215,720.60				248,214.12	248,214.12	-	0.00
Mutual Fund	2002A MF Millstone Apts	4.27	05/01/07	06/01/07	43,333.70	43,333.70	21,287.16				64,620.86	64,620.86	-	0.00
Mutual Fund	2002A MF Millstone Apts	4.27	05/01/07	06/01/07	2.42	2.42	0.00				2.42	2.42	-	0.00
Mutual Fund	2002A MF Millstone Apts	4.27	05/01/07	06/01/07	13,491.44	13,491.44	143.73				13,635.17	13,635.17	-	0.00
	2002A MF Millstone Apts Total				302,886.35	302,886.35	349,425.43	(147,387.79)	0.00	0.00	504,923.99	504,923.99	0.00	0.00
Mutual Fund	2002 MF SugarCreek Apts	4.27	05/01/07	06/01/07	262.81	262.81	2.70				265.51	265.51	-	0.00
Money Market	2002 MF SugarCreek Apts	4.27	05/01/07	06/01/07	0.13	0.13	0.00				0.13	0.13	-	0.00
Money Market	2002 MF SugarCreek Apts	4.27	05/01/07	06/01/07	0.28	0.28	0.00				0.28	0.28	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	4.27	05/01/07	06/01/07	165,296.24	165,296.24	170,719.35				336,015.59	336,015.59	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	4.27	05/01/07	06/01/07	17.65	17.65	0.12				17.77	17.77	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	4.27	05/01/07	06/01/07	7.41	7.41	0.00				7.41	7.41	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	4.27	05/01/07	06/01/07	78.87	78.87	0.89				79.76	79.76	-	0.00
	2002 MF SugarCreek Apts Total				165,663.39	165,663.39	170,723.06	0.00	0.00	0.00	336,386.45	336,386.45	0.00	0.00
Mutual Fund	2002 MF West Oaks Apts	4.49	05/01/07	06/01/07	836.52	836.52	9.39				845.91	845.91	-	0.00
Mutual Fund	2002 MF West Oaks Apts	4.49	05/01/07	06/01/07	132,879.15	132,879.15	10,938.06				143,817.21	143,817.21	-	0.00

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Money Market	2002 MF West Oaks Apts	4.49	05/01/07	06/01/07	1,786.65	1,786.65	5,542.52				7,329.17	7,329.17	-	0.00
Mutual Fund	2002 MF West Oaks Apts				44.55	44.55		(44.55)					-	0.00
Mutual Fund	2002 MF West Oaks Apts	4.49	05/01/07	06/01/07	91,429.16	91,429.16	68,170.41				159,599.57	159,599.57	-	0.00
	2002 MF West Oaks Apts Total				226,976.03	226,976.03	84,660.38	(44.55)	0.00	0.00	311,591.86	311,591.86	0.00	0.00
Mutual Fund	2002 MF Park Meadows	4.69	05/01/07	06/01/07	15,144.40	15,144.40	173.99				15,318.39	15,318.39	-	0.00
Mutual Fund	2002 MF Park Meadows	4.69	05/01/07	06/01/07	103,427.95	103,427.95	92,154.64				195,582.59	195,582.59	-	0.00
Mutual Fund	2002 MF Park Meadows	4.69	05/01/07	06/01/07	15,084.90	15,084.90	173.93				15,258.83	15,258.83	-	0.00
	2002 MF Park Meadows Total				133,657.25	133,657.25	92,502.56	0.00	0.00	0.00	226,159.81	226,159.81	0.00	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	4.49	05/01/07	06/01/07	19,730.61	19,730.61	4,852.26				24,582.87	24,582.87	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	4.49	05/01/07	06/01/07	122,820.26	122,820.26	14,996.30				137,816.56	137,816.56	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	4.49	05/01/07	06/01/07	121,146.03	121,146.03		(121,130.54)			15.49	15.49	-	0.00
Money Market	2002 MF Clarkridge Villas Apts	4.49	05/01/07	06/01/07	76,078.02	76,078.02	82,074.94				158,152.96	158,152.96	-	0.00
	2002 MF Clarkridge Villas Apts Total				339,774.92	339,774.92	101,923.50	(121,130.54)	0.00	0.00	320,567.88	320,567.88	0.00	0.00
Mutual Fund	2002 MF Hickory Trace Apts	4.49	05/01/07	06/01/07	7,927.06	7,927.06	4,005.91				11,932.97	11,932.97	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	4.49	05/01/07	06/01/07	56,278.99	56,278.99		(264.44)			56,014.55	56,014.55	-	0.00
Money Market	2002 MF Hickory Trace Apts	4.49	05/01/07	06/01/07	92,719.87	92,719.87	12.84				92,732.71	92,732.71	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	4.49	05/01/07	06/01/07	45,782.31	45,782.31	47,242.47				93,024.78	93,024.78	-	0.00
	2002 MF Hickory Trace Apts Total				202,708.23	202,708.23	51,261.22	(264.44)	0.00	0.00	253,705.01	253,705.01	0.00	0.00
Mutual Fund	2002 MF Green Crest Apts	4.49	05/01/07	06/01/07	341.65	341.65	3.83				345.48	345.48	-	0.00
Mutual Fund	2002 MF Green Crest Apts	4.49	05/01/07	06/01/07	81,948.64	81,948.64	919.87				82,868.51	82,868.51	-	0.00
Mutual Fund	2002 MF Green Crest Apts	4.49	05/01/07	06/01/07	243.45	243.45	2.74				246.19	246.19	-	0.00
Mutual Fund	2002 MF Green Crest Apts	4.49	05/01/07	06/01/07	7,243.44	7,243.44	81.31				7,324.75	7,324.75	-	0.00
	2002 MF Green Crest Apts Total				89,777.18	89,777.18	1,007.75	0.00	0.00	0.00	90,784.93	90,784.93	0.00	0.00
Mutual Fund	2002 M/Fironwood Crossing Apts	4.49	05/01/07	06/01/07	185,530.05	185,530.05	119,678.11				305,208.16	305,208.16	-	0.00
Mutual Fund	2002 M/Fironwood Crossing Apts	4.49	05/01/07	06/01/07	3,799.01	3,799.01	42.64				3,841.65	3,841.65	-	0.00
Mutual Fund	2002 M/Fironwood Crossing Apts	4.49	05/01/07	06/01/07	14,746.68	14,746.68		(3,438.99)			11,307.69	11,307.69	-	0.00
Mutual Fund	2002 M/Fironwood Crossing Apts	4.49	05/01/07	06/01/07	57,837.56	57,837.56	634.00				58,471.56	58,471.56	-	0.00
	2002 M/Fironwood Crossing Apts Total				261,913.30	261,913.30	120,354.75	(3,438.99)	0.00	0.00	378,829.06	378,829.06	0.00	0.00
Mutual Fund	2002 MF Woodway Village	4.69	05/01/07	06/01/07	1,656.39	1,656.39	10,392.27				12,048.66	12,048.66	-	0.00
Mutual Fund	2002 MF Woodway Village				8.20	8.20		(8.20)					-	0.00
Mutual Fund	2002 MF Woodway Village	4.69	05/01/07	06/01/07	57,280.66	57,280.66	190,456.81				247,737.47	247,737.47	-	0.00
Mutual Fund	2002 MF Woodway Village	4.69	05/01/07	06/01/07	57.76	57.76	0.76				58.52	58.52	-	0.00
Mutual Fund	2002 MF Woodway Village	4.69	05/01/07	06/01/07	43.27	43.27	0.75				44.02	44.02	-	0.00
	2002 MF Woodway Village Total				59,046.28	59,046.28	200,850.59	(8.20)	0.00	0.00	259,888.67	259,888.67	0.00	0.00
Mutual Fund	2003 AB MF Reading Road	4.69	05/01/07	06/01/07	13,947.85	13,947.85	42,765.77				56,713.62	56,713.62	-	0.00
Money Market	2003 AB MF Reading Road	4.69	05/01/07	06/01/07	4.15	4.15	3.81				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	4.69	05/01/07	06/01/07	0.16	0.16	0.00				0.16	0.16	-	0.00
	2003 AB MF Reading Road Total				13,952.16	13,952.16	42,769.58	0.00	0.00	0.00	56,721.74	56,721.74	0.00	0.00
Money Market	2003 AB MF North Vista Apts	4.86	05/01/07	06/01/07			113,620.70				113,620.70	113,620.70	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	4.86	05/01/07	06/01/07	766,137.88	766,137.88	8,947.18				775,085.06	775,085.06	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	4.86	05/01/07	06/01/07	244,341.69	244,341.69		(231,880.85)			12,460.84	12,460.84	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	4.86	05/01/07	06/01/07	42,496.73	42,496.73	32,056.56				74,553.29	74,553.29	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	4.86	05/01/07	06/01/07	16,027.11	16,027.11		(15,679.09)			348.02	348.02	-	0.00
Money Market	2003 AB MF North Vista Apts	4.49	05/01/07	06/01/07	52.83	52.83	0.00				52.83	52.83	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	4.86	05/01/07	06/01/07	88,828.39	88,828.39	197,155.96				285,984.35	285,984.35	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	4.86	05/01/07	06/01/07	101.64	101.64	37,914.75				38,016.39	38,016.39	-	0.00
	2003 AB MF North Vista Apts Total				1,157,986.27	1,157,986.27	389,695.15	(247,559.94)	0.00	0.00	1,300,121.48	1,300,121.48	0.00	0.00
Mutual Fund	2003 AB MF West Virginia Apts	5.15	05/01/07	06/01/07	121.38	121.38	48,517.34				48,638.72	48,638.72	-	0.00
Money Market	2003 AB MF West Virginia Apts	5.15	05/01/07	06/01/07	17,209.13	17,209.13	30,078.86				47,287.99	47,287.99	-	0.00
Money Market	2003 AB MF West Virginia Apts	5.15	05/01/07	06/01/07			126,412.71				126,412.71	126,412.71	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	5.15	05/01/07	06/01/07	239,227.41	239,227.41		(232,562.07)			6,665.34	6,665.34	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	5.15	05/01/07	06/01/07	11,139.04	11,139.04	239.95				11,378.99	11,378.99	-	0.00
Money Market	2003 AB MF West Virginia Apts	5.15	05/01/07	06/01/07	142.25	142.25	59,394.36				59,536.61	59,536.61	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	5.15	05/01/07	06/01/07	485.01	485.01	215,096.90				215,581.91	215,581.91	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
	2003 AB MF West Virginia Apts Total				268,324.22	268,324.22	479,740.12	(232,562.07)	0.00	0.00	515,502.27	515,502.27	0.00	0.00
GNMA	2003AB MF Sphinx @ Murdeaux	5.10	12/30/04	12/15/42	14,805,254.92	14,805,254.92			(34,459.13)		14,770,795.79	14,770,795.79	-	0.00
Inv Agmt	2003AB MF Sphinx @ Murdeaux	2.51	05/13/03	12/01/42	162,509.08	162,509.08	223,295.66				385,804.74	385,804.74	-	0.00
	2003AB MF Sphinx @ Murdeaux Total				14,967,764.00	14,967,764.00	223,295.66	0.00	(34,459.13)	0.00	15,156,600.53	15,156,600.53	0.00	0.00
Mutual Fund	2003 AB MF Primrose Houston	4.49	05/01/07	06/01/07	118,174.28	118,174.28		(16,175.56)			101,998.72	101,998.72	-	0.00
Money Market	2003 AB MF Primrose Houston	4.49	05/01/07	06/01/07			5,743.66				5,743.66	5,743.66	-	0.00
Mutual Fund	2003 AB MF Primrose Houston				6.88	6.88		(6.88)					-	0.00
	2003 AB MF Primrose Houston Total				118,181.16	118,181.16	5,743.66	(16,182.44)	0.00	0.00	107,742.38	107,742.38	0.00	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	4.49	05/01/07	06/01/07	21,330.59	21,330.59	14,350.70				35,681.29	35,681.29	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	4.49	05/01/07	06/01/07	119,230.53	119,230.53	15,652.52				134,883.05	134,883.05	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	4.49	05/01/07	06/01/07	94,493.17	94,493.17		(791.09)			93,702.08	93,702.08	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	4.49	05/01/07	06/01/07	18,907.41	18,907.41	7,952.48				26,859.89	26,859.89	-	0.00
	2003 AB MF Timber Oaks Apts Total				253,961.70	253,961.70	37,955.70	(791.09)	0.00	0.00	291,126.31	291,126.31	0.00	0.00
Mutual Fund	2003 AB MF Ash Creek	4.49	05/01/07	06/01/07	916.79	916.79	64.48				981.27	981.27	-	0.00
Mutual Fund	2003 AB MF Ash Creek	4.49	05/01/07	06/01/07	4,828.48	4,828.48	0.00				4,828.48	4,828.48	-	0.00
Mutual Fund	2003 AB MF Ash Creek	4.49	05/01/07	06/01/07	120,713.32	120,713.32		(21,184.04)			99,529.28	99,529.28	-	0.00
Money Market	2003 AB MF Ash Creek	4.49	05/01/07	06/01/07			1,166.43				1,166.43	1,166.43	-	0.00
	2003 AB MF Ash Creek Total				126,458.59	126,458.59	1,230.91	(21,184.04)	0.00	0.00	106,505.46	106,505.46	0.00	0.00
Mutual Fund	2003 AB MF Peninsula	4.49	05/01/07	06/01/07	47.62	47.62	0.00				47.62	47.62	-	0.00
Mutual Fund	2003 AB MF Peninsula	4.49	05/01/07	06/01/07	348,808.72	348,808.72		(200,760.11)			148,048.61	148,048.61	-	0.00
Mutual Fund	2003 AB MF Peninsula	4.49	05/01/07	06/01/07			14,767.20				14,767.20	14,767.20	-	0.00
	2003 AB MF Peninsula Total				348,856.34	348,856.34	14,767.20	(200,760.11)	0.00	0.00	162,863.43	162,863.43	0.00	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	4.49	05/01/07	06/01/07	29.85	29.85	0.33				30.18	30.18	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	4.49	05/01/07	06/01/07	85,464.39	85,464.39		(999.25)			84,465.14	84,465.14	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	4.49	05/01/07	06/01/07	1,217.31	1,217.31	13.67				1,230.98	1,230.98	-	0.00
Money Market	2003 A MF Evergreen @ Mesquite	4.49	05/01/07	06/01/07	16.02	16.02	2,410.18				2,426.20	2,426.20	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	4.49	05/01/07	06/01/07	25,195.79	25,195.79		(1,422.15)			23,773.64	23,773.64	-	0.00
	2003 A MF Evergreen @ Mesquite Total				111,923.36	111,923.36	2,424.18	(2,421.40)	0.00	0.00	111,926.14	111,926.14	0.00	0.00
Money Market	2003 AB Arlington Villas	4.49	05/01/07	06/01/07	423,218.20	423,218.20	4,750.61				427,968.81	427,968.81	-	0.00
Mutual Fund	2003 AB Arlington Villas	4.49	05/01/07	06/01/07	112,244.19	112,244.19		(2,301.23)			109,942.96	109,942.96	-	0.00
Mutual Fund	2003 AB Arlington Villas	4.49	05/01/07	06/01/07	4,912.40	4,912.40	8,998.90				13,911.30	13,911.30	-	0.00
	2003 AB Arlington Villas Total				540,374.79	540,374.79	13,749.51	(2,301.23)	0.00	0.00	551,823.07	551,823.07	0.00	0.00
Mutual Fund	2003 AB Parkview Twnhms	4.49	05/01/07	06/01/07	13,634.10	13,634.10		(2,965.76)			10,668.34	10,668.34	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	4.49	05/01/07	06/01/07	74,756.35	74,756.35	839.13				75,595.48	75,595.48	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	4.49	05/01/07	06/01/07	39.96	39.96		(0.16)			39.80	39.80	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	4.49	05/01/07	06/01/07			147,340.99				147,340.99	147,340.99	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	4.49	05/01/07	06/01/07	210,128.25	210,128.25	2,358.68				212,486.93	212,486.93	-	0.00
	2003 AB Parkview Twnhms Total				298,558.66	298,558.66	150,538.80	(2,965.92)	0.00	0.00	446,131.54	446,131.54	0.00	0.00
Money Market	2003 MF NHP-Asmara-Refunding	4.49	05/01/07	06/01/07	112,350.11	112,350.11	171,167.67				283,517.78	283,517.78	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	4.49	05/01/07	06/01/07	172,134.60	172,134.60		(118,963.44)			53,171.16	53,171.16	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	4.49	05/01/07	06/01/07	66.03	66.03	0.74				66.77	66.77	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	4.66	05/01/07	06/01/07	627.82	627.82	7.04				634.86	634.86	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	4.49	05/01/07	06/01/07	35,933.60	35,933.60		(27,975.50)			7,958.10	7,958.10	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	4.49	05/01/07	06/01/07	117,101.55	117,101.55		(28,905.16)			88,196.39	88,196.39	-	0.00
	2003 MF NHP-Asmara-Refunding Total				438,213.71	438,213.71	171,175.45	(175,844.10)	0.00	0.00	433,545.06	433,545.06	0.00	0.00
Money Market	2004 A&B Timber Ridge	4.49	05/01/07	06/01/07	3,544.40	3,544.40	1,550.93				5,095.33	5,095.33	-	0.00
Money Market	2004 A&B Timber Ridge	4.49	05/01/07	06/01/07	46,197.95	46,197.95	978.12				47,176.07	47,176.07	-	0.00
	2004 A&B Timber Ridge Total				49,742.35	49,742.35	2,529.05	0.00	0.00	0.00	52,271.40	52,271.40	0.00	0.00
Money Market	2004 A&B Century Park	4.49	05/01/07	06/01/07	27,130.87	27,130.87	16,722.97				43,853.84	43,853.84	-	0.00
Money Market	2004 A&B Century Park	4.49	05/01/07	06/01/07	54,833.56	54,833.56		(39,946.86)			14,886.70	14,886.70	-	0.00
Money Market	2004 A&B Century Park	4.49	05/01/07	06/01/07	26,770.23	26,770.23	55,835.86				82,606.09	82,606.09	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Money Market	2004 A&B Century Park	4.49	05/01/07	06/01/07	3,758.63	3,758.63	3,587.22				7,345.85	7,345.85	-	0.00
Money Market	2004 A&B Century Park	4.49	05/01/07	06/01/07	21,666.67	21,666.67	55,284.64				76,951.31	76,951.31	-	0.00
Money Market	2004 A&B Century Park	4.49	05/01/07	06/01/07	5,000.00	5,000.00	15,065.68				20,065.68	20,065.68	-	0.00
Money Market	2004 A&B Century Park	4.49	05/01/07	06/01/07	183,733.57	183,733.57	137,512.93				321,246.50	321,246.50	-	0.00
	2004 A&B Century Park Total				322,893.53	322,893.53	284,009.30	(39,946.86)	0.00	0.00	566,955.97	566,955.97	0.00	0.00
Money Market	2004 A Addison Park	4.49	05/01/07	06/01/07	561.56	561.56	7.05				568.61	568.61	-	0.00
Money Market	2004 A Addison Park	4.49	05/01/07	06/01/07	170.35	170.35	2.14				172.49	172.49	-	0.00
Money Market	2004 A Addison Park	4.49	05/01/07	06/01/07	1,211.48	1,211.48	15.21				1,226.69	1,226.69	-	0.00
Money Market	2004 A Addison Park	4.49	05/01/07	06/01/07	11.55	11.55	0.15				11.70	11.70	-	0.00
	2004 A Addison Park Total				1,954.94	1,954.94	24.55	0.00	0.00	0.00	1,979.49	1,979.49	0.00	0.00
Money Market	2004 A&B MF Veterans Memorial	4.49	05/01/07	06/01/07	120.60	120.60		(120.43)			0.17	0.17	-	0.00
Money Market	2004 A&B MF Veterans Memorial	4.49	05/01/07	06/01/07	69,185.51	69,185.51	776.61				69,962.12	69,962.12	-	0.00
Money Market	2004 A&B MF Veterans Memorial	4.49	05/01/07	06/01/07	44.68	44.68	72.11				116.79	116.79	-	0.00
Money Market	2004 A&B MF Veterans Memorial	4.49	05/01/07	06/01/07	3,614.90	3,614.90		(2,952.47)			662.43	662.43	-	0.00
	2004 A&B MF Veterans Memorial Total				72,965.69	72,965.69	848.72	(3,072.90)	0.00	0.00	70,741.51	70,741.51	0.00	0.00
Money Market	2004 MF Rush Creek Apts	4.49	05/01/07	06/01/07	26,924.76	26,924.76	7,546.95				34,471.71	34,471.71	-	0.00
Money Market	2004 MF Rush Creek Apts	4.49	05/01/07	06/01/07	374,570.47	374,570.47	4,428.83				378,999.30	378,999.30	-	0.00
Money Market	2004 MF Rush Creek Apts	4.49	05/01/07	06/01/07	38.56	38.56	0.46				39.02	39.02	-	0.00
Money Market	2004 MF Rush Creek Apts	4.49	05/01/07	06/01/07	95.68	95.68	82,279.21				82,374.89	82,374.89	-	0.00
Money Market	2004 MF Rush Creek Apts	4.49	05/01/07	06/01/07	68.88	68.88	0.82				69.70	69.70	-	0.00
Money Market	2004 MF Rush Creek Apts	4.49	05/01/07	06/01/07	19,073.79	19,073.79	225.52				19,299.31	19,299.31	-	0.00
Money Market	2004 MF Rush Creek Apts	4.49	05/01/07	06/01/07	3,688.14	3,688.14	5,615.72				9,303.86	9,303.86	-	0.00
Money Market	2004 MF Rush Creek Apts	4.66	05/01/07	06/01/07	19,400.31	19,400.31	53,384.61				72,784.92	72,784.92	-	0.00
Money Market	2004 MF Rush Creek Apts	4.49	05/01/07	06/01/07	85.04	85.04	1.00				86.04	86.04	-	0.00
Money Market	2004 MF Rush Creek Apts	4.49	05/01/07	06/01/07	67.93	67.93	0.80				68.73	68.73	-	0.00
	2004 MF Rush Creek Apts Total				444,013.56	444,013.56	153,483.92	0.00	0.00	0.00	597,497.48	597,497.48	0.00	0.00
Money Market	2004 MF Humble Parkway	4.49	05/01/07	06/01/07	29,135.91	29,135.91	11,147.57				40,283.48	40,283.48	-	0.00
Money Market	2004 MF Humble Parkway	4.49	05/01/07	06/01/07	4,666.37	4,666.37	4,336.79				9,003.16	9,003.16	-	0.00
Inv Agmt	2004 MF Humble Parkway	3.65	11/16/05	02/01/10	158,252.45	158,252.45	215,048.89				373,301.34	373,301.34	-	0.00
Money Market	2004 MF Humble Parkway	4.49	05/01/07	06/01/07	8,105.74	8,105.74	8,113.77				16,219.51	16,219.51	-	0.00
	2004 MF Humble Parkway Total				200,160.47	200,160.47	238,647.02	0.00	0.00	0.00	438,807.49	438,807.49	0.00	0.00
Money Market	2004 MF Chisholm Trail Apts				0.81	0.81		(0.81)					-	0.00
Money Market	2004 MF Chisholm Trail Apts	4.74	05/01/07	06/01/07	644.27	644.27		(643.84)			0.43	0.43	-	0.00
Money Market	2004 MF Chisholm Trail Apts	4.74	05/01/07	06/01/07			1,434.24				1,434.24	1,434.24	-	0.00
Money Market	2004 MF Chisholm Trail Apts	4.49	05/01/07	06/01/07			45,157.81				45,157.81	45,157.81	-	0.00
Money Market	2004 MF Chisholm Trail Apts	4.74	05/01/07	06/01/07	777.28	777.28		(776.76)			0.52	0.52	-	0.00
Money Market	2004 MF Chisholm Trail Apts	4.74	05/01/07	06/01/07			1,030.28				1,030.28	1,030.28	-	0.00
Money Market	2004 MF Chisholm Trail Apts				1.35	1.35	(1.35)						-	0.00
Money Market	2004 MF Chisholm Trail Apts	4.74	05/01/07	06/01/07			11,827.77				11,827.77	11,827.77	-	0.00
	2004 MF Chisholm Trail Apts Total				1,423.71	1,423.71	59,448.75	(1,421.41)	0.00	0.00	59,451.05	59,451.05	0.00	0.00
Money Market	2004 MF Evergreen at Plano	4.74	05/01/07	06/01/07	89,726.77	89,726.77	3,754.65				93,481.42	93,481.42	-	0.00
Money Market	2004 MF Evergreen at Plano	4.74	05/01/07	06/01/07	11,593.44	11,593.44		(8,930.07)			2,663.37	2,663.37	-	0.00
Money Market	2004 MF Evergreen at Plano	4.74	05/01/07	06/01/07	2,059.17	2,059.17	24.10				2,083.27	2,083.27	-	0.00
Money Market	2004 MF Evergreen at Plano	4.74	05/01/07	06/01/07	0.03	0.03	0.00				0.03	0.03	-	0.00
Money Market	2004 MF Evergreen at Plano	4.74	05/01/07	06/01/07	102,410.09	102,410.09	162.36				102,572.45	102,572.45	-	0.00
Money Market	2004 MF Evergreen at Plano	4.74	05/01/07	06/01/07	58,746.53	58,746.53	13,223.24				71,969.77	71,969.77	-	0.00
	2004 MF Evergreen at Plano Total				264,536.03	264,536.03	17,164.35	(8,930.07)	0.00	0.00	272,770.31	272,770.31	0.00	0.00
Money Market	2004 MF Montgomery Pines Apts	4.74	05/01/07	06/01/07			2,575.92				2,575.92	2,575.92	-	0.00
Money Market	2004 MF Montgomery Pines Apts	4.74	05/01/07	06/01/07	6,188.12	6,188.12		(6,154.32)			33.80	33.80	-	0.00
Money Market	2004 MF Montgomery Pines Apts	4.74	05/01/07	06/01/07	2,970.24	2,970.24		(2,970.19)			0.05	0.05	-	0.00
	2004 MF Montgomery Pines Apts Total				9,158.36	9,158.36	2,575.92	(9,124.51)	0.00	0.00	2,609.77	2,609.77	0.00	0.00
Money Market	2004 MF Bristol Apts	4.74	05/01/07	06/01/07	7,710.02	7,710.02	91.39				7,801.41	7,801.41	-	0.00
Money Market	2004 MF Bristol Apts	4.74	05/01/07	06/01/07	46,379.35	46,379.35	549.81				46,929.16	46,929.16	-	0.00
Money Market	2004 MF Bristol Apts	4.74	05/01/07	06/01/07	22,904.68	22,904.68	271.52				23,176.20	23,176.20	-	0.00

Investment Type	Issue	Current interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Money Market	2004 MF Bristol Apts	4.74	05/01/07	06/01/07	100.02	100.02	1.18				101.20	101.20	-	0.00
	2004 MF Bristol Apts Total				77,094.07	77,094.07	913.90	0.00	0.00	0.00	78,007.97	78,007.97	0.00	0.00
Money Market	2004 MF Pinnacle Apts	4.74	05/01/07	06/01/07	4.93	4.93		(4.92)			0.01	0.01	-	0.00
Money Market	2004 MF Pinnacle Apts				0.06	0.06		(0.06)					-	0.00
Money Market	2004 MF Pinnacle Apts	4.74	05/01/07	06/01/07	23,182.54	23,182.54		(1,754.82)			21,427.72	21,427.72	-	0.00
Money Market	2004 MF Pinnacle Apts	4.74	05/01/07	06/01/07	0.01	0.01	0.00				0.01	0.01	-	0.00
Money Market	2004 MF Pinnacle Apts	4.74	05/01/07	06/01/07	57.26	57.26	6,300.87				6,358.13	6,358.13	-	0.00
Money Market	2004 MF Pinnacle Apts	4.74	05/01/07	06/01/07	20,732.85	20,732.85		(4,007.65)			16,725.20	16,725.20	-	0.00
Money Market	2004 MF Pinnacle Apts	4.74	05/01/07	06/01/07	54.18	54.18	0.64				54.82	54.82	-	0.00
	2004 MF Pinnacle Apts Total				44,031.83	44,031.83	6,301.51	(5,767.45)	0.00	0.00	44,565.89	44,565.89	0.00	0.00
Money Market	2004 MF Tranquility Bay Apts	4.66	05/01/07	06/01/07	33,214.09	33,214.09	869.66				34,083.75	34,083.75	-	0.00
Money Market	2004 MF Tranquility Bay Apts	4.66	05/01/07	06/01/07	238.89	238.89	2.67				241.56	241.56	-	0.00
Money Market	2004 MF Tranquility Bay Apts	4.66	05/01/07	06/01/07	123,240.38	123,240.38	38.85				123,279.23	123,279.23	-	0.00
Money Market	2004 MF Tranquility Bay Apts	4.66	05/01/07	06/01/07	185,626.28	185,626.28	95,832.00				281,458.28	281,458.28	-	0.00
Money Market	2004 MF Tranquility Bay Apts	4.66	05/01/07	06/01/07	9,493.94	9,493.94	9,235.72				18,729.66	18,729.66	-	0.00
	2004 MF Tranquility Bay Apts Total				351,813.58	351,813.58	105,978.90	0.00	0.00	0.00	457,792.48	457,792.48	0.00	0.00
GNMA	2004 MF Sphinx @ Delafield	5.42	03/01/06	01/15/44	11,285,131.02	11,285,131.02			(22,730.80)		11,262,400.22	11,262,400.22	-	0.00
Inv Agmt	2004 MF Sphinx @ Delafield	3.00	11/22/04	01/20/44	66,873.91	66,873.91	167,789.98				234,663.89	234,663.89	-	0.00
Money Market	2004 MF Sphinx @ Delafield	4.49	05/01/07	06/01/07	4,566.08	4,566.08		(2,504.85)			2,061.23	2,061.23	-	0.00
	2004 MF Sphinx @ Delafield Total				11,356,571.01	11,356,571.01	167,789.98	(2,504.85)	(22,730.80)	0.00	11,499,125.34	11,499,125.34	0.00	0.00
Money Market	2004 MF Churchill @ Pinnacle	4.74	05/01/07	06/01/07	645,966.76	645,966.76	7,416.52				653,383.28	653,383.28	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	4.74	05/01/07	06/01/07	107,889.35	107,889.35	48,359.35				156,248.70	156,248.70	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	4.74	05/01/07	06/01/07	339.71	339.71	4.16				343.87	343.87	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	4.74	05/01/07	06/01/07	46,981.62	46,981.62	13,884.40				60,866.02	60,866.02	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	4.74	05/01/07	06/01/07	0.72	0.72	58,677.06				58,677.78	58,677.78	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	4.74	05/01/07	06/01/07	84,415.50	84,415.50		(83,913.67)			501.83	501.83	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	4.74	05/01/07	06/01/07	11,261.30	11,261.30	5,819.89				17,081.19	17,081.19	-	0.00
	2004 MF Churchill @ Pinnacle Total				896,854.96	896,854.96	134,161.38	(83,913.67)	0.00	0.00	947,102.67	947,102.67	0.00	0.00
Money Market	2004 A/B MF Post Oak East Apts	4.74	05/01/07	06/01/07	2,881.41	2,881.41	34.16				2,915.57	2,915.57	-	0.00
Money Market	2004 A/B MF Post Oak East Apts	4.74	05/01/07	06/01/07	2.76	2.76	0.03				2.79	2.79	-	0.00
Money Market	2004 A/B MF Post Oak East Apts	4.74	05/01/07	06/01/07	5.70	5.70	0.06				5.76	5.76	-	0.00
	2004 A/B MF Post Oak East Apts Total				2,889.87	2,889.87	34.25	0.00	0.00	0.00	2,924.12	2,924.12	0.00	0.00
Money Market	2004 MF Village Fair	4.49	05/01/07	06/01/07	47,738.37	47,738.37	68,874.89				116,613.26	116,613.26	-	0.00
Money Market	2004 MF Village Fair	4.49	05/01/07	06/01/07	183,494.37	183,494.37	2,059.72				185,554.09	185,554.09	-	0.00
Money Market	2004 MF Village Fair	4.49	05/01/07	06/01/07	111,216.72	111,216.72		(1.57)			111,215.15	111,215.15	-	0.00
Money Market	2004 MF Village Fair	4.49	05/01/07	06/01/07	12,399.24	12,399.24	3,314.81				15,714.05	15,714.05	-	0.00
	2004 MF Village Fair Total				354,848.70	354,848.70	74,249.42	(1.57)	0.00	0.00	429,096.55	429,096.55	0.00	0.00
Money Market	2005 MF Pecan Grove	4.49	05/01/07	06/01/07	516.94	516.94	0.00				516.94	516.94	-	0.00
Money Market	2005 MF Pecan Grove	4.49	05/01/07	06/01/07	6,162.19	6,162.19		(6,086.79)			75.40	75.40	-	0.00
Money Market	2005 MF Pecan Grove	4.49	05/01/07	06/01/07	9.11	9.11		(5.08)			4.03	4.03	-	0.00
Money Market	2005 MF Pecan Grove				0.01	0.01		(0.01)					-	0.00
	2005 MF Pecan Grove Total				6,688.25	6,688.25	0.00	(6,091.88)	0.00	0.00	596.37	596.37	0.00	0.00
Money Market	2005 MF Prairie Oaks	4.49	05/01/07	06/01/07	9,580.04	9,580.04	1,137.36				10,717.40	10,717.40	-	0.00
Money Market	2005 MF Prairie Oaks	4.49	05/01/07	06/01/07	13,810.26	13,810.26	10,493.05				24,303.31	24,303.31	-	0.00
Money Market	2005 MF Prairie Oaks	4.49	05/01/07	06/01/07	352,925.52	352,925.52	3,961.58				356,887.10	356,887.10	-	0.00
Money Market	2005 MF Prairie Oaks	4.49	05/01/07	06/01/07	24,303.84	24,303.84	272.81				24,576.65	24,576.65	-	0.00
Money Market	2005 MF Prairie Oaks	4.49	05/01/07	06/01/07	89,415.14	89,415.14		(89,172.94)			242.20	242.20	-	0.00
Money Market	2005 MF Prairie Oaks	4.49	05/01/07	06/01/07	31,217.14	31,217.14	55,653.34				86,870.48	86,870.48	-	0.00
	2005 MF Prairie Oaks Total				521,251.94	521,251.94	71,518.14	(89,172.94)	0.00	0.00	503,597.14	503,597.14	0.00	0.00
Money Market	2005 MF Port Royal	4.49	05/01/07	06/01/07	142.07	142.07	0.00				142.07	142.07	-	0.00
Money Market	2005 MF Port Royal	4.49	05/01/07	06/01/07			234.00				234.00	234.00	-	0.00
Money Market	2005 MF Port Royal	4.49	05/01/07	06/01/07	59.03	59.03		(57.93)			1.10	1.10	-	0.00
	2005 MF Port Royal Total				201.10	201.10	234.00	(57.93)	0.00	0.00	377.17	377.17	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Money Market	2005 MF Mission Del Rio	4.49	05/01/07	06/01/07			538,682.45				538,682.45	538,682.45	-	0.00
Money Market	2005 MF Mission Del Rio	4.49	05/01/07	06/01/07	20.77	20.77	1,950,086.43				1,950,107.20	1,950,107.20	-	0.00
Money Market	2005 MF Mission Del Rio	4.49	05/01/07	06/01/07	943,477.29	943,477.29		(941,372.26)			2,105.03	2,105.03	-	0.00
Money Market	2005 MF Mission Del Rio	4.49	05/01/07	06/01/07	41,748.64	41,748.64		(39,569.34)			2,179.30	2,179.30	-	0.00
	2005 MF Mission Del Rio Total				985,246.70	985,246.70	2,488,768.88	(980,941.60)	0.00	0.00	2,493,073.98	2,493,073.98	0.00	0.00
Money Market	2005 MF Atascocita Apts	4.49	05/01/07	06/01/07	6,207.48	6,207.48	1,670.23				7,877.71	7,877.71	-	0.00
Money Market	2005 MF Atascocita Apts	4.49	05/01/07	06/01/07	11,868.33	11,868.33	138.95				12,007.28	12,007.28	-	0.00
Money Market	2005 MF Atascocita Apts	4.49	05/01/07	06/01/07	407,093.32	407,093.32	4,766.09				411,859.41	411,859.41	-	0.00
Money Market	2005 MF Atascocita Apts	4.49	05/01/07	06/01/07	223,143.70	223,143.70		(154,404.95)			68,738.75	68,738.75	-	0.00
Money Market	2005 MF Atascocita Apts	4.49	05/01/07	06/01/07	0.27	0.27	0.00				0.27	0.27	-	0.00
	2005 MF Atascocita Apts Total				648,313.10	648,313.10	6,575.27	(154,404.95)	0.00	0.00	500,483.42	500,483.42	0.00	0.00
Money Market	2005 MF Tower Ridge	4.69	05/01/07	06/01/07	840.20	840.20	9.80				850.00	850.00	-	0.00
Money Market	2005 MF Tower Ridge	4.88	05/01/07	06/01/07	82.27	82.27	0.89				83.16	83.16	-	0.00
Money Market	2005 MF Tower Ridge	4.69	05/01/07	06/01/07	30.05	30.05	0.14				30.19	30.19	-	0.00
	2005 MF Tower Ridge Total				952.52	952.52	10.83	0.00	0.00	0.00	963.35	963.35	0.00	0.00
Money Market	2005 MF Alta Cullen	4.74	05/01/07	06/01/07	107,778.13	107,778.13		(107,527.83)			250.30	250.30	-	0.00
Money Market	2005 MF Alta Cullen	4.74	05/01/07	06/01/07	4,682.12	4,682.12	77,055.46				81,737.58	81,737.58	-	0.00
Money Market	2005 MF Alta Cullen	4.74	05/01/07	06/01/07	118,230.21	118,230.21		(12,882.89)			105,347.32	105,347.32	-	0.00
	2005 MF Alta Cullen Total				230,690.46	230,690.46	77,055.46	(120,410.72)	0.00	0.00	187,335.20	187,335.20	0.00	0.00
GNMA	2005 MF Prairie Ranch	4.99	03/28/06	01/15/45			12,165,913.66				12,165,913.66	12,165,913.66	-	0.00
Inv Agmt	2005 MF Prairie Ranch	3.25	12/06/05	01/20/45	258,267.89	258,267.89	172,990.16				431,258.05	431,258.05	-	0.00
GNMA	2005 MF Prairie Ranch				12,191,534.00	12,191,534.00			(12,191,534.00)				-	0.00
Money Market	2005 MF Prairie Ranch	4.49	05/01/07	06/01/07	6,415.25	6,415.25	140.29				6,555.54	6,555.54	-	0.00
Money Market	2005 MF Prairie Ranch	4.49	05/01/07	06/01/07			10.21				10.21	10.21	-	0.00
Money Market	2005 MF Prairie Ranch				10.12	10.12		(10.12)					-	0.00
	2005 MF Prairie Ranch Total				12,456,227.26	12,456,227.26	12,339,054.32	(10.12)	(12,191,534.00)	0.00	12,603,737.46	12,603,737.46	0.00	0.00
Money Market	2005 MF St. Augustine	4.74	05/01/07	06/01/07	124,160.71	124,160.71		(88,112.07)			36,048.64	36,048.64	-	0.00
Money Market	2005 MF St. Augustine	4.74	05/01/07	06/01/07	707.16	707.16		(705.07)			2.09	2.09	-	0.00
Money Market	2005 MF St. Augustine	4.74	05/01/07	06/01/07	330.15	330.15		(329.18)			0.97	0.97	-	0.00
Money Market	2005 MF St. Augustine	4.74	05/01/07	06/01/07	63,528.98	63,528.98		(59,488.63)			4,040.35	4,040.35	-	0.00
Money Market	2005 MF St. Augustine	4.74	05/01/07	06/01/07			892.30				892.30	892.30	-	0.00
Money Market	2005 MF St. Augustine	4.74	05/01/07	06/01/07	39.27	39.27	0.47				39.74	39.74	-	0.00
Money Market	2005 MF St. Augustine	4.74	05/01/07	06/01/07			21,223.45				21,223.45	21,223.45	-	0.00
Money Market	2005 MF St. Augustine	4.74	05/01/07	06/01/07	11.45	11.45	0.14				11.59	11.59	-	0.00
	2005 MF St. Augustine Total				188,777.72	188,777.72	22,116.36	(148,634.95)	0.00	0.00	62,259.13	62,259.13	0.00	0.00
Money Market	2005 MF Park Manor	4.74	05/01/07	06/01/07	14.49	14.49	2,286.58				2,301.07	2,301.07	-	0.00
Money Market	2005 MF Park Manor				762,699.36	762,699.36		(762,699.36)					-	0.00
Money Market	2005 MF Park Manor	4.74	05/01/07	06/01/07			206,366.67				206,366.67	206,366.67	-	0.00
Money Market	2005 MF Park Manor				182.06	182.06		(182.06)					-	0.00
Money Market	2005 MF Park Manor	4.74	05/01/07	06/01/07	100,798.66	100,798.66	41,686.74				142,485.40	142,485.40	-	0.00
Money Market	2005 MF Park Manor	4.74	05/01/07	06/01/07	7,562.62	7,562.62		(2,356.99)			5,205.63	5,205.63	-	0.00
	2005 MF Park Manor Total				871,257.19	871,257.19	250,339.99	(765,238.41)	0.00	0.00	356,358.77	356,358.77	0.00	0.00
Money Market	2005 MF Pr Mockingbird	4.49	05/01/07	06/01/07			8,381.96				8,381.96	8,381.96	-	0.00
Money Market	2005 MF Pr Mockingbird	4.49	05/01/07	06/01/07	3,117.09	3,117.09	137,029.78				140,146.87	140,146.87	-	0.00
Money Market	2005 MF Pr Mockingbird	4.49	05/01/07	06/01/07			530.69				530.69	530.69	-	0.00
Money Market	2005 MF Pr Mockingbird				126,887.50	126,887.50		(126,887.50)					-	0.00
Money Market	2005 MF Pr Mockingbird	4.49	05/01/07	06/01/07			11,188.77				11,188.77	11,188.77	-	0.00
Money Market	2005 MF Pr Mockingbird				0.03	0.03		(0.03)					-	0.00
	2005 MF Pr Mockingbird Total				130,004.62	130,004.62	157,131.20	(126,887.53)	0.00	0.00	160,248.29	160,248.29	0.00	0.00
Money Market	2005 MF Pl @ Chase Oaks	4.74	05/01/07	06/01/07	8,988.94	8,988.94	294,060.68				303,049.62	303,049.62	-	0.00
Inv Agmt	2005 MF Pl @ Chase Oaks				1,591,162.04	1,591,162.04		(1,591,162.04)					-	0.00
Money Market	2005 MF Pl @ Chase Oaks	4.74	05/01/07	06/01/07	31.50	31.50	384,785.86				384,817.36	384,817.36	-	0.00
Inv Agmt	2005 MF Pl @ Chase Oaks				559,174.10	559,174.10		(559,174.10)					-	0.00

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	2005 MF Pl @ Chase Oaks Total				2,159,356.58	2,159,356.58	678,846.54	(2,150,336.14)	0.00	0.00	687,866.98	687,866.98	0.00	0.00
Money Market	2005 MF Canal Place	4.49	05/01/07	06/01/07	9,380.48	9,380.48		(1,168.10)			8,212.38	8,212.38	-	0.00
Money Market	2005 MF Canal Place	4.49	05/01/07	06/01/07	397,887.33	397,887.33		(392,767.61)			5,119.72	5,119.72	-	0.00
Inv Agmt	2005 MF Canal Place				521,301.42	521,301.42		(521,301.42)					-	0.00
Money Market	2005 MF Canal Place	4.49	05/01/07	06/01/07	12,455.11	12,455.11		(11,271.70)			1,183.41	1,183.41	-	0.00
Money Market	2005 MF Canal Place	4.49	05/01/07	06/01/07	17,903.09	17,903.09	14,415.85				32,318.94	32,318.94	-	0.00
Inv Agmt	2005 MF Canal Place	4.13	10/11/05	07/15/07	478,506.37	478,506.37		(219,253.99)			259,252.38	259,252.38	-	0.00
Inv Agmt	2005 MF Canal Place	4.13	10/11/05	07/15/07	4,817,953.35	4,817,953.35		(4,759,850.43)			58,102.92	58,102.92	-	0.00
Money Market	2005 MF Canal Place	4.49	05/01/07	06/01/07			30,095.02				30,095.02	30,095.02	-	0.00
	2005 MF Canal Place Total				6,255,387.15	6,255,387.15	44,510.87	(5,905,613.25)	0.00	0.00	394,284.77	394,284.77	0.00	0.00
Money Market	2006 MF Coral Hills	4.61	05/01/07	06/01/07	45.32	45.32	0.75				46.07	46.07	-	0.00
Money Market	2006 MF Coral Hills	4.61	05/01/07	06/01/07	75,290.46	75,290.46	67,753.29				143,043.75	143,043.75	-	0.00
Money Market	2006 MF Coral Hills	4.61	05/01/07	06/01/07	9.81	9.81	0.01				9.82	9.82	-	0.00
	2006 MF Coral Hills Total				75,345.59	75,345.59	67,754.05	0.00	0.00	0.00	143,099.64	143,099.64	0.00	0.00
Money Market	2006 MF Harris Branch	4.49	05/01/07	06/01/07	1.08	1.08	3,715,292.30				3,715,293.38	3,715,293.38	-	0.00
Inv Agmt	2006 MF Harris Branch	4.72	03/09/06	02/15/08	862,245.59	862,245.59		(858,825.61)			3,419.98	3,419.98	-	0.00
Money Market	2006 MF Harris Branch	4.49	05/01/07	06/01/07	15,562.61	15,562.61		(6,200.00)			9,362.61	9,362.61	-	0.00
Money Market	2006 MF Harris Branch	4.49	05/01/07	06/01/07			42.36				42.36	42.36	-	0.00
Inv Agmt	2006 MF Harris Branch	4.72	03/02/06	02/15/08	4,511,722.37	4,511,722.37		(4,508,324.38)			3,397.99	3,397.99	-	0.00
Inv Agmt	2006 MF Harris Branch	4.72	03/09/06	02/15/08	291,682.97	291,682.97		(134,616.86)			157,066.11	157,066.11	-	0.00
Money Market	2006 MF Harris Branch	4.49	05/01/07	06/01/07	218.76	218.76	143.18				361.94	361.94	-	0.00
	2006 MF Harris Branch Total				5,681,433.38	5,681,433.38	3,715,477.84	(5,507,966.85)	0.00	0.00	3,888,944.37	3,888,944.37	0.00	0.00
Money Market	2006 MF Bella Vista				1,655,250.50	1,655,250.50		(1,655,250.50)					-	0.00
Money Market	2006 MF Bella Vista	4.49	05/01/07	06/01/07	4,735.27	4,735.27	9,127.41				13,862.68	13,862.68	-	0.00
Inv Agmt	2006 MF Bella Vista	4.76	04/07/06	10/01/07	11,749.66	11,749.66	0.00				11,749.66	11,749.66	-	0.00
Money Market	2006 MF Bella Vista	4.49	05/01/07	06/01/07			2,400.07				2,400.07	2,400.07	-	0.00
Money Market	2006 MF Bella Vista	4.49	05/01/07	06/01/07	238,955.18	238,955.18	1,889.82				240,845.00	240,845.00	-	0.00
Money Market	2006 MF Bella Vista	4.49	05/01/07	06/01/07	113,977.38	113,977.38		(89,536.46)			24,440.92	24,440.92	-	0.00
Inv Agmt	2006 MF Bella Vista				338,562.40	338,562.40		(338,562.40)					-	0.00
Inv Agmt	2006 MF Bella Vista	4.76	04/13/06	10/01/07	411,230.00	411,230.00		(114,094.05)			297,135.95	297,135.95	-	0.00
Money Market	2006 MF Bella Vista	4.49	05/01/07	06/01/07	7,248.99	7,248.99		(6,918.63)			330.36	330.36	-	0.00
	2006 MF Bella Vista Total				2,781,709.38	2,781,709.38	13,417.30	(2,204,362.04)	0.00	0.00	590,764.64	590,764.64	0.00	0.00
Money Market	2006 MF Village Park	4.61	05/01/07	06/01/07	3.73	3.73	0.00				3.73	3.73	-	0.00
Money Market	2006 MF Village Park	4.61	05/01/07	06/01/07	0.50	0.50	0.00				0.50	0.50	-	0.00
Money Market	2006 MF Village Park	4.61	05/01/07	06/01/07	210,478.01	210,478.01	176,728.08				387,206.09	387,206.09	-	0.00
Money Market	2006 MF Village Park	4.61	05/01/07	06/01/07	238.55	238.55	2.66				241.21	241.21	-	0.00
	2006 MF Village Park Total				210,720.79	210,720.79	176,730.74	0.00	0.00	0.00	387,451.53	387,451.53	0.00	0.00
Money Market	2006 MF Oakmoor				1,500.00	1,500.00		(1,500.00)					-	0.00
Money Market	2006 MF Oakmoor	4.74	05/01/07	06/01/07	505,318.78	505,318.78	2,408,075.06				2,913,393.84	2,913,393.84	-	0.00
Money Market	2006 MF Oakmoor	4.74	05/01/07	06/01/07			100,000.00				100,000.00	100,000.00	-	0.00
Money Market	2006 MF Oakmoor	4.74	05/01/07	06/01/07			425,158.57				425,158.57	425,158.57	-	0.00
Money Market	2006 MF Oakmoor	4.74	05/01/07	06/01/07	285,825.36	285,825.36		(138,898.22)			146,927.14	146,927.14	-	0.00
Money Market	2006 MF Oakmoor	4.74	05/01/07	06/01/07	836,388.70	836,388.70		(88,522.00)			747,866.70	747,866.70	-	0.00
GIC's	2006 MF Oakmoor				3,658,750.00	3,658,750.00		(3,658,750.00)					-	0.00
	2006 MF Oakmoor Total				5,287,782.84	5,287,782.84	2,933,233.63	(3,887,670.22)	0.00	0.00	4,333,346.25	4,333,346.25	0.00	0.00
Money Market	2006 MF Sunset Pointe	5.07	05/01/07	06/01/07	9,669,960.89	9,669,960.89		(2,050,840.18)			7,619,120.71	7,619,120.71	-	0.00
	2006 MF Sunset Pointe Total				9,669,960.89	9,669,960.89	0.00	(2,050,840.18)	0.00	0.00	7,619,120.71	7,619,120.71	0.00	0.00
Money Market	2006 MF Hillcrest	4.61	05/01/07	06/01/07	4,638.24	4,638.24	103.13				4,741.37	4,741.37	-	0.00
Money Market	2006 MF Hillcrest	4.61	05/01/07	06/01/07	303,955.22	303,955.22		(156,984.59)			146,970.63	146,970.63	-	0.00
Money Market	2006 MF Hillcrest	4.61	05/01/07	06/01/07	1,697,809.56	1,697,809.56		(510,634.34)			1,187,175.22	1,187,175.22	-	0.00
Money Market	2006 MF Hillcrest	4.61	05/01/07	06/01/07	24.07	24.07	0.13				24.20	24.20	-	0.00
	2006 MF Hillcrest Total				2,006,427.09	2,006,427.09	103.26	(667,618.93)	0.00	0.00	1,338,911.42	1,338,911.42	0.00	0.00
Money Market	2006 MF Pleasant Village	4.60	05/01/07	06/01/07	1,944.40	1,944.40	1,166.64				3,111.04	3,111.04	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Mutual Fund	2006 MF Pleasant Village	4.60	05/01/07	06/01/07			93,746.36				93,746.36	93,746.36	-	0.00
CD's	2006 MF Pleasant Village				183,640.80	183,640.80		(183,640.80)						
Money Market	2006 MF Pleasant Village	4.60	05/01/07	06/01/07	27,971.23	27,971.23	3,028.77				31,000.00	31,000.00	-	0.00
CD's	2006 MF Pleasant Village	5.16	10/13/06	06/26/07	2,420,635.45	2,420,635.45		(1,262,795.33)			1,157,840.12	1,157,840.12	-	0.00
Mutual Fund	2006 MF Pleasant Village	4.60	05/01/07	06/01/07	308,048.88	308,048.88		(8,364.03)			299,684.85	299,684.85	-	0.00
Money Market	2006 MF Pleasant Village	4.60	05/01/07	06/01/07	82,731.95	82,731.95	26,334.20				109,066.15	109,066.15	-	0.00
Money Market	2006 MF Pleasant Village	4.60	05/01/07	06/01/07			20.81				20.81	20.81	-	0.00
	2006 MF Pleasant Village Total				3,024,972.71	3,024,972.71	124,296.78	(1,454,800.16)	0.00	0.00	1,694,469.33	1,694,469.33	0.00	0.00
Money Market	2006 MF Grove Village	4.60	05/01/07	06/01/07	28,510.51	28,510.51	3,419.49				31,930.00	31,930.00	-	0.00
CD's	2006 MF Grove Village	5.16	11/15/06	06/26/07	1,989,210.90	1,989,210.90		(1,606,204.14)			383,006.76	383,006.76	-	0.00
Money Market	2006 MF Grove Village	4.60	05/01/07	06/01/07	367,541.57	367,541.57		(366,555.58)			985.99	985.99	-	0.00
Money Market	2006 MF Grove Village	4.60	05/01/07	06/01/07			92,257.51				92,257.51	92,257.51	-	0.00
CD's	2006 MF Grove Village				73,050.77	73,050.77		(73,050.77)						
Money Market	2006 MF Grove Village	4.60	05/01/07	06/01/07	1,944.40	1,944.40	1,166.64				3,111.04	3,111.04	-	0.00
Money Market	2006 MF Grove Village	4.60	05/01/07	06/01/07	189,634.54	189,634.54		(160,289.81)			29,344.73	29,344.73	-	0.00
CD's	2006 MF Grove Village	5.16	11/15/06	12/15/06			67,400.41				67,400.41	67,400.41	-	0.00
Money Market	2006 MF Grove Village	4.60	05/01/07	06/01/07	58.26	58.26		(37.10)			21.16	21.16	-	0.00
	2006 MF Grove Village Total				2,649,950.95	2,649,950.95	164,244.05	(2,206,137.40)	0.00	0.00	608,057.60	608,057.60	0.00	0.00
Money Market	2006 MF Red Hills	4.49	05/01/07	06/01/07	9,230.16	9,230.16	3,278.71				12,508.87	12,508.87	-	0.00
Money Market	2006 MF Red Hills	4.49	05/01/07	06/01/07	12,782.53	12,782.53	8,143.59				20,926.12	20,926.12	-	0.00
Money Market	2006 MF Red Hills				3.88	3.88		(3.88)					-	0.00
	2006 MF Red Hills Total				22,016.57	22,016.57	11,422.30	(3.88)	0.00	0.00	33,434.99	33,434.99	0.00	0.00
Money Market	2006 MF Champion Crossing	4.49	05/01/07	06/01/07	8,962.10	8,962.10	5,214.39				14,176.49	14,176.49	-	0.00
Money Market	2006 MF Champion Crossing	4.49	05/01/07	06/01/07	24,668.88	24,668.88	15,326.38				39,995.26	39,995.26	-	0.00
Money Market	2006 MF Champion Crossing				3.88	3.88		(3.88)					-	0.00
	2006 MF Champion Crossing Total				33,634.86	33,634.86	20,540.77	(3.88)	0.00	0.00	54,171.75	54,171.75	0.00	0.00
Money Market	2006 MF Stonehaven	4.49	05/01/07	06/01/07			1,600,294.60				1,600,294.60	1,600,294.60	-	0.00
Inv Agmt	2006 MF Stonehaven	4.71	09/27/06	02/28/08	6,025,460.13	6,025,460.13		(3,050,241.69)			2,975,218.44	2,975,218.44	-	0.00
Money Market	2006 MF Stonehaven				402.61	402.61		(402.61)					-	0.00
Money Market	2006 MF Stonehaven	4.49	05/01/07	06/01/07	941,253.31	941,253.31		(153,499.07)			787,754.24	787,754.24	-	0.00
	2006 MF Stonehaven Total				6,967,116.05	6,967,116.05	1,600,294.60	(3,204,143.37)	0.00	0.00	5,363,267.28	5,363,267.28	0.00	0.00
Money Market	2006 MF Center Ridge	4.61	05/01/07	06/01/07			76.76				76.76	76.76	-	0.00
Money Market	2006 MF Center Ridge	4.61	05/01/07	06/01/07	876,239.63	876,239.63		(452,896.82)			423,342.81	423,342.81	-	0.00
Money Market	2006 MF Center Ridge	4.61	05/01/07	06/01/07	156,366.03	156,366.03		(99,263.84)			57,102.19	57,102.19	-	0.00
	2006 MF Center Ridge Total				1,032,605.66	1,032,605.66	76.76	(552,160.66)	0.00	0.00	480,521.76	480,521.76	0.00	0.00
Money Market	2006 MF Meadowlands	4.74	05/01/07	06/01/07	405,861.02	405,861.02	4,449.17				410,310.19	410,310.19	-	0.00
Money Market	2006 MF Meadowlands	4.74	05/01/07	06/01/07	604,007.47	604,007.47		(432,479.64)			171,527.83	171,527.83	-	0.00
Money Market	2006 MF Meadowlands	4.74	05/01/07	06/01/07	287,182.69	287,182.69		(132,289.52)			154,893.17	154,893.17	-	0.00
Money Market	2006 MF Meadowlands	4.66	05/01/07	06/01/07	2,382,694.22	2,382,694.22	493,610.50				2,876,304.72	2,876,304.72	-	0.00
GIC's	2006 MF Meadowlands	4.19	09/27/06	10/01/07	6,750,000.00	6,750,000.00		(3,375,000.00)			3,375,000.00	3,375,000.00	-	0.00
	2006 MF Meadowlands Total				10,429,745.40	10,429,745.40	498,059.67	(3,939,769.16)	0.00	0.00	6,988,035.91	6,988,035.91	0.00	0.00
Money Market	2006 MF East Texas Pines				27,940.46	27,940.46		(27,940.46)					-	0.00
GIC's	2006 MF East Texas Pines	5.00	11/08/06	11/08/08	10,762,886.62	10,762,886.62		(645,589.78)			10,117,296.84	10,117,296.84	-	0.00
Money Market	2006 MF East Texas Pines	4.49	05/01/07	06/01/07			51.73				51.73	51.73	-	0.00
Money Market	2006 MF East Texas Pines	4.49	05/01/07	06/01/07	84,492.63	84,492.63		(81,016.72)			3,475.91	3,475.91	-	0.00
GIC's	2006 MF East Texas Pines	5.00	01/01/07	11/08/08	152,577.24	152,577.24		(64,892.10)			87,685.14	87,685.14	-	0.00
Money Market	2006 MF East Texas Pines	4.49	05/01/07	06/01/07	1,349.54	1,349.54		(1,343.87)			5.67	5.67	-	0.00
GIC's	2006 MF East Texas Pines	5.00	02/01/07	11/08/08	207,175.49	207,175.49		(4,532.15)			202,643.34	202,643.34	-	0.00
Money Market	2006 MF East Texas Pines				51.35	51.35		(51.35)					-	0.00
	2006 MF East Texas Pines Total				11,236,473.33	11,236,473.33	51.73	(825,366.43)	0.00	0.00	10,411,158.63	10,411,158.63	0.00	0.00
Money Market	2006 MF Villas at Henderson	4.49	05/01/07	06/01/07	2.61	2.61	0.03				2.64	2.64	-	0.00
Money Market	2006 MF Villas at Henderson	4.49	05/01/07	06/01/07	0.42	0.42	0.00				0.42	0.42	-	0.00
GIC's	2006 MF Villas at Henderson	4.47	11/10/06	04/01/08	248,285.00	248,285.00	0.00				248,285.00	248,285.00	-	0.00
Money Market	2006 MF Villas at Henderson				0.28	0.28		(0.28)					-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
GIC's	2006 MF Villas at Henderson	4.47	11/10/06	04/01/08	4,993,635.33	4,993,635.33		(1,306,655.36)			3,686,979.97	3,686,979.97	-	0.00
Money Market	2006 MF Villas at Henderson	4.49	05/01/07	06/01/07	25,225.15	25,225.15		(8,677.40)			16,547.75	16,547.75	-	0.00
GIC's	2006 MF Villas at Henderson	4.47	11/20/06	04/01/08	298,384.32	298,384.32		(26,004.18)			272,380.14	272,380.14	-	0.00
Money Market	2006 MF Villas at Henderson	4.49	05/01/07	06/01/07	1,604.79	1,604.79	2,593.21				4,198.00	4,198.00	-	0.00
Money Market	2006 MF Villas at Henderson	4.49	05/01/07	06/01/07	24,851.69	24,851.69	278.96				25,130.65	25,130.65	-	0.00
	2006 MF Villas at Henderson Total				5,591,989.59	5,591,989.59	2,872.20	(1,341,337.22)	0.00	0.00	4,253,524.57	4,253,524.57	0.00	0.00
Money Market	2006 MF Aspen Parks Apts	4.39	05/01/07	06/01/07	550.42	550.42	5.96				556.38	556.38	-	0.00
Money Market	2006 MF Aspen Parks Apts	4.39	05/01/07	06/01/07	99,262.02	99,262.02	127,318.19				226,580.21	226,580.21	-	0.00
Money Market	2006 MF Aspen Parks Apts	4.39	05/01/07	06/01/07	1,289,965.46	1,289,965.46		(961,874.89)			328,090.57	328,090.57	-	0.00
	2006 MF Aspen Parks Apts Total				1,389,777.90	1,389,777.90	127,324.15	(961,874.89)	0.00	0.00	555,227.16	555,227.16	0.00	0.00
Money Market	2006 MF Idlewilde Apts	4.49	05/01/07	06/01/07	1,243.04	1,243.04		(690.44)			552.60	552.60	-	0.00
Money Market	2006 MF Idlewilde Apts	4.49	05/01/07	06/01/07	6,111.52	6,111.52	3,723.09				9,834.61	9,834.61	-	0.00
GIC's	2006 MF Idlewilde Apts	4.71	12/15/06	01/15/08	557,056.20	557,056.20		(170,269.78)			386,786.42	386,786.42	-	0.00
Money Market	2006 MF Idlewilde Apts	4.49	05/01/07	06/01/07	1,765.40	1,765.40	3,961.50				5,726.90	5,726.90	-	0.00
Money Market	2006 MF Idlewilde Apts	4.49	05/01/07	06/01/07	44,506.68	44,506.68		(3,583.03)			40,923.65	40,923.65	-	0.00
GIC's	2006 MF Idlewilde Apts	4.71	12/15/06	01/15/08	11,252,850.74	11,252,850.74		(803,496.01)			10,449,354.73	10,449,354.73	-	0.00
Money Market	2006 MF Idlewilde Apts	4.49	05/01/07	06/01/07	27,141.00	27,141.00		(27,110.48)			30.52	30.52	-	0.00
Money Market	2006 MF Idlewilde Apts	4.49	05/01/07	06/01/07	21,397.53	21,397.53	240.19				21,637.72	21,637.72	-	0.00
	2006 MF Idlewilde Apts Total				11,912,072.11	11,912,072.11	7,924.78	(1,005,149.74)	0.00	0.00	10,914,847.15	10,914,847.15	0.00	0.00
Money Market	2007 MF Landcaster Apts	4.49	05/01/07	06/01/07	450.96	450.96		(50.50)			400.46	400.46	-	0.00
GIC's	2007 MF Landcaster Apts	4.72	01/31/07	02/15/08	197,560.50	197,560.50		(129,052.22)			68,508.28	68,508.28	-	0.00
Money Market	2007 MF Landcaster Apts	4.49	05/01/07	06/01/07	49,528.82	49,528.82		(10,236.53)			39,292.29	39,292.29	-	0.00
GIC's	2007 MF Landcaster Apts	4.72	01/31/07	02/15/08	10,630,444.79	10,630,444.79		(403,053.51)			10,227,391.28	10,227,391.28	-	0.00
Money Market	2007 MF Landcaster Apts	4.49	05/01/07	06/01/07	1,307.07	1,307.07	3,961.47				5,268.54	5,268.54	-	0.00
Money Market	2007 MF Landcaster Apts	4.49	05/01/07	06/01/07	1,867.10	1,867.10	3,057.57				4,924.67	4,924.67	-	0.00
GIC's	2007 MF Landcaster Apts	4.72	01/31/07	02/15/08	263,281.25	263,281.25	0.00				263,281.25	263,281.25	-	0.00
Money Market	2007 MF Landcaster Apts	4.49	05/01/07	06/01/07	480.66	480.66	298.14				778.80	778.80	-	0.00
GIC's	2007 MF Landcaster Apts	4.72	01/31/07	02/15/08	244,344.45	244,344.45		(40,134.76)			204,209.69	204,209.69	-	0.00
Money Market	2007 MF Landcaster Apts	4.49	05/01/07	06/01/07	1.40	1.40	162.36				163.76	163.76	-	0.00
Money Market	2007 MF Landcaster Apts	4.49	05/01/07	06/01/07	21,341.47	21,341.47	239.56				21,581.03	21,581.03	-	0.00
	2007 MF Landcaster Apts Total				11,410,608.47	11,410,608.47	7,719.10	(582,527.52)	0.00	0.00	10,835,800.05	10,835,800.05	0.00	0.00
Money Market	2007 MF Park Place	4.74	05/01/07	06/01/07			73,108.33				73,108.33	73,108.33	-	0.00
GIC's	2007 MF Park Place	5.80	02/21/07	10/01/08	399,720.00	399,720.00		(72,500.00)			327,220.00	327,220.00	-	0.00
Money Market	2007 MF Park Place	4.74	05/01/07	06/01/07	380,387.00	380,387.00	0.00				380,387.00	380,387.00	-	0.00
Money Market	2007 MF Park Place	4.74	05/01/07	06/01/07			376.87				376.87	376.87	-	0.00
GIC's	2007 MF Park Place	5.80	02/28/07	10/01/08	12,586,219.09	12,586,219.09		(688,362.00)			11,897,857.09	11,897,857.09	-	0.00
Money Market	2007 MF Park Place	4.74	05/01/07	06/01/07	1,665,902.76	1,665,902.76		(67,778.00)			1,598,124.76	1,598,124.76	-	0.00
Money Market	2007 MF Park Place				2,833.00	2,833.00		(2,833.00)					-	0.00
	2007 MF Park Place Total				15,035,061.85	15,035,061.85	73,485.20	(831,473.00)	0.00	0.00	14,277,074.05	14,277,074.05	0.00	0.00
GIC's	2007 MF Terrace @ Cibolo	4.57	05/09/07	07/01/07			505,036.78				505,036.78	505,036.78	-	0.00
Money Market	2007 MF Terrace @ Cibolo	4.49	05/01/07	06/01/07			4,938.82				4,938.82	4,938.82	-	0.00
GIC's	2007 MF Terrace @ Cibolo	4.57	05/09/07	07/01/07			5,978,995.01				5,978,995.01	5,978,995.01	-	0.00
GIC's	2007 MF Terrace @ Cibolo	4.57	05/09/07	07/01/07			394,925.21				394,925.21	394,925.21	-	0.00
Money Market	2007 MF Terrace @ Cibolo	4.49	05/01/07	06/01/07			859.83				859.83	859.83	-	0.00
Money Market	2007 MF Terrace @ Cibolo	4.49	05/01/07	06/01/07			20,276.52				20,276.52	20,276.52	-	0.00
	2007 MF Terrace @ Cibolo Total				0.00	0.00	6,905,032.17	0.00	0.00	0.00	6,905,032.17	6,905,032.17	0.00	0.00
GIC's	2007 MF Santora Villas	5.80	05/25/07	08/01/08			428,731.12				428,731.12	428,731.12	-	0.00
GIC's	2007 MF Santora Villas	5.80	05/25/07	08/01/07			10,701,259.87				10,701,259.87	10,701,259.87	-	0.00
Money Market	2007 MF Santora Villas	4.74	05/01/07	06/01/07			11,131.59				11,131.59	11,131.59	-	0.00
	2007 MF Santora Villas Total				0.00	0.00	11,141,122.58	0.00	0.00	0.00	11,141,122.58	11,141,122.58	0.00	0.00
	Total Multi-Family Investment Summary				175,067,910.31	175,067,910.31	51,778,360.95	(46,397,442.52)	(12,248,723.93)	0.00	168,200,104.81	168,200,104.81	0.00	

Texas Department of Housing and Community Affairs
Commercial Paper Investment Summary
For Period Ending May 31, 2007

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	Commercial Paper	5.28	05/31/07	06/01/07	51,429.79	51,429.79		(31,697.44)			19,732.35	19,732.35	-	0.00
GIC's	Commercial Paper	4.56	05/02/07	06/05/07			5,000,000.00				5,000,000.00	5,000,000.00	-	0.00
GIC's	Commercial Paper	4.56	05/03/07	06/05/07			4,939,000.00				4,939,000.00	4,939,000.00	-	0.00
GIC's	Commercial Paper	4.24	03/15/07	06/05/07			5,100,000.00				5,100,000.00	5,100,000.00	-	0.00
GIC's	Commercial Paper				9,678,000.00	9,678,000.00		(9,678,000.00)					-	0.00
GIC's	Commercial Paper				5,361,000.00	5,361,000.00		(5,361,000.00)					-	0.00
	Commercial Paper Total				15,090,429.79	15,090,429.79	15,039,000.00	(15,070,697.44)	0.00	0.00	15,058,732.35	15,058,732.35	0.00	0.00
	Total Commercial Paper Investment Summary				15,090,429.79	15,090,429.79	15,039,000.00	(15,070,697.44)	0.00	0.00	15,058,732.35	15,058,732.35	0.00	0.00

Texas Department of Housing and Community Affairs
General Fund Investment Summary
For Period Ending May 31, 2007

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	2,794,946.89	2,794,946.89	37,575.42				2,832,522.31	2,832,522.31	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	3,344,239.67	3,344,239.67	44,960.27				3,389,199.94	3,389,199.94	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	830,113.24	830,113.24		(2,866.83)			827,246.41	827,246.41	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	570,735.08	570,735.08	34,562.90				605,297.98	605,297.98	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	47,940.41	47,940.41	4,441.39				52,381.80	52,381.80	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	1,049,041.81	1,049,041.81		(128,367.99)			920,673.82	920,673.82	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	137,426.77	137,426.77	1,847.66				139,274.43	139,274.43	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	323,841.94	323,841.94	4,353.95				328,195.89	328,195.89	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	390,327.59	390,327.59	5,247.70				395,575.29	395,575.29	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	234,288.55	234,288.55		(2,376.39)			231,912.16	231,912.16	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	401,411.48	401,411.48	5,396.76				406,808.24	406,808.24	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	180,122.41	180,122.41	11,200.90				191,323.31	191,323.31	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	689,518.84	689,518.84	9,270.13				698,788.97	698,788.97	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	845,047.17	845,047.17		(15,342.74)			829,704.43	829,704.43	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	1,754,633.30	1,754,633.30	649,352.15				2,403,985.45	2,403,985.45	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	130,988.95	130,988.95	1,761.07				132,750.02	132,750.02	-	0.00
Repo Agmt	General Fund	5.28	05/31/07	06/01/07	229,224.18	229,224.18	203,545.39				432,769.57	432,769.57	-	0.00
	General Fund Total				13,953,848.28	13,953,848.28	1,013,515.69	(148,953.95)	0.00	0.00	14,818,410.02	14,818,410.02	0.00	0.00
	Total General Fund Investment Summary				13,953,848.28	13,953,848.28	1,013,515.69	(148,953.95)	0.00	0.00	14,818,410.02	14,818,410.02	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Trust Fund Investment Summary
For Period Ending May 31, 2007

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	Housing Assistance Fund	5.28	05/31/07	06/01/07	99,032.90	99,032.90	13,618.16				112,651.06	112,651.06	-	0.00
Repo Agmt	Housing Trust Fund	5.28	05/31/07	06/01/07			249,971.64				249,971.64	249,971.64	-	0.00
Repo Agmt	Housing Trust Fund	5.28	05/31/07	06/01/07			530,401.60				530,401.60	530,401.60	-	0.00
Repo Agmt	Housing Trust Fund	5.28	05/31/07	06/01/07			399,966.62				399,966.62	399,966.62	-	0.00
Repo Agmt	Housing Trust Fund	5.28	05/31/07	06/01/07	362,458.48	362,458.48	44,805.35				407,263.83	407,263.83	-	0.00
Repo Agmt	Housing Trust Fund	5.28	05/31/07	06/01/07	59,289.08	59,289.08	4,245.91				63,534.99	63,534.99	-	0.00
Repo Agmt	Housing Trust Fund	5.28	05/31/07	06/01/07	107,999.35	107,999.35		(6,803.88)			101,195.47	101,195.47	-	0.00
Repo Agmt	Housing Trust Fund	5.28	05/31/07	06/01/07	374,424.43	374,424.43	40,688.52				415,112.95	415,112.95	-	0.00
Repo Agmt	Housing Trust Fund	5.28	05/31/07	06/01/07	3,276,914.87	3,276,914.87		(1,183,843.61)			2,093,071.26	2,093,071.26	-	0.00
Repo Agmt	Housing Trust Fund	5.28	05/31/07	06/01/07	1,799,905.88	1,799,905.88		(19,517.69)			1,780,388.19	1,780,388.19	-	0.00
Repo Agmt	General Revenue Appn	5.28	05/31/07	06/01/07	128,357.25	128,357.25	200,180.39				328,537.64	328,537.64	-	0.00
Repo Agmt	General Revenue Appn	5.28	05/31/07	06/01/07	188,582.09	188,582.09	124,596.40				313,178.49	313,178.49	-	0.00
Repo Agmt	Capacity Building -GR	5.28	05/31/07	06/01/07	10,878.28	10,878.28	0.00				10,878.28	10,878.28	-	0.00
Repo Agmt	Capacity Building -GR	5.28	05/31/07	06/01/07	110,892.94	110,892.94		(32,401.63)			78,491.31	78,491.31	-	0.00
Repo Agmt	Pre-Development -GR	5.28	05/31/07	06/01/07	400,778.31	400,778.31	0.00				400,778.31	400,778.31	-	0.00
Repo Agmt	Pre-Development -GR	5.28	05/31/07	06/01/07	100,000.00	100,000.00	0.00				100,000.00	100,000.00	-	0.00
Repo Agmt	Housing Trust Fund-GR	5.28	05/31/07	06/01/07	802,877.40	802,877.40		(493,319.27)			309,558.13	309,558.13	-	0.00
Repo Agmt	Boostrap -GR	5.28	05/31/07	06/01/07	533,160.00	533,160.00		(352,500.00)			180,660.00	180,660.00	-	0.00
Repo Agmt	Boostrap -GR	5.28	05/31/07	06/01/07	1,411,903.95	1,411,903.95		(833,593.92)			578,310.03	578,310.03	-	0.00
Repo Agmt	Boostrap -GR	5.28	05/31/07	06/01/07	1,029,099.00	1,029,099.00		(102,000.00)			927,099.00	927,099.00	-	0.00
Repo Agmt	Boostrap -GR	5.28	05/31/07	06/01/07	5,203,208.44	5,203,208.44		(312,400.00)			4,890,808.44	4,890,808.44	-	0.00
Repo Agmt	Boostrap -GR	5.28	05/31/07	06/01/07			816,300.00				816,300.00	816,300.00	-	0.00
	Housing Trust Fund Total				15,999,762.65	15,999,762.65	2,424,774.59	(3,336,380.00)	0.00	0.00	15,088,157.24	15,088,157.24	0.00	0.00
	Total Housing Trust Fund Investment Summary				15,999,762.65	15,999,762.65	2,424,774.59	(3,336,380.00)	0.00	0.00	15,088,157.24	15,088,157.24	0.00	0.00

Texas Department of Housing and Community Affairs
Administration Investment Summary
For Period Ending May 31, 2007

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	Administration	5.28	05/31/07	06/01/07	149,426.53	149,426.53	1,971.45				151,397.98	151,397.98	-	0.00
	Administration Total				149,426.53	149,426.53	1,971.45	0.00	0.00	0.00	151,397.98	151,397.98	0.00	0.00
	Total Administration Investment Summary				149,426.53	149,426.53	1,971.45	0.00	0.00	0.00	151,397.98	151,397.98	0.00	0.00

Texas Department of Housing and Community Affairs
Compliance Investment Summary
For Period Ending May 31, 2007

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	RTC	5.28	05/31/07	06/01/07	271,260.37	271,260.37	2,473.46				273,733.83	273,733.83	-	0.00
Repo Agmt	Multi Family	5.28	05/31/07	06/01/07	884,291.06	884,291.06	88,992.76				973,283.82	973,283.82	-	0.00
Repo Agmt	Multi Family	5.28	05/31/07	06/01/07	132,184.80	132,184.80	1,740.81				133,925.61	133,925.61	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	5.28	05/31/07	06/01/07	1,571,792.14	1,571,792.14	248,613.23				1,820,405.37	1,820,405.37	-	0.00
	Compliance Total				2,859,528.37	2,859,528.37	341,820.26	0.00	0.00	0.00	3,201,348.63	3,201,348.63	0.00	0.00
	Total Compliance Investment Summary				2,859,528.37	2,859,528.37	341,820.26	0.00	0.00	0.00	3,201,348.63	3,201,348.63	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Initiatives Investment Summary
For Period Ending May 31, 2007

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/07	Beginning Market Value 02/28/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/07	Ending Market Value 05/31/07	Change in In Market Value	Recognized Gain
Repo Agmt	S/F Interim Construction	5.28	05/31/07	06/01/07	482,546.78	482,546.78	6,433.68				488,980.46	488,980.46	-	0.00
Repo Agmt	S/F Interim Construction	5.28	05/31/07	06/01/07	185.45	185.45	2.76				188.21	188.21	-	0.00
Repo Agmt	S/F Interim Construction	5.28	05/31/07	06/01/07	7.25	7.25	0.00				7.25	7.25	-	0.00
Repo Agmt	Mtg. Credit Certificate	5.28	05/31/07	06/01/07	73,436.91	73,436.91	963.49				74,400.40	74,400.40	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	5.28	05/31/07	06/01/07	887,691.21	887,691.21	73,621.30				961,312.51	961,312.51	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	5.28	05/31/07	06/01/07	3,859,852.29	3,859,852.29		(254,793.58)			3,605,058.71	3,605,058.71	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	5.28	05/31/07	06/01/07	356,647.26	356,647.26		(318.98)			356,328.28	356,328.28	-	0.00
	Housing Initiatives Total				5,660,367.15	5,660,367.15	81,021.23	(255,112.56)	0.00	0.00	5,486,275.82	5,486,275.82	0.00	0.00
	Total Housing Initiatives Investment Summary				5,660,367.15	5,660,367.15	81,021.23	(255,112.56)	0.00	0.00	5,486,275.82	5,486,275.82	0.00	0.00
	Total Investment Summary				1,551,510,861.03	1,536,364,651.74	163,218,865.69	(164,651,135.68)	(32,196,447.18)	0.00	1,517,882,143.86	1,488,824,875.62	(13,911,058.95)	0.00

OFFICE OF COLONIA INITIATIVES

BOARD ACTION REQUEST
August 23, 2007

Action Items

Presentation, Discussion and Possible Approval of a Notice of Funding Availability (NOFA) for approximately $6,500,000 utilizing Housing Trust Funds from the 2007 Housing Trust Fund Plan and 2008 Fiscal Year allocation for the Texas Bootstrap Loan Program Reservation System.

Required Action

Approve, deny or approve with amendments the TDHCA Texas Bootstrap Loan Program NOFA.

Background

The Texas Department of Housing and Community Affairs (TDHCA), through its Office of Colonia Initiatives (OCI), is pleased to announce the availability of approximately **Six Million Five Hundred Thousand Dollars ($6,500,000)** from the State of Texas Housing Trust Fund to purchase or refinance real property on which to build new residential or improve existing residential housing through self-help construction for very low and extremely low income individuals and/or families (owner-builders), including persons with special needs.

On July 12, 2007 the Department's Governing Board approved a reservation system to distribute funds under the Texas Bootstrap Loan Program. Attached is the NOFA that will be posted in the *Texas Register* outlining the program guidelines. Nonprofit organizations must be certified as a Nonprofit Owner-Builder Housing Provider (NOHP) and must have executed a loan origination agreement with TDHCA before being allowed to submit an application on behalf of an Owner-Builder applicant for a reservation.

TDHCA is required under Section 2306.7581 (a-1) of the Texas Government Code, to make available each state fiscal year $3,000,000 for mortgage loans to very low-income families (60% Area Median Family Income) not to exceed $30,000 per unit. In addition to the 2008 Fiscal Year allocation of $3,000,000, the TDHCA's Governing Board set-aside $3,500,000 for this program under the 2007 Housing Trust Fund Plan. This program is a self-help construction program, which is designed to provide very low-income families an opportunity to help themselves attain homeownership or repair their existing home through sweat equity. All participants under this program are required to provide at least 60 percent of the labor that is necessary to construct or rehabilitate the home. All applicable building codes and housing standards must be adhered to under this program. In addition, nonprofit organizations can, and are encouraged to combine these funds with other sources such as private lending institutions, local governments, or any other sources. However, according to statute, all combined repayable loans cannot exceed $60,000 per unit.

TDHCA is also required under Section 2306.753 (d) of the Texas Government Code, to set aside at least two-thirds ($4,333,333) of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, of the Water Code. The majority of the set-aside counties are located along the Texas-Mexico border region and East Texas. The remainder of the funding, one-third ($2,166,667), will be available statewide.

Recommendation

Approve or approve with modifications the TDHCA Texas Bootstrap Loan Program NOFA

Texas Department of Housing and Community Affairs
FY 2008 Texas Bootstrap Loan Program
Notice of Funding Availability (NOFA)

The Texas Department of Housing and Community Affairs (TDHCA), through its Office of Colonia Initiatives (OCI), is pleased to announce the availability of approximately Six Million Five Hundred Thousand Dollars ($6,500,000) of State of Texas Housing Trust Funds for the Texas Bootstrap Loan Program. The purpose of the funding is to purchase land and build new residential or improve existing residential housing through self-help construction methodologies for very low and extremely low income individuals and/or families (Owner-Builders) including persons with special needs. In an effort to attract a diverse group of nonprofit organizations that will serve various populations throughout the state and improve upon the efficiency of the traditional funding method, a reservation system will be initiated with this Notice of Funding Availability (NOFA). The reservation system will be utilized to secure these funds for Owner-Builder Applicants through nonprofit organizations certified by TDHCA as a Nonprofit Owner-Builder Housing Provider (NOHP) that has executed a Loan Origination Agreement in order to ensure compliance with the Texas Bootstrap Loan Program Rules and Guidelines.

In order for a nonprofit organization to be certified by TDHCA as a NOHP, the nonprofit organization must also qualify as a tax-exempt organization listed under Section 501(C)(3) of the Internal Revenue Code of 1986.

Nonprofit Owner-Builder Housing Provider Requirements:

Designation as a NOHP and subsequent execution of a Loan Origination Agreement will entitle nonprofits to:

1. Qualify potential Owner-Builders for loans under this program.
2. Assist Owner-Builders in constructing or rehabilitating their home.
3. Possibly originate and/or service loans in compliance with Texas Bootstrap Loan Program Rules and Guidelines.
4. Provide Owner-Builder education classes such as:
    - financial responsibilities of an Owner-Builder;
    - building of housing by Owner-Builders;
    - resources for low-cost building materials available to Owner-Builders; and
    - resources for building assistance available to Owner-Builders.

Section 2306.753(a) of the Texas Government Code directs TDHCA to establish a priority in directing funds to Owner-Builders with an annual income of less than $17,500. The maximum loan amount using TDHCA funds may not exceed $30,000 per Owner-Builder. The total amount of loans made with TDHCA and any other source may not exceed a combined $60,000 per household. NOHP will only be allowed to have up to ten reservations at any given time. Projects utilizing additional non-TDHCA resources will be required to provide additional documentation identifying the sources of these additional funds and information about their rates and terms.

Owner-Builder Eligibility Requirements:

To be eligible for up to a $30,000 loan from TDHCA, an Owner-Builder:

1. Must not have an annual income that exceeds 60 percent, as determined by TDHCA, of the greater of the state or local Area Median Family Income (AMFI), when combined with the income of any person who resides with the Owner-Builder.
2. Must have resided in this state for the preceding six months.
3. Must have successfully completed an Owner-Builder education class.
4. Must agree to provide at least 60 percent of the labor necessary to build or rehabilitate the proposed housing by working through a state certified NOHP; or must agree to provide an amount of labor equivalent to the amount required in connection with building or rehabilitating housing for others through a state certified NOHP.
5. Must not be currently delinquent or in default on any government loan.
6. Must not be currently delinquent or in default on child support payments.
7. Total debt to income ratio may cannot exceed 45%.

TDHCA is required under Section 2306.753 (d) of the Texas Government Code, to set aside at least two-thirds ($4,333,333) of the available funds for Owner-Builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, of the Water Code. These counties include Bee, Brewster, Brooks, Cameron, Culberson, Dimmit, Duval, El Paso, Frio, Hidalgo, Hudspeth, Jeff Davis, Jim Wells, Kinney, La Salle, Liberty, Marion, Matagorda, Maverick, Newton, Nueces, Presidio, Red River, Reeves, Sabine, San Patricio, Starr, Terrell, Tyler, Uvalde, Val Verde, Ward, Webb, Willacy, Winkler, Zapata, and Zavala. The remainder of the funding, one-third ($2,166,667), will be available statewide.

The amounts available for distribution are as follows:

For Fiscal Year 2008 (September 1, 2007)

$4,333,333 Economically Distressed Counties (EDC)
$2,166,667 Statewide

In order to submit an Owner-Builder loan application for reservation, an NOHP that has received a Program award in the past must be meeting all performance benchmarks as outlined in their current contract must execute a Loan Origination Agreement with the Department and must attend a Loan Reservation System training provided by the Department.

Reservation System Guidelines:

After being certified as an NOHP and executing a Loan Origination Agreement, the nonprofit organization may begin to submit loan applications on behalf of the Owner-Builder Applicant. If more than one Owner-Builder Application is submitted they will be processed in the order entered into the Reservation System.

All Application/Compliance Packages will be reviewed on a first-come, first-served basis. There will be no expedited applications except for an Owner-Builder Applicant with an annual income of less than $17,500.

The following guidelines are a supplement to the Texas Bootstrap Loan Program Rules and Texas Bootstrap Loan Program Manual. This overview of the Reservation System will assist the NOHP on how to originate loans on behalf of TDHCA under the Texas Bootstrap Loan Program Reservation System.

After the Loan Origination Agreement is executed, the NOHP must register each individual Owner-Builder applicant into the TDHCA Texas Bootstrap Loan Program Registration System using the TDHCA website. After registering the Owner-Builder applicant, TDHCA must receive the completed Application/Compliance Package (Exhibit 8 of the Texas Bootstrap Loan Program Manual) within five business days of the date the registration was entered into the system.

TDHCA Office of Colonia Initiatives (OCI) staff will review the Application/Compliance Package to ensure that the Owner-Builder applicant meets all program rules and guidelines. OCI staff will notify Financial Services Staff in writing of all Owner-Builder applicants that have been deemed eligible. The NOHP will be notified in writing in the form of a Deemed Eligible Letter, that the Owner-Builder applicant has been deemed eligible and that funds have been reserved for one year from the date of issuance of a Deemed Eligible Letter (Form 10 of the Texas Bootstrap Loan Program Manual).

If TDHCA staff is unable to deem the Owner-Builder applicant eligible the NOHP will be notified in writing of the reason(s) by either a Notice of Deficiency Letter (Form 13 of the Texas Bootstrap Loan Program Manual) or Applicant Deemed Ineligible Letter (Form 12).

Incomplete Application/Compliance Packages will not be accepted. All incomplete packages will be returned to the NOHP and the reservation will be cancelled. The NOHP must resubmit a new reservation and the Application/Compliance Package to TDHCA in order to be reconsidered for funding.

Maximum reservations allowed at any given time: 10

Performance Benchmarks:

Once an Owner-Builder has been deemed eligible and funds have been reserved, depending on the type of loan being requested the NOHP must meet the following performance benchmarks.

If the Owner-Builder Applicant qualifies for the Texas Bootstrap Loan Program, the OCI will issue a deemed eligible letter (pre-approval) which reserves the funds (up to $30,000 per reservation) for 12 months. The NOHP, in accordance with the Texas Bootstrap Loan Program Rules, will be given a six percent (6%) administration fee upon completion of the house and closing of each mortgage loan.

In an effort to expedite expenditures, the NOHP will be required to meet specific performance benchmarks on that home within 12 months of the reservation. If the NOHP fails to meet the required benchmarks, the reservation will be subject to cancellation in accordance with the Loan Origination Agreement. TDHCA may choose to provide one 45-day extension due to extenuating circumstances that were beyond the Owner-Builder's and/or the NOHP's control. If the NOHP cannot meet the required benchmarks after the 45-day extension, the reservation will be cancelled. In order to receive another reservation on the same Owner-Builder Applicant the

NOHP will be instructed to submit an updated application to ensure that the Owner-Builder Applicant still meets all Texas Bootstrap Loan Program Rules and Guidelines.

Nonprofit organizations that have been certified as an NOHP and have executed the Loan Origination Agreement with TDHCA may begin submitting Owner-Builder loan applications to TDHCA.

Purchase Money Loan:

- Within 90 days of the respective reservation date the NOHP must have initiated the preconstruction process which includes the homeownership education and counseling programs of the organization.
- Within 180 days of the respective reservation date construction must have started on the unit; and
- Within one year of the respective reservation date the unit must be 100% complete and the purchase money loan must have closed with the Owner-Builder Applicant.

Interim and Residential Construction Loans:

- Within 90 days of the respective reservation date, the loan must close and construction must have started on the unit;
- Within 180 days of the respective reservation date, the unit must be at 40% completion;
- Within 270 days of the respective reservation date, the unit must be at 80% completion; and
- Within one year of the respective reservation date, the unit must be 100% complete and the purchase money loan must have closed with the Owner-Builder Applicant.

The NOHP state certification application may be downloaded from TDHCA's web-site located at http://www.tdhca.state.tx.us/ocidocs/NOHPApp.doc.

Training on how to access and utilize the reservation system will be scheduled and provided by TDHCA. For more information regarding the training please call Raul Gonzales with the Office of Colonia Initiatives at (800) 462-4251.

All interested parties are encouraged to participate in this program. For more information please call Raul Gonzales with the Office of Colonia Initiatives at (800) 462-4251, visit the TDHCA's web-site at www.tdhca.state.tx.us or e-mail your request to raul.gonzales@tdhca.state.tx.us.

BOND FINANCE DIVISION

BOARD ACTION REQUEST
August 23, 2007

Action Items

Presentation, Discussion and Possible Approval of Resolution No. 07-026 authorizing approval of Single Family Mortgage Revenue Bonds, 2007 Series B and authorizing approval of 30% of Program 70 statewide bond proceeds to include families earning 60% Area Median Family Income or below in statewide Targeted Areas.

Required Action

Approval of Resolution No. 07-026 authorizing approval of Single Family Mortgage Revenue Bonds, 2007 Series B and authorizing approval of 30% of Program 70 statewide bond proceeds to assist families earning 60% Area Median Family Income or below including families in statewide Targeted Areas.

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Background

TDHCA's 2007 volume cap allocation for single family bonds is $186,495,078 of which TDHCA has utilized $106,405,000 with Program 69, leaving $80,090,078 for Program 70. The Bond Finance Division has evaluated available proceeds from our most recent bond issue. As of August 6, 2007, 96% or $93.0 million of the $97.1 million lendable proceeds released on June 5, 2007 under Program 69 have been originated, or are in the pipeline to be purchased leaving an available balance of $4.1 million in lendable proceeds. Of that amount, $3.9 million is set aside for one year for families earning 60% of the Area Family Median Income (AMFI) or below and $0.2 million is set aside for families in statewide Targeted Areas. Staff is coming to you today to ensure lendable proceeds will be available in the Fall of 2007.

Originations have continued at unprecedented levels over the past year. Under Program 68, only $16.3 million remain available which are restricted to families with income at 60% AMFI or below statewide and within the Rita GO Zone. Of that amount, $5.7 million is set aside for statewide and $10.6 million within the Rita GO Zone. On November 16, 2007, these restrictions will be lifted and made available in their respective areas. All funds except $0.2 million in Program 66 have been originated or are in the pipeline to be purchased.

As part of the Bond structure, program guidelines adopted at the July 30, 2007 Board meeting associated with Targeted Area and statewide set asides will be followed. TDHCA will establish a $2 million daily cap for loan originations within a Targeted Area with a $10 million cap per lender for funds originated within a Targeted Area. The Board will be able to make adjustments to these program guidelines if deemed necessary. TDHCA will also issue First Time Home Buyer Mortgage Loans statewide except in the 22 counties in the Rita GO Zone which are only eligible for those funds in Targeted Areas. Besides the 20% set aside for Targeted Areas, State statutes require TDHCA to set aside 30% of the bond structure for families earning 60% AMFI or below. Staff requests Board clarification and approval to include families earning 60% AMFI or below in statewide Targeted Areas.

On July 24, 2007, The Texas Bond Review Board approved an additional $80 million in volume cap from the collapse of the 2007 state issuance authority for the Department. Staff recommends using this additional authority along with the Department's remaining 2007 Single Family volume cap of $80.1 million volume cap for a total structure of $160.1 million. This bond structure, Program 70, will utilize between $4.5 million and $6.5 million in 0% funds from our last program along with creating over $1.7 million in 0% funds for future programs. Staff believes that mortgage interest rates created under this structure will prove to be competitive with the conventional market in order for the Department to continue to generate demand for its lending products.

The Bond Finance Division and the Texas Homeownership Division analyzed the current mortgage market and found mortgage rates with approximately 2 points in Texas are 6.375% and moving upward. Because mortgage rates have increased 50 basis points over the past four weeks, staff is recommending a target unassisted mortgage rate at 5.80% while offering an assisted mortgage rate at 6.55%. TDHCA will provide approximately $112 million of unassisted mortgages and $48 million of assisted mortgages with this structure.

The table below reflects the proposed basic fixed rate mortgage bond structure available under current market conditions. This proposed structure is not able to take advantage of any refunding opportunities but will follow an aggressive transaction timetable in order to close on September 20, 2007.

Scenario *	**1**
Bond Structure	**100% Fixed Rate Bonds (2007 Cap & Collapse)**
Approximate Structure Amount	**$160 million**
0% Funds Used to Blend Down Rate	$6.5 million
Unassisted Mortgage Rate	5.80%
Assisted Mortgage Rate (5% DPA Statewide)	6.55%

* Preliminary, subject to change.

Program 70's mortgages will be securitized and will be marketed to very low, low and moderate income residents of Texas. If authorized the bonds are expected to be priced on September 6, 2007 followed by the bond closing on September 20, 2007.

Continuing with the senior manager rotation plan, Bond Finance recommended and the Board approved Citigroup Global Markets Inc. as senior manager for TDHCA's proposed 2007 Series B bonds at its July 12, 2007 Board meeting. Also at that meeting, and in keeping with TDHCA's policy of rotating firms in the co-senior and co-manager pool, the Board approved the following firms and roles for this transaction:

Firm	**Role**
Goldman, Sachs & Co.	Co-Senior
A.G. Edwards (Wachovia Securities)	Co-Manager
First Southwest Company	Co-Manager
Samuel A. Ramirez & Co.	Co-Manager
Siebert Brandford Shank	Co-Manager

In the bond market, a syndicate of bankers is needed to market the structure. The number of bonds available for sale typically dictates the size of the syndicate needed at the time of pricing. With TDHCA's structures over $100 million, a pool of bankers including the senior underwriter, co-senior and four co-managers have previously been successful in marketing the bonds.

Recommendation

Approval of Resolution No. 07-026 authorizing approval of Single Family Mortgage Revenue Bonds, 2007 Series B and authorizing approval of 30% of Program 70 statewide bond proceeds to assist families earning 60% Area Median Family Income or below including families in statewide Targeted Areas.

Transaction Overview

Program Designation	Program 70
Bond Indenture	Single Family Mortgage Revenue Bond Indenture
2007 Private Activity Bond Authority	$ 80,090,000
2007 Additional Cap *(approved by BRB 7/24/07)*	$ 80,000,000
Total Program 70 Issuance	$160,090,000
Statewide Assisted Funds (30%)	$ 48,027,000 (Very Low Income Reservation 60% AMFI for One Year)
Statewide Unassisted Funds	$ 80,045,000
Statewide Unassisted Funds (20%)	$ 32,018,000 (Targeted Area including GO Zone)
2007 Single Family Series B	$160,090,000
Down Payment Assistance (%)	5% (For Very Low Income Reservation)

Transaction Timetable *

Activity	Key Dates
	$160 million
TDHCA Preliminary Approval	July 12, 2007
Bond Review Board Planning Session	August 8, 2007
TDHCA Approval Date	August 23, 2007
Bond Review Board Approval	August 28, 2007**
Pricing Window	September 6, 2007
Pre-Closing/Closing Dates	September 19-20, 2007

* Timetable preliminary and subject to change.

** Special called meeting of the Texas Bond Review Board

Mortgage Pipeline Information

Current lendable proceeds in existing programs as of August 6, 2007

Program Number	Current Allocation	Rate	Committed/ In Pipeline	Loans Purchased	Uncommitted Allocation
61	176,928,983	4.99%- 5.50%	0	176,928,983	0
62A	101,764,092	4.99%	2,218,526	99,536,383	9,183
66	241,384,533	5.625% 5.875% 6.125%	47,132,414	194,053,786	198,333
68	131,680,000	5.65% 5.99% 6.20%	40,772,804	74,639,323	16,267,873*
69	97,154,796	5.25% 5.99%	81,747,374	11,328,971	4,078,451**
TOTAL:	$748,912,404		$171,871,118	$556,487,446	$20,553,840

* Of the $16.3 million uncommitted under Program 68, $16.2 million are for families with incomes at 60% AMFI or below. This restriction will be lifted on November 16, 2007 and mortgage loans with down payment assistance will be made available to families with income up to 140% AMFI statewide.

** Of the $4.1 million uncommitted under Program 69, $3.9 million are for families with incomes at 60% AMFI or below. This restriction will be lifted on June 5, 2008 and mortgage loans with down payment assistance will be made available to families with income up to 140% AMFI statewide.

Resolution No. 07-026

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS SINGLE FAMILY MORTGAGE REVENUE BONDS, 2007 SERIES B; AUTHORIZING THE APPROVAL OF THE FORM AND SUBSTANCE OF THE SUPPLEMENTAL INDENTURE, THE DEPOSITORY AGREEMENT, THE PROGRAM GUIDELINES, THE SERVICING AGREEMENT, THE COMPLIANCE AGREEMENT, THE FUNDING AGREEMENT, THE BOND PURCHASE AGREEMENT, THE CONTINUING DISCLOSURE AGREEMENT AND THE OFFICIAL STATEMENT FOR THE BONDS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended from time to time (the "Act"), for the purpose of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe and sanitary housing for individuals and families of low and very low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the "Governing Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to acquire, and to enter into advance commitments to acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds and to enter into interest rate swap agreements related to such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Agency or the Department, as its successor, has, pursuant to and in accordance with the provisions of the Act, issued, sold and delivered its Single Family Mortgage Revenue Bonds pursuant to the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 (as amended by supplemental indentures numbered First through Fifty-Fifth and any amendments thereto, collectively, the "Single Family Indenture") between the Department, as successor to the Agency, and The Bank of New York Trust Company, N.A., as successor trustee (the "Trustee"), to implement the various phases of the Agency's (now the Department's) Single Family Mortgage Revenue Bond Program; and

WHEREAS, Section 302 of the Single Family Indenture authorizes the issuance of additional Bonds for the purposes of acquiring Mortgage Loans or participations therein, payment of costs of issuance, funding of reserves, payments of certain Department expenses and refunding Bonds; and

WHEREAS, the Governing Board has determined to authorize the issuance of the Department's Single Family Mortgage Revenue Bonds, to be known as its Single Family Mortgage Revenue Bonds, 2007 Series B (the "2007 Series B Bonds") pursuant to the Single Family Indenture for the purposes of providing funds to make and acquire qualifying mortgage loans (including participations therein through the purchase of mortgage backed securities ("Mortgage Certificates") issued and guaranteed by Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") or Government

National Mortgage Association ("Ginnie Mae")) (referred to herein as "Mortgage Loans"), to provide down payment and closing cost assistance, to fund capitalized interest and to pay a portion of the costs of issuance; and

WHEREAS, the Governing Board desires to authorize the execution and delivery of the Fifty-Sixth Supplemental Single Family Mortgage Revenue Bond Trust Indenture (the "Supplemental Indenture") in substantially the form attached hereto relating to the 2007 Series B Bonds; and

WHEREAS, the Governing Board has determined to authorize the execution and delivery of a 2007 B Supplement to Depository Agreement relating to the 2007 Series B Bonds (the "Depository Agreement"), by and among the Department, the Trustee and the Texas Treasury Safekeeping Trust Company, in substantially the form attached hereto to provide for the holding, administering and investing of certain moneys and securities relating to the 2007 Series B Bonds; and

WHEREAS, the Governing Board desires to authorize the execution and delivery of the Program Guidelines (the "Program Guidelines") in substantially the form attached hereto, setting forth the terms and conditions upon which Mortgage Loans will be purchased by the Department and the terms of such Mortgage Loans; and

WHEREAS, under the Program Guidelines, 100% of the funds available under the Department's single family mortgage purchase program designated as Bond Program No. 70 (the "Program") will be available to Mortgage Lenders participating in a controlled, first-come, first-served reservation system with (a) approximately 30% of such funds reserved in the first year of the Program to finance Mortgage Loans to eligible borrowers having a family income not exceeding 60% of applicable median family income and (b) approximately 20% of such funds reserved in the first year of the Program to finance Mortgage Loans to eligible borrowers in certain targeted areas; and

WHEREAS, the Governing Board desires to authorize the execution and delivery of a Program Administration and Servicing Agreement (the "Servicing Agreement") in substantially the form attached hereto setting forth the terms under which Countrywide Home Loans, Inc., as master servicer (the "Servicer"), will review, acquire, package and service the Mortgage Loans and sell the Mortgage Certificates to the Trustee on behalf of the Department; and

WHEREAS, the Governing Board desires to authorize the execution and delivery of a Compliance Agreement (the "Compliance Agreement") in substantially the form attached hereto setting forth the terms under which Countrywide Home Loans, Inc., as compliance agent (the "Compliance Agent"), will review and examine certain documents submitted by the Mortgage Lenders in connection with the Mortgage Loans to ensure compliance with the requirements of the Department set forth therein; and

WHEREAS, the Governing Board desires to authorize the execution and delivery of a Funding Agreement (the "Funding Agreement") in substantially the form attached hereto setting forth the terms under which the Servicer will advance funds to the Department to be used to pay a portion of the costs of issuance of the 2007 Series B Bonds; and

WHEREAS, the Governing Board has further determined that the Department should enter into one or more Bond Purchase Agreements relating to the sale of the 2007 Series B Bonds (collectively, the "Bond Purchase Agreement") with Citigroup Global Markets Inc., as representative of the group of underwriters listed on Exhibit A to this Resolution (the "Underwriters"), and/or any other parties to the Bond Purchase Agreement as authorized by the execution thereof by an authorized representative of the Department named in this Resolution, in substantially the form attached hereto setting forth certain terms and conditions upon which the Underwriters and/or any other parties will purchase the 2007 Series B Bonds from the Department and the Department will sell the 2007 Series B Bonds to the Underwriters and/or any other parties to the Bond Purchase Agreement; and

WHEREAS, the Governing Board desires to authorize the execution and delivery of a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") in substantially the form attached hereto between the Department and the Trustee; and

WHEREAS, the Governing Board has been presented with a draft of a preliminary official statement to be used in the public offering of the 2007 Series B Bonds (the "Official Statement") and the Governing Board desires to approve such Official Statement in substantially the form attached hereto; and

WHEREAS, the Governing Board has determined to authorize the investment of a portion of the proceeds of the 2007 Series B Bonds and any other amounts held under the Single Family Indenture with respect to the 2007 Series B Bonds in one or more guaranteed investment contracts (the "GICs") on or after the closing date or such other investments as the authorized representatives named herein may approve; and

WHEREAS, the Governing Board desires to approve the use of an amount not to exceed $250,000 of Department funds for any purpose authorized under the Act and the Single Family Indenture, including to pay a portion of the costs of issuance of the 2007 Series B Bonds, to fund down payment and closing cost assistance and to fund capitalized interest; and

WHEREAS, the Governing Board desires to authorize the use of up to $6,500,000 of 0% loan funds in connection with the Program made available from various prior Single Family Mortgage Revenue Bond issues of the Department; and

WHEREAS, in accordance with Section 2306.142(m) of the Act, the Governing Board has determined that the issuance of bonds to finance Mortgage Loans to meet the credit needs of borrowers in underserved economic and geographic submarkets in the State is unfeasible or would damage the financial condition of the Department and desires to authorize the authorized representatives of the Department named in this Resolution to seek from the Texas Bond Review Board a waiver of the requirements of Section 2306.142(l) of the Act; and

WHEREAS, the Governing Board hereby determines that the purpose for which the Department may issue the 2007 Series B Bonds constitutes "public works" as contemplated by Chapter 1371, Texas Government Code, as amended; and

WHEREAS, the Governing Board desires to approve the forms of the Supplemental Indentures, the Depository Agreement, the Program Guidelines, the Servicing Agreement, the Compliance Agreement, the Funding Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the Official Statement, in order to find the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to implement the Program in accordance with such documents by authorizing the issuance of the 2007 Series B Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the Program; NOW, THEREFORE,

BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the 2007 Series B Bonds. That the issuance of the 2007 Series B Bonds is hereby authorized, all under and in accordance with the Single Family Indenture, and that, upon execution and delivery of the Supplemental Indenture, the authorized representatives named herein are each hereby authorized to execute, attest and affix the Department's seal to the 2007 Series B Bonds and to

deliver the 2007 Series B Bonds to the Attorney General of Texas (the "Attorney General") for approval, the Comptroller of Public Accounts of the State of Texas (the "Comptroller") for registration and the Trustee for authentication, and thereafter to deliver the 2007 Series B Bonds to or upon the order of the Underwriters and/or any other parties pursuant to the Bond Purchase Agreement.

Section 1.2--Authority to Approve Form of Documents, Determine Interest Rates, Principal Amounts, Maturities and Prices. That the Chair of the Governing Board or the Executive Director of the Department (i) are hereby authorized and empowered to determine whether the 2007 Series B Bonds shall be issued on a taxable or a tax-exempt basis and to determine whether the 2007 Series B Bonds will be issued as new money bonds, refunding bonds, or governmental purpose bonds (or any combination thereof) and (ii) are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, as amended, to fix and determine the interest rates, principal amounts and maturities of, and the prices at which the Department will sell to the Underwriters and/or any other parties to the Bond Purchase Agreement, the 2007 Series B Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair of the Governing Board or the Executive Director of the Department of the Supplemental Indenture, the Bond Purchase Agreement and the Official Statement; provided, however, that: (a) the net effective interest rate on the 2007 Series B Bonds shall not exceed 7.50% per annum; (b) the aggregate principal amount of the 2007 Series B Bonds shall not exceed $160,090,000; (c) the final maturity of the 2007 Series B Bonds shall occur not later than September 1, 2040; (d) the price at which the 2007 Series B Bonds are sold to the Underwriters and/or any other parties to the Bond Purchase Agreement shall not exceed 110% of the aggregate principal amount thereof; and (e) the Underwriters' fee shall not exceed the amount approved by the Texas Bond Review Board. In no event shall the interest rate on the 2007 Series B Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law.

Section 1.3--Approval, Execution and Delivery of the Supplemental Indenture. That the form and substance of the Supplemental Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution each are hereby authorized to execute, attest and affix the Department's seal to the Supplemental Indenture, and to deliver the Supplemental Indenture to the Trustee.

Section 1.4--Approval of Depository Agreement. That the form and substance of the Depository Agreement are hereby authorized and approved and that the authorized representatives of the Department named in this Resolution are hereby authorized to execute, attest and affix the Department's seal to the Depository Agreement and to deliver the Depository Agreement to the Trustee and to the Texas Treasury Safekeeping Trust Company.

Section 1.5--Approval of Program Guidelines. That the form and substance of the Program Guidelines are hereby authorized and approved.

Section 1.6--Approval of Servicing Agreement. That the form and substance of the Servicing Agreement are hereby authorized and approved and that the authorized representatives of the Department named in this Resolution are hereby authorized to execute, attest and affix the Department's seal to the Servicing Agreement and to deliver the Servicing Agreement to the Trustee and the Servicer.

Section 1.7--Approval of Compliance Agreement. That the form and substance of the Compliance Agreement are hereby authorized and approved and that the authorized representatives of the Department named in this Resolution are hereby authorized to execute, attest and affix the Department's seal to the Compliance Agreement and to deliver the Compliance Agreement to the Compliance Agent.

Section 1.8--Approval of Funding Agreement. That the form and substance of the Funding Agreement are hereby authorized and approved and that the authorized representatives of the Department named in this Resolution are hereby authorized to execute, attest and affix the Department's seal to the Funding Agreement and to deliver the Funding Agreement to the Servicer and the Trustee.

Section 1.9--Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the 2007 Series B Bonds to the Underwriters and/or any other parties pursuant to the Bond Purchase Agreement is hereby approved and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Underwriters and/or any other parties to the Bond Purchase Agreement.

Section 1.10--Approval of Continuing Disclosure Agreement. That the form and substance of the Continuing Disclosure Agreement are hereby authorized and approved and that the authorized representatives of the Department named in this Resolution are hereby authorized to execute, attest and affix the Department's seal to the Continuing Disclosure Agreement and to deliver the Continuing Disclosure Agreement to the Trustee.

Section 1.11--Official Statement. That the Official Statement relating to the 2007 Series B Bonds, in substantially the form presented to the Governing Board, is hereby approved; that prior to the execution of the Bond Purchase Agreement, the authorized representatives of the Department named in this Resolution, acting for and on behalf of the Governing Board, are hereby authorized and directed to finalize the Official Statement for distribution by the Underwriters to prospective purchasers of the 2007 Series B Bonds, with such changes therein as the authorized representatives of the Department named in this Resolution may approve in order to permit such an authorized representative, for and on behalf of the Governing Board, to deem the Official Statement final as of its date, except for such omissions as are permitted by Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), such approval to be conclusively evidenced by the distribution of the Official Statement; and that within seven business days after the execution of the Bond Purchase Agreement, the authorized representatives of the Department named in this Resolution, acting for and on behalf of the Governing Board, shall cause the final Official Statement, in substantially the form of the Official Statement, with such changes as such authorized representative may approve, such approval to be conclusively evidenced by such authorized representative's execution thereof, to be provided to the Underwriters in compliance with Rule 15c2-12.

Section 1.12--Approval of GIC Broker; Approval of Investment in GICs. That the Executive Director or the Director of Bond Finance and the Chair of the Governing Board are hereby authorized to select a GIC Broker, if any, and that the investment of funds held under the Single Family Indenture in connection with the 2007 Series B Bonds in GICs is hereby approved and that the Executive Director or the Director of Bond Finance of the Department is hereby authorized to complete arrangements for the investment in GICs or such other investments as the authorized representatives named herein may approve.

Section 1.13--Approval of Verification Agent. That the Executive Director or the Director of Bond Finance and the Chair of the Governing Board are hereby authorized to select a verification agent, if any.

Section 1.14--Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest, affix the Department's seal to and deliver such other agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Single Family Indenture, the Supplemental Indentures, the Depository Agreement, the Bond Purchase Agreement and the Continuing Disclosure Agreement.

Section 1.15--Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this

Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.16--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Supplemental Indenture
Exhibit C	-	Depository Agreement
Exhibit D	-	Program Guidelines
Exhibit E	-	Servicing Agreement
Exhibit F	-	Compliance Agreement
Exhibit G	-	Funding Agreement
Exhibit H	-	Bond Purchase Agreement
Exhibit I	-	Continuing Disclosure Agreement
Exhibit J	-	Official Statement

Section 1.17--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Governing Board, Executive Director of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department and the Secretary to the Governing Board.

Section 1.18--Department Contribution. That the contribution of Department funds in an amount not to exceed $250,000 to be used for any purpose authorized under the Act and the Single Family Indenture, including to pay a portion of the costs of issuance of the 2007 Series B Bonds, to fund down payment and closing cost assistance and to fund capitalized interest, is hereby authorized.

Section 1.19--Use of 0% Loan Funds. That the use of up to $6,500,000 of 0% loan funds in connection with the Program made available from various Single Family Mortgage Revenue Bond issues of the Department is hereby authorized

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Submission to the Attorney General of Texas. That the Governing Board of the Department hereby approves the submission by the Department's Bond Counsel to the Attorney General of Texas, for his approval, of a transcript of the legal proceedings relating to the issuance, sale and delivery of the 2007 Series B Bonds.

Section 2.2--Engagement of Other Professionals. That the Executive Director or the Director of Bond Finance is authorized to engage an accounting firm to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of the purchasers of the 2007 Series B Bonds and Bond Counsel to the Department, provided such engagement is done in accordance with applicable State law.

Section 2.3--Certification of the Minutes and Records. That the Secretary and any Assistant Secretary to the Governing Board of the Department are hereby authorized to certify and authenticate minutes and other records on behalf of the Department for the Program, the issuance of the 2007 Series B Bonds and all other Department activities.

Section 2.4--Approval of Requests for Rating from Rating Agencies. That the Executive Director, the Director of Bond Finance and the Department's consultants are authorized to seek ratings from Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

Section 2.5--Ratifying Other Actions. That all other actions taken or to be taken by the Executive Director and the Department's staff in connection with the Program and the issuance of the 2007 Series B Bonds are hereby ratified and confirmed.

Section 2.6--Authority to Invest Funds. That the Executive Director or the Director of Bond Finance is hereby authorized to undertake all appropriate actions required under the Single Family Indenture and the Depository Agreement and to provide for investment and reinvestment of all funds held under the Single Family Indenture.

Section 2.7--Eligibility for Refunding Under Commercial Paper Program. That 2007 Series B Bonds qualify as "Refunding Bonds" for purposes of the Department's Amended and Restated Commercial Paper Resolution adopted on June 10, 1996, as amended from time to time.

Section 2.8--Waiver from Texas Bond Review Board. That the Governing Board of the Department ratifies actions taken by the authorized representatives of the Department named in this Resolution seeking from the Texas Bond Review Board a waiver of the requirements of Section 2306.142(l) of the Act in accordance with Section 2306.142(m) of the Act.

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Determination of Interest Rate. That the Governing Board of the Department hereby declares that the Department shall fix and determine the interest rates on the Mortgage Loans for the Program at the time and in accordance with the procedures set forth in the Single Family Indenture and that such rates shall be established at levels such that the Mortgage Loans for the Program will produce, together with other available funds, the amounts required to pay for the Department's costs of operation with respect to the Program and debt service on the 2007 Series B Bonds, and enable the Department to meet its covenants with and responsibilities to the holders of the bonds issued under the Single Family Indenture without adversely affecting the exclusion from gross income for federal income tax purposes of interest on any of such tax-exempt bonds.

Section 3.2--Bonds to Finance Mortgage Loans in Underserved Economic and Geographic Markets. That, in accordance with Section 2306.142(m) of the Act, the Governing Board hereby finds that the issuance of bonds to finance Mortgage Loans to meet the credit needs of borrowers in underserved economic and geographic submarkets in the State is unfeasible or would damage the financial condition of the Department.

Section 3.3--Purpose of 2007 Series B Bonds. That the Governing Board hereby determines that the purpose for which the Department may issue the 2007 Series B Bonds constitutes "public works" as contemplated by Chapter 1371, Texas Government Code, as amended.

ARTICLE IV

GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the 2007 Series B Bonds and the interest thereon, shall be limited obligations of the Department payable solely from the trust estate pledged under the Single Family Indenture to secure payment of the bonds issued under the Single Family Indenture and payment of the

Department's costs and expenses for the Program thereunder and under the Single Family Indenture, and under no circumstances shall the 2007 Series B Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non Governmental Obligations. That the 2007 Series B Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State.

Section 4.3--Purposes of Resolution. That the Governing Board of the Department has expressly determined and hereby confirms that the issuance of the 2007 Series B Bonds and the furtherance of the Program contemplated by this Resolution accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 4.4--Notice of Meeting. That written notice of the date, hour and place of the meeting of the Governing Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Governing Board as required by Section 2306.032, Texas Government Code, as amended.

Section 4.5--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

[Signature Page Follows]

PASSED AND APPROVED this 23rd day of August, 2007.

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

(SEAL)

EXHIBIT A

List of Underwriters

Senior Manager

Citigroup Global Markets Inc.

Co-Senior Manager

Goldman, Sachs & Co.

Co Managers

A.G. Edwards & Sons, Inc.
First Southwest Company
Samuel A. Ramirez & Co.
Siebert Brandford Shank & Co. LLC

ALL DOCUMENTS REFERRED TO IN THE FOREGOING RESOLUTION ARE ATTACHED TO THE ORIGINAL COPY OF SAID RESOLUTION, WHICH IS ON FILE IN THE OFFICIAL RECORDS OF THE DEPARTMENT, AND EXECUTED COUNTERPARTS OF SUCH EXHIBITS ARE INCLUDED IN THE OFFICIAL TRANSCRIPT OF PROCEEDINGS RELATING TO THE BONDS.

HOME DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion and Possible Approval of HOME Division award recommendation for disaster relief for Johnson County in the amount of $499,200.

Requested Action

Approve, Deny or Approve with Amendments the publication of the award recommendation for disaster relief for Johnson County in the amount of $499,200.

Background

On December 29, 2006 severe storms and a tornado hit Johnson County in mid afternoon. The Tornado completely destroyed a trailer park, and several homes. The tornado also caused major damage to several homes. A total of 20 dwellings were destroyed, and approximately 20 dwellings suffered major damage.

TDHCA assisted in the Preliminary Damage Assessments (PDA's) conducted by the Governor's Division of Emergency Management (GDEM). On January 3, 2007, Governor Rick Perry declared Limestone and Johnson Counties a State disaster area, and requested that the Department make available any assistance to the citizens of Limestone and Johnson Counties for which the counties may be eligible under emergency conditions. The Department notified both County officials of the Department's HOME Program. Technical assistance for completing and submitting an application was also offered. The following application was received and processed.

Application #	Applicant Name	Project Funds Requested and Recommended	Admin. Funds Requested and Recommended	# of Units Proposed
2007-0031	Johnson County	$ 480,000.00	$ 19,200.00	8
Total		**$ 480,000.00**	**$ 19,200.00**	**8**

The application has been thoroughly reviewed for eligibility. Section 2306.057, Texas Government Code, requires an assessment of the applicant and any affiliate of the applicant be conducted to identify the history with respect to all applicable requirements. The organizational structure of this applicant has been reviewed by the Department and the review did not identify any issues that would warrant disqualification or material noncompliance. Johnson County is recommended for funding under the 2006 HOME Program rules and the award is in accordance with 10 TAC Chapter 1 §1.19, Deobligated Funds, adopted by the Board on April 12, 2007.

Recommendation

Staff recommends the HOME Program application be awarded. Staff also requests and recommends approval of 4% of project funds requested for program administration.

HOME DIVISION

BOARD ACTION REQUEST

AUGUST 23, 2007

Action Items

Presentation, Discussion and Possible Approval of HOME Disaster Relief Assistance for Recent Flooding in 57 Counties.

Required Action

Approve, Deny or Approve with Amendments the use of approximately $4.3 million of 2007 HOME uncommitted funds in conjunction with deobligated funds, for disaster relief assistance for the 57 declared counties or other disasters that may occur.

Background

At the July 12, 2007 board meeting Chairwoman Anderson requested that HOME staff evaluate programming the balance of the 2007 HOME single family funds for owner occupied housing assistance to the 57 counties which have been declared disaster areas.

The total amount of the 2007 HOME Single Family funds available, and subject to the regional allocation formula (RAF) is $19,254,604. On July 12, 2007, the Board approved the HOME Single Family funding recommendations in the amount of $14,859,763, leaving a balance of $4,394,841. Because the noted balance was included in the original allocation, it is not subject to the RAF and considered uncommitted 2007 funds. However, these funds must comply with 2306.111 (c)(1) and (2) respectively, which directs the Department to expend 95% of HOME funds in rural areas, and the remaining five percent for persons with disabilities who live in any area of the state. At this time approximately $2.5 million of deobligated funds are available to commit, and possibly be included for this activity.

Current Disaster Award Process:

1. Open application process
2. Disaster occurs
3. Governor's Division of Emergency Management (GDEM) conducts Preliminary Disaster Assessment (PDA) and reports to the Governor.

There are 2 types of disasters: Federally Declared which are declared by the President of the United States, and a State Declared, which are declared by the Governor.

It is the Department's policy that when a disaster is Federally Declared, the Department's disaster relief funds do not become available until 90 days from the date of federal declaration so that sufficient time is given to the affected cities and counties to access all eligible federal funds and to avoid duplication of federal benefits.

In the case of a State Declared disaster, the Department receives a Proclamation, or letter of recognition from the Governor, requesting that the Department make any funds available to disaster victims for unmet housing needs.

At the request of the Department's GDEM Liaison, the HOME Division mails notification letters to the County Officials of the affected Counties, informing them of available HOME deobligated funds for owner occupied housing assistance. HOME staff is committed to providing technical assistance to the potential applicants on the program and application process for application submission. Disaster Relief applications are received on a first come first serve basis, and eligible applicants are recommended for funding at the next scheduled Board Meeting. The HOME Program tracks both federal and state declared disasters for subsequent action. Currently, disaster relief applications are received continuously throughout the year on a first-come, first-served basis as the disasters occur.

As of August 6, 2007, a total of 57 counties have been declared disasters. 27 of 57 counties have been federally declared and 2 counties are HOME Participating Jurisdictions. GDEM has not completed their preliminary assessments, and it is possible that additional counties will be declared federal disasters.

Staff believes that the current process for responding to disasters is effective, efficient and the most direct for the applicant communities.

Recommendation

Staff recommends that disaster relief assistance continue operating as it does currently, addressing the unmet housing needs of disaster victims as the letters of recognition are received from the Governor's office. Funds will continue to be made available pursuant to the Department's deobligation policy. The $4.3 million will be made available for 12 months and will be included with the estimated $2.5 million available in deobligated funds to provide an estimated balance of $6.8 million for disaster relief (to the 57 declared counties as well as other areas that may be declared disasters) using the existing process for awarding disaster relief funds.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion and possible Approval of the selection of an outside counsel for Bond Counsel in response to the RFP issued June 29, 2007.

Requested Action

Approve or reject selected firm to serve as Bond Counsel for a minimum of one year and a maximum of two years.

Background and Recommendations

TDHCA issues complex bonds transactions in both the single family and multi-family arenas. Because of the complexity of these issuances, it is both practical and necessary to receive outside legal counsel to complete the transactions. The Request For Proposals was issued on June 29, 2007 after Board approval of the RFP.

The Legal Services Division caused the RFP to be published in the *Texas Register* and made potential firms generally aware of its availability. We received one response to the RFP. After reviewing the response, the firm is clearly qualified to perform these functions and will be an asset to the process. The recommended firm is Vinson & Elkins, LLP who has served as the Department's Bond Counsel for a number of years. If the Board concurs with this recommendation, the selected firm will be submitted to the Attorney General for approval and a contract will be developed to begin services on or around September 1, 2007.

Legislation that recently passed will somewhat alter the selection methods in the future. Depending on the determination by the Attorney General as to whether we can renew for the second option year with the selected firm, any RFP for an advisor related to an issuance of securities will need to have the RFP reviewed for approval by the Bond Review Board by to its release.

Staff Recommendation: Staff recommends that the Board approve the selection of Vinson & Elkins, LLP to be the TDHCA Bond Counsel for a period not less than one year nor greater than two years.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion and possible Approval of the selection of an outside counsel for Disclosure Counsel in response to the RFP issued June 29, 2007.

Requested Action

Approve or reject selected firm to serve as Disclosure Counsel for a minimum of one year and a maximum of two years.

Background and Recommendations

TDHCA issues complex bonds transactions in both the single family and multi-family arenas. Because of the complexity of these issuances, it is both practical and necessary to receive outside legal counsel to complete the transactions. Disclosure Counsel assists the Department with the preparation of our Official Statements and related matters issued with each bond release. The Request For Proposals was issued on June 29, 2007 after Board approval of the RFP.

The Legal Services Division caused the RFP to be published in the *Texas Register* and made potential firms generally aware of its availability. We received two responses to the RFP. They were from our current disclosure counsel, McCall, Parkhurst & Horton, L.L.P. and Andrews & Kurth L.L.P., both respected law firms. After reviewing the responses, a committee made up of the General Counsel, the Deputy Executive Director for Administration and the Deputy Executive Director for Programs has recommended **Andrews & Kurth L.L.P**. The firm is clearly qualified to perform these functions and will be an asset to the process. If the Board concurs with this recommendation, the selected firm will be submitted to the Attorney General for approval and a contract will be developed to begin services on or around September 1, 2007.

Legislation that recently passed will somewhat alter the selection methods in the future. Depending on the determination by the Attorney General as to whether we can renew for the second option year with the selected firm, any RFP for an advisor related to an issuance of securities will need to have the RFP reviewed for approval by the Bond Review Board prior to its release. The selection will still be reviewed by the Attorney General.

Staff Recommendation: Staff recommends that the Board approve the selection of Andrews & Kurth L.L.P to be the TDHCA Disclosure Counsel for a period not less than one year nor greater than two years.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion and Possible Approval of a Senior Managing Underwriting Firm for Multifamily Mortgage Revenue Bond Transactions.

Requested Action

Approve or Deny the Recommended List Below.

Background

The Department currently has an open Request for Qualifications (RFQ) published on the website. The underwriters are approved on a two year basis and Stern Brothers & Co. is requesting approval to serve as one of the Department's approved underwriters. At the October 12, 2006 Board meeting the Board approved twelve (12) senior managers and two (2) co-managers to assist applicants with bond transactions (list attached). The Department has received one (1) additional response on July 25, 2007. Stern Brothers & Co. is requesting approval from the Department's request of their qualifications from the open RFQ. With the approval of Stern Brothers & Co., the Department will have thirteen (13) senior managers and two (2) co-managers on the Department's approved multifamily underwriter list.

After reviewing the qualifications of Stern Brothers & Co., the Department staff recommends that this Investment Banking Firm be added to the Multifamily Bond Approved Underwriters List.

Recommendation

Staff recommends that the Board approve Stern Brothers & Co. to be added to the Multifamily Bond Approved Underwriters list.

Senior Managing Underwriters for Multifamily Transactions

George K. Baum & Co. (6/26/06)
Contact: Guy E. Yandel
717 Seventeenth Street, Suite 2500
Denver, CO 80202
Phone: (303) 292-1600
Fax: (800) 722-1670

National Alliance Securities Corporation (6/26/06)
Contact: Stephen Lipkin
1755 Wittington Place, Suite 320
Dallas, Texas 75234
Phone: (469) 522-4440 ext 103
Fax: (469) 522-4441

Citigroup Global Markets (6/26/06)
Contact: Nick Fluehr
390 Greenwich Street, 2nd Floor
New York, NY 10013
Phone: (212) 723-5697
Fax: (212) 723-8581

Red Capital Markets, Inc. (6/26/06)
Contact: James F. Croft
Two Miranova Place
Columbus, OH 43215
Phone: (614) 857-1652
Fax: (614) 857-9646

Capmark Securities (6/26/06)
Contact: Jerry Wright
20333 State Highway 249, Suite 200
Houston, Texas 77429
Phone: (281) 378-1524
Fax: (281) 378-1523

A.G Edwards & Sons, Inc (6/26/06)
Contact: Nora Chavez
One North Jefferson
St. Louis, Missouri 63103
Phone: (314) 955-3616
Fax: (314) 955-7371

Merchant Capital, L.L.C. (7/28/06)
Contact: John Rucker, III
250 Commerce, Suite 36104
Montgomery, Alabama 36101
Phone: (334) 834-5100
Fax: (334) 269-0902

Merrill Lynch (New York) (6/26/06)
Contact: Barbara Feldman
4 World Financial Center, Floor 09
New York, NY 10080
Phone: (212) 449-0620
Fax: (212) 449-7174

Morgan Keegan (06/26/06)
Contact: Mark C. O'Brien
5956 Sherry Lane, Suite 1900
Dallas, TX 75225
Phone: (214) 365-5524
Fax: (214) 365-5563

Banc of America Securities (6/26/06)
Contact: Robin L. Ginsburg
Contact: Aulii Limtiaco
9 West 57th, 6th Floor
New York, NY 10019
Phone: (212) 847-6351
Fax: (212) 933-2268

Stephens Inc (2/15/06)
Contact: Tom Langdon
100 North Broadway, Suite 1850
Oklahoma City, OK 73102
Phone: (405) 231-2890
Fax: (405) 231-4446

JP Morgan Chase (10/12/06)
Contact: Michael Toth
270 Park Avenue, 48th Floor
New York, NY 10017
Phone: (212) 270-0470

Co-managing Underwriters For Multifamily Transactions

Jackson Securities (6/26/06)
Contact:
100 North Broadway, Suite 1850
Oklahoma City, OK 73102
Phone: (405) 231-2890
Fax: (405) 231-4446

Estrada Hinojosa (6/26/06)
Contact: Robert Estrada
1717 Main Street, Suite 4740
Dallas, TX 75201
Phone: (214) 658-1670
Fax: (214) 658-1671

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion and Possible Approval of Qualified Trustees for the Multifamily Mortgage Revenue Bond Transactions.

Requested Action

Approve or Deny the Recommended List Below.

Background

The Department currently has an open Request for Qualifications (RFQ) published on the website. The trustees are approved on a two year basis and it is time to renew that approval for one of the Department's approved trustees. At the August 2005 Board meeting the Board approved US Bank National Association. On July 11, 2007, the Department, in response to its open RFQ, received a request from US Bank to renew their participation as a Qualified Trustee for Multifamily Mortgage Revenue Bond transactions.

After reviewing the qualifications of US Bank, the Department staff recommends that this trustee remain on the Multifamily Bond Approved Trustee List.

There are four Trustees currently on the approved list: Wells Fargo Bank Texas, N.A.; Regions Bank; US Bank, National Association; and Bank of New York (Dallas).

Recommendation

Staff recommends that the Board approve US Bank to remain on the Multifamily Bond Approved Trustee list.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
APPROVED TRUSTEES FOR MULTIFAMILY BOND ISSUES

Wells Fargo Bank Texas, N.A. (06/06)

Corporate Trust Services
Contact: Sherri H. Owen or Greg Hasty
1445 Ross Avenue, 2nd Floor
Mac. T5303-022
Dallas, Texas 75202
sherri.h.owen@wellsfargo.com
(214) 668-6450
greg.hasty@wellsfargo.com
(214) 740-1548

Austin Office
Contact: Greg Stites
400 West 15th, First Floor
Austin, Texas 78701
greg.l.stites@wellsfargo.com
(512) 344-8640

JP Morgan Chase Bank of Texas (06/06)

Corporate Trust – Municipal Sales
Contact: Jeff Salavarria
J P Morgan Trust Company
420 Throckmorton, 9th Floor
Fort Worth, Texas 76102
(817) 884-4726
(817) 884-4561
Jeffrey.c.salavarria@jpmorgan.com

Regions Bank (10/06)

Corporate Trust Services
Contact: Cary W. Gilliam
4400 Post Oak Parkway, Suite 2670
Houston, Texas 77027
(713) 840-3629
(713) 840-3654
cary.gilliam@regions.com

Contact: Ann Harris
(205) 326-7831
ann.harris@regions.com

Bank of New York (06/06)

Contact: Kathy McQuiston
Corporate Trust Division
600 North Pearl Street, Suite 420
Dallas, Texas 75201
214-880-8227
kmcquiston@bankofny.com

U S Bank National Association (08/05)

Contact: Kevin McIlwaine
Corporate Trust Services
14241 Dallas Parkway, Suite 490
Dallas, Texas 75254
972-458-4506 (voice)
972-789-9605 (fax)
kevin.mcilwaine@usbank.com

Contact: Ronda Parman
Corporate Trust Services
5847 San Felipe, Suite 1050
Houston, Texas 77057
(713) 278-4328

REQUEST FOR BOARD ACTION
Multifamily Finance Production

Private Activity Bond Program – Waiting List

3 Priority 1C Applications for 2007 Waiting List
2 Priority 2 Applications for 2007 Waiting List

TABLE OF EXHIBITS

TAB 1 **TDHCA Board Presentation – August 23, 2007**

TAB 2 **Summary of Applications**

TAB 3 **Inducement Resolution**

TAB 4 **Prequalification Analysis Worksheet**

TAB 5 **Map of Development Site**

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion and Possible Approval of an Inducement Resolution for Multifamily Housing Revenue Bonds and Authorization for Filing Applications for Private Activity Bond Authority – 2007 Waiting List.

Requested Action

Approve the Inducement Resolution to proceed with application submission to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority from the 2007 Private Activity Bond Program for five (5) applications.

Background

Each year, the State of Texas is notified of the allocation amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately $402 million is set aside for multifamily until August 15th for the 2007 bond program year. TDHCA has a set aside of approximately $88 million available for new 2007 applications. There is currently no allocation available. If the Board approves this application, it will be submitted to the Bond Review Board after the sub-ceiling collapse on August 15.

Inducement Resolution 07-027 includes five (5) applications that were received on or before July 12, 2007. These applications will reserve approximately $49.3 million in 2007 state volume cap. Upon Board approval to proceed, the application will be submitted to the Texas Bond Review Board for placement on the 2007 Waiting List. The Board has previously approved twenty five (25) applications for the 2007 program year. Nine applications have been submitted to the Bond Review Board.

Aston Brook Apartments, App. #07627– The proposed acquisition and rehabilitation development will consist of 152 units and will target the general population. It will be located at 14101 Walter's Road, Houston, Harris County. Demographics for the census tract (5511.00) include AMFI of $58,021; the total population is 7,222; the percent of the population that is minority is 70.47%; the number of owner occupied units is 1,381; number of renter occupied units is 1,236; and the number of vacant units is 170. (Census Information from FFIEC Geocoding for 2007).

Public Comment: The Department has received no letters of support or opposition.

Ridge at Willow Brook Apartments, App. #07628– The proposed acquisition and rehabilitation development will consist of 314 units and will target the general population. It will be located at 8330 Willow Place South, Houston, Harris County. Demographics for the census tract (5526.00) include AMFI of $69,401; the total population is 5,546; the percent of the population that is minority is 26.02%; the number of owner occupied units is 1,241; number of renter occupied units is 876; and the number of vacant units is 243. (Census Information from FFIEC Geocoding for 2007).

Public Comment: The Department has received no letters of support or opposition.

Hurst Manor Apartments, App. #07629– The proposed acquisition and rehabilitation development will consist of 112 units and will target the general population. It will be located at 300 Booth Calloway Road, Hurst, Tarrant County. Demographics for the census tract (1134.05) include AMFI of $52,314; the total population is 5,785; the percent of the population that is minority is 27.04%; the number of owner occupied units is 1,041; number of renter occupied units is 1,330; and the number of vacant units is 133. (Census Information from FFIEC Geocoding for 2007).

Public Comment: The Department has received no letters of support or opposition.

Houston Woodedge, App. #07630– The proposed acquisition and rehabilitation development will consist of 126 units and will target the general population. It will be located at 10802 Greencreek Drive, Houston, Harris County. Demographics for the census tract (5525.00) include AMFI of $67,636; the total population is 7,236; the percent of the population that is minority is 36.15%; the number of owner occupied units is 1,734; number of renter occupied units is 801; and the number of vacant units is 92. (Census Information from FFIEC Geocoding for 2007).

Public Comment: The Department has received no letters of support or opposition.

Stony Creek Apartments, App. #07631– The proposed acquisition and rehabilitation development will consist of 252 units and will target the general population. It will be located at 229 I-45 North, Conroe, Montgomery County. Demographics for the census tract (6936.00) include AMFI of $60,216; the total population is 2,509; the percent of the population that is minority is 16.66%; the number of owner occupied units is 396; number of renter occupied units is 854; and the number of vacant units is 154. (Census Information from FFIEC Geocoding for 2007).

Public Comment: The Department has received no letters of support or opposition.

Recommendation

Approve the Inducement Resolution as presented by staff. Staff will present all appropriate information to the Board for a final determination for the issuance of the bonds and housing tax credits during the full application process for the bond issuance.

RESOLUTION NO. 07-027

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; AUTHORIZING THE FILING OF APPLICATIONS FOR ALLOCATIONS OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended, (the "Act") for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for persons and families of low, very low and extremely low income and families of moderate income (all as defined in the Act); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by persons and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for multifamily residential rental developments (each a "Development" and collectively, the "Developments") as more fully described in Exhibit A attached hereto. The ownership of each Development as more fully described in Exhibit A will consist of the ownership entity and its principals or a related person (each an "Owner" and collectively, the "Owners") within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, each Owner has made not more than 60 days prior to the date hereof, payments with respect to its respective Development and expects to make additional payments in the future and desires that it be reimbursed for such payments and other costs associated with each respective Development from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, each Owner has indicated its willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that 100 percent of the units of its Development will be occupied at all times by eligible tenants, as determined by the Governing Board of the Department (the "Board") pursuant to the Act ("Eligible Tenants"), that the other requirements of the Act and the Department will be satisfied and that its Development will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse each Owner for the costs associated with its Development listed on Exhibit A attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of each Owner, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of each respective Development described on Exhibit A attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for each Development an Application for Allocation of Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the state to issue private activity bonds; and

WHEREAS, the Board intends that the issuance of Bonds for any particular Development is not dependent or related to the issuance of Bonds (as defined below) for any other Development and that a separate Application shall be filed with respect to each Development; and

WHEREAS, the Board has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to each Owner to finance its Development on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD THAT:

Section 1--Certain Findings. The Board finds that:

(a) each Development is necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;

(b) each Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;

(c) the financing of each Development is a public purpose and will provide a public benefit;

(d) each Owner is financially responsible; and

(e) each Development will be undertaken within the authority granted by the Act to the Department and each Owner.

Section 2--Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in amounts estimated to be sufficient to (a) fund a loan or loans to each Owner to provide financing for its Development in an aggregate principal amount not to exceed those amounts, corresponding to each respective Development, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and state law requirements regarding tenancy in each Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that each Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

Section 3--Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 4--Reimbursement. The Department reasonably expects to reimburse each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto ("Costs of each respective Development") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction or rehabilitation of its Development; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 5--Principal Amount. Based on representations of each Owner, the Department reasonably expects that the maximum principal amount of debt issued to reimburse each Owner for the costs of its respective Development will not exceed the amount set forth in Exhibit A which corresponds to its Development.

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of its Development, which Development will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement on an installment payment basis with the Department under which the Department will make a loan to the Owner for the purpose of reimbursing each Owner for the costs of its Development and each Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to each Owner to provide financing for the Owner's Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 7--The Development. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, each of which is to be occupied entirely by Eligible Tenants, as determined by the Department, and each of which is to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 8--Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse each Owner for costs of its Development.

Section 9--Costs of Development. The Costs of each respective Development may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of each respective Development shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other

expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 10--No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owners nor any one claiming by, through or under each Owner shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 11--No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds.

Section 12--Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by each Owner and the Department of contractual arrangements providing assurance satisfactory to the Department that 100 percent of the units for each Development will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Vinson & Elkins L.L.P. or other nationally recognized bond counsel acceptable to the Department, substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 13--Certain Findings. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for each Development will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Development's necessary review and legal documentation for the filing of an Application for the 2007 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

Section 15--Related Persons. The Department acknowledges that financing of all or any part of each Development may be undertaken by any company or partnership that is a "related person" to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the respective Owner.

Section 16--Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of each respective Development which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of each respective Development may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 17--Authorization of Certain Actions. The Department hereby authorizes the filing of and directs the filing of each Application in such form presented to the Board with the Bond Review Board and each director of the Board are hereby severally authorized and directed to execute each Application on behalf of the Department and to cause the same to be filed with the Bond Review Board.

Section 18--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 19--Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 20--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State of the State of Texas (the "Secretary of State") and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 23rd day of August, 2007.

[SEAL]

By: /s/ Elizabeth Anderson
Elizabeth Anderson, Chair

Attest: /s/ Kevin Hamby
Kevin Hamby, Secretary

EXHIBIT “A”

Description of each Owner and its Development

Project Name	Owner	Principals	Amount Not to Exceed
Aston Brook Apartments	Houston Aston Brook, Ltd. or other entity	The General Partner may be MC-CDC Aston Brook, Inc., or other entity, the principal of which may be Mid-Continent Community Development Corporation, or other entity	$8,500,000
Costs: (i) acquisition of real property located at 14101 Walters Road, Houston, Harris County, Texas; and (ii) the rehabilitation thereon of an approximately 152-unit multifamily residential rental housing development, in the amount not to exceed $8,500,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Hurst Manor Apartments	Tarrant Hurst Manor, Ltd. or other entity	The General Partner may be MC-CDC Hurst Manor, Inc., or other entity, the principal of which may be Mid-Continent Community Development Corporation, or other entity	$4,400,000
Costs: (i) acquisition of real property located at 300 Booth Calloway Road, Hurst, Tarrant County, Texas; and (ii) the rehabilitation thereon of an approximately 112-unit multifamily residential rental housing development, in the amount not to exceed $4,400,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Ridge at Willow Brook Apartments	Houston Ridge at Willow Brook, Ltd. or other entity	The General Partner may be MC-CDC Ridge at Willow Brook, Inc., or other entity, the principal of which may be Mid-Continent Community Development Corporation, or other entity	$16,600,000 (a portion of which may be taxable)
Costs: (i) acquisition of real property located at 8330 Willow Place South, Houston, Harris County, Texas; and (ii) the rehabilitation thereon of an approximately 314-unit multifamily residential rental housing development, in the amount not to exceed $16,600,000 (a portion of which may be taxable).			
Project Name	Owner	Principals	Amount Not to Exceed
Stony Creek Apartments	Conroe Stony Creek, Ltd. or other entity	The General Partner may be MC-CDC Stony Creek, Inc., or other entity, the principal of which may be Mid-Continent Community Development Corporation, or other entity	$12,400,000
Costs: (i) acquisition of real property located at 229 1-45 North, Conroe, Montgomery County, Texas; and (ii) the rehabilitation thereon of an approximately 252-unit multifamily residential rental housing development, in the amount not to exceed $12,400,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Woodedge Apartments	Houston Woodedge, Ltd. or other entity	The General Partner may be MC-CDC Woodedge, Inc., or other entity, the principal of which may be Mid-Continent Community Development Corporation, or other entity	$7,400,000
Costs: (i) acquisition of real property located at 10802 Green Creek Drive, Houston, Harris County, Texas; and (ii) the rehabilitation thereon of an approximately 126-unit multifamily residential rental housing development, in the amount not to exceed $7,400,000.			

Texas Department of Housing and Community Affairs

2007 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
07627	Aston Brook Apartments 14101 Walters Road	152	$ 8,500,000	Houston Aston Brook, Ltd. Larry Bunn	Recommend
Priority 1C	City: Houston County: Harris	General	Score = 82.5	1800 S. Washington St. 309 Amarillo, TX 79102	
	Acquisition/Rehab			(806) 349-4621	
07628	Ridge at Willow Brook Apartments 8330 Willow Place South	314	$ 16,600,000	Houston Ridge at Willow Brook, Ltd. Larry Bunn	Recommend
Priority 1C	City: Houston County: Harris	General	Score = 86.5	1800 S. Washington St. 309 Amarillo, TX 79102	
	Acquisition/Rehab			(806) 349-4621	
07629	Hurst Manor Apartments 300 Booth Calloway	112	$ 4,400,000	Tarrant Hurst Manor, Ltd. Larry Bunn	Recommend
Priority 2	City: Hurst County: Tarrant	General	Score = 85	1800 S. Washington St. 309 Amarillo, TX 79102	
	Acquisition/Rehab			(806) 349-4621	
07630	Woodedge Apartments 10802 Green Creek Drive	126	$ 7,400,000	Houston Woodedge, Ltd. Larry Bunn	Recommend
Priority 1C	City: Houston County: Harris	General	Score = 81.5	1800 S. Washington St. 309 Amarillo, TX 79102	
	Acquisition/Rehab			(806) 349-4621	
07631	Stoney Creek Apartments 229 I-45 North	252	$ 12,400,000	Conroe Stoney Creek, Ltd. Larry Bunn	Recommend
Priority 2	City: Conroe County: Montgomery	General	Score = 86.5	1800 S. Washington St. 309 Amarillo, TX 79102	
	Acquisition/Rehab			(806) 349-4621	
Totals for Recommended Applications		**956**	**$ 49,300,000**		

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Aston Brook Apartments, Houston, TDHCA #07627, Priority 1C

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	32	$ 470	566	0.83
60% AMI	1BD/1BA	40	$ 510	666	0.77
60% AMI	1BD/1BA	8	$ 621	804	0.77
60% AMI	1BD/1BA	8	$ 621	820	0.76
60% AMI	2BD/1BA	8	$ 668	848	0.79
60% AMI	2BD/1BA	8	$ 673	864	0.78
60% AMI	2BD/2BA	23	$ 713	976	0.73
60% AMI	2BD/2BA	9	$ 724	990	0.73
60% AMI	2BD/2BA	8	$ 730	1,020	0.72
60% AMI	2BD/2BA	8	$ 733	1,052	0.70
60% AMI	2BD/2BA	0	$ -	-	0.00
60% AMI	2BD/2BA	0	$ -	-	0.00
60% AMI	2BD/2BA	0	$ -	-	0.00
60% AMI	2BD/2BA	0	$ -	-	0.00
Totals		152	$ 1,088,676	119,246	$ 0.76
Averages			$ 597	785	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 8,409,628	$ 55,327	$ 70.52	0.63
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 8,409,628	$ 55,327	$ 70.52	0.63
Sitework	99,600	655	0.84	0.01
Direct Construction Costs	1,390,000	9,145	11.66	0.10
General Requirements (6%)	89,376	588	0.75	0.01
Contractor's Overhead (2%)	29,792	196	0.25	0.00
Contractor's Profit (6%)	89,376	588	0.75	0.01
Construction Contingency	169,814	1,117	1.42	0.01
Subtotal Construction	$ 1,867,958	$ 12,289	$ 15.66	0.14
Indirect Construction	192,335	1,265	1.61	0.01
Developer's Fee	1,622,646	10,675	13.61	0.12
Financing	630,746	4,150	5.29	0.05
Reserves	701,588	4,616	5.88	0.05
Subtotal Other Costs	$ 3,147,315	$ 20,706	$ 26	$ 0
Total Uses	$ 13,424,901	$ 88,322	$ 112.58	1.00

Applicant - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 4,100,531	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 5,364,406	5.75%	30	$ 375,663
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee		0.0%	$1,622,646	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Cash Equity	$ 1,624,370			$ -
Total Sources	$ 11,089,307			$ 375,663

TDHCA - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 4,100,531	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 5,128,938	6.00%	30	$ 369,007
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,298,117	80.0%	$ 324,529	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 1,624,370			$ -
Total Sources	$ 13,424,901			$ 369,007

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,088,676	$9.13	
Other Income & Loss		27,360	0.23	180
Vacancy & Collection	-7.74%	(86,400)	-0.72	-568
Effective Gross Income		$1,029,636	8.63	6,774
Total Operating Expenses		$466,329	$3.91	$3,068
Net Operating Income		$563,307	$4.72	$3,706
Debt Service		375,663	3.15	2,471
Net Cash Flow		$187,644	$1.57	$1,235
Debt Coverage Ratio		1.50		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$187,644	$1.57	$1,235
DCR after TDHCA Fees		1.50		
Break-even Rents/S.F.		0.59		
Break-even Occupancy		77.34%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,088,676	$9.13	
Other Income & Loss		27,360	0.23	180
Vacancy & Collection	7.50%	(83,703)	-0.70	-551
Effective Gross Income		1,032,333	8.66	6,792
Total Operating Expenses	58.9%	$608,000	$5.10	$4,000
Net Operating Income		$424,333	$3.56	$2,792
Debt Service		369,007	3.09	2,428
Net Cash Flow		$55,326	$0.46	$364
Debt Coverage Ratio		1.15		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$55,326	$0.46	$364
DCR after TDHCA Fees		1.15		
Break-even Rents/S.F.		0.68		
Break-even Occupancy		89.74%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$32,040	0.27	211
Management Fees	42,622	0.36	280
Payroll, Payroll Tax & Employee Exp.	153,400	1.29	1009
Maintenance/Repairs	50,720	0.43	334
Utilities	86,367	0.72	568
Property Insurance	38,000	0.32	250
Property Taxes	-	0.00	0
Replacement Reserves	45,600	0.38	300
Other Expenses	17,580	0.15	116
Total Expenses	$466,329	$3.91	$3,068

Staff Notes/Comments

Other expensess compliance fees, and the bond administration fee.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Ridge at Willow Brook Apartments, Houston, TDHCA #07628, Priority 1C

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	20	$ 485	581	0.83
60% AMI	1BD/1BA	40	$ 516	668	0.77
60% AMI	1BD/1BA	40	$ 490	600	0.82
60% AMI	1BD/1BA	28	$ 530	689	0.77
60% AMI	1BD/1BA	46	$ 540	746	0.72
60% AMI	1BD/1BA	1	$ 621	909	0.68
60% AMI	2BD/1BA	12	$ 607	735	0.83
60% AMI	2BD/1BA	16	$ 615	876	0.70
60% AMI	2BD/2BA	16	$ 613	815	0.75
60% AMI	2BD/2BA	48	$ 640	917	0.70
60% AMI	2BD/2BA	40	$ 670	992	0.68
60% AMI	2BD/2BA	7	$ 726	1,136	0.64
					0.00
					0.00
Totals		314	$ 2,157,300	244,381	$ 0.74
Averages			$ 573	778	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 18,675,233	$ 59,475	$ 76.42	0.64
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 18,675,233	$ 59,475	$ 76.42	0.64
Sitework	290,000	924	1.19	0.01
Direct Construction Costs	2,787,200	8,876	11.41	0.10
General Requirements (6%)	184,632	588	0.76	0.01
Contractor's Overhead (2%)	61,544	196	0.25	0.00
Contractor's Profit (6%)	184,632	588	0.76	0.01
Construction Contingency	350,801	1,117	1.44	0.01
Subtotal Construction	$ 3,858,809	$ 12,289	$ 15.79	0.13
Indirect Construction	327,350	1,043	1.34	0.01
Developer's Fee	3,575,812	11,388	14.63	0.12
Financing	1,462,534	4,658	5.98	0.05
Reserves	1,382,056	4,401	5.66	0.05
Subtotal Other Costs	$ 6,747,752	$ 21,490	$ 28	$ 0
Total Uses	$ 29,281,794	$ 93,254	$ 119.82	1.00

Applicant - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage
Tax Credits	$ 9,036,306	$0.80	3.55%

Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	$ 15,025,000	6.00%	30	$1,080,990

Source III	Proceeds	% Deferred	Remaining
Deferred Developer Fee	$ -	0.0%	$3,575,812

Source IV	Proceeds	Description	Annual D/S
Other	$ 5,220,488	Cash Equity	$ -
Total Sources	$ 29,281,794		$1,080,990

TDHCA - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage
Tax Credits	$ 9,036,306	$0.80	3.55%

Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	$ 9,570,646	6.00%	30	$ 688,570

Source III	Proceeds	% Deferred	Remaining
Deferred Developer Fee	$ 2,860,650	80.0%	$ 715,162

Source IV	Proceeds	Description	Annual D/S
Other	$ 5,220,488		$ -
Total Sources	$ 29,281,794		$ 688,570

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,157,300	$8.83	
Other Income & Loss		56,520	0.23	180
Vacancy & Collection	7.74%	171,396	0.70	546
Effective Gross Income		$2,385,216	9.76	7,596
Total Operating Expenses		$946,052	$3.87	$3,013
Net Operating Income		$1,439,164	$5.89	$4,583
Debt Service		1,080,990	4.42	3,443
Net Cash Flow		$358,174	$1.47	$1,141
Debt Coverage Ratio		1.33		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$358,174	$1.47	$1,141
DCR after TDHCA Fees		1.33		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		93.96%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$2,157,300	$8.83	
Other Income & Loss		56,520	0.23	180
Vacancy & Collection	7.50%	(166,037)	-0.68	-529
Effective Gross Income		2,047,784	8.38	6,522
Total Operating Expenses	61.3%	$1,256,000	$5.14	$4,000
Net Operating Income		$791,784	$3.24	$2,522
Debt Service		688,570	2.82	2,193
Net Cash Flow		$103,213	$0.42	$329
Debt Coverage Ratio		1.15		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$103,213	$0.42	$329
DCR after TDHCA Fees		1.15		
Break-even Rents/S.F.		0.66		
Break-even Occupancy		90.14%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$82,488	0.34	263
Management Fees	84,558	0.35	269
Payroll, Payroll Tax & Employee Exp.	293,800	1.20	936
Maintenance/Repairs	104,740	0.43	334
Utilities	172,331	0.71	549
Property Insurance	78,500	0.32	250
Property Taxes	-	0.00	0
Replacement Reserves	94,200	0.39	300
Other Expenses	35,435	0.14	113
Total Expenses	$946,052	$3.87	$3,013

Staff Notes/Comments

Other expenses: compliance fees.

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Hurst Manor Apartments, Hurst, TDHCA #07629, Priority 2

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	28	$ 425	706	0.60
60% AMI	2BD/1BA	70	$ 565	1,060	0.53
60% AMI	3BD/2BA	14	$ 757	1,241	0.61
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		112	$ 744,576	111,342	$ 0.56
Averages			$ 554	994	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 4,969,082	$ 44,367	$ 44.63	0.60
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 4,969,082	$ 44,367	$ 44.63	0.60
Sitework	145,000	1,295	1.30	0.02
Direct Construction Costs	952,600	8,505	8.56	0.11
General Requirements (6%)	65,856	588	0.59	0.01
Contractor's Overhead (2%)	21,952	196	0.20	0.00
Contractor's Profit (6%)	65,856	588	0.59	0.01
Construction Contingency	125,126	1,117	1.12	0.02
Subtotal Construction	$ 1,376,390	$ 12,289	$ 12.36	0.17
Indirect Construction	159,812	1,427	1.44	0.02
Developer's Fee	1,004,782	8,971	9.02	0.12
Financing	377,852	3,374	3.39	0.05
Reserves	420,118	3,751	3.77	0.05
Subtotal Other Costs	$ 1,962,564	$ 17,523	$ 18	$ 0
Total Uses	$ 8,308,036	$ 74,179	$ 74.62	1.00

Applicant - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage
Tax Credits	$ 2,539,148	$0.80	3.55%

Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	$ 3,950,000	6.00%	30	$ 284,187

Source III	Proceeds	% Deferred	Remaining
Deferred Developer Fee	$ 50,239	5.0%	$954,543

Source IV	Proceeds	Description	Annual D/S
Other	$ 1,768,649	Cash Equity	$ -
Total Sources	$ 8,308,036		$ 284,187

TDHCA - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage
Tax Credits	$ 2,539,148	$0.80	3.55%

Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	$ 3,135,051	6.00%	30	$ 225,555

Source III	Proceeds	% Deferred	Remaining
Deferred Developer Fee	$ 803,826	80.0%	$ 200,956

Source IV	Proceeds	Description	Annual D/S
Other	$ 1,768,649		$ -
Total Sources	$ 8,308,036		$ 225,555

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$744,576	$6.69	
Other Income & Loss		20,160	0.18	180
Vacancy & Collection	7.72%	59,028	0.53	527
Effective Gross Income		$823,764	7.40	7,355
Total Operating Expenses		$395,632	$3.55	$3,532
Net Operating Income		$428,132	$3.85	$3,823
Debt Service		284,187	2.55	2,537
Net Cash Flow		$143,945	$1.29	$1,285
Debt Coverage Ratio		1.51		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$143,945	$1.29	$1,285
DCR after TDHCA Fees		1.51		
Break-even Rents/S.F.		0.51		
Break-even Occupancy		91.30%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$744,576	$6.69	
Other Income & Loss		20,160	0.18	180
Vacancy & Collection	7.50%	(57,355)	-0.52	-512
Effective Gross Income		707,381	6.35	6,316
Total Operating Expenses	63.3%	$448,000	$4.02	$4,000
Net Operating Income		$259,381	$2.33	$2,316
Debt Service		225,555	2.03	2,014
Net Cash Flow		$33,826	$0.30	$302
Debt Coverage Ratio		1.15		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$33,826	$0.30	$302
DCR after TDHCA Fees		1.15		
Break-even Rents/S.F.		0.50		
Break-even Occupancy		90.46%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$36,604	0.33	327
Management Fees	29,122	0.26	260
Payroll, Payroll Tax & Employee Exp.	93,916	0.84	839
Maintenance/Repairs	51,242	0.46	458
Utilities	111,918	1.01	999
Property Insurance	28,000	0.25	250
Property Taxes	-	0.00	0
Replacement Reserves	33,600	0.30	300
Other Expenses	11,230	0.10	100
Total Expenses	$395,632	$3.55	$3,532

Staff Notes/Comments

Other expenses: compliance fees

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Houston Woodedge Apartments, TDHCA #07630, Priority 1C

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	8	$ 530	682	0.78
60% AMI	1BD/1BA	5	$ 560	776	0.72
60% AMI	1BD/1BA	8	$ 570	785	0.73
60% AMI	1BD/1BA	1	$ 621	1,230	0.50
60% AMI	2BD/1BA	4	$ 625	893	0.70
60% AMI	2BD/1BA	24	$ 640	903	0.71
60% AMI	2BD/1BA	16	$ 650	908	0.72
60% AMI	2BD/1BA	4	$ 660	908	0.73
60% AMI	2BD/1BA	16	$ 670	920	0.73
60% AMI	2BD/1BA	8	$ 675	920	0.73
60% AMI	2BD/2BA	32	$ 697	985	0.71
					0.00
					0.00
					0.00
Totals		126	$ 978,540	113,850	$ 0.72
Averages			$ 647	904	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 8,210,769	$ 65,165	$ 72.12	0.65
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 8,210,769	$ 65,165	$ 72.12	0.65
Sitework	122,500	972	1.08	0.01
Direct Construction Costs	1,112,300	8,828	9.77	0.09
General Requirements (6%)	74,088	588	0.65	0.01
Contractor's Overhead (2%)	24,696	196	0.22	0.00
Contractor's Profit (6%)	74,088	588	0.65	0.01
Construction Contingency	140,767	1,117	1.24	0.01
Subtotal Construction	$ 1,548,439	$ 12,289	$ 13.60	0.12
Indirect Construction	171,195	1,359	1.50	0.01
Developer's Fee	1,536,067	12,191	13.49	0.12
Financing	565,126	4,485	4.96	0.04
Reserves	609,768	4,839	5.36	0.05
Subtotal Other Costs	$ 2,882,156	$ 22,874	$ 25	$ 0
Total Uses	$ 12,641,364	$ 100,328	$ 111.04	1.00

Applicant - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 3,881,740	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 6,700,000	6.00%	30	$ 482,039
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ -	0.0%	$1,536,067	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 2,059,624	Cash Equity		$ -
Total Sources	$ 12,641,364			$ 482,039

TDHCA - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 3,881,740	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 5,104,200	6.00%	30	$ 367,227
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 1,228,854	80.0%	$ 307,213	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 2,059,624			$ -
Total Sources	$ 12,641,364			$ 367,227

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$978,540	$8.59	
Other Income & Loss		22,680	0.20	180
Vacancy & Collection	7.73%	77,400	0.68	614
Effective Gross Income		$1,078,620	9.47	8,560
Total Operating Expenses		$433,196	$3.80	$3,438
Net Operating Income		$645,424	$5.67	$5,122
Debt Service		482,039	4.23	3,826
Net Cash Flow		$163,385	$1.44	$1,297
Debt Coverage Ratio		1.34		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$163,385	$1.44	$1,297
DCR after TDHCA Fees		1.34		
Break-even Rents/S.F.		0.67		
Break-even Occupancy		93.53%		

TDHCA - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$978,540	$8.59	
Other Income & Loss		22,680	0.20	180
Vacancy & Collection	7.50%	(75,092)	-0.66	-596
Effective Gross Income		926,129	8.13	7,350
Total Operating Expenses	54.4%	$504,000	$4.43	$4,000
Net Operating Income		$422,129	$3.71	$3,350
Debt Service		367,227	3.23	2,915
Net Cash Flow		$54,901	$0.48	$436
Debt Coverage Ratio		1.15		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$54,901	$0.48	$436
DCR after TDHCA Fees		1.15		
Break-even Rents/S.F.		0.64		
Break-even Occupancy		89.03%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$38,640	0.34	307
Management Fees	38,181	0.34	303
Payroll, Payroll Tax & Employee Exp.	152,165	1.34	1208
Maintenance/Repairs	37,800	0.33	300
Utilities	82,220	0.72	653
Property Insurance	31,500	0.28	250
Property Taxes	-	0.00	0
Replacement Reserves	37,800	0.33	300
Other Expenses	14,890	0.13	118
Total Expenses	$433,196	$3.80	$3,438

Staff Notes/Comments

Other expenses: compliance fees

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
PREQUALIFICATION ANALYSIS

Stony Creek Apartments, Conroe, TDHCA #07631, Priority 2

Unit Mix and Rent Schedule

Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	40	$ 420	682	0.62
60% AMI	1BD/1BA	36	$ 449	776	0.58
60% AMI	1BD/1BA	36	$ 489	785	0.62
60% AMI	1BD/2BA	40	$ 529	893	0.59
60% AMI	1BD/2BA	12	$ 557	903	0.62
60% AMI	2BD/2BA	8	$ 589	908	0.65
60% AMI	2BD/2BA	8	$ 619	908	0.68
60% AMI	2BD/2BA	56	$ 629	920	0.68
60% AMI	2BD/2BA	8	$ 639	920	0.69
60% AMI	2BD/2BA	8	$ 659	985	0.67
					0.00
					0.00
					0.00
					0.00
Totals		252	$ 1,604,208	211,320	$ 0.63
Averages			$ 530	839	

Uses of Funds/Project Costs

	Costs	Per Unit	Per S.F.	Percent
Acquisition	$ 13,859,087	$ 54,996	$ 65.58	0.63
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	$ 13,859,087	$ 54,996	$ 65.58	0.63
Sitework	197,000	782	0.93	0.01
Direct Construction Costs	2,272,600	9,018	10.75	0.10
General Requirements (6%)	148,176	588	0.70	0.01
Contractor's Overhead (2%)	49,392	196	0.23	0.00
Contractor's Profit (6%)	148,176	588	0.70	0.01
Construction Contingency	281,534	1,117	1.33	0.01
Subtotal Construction	$ 3,096,878	$ 12,289	$ 14.65	0.14
Indirect Construction	276,940	1,099	1.31	0.01
Developer's Fee	2,695,608	10,697	12.76	0.12
Financing	1,121,307	4,450	5.31	0.05
Reserves	1,043,497	4,141	4.94	0.05
Subtotal Other Costs	$ 5,137,352	$ 20,386	$ 24	$ 0
Total Uses	$ 22,093,317	$ 87,672	$ 104.55	1.00

Applicant - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 6,811,974	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 11,250,000	6.00%	30	$ 809,393
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ -	0.0%	$2,695,608	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 4,031,343	Cash Equity		$ -
Total Sources	$ 22,093,317			$ 809,393

TDHCA - Sources of Funds

Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	$ 6,811,974	$0.80	3.55%	
Source II	**Proceeds**	**Rate**	**Amort**	**Annual D/S**
Bond Proceeds	$ 6,257,840	6.00%	30	$ 450,227
Source III	**Proceeds**	**% Deferred**	**Remaining**	
Deferred Developer Fee	$ 2,156,486	80.0%	$ 539,122	
Source IV	**Proceeds**	**Description**		**Annual D/S**
Other	$ 4,031,343			$ -
Total Sources	$ 22,093,317			$ 450,227

Applicant - Operating Proforma/Debt Coverage

			Per S.F.	Per Unit
Potential Gross Income		$1,604,208	$7.59	
Other Income & Loss		45,360	0.21	180
Vacancy & Collection	7.75%	127,836	0.60	507
Effective Gross Income		$1,777,404	8.41	7,053
Total Operating Expenses		$708,400	$3.35	$2,811
Net Operating Income		$1,069,004	$5.06	$4,242
Debt Service		809,393	3.83	3,212
Net Cash Flow		$259,611	$1.23	$1,030
Debt Coverage Ratio		1.32		
TDHCA/TSAHC Fees		$0	$0.00	$0
Net Cash Flow		$259,611	$1.23	$1,030
DCR after TDHCA Fees		1.32		
Break-even Rents/S.F.		0.60		
Break-even Occupancy		94.61%		

TDHCA - Operating Proforma/Debt Coverage

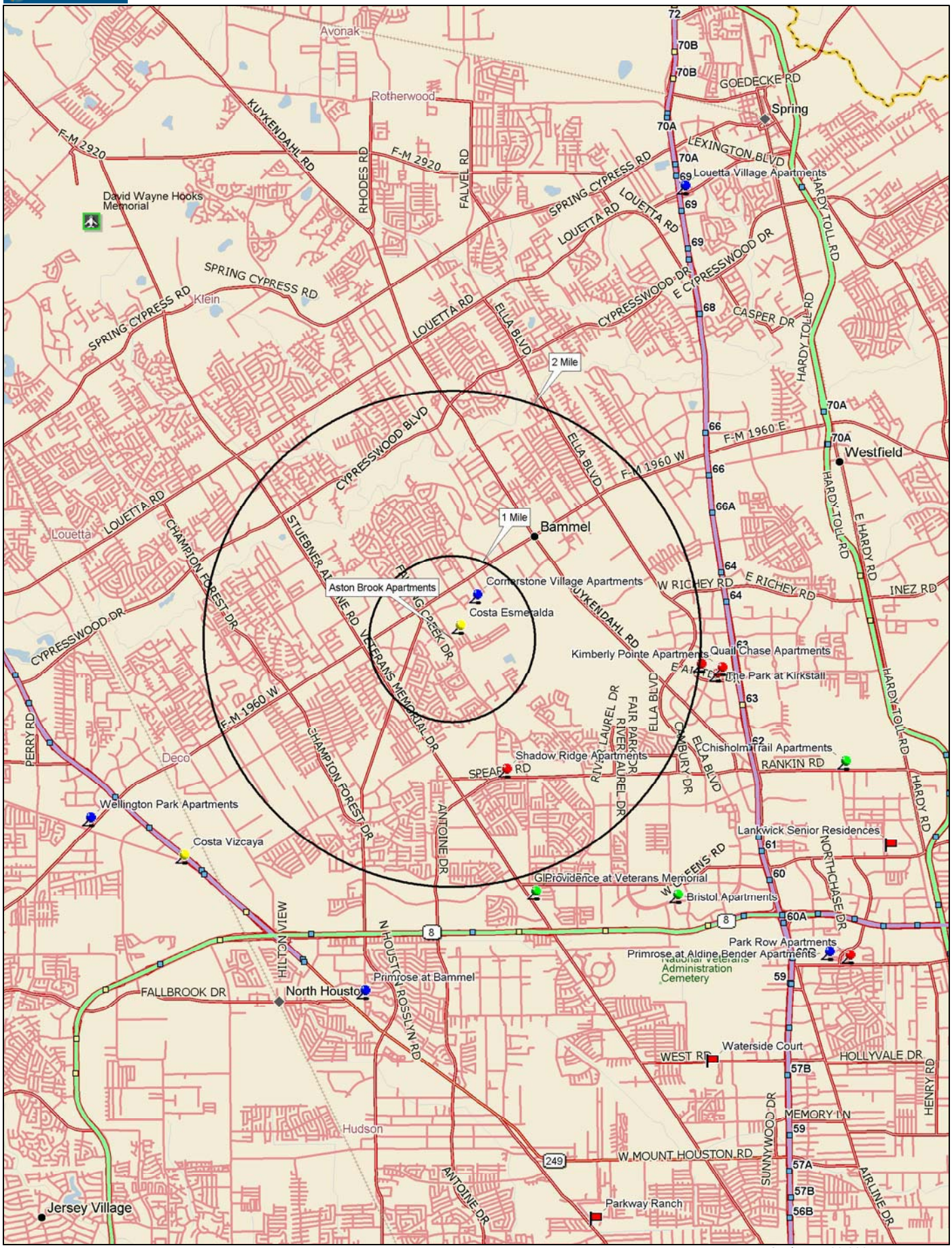
			Per S.F.	Per Unit
Potential Gross Income		$1,604,208	$7.59	
Other Income & Loss		45,360	0.21	180
Vacancy & Collection	7.50%	(123,718)	-0.59	-491
Effective Gross Income		1,525,850	7.22	6,055
Total Operating Expenses	66.1%	$1,008,000	$4.77	$4,000
Net Operating Income		$517,850	$2.45	$2,055
Debt Service		450,227	2.13	1,787
Net Cash Flow		$67,623	$0.32	$268
Debt Coverage Ratio		1.15		
TDHCA/TSAHC Fees			$0.00	$0
Net Cash Flow		$67,623	$0.32	$268
DCR after TDHCA Fees		1.15		
Break-even Rents/S.F.		0.58		
Break-even Occupancy		90.90%		

Applicant - Annual Operating Expenses

		Per S.F.	Per Unit
General & Administrative Expenses	$45,952	0.22	182
Management Fees	63,068	0.30	250
Payroll, Payroll Tax & Employee Exp.	194,110	0.92	770
Maintenance/Repairs	96,955	0.46	385
Utilities	142,085	0.67	564
Property Insurance	63,000	0.30	250
Property Taxes	-	0.00	0
Replacement Reserves	75,600	0.36	300
Other Expenses	27,630	0.13	110
Total Expenses	$708,400	$3.35	$2,811

Staff Notes/Comments

Other expenses: compliance fees



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TN

MN (3.8°E)

Scale 1 : 100,000

1" = 1.58 mi

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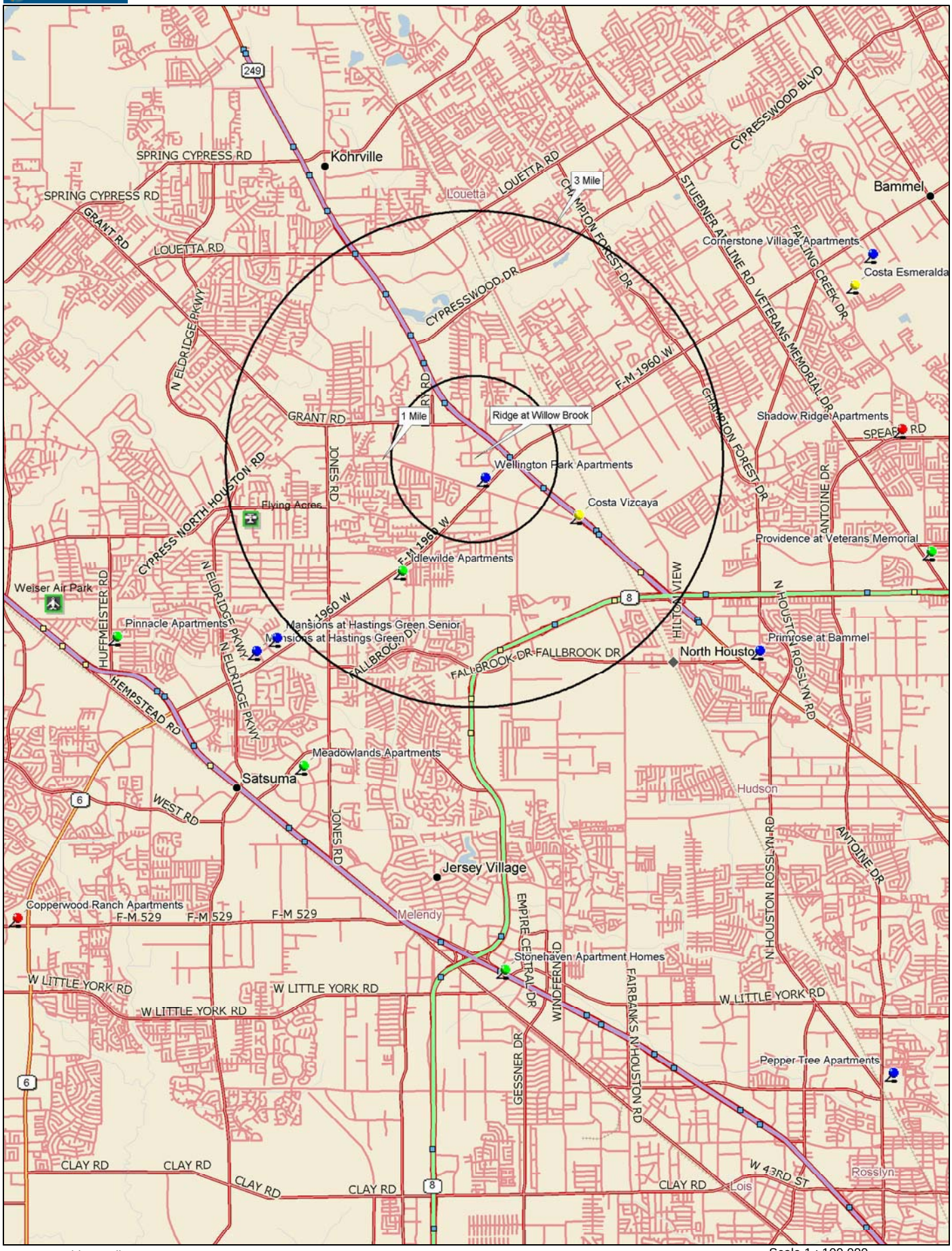

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TN

MN (3.8°E)

Scale 1 : 100,000

1" = 1.58 mi

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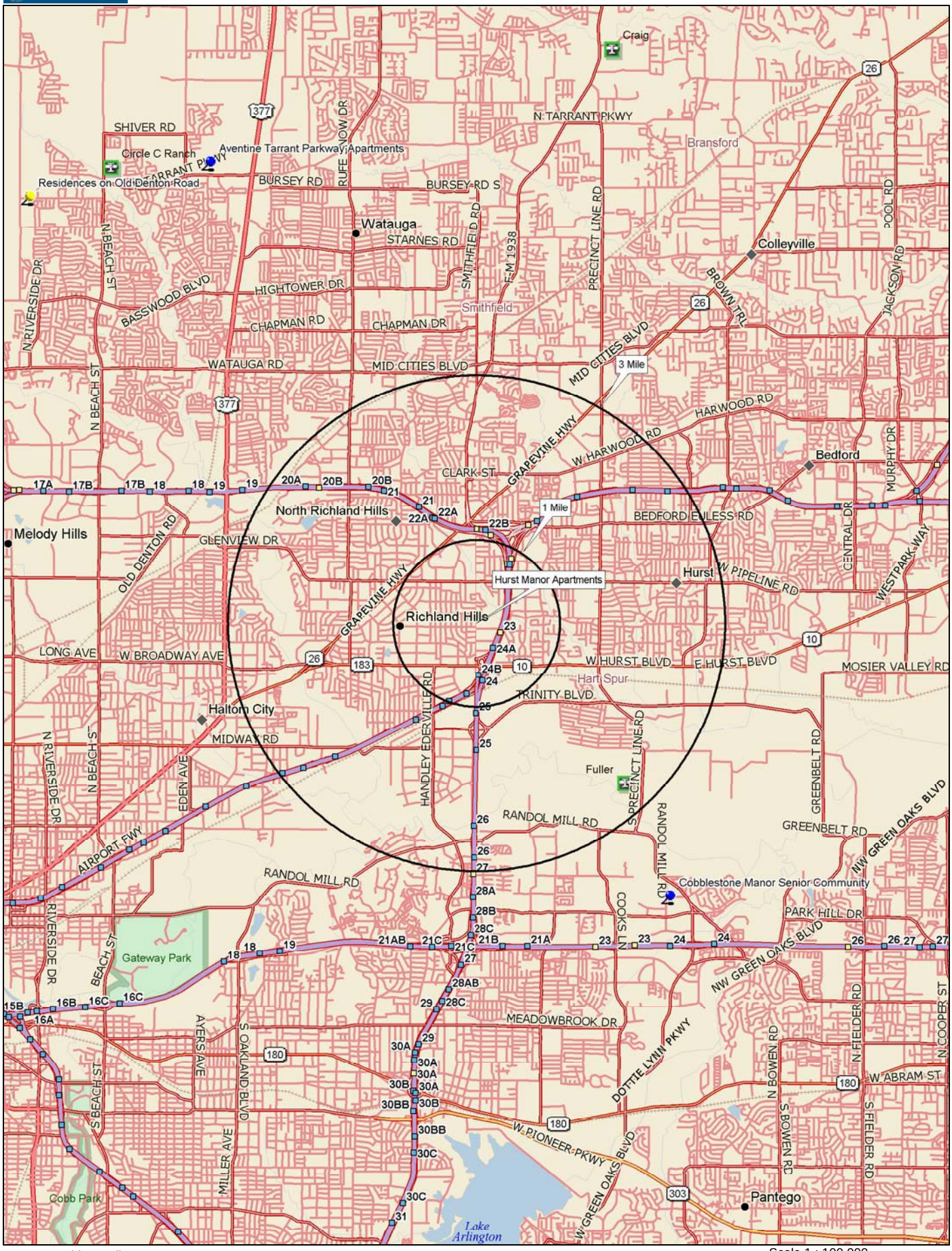

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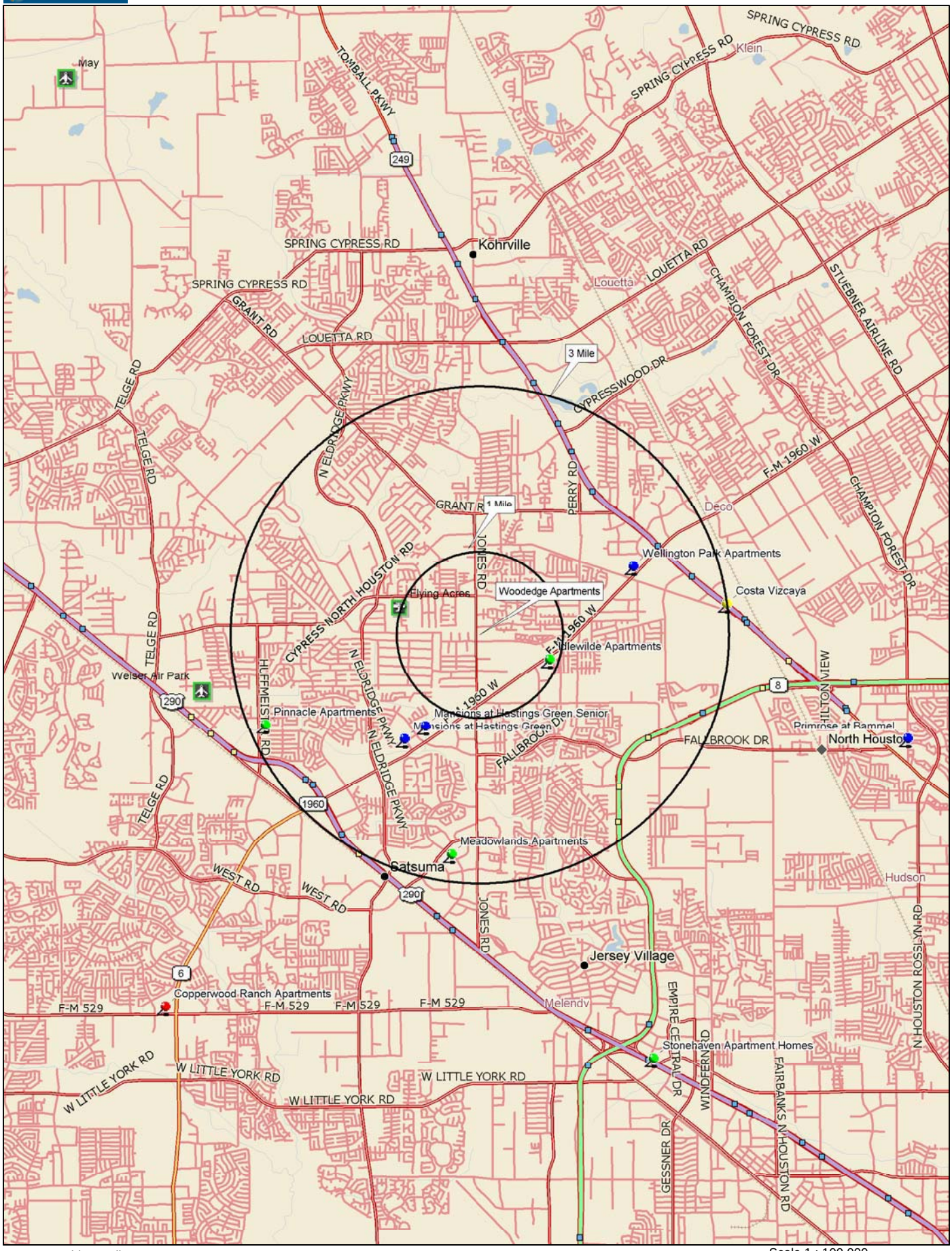
TN

MN (4.7°E)

Scale 1 : 100,000

1" = 1.58 mi

Data Zoom 11-0



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MN (3.8°E)

Scale 1 : 100,000

1" = 1.58 mi

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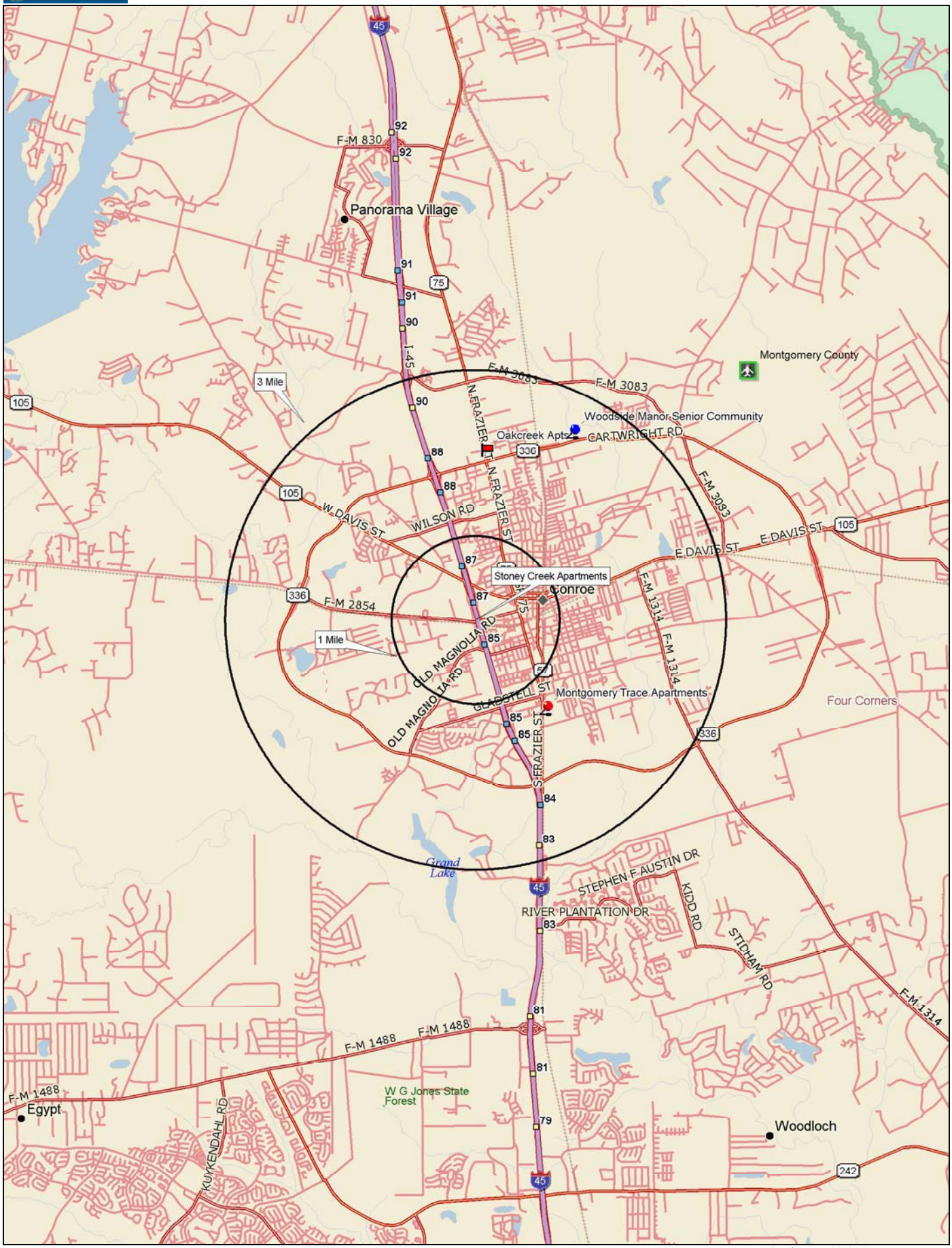

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Scale 1 : 100,000

1" = 1.58 mi

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Portfolio Management and Compliance

BOARD ACTION REQUEST

August 23, 2007

Action Items

Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 60, Subchapter A, Compliance Monitoring, and a draft of proposed new 10 TAC Chapter 60, Subchapter A, Compliance Monitoring for comment in the *Texas Register*.

Required Action

Approve, reject or approve with amendments, publication of the proposed repeal of 10 TAC Chapter 60, Subchapter A, Compliance Monitoring, and a draft of proposed new 10 TAC Chapter 60, Subchapter A, Compliance Monitoring for comment in the *Texas Register*.

Background

Attached is the draft Portfolio, Management and Compliance Rules, Subchapter A which reflect staff's recommendations.

The draft Portfolio, Management and Compliance Rules incorporate some initial public input, as well as statutory and program changes. Subchapter A has been re-written with the aim of providing clear, concise and standard requirements.

Summary of Significant Recommendations from Staff

This section summarizes some of the most significant staff recommendations.

1. **§60.102- Definitions (pages 2-4 of 27).** Definitions are being added for the following terms to bring greater clarity to the meaning and concepts utilized or to create definitions for terms used in other areas of the Rule: Architect of Record, Continuously Occupied, Historically Underutilized Business, Housing Quality Standards, HUD-Regulated Building, and Unit Type.
2. **§60.102(19)- Definition for Material Noncompliance (pg 4 of 27).** Staff is recommending that the Material Noncompliance threshold score for a non Housing Tax Credit property with 51 to 200 low income units be changed from 120 to 50. Staff is recommending that the Material Noncompliance threshold score for a Non Housing Tax Credit property with more than 201 low income units be changed from 150 to 80. The previous scoring thresholds were too high to identify problematic developments with significant, uncorrected noncompliance

issues. The lowering of thresholds provides sufficient notice to owners and allows corrections before properties are in a condition that they may not be able to recover.

3. **§60.103- Construction Monitoring (page 5 of 27).** Significant revisions from the Department's current monitoring procedures are being recommended. Currently, a mid-construction inspection is completed within 45 to 90 days after commencement of substantial construction. The proposed Rule eliminates the mid construction inspection, but adds provision for submission to the Department of copies of reports to a syndicator and copies of any other reports issued during construction that indicate changes that affect the representations made during the application process. A final construction inspection will be conducted and forms 8609 or final retainage will not be released until any deficiencies are corrected. Also note that Fair Housing Act violation referrals to the Texas Workforce have been removed to reflect statutory changes.
4. **§60.104 Recording of Land Use Restriction Agreements (page 6 of 27).** This section has been created to emphasize the §42 requirement to have a recorded LURA no later than the end of the first year of the credit period. While staff makes every effort to process LURAs quickly, this section of the rule states that LURAs received after September 1 may not be processed in the same calendar year.
5. **§60.104(b) Recording of Land Use Restriction Agreements (page 6 of 27).** This section states that all income and rent restrictions reflected in the final underwriting report will be imposed by the Housing Tax Credit LURA.
6. **§60.105(b)(1) Reporting Requirements (page 6 of 27).** This section no longer lists all of the questions on the annual owner's compliance report. Rather the rule refers to the Treasury Regulation or applicable program.
7. **§60.105(b)(3) Reporting Requirements (page 6 of 27).** Chapter 2306.254, which required a Tenant Services report, has been repealed. Part C of the Annual Owner's Compliance Report is being renamed "Housing for persons with disabilities" and will collect information required by §2306.078. These questions were formerly included in Part A of the report.
8. **§60.105(b)(3)and (4) Reporting Requirements (page 7 of 27).** These sections now clearly state that owners of the FDIC's Affordable Housing Program properties are not required to submit parts C (Housing for Persons with Disabilities) and D (the Owner's Financial Certification) of the Annual Owner's Compliance Report.
9. **§60.107 Notices to the Department (page 9 of 27).** This section has added language requiring owners to maintain current contact information in the Department's Compliance Monitoring and Tracking system.
10. **§60.108 Determination, Documentation and Certification of Household Income (page 9 of 27).** This section has been added to formally require all owners to use the definition of annual income found in the HUD handbook 4350.3. Although the department has always required this, it has not previously been specifically referenced in the Rule.
11. **§60.109 Utility Allowances (pages 9 through 11 of 27).** Significant revisions have been made to this section of the Rule and the concept of a utility allowance calculated based on actual utility usage data and rates is proposed. The draft Rule recommends that owners will

be required to provide utility billing histories for a minimum of 20% or 5 units, whichever is greater, for each unit type. The goal is to obtain as much information as possible, without being burdensome.

12. **§60.110 Lease Requirements (pages 11 and 12 of 27).** This section of the Rule has been created in response to Chapter 2306.6735 which requires lease agreements with a tenant in a development supported with a housing tax credit allocation to include language prohibiting evictions or terminations of tenancy for other than good cause.

13. **§60.111 Income at Recertification (pages 12 and 13 of 27).** This section of the Rule has been created in response to public input regarding the difficulty and fairness of the Department's current policy regarding increases in income at recertification for households meeting the property's additional occupancy restrictions. The department's current policy requires the next available unit on the property be leased to replace the income of a household whose income increases above the published limit upon recertification. This new section would provide some flexibility.

14. **§60.112 Requirements pertaining to household with rental assistance (page 13 of 27).** In response to public input this section of the Rule applies the same leasing requirements for households with HOME Tenant Based Rental assistance as the requirements for Section 8 voucher holders.

15. **§60.114 Monitoring for Social Services (page 15 of 27).** This section has been added to formalize the department's monitoring of social services. Although the department has always required this, it has not previously been specifically referenced in the Rule.

16. **§60.115 Monitoring for Non-Profit of HUB Participation (pages 15 and 16 of 27).** This section of the Rule has been added to notify owners that the department will begin formal monitoring of non profit and HUB participation. This is partly in response to new guidance from the Internal Revenue Service through the 8823 Audit Guide and to formally expand the Department's requirement to monitor all application representations and LURA requirements. Previously these issues were monitored based only upon complaint and through the Annual Owner's Certification.

17. **§60.116(c)(1)(B) and (C) Property Condition Standards (page 16 of 27).** This section of the Rule has been changed. If adopted as proposed the department will consider a property in noncompliance under the finding "Major Violations of Uniform Physical Condition Standards", (which is material noncompliance if uncorrected) if 20% or more of the units inspected have any level three violation or the overall property score is below 60%.

18. **§60.116(c)(2)(A) and (B) Property Condition Standards (page 16 of 27).** This section of the Rule has been changed. If adopted as proposed the department will consider a property in noncompliance under the finding "Pattern of Violations of Uniform Physical Condition Standards", if 20% or more of the units inspected have any level two violations or the overall property score is between 60% and 79%.

19. **§60.116(d) Property Condition Standards (pages 16 and 17 of 27).** This section of the rule has been added in response to public input regarding smoke detectors and blocked egresses caused by residents. The draft suggests that if these issues are corrected within 72 hours they will not be taken into consideration when evaluating the report in light of the

department's material noncompliance methodology. However, the Rule makes clear that the department is required to report all violations of the Uniform Physical Condition Standard to the Internal Revenue Service on form 8823 for HTC properties.

20. **§60.116(i) Property Condition Standards (page 17 of 27).** This section of the Rule has been added to address the lack of property condition standard requirements for the FDIC's Affordable Housing Program properties. Since the program has no requirement in regard to property condition, the department cannot impose one and will not monitor for property conditions standards.

21. **§60.118(a), (b) and (c) Special Rules Regarding rents and rent limit violations (page 18 of 27).** This section of the Rule has been created in response to new guidance from the Internal Revenue Service. Previously, if an owner overcharged rent, the department required the rent to be reduced and required the owner to refund or credit the excess collected. New guidance from the IRS indicates that the refunding of rent is not required. However, the department will continue to require non HTC properties and HTC properties with additional occupancy restrictions to refund excess rent collected for the households.

22. **§60.118(e) Special Rules Regarding rents and rent limit violations (pages 18 and 19 of 27).** Section 92.252 of the HOME Final Rule requires owners to charge households with an income in excess of 80% at recertification (an over income household), a rent equal to the lesser of 30% of the household's adjusted income or the market rent for comparable unassisted units in the neighborhood. This section of the rule has been added to clarify that the department will find a property in noncompliance if they do not determine an over income household's adjusted income and document the market rent in the neighborhood.

23. **§60.118(f) Special Rules Regarding rents and rent limit violations (page 19 of 27).** This section of the Rule has been added to define rent restrictions for rental properties funded with Community Development Block Grant funds.

24. **§60.121 Material Noncompliance Methodology (page 21 of 27).** This section of the Rule has one significant change to content. Previously, the uncorrected points for the finding "Owner failed to properly calculate utility allowance" was 3. Staff is proposing to increase the uncorrected points to 20 for the following reason: Under the Housing Tax Credit program, the amount of rent charged the household plus an allowance for utilities cannot exceed a published limit. In the past, if the owner did not properly calculate the allowance causing the gross rent to exceed the limit, the finding was reported to the IRS and scored under the unit event of noncompliance "Gross rent exceeds the limit", which is 5 points uncorrected. The Internal Revenue Service has clarified that if the gross rent exceeds the limit because of a miscalculation of the utility allowance, the correct event of noncompliance to report is "Owner failed to properly calculate utility allowance". Given that rent restrictions are an integral component of affordable housing programs, the increase in uncorrected points is recommended.

25. **§60.121 Material Noncompliance Methodology (pages 22 through 24 of 27).** The events of noncompliance are presented in a new format which is intended to be easier to read and understand. Previously it was in paragraph format; now it appears in a chart. Two new events of noncompliance have been added in accordance with other sections of the Rule or the draft QAP; "Failure to provide a notary public as promised at application" (uncorrected 5 points,

corrected 1 point) and "Owner failed to execute required lease provisions, including language required by §60.10 or exclude prohibited lease language" (uncorrected 3 points, corrected 1 point).

26. **§60.122 Previous Participation reviews (pages 25 and 26 of 27).** This section of the Rule has been created to consolidate reference throughout the previous Rule and references in the QAP. As proposed, a previous participation review will be conducted prior to providing any department assistance, including executing a Carryover Allocation, processing a request for a Qualified Contract, allocating any department funds, permitting the transfer of ownership, engaging in a loan, contract or LURA modification, and providing incentive awards. The draft Rule states that any request for department assistance will be terminated if the requesting entity has control of an existing development monitored by the department that is in material noncompliance. In addition, if the requesting entity has ownership or control of a HOME rental development with any uncorrected issue of noncompliance they will be given a 5 day period to resolve the issue. If it is not resolved within 5 days, the application for assistance will be terminated.

27. **§60.123 Alternative Dispute Resolution (pages 26 and 27 of 27).** This section of the Rule has been expanded. Department staff will proactively inform owners of their ability to engage in ADR when there is a discrepancy between the owner's position of compliance and the department's.

Recommendation

Approve publication of the proposed repeal of 10 TAC Chapter 60, Subchapter A, Compliance Monitoring, and a draft of proposed new 10 TAC Chapter 60, Subchapter A, Compliance Monitoring for comment in the *Texas Register*.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 60 COMPLIANCE ADMINISTRATION
SUBCHAPTER A COMPLIANCE MONITORING

The Texas Department of Housing and Community Affairs (the Department) proposes new §§60.101 – 60.126, concerning Compliance Monitoring. The new sections are proposed to ensure that the compliance monitoring rules conform to other Department rules that are being revised in the 2008 rule cycle and to implement changes enacted during the 80th Regular Session of the Texas Legislature.

Michael Gerber, Executive Director, has determined that for the first five-year period the new sections are in effect there will be no fiscal implications for state or local governments as a result of enforcing or administering these new sections.

Mr. Gerber has also determined that for each year of the first five-years the new sections are in effect the public benefit anticipated as a result of enforcing the new sections will be the ability to adopt new compliance monitoring rules that coordinate and conform with other Department rules that are undergoing revision as part of the 2008 rule cycle. There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with these new sections as proposed.

Public hearings will be held across the state between September 24 and October 5 to receive public input on these rules. More information on the public hearings can be found at http://www.tdhca.state.tx.us. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2008 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: 2008rulecomments@tdhca.state.tx.us, or by fax to (512) 475-3978. All comments must be received by October 10, 2007.

The new sections are proposed pursuant to authority granted in the Texas Government Code, Chapter 2306 and the Internal Revenue Code of 1986, §42, as amended, and related Internal Revenue Service Regulations which provide the Department with the authority to adopt rules governing the administration of the Department and its programs.

No other statutes, articles, or codes are affected by these proposed new sections.

§60.101. Purpose and overview

(a) This rule satisfies the requirement of Section 42(m)(1)(B) (iii) Internal Revenue Code (Code) to provide a procedure that will be followed for monitoring for noncompliance with the provisions of the Code and to notify the Internal Revenue Service of such noncompliance. The Department monitors rental developments receiving assistance under:

(1) the Housing Tax Credit program (HTC);

(2) the HOME Investment Partnerships program (HOME);

(3) the Tax Exempt Bond program (BOND);

(4) the Housing Trust Fund program (HTF);

(5) the Community Development Block Grant Disaster Recovery Program (CDBG); and

(6) the Federal Deposit Insurance Corporation's Affordable Housing Program (AHP) (formerly the Resolution Trust Corporation's Affordable Housing Disposition Program).

(b) All properties monitored by the Department are subject to the Department's enforcement rules, found in Subchapter C of this Chapter.

(c) Compliance monitoring begins with the commencement of construction and continues to the end of the long term Affordability Period. The Portfolio Management and Compliance Division (PMC) monitors to ensure owners comply with the program rules and regulations, Chapter 2306, Texas Government Code, the Land Use Restriction Agreement (LURA) requirements and conditions, and representations imposed by the Application or award of funds by the Department. These rules do not address forms and other records that may be required of Development Owners by the Internal Revenue Service (IRS) or other governmental entities more generally, whether for purposes of filing annual returns or supporting Development Owner tax positions during an IRS or other governmental audit.

§60.102. Definitions

The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Affordability Period--the Affordability Period commences as specified in the Land Use Restriction Agreement (LURA), or federal regulation or commences on the first day of the Compliance Period as defined by §42(i)(1) of the Internal Revenue Code (IRC) and continues through the appropriate program's affordability requirements or termination of the LURA, whichever is later. The term of the Affordability Period shall be imposed by LURA or other deed restriction and may be terminated upon foreclosure. During this period the Department shall monitor to ensure compliance with programmatic rules, regulations, and Application representations.

(2) Application--an Application, in the form prescribed by the Department, filed with the Department by an Applicant, including any exhibits or other supporting material. (§2306.6702)

(3) Architect of Record--The architect licensed in the jurisdiction that the project is located in, who prepares, stamps and signs the construction documents, and is legally recorded as the architect for the project.

(4) Board--the governing Board of the Texas Department of Housing and Community Affairs.

(5) Code--the U.S. Internal Revenue Code of 1986, as amended from time-to-time, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued by the United States Department of the Treasury or the Internal Revenue Service.

(6) Compliance Period--With respect to a Housing Tax Credit building, the period of 15 taxable years, beginning with the first year of the Credit Period, pursuant to the Code §42(i)(1).

(7) Continuously Occupied-- means that the same household has resided in the Unit for at least 12 months.

(8) Credit Period-- With respect to a Housing Tax Credit building, the period of 10 taxable years, beginning with the taxable year the building is placed in service or at the election of the Development Owner, the succeeding taxable year, as more fully defined in the Code §42(f)(1).

(9) Department--the Texas Department of Housing and Community Affairs, an official and public agency of the State of Texas pursuant to Chapter 2306, Texas Government Code.

(10) Development--a property or work or a project, building, structure, facility, or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards required by the Department and that is financed under the provisions of Chapter 2306, Texas Government Code.

(11) Extended Use Period--With respect to a Housing Tax Credit building, the period beginning on the first day of the Compliance Period and ending the later of:

(A) the date specified in the Land Use Restriction Agreement, or

(B) the date which is 15 years after the close of the Compliance Period.

(12) Historically Underutilized Business (HUB)--Any entity defined as a historically underutilized business with its principal place of business in the State of Texas in accordance with Chapter 2161, Texas Government Code.

(13) Housing Quality Standards--The property condition standards described in 24 Code of Federal Regulations 982.401.

(14) Housing Sponsor--Sometimes referred to as "Development Owner". An individual, joint venture, partnership, limited partnership, trust, firm, corporation, limited liability company, other form of business organization or cooperative that is approved by the Department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a housing Development, subject to the regulatory powers of the Department and other terms and conditions.

(15) HTC Development--Sometimes referred to as "HTC Property". A Development using Housing Tax Credits allocated by the Department.

(16) HUD-regulated Building--The rents and utility allowances of the building are reviewed by HUD on an annual basis.

(17) Low Income Unit--a Unit that is intended for occupancy by an income eligible household, as defined by the Department or the Code.

(18) Land Use Restriction Agreement or LURA--an agreement between the Department and the Development Owner which is a binding covenant upon the Development Owner's successors in

interest that encumbers the Development with respect to the requirements of Chapter 2306, Texas Government Code; the Code; and the requirements of the various programs administered or funded by the Department.

(19) Material Noncompliance--

(A) A Housing Tax Credit Development located within the state of Texas will be classified by the Department as being in Material Noncompliance status if the noncompliance score for such Development is equal to or exceeds a threshold of 30 points in accordance with the Material Noncompliance provisions, methodology, and point system of this title.

(B) Non HTC Developments monitored by the Department with 1 to 50 Low Income Units will be classified as being in Material Noncompliance status if the noncompliance score is equal to or exceeds a threshold of 30 points. Non HTC Developments monitored by the Department with 51 to 200 Low Income Units will be classified as being in Material Noncompliance status if the noncompliance score is equal to or exceeds a threshold of 50 points. Non HTC Developments monitored by the Department with 201 or more Low Income Units will be classified as being in Material Noncompliance status if the noncompliance score is equal to or exceeds a threshold of 80 points.

(C) For all programs, a Development will be in Material Noncompliance if the noncompliance is stated in §60.121 of this chapter to be Material Noncompliance.

(20) Non HTC Development--Sometimes referred to as Non HTC Property. Any Development not utilizing Housing Tax Credits.

(21) Substantial Construction--

(A) For new construction Developments, 80% of framing is completed and 10% of the construction contract amount for the Development is expended, adjusted for any change orders. Substantial Construction is documented by both the most recent Application and Certification for Payment (or equivalent) and a certification from the inspecting architect.

(B) The minimum activity necessary to meet the requirement of Commencement of Substantial Construction for rehabilitation Developments is defined as having completed 50% of the proposed scope of work and expended 10% of the construction budget as documented by the inspecting architect.

(22) Unit--any residential rental Unit in a Development consisting of an accommodation, including a single room used as an accommodation on a non-transient basis that contains complete physical facilities and fixtures for living, sleeping, eating, cooking, and sanitation.

(23) Unit Type--Units will be considered different Unit Types if there is any variation in the number of bedroom, bathrooms or square footage. For example, a two bedroom one bath Unit is considered a different Unit Type than a two bedroom two bath Unit. A three bedroom two bath Unit with 1,000 square feet is considered a different Unit Type than a three bedroom two bath Unit with 1,200 square feet.

§60.103. Construction Monitoring

(a) The Department will monitor the entire construction phase for all applicable requirements according to the level of risk. After final Construction during the affordability period, the department will periodically monitor the development to assure that the initial compliance review was correct.

(b) The Department will not provide any funding to any Development unless the owner certifies that the housing Development is, or will be upon completion of construction, in compliance with the following housing laws:

(1) state and federal fair housing laws, including Chapter 301, Property Code, the Texas Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §3601, et seq.), and the Fair Housing Amendments of 1988 (42 U.S.C. §3601, et seq.);
(2) the Civil Rights Act of 1964 (42 U.S.C. §2000a, et seq.);
(3) the Americans with Disabilities Act of 1990 (42 U.S.C. 12101, et seq.); and
(4) §504, Rehabilitation Act of 1973 (29 U.S.C. §701, et seq.). (§2306.257)

(c) Evidence of Commencement of Substantial Construction must be submitted no later than the deadline established in the Development's Commitment Notice.

(d) Copies of any construction reports supplied to a syndicator must be supplied to the Department.

(e) Copies of any reports issued during construction that indicate changes that affect the representations made during the application process must be supplied to the Department.

(f) Owners are required to submit evidence of construction completion within thirty days of completion in a format prescribed by the Department. In addition, the Architect of Record must submit a certification that the property was built in compliance with all applicable laws.

(g) The Department will conduct a final inspection after receipt of notification of construction completion. During the inspection, the Department will confirm that committed amenities have been provided and inspect for compliance with the applicable laws referenced in subsection (b) of this section.

h) Owners will be provided a written notice after the final inspection. If any deficiencies are noted, a 90 day corrective action period will be provided.

(i) Forms 8609 and final retainage will not be released until the owner receives written notice from the Department that all noted deficiencies have been resolved.

(j) During any construction inspection, if the owner and the Department are unable to agree that an identified issue is a violation, the owner must request Alternative Dispute Resolution. The process for engaging ADR is outlined in §60.123 of this subchapter.

§60.104. Recording of Land Use Restriction Agreements (HTC properties)

(a) In general, no credit is allowable for a building unless there is a properly executed LURA in effect at the end of the first year of the credit period. Requests for a LURA must be provided no later than September 1st of the calendar year in which the owner intends to have it recorded. A request for a LURA received after September 1st may not be able to be processed by the Department in the same calendar year.

(b) Land Use Restriction Agreements will impose the rent and income restrictions identified in the property's final underwriting report.

(c) The Department will not issue Forms 8609 until it receives the original recorded LURA.

§60.105 Reporting Requirements

(a) The Department requires reports to be submitted electronically through the Department's web-based Compliance Monitoring and Tracking System (CMTS) and in the format prescribed by the Department. The Electronic Compliance Reporting Filing Agreement and the Owner's Designation of Administrator of Accounts forms must be filed no later than September 1st of the year following the award. The Department will provide general instruction regarding the electronic transfer of data. Under special circumstances, the Department may, at its discretion, waive the online reporting requirements where a hardship can be demonstrated. In the absence of a written waiver, all Developments are required to submit reports online.

(b) Each Development is required to submit an Annual Owner's Compliance Report (AOCR). Depending on the property, some or all of the Report must be submitted. The first AOCR is due the second year following the award. For example, if a Development is awarded funds in calendar year 2007, the first report is due in 2009. The AOCR is comprised of 4 sections:

(1) **Part A "Owner's Certification of Program Compliance."** All Development Owners must annually certify to compliance with applicable program requirements. The AOCR Part A shall include answers to all questions required by Treasury Regulation 1.42-5(b)(1) or the applicable program rules. In addition, owners, with the exception of the FDIC's Affordable Housing Program properties, are required to report on the racial and ethnic composition of individuals and families applying for and receiving assistance. Housing Tax Credit properties during the Compliance Period will also be required to provide the name and mailing address of the syndicator in the Annual Owner's Compliance Report.

(2) **Part B "Unit Status Report."** All Developments must annually report the information related to individual household income, rent, certification dates and other necessary data to ensure compliance with applicable program regulations.

(3) **Part C "Housing for Persons with Disabilities."** The Department must establish a system that requires owners of state or federally assisted housing Developments with 20 or more housing Units to report information regarding housing Units designed for persons with disabilities. The questions on Part C satisfy this requirement. The FDIC's

Affordable Housing Properties are not required to submit Part C of the Annual Owner's Compliance Report.

(4) **Part D "Owner's Financial Certification."** Developments funded by the Department must annually provide the data requested in the Owner's Financial Certification. The FDIC's Affordable Housing Properties are not required to submit Part D of the Annual Owner's Compliance Report.

(c) Parts A, B and C of the Annual Owner's Compliance Report must be provided to the Department no later than March 1st of each year, reporting data current as of December 31 of the previous year (the reporting year). Part D, "Owner's Financial Certification", which includes the current audited financial statements and income and expenses of the Development for the prior year, must be submitted to the Department no later than the last day of April each year.

(d) Any Development for which the AOCR, Part A, "Owner's Certification of Program Compliance," is not received or is received past the due date will be considered not in compliance with these rules. If Part A is incomplete, improperly completed or not submitted by the Development Owner, it will be considered not received and not in compliance with these rules. The Department will report to the IRS on form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition, any HTC Development that fails to comply with this requirement.

(e) Department staff will review Part A of the AOCR for compliance with the requirements of the appropriate program. If it appears that the property is not in compliance based upon the report, the owner will be given written notice and provided a corrective action period to clarify or correct the report. If the owner does not respond to the notice, the report will be subject to the sanctions listed in subsections §60.105(f) and §60.105(g) of this section.

(f) If any required section, or sections, (Parts A, B, C or D) of the report are not received on or before the deadline for submission specified in subsection §60.105(c) of this section, a notice of noncompliance will be sent to the owner, specifying a corrective action deadline. If the report is not received on or before the corrective action deadline the Department shall:

(1) For all HTC properties, issue form 8823 notifying the Internal Revenue Service of the violation.

(2) For all properties, score the noncompliance in accordance with section §60.121of this chapter.

(g) The Department may assess and enforce the following sanctions against a Housing Sponsor who fails to submit the AOCR on or before March 1 of each year. These sanctions will be assessed for multiple, consistent and/or repeated violations of failure to submit the AOCR by March 1 of each year.

(1) Impose a late processing fee in an amount equal to $1,000;

(2) A HTC Development that fails to submit the required AOCR three consecutive years in a row may be reported to the Internal Revenue Service as no longer in compliance and never expected to comply.

(h) Periodic Unit Status Reports. HOME, Housing Trust Fund, the FDIC's Affordable Housing Properties and properties funded under the Department's CDBG Disaster Recovery Program, shall provide tenant information provided on Part B, "Unit Status Report," at least quarterly during lease up and until occupancy requirements are achieved. Once the Department determines that all occupancy requirements are met, the Development shall submit the Unit Status Report at least annually and as required by this section.

(i) Developments financed by Tax Exempt Bonds issued by the Department shall report quarterly throughout the Qualified Project Period unless notified by the Department of a change in the reporting frequency.

(j) Owners are encouraged to continuously maintain current resident data in the Department's Compliance Monitoring and Tracking System. Under certain circumstances, such as in the event of a natural disaster, the Department may require all Developments to provide current occupancy data through the Department's Compliance Monitoring and Tracking System.

(k) All rental Developments funded or administered by the Department will be required to submit a current Unit Status Report prior to an onsite monitoring visit.

§60.106. Record Keeping Requirements

(a) Development Owners must comply with program recordkeeping requirements. Records must include sufficient information to comply with the reporting requirements of §60.105 of this chapter and any additional programmatic requirements. Housing tax credit property owners must retain records sufficient to comply with the reporting requirements of Treasury Regulation 1.42-5(b)(1). Records must be kept for each qualified low income rental Unit and building in the Development, commencing with lease up activities and continuing on a monthly basis until the end of the Affordability Period.

(b) Each Development that is administered by the Department including the FDIC's AHP is required to retain the records as required by the specific funding program rules and regulations. In general, retention schedules include but are not limited to the provision of subsections (c) - (f) of this section.

(c) HTC records must be retained for at least six years after the due date (with extensions) for filing the federal income tax return for that year; however, the records for the first year of the Credit Period must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period of the building. (§1.42-5(b)(2) of the Code)

(d) Retention of records for HOME rental Developments and the CDBG Disaster Recovery program must comply with the provisions of 24 CFR §92.508(c) which generally requires retention of rental housing records for five years after the Affordability Period terminates.

(e) Housing Trust Fund (HTF) rental Developments must retain tenant files for at least three years beyond the date the tenant moves from the Development. Records pertinent to the funding of the award, including but not limited to the Application, development costs and documentation, must be retained for at least five years after the Affordability Period terminates.

(f) Other rental Developments funded or administered in whole or in part by the Department must comply with record retention requirements as required by rule or deed restriction.

§60.107. Notices to the Department

(a) If any of the events in paragraphs (1) - (3) of this subsection occur, written notice must be provided to the Department within the timeframes listed below:

(1) Any sale, transfer, exchange, of the Development or any portion of the Development. Notification must be provided at least 30 days prior to this event.

(2) The Development suffers in whole or in part a casualty loss. Notification must be provided within 30 days following the event of loss.

(3) Owners of Tax Exempt Bond Developments shall notify the Department of the date 10 percent of the Units are occupied and the date 50 percent of the Units are occupied within 90 days of such dates.

(b) Owners are responsible for maintaining current information (including contact persons, physical addresses, mailing addresses, and phone numbers) for the ownership entity, and management company in the Department's Compliance Monitoring and Tracking System (CMTS). Treasury Regulations require the Department to notify Housing Tax Credit owners of upcoming reviews and instances of noncompliance. The Department will rely on the owner supplied information in CMTS to meet this requirement.

§60.108. Determination, Documentation and Certification of Annual Income

(a) For all programs administered by the Department, annual income shall be determined consistent with the Section 8 program, using the definitions of annual income described in HUD handbook HUD 4350.3 as amended from time to time.

(b) The Department permits owners to use check stubs or other documentation of income and assets provided by the applicant or household in lieu of employment verification forms. It is not necessary to first attempt to obtain an employment verification form as required by the HUD 4350.3.

(c) The Department requires the use of the TDHCA Income Certification form, unless the property also participates in the Rural Development or a project Based HUD program, in which case, the other program's income certification form will be accepted.

§60.109. Utility Allowances

(a) The Department will monitor to determine if HTC, Bond, CDBG and HTF properties comply with published rent limits which include an allowance for utilities. Where residents are responsible for some, or all, of the utilities—other than telephone and cable—Development Owners must use a utility allowance that complies with both this section and the applicable program regulation. An owner may not change utility allowance methods without the written approval from the Department.

(b) **Farmer's Home Administration (FmHA) Buildings or buildings with FmHA assisted tenants layered with any Department program.** The applicable utility allowance will be determined under the method prescribed by the Farmer's Home Administration (or successor agency).

(c) **HUD-Regulated buildings layered with any Department program.** If neither the building nor any tenant in the building receives FmHA rental assistance payment, and the rents and the utility allowances of the building are reviewed by HUD on an annual basis (HUD-regulated building), the applicable utility allowance for all rent restricted units in the building is the applicable HUD utility allowance.

(d) **Other Buildings.** For all other rent-restricted Units, Development Owners must use one of the following methods:

(1) The utility allowance established by the applicable Public Housing Authority. If the applicable PHA allowance lists flat fees for any utility, those flat fees must be included in the calculation of the utility allowance if the resident is responsible for that utility.

(2) A written estimate from a local utility provider, or

(3) An allowance based upon an average of the actual use of similarly constructed and sized units in the building using actual utility usage data and rates, provided that the Development Owner has the written permission of the Department. This methodology is referred to as the "Actual Use Method".

(e) For a development owner to use the Actual Use Method they must:

(1) provide a minimum sample size of usage data for at least 5 continuously occupied units of each Unit Type or 20% of each Unit Type whichever is greater.

Example 109(1) A property has 20 three bedroom one bath Units and 80 three bedroom two bath Units, data must be supplied for at least 5 of the three bedroom one bath Units and 16 of the three bedroom two bath Units. If there are less than 5 units of any Unit Type, data for 100% of the Unit Type must be provided.

(2) the following information must be scanned onto a CD and submitted to the Department within 45 days of receipt of the data from the utility provider:

(A) An excel spreadsheet listing every unit on the property, the number of bedrooms, bathrooms and square footage for each Unit, and the billing history by month for each unit for which data was obtained.

(B) A copy of the request to the utility provider to provide usage data.

(C) All documentation obtained from the utility provider and/or copies of actual utility bills gathered from the residents, including all usage data not needed to meet the minimum sample size requirement and any written correspondence from the utility provider.

(D) The rent roll showing occupancy as of the end of the month for the month in which the data was requested from the utility provider.

(E) Documentation of the current utility allowance used by the Development.

(3) Upon receipt of the required information, the Department will determine if the Development Owner has provided the minimum information necessary to calculate an

allowance using the Actual Use Method. If so, the Department shall calculate the utility allowance for each bedroom size using the following guidelines:

(A) If data is obtained for more than 20% or 5 of each Unit Type, all data will be used to calculate the allowance.

(B) If more than 12 months of data is provided for any unit, only the data for the most current 12 months will be averaged.

(C) The allowance will be calculated by averaging the utility costs for all Unit Types within that bedroom size. For example, if sufficient data is supplied for 18 two bedroom one baths and 12 two bedroom two baths, the data for all 30 units will be averaged to calculate the allowance for all two bedroom Units.

(D) The allowance will be rounded up to the next whole dollar amount.

(4) The Department will complete its evaluation and calculation within 30 days of receipt of all the information requested in subsection 2 of this section. If the allowance increases, owners must implement the allowance for all rent restricted Units within 90 days of the effective date. The effective date of the new utility allowances is the date of the notice to the owner establishing the new utility allowances computed under this subsection. The allowance calculated using the Actual Use Method will be valid for twelve months.

(5) Once the Actual Use Method is approved for use by the Department, the Development Owner must continue to provide the data listed in paragraph (subsection 2 of this section) on an annual basis. The data must be supplied to the Department within 60 days of the expiration of the previous years' allowance. If the owner is unable to obtain the necessary billing histories from the utility provider in subsequent years, the owner must request permission to change utility allowance methods.

(f) **Combining Methodologies.** With the exception of HUD regulated buildings and FmHA buildings, Owners may combine any methodology described in this section for each utility service type (electric, water gas etc.). For example, if residents are responsible for electricity and water, an owner may use the appropriate PHA allowance to determine the water portion of the allowance and use the Actual Use Method to determine the electric portion of the allowance.

(g) **Increases in Utility Allowances** Because the HOME final rule does not provide a grace period for implementing increased utility allowances, changes in utility allowances must be implemented on the published effective date. All other properties shall implement increases in utility allowances within 90 days of the effective date of the change.

§60.110. Lease Requirements (HTC and HOME properties)

(a) For HTC properties, Revenue Ruling 2004-82 prohibits the eviction or termination of tenancy of low income households throughout the entire Affordability Period. Owners executing or renewing leases after November 1, 2007 shall specifically state in the lease or in an addendum attached to the lease that evictions or terminations of tenancy for other than good cause are prohibited.

(b) For HOME properties, the HOME final rule prohibits owners from evicting low income residents or refusing to renew a lease except for serious or repeated violations of the terms and conditions of the lease, for violations of applicable federal state or local law, for completion of the tenancy period for transitional housing or for other good cause. To terminate tenancy, the owner

must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy. Owners executing or renewing leases after November 1, 2007 shall specifically state in the lease or in an addendum attached to the lease that evictions or non-renewal of leases for other than good cause are prohibited. (24CFR92.253)

(c) The Department does not determine if an owner has good cause or if a resident has violated the lease terms. If there is a challenge to a good cause eviction, that determination will be made by a court of competent jurisdiction or an agreement of the parties in arbitration. The Department will rely on the court decision or the agreement of the parties.

§60.111. Income at Recertification (Housing Tax Credit Properties)

(a) Under the Code, HTC Development owners elect a minimum set aside requirement of 20/50 or 40/60 (20% of the units restricted to the 50% income and rent limits or 40% of the units restricted to the 60% income and rent limits). The minimum set aside elected by the Development Owner sets the maximum income and rent limits at the property. Many HTC development owners agreed to lease Units to households with an annual income and rent lower than the maximum limits (for example at the 30%, 40% or 50% income and rent limits) established by the minimum set aside election of the Owner. This requirement is referred to as "additional occupancy restrictions" and is reflected in the Development's Land Use Restriction Agreement. Household income at recertification for the additional occupancy restrictions will be monitored as follows:

(b) **Households initially designated at the 30% income and rent limits.** If upon recertification, the household's income exceeds the 30% limit, but remains less than the 40% limit, the unit will continue to meet the 30% set aside requirement provided that the owner does not charge rent in excess of the 30% rent limits. If upon recertification, the household's income exceeds the 40% limit, but is less than the 50% limit, the unit will continue to meet the 30% set aside requirement provided that the owner does not charge rent in excess of the 40% rent limits. If the household's income exceeds the 50% income limit, the unit no longer meets the 30% set aside requirement. The household will not be required to vacate the unit. The owner will not be found in noncompliance provided that the next available unit on the property is leased to a household with an income and rent less than the 30% limits. If the household is replaced, the rent for the previously qualified Unit may be increased to the limit established by the minimum set aside, subject to applicable tax credit requirements, lease provisions and local tenant-landlord laws.

(c) **Households initially designated at the 40% income and rent limits.** If upon recertification, the household's income exceeds the 40% limit, but is less than the 50% limit, the unit will continue to meet the 40% set aside requirement provided that the owner does not charge rent in excess of the 40% rent limits. If the household's income exceeds the 50% income limit, the unit no longer meets the 40% set aside requirement. The household will not be required to vacate the unit. The owner will not be found in noncompliance, provided that the next available unit on the property is leased to a household with an income and rent less than the 40% limits. If the household is replaced, the rent for the previously qualified Unit may be increased to the limit established by the minimum set aside, subject to applicable tax credit requirements, lease provisions and local tenant-landlord laws.

(d) **Households initially designated at the 50% income and rent limits (for HTC properties with the 40/60 minimum set aside).** If the household's income exceeds the 50% income limit, the unit no longer meets the Development's additional occupancy restriction. The

household will not be required to vacate the unit. The owner will not be found in noncompliance, provided that the next available unit on the property is leased to a household with an income and rent less than the 50% limits. Once the household has been replaced, the rent for the previously qualified Unit may be increased to the limit established by the minimum set aside, subject to applicable tax credit requirements, lease provisions and local tenant-landlord laws.

Example 111.1: A 100 unit property agreed to lease 10 units to households with an income and rent under the 30% limits. The remaining 90 units are subject to the 60% income and rent limits. Upon recertification, it is determined that one of the 30% households has experienced an increase in income; their re-certified annual income is now between the 40% and 50% income limits. The owner can continue to count this unit towards the 30% set aside provided that the rent charged remains at or below the 40% rent limit.

(e) This section does not apply to households designated at the maximum income and rent limits required by the Code. Nor does this section in any way require a Development to lease more units under the additional occupancy restrictions than established in the Land Use Restriction Agreement.

§60.112. Requirements Pertaining to Households with Rental Assistance.

(a) The Department will monitor to ensure Development Owners comply with §2306.269 and §2306.6728, Texas Government Code regarding residents receiving rental assistance under Section 8, United States Housing Act of 1937 (42 U.S.C. §1437F).

(b) The policies, standards, and sanctions established by this section apply only to:

(1) multifamily housing Developments that receive the following assistance from the Department on or after January 1, 2002: (§2306.185)

(A) a loan or grant in an amount greater than 33% of the market value of the Development on the date the recipient took legal possession of the Development; or

(B) a loan guarantee for a loan in an amount greater than 33% of the market value of the Development on the date the recipient took legal title to the Development;

(2) multifamily rental housing Developments that applied for and were awarded housing tax credits after 1992.

(3) housing Developments that benefit from the incentive program under §2306.805 of the Texas Government Code.

(c) Housing Sponsors of multifamily rental housing Developments described in subsection (a) of this section are prohibited from:

(1) excluding an individual or family from admission to the Development because the individual or family participates in the HOME Tenant Based Rental Assistance Program or the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1437f); and

(2) using a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income of more than 2.5 times the individual's or family's share of the total monthly rent payable to the owner of the Development. A household participating in the voucher program or receiving any other type of rental assistance may not be required to have a minimum income exceeding $2,500 per year.

(d) To demonstrate compliance with this section Housing Sponsors shall:

(1) State in their leasing criteria that the Development will comply with state and federal fair housing and antidiscrimination laws;

(2) Apply screening criteria, (rental, credit and/or criminal history) including employment policies uniformly and in a manner consistent with the Texas and Federal Fair Housing Acts, program guidelines, and the Department's rules;

(3) Approve and distribute an Affirmative Marketing Plan. The Affirmative Marketing plan must be provided to the property management and onsite staff. Housing Sponsors are encouraged to use HUD Form 935.2 or successors as applicable. The Affirmative Marketing Plan must identify methods to market the property to persons with disabilities. Additionally, the Affirmative Marketing plan must be displayed in the leasing office and available to the public on request.

§60.113. Onsite Monitoring

(a) The Department may perform an on-site monitoring of any low income Development, and review and photocopy all documents and records supporting compliance with Departmental programs through the end of the Compliance Period or the end of the period covered by the Land Use Restriction Agreement, whichever is later. The Development Owner shall permit the Department access to the Development premises and records.

(b) The Department will perform on-site monitoring reviews of each low income Development. The Department will conduct:

(1) the first review of HTC Developments by the end of the second calendar year following the year the last building in the Development is placed in service.

(2) the first review of all other Developments as leasing commences.

(3) a subsequent reviews at least once every three years during the Affordability Period.

(4) a physical inspection of the Development including the exterior of the Development, Development amenities, and an interior inspection of a sample of Units.

(c) The Department will perform on site file reviews and monitor:

(1) a sampling of the low income resident files in each Development, and review the income certifications,

(2) the documentation the Development Owner has received to support the certifications,

(3) the rent records and any additional information that the Department deems necessary.

(d) At times other than on site reviews, the Department may request for review, in a format designated by the Department, information on tenant income and rent for each Low Income Unit and may require a Development Owner to submit copies of the tenant files, including copies of the income certification, the documentation the Development Owner has received to support that certification, and the rent record for any low income tenant.

(e) The Department will select the Low Income Units and tenant records that are to be inspected and reviewed. Original records are required for review. The Department will not give Development Owners advance notice that a particular Unit, tenant record, or a particular year will be inspected or reviewed. However, the Department will give reasonable notice to the Development Owner that an on-site inspection or a tenant record review will occur so the Development Owner may notify tenants of the inspection or assemble original tenant records for review. If a credible complaint of fraud or other egregious noncompliance is received, the Department reserves the right to conduct unannounced onsite monitoring visits.

§60.114. Monitoring for Social Services

(a) If a property's Land Use Restriction Agreement requires the provision of social services, the Department will confirm this requirement is being met. Owners are required to maintain sufficient documentation to evidence that services are actually being provided. Documentation may be reviewed during onsite visits or must be submitted to the Department upon request.

(b) If an owner wishes to change the scope of services provided, prior approval from the Department is necessary. It is not necessary to obtain prior written approval to change the provider of services unless the scope of services is being changed. Failure to comply with the requirements of this section shall result in a finding of noncompliance.

§60.115. Monitoring for Non-Profit Participation or HUB Participation

(a) If a property's Land Use Restriction Agreement requires the material participation of a non-profit or Historically Underutilized Business (HUB), the Department will confirm this requirement is being met throughout the development phase and ongoing operations of the property. Owners are required to maintain sufficient documentation to evidence that a non-profit or HUB is materially participating. Documentation may be reviewed during onsite visits or must be submitted to the Department upon request.

(b) If an owner wishes to change the non-profit, or HUB, prior approval from the Department is necessary. The Annual Owner's Compliance Report also requires owners to certify to compliance with this requirement. Failure to comply with the requirements of this section shall result in a finding of noncompliance. In addition, the Internal Revenue Service will be notified if the

non-profit is not materially participating on a Housing Tax Credit property during the Compliance Period.

(c) The Department does not enforce partnership agreements or determine equitable fund distributions of partnerships. These disputes are matters for a court of competent jurisdiction.

§60.116. Property Condition Standards

(a) All Developments funded by the Department must be decent, safe, sanitary and in good repair throughout the Affordability Period. The Department will use HUD's Uniform Physical Condition Standards (UPCS) to determine compliance with property condition. In addition, Developments must comply with all local heath, safety, and building codes. The Department may contract with a third party to complete UPCS inspections.

(b) Housing Tax Credit property owners are required by Treasury Regulation 1.42-5 to report (through the Annual Owner's Compliance Report) any local health, safety, or building code violations. HTC Developments that fail to comply with local codes shall be reported to the IRS.

(c) The Department will evaluate UPCS reports in the following manner:

(1) A finding of Major Violations will be cited if:

(A) uncorrected life threatening health, safety, or fire safety hazards (other than smoke detectors and blocked egresses which are addressed in subsection (d) of this section) are reported on the Notification of Exigent and Fire Safety Hazards Observed form in any building exterior, building system, common area, site, or dwelling Unit;

(B) 20% or more of buildings or dwelling Units inspected have any level three violation; or

(C) an overall UPCS score of less than 60% (59% or below) is reported.

(2) A finding of Minor Violations will be assessed if:

(A) 20% or more of the buildings or dwelling Units inspected have any level two violation; or

(B) An overall score between 60% and 79% is reported.

(3) Findings of both Major and Minor Violations will be assessed if deficiencies reported meet the criteria for both.

(d) Owners are ultimately responsible for compliance. However, the Department recognizes that despite an owner's effort to comply, residents may disable smoke detectors or arrange their furniture in a manner that blocks a fire egress. If inoperable smoke detectors or resident caused blocked egresses are noted during the UPCS inspection, they will not be taken into consideration for the purposes of the Department's evaluation of the report provided that the Department is notified of the correction within 72 hours. If the owner fails to notify the Department of the correction of

inoperable smoke detectors and/or blocked egresses within 72 hours the property will be considered to have Major violations of the Uniform Physical Condition Standards.

(e) The Department must report to the Internal Revenue Service on form 8823 any HTC property fails to comply with the requirements of the UPCS or local codes at any time (including smoke detectors and blocked egresses). Accordingly, the Department will submit forms 8823 for any UPCS violation. However, if the violation(s) do not meet the conditions described in subsections (c)(1) or (c)(2) of this section, no points will be assigned in the Department's compliance status evaluation of the property.

(f) Property representatives will have the opportunity and are encouraged to correct deficiencies while the inspector is on site. Such corrected items will not be assessed a finding unless there is a pattern of the same violation (25% or more of dwelling Units or buildings inspected with the same deficiency).

(g) Acceptable evidence of correction of deficiencies is a certification from an appropriate licensed professional that the item now complies with the inspection standard or other documentation that the violation has been corrected.

(h) The Department will provide a 90 day corrective action period to respond to a notice of noncompliance for violations of the Uniform Physical Condition Standards. The Department will grant up to an additional 90 day extension if there is good cause and the owner clearly requests an extension.

(i) The FDIC's Affordable Housing Program does not establish a specific set of property standards that owners must meet. Therefore, the Department cannot conduct physical assessments of the FDIC's Affordable Housing Properties. However, if the Department discovers that an owner is not adequately maintaining the physical condition of the property, the Department may request the owner make corrections and/or inform the local housing inspector. In addition, if the Department is notified by a local code enforcement entity that an Affordable Housing Property is not in compliance with local health, safety and building codes, the Department will notify the FDIC and cooperate with any enforcement activities requested by the FDIC.

(j) Section 92.251 of the HOME final rule requires rental property assisted with HOME funds to be maintained in compliance with all local codes and Housing Quality Standards (24 CFR 982.401). To meet this requirement, all HOME rental Development Owners must annually complete an HQS inspection of all HOME assisted Units. The Department will review for compliance with this requirement during onsite monitoring visits.

§60.117. Notice to Owners

(a) The Department will provide written notice to the Development Owner if the Department does not receive the AOCR or discovers through audit, inspection, review or any other manner that the Development is not in compliance with the provisions of the deed restrictions, conditions imposed by the Department, or program rules and regulations, including §42 of the IRC. The notice will specify a correction period of 90 days from the date of notice to the Development Owner, during which the Development Owner may respond to the Department's findings, bring the Development into compliance, or supply any missing documentation or certifications. The

Department may extend the correction period for up to six months from the date of the notice to the Development Owner if there is good cause for granting an extension. If any communication to the Development Owner under this section is returned to the Department as refused, unclaimed or undeliverable, the Development may be considered not in compliance without further notice to the Development Owner. The Development Owner is responsible for providing the Department with current contact information, including address(es) and phone number(s). The Development Owner must also provide current contact information to the Department as required by section §1.22, concerning Providing Current Contact Information to the Department, of this title.

§60.118. Special Rules regarding rents and rent limit violations

(a) **Rent or Utility Allowance Violations of the maximum allowable limit (HTC).** Under the housing tax credit program, the amount of rent paid by the household plus an allowance for utilities cannot exceed the maximum applicable limit (as determined by the minimum set aside elected by the owner) published by the Department. If it is determined that a Housing Tax Credit property, during the Compliance Period, collected rent in excess of the rent limit established by the minimum set aside, the Department will report the violation as corrected on the date that the rent plus the utility allowance is less than the applicable limit. The refunding of overcharged rent does not avoid the disallowance of the credit by the Internal Revenue Service.

(b) **Rent or Utility Allowance Violations of additional rent restrictions (HTC).** If the owner agreed to lease Units at rents less than the maximum allowed under the Code (additional occupancy restrictions), the Department will require the owner to refund to the affected residents the amount of rent that was overcharged. This applies during the entire Affordability Period. The noncompliance event will be considered corrected on date which is the later of the date the overcharged rent was refunded/credited to the resident or the date that the rent plus the utility allowance is equal to or less than the applicable limit.

Example 118(1): For Internal Revenue Code Section 42 purposes, the maximum allowable limit in 60%. However, the owner agreed to lease some units to households at the 30% income and rent limits. It was discovered that the 30% households were overcharged rent. The owner will be required to reduce the current amount of rent charged and refund the excess rents to the households.

(c) **Rent or Utility Allowance Violations on Non Housing Tax Credit properties.** If it is determined that the property collected rent in excess of the allowable limit, the Department will require the owner to refund to the affected residents the amount of rent that was overcharged. The issue will be considered corrected on date which is the later of the date the overcharged rent was refunded/ credited to the resident or the date that the rent plus the utility allowance is less than the applicable limit.

(d) **Trust Account to be established.** If the owner is required to refund rent under paragraphs (b) or (c) and cannot locate the resident, the excess rent collected must be deposited into a trust account for the tenant. The account must remain open for a four year period or until all funds are claimed.

(e) **Rent Adjustments for HOME properties.** Section 92.252 of the HOME Final Rule requires owners to charge households with an income in excess of 80% at recertification, a rent equal to the lesser of 30% of the household's adjusted income or the market rent for comparable unassisted units in the neighborhood. The Department will find a HOME property in

noncompliance with this section if the owner fails to determine the over income household's adjusted income or maintain documentation of market rents for comparable unassisted Units in the neighborhood.

(f) **Special conditions for CDBG properties.** To determine if a unit is rent restricted, the amount of rent paid by the household, plus an allowance for utilities, plus any rental assistance payment must be less than the applicable limit.

§60.119. Notices to the Internal Revenue Service (HTC properties)

(a) Even when an event of noncompliance is corrected, the Department is required to file IRS Form 8823 with the IRS. IRS Form 8823 will be filed not later than 45 days after the end of the correction period specified in the Notice to Owner (including any extensions permitted by the Department) but will not be filed before the end of the correction period. The Department will indicate on IRS Form 8823 the nature of the noncompliance and will indicate whether the Development Owner has corrected the noncompliance.

(b) The Department will retain records of noncompliance or failure to certify for six years beyond the Department's filing of the respective IRS Form 8823. The Department will retain the AOCRs and records for three years from the end of the calendar year the Department receives the certifications and records.

(c) The Department will send the owner of record copies of any IRS Forms 8823 submitted to the IRS. Copies of Form(s) 8823 will be submitted to the syndicator for Developments awarded tax credits after January 1, 2004. The Development Owner is responsible for providing the name and mailing address of the syndicator in the Annual Owner's Compliance Report.

§60.120. Monitoring procedures for Housing Tax Credit properties after the Compliance Period

(a) Housing Tax Credit properties allocated credit in 1990 and after are required under the Code (§42(h)(6)) to record a LURA restricting the property for 30 years. Various sections of the Code specify monitoring rules State Housing Finance Agencies must implement during the Compliance Period.

(b) After the Compliance Period, the Department will continue to monitor Housing Tax Credit Developments using the rules detailed in paragraphs (1) - (13) of this subsection.

(1) On site monitoring visits will continue to be conducted approximately every three years, unless the Department determines that a more frequent schedule is necessary;

(2) In general, the Department will review 10% of the low income files. No less than 5 files and no more than 20 files will be reviewed;

(3) The exterior of the property, all building systems and 20% of the Units will be physically inspected to determine compliance with HUD's Uniform Physical Condition Standards

(4) Each Development shall submit an annual report in the format prescribed by the Department;

(5) Reports to the Department must be submitted electronically as required in §60.105 of this chapter;

(6) Compliance monitoring fees will continue to be submitted to the Department annually in the amount stated in the LURA;

(7) All households must be income qualified upon initial occupancy of any Low Income Unit. Proper verifications of income are required, and the Department's Income Certification form must be completed unless the Development participates in the Rural Rental Housing Program or a project based HUD program;

(8) Rents will remain restricted for all Low Income Units. The tenant paid portion of the rent plus the applicable utility allowance must not exceed the applicable limit.

(9) Owners and managers must continue to screen households for income, assets, and household size on an annual basis. In addition, an Income Certification form must be completed on an annual basis;

(10) All additional income and rent restrictions defined in the LURA remain in effect.

(11) Other requirements defined in the LURA, such as the provision of social services or serving special needs households, will remain in effect; and

(12) The owner shall not terminate the lease or evict the resident or refuse to renew the lease except for Material Noncompliance with the lease or other good cause.

(13) The total number of required Low Income Units must be maintained Development wide.

(c) After the first 15 years of the Extended Use Period, certain requirements will not be monitored as detailed in paragraphs (1) - (4) of this subsection.

(1) At recertification verification of income and assets will not be required.

(2) The student restrictions found in §42(i)(3)(D) of the Code. An income qualified household consisting entirely of full time students may occupy a Low Income Unit;

(3) The Available Unit Rule found in Treasury Regulation §1.42-15; and

(4) The building applicable fraction found in the Development's Cost Certification and/or the LURA. Low income occupancy requirements will be monitored Development wide, not building by building;

(d) Unless specifically noted in this section, all requirements of this chapter and §42 of the Internal Revenue Code remain in effect for the Extended Use Period. These Post Year 15

Monitoring Rules apply only to the Housing Tax Credit Developments administered by the Department. Participation in other programs administered by the Department may require additional monitoring to ensure compliance with the requirements of those programs.

§60.121. Material Noncompliance Methodology

(a) The Department maintains a compliance history of each monitored Development in the Department's Compliance Status System. Developments with more than one program administered by the Department are scored by program. The Development will be considered in Material Noncompliance if the score for any single program exceeds the noncompliance limit for that program.

(b) A Development will not be assigned the scores noted in this section until after the owner has been provided a written notice of the noncompliance and provided a corrective action deadline to show that either the property never was in noncompliance or that the noncompliance event has been corrected.

(c) This section identifies all possible noncompliance events for all programs monitored by the Department. However, not all issues listed in this section pertain to all Developments. In addition, only certain noncompliance events are reportable on form 8823. Those events that are reportable under the Housing Tax Credit program on form 8823 are so indicated in subsection (k) and (j) of this section.

(d) For Housing Tax Credit Developments, all forms 8823 issued by the Department will be entered into the Department's Compliance Status System. However, 8823s issued prior to the development of January 1, 1998 will not be considered in determining Material Noncompliance.

(e) For all programs, a Development will be in Material Noncompliance if the noncompliance event is stated in this section to be Material Noncompliance. The Department may take into consideration the representations of the Applicant regarding noncompliance events; however, the compliance records of the Department shall be presumed to be correct.

(f) All Developments, regardless of status, that are or have been administered, funded, or monitored by the Department are scored even if the Development no longer actively participates in the program.

(g) A Development's score will be reduced by the number of points needed to be one point under the Material Noncompliance threshold under the following circumstances:

(1) The Development has no uncorrected noncompliance events, and

(2) All noncompliance events were corrected during the corrective action period, and

(3) All corrective action documentation was provided to the Department during the corrective action period.

(h) Noncompliance events are categorized as either "Development events" or "Unit/building events". Development events of noncompliance affect some or all the buildings in the Development; however, the Development will receive only one score for the noncompliance event rather than a

score for each building. Other noncompliance events are identified individually by Unit and will receive the appropriate score for each Unit cited with an event. The Unit scores and the Development scores accumulate towards the total score of the Development. Violations under the HTC program are identified by Unit; however, the building is scored rather than the Unit and the building will receive the noncompliance score if one or more of the Units are in noncompliance.

(i) Uncorrected noncompliance events, if applicable to the Development, will carry the maximum number of points until the noncompliance event has been reported corrected by the Department. Once reported corrected by the Department, the score will be reduced to the "corrected value". Corrected noncompliance will no longer be included in the Development score three years after the date the noncompliance was reported corrected by the Department.

(j) Each noncompliance event is assigned a point value. The possible events of noncompliance and associated "corrected" and "uncorrected" points are listed in subsection (k) of this section.

(k) The chart below lists events of noncompliance that affect the entire development rather than an individual unit. The first column of the chart identifies the noncompliance event. The second column identifies the number of points assigned this event while the issue is uncorrected. Material Noncompliance for a HTC property is 30 points. Material noncompliance for a non HTC property with 51 to 200 Low Income Units is 50 points. Material Noncompliance for Non HTC properties with 201 or more low income units is 80 points. The third column lists the number of points assigned this event when the issue is corrected until three years after correction. The fourth column indicates what programs the noncompliance event applies to. The last column indicates if the issue is reportable on form 8823 for Housing Tax Credit properties.

Noncompliance Event	Uncorrected Points	Corrected Points	Programs	If HTC, on form 8823?
Major property condition violations	Material Noncompliance	10	HTC Bonds HOME HTC CDBG	Yes
Pattern of minor property condition violations	10	5	HTC Bonds HOME HTC CDBG	Yes
Administrative reporting of property condition violations	0	0	HTC Bonds HOME HTC CDBG	Yes
Owner refused to lease to a holder of rental assistance certificate/voucher because of the status of the prospective tenant as such a holder	Material Noncompliance	10	See 60.112	Yes
Owner failed to approve and distribute an Affirmative Marketing Plan as	3	1	See 60.112	No

required under §60.112 of this chapter				
Development failed to comply with requirements limiting minimum income standards for Section 8 residents.	10	3	See 60.112	No
Development is not available to general public	10	0	HTC	Yes
HUD or DOJ notification of possible Fair Housing Act violation	0	0	HTC	Yes
Determination of a violation under the Fair Housing Act	Material Noncompliance	10	All programs	Yes
Development is out of compliance and never expected to comply/ Foreclosure	Material Noncompliance	NA/ No correction possible	All program	Yes
Owner did not allow on-site monitoring review	Material Noncompliance	5	All programs	Yes
LURA not in effect	Material Noncompliance	5	All programs	Yes
Development failed to meet minimum set aside	20	10	HTC Bonds	Yes
No evidence of, or failure to certify to, material participation of a non-profit, if required by the Land Use Restriction Agreement	10	3	HTC	Yes
Development failed to meet additional State required rent and occupancy restrictions	10	3	HTC Home HTF Bonds	No
The Development failed to provide required supportive services as promised at Application	10	3	HTC Bonds	No
The Development failed to provide housing to the elderly as promised at Application	10	3	HTC Bonds HOME HTF CDBG	No
Failure to provide special needs housing	10	3	HTC Bonds HOME HTF CDBG	No
Changes in Eligible Basis or Applicable Percentage	3	NA, No correction possible	HTC	Yes
Failure to submit part or all of the AOCR or failure to submit any other annual, monthly, or quarterly report required by the Department	10	3	All programs	Yes
Utility Allowance not calculated properly	20	5	HTC Bonds HOME HTF	Yes

			CDBG	
Failure to comply with the Next Available Qualifying Unit Rule	3	1	AHP	Na
Owner failed to execute required lease provisions, including language required by §60.110 or exclude prohibited lease language	3	1	HTC HOME	No
Failure to provide annual Housing Quality Standards inspection	10	3	HOME	NA
Development has failed to establish and maintain a reserve account in accordance with §1.37 of this title	Material Noncompliance	10	HTC	No
Development substantially changed the scope of services as presented at initial Application without prior Department approval	4	0	HTC	No
Change in ownership or General Partner without proper notification to and approval of Department	4	0	All programs	No
Failure to provide a notary public as promised at Application	5	1	HTC	No
Violations of the Unit Vacancy Rule	3	1	HTC	Yes
Casualty loss	0	0	All programs	Yes

(l) The chart below lists 10 events of noncompliance associated with individual units. The first column of the chart identifies the noncompliance event. The second column identifies the number of points assigned this event while the issue is uncorrected. Material Noncompliance for a HTC property is 30 points. Material noncompliance for a non HTC property with 51 to 200 Low Income Units is 50 points. Material Noncompliance for Non HTC properties with 201 or more low income units is 80 points. The third column lists the number of points assigned this event when the issue is corrected until three years after the event is corrected. The fourth column indicates what programs the noncompliance event applies to. The last column indicates if the issue is reportable on form 8823 for Housing Tax Credit properties.

Noncompliance Event	Uncorrected Points	Corrected Points	Programs	If HTC, on form 8823?
Unit not leased to Low Income Household	5	1	All programs	Yes
Low Income Units occupied by nonqualified full-time students	3	1	HTC during the compliance period Bond	Yes
Low Income Units used on transient basis	3	1	HTC Bond	Yes
Household income increased above the re-certification limit and an available Unit was rented to a	3	1	HTC During the compliance	Yes

market tenant			period Bonds HOME HTF AHP	
Gross rent exceeds the highest rent allowed under the LURA or other deed restriction	5	1	All programs	Yes
Failure to maintain or provide tenant income certification and documentation	3	1	All programs	Yes
Unit not available for rent	3	1	All programs	Yes
Qualifying Unit designation removed from household	3	1	AHP	NA
Development evicted or terminated the tenancy of a low income tenant for other than good cause	10	3	HTC HOME	Yes
Household income increased above 80% at recertification and owner failed to properly determine rent	3	1	HOME	NA

§60.122 Previous Participation Reviews

(a) Prior to providing any Department assistance, executing a Carryover Allocation Agreement or processing a request for a Qualified Contract, the Portfolio Management and Compliance Division will conduct a previous participation review to determine if the requesting entity owes the Department any fees, has any outstanding audit issues or any uncorrected issues of noncompliance. Assistance includes but is not limited to allocating any Department funds, permitting the transfer of ownership of a property, engaging in loan or contract or LURA modifications, and providing incentive awards.

(b) If during the previous participation review an uncorrected issue of noncompliance is identified on a HOME Development monitored by the Department, the entity requesting assistance will be notified of the issue and provided a 5 day period to submit all necessary corrective action to cure the violation(s). The notification will be in writing and may be delivered by email. If the requesting entity does not cure the issues, the Application for assistance will be terminated. If the application is terminated the applicant has the ability to appeal as provide in §1.7 of this Title.

(c) If during the previous participation review, the Department determines that the requesting entity has control of an existing Development monitored by the Department that is in Material Noncompliance the Application for assistance will be terminated.

(d) If during the previous participation review, the Department determines that the requesting entity is on the Department's or the Department of Housing Urban Development's debarred list, the Application for assistance will be terminated.

(e) In accordance with §2306.057 of the Texas Government Code, the Board shall fully document and disclose any instances in which the Board approves a project Application despite any

noncompliance associated with the project, applicant, or affiliate. If an Application is terminated because of the Previous Participation Review, the applicant may appeal the decision in accordance with Section 1.7 or 1.8 of this Title.

(f) Treatment of previously owned Developments during a Previous Participation review:

(1) The Department will not take into consideration the score of a Development transferred by the applicant over three years ago.

(2) The Department will not take into consideration the score of a Development whose Affordability Period ended over three years ago.

(3) If the property was transferred less than three years ago, the Department will determine the score for the noncompliance events with a date of noncompliance identified during the applicant's period of ownership. If the points associated with the noncompliance events identified during the applicant's period of ownership exceed the threshold for Material Noncompliance, the Application will not be recommended.

(g) **Date for determining of Material Noncompliance.** For HTC Applications, the score in effect on May 1st of the year the HTC Application is submitted will be used. For Carryover Allocations, the score in effect on October 1st of the year the award is being made will be used. For all other requests for assistance, the score in effect the day of Previous Participation Review is being conducted will be used.

§60.123. Alternative Dispute Resolution (ADR).

(a) It is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures (ADR) to assist in resolving disputes under the Department's jurisdiction. If at any time an applicant or other person would like to engage the Department in an ADR process, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

(b) In all phases of monitoring (construction and throughout the entire Affordability Period) if a potential issue of noncompliance has been identified, owners will be provided a written notice of noncompliance. The Department will provide a 90 day corrective action period which can and will be extended for an additional 90 days if there is good cause and the owner requests an extension.

(c) Owners must respond to the Department's notice of noncompliance. If an owner does not respond, this ADR process which is explained in this section cannot be initiated.

(d) If an owner does not agree with the Department's assessment of compliance, they should clearly explain their position and provide as much supporting documentation as possible. If the position is reasonable and well supported, the issue of noncompliance will be cleared with no further action taken, i.e. for HTC properties, form 8823 will not be filed with the Internal Revenue Service and the issue will not be scored in the Department's compliance status system.

(e) If an owner's response indicates disagreement with the Department's assessment of noncompliance, but does not appear to be a valid concern to the Department, staff will notify the owner in writing of their right to engage in ADR. The owner must respond in 5 days and request ADR. In addition, the owner must request an extension of the corrective action deadline, if one is still available. If the owner does not respond to the staff's invitation to engage in ADR, the Department's assessment of the violation is final.

(g) The Department must meet the Treasury Regulation requirement found in §1.42-5 and file form 8823 within 45 days after the end of the corrective action period. Therefore it is possible that the owner and Department may still be engaged in ADR. In this circumstance, the form 8823 will be filed. However, it will be sent to the IRS with an explanation that the owner disagrees with the Department's assessment and is pursuing ADR. All owner supplied documentation supporting their position will be supplied to the IRS. Although the violation will be reported to the IRS within the required timeframes, it will not be scored in the Department's compliance status system pending outcome of ADR.

§60.124. Liability

(a) Compliance with the program requirements including compliance with §42 of the IRC, is the sole responsibility of the Development Owner. By monitoring for compliance, the Department in no way assumes any liability whatsoever for any action or failure to act by the Development Owner including the Development Owner's noncompliance with §42 of the IRC, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, HOME program regulations, BOND program requirements, and all other programs monitored by the Department.

§60.125. Applicability

Unless otherwise noted, these provisions apply to all Developments administered by the Department.

§60.126. Waiver

The Board, in its discretion and within the limits of law, may waive any one or more of these Rules if the Board finds that a waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause, as determined by the Board.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion and Possible Approval to publish a draft of proposed new 10 TAC Chapter 60, Subchapter B, Accessibility Requirements for comment in the *Texas Register.*

Requested Action

Approve, approve with amendments or deny the draft rules for publication in the *Texas Register* for public comment relating to the 504 Accessibility standards in Chapter 60 Subchapter B.

Background and Recommendations

In 2006, the Board requested that the staff look at the standards required under Section 504 related to accessibility standards for housing developed with Department funds. After internal discussions, it was recommended that outside counsel be hired to develop a compendium with references and examples of the requirements under state and federal law to comply with the 504 requirements.

After receiving approval from the Attorney General to contract with a private attorney, the General Counsel had discussion with a variety of people to determine candidates. After reviewing resumes and receiving input, Sara Pratt was hired. Ms. Pratt is a former D.C. HUD attorney serving in several key roles relating to accessibility. In addition, she is a frequent lecturer on the subject at national events. She is a sought after and respected consultant with both advocates and people seeking to develop policies. A copy of Ms. Pratt's resume is attached to this write-up for reference. Ms. Pratt began work on the draft rule and submitted the first draft for staff to review. The Executive team reviewed the rule along with other interested staff and requested additional examples to be included and a few clarifications.

Upon receiving the amended draft from Ms. Pratt, the Department, as requested by the Board, arranged a meeting with interested developers based on guidance by TAAHP. That meeting was held in July of 2007. The item was also placed on the Disability Workgroup's Agenda in August and was discussed there. The draft today represents a few changes made during the discussions and further clarifications.

The staff considers the proposed rule to meet the request of the Board to help wade through the gray areas surrounding 504 issues and establish what is required under today's laws. The rule attempts to be a practical guide and given the comments in our conversations with the interested communities, achieves this purpose. However based on some of these same discussions, there will be requests for additions to be added to this policy. Staff believes it has met the Board's request and delivered a comprehensive, user friendly policy that is well sourced and well supported.

Staff Recommendation: Staff recommends approval of this policy for publication in the *Texas Register* to receive public comment before final adoption of the rule.

RESUME

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Education: J.D., University of Arizona College of Law, Tucson, Arizona, 1975 (Law); B.A., St. Andrews Presbyterian College, Laurinburg, N.C., 1971 (American Studies), High school diploma, E.C.Glass High School, Lynchburg, Virginia 1967.

Government Training:

EEO for Managers, 1993
Financial Management for Non-Financial Managers, 1995

Bar Admissions:

Arizona (inactive), Kentucky (active), 6th Circuit Court of Appeals

Employment:

Consultant, January 2000 to present

Private consultant on civil rights and fair housing matters. Projects include development of training and technical assistance materials for the Fair Housing FIRST program funded by the Department of Housing and Urban Development to provide training and technical guidance on the accessibility requirements of the Fair Housing Act, outside counsel for Fannie Mae, trainer and speaker for HUD, private fair housing groups, state and local enforcement agencies, and industry groups. Development of a needs assessment and self evaluation under Section 504 for a large public housing authority. Expert witness and case review and analysis on a consulting basis. Presented at the Fair Housing Policy Forum, spring 2004. Consultant with the Urban Institute on the HUD-funded national disability testing project. Training and technical assistance for a wide variety of enforcement, advocacy and industry groups.

Director of Enforcement and Compliance, National Fair Housing Alliance, May 1999 to December 2000.

Responsible for national enforcement and compliance activities of 85 member non-profit organization devoted to fair housing enforcement. Oversaw and coordinated testing activities, provided enforcement expertise to members, participated in major national enforcement strategies, including resolution of fair housing cases which were national in scope. Coordinated compliance activities for corporate entities using direct and indirect resources. Conducted numerous training events nationally on civil rights matters, including training for the Department of Housing and Urban Development.

Director, Office of Enforcement, Office of Fair Housing and Equal Opportunity, Department of Housing and Urban Development, December 1993 to April, 1999.
Responsible for the effective investigation nationally of complaints filed under the Fair Housing Act, and, since January 1998, for the oversight and direction of complex matters arising under other civil rights laws, including Title VI of the 1964 Civil Rights Act, Section 504 of the 1973 Rehabilitation Act, Section 109 of the Housing and Community Development Act, the Americans with Disabilities Act, and other laws and Executive Orders. Supervised a staff of up to 41 at Headquarters and responsible for direction, oversight, guidance, and technical assistance in support of investigations in 10 federal regions nationally and in state and local agencies whose laws have been deemed to be substantially equivalent to the Fair Housing Act. Testified before Congress and wrote analyses, talking points and other materials on legislative matters. Spoke at numerous training conferences, both regional and national, sponsored by HUD, FHEO, industry groups, universities, and private fair housing groups. Organized and directed the first national conferences devoted to the advancement of consistent fair housing policy—one in Montgomery, Alabama for private fair housing groups, state and local agencies, and HUD employees and one on fair housing testing best practices. Negotiated major settlements in two national insurance discrimination cases, a case against a large public housing authority, and providing drafting and oversight input in numerous other settlements. Presented at John Marshall Law School a paper on the history of insurance discrimination. In the past has overseen four branches, including case processing, systemic investigations, policy and practice and fair housing assistance programs including the oversight of the national Fair Housing Assistance Program. For three years, directly supervised fair housing enforcement for the country. Personally wrote portions of, and oversaw the development of, the first fair housing Enforcement Manual. Authored regulations and proposed regulations, including the implementing regulation on housing for

older persons. Wrote numerous policy and position papers on civil rights matters.

Accepted a Hammer Award for reinvention of government on behalf of a team for the Business Process Redesign of the Fair Housing Act enforcement process. Received, with one other, a special award from Vice President Al Gore for re-writing a fair housing regulation in plain English in October 1998. Received numerous additional awards and recognition, including, most recently, the Assistant Secretary's Award for Coordination within FHEO. Awarded, by her own staff, the 1998 Most Distinguished Service Award as the supervisor who "most truly represents the agency's commitment to fighting housing discrimination while at the same time fostering a respectful working environment

Deputy Assistant General Counsel for Fair Housing, GS-15, Department of Housing and Urban Development, August 1991 to December 1992. Served as one of two deputies to the Assistant General Counsel for Fair Housing. Supervised up to thirteen attorneys in preparing legal analyses, opinions, and correspondence regarding interpretation of the Fair Housing Act and other civil rights laws. Supervised preparation of charges and other legal documents indicating findings of discrimination. Wrote briefs and other legal documents. Routinely engaged in oral and written interpretation of federal statutes and regulations, specifically civil rights statutes. Received numerous awards and recognition. Spoke on behalf of the Department at numerous training sessions, conferences and workshops.

Solo practitioner, civil rights practice Louisville, Kentucky, July 1986 to July 1991.
Engaged in practice before federal and state courts and administrative agencies in representing clients with a variety of civil rights claims, including claims alleging violations of the U.S. and state constitutions, and federal and state civil rights laws. Cases involved racial segregation in cemeteries, pay equity matters, housing and employment discrimination, the rights of prisoners with AIDS to medical care, and the right to privacy. Involved in a variety of local civil rights issues, and engaged in a variety of interactions with local civil rights organizations, including the NAACP, ACLU, the Black Ministerial Coalition, the Urban League, the Tenants Union, the Legal Aid Society of Louisville, and other similar organizations, both in Louisville and state-wide.

Assistant Director and Acting Executive Director, Kentucky Commission on Human Rights, May 1985 to June 1986.
Oversaw the day to day activities of this state agency, including compliance with a state anti-discrimination law, community relations

activities and housing activities, including oversight of a state-wide fair housing testing program and enforcement actions based on the results of that program. Reported to an appointed Commission. Responsible for state-wide operation of a civil rights enforcement agency, including policy decisions, management, case oversight, travel and speaking engagements, participation in national and local conferences and working with elected and appointed political officials throughout Kentucky.

Consultant, editor and trainer, Rights Advocates Training Services, U.S. and Canada, various times, 1982 to 1990.
Prepared handbooks, training materials and other written information interpreting court decisions and articulating civil rights law enforcement policy, including specifically training materials for attorneys and investigators charged with enforcing civil rights law. Prepared and presented numerous training seminars on investigating and conciliating discrimination cases, conducting testing, putting on hearings as attorneys and deciding cases as commissioners. Gave numerous presentations to a variety of audiences, including real estate professionals, attorneys, employers, human resources and personnel managers and state government managers.

Director, Division of Licensing and Regulation, Cabinet for Human Resources, Frankfort, Kentucky, May 1983 to January 1985.
Managed a 130-employee section of a state government department responsible for licensure and regulation of health care facilities and others. Oversaw initiation of a statewide nursing home reform act, which resulted in the assessment of over $100,000 in civil penalties in the first year of operation. Supervised a professional staff including nurses, surveyors and other professional staff in ensuring compliance with federal and state law regarding quality of care in nursing homes, day care centers, and other facilities. Worked with elected and appointed political officials throughout the state. Testified before state legislative committees on proposed legislation.

Attorney, Legal Aid Society of Louisville, Kentucky, January 1983 to May 1983. Engaged in representation of low income clients with legal problems relating to receipt of benefits and in landlord-tenant matters. Knowledgeable of judicial system and local and state judges.

Attorney, Assistant Compliance Director, Investigator, Kentucky Commission on Human Rights, 1976 to 1982.
Responsible for supervising the investigation of, and investigating, numerous complaints alleging housing discrimination, presenting cases in administrative proceedings and preparing briefs for appeals in courts for a statewide enforcement agency. Edited and was primary author of

"Damages for Embarrassment and Humiliation in Housing Discrimination Cases", Vols. 1 and 2.

Director, Settlement Committee: Served as staff director for Settlement Committee (similar to Special Master) responsible to counsel for the parties for overseeing implementation of the settlement of large class action lawsuit against Horizon Corporation for land fraud. Directed eight staff members in processing telephone inquiries and claims for settlement and prepared a report filed with federal district court in Tucson, Arizona. 1975-1977.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 60 COMPLIANCE ADMINISTRATION
SUBCHAPTER B ACCESSIBILITY REQUIREMENTS

The Texas Department of Housing and Community Affairs proposes new §§60.201 – 60.211, concerning Accessibility Requirements. The new sections are proposed to ensure that the accessibility policy conforms to other Department rules that are being revised in the 2008 rule cycle and to implement changes enacted during the 80th Regular Session of the Texas Legislature.

Michael Gerber, Executive Director, has determined that for the first five-year period the new sections are in effect there will be no fiscal implications for state or local governments as a result of enforcing or administering these new sections.

Mr. Gerber has also determined that for each year of the first five-years the new sections are in effect the public benefit anticipated as a result of enforcing the new sections will be the more consistent delivery of accessible affordable housing and a Fair Housing policy that coordinates and conforms with other Department rules that are undergoing revision as part of the 2008 rule cycle. There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with these new sections as proposed.

Public hearings will be held across the state between September 24 and October 5 to receive public input on these new sections. More information on the public hearings can be found at http://www.tdhca.state.tx.us. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2008 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: 2008rulecomments@tdhca.state.tx.us, or by fax to (512) 475-3978. All comments must be received by October 10, 2007.

The new sections are proposed pursuant to authority granted in the Texas Government Code, Chapter 2306 and the Internal Revenue Code of 1986, §42, as amended, and related Internal Revenue Service Regulations which provide the Department with the authority to adopt rules governing the administration of the Department and its programs.

No other statutes, articles, or codes are affected by these proposed new sections.

60.201 Scope

(a) The purpose of this subchapter is to provide guidance about and to ensure compliance with the requirements of Section 504 of the 1973 Rehabilitation Act and the Fair Housing Act in the alteration or construction of multifamily housing projects by recipients of funding from the Texas Department of Housing and Community Affairs ("the department").

(b) No otherwise qualified individual with a disability shall, solely by reason of their disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Housing and Urban Development through the department.

Source: 24 CFR 8.1(a), 24 CFR 8.20.

(c) This subchapter applies to all of the programs and activities of recipients of federal financial assistance from the Department of Housing and Urban Development through the programs and

activities of the department and/or any other program required to meet Section 504 of the 1973 Rehabilitation Act under state law.

Source: Texas Government Code Section 2306.6722 and Section 2306.6730, 24 CFR 8.2. See also the Civil Rights Restoration Act of 1987, 20 U.S.C. 794 (b), March 22, 1988, (the amendments "make clear that discrimination is prohibited throughout entire agencies or institutions if any part receives Federal financial assistance." S. Rep. No. 64, 100th Cong., 2d Sess. 4 (1988) and Texas Government Code Chapter 2306.

(d) This subchapter does not apply to entities which only participate in the Housing Choice Voucher or the Enhanced Voucher programs and receive no other federal financial assistance, except that these entities are covered by the Fair Housing Act's prohibitions against discrimination, including the requirements that such entities permit reasonable modifications to existing premises, make reasonable accommodations to rules, policies, practices, or services, when such accommodations may be necessary to afford such person equal opportunity to use and enjoy a dwelling, and, for those properties that were designed and constructed for first occupancy after March 13, 1991 compliance with the Fair Housing Act's provisions for accessible design and construction of new multifamily housing. See Rule 60.207.

Source: 24 CFR 8. 3 Definitions: Definition of Recipient.

(e) This subchapter does not apply to contracts for the procurement of goods or services by the department.

Source: 24 CFR 8.3, Definition of Federal Financial Assistance.

(f) There are additional requirements for compliance with Section 504 of the 1973 Rehabilitation Act, Title VI of the Civil Rights Act of 1964, the Fair Housing Act, the Americans with Disabilities Act and other civil rights laws, regulations and Executive Orders by recipients of federal financial assistance. This subchapter addresses only the requirements relating to physical accessibility in new construction, alterations, and reasonable accommodations under Section 504 and the Fair Housing Act. Other disability-related requirements include:

(1) Operating housing that is not segregated based upon disability or type of disability, unless authorized by federal statute or executive order

(2) Providing auxiliary aids and services necessary for effective communication with persons with disabilities

(3) Operating programs in the most integrated setting appropriate to the needs of qualified individuals with disabilities. See 24 CFR Part 8 for complete information.

Source: 24 CFR 8.4.

(g) These rules are to be performed in conjunction with the rules found in 10 Texas Administrative Code Chapter 60, Subchapter A.

60.202 Definitions

(a) The following terms are used for purposes of this subsection of Chapter 60:

(1) Accessible route--means a continuous unobstructed path connecting accessible elements and spaces in a facility or building that complies with the space and reach requirements of

an applicable accessibility standard. In cases of rehabilitation, an accessible route is not required to serve units that are occupied by persons with hearing or vision impairments.

Source: 24 CFR 8.3 Definitions. Definition of Accessible Route.

(2) Alteration--means any physical change in a facility or its permanent fixtures or equipment. It includes, but is not limited to, remodeling, renovation, rehabilitation, reconstruction, changes or rearrangements in structural parts and extraordinary repairs. It does not include normal maintenance or repairs, reroofing, interior decoration, or changes to mechanical systems.

Source: 24 CFR 8.3 Definitions. Definition of Alteration.

(3) Disability--means a physical or mental impairment that substantially limits one or more major life activities; or having a record of such an impairment; or being regarded as having such an impairment. Nothing in this subpart requires that a dwelling be made available to an individual whose tenancy would constitute a direct threat to the health or safety of other individuals or whose tenancy would result in substantial physical damage to the property of others.

Source: 24 CFR 8.3 Definitions. Definition of Individual with Handicaps. 24 CFR 100.201, 202 (d).

(4) Federal financial assistance--Means any assistance provided or otherwise made available by the department through any grant, loan, contract or any other arrangement, in the form of:

(1) Funds;
(2) Services of personnel; or
(3) Real or personal property or any interest in or use of such property, including transfers or leases of the property for less than fair market value or for reduced consideration.

Source: 24 CFR 8.3 Definitions. Definition of Federal Financial Assistance

(5) Multifamily housing project--means a project identified under a single project number that includes five or more dwelling units. It does not include a single family development. A project includes the whole of one or more residential structures and appurtenant structures, equipment, roads, walks, and parking lots which are covered by a single contract or application for assistance, or which are treated as a whole for processing purposes, whether or not located on a common site.

Source: 24 CFR Definitions. Definition of multifamily housing project and definition of project. ADAPT v. Philadelphia Housing Authority, 2000 U.S. Dist. LEXIS 5380 (E.D. PA 2000).

(6) Recipient--includes a subrecipient and means any State or its political subdivision, any instrumentality of a State or its political subdivision, any public or private agency, institution, organization, or other entity, or any person to which Federal financial assistance is extended for any program or activity directly or through another recipient, including any successor, assignee, or transferee of a recipient, but excluding the ultimate beneficiary of the

assistance. Recipients include private entities in partnership with recipients to own or operate a program or service.

Source: 24 CFR 8.4 Definitions. Definition of recipient

(7) Replacement cost--means the total development cost for construction and equipment for a newly constructed housing facility of the size and type being altered. Construction and equipment costs do not include the cost of land, demolition, site improvements, non-dwelling facilities or administrative costs for project development activities.

Source: 24 CFR 8.4 Definitions. Definition of replacement cost.

60.203 General Requirements

(a) A unit is not considered to be fully accessible unless it meets the requirements of the Uniform Federal Accessibility Standards (UFAS). All units that are accessible to persons with mobility impairments must be on an accessible route.

Source: HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs, Section 2-22 (C) (4).

(b) Recipients must give priority to methods that offer housing in the most integrated setting possible (i.e., a setting that enables qualified persons with disabilities and persons without disabilities to interact to the fullest extent possible). To the maximum extent feasible and subject to reasonable health and safety requirements, accessible units must be:

(1) Distributed throughout the project and site; and

(2) Made available in a sufficient range of sizes and amenities so that the choice of living arrangements of qualified persons with disabilities is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

Source: 24 CFR 8.26.

(c) Multifamily housing projects covered by this Rule and built after July 11, 1988 must have a minimum of 5% of the units in multifamily housing that are fully accessible in accordance with the Uniform Federal Accessibility Standards (UFAS) and an additional 2% that are accessible to persons with visual and hearing impairments. This obligation is an absolute requirement. For buildings that fall within this category, an owner may not justify a failure to have met these requirements because of an undue financial and administrative burden.

(d) Multifamily housing projects which are designed and constructed only for homeownership are not subject to the 5%/2% requirement. However, they are subject to the other requirements of this Rule, including, but not limited to, the requirements found in Rule 60.207(2) and 60.209.

Source: 24 CFR 8.22, HUD Handbook 4350.3, Section 2-35, Telesca v. Long Island Housing Partnership, 443 F. Supp. 2nd 397 (E.D. N.Y. 2006).

EXAMPLE 203(1): A recipient receives funding from the Department and will construct a 10 unit homeownership project. The requirement that 5% of the units are accessible to persons with mobility impairments and 2% of the units are accessible to persons with sensory impairments does not apply. However, structural changes that are needed by a

purchaser with a family member who is disabled are subject to the requirement that the recipient make reasonable accommodations, including structural changes that may be necessary to enable the family to live in the unit. So a request that a ramp be constructed to access the front porch of a homeownership unit to accommodate the disability of a 12 year old resident or prospective resident must be provided as a reasonable accommodation, unless the accommodation presents an undue financial and administrative hardship or constitutes a fundamental alteration of the program. In addition, if some or all of the units are covered by the design and construction requirements of the Fair Housing Act, those units must comply with the requirements.

60.204 Other Limitations Relating to Alterations

(a) When alterations are considered for a project:

(1) Recipients are not required to make structural changes where other methods, which may not cost as much, are effective in making federally assisted housing programs or activities readily accessible to and usable by persons with disabilities.

EXAMPLE 204(1): A rental office in an older building where rent payments are made can only be reached by traveling a flight of stairs. Removal of the steps would be an undue financial and administrative burden. Alternative methods of offering residents with disabilities a readily usable way of making rent payments could include offering them an alternative way of making rent payments at an accessible location.

(2) Recipients are not required to make structural changes that would impose an undue financial and administrative burden, even if alternatives to making housing programs or activities readily accessible to and usable by persons with disabilities are not effective.

(A) Payment for alterations from operating funds, residual receipts accounts or reserve replacement accounts must be sought using appropriate approval procedures.
(B) The approved amount must be able to be replenished through property rental income within one year without a corresponding raise in rental rates.
(C) A projected inability to replenish an operating fund account or the reserve for replacement account within one year for funds spent in providing alterations under this subchapter is evidence that the alteration would be an undue financial and administrative burden.

EXAMPLE 204(2): Each entrance to existing pre-1988 units is reached by a number of steps. Estimates of the cost of making any of the units accessible are high. The project rental income will not cover the cost of making the units accessible without a rent increase or a reduction in services or benefits to other tenants. However, the project has a large residual receipts account. Therefore, the operator of the housing could request approval to use money from this account to remove the steps and replace them with a ramp or chairlift.

EXAMPLE 204(3): In the same situation, the project does not have funds in its residual receipts account, but it has a large reserve for replacement account. However, the estimate is large enough that a rent increase would be required in order to replenish the account completely within one year. It would be a financial and administrative burden for the

project to make a unit accessible. The owner may explore alternatives to making its program accessible but is not required to make the structural changes.

EXAMPLE 204(4): A high rise project that was built before 1988 has no units that comply with UFAS. In order to make one of its units large enough to comply with UFAS, it would be required to rehabilitate the property substantially and eliminate at least one unit. The loss of income from the rental unit would present a serious financial hardship to the property and there are inadequate funds in the relevant accounts. The property is not required to meet the 5% requirement. It must meet the requirement that 2% of its units be accessible to persons with sensory impairments, and it must make reasonable accommodations to meet the needs of individuals with disabilities.

EXAMPLE 204(5): A project seeks funding for rehabilitation of the property from the Department. The project includes in its request all structural alterations that are necessary to ensure compliance with this section. A property that receives funding for accessible features from the Department may not assert that providing those features is an undue financial and administrative burden if it receives funding to undertake those alterations. The other provisions in this section with respect to limitations on alterations apply.

EXAMPLE 204(6): A project receives funding for rehabilitation of the property from the Department. The property already has 5% of the units that are UFAS compliant. No additional rehabilitation for accessibility need be conducted.

EXAMPLE 204(7): A project receives funding for repair of the waste disposal system at the property from the Department. Because the funding does not cover alteration of structural elements but only repair of an existing system, no accessible elements need be provided.

Source: HUD Handbook 4350.3, Section 2-43 (C), Exhibit 2-6.

(b) Recipients are not required to install an elevator solely for the purpose of making units accessible.

Source: HUD Handbook 4350.3, Section 2-36 (E)

(c) Recipients do not have to make mechanical rooms and similar spaces accessible when, because of their intended use, they do not require accessibility by the public, by tenants, or by employees with physical disabilities.

Source: HUD Handbook 4350.3, Section 2-36 (D)

(d) Recipients are not required to make building alterations that have little likelihood of being accomplished without removing or altering a load-bearing structural member.

Source: 24 CFR 8.32(c).

EXAMPLE 204(8): A property built before 1988 has no units that comply with UFAS. An assessment of the property indicates that no units can be made accessible to persons with mobility impairments because of the existence of load bearing interior and exterior

walls which prevent construction of accessible exterior doorways. Therefore, no units must be made accessible to persons with mobility impairments except to the extent that they are made as a reasonable accommodation for a person with a disability.

60.205 Substantial Alteration

When a recipient undertakes alterations to one or more structural elements in a project that contains fifteen or more units, which was built before July 11, 1988 and which lacks the required minimum of 5% of units that are accessible to persons with mobility impairments:

(1) If the total cost of the alterations is 75% or more of the replacement cost of the completed property, then the recipient must make a minimum of 5% of the units in the property accessible for persons with mobility impairments, and a minimum of 2% of the units accessible for persons with visual and hearing impairments. These units must comply fully with UFAS.

Source: 24 CFR 8.23 (a)

EXAMPLE 205(1): The total development cost for a planned alteration of a 40 unit apartment building with no accessible units amounts to $80,000 per unit and the replacement cost per unit is $100,000. Because the cost of the alterations is more than 75% of the replacement cost of the unit, the recipient must make a minimum of 5% of the 40 units, or at least two, of the units accessible to persons with mobility impairments by compliance with UFAS and at least 2%, or one unit, accessible to people with visual and hearing impairments.

60.206 Renovation of Elements

(a) When a recipient has a project which was built before July 11, 1988 and that contains five or more units but lacks the required 5% of units that are accessible to people with mobility impairments, when the recipient undertakes alterations to a structural element that are not substantial as defined in Rule 60.205:

(1) Those alterations must be accessible, to the maximum extent feasible, until at least 5% of the units are fully accessible for persons with mobility impairments. If the 5% requirement is met, no other structural alterations are required to units except to provide reasonable accommodations to individuals with disabilities.
(2) If alterations of single elements (such as replacement of a bathtub or a door) or spaces (such as kitchens or bathrooms) occur in a single unit and when the alterations are considered as a group amount to an alteration of the entire unit, the recipient must make the entire dwelling unit accessible until 5% of the units are accessible to persons with mobility impairments.
(3) When the recipient is not altering the entire unit, all of the single elements or spaces that are being altered must be made accessible unless at least 5% of the units in the project already comply fully with the UFAS requirements for persons with mobility impairments. If at least 5% of the units comply with UFAS no additional single elements need be made accessible except to provide reasonable accommodation for an individual with a disability.
(4) Recipients are encouraged to examine existing units for compliance with UFAS and ensure that at least 5% of the units in a property are accessible. When at least 5% of the units comply with UFAS requirements for accessibility, individual elements need not comply with accessibility requirements when they are altered.

(5) Recipients are encouraged, but not required, to make at least an additional 2% of the units being altered comply with UFAS requirements for persons with hearing and vision impairments, if such units do not already exist.
(6) Completion of minor maintenance required to maintain a property in a decent, safe and sanitary condition is generally considered to be normal repairs and not alteration.

Source: 24 CFR 8.23, HUD Handbook 4350.3, 4315.1, Rev 1, Chg 2, page 10-14.

EXAMPLE 206(1): A property is remodeling all of the bathrooms throughout the property by replacing plumbing, fixtures, and cabinets. Remodeling the bathroom is an alteration to a space. Unless the property already has a minimum of 5% of its units that comply with UFAS to serve people with mobility impairments, 100% of the bathrooms remodeled must be made accessible until the property has a minimum of 5% of its units compliant with UFAS.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion and Possible Approval to publish a draft of proposed new 10 TAC Chapter 60, Subchapter C, Administrative Penalties for comment in the *Texas Register*.

Requested Action

Approve, approve with amendments or deny the draft rules for publication in the *Texas Register* for Public comment relating to the administrative penalty rules proposed in Chapter 60 Subchapter C.

Background and Recommendations

This is the third section of the newly expanded Chapter 60 made up of the compliance rules in Subchapter A, the 504 accessibility standards in Subchapter B, and the administrative penalty provisions in this Subchapter C.

To help provide incentive to comply with the terms and requirements for properties that received awards from the Department, in 2006 the Department suggested developing compliance penalties. The final rules came into being for the compliance penalties as of May 2007. During the development of these rules, the Legislature determined that an increase in penalties and a more defined statutory authority for the penalties would further the goal of delivering the needed services to the people of Texas.

As part of SB 1908, the legislature provided the Department with a frame work for developing and administering administrative penalties to replace our previously developed compliance penalties. As part of this process, the maximum penalty was increased from $500 per day to $1,000 per day per violation. In addition, the change provided clear direction on notice and hearing requirements that were accounted for in the compliance rules but not as defined.

Key to the changes from the compliance penalties to the administrative penalties is the increased role of the Board in conducting hearings. The Executive Director will assess penalties using an enforcement committee and providing notice to the person he is assessing the penalty against. The person who is subject to the penalty will receive an opportunity to appear before the enforcement committee to see if a resolution can be established at that time. If not, they may request a hearing before the Board.

Staff recommends that the Board direct the Executive Director to contract with an Administrative Law Judge to conduct these hearings and prepare a proposal for decision for the Board to review and act upon. Once the Board makes the decision on the Proposal For Decision,

further action can be had before the Board under 10 Texas Administrative Code §1.8. If the Board does not rehear the order, it is final and the subject of the order may appeal for a trial de novo before a district judge in Travis County.

These rules also adopt most provisions of the State Office for Administrative Hearings rules for procedure during the hearing before the ALJ.

Staff believes this provides adequate due process and still provides the Department with the necessary action to enforce administrative penalties on non-compliant properties.

Staff Recommendation: Approve Subchapter C of Chapter 60 for publication in the *Texas Register* to receive public comment before final adoption.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 60 COMPLIANCE ADMINISTRATION
SUBCHPATER C ENFORCEMENT AND ADMINISTRATIVE PENATLIES

The Texas Department of Housing and Community Affairs proposes new 10 TAC §60 Subchapter C, concerning the Enforcement provisions and Administrative Penalty Table for failure to comply with Land Use Restriction Agreements and Compliance Rules. The new subchapter implements Sections 2306.041 through 2306.0503 of the of the Texas Government Code, Chapter 2306, as amended by S.B. 1908 in the 80th regular legislative session, and other provisions of Texas Government Code, Chapter 2306, authorizing the Department to administer federal housing programs. The new chapter relates to the Department's operation and administration of administrative penalties, enforcement, and related administrative proceedings.

Mr. Michael Gerber, Executive Director, has determined that for the first five-year period the new chapter is in effect there will be no additional cost to state or local governments as a result of enforcing or administering the new chapter.

Mr. Gerber has also determined that for the first five-year period the new chapter is in effect the public will benefit by enforcing previously agreed to provisions to provide low income housing and related standards associated with providing low income housing. Mr. Gerber has also determined that for the first five-year period there will be no economic cost to individuals required to comply with the new chapter and no adverse economic effect on small businesses as long as they remain in compliance with their current agreements.

Public hearings will be held across the state between September 24 and October 5 to receive public input on this new chapter. More information on the public hearings can be found at http://www.tdhca.state.tx.us. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2008 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: 2008rulecomments@tdhca.state.tx.us, or by fax to (512) 475-3978. All comments must be received by October 10, 2007.

The new chapter is proposed under Tex. Gov't. Code §§2306.041 through 2306.0503, which requires the department to adopt rules to impose a penalty and the administrative procedures necessary to meet due process requirements for doing, and Tex. Gov't. Code §§2306.053 providing the Department powers and duties to provide low income housing and the Land Use Restriction Agreements related to the long term assurance of the same.

No other statutes, articles, or codes are affected by the proposed new chapter.

60.301 Purpose

(a) The purpose of this subchapter is to assist with the enforcement of all applicable laws including Chapter 2306, Board Rules, LURAs, Applications, Covenants filed in conjunction with awards and Board Orders vests in the Board and the Department.

(b) These rules do not apply to any local enforcement codes or building codes.

(c) The enforcement provisions shall be governed by these rules and Title 1 Texas Administrative Code Part 7, Chapter 155, as applicable, unless specifically indicated otherwise by these rules, incorporated herein by reference.

§60.302. Definitions

(1) Act--means the Cranston-Gonzalez National Affordable Housing Act codified at 42 U.S.C. Section 12704 et seq.

(2) Administrative Penalty--A monetary penalty per the penalty table assessed for failure to comply with the Act, a LURA, restrictive covenant, the rules found in this Chapter 60 under Subchapters A and B, or other federal or state law or rule identified in the penalty table as allowed under Texas Government Code §§2306.041—2306.042.

(3) Affiliated Party--A Person in a relationship with a Responsible Party or Owner. Does not apply to an Affiliated Party for Application purposes.

(4) Asset--A property covered by the Act, a LURA, Contract, grant agreement, or Commitment or any other property acquired, improved, or subsidized, directly or indirectly, in whole or in part with funds provided by any program(s) administered by the Department or purchased by a Subsequent Purchaser.

(5) Audit--An audit required to be performed by a third party or performed by the Department relating to a Contract.

(6) Board--The Governing Board of the Department.

(7) Chapter 2306--means the enabling statute for the Department found in Texas Government Code Chapter 2306.

(8) Compliance Monitoring Fees--The fees identified in a LURA or other Contract payable by Project Owner related to an Asset.

(9) Compliance Rules--The rules found in 10 Texas Administrative Code Chapter 60 Subchapters A and B.

(10) Contract--Any executed written agreement between the Department and an Administrator, Home Owner, Mortgagor, Project Owner, Subrecipient, Subrecipient Organization, or other beneficiary of a Department program.

(11) Department--The Texas Department of Housing and Community Affairs.

(12) Development--Any Project that has a construction component, either in the form of new construction or the rehabilitation of residential housing with funds or credits supplied by the Department and subject to a LURA or other restrictive covenant.

(13) Director of Compliance--means the person designated by the Executive Director with directing the activities of the division responsible for compliance or their designee, including subcontractors of the Department.

(14) Eligible Household--A household that meets the requirements associated with a Department Contract or LURA and applicable law, as in effect from time to time.

(15) Enforcement Committee--means a committee of not more than five people assigned by the Executive Director to make recommendations on Enforcement including Administrative Penalties.

(16) Executive Director--As defined under Texas Government Code §2306.036 and/or §2306.038.

(17) Federal Laws and Rules--means Treasury Regulations, United States Code and/or the Code of Federal Regulations, including but not limited to the current version of the Guide for Completing Form 8823 Low Income Housing Credit Agencies Report of Non-Compliance or Building Disposition promulgated by the Internal Revenue Service.

(18) LURA--Land Use Restriction Agreement that has been executed by the Department and a Person related to a specific property or properties and filed with required recording authorities.

(19) Owner--the Person who has the beneficial ownership of a Development whether through award of the Department or as a Subsequent Purchaser.

(20) Penalty Table--the table adopted by the Board detailing a schedule of proposed penalties for violations of identified actions commonly found in LURAs, other restrictive covenants, state and federal rules.
(21) Person--Any individual, partnership, corporation, association, trust, unit of government, community action agency, or public or private organization of any character, however organized.
(22) Proposal For Decision--A document issued by an administrative law judge that provides a statement of facts and conclusions of law for the Board to make a final determination on the an Administrative Penalty.
(22) Responsible Party--The Person or other beneficiary of a Department program subject to this rule for purposes of enforcement.
(23) Subsequent Purchaser--means a Person who is not the original awardee but purchases a development or Asset subject to a valid LURA, other restrictive covenant or or state and federal rules associated with Chapter 2306.
(24)Terms--any condition placed on the property through a LURA, restrictive covenant, loan document, application, or Federal Laws and Rules or rules promulgated by the Department as allowed by the laws of the State of Texas.
(25)Treasury Department--means the U.S. Department of the Treasury, the Internal Revenue Service or related federal departments.

§60.303 Standards of Conduct
(a) Responsible Parties or Owners are required to follow LURAs, covenants, or state and Federal Laws and Rules as promulgated by the appropriate legislative body or executive department.
(b) Responsible Parties or Owners are responsible for knowing the terms and conditions placed on their Assets and the application of Federal Laws and Rules and rules promulgated by the Department relevant to their Development.

§60.304 Violations of Standards and Rules
(a) The Board may issues administrative penalties as specified in this chapter to persons who violate Terms.
(b) A violation occurs when either by action or failure to act a Responsible Party or Owner does not Comply with the Terms of an Asset.
(c) A Responsible Party or Owner who violates any provision of the Terms or order of the Board is subject tot a penalty of up to $1,000 per day per violation as allowed under these rules, the Penalty Table and Texas Government Code §2306.042.

§60.305 Investigation of Complaints

Complaints shall be investigated under the requirements of Chapter 2306.

60.306 Informal Conference
(a) If the Enforcement Committee decides to offer an Informal Conference to a responsible Party or Owner, the Department shall give notice of the Informal Conference, including a summary of the alleged violation and the Responsible Party or Owner's right to request a hearing on the alleged allegations with the Board or their designated Administrative Law Judge.
(b) If the Informal Conference results in an agreed order, the Executive Director shall prepare the agreed settlement as an agreed final order for adoption by the Board.

(c) If the Informal Conference fails to result in an agreed order, the Executive Director shall set a formal hearing with the Board or their designated Administrative Law Judge.

§60.307 Administrative Penalty

(a) If the Executive Director decides to pursue an administrative penalty under the Penalty Schedule adopted by the Board he shall provided Notice to the Board, or their designee, that briefly states the facts of the alleged violation, includes his recommendation of a penalty and the amount of the penalty.

(b) Within 14 days of notifying the Board under clause (a) of this subsection, the Executive Director shall issue a Notice of Alleged Violation to the Responsible Party or Owner which must include a brief summary of the alleged violation, state the amount of the penalty pursued and inform the Responsible Party or Owner of their right to a Hearing before the Administrative Law Judge appointed by the Board to hear contested cases on the occurrence of the violation, the amount of the penalty, or both.

(c) If the Responsible Party or Owner chooses within 20 days after receipt of Notice to enter an agreed order either accepting the Executive Director's recommendation or agrees to corrective action with or without a penalty, without a formal hearing before the Board or their designated Administrative Law Judge, The Executive Director shall prepare a Board Order affirming the agreed order.

(d) The Responsible Party or Owner must pay the penalty within sixty (60) days following the Board Order and complete any corrective action within the agreed time period or be subject to penalties for violation of the Board Order affirming the agreed order.

(e) The Executive Director shall set a hearing with the Board or their Designated Administrative Law Judge if:

(1) the Respondent requests a formal hearing not later than the 20th day after the Notice of Alleged Violation is received by the Responsible Party or Owner;

(2) the Responsible Party or Owner fails to respond in writing to the Notice of Alleged Violation not later than the 20th day after the Notice of Alleged Violation is received by the Responsible party or Owner; or

(3) the Responsible Party or Owner fails to pay the penalty or complete the corrective action agreed to in the agreed order.

(f) The Executive Director may recommend for Debarment according this Title any Responsible Party or Owner who fails to:

(1) respond in writing to the Notice of Alleged Violation not later that the 20th day after the notice was received by the Responsible Party or Owner;

(2) perform according to the agreed settlement; or

(3) fails to pay the penalty assessed by the Board Order.

60.307 Administrative Hearing Process

(a) The Board shall request the Executive Director to provide the Board with access to an administrative law judge hired through the appropriate procurement process to hold hearings for the purpose of developing a Proposal For Decision. The administrative law judge shall serve at the pleasure of the Board, but administratively be employed as a subcontractor through the Executive Director. The administrative law judge shall not be a full time employee of the Department.

(b) If the Responsible Party or Owner has formally requested a hearing before the Board within the appropriate time frame, the administrative law judge shall conduct a formal hearing in accordance with this subchapter and based on the record created by the Executive Director and the Responsible Party or Owner or their counsel, issue a Proposal for Decision determining the findings

of fact and conclusions of law in accordance with the rules and statutes governing the agency. The Proposal for Decision shall clearly indicate why any changes to the recommended penalty were made.

(c) The administrative law judge will provide the Board, the Executive Director and the Responsible Party or Owner or their counsel with a copy of the Proposal For Decision.

(d) Any party may file exceptions to the Proposal For Decision if they believe it misstates the law. The exceptions must state a legally reasoned response for the basis of the misstatement.

(e) The Board shall, based on the findings of fact and conclusions of law within the Proposal for Decision, and any exceptions properly filed, issue an order that finds:

(1) that a violation occurred and impose a penalty including a statement of the right of the subject of the order to seek judicial review of the order; or

(2) find that a violation did not occur.

(f) Not later than the 30th day after the date the Board's decision becomes final, the Person subject to the order shall:

(1) pay the penalty; or

(2) file a petition for judicial review contesting the occurrence of the violation, the amount of the penalty, or both.

(g) The penalty may be stayed under the terms of §2306.048.

(h) If timely filed, a decision will be made by the district court in Travis County under a de novo review.

(i) If the court sustains the finding that a violation occurred, the court may uphold or reduce the amount of the penalty and order the Person to pay the full or reduced amount of the penalty. If the court does not sustain the finding that a violation occurred, the court shall order that a penalty is not owed and may award the person reasonable attorney fees.

(j) The party filing the court action shall include in their prayer for relief that if the court finds in their favor that the order include a remittance of penalty and interest or release of the Bond.

(k) If the penalty is sustained, and the enforcement of the penalty is not stayed, the Department may collect the penalty. The Attorney General may sue to collect the penalty. This proceeding shall be a contested case under Chapter 2001.

§60.309 Penalty Table

(a) The Department has developed penalties based on the following factors:

(1) the seriousness of the violation, including:

(A) the nature, circumstance, extent, and gravity of any prohibited act; and

(B) the hazard or potential hazard created to the health, safety, or economic welfare of the public;

(2) the history of previous violations;

(3) the amount necessary to deter a future violation;

(4) efforts made to correct the violation

Violation	Administrative Penalty with Corrective Action	Penalty for Non-compliance non-corrected action
Units leased to households that are not eligible because their income exceeds the allowable limit; occupied by non-eligible full time students; or noncompliance with senior age restrictions	Lease labeled "Do not renew lease—as soon as possible lease the unit to eligible household;" Lease to eligible household **Penalty: $100 per violation**	Violation of do not renew restriction **Penalty: $500 per violation** Multiple Violations after Corrective action requested. **Penalty: $1,000 per violation**
Rents charged exceed allowable limits or improperly calculated utility allowance	Responsible Party/Owner/manager demonstrates reduction in rent and/or recalculation of utility allowance **Penalty: $100 per violation**	Violation based on administrative error **Penalty: $250 per violation** Repeated Violations after Notice **Penalty: $500 per violation**
Property Condition Violations	Appropriate repairs completed and provide evidence related to public health and safety **Penalty: $250 per violation** Violation not an issue of public health and safety maters **Penalty: $50 per violation**	Violation for public health and safety matters **Penalty: $1,000 per day** Violation not an issue of public health and safety maters **Penalty: $250 per violation**
Failure to Submit Reports Timely and or failure to execute and record program documents	After written notice of failure to receive report owner must provide corrective action support within 30 days **Penalty: $100 per violation**	Failure to submit after: 30 days **Penalty: $250 per violation** 60 days **Penalty: $500 per violation** 90 days or more **Penalty: $1000 per violation**
Change in eligible basis	Owner to cease charging for facilities and/or convert commercial space back to residential space as applicable **Penalty: $50 per violation**	**Penalty: $200 per violation**
Failure to meet minimum set aside, violation of Available Unit Rule, or comply with rent and occupancy restrictions	Units rented to the appropriate income and rent restrictions for eligible households **Penalty: $25 per violation**	**Penalty: $300 per violation**
Failure to follow Fair Housing or federal laws providing access by the general public or failure to comply with Section 8 minimum income to rent standard	Owner must enter into a corrective action agreement and amend leasing requirements if appropriate **Penalty: $100 per violation**	General Public or Section 8 violations **Penalty: $250 per violation**
Failure to maintain adequate documentation or certification for compliance	Owner to recertify accordingly and provide documentation upon completion **Penalty: $25 per violation**	Failure to recertify **Penalty: $250 per violation** Failure to provide documentation **Penalty: $100 per violation**

Low income units used on transient basis	Owner should execute at least six month lease and provide evidence **Penalty: $25 per violation**	Failure to correct within: 30 days **Penalty: $100 per violation** 60 days **Penalty: $200 per violation** 90 days **Penalty: $300 per violation**
Violation of the Unit Vacancy Rule	Property must advertise availability of units within 30 days and provide evidence **Penalty: $100 per violation**	Failure to comply after: 30 days **Penalty: $250 per violation** 60 days **Penalty: $500 per violation** 90 days or more **Penalty: $1000 per violation**
No evidence of material participation by a qualified nonprofit	Owner to correct issue and certify compliance within 60 days **Penalty: $100 per violation**	Failure to submit documentation after: 60 days **Penalty: $500 per violation** 90 days **Penalty: $1000 per violation**
Failure to provide agreed to supportive services	Corrective action within 30 days **Penalty: $100 per violation**	Failure to provide agreed services after: 30 days **Penalty: $500 per violation** 60 plus days **Penalty: $1000 per violation**
Failure to pay compliance fees or compliance penalties timely	After notice of fees due and payable within 30 days of notice **Penalty: $25 per violation**	Admin penalty of 5% of fees owed per month as late fees
Failure to meet prescribed special needs set aside	Property must develop and follow adequate marketing plan utilizing organizations that work with special needs for corrective action within 60 days **Penalty: $100 per violation**	For each 30 day period set aside is not met or marketed after 60 days **Penalty: $250 per violation**
Failure to meet Department minimum standards for rehabilitation act compliance	If discovered during development, potential correction of building. If discovered after building, establish an account to fund necessary modifications **Penalty: $100 per violation**	Penalty of up to $1,000 per day up to a maximum of the cost of making necessary changes and referral for Debarment under 10 TAC §1.20
Continued non-compliance resulting in declaration of no longer participating in program	After written notice owner should provide a corrective action memo **Penalty: $100 per violation**	**Penalty: $1000 per violation**
Determination of material Non-compliance for more than six months	After notice of violation corrective action plan developed with Department **Penalty: $100 per violation**	**Penalty: $500 per violation**
Owner refuses to allow monitoring review	Allow monitoring upon request **Penalty: $50 per day not previously allowed**	**Penalty: $500 per day not allowing monitoring.**

(b) The amount of the penalty may be lowered based on presentation of information that would indicate that justice requires the downward adjustment of the penalty. Solely economic harm will not be considered as a factor for downward adjustment.

BOARD ACTION SUMMARY

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Action Items

1. Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 50, concerning 2006 Housing Tax Credit Program Qualified Allocation Plan and Rules, and a draft of proposed new 10 TAC Chapter 50, concerning 2008 Housing Tax Credit Program Qualified Allocation Plan and Rules for comment in the *Texas Register*

2. Proposed repeal of the 2006 Qualified Allocation Plan and Rules.

Required Action

Approve, or approve with amendments, the 2008 Draft Qualified Allocation Plan and Rule, to be published for public comment. Approve the proposed repeal of the 2006 Qualified Allocation Plan and Rules.

Background

Attached behind this Board Action Item is the 2008 Draft Qualified Allocation Plan and Rules ("Draft QAP") which reflects staff's recommendations for revisions to the 2007 QAP for the Board's consideration. The document is shown as a "blackline" of the 2007 QAP – additions are shown as underlined text and deletions are shown as marked through text.

The 2008 Draft QAP being recommended by staff further ensures compliance with all statutory requirements, incorporates some initial public input, and includes recommendations for revisions of policy and administrative changes to further enhance the Housing Tax Credit Program's operation.

Summary of Significant Recommendations from Staff

This section outlines some of the most significant recommendations being made by staff. Other revisions, details of revisions, formatting adjustments, and streamlining are not summarized, but are reflected in the attached Draft QAP. Citation references are to the numbered sections of the 2008 Draft QAP.

1. **§50.3 – Definitions (Pages 2 of 84).** Definitions are being added, revised, or deleted for the following terms to incorporate statutory changes and bring greater clarity to the meanings and concepts utilized: Colonia, Development Funding, Disaster Area, Grant, Ineligible Building Types, Neighborhood Organization, New Construction, Reconstruction, Rehabilitation, Rural Area, Rural Development, and Urban.

2. **§50.5(b)(3) – Material Noncompliance for Properties Outside of Texas (Page 15 of 84).** This section has been deleted for consistency with new statutory changes.

3. **§50.5(b)(5) – Disqualification and Debarment (Page 15 of 84).** This section has been revised to indicate that, consistent with new statutory changes, parties related to an Application, including consultants and attorneys, cannot communicate with members of the Department's Board regarding any Application other than during the recorded portion of a public hearing or Board meeting.

4. **§50.6(c) – Scattered Site Limitations for Tax-Exempt Bond Developments (Page 17 of 84).** The revision of this section references that Tax-Exempt Bond Developments may have multiple sites in the same application, consistent with new statutory changes to Chapter 1372 of Texas Government Code.

5. **§50.6(d) – Credit Amount (Page 17 of 84).** Revisions were made to allow for an increase to the $1.2 million credit limitation per Application, based on an annual adjustment using the Consumer Price Index ("CPI"). In addition, this section was clarified to indicate that information for Nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors must be provided to allow the Department to evaluate the $2 million credit limit per Applicant, Developer, Related Party or Guarantor. It also reduced the additional benefit to Qualified Non-Profit consultants from 20% to 10%.

6. **§50.6(e)(4) – Limitations on Size of Development (Page 18 of 84).** This section has been revised to indicate that for Developments that are a second phase of an existing tax credit Development, the limitation that the combined Unit total for the Developments may not exceed the maximum allowable Development size, unless the first phase has been completed and has attained Sustaining Occupancy for at least six months or a resolution is submitted with the Application from the local political authority stating there is an additional need and the market study supports the additional units.

7. **§50.7(a) – Regional Allocation Formula (Page 19 of 84).** This section was revised to incorporate statutory changes. At least 20% of the State Housing Credit Ceiling for each calendar year will be allocated to Developments in Rural Areas, and a minimum of $500,000 will be allocated for the Rural Allocation in each Uniform State Service Region. In addition, the USDA Allocation has been revised to state that Developments financed through the 538 Guaranteed Rural Rental Housing Program will not be considered under the USDA Allocation. The 5% USDA set-aside will, on a statewide basis, compete against other USDA applications. If they are rehabilitation, they will come out of the At-Risk pool; if they are New Construction, they will come out of the applicable region.

8. **50.7(b)(3) – At-Risk Set-Aside (Page 20 of 84).** This section was revised to incorporate statutory changes. Developments competing in the At-Risk Set-Aside will compete state-wide. 15% of the State Housing Credit Ceiling will be set-aside and will not be subject to the Regional Allocation Formula.

9. **§50.7(c) – Redistribution of Credits (Page 21 of 84).** This section provides clarification of how the Department will distribute housing tax credits among the Rural Regional Allocation and Urban Regional Allocation within each Uniform State Service Region and among the set-asides when

demand for the credits exceeds availability. The Department will implement a Rural sub-regional collapse to allocate the most underserved Rural sub-region before implementing the statewide collapse to the most underserved of both Urban and Rural sub-regions.

10. **§50.9(c) – Adherence to Obligations (Page 25 of 84).** This section has been clarified to indicate that penalties will be assessed if approval of an amendment is not received by the Department prior to the implementation of the change for which an amendment is being required. In addition, the Department may now assess administrative penalties of up to $1,000 per day for each violation, in lieu of, or in addition to, the current point and future participation penalties.

11. **§50.9(d)(2)–(5) – Evaluation Process for Applications and Methodology for Award Recommendations to the Board (Page 26 of 84).** This section was revised to incorporate statutory changes with regard to the methodology of award recommendations and to make administrative changes to existing processes. The changes account for statutory changes to the Rural allocation and the resulting changes to the distribution of credits, including that if tax credits remain in a Rural Area in a specific Uniform State Service Region after allocation those tax credits shall be made available in any other Rural Area in the state, first, and then to developments in Urban Areas.

12. **§50.9(d)(6) – Underwriting Evaluation and Clarification (Page 28 of 84).** This section has been revised to indicate that no changes may be made to an Application except in response to a direct request from the Real Estate Analysis Division. This language already appeared elsewhere in the QAP; however, since this type of action occurs most frequently during the underwriting evaluation, it was added here to emphasize the prohibition.

13. **§50.9(f) – Rural Rescue Applications (Page 30 of 84).** The Rural Rescue Policy, which was previously a policy outside of the QAP, has been added to the QAP for 2008.

14. **§50.9(h)(4)(A), (B) and (F) – Threshold Amenities (Page 33 of 84).** Several revisions have been made to threshold amenities required to be provided, including the requirement that all Developments provide Energy Star or equivalently rated appliances and lighting consistent with new statutory requirements. Threshold amenities are required for Singe Room Occupancy Developments unless otherwise noted in the amenities subsection. In addition, 911 emergency telephones are no longer an optional amenity for points to meet threshold, but are now mandatory for all Developments. The Applicant must provide a certification from both, an accredited architect and engineer that the Development will comply with accessibility standards that are required by §504, Rehabilitation Act of 1973.

15. **§50.9(h)(5)(A) – Architectural Plans (Page 36 of 84).** To facilitate submissions for Adaptive Reuse Developments, Adaptive Reuse applicants will be required to provide building plans delineating each unit type and area consistent with the "rent schedule" and floor plans of only each unit type unless there is a difference greater than 10% between the unit types.

16. **§50.9(h)(8)(B) – Signage (Page 42 of 84).** This section has been revised to indicate that mailed notifications may only be used in lieu of signage in areas where local ordinances prohibit the posting of a sign. In addition, this section clarifies that public hearing information must be posted on the sign for all Competitive and Non-Competitive Housing Tax Credit Applications.

17. **§50.9(i)(2) – Selection: Quantifiable Community Participation (Page 47 of 84**). The guidelines regarding which organizations qualify for points under this item have been revised for consistency with statute, meaning that limitations in addition to statutory requirements have been deleted. This means that Super Neighborhoods are now eligible if they meet all other requirements. In addition, the option to become on record with the state by having been on record with the city is no longer available and the ability to become on record with the state is now satisfied with the submission of the QCP letter itself and does not require a separate registration.

18. **§50.9(i)(3) – Income Levels of Tenants (Page 50 of 84).** This section was revised to emphasize the use of units at 50% and 30% of AMGI instead of putting strong emphasis on only 60% AMGI.

19. **§50.9(i)(4)(B) – Quality of Units (Page 51 of 84).** This section has been revised to provide incentives for the use of green building materials and practices.

20. **§50.9(i)(5) – Selection: The Commitment of Development Funding by Local Political Subdivisions (Page 51 of 84).** Revisions were made to clarify that if Department HOME funds are to be used, a resolution from the Local Political Subdivision, dated on or before the Application deadline must be submitted. Department HOME funds may be substituted for a source originally submitted with the Application, provided the HOME funds substituted are from a NOFA released after the Application Acceptance deadline and a resolution from the Local Political Subdivision is submitted with the substitution documentation.

21. **§50.9(i)(6) – Selection: The Level of Community Support from State Representative or State Senator (Page 53 of 84).** This section has been revised so that one letter from a State Representative or State Senator may qualify an Application for the maximum number of points for support or opposition pursuant to new statutory changes; an Application must no longer receive a letter from both the State Representative or Senator to receive maximum points under this item.

22. **§50.9(i)(9)(iii) – The Services to be Provided to Tenants of the Development (Page 55 of 84).** In the 80th legislative session, §2306.6710(b)(3) requires the Department to encourage Applicants to provide free notary services to the tenants. A separate scoring item was added to support this request.

23. **§50.9(i)(10) – Selection: Declared Disaster Areas (Page 55 of 84).** This new scoring criteria has been added which awards seven (7) points to Applications proposing to be located in a disaster area.

24. **§50.9(i)(11) – Rehabilitation, Reconstruction or Adaptive Reuse (Page 55 of 84).** This scoring criteria has been expanded to award points for Developments proposing adaptive reuse. In addition, the point value of this item has decreased from seven (7) to six (6) points.

25. **§50.9(i)(12) – Housing Needs Characteristics (Page 55 of 84).** The maximum point value of this item has decreased from seven (7) to six (6) points.

26. **§50.9(i)(13) - Existing Housing as part of a Community Revitalization Plan (Page 55 of 84).** The maximum point value of this item has decreased from seven (7) to six (6) points.

27. **§50.9(i)(15) – Selection: Economic Development Initiative (Page 56 of 84).** This scoring criteria is a variation of one of six former scoring options under Development Location. This criteria awards four (4) points to Applications in a designated State or Federal Empowerment/Enterprise Zone, Urban Enterprise Community, or Urban Enhanced Enterprise Community that has received an award in the past two years and has funding available, for which the proposed Development is eligible. It has also been expanded to include other economic development initiatives such as area that have received funding in the last three years from the Texas Capital Fund, Texas or Federal Enterprise Zone Fund, Texas Leverage Fund, Industrial Revenue Bond Program, Emerging Technologies, Skills Development, Rural Business Enterprise Grants, Certified Development Company Loans or Micro Loan Program Funds.

28. **§50.9(i)(16) – Development Location (Page 56 of 84).** The section for location in a designated State or Federal Empowerment/Enterprise Zone, Urban Enterprise Community, or Urban Enhanced Enterprise Community has been deleted from this scoring item and is now a separate scoring item. A Development may also now receive points for being located in an area with no other existing Qualified Elderly Developments supported by Housing Tax Credits.

29. **§50.9(i)(17) – Location in Non-Urban Areas (Page 57 of 84).** The point value of this item has decreased from seven (7) to six (6) points.

30. **§50.9(i)(18) – Community Support Other Than Quantifiable Community Participation (Page 57 of 84).** This section has been revised to include additional clarification regarding organizations that are considered ineligible as governmental entities and educational activities. In addition, the maximum point value of this item has decreased from seven (7) to six (6) points.

31. **§50.9(i)(19) – Developments in Census Tracts with No Other Existing Developments Supported by Tax Credits (Page 57 of 84).** The point value of this item has decreased from seven (7) to six (6) points.

32. **§50.9(i)(22)(B) – Selection: Negative Site Features (Page 58 of 84).** A penalty for proximity to sexual-oriented businesses has been added to this section as well as being in crash or accident zones and flight paths of commercial or military airports.

33. **§50.9(i)(25)(A) – Sponsor Characteristics (Page 59 of 84).** This subsection adds a requirement for Applicants that receive points for submitting a plan to use Historically Underutilized Businesses must submit a report at the time of cost certification of the success of that plan.

34. **§50.9(i)(27) – Selection: Leveraging of Private, State, and Federal Resources (Page 60 of 84).** Staff proposes that funds used for points under §50.9(i)(5) not be allowed to count under this section.

35. **§50.11(a)(3)(C) – Electronic Notification (Page 65 of 84).** This section has been added to provide for a new statutorily required email notification system, which will be administered by zip code, relating to the receipt of Pre-Applications and Applications, Board meeting material, and public hearing information.

36. **§50.(12)(a)(2) – Filing of Applications for Tax-Exempt Bond Developments (Page 67 of 84).** This section is revised to give limited discretion to Department staff to recommend an application with a late submission under the 60 day rule with an appropriate justification of the late submission. This section also addresses the requirements for multiple site bond transactions.

37. **§50.14 – Carryover; 10% Test; Commencement of Substantial Construction (Page 71 of 84).** The Development engineer is added to the required list of attendees of at least five hours of approved Fair Housing training related to design issues.

38. **§50.16(k) – Housing Credit Allocations (Page 76 of 84).** This subsection is added to penalize the return of tax credit allocations after the carryover allocation which limits the timely use of those credits. The Department will assess a point penalty in the Competitive Allocation Round following the return of a tax credit award (or in the current round should the return occur during an application round), if the return is after the Carryover Allocation deadline.

39. **§50.17(c) – Challenges to Applications (Page 76 of 84).** This section has been revised to include a June 15, 2008 deadline for the submission of challenges to the Department.

Recommendation

Staff recommends that the Board repeal the 2006 Qualified Allocation Plan and Rules and approve the Draft 2008 Qualified Allocation Plan and Rules for publication to receive public comment.

Scoring Breakdown in Descending Order of Points for the Draft 2008 QAP

QAP Para. #	Topic	Total Points	Notes	Legislative Citation - Compare to QAP
1	Financial Feasibility	28	N/A	2306.6710(b)(1)(A)
2	QCP from Neighborhood Organizations	24 Max	Range of +24 to 0	2306.6710(b)(1)(B); 2306.6725(a)(2)
3	Income Levels of the Tenants	22	N/A	2306.6710(b)(1)(C) and (e); 2306.111(g)(3)(B) and (E); 42(m)(1)(B)(ii)(I)
4	Size and Quality of the Units	20	N/A	2306.6710(b)(1)(D); 42(m)(1)(C)(iii)
5	Commit. of Funds by LPS	18	N/A	2306.6710(b)(1)(E)
6	State Rep. or Senator Support/Opposition	14 Max	Range of +14 to -14	2306.6710(b)(1)(F) and (g); 2306.6725(a)(2)
7	Rent Levels of the Units	12	N/A	2306.6710(b)(1)(G)
8	Cost Per Square Foot	10	N/A	2306.6710(b)(1)(H); 42(m)(1)(C)(iii)
9	Services Provided to Tenants	8	N/A	2306.6710(b)(1)(I); Rider 7; 2306.254; 2306.6725(a)(1)
10	Declared Disaster Areas	7	N/A	2306.6710(b)(1)
11	Rehabilitation, Reconstruction or Adaptive Reuse	6	N/A	N/A
12	Housing Needs	6	N/A	42(m)(1)(C)(ii)
13	Existing Housing with Revitalization	6	N/A	42(m)(1)(C)(iii)
14	Pre-Application	6	N/A	2306.6704
15	Economic Development Initiative	4	N/A	2306.127
16	Development Location	4	N/A	2306.6725(a)(4) and (b)(2); 2306.127; Rider 6 42(m)(1)(C)(i) and (vii)
17	Location in Non-Urban Areas	6	N/A	2306.6725(a)(4); 42(m)(1)(C)(i)
18	Community Support Other Than QCP	6	Range of 6 to 0	N/A
19	Census Tracts with No Other Existing Developments Supported by Tax Credits	6	N/A	2306.6725(b)(2)
20	Special Housing Needs Populations	4	N/A	42(m)(1)(C)(v)
21	Length of Affordability	4	N/A	2306.6725(a)(5); 2306.111(g)(3)(C); 2306.185(a)(1) and (c); 2306.6710(e)(2); 42(m)(1)(B)(ii)(II)
22	Site Characteristics	4	Up to 4 points for positive amenities and -5 points for negative features.	N/A
23	Development Size	3	N/A	N/A
24	Location in QCT with Revitalization	1	N/A	42(m)(1)(B)(ii)(III)
25	Sponsor Characteristics	2	N/A	42(m)(1)(C)(iv)
26	Right of First Refusal	1	N/A	2306.6725(b); 42(m)(1)(C)(viii)
27	Leveraging of Private, State and Federal Funds	1	N/A	2306.6725(a)(3)
28	Third Party Commit. Outside of QCT	1	N/A	2306.6710(e)(1)
29	Penalties	N/A	Range	2306.6710(b)(2)
Maximum Number of Points Possible:		228		

Multifamily Finance Production Division

DRAFT ~~2007~~2008 Housing Tax Credit Program

Qualified Allocation Plan and Rules

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§~~49~~50.1.Purpose and Authority; Program Statement; Allocation Goals.

(a) Purpose and Authority. The Rules in this chapter apply to the allocation by the Texas Department of Housing and Community Affairs (the Department) of Housing Tax Credits authorized by applicable federal income tax laws. The Internal Revenue Code of 1986, §42, (the "Code") as amended, provides for credits against federal income taxes for owners of qualified low-income rental housing Developments. That section provides for the allocation of the available tax credit amount by state housing credit agencies. Pursuant to Chapter 2306, Subchapter DD, Texas Government Code, the Department is authorized to make Housing Credit Allocations for the State of Texas. As required by the Internal Revenue Code, §42(m)(1), the Department developed this Qualified Allocation Plan (QAP) which is set forth in §§~~49~~50.1 - ~~49~~50.23 of this title. Sections in this chapter establish procedures for applying for and obtaining an allocation of Housing Tax Credits, along with ensuring that the proper threshold criteria, selection criteria, priorities and preferences are followed in making such allocations.

(b) Program Statement. The Department shall administer the program to encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, accessible, affordable rental housing in the private marketplace; maximize the number of suitable, accessible, affordable residential rental units added to the state's housing supply; prevent losses for any reason to the state's supply of suitable, accessible, affordable residential rental units by enabling the Rehabilitation of rental housing or by providing other preventive financial support; and provide for the participation of for-profit organizations and provide for and encourage the participation of nonprofit organizations in the acquisition, development and operation of accessible affordable housing developments in rural and urban communities. (§2306.6701)

(c) Allocation Goals. It shall be the goal of this Department and the Board, through these provisions, to encourage diversity through broad geographic allocation of tax credits within the state, and in accordance with the regional allocation formula; to promote maximum utilization of the available tax credit amount; and to allocate credits among as many different entities as practicable without diminishing the quality of the housing that is being built. The processes and criteria utilized to realize this goal are described in §50.7, §~~49~~50.8 and §~~49~~50.9 of this title, without in any way limiting the effect or applicability of all other provisions of this title. (General Appropriation Act, Article VII, Rider 8(e))

§~~49~~50.2.Coordination with Rural Agencies.

To ensure maximum utilization and optimum geographic distribution of tax credits in rural areas, and to provide for sharing of information, efficient procedures, and fulfillment of Development ~~compliance~~ requirements in rural areas, the Department will ~~enter into a Memorandum of Understanding (MOU) or other agreement with the TX-USDA-RHS to~~ coordinate on existing, Rehabilitation, and New Construction housing Developments financed by ~~TX-USDA-RHS~~TRDO-USDA; and will ~~jointly~~ administer the Rural Regional Allocation with the Texas Office of Rural Community Affairs (ORCA). Through participation in hearings and meetings, ORCA will assist in developing all Threshold, Selection and Underwriting Criteria applied to Applications eligible for the Rural Regional Allocation. The Criteria will be approved by that Agency. To ensure that the Rural Regional Allocation receives a sufficient volume of eligible Applications, the Department and ORCA shall jointly implement outreach, training, and rural area capacity building efforts. (§2306.6723)

§~~49~~50.3.Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) **Administrative Deficiencies--**The absence of information or inconsistent information ~~a document from~~in the Application as is required under §§~~49~~50.5, ~~49~~50.6, ~~49~~50.8~~(d)~~ and ~~49~~50.9~~(g) - (j)~~ of this title, unless determined by the Department as unable to be corrected.

(2) **Affiliate--**An individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other Person, and specifically shall include parents or subsidiaries. Affiliates also include all General Partners, Special Limited Partners and Principals with an ownership interest unless the entity is an experienced developer as described in §~~49.9(i)(21)(B)~~50.9(h)(9)(D) of this title.

(3) **Agreement and Election Statement--**A document in which the Development Owner elects, irrevocably, to fix the Applicable Percentage with respect to a building or buildings, as that in effect for the month in which the Department and the Development Owner enter into a binding agreement as to the housing credit dollar amount to be allocated to such building or buildings.

(4) **Applicable Fraction--**The fraction used to determine the Qualified Basis of the qualified low-income building, which is the smaller of the Unit fraction or the floor space fraction, all determined as provided in the Code, §42(c)(1).

(5) **Applicable Percentage--**The percentage used to determine the amount of the Housing Tax Credit for any Development (New Construction, Reconstruction, and/or Rehabilitation), as defined more fully in the Code, §42(b).

(A) For purposes of the Application, the Applicable Percentage will be projected at:

(i) 40 basis points over the current applicable percentage for 70 percent present value credits, pursuant to §42(b) of the Code for the month in which the Application is submitted to the Department, or

(ii) 15 basis points over the current applicable percentage for 30 percent present value credits, pursuant to §42(b) of the Code for the month in which the Application is submitted to the Department.

(B) For purposes of making a credit recommendation at any other time, the Applicable Percentage will be based in order of priority on:

(i) The percentage indicated in the Agreement and Election Statement, if executed; or

(ii) The actual applicable percentage as determined by the Code, §42(b), if all or part of the Development has been placed in service and for any buildings not placed in service the percentage will be the actual percentage as determined by the Code, §42(b) for the most current month; or

(iii) The percentage as calculated in subparagraph (A) of this paragraph if the Agreement and Election Statement has not been executed and no buildings have been placed in service.

(6) **Applicant--**Any Person or Affiliate of a Person who files a Pre-Application or an Application with the Department requesting a Housing Credit Allocation. (§2306.6702)

(7) **Application--**An application, in the form prescribed by the Department, filed with the Department by an Applicant, including any exhibits or other supporting material. (§2306.6702)

(8) **Application Acceptance Period--**That period of time during which Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department, December 3, 2007 through February 29, 2008, as more fully described in §~~49.9(a)~~50.8 ~~and~~through §~~49.21~~50.12 of this title. For Tax-Exempt Bond Developments this period is the date the Volumes 1 and 2 are submitted or the date the reservation is issued by the Texas Bond Review Board, whichever is earlier~~, and for Rural Rescue Applications this is that period of time stated in the Rural Rescue Policy~~.

(9) **Application Round--**The period beginning on the date the Department begins accepting Applications for the State Housing Credit Ceiling and continuing until all available Housing Tax Credits from the State Housing Credit Ceiling (as stipulated by the Department) are allocated, but not extending past the last day of the calendar year. (§2306.6702)

(10) **Application Submission Procedures Manual--**The manual produced and amended from time to time by the Department which sets forth procedures, forms, and guidelines for the filing of Pre-Applications and Applications for Housing Tax Credits.

(11) **Area--**

(A) The geographic area contained within the boundaries of:

(i) An incorporated place or

(ii) Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.

(B) For Developments located outside the boundaries of an incorporated place or CDP, the Development shall take up the Area characteristics of the incorporated place or CDP whose boundary is nearest to the Development site.

(12) **Area Median Gross Income (AMGI)--**Area median gross household income, as determined for all purposes under and in accordance with the requirements of the Code, §42.

(13) **At-Risk Development--**a Development that: (§2306.6702)

(A) has received the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment, or equity incentive under at least one of the following federal laws, as applicable:

(i) Sections 221(d)(3) and (5), National Housing Act (12 U.S.C. §17151);

(ii) Section 236, National Housing Act (12 U.S.C. §1715z-1);

(iii) Section 202, Housing Act of 1959 (12 U.S.C. §1701q);

(iv) Section 101, Housing and Urban Development Act of 1965 (12 U.S.C. §1701s);

(v) The Section 8 Additional Assistance Program for housing Developments with HUD-Insured and HUD-Held Mortgages administered by the United States Department of Housing and Urban Development;

(vi) The Section 8 Housing Assistance Program for the Disposition of HUD-Owned Projects administered by the United States Department of Housing and Urban Development;

(vii) Sections 514, 515, and 516, Housing Act of 1949 (§42U.S.C. §§1484, 1485, and 1486); or

(viii) Section 42, of the Internal Revenue Code of 1986 (26 U.S.C. §42), and

(B) Is subject to the following conditions:

(i) The stipulation to maintain affordability in the contract granting the subsidy is nearing expiration (expiration will occur within two calendar years of July 31 of the year the Application is submitted); or

(ii) The federally insured mortgage on the Development is eligible for prepayment or is nearing the end of its mortgage term (the term will end within two calendar years of July 31 of the year the Application is submitted).

(C) An Application for a Development that includes the demolition of the existing Units which have received the financial benefit described in subparagraph (A) of this paragraph will not qualify as an At-Risk Development unless the redevelopment will include the same site.

(D) Developments must be at risk of losing all affordability from all of the financial benefits available on the Development, provided such benefit constitutes a subsidy, described in subparagraph (A) of this paragraph on the site. However, Developments that have an opportunity to retain or renew any of the financial benefit described in subparagraph (A) of this paragraph must retain or renew all possible financial benefit to qualify as an At-Risk Development.

(E) Nearing expiration on a requirement to maintain affordability includes Developments eligible to request a qualified contract under §42 of the Code. Evidence must be provided in the form of a copy of the recorded LURA, the first years' IRS Forms 8609 for all buildings showing Part II completed and, if applicable, documentation from the original application regarding the right of first refusal.

(14) **Bedroom--**A portion of a Unit which is no less than 100 square feet; has no width or length less than 8 feet; has at least one window that provides exterior access; and has at least one closet that is not less than 2 feet deep and 3 feet wide and high enough to accommodate 5 feet of hanging space. A den, study or other similar space that could reasonably function as a bedroom and meets this definition is considered a bedroom.

(15) **Board--**The governing Board of the Department. (§2306.004)

(16) **Carryover Allocation--**An allocation of current year tax credit authority by the Department pursuant to the provisions of the Code, §42(h)(1)(C) and Treasury Regulations, §1.42-6.

(17) **Carryover Allocation Document--**A document issued by the Department, and executed by the Development Owner, pursuant to §4950.14(a) of this title.

(18) **Carryover Allocation Procedures Manual--**The manual produced and amended from time to time by the Department which sets forth procedures, forms, and guidelines for filing Carryover Allocation requests.

(19) **Code--**The Internal Revenue Code of 1986, as amended from time to time, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued thereunder by the United States Department of the Treasury or the Internal Revenue Service.

(20) **Colonia--means** Aa geographic Area that is located in a county some part of which is within 150 miles of the international border of this state, and that consists of 11 or more dwellings that at located in close proximity to each other in an area that may be described as a community or neighborhood, and that (2306.581):

(A) Has a majority population composed of individuals and families of low-income and very low-income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed Area under §17.921, Water Code; or

(B) Has the physical and economic characteristics of a colonia, as determined by the Texas Water Development BoardDepartment.

(21) **Commitment Notice--**A notice issued by the Department to a Development Owner pursuant to §4950.13 of this title and also referred to as the "commitment."

(22) **Community Revitalization Plan--**A published document under any name, approved and adopted by the local governing body by ordinance or resolution, that targets specific geographic areas for revitalization and development of residential developments.

(23) **Competitive Housing Tax Credits--**Tax credits available from the State Housing Credit Ceiling.

(24) **Compliance Period--**With respect to a building, the period of 15 taxable years, beginning with the first taxable year of the Credit Period pursuant to the Code, §42(i)(1).

(25) **Control--**(including the terms "Controlling," "Controlled by", and/or "under common Control with") the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of voting securities, by contract or otherwise, including specifically ownership of more than 50% of the General Partner interest in a limited partnership, or designation as a managing General Partner of a limited liability company.

(26) **Cost Certification Procedures Manual--**The manual produced, and amended from time to time, by the Department which sets forth procedures, forms, and guidelines for filing requests for IRS Form(s) 8609 for Developments placed in service under the Housing Tax Credit Program.

(27) **Credit Period--**With respect to a building within a Development, the period of ten taxable years beginning with the taxable year the building is placed in service or, at the election of the Development Owner, the succeeding taxable year, as more fully defined in the Code, §42(f)(1).

(28) **Department--**The Texas Department of Housing and Community Affairs, an agency of the State of Texas, established by Chapter 2306, Texas Government Code, including Department employees and/or the Board. (§2306.004)

(29) **Determination Notice--**A notice issued by the Department to the Development Owner of a Tax-Exempt Bond Development which states that the Development may be eligible to claim Housing Tax Credits without receiving an allocation of Housing Tax Credits from the State Housing Credit Ceiling because it satisfies the requirements of this QAP; sets forth conditions which must be met by the Development before the Department will issue the IRS Form(s) 8609 to the Development Owner; and specifies the Department's determination as to the amount of tax credits necessary for the financial feasibility of the Development and its viability as a rent restricted Development throughout the affordability period. (§42(m)(1)(D))

(30) **Developer--**Any Person entering into a contract with the Development Owner to provide development services with respect to the Development and receiving a fee for such services (which fee cannot exceed the limits identified in §4950.9(d)(6)(B) of this title) and any other Person receiving any portion of such fee, whether by subcontract or otherwise.

(31) **Development--**A proposed qualified and/or approved low-income housing project, as defined by the Code, §42(g), for New Construction, Reconstruction, or Rehabilitation, that consists of one or more buildings containing multiple Units, and that, if the Development shall consist of multiple buildings, is financed under a common plan and is owned by the same Person for federal tax purposes, and the buildings of which are either:

(A) Located on a single site or contiguous site; or

(B) Located on scattered sites and contain only rent-restricted units. (§2306.6702)

(32) **Development Consultant--**Any Person (with or without ownership interest in the Development) who provides professional services relating to the filing of an Application, Carryover Allocation Document, and/or cost certification documents.

(33) Development Funding—Means (2306.004):

(A) a loan or grant; or

(B) an in-kind contribution, including a donation of real property, a fee waiver for a building permit or for water or sewer service, or a similar contribution that:

(i) provides an economic benefit; and

(ii) results in a quantifiable cost reduction for the applicable Development.

(3~~3~~4) **Development Owner--**Any Person, General Partner, or Affiliate of a Person who owns or proposes a Development or expects to acquire Control of a Development under a purchase contract approved by the Department. (§2306.6702)

(3~~4~~5) **Development Site--**The area, or if scattered site areas, for which the Development is proposed to be located and is to be under control pursuant to §~~49~~50.9(h)(7)(A) of this title.

(3~~5~~6) **Development Team--**All Persons or Affiliates thereof that play a role in the Development, construction, Rehabilitation, management and/or continuing operation of the subject Property, which will include any Development Consultant and Guarantor.

(37) **Disaster Area--**means an area that has experienced a disaster and has been declared as a federal or state disaster, or has been identified by the Governor as requiring disaster assistance.

(3~~6~~8) **Economically Distressed Area--**Consistent with §17.921 of Texas Water Code, an Area in which:

(A) Water supply or sewer services are inadequate to meet minimal needs of residential users as defined by Texas Water Development Board rules;

(B) Financial resources are inadequate to provide water supply or sewer services that will satisfy those needs; and

(C) An established residential subdivision was located on June 1, 1989, as determined by the Texas Water Development Board.

(3~~7~~9) **Eligible Basis--**With respect to a building within a Development, the building's Eligible Basis as defined in the Code, §42(d).

(~~38~~40) **Executive Award and Review Advisory Committee ("The Committee")--**A Departmental committee that will develop funding priorities and make funding and allocation recommendations to the Board based upon the evaluation of an Application in accordance with the housing priorities as set forth in Chapter 2306 of the Texas Government Code, and as set forth herein, and the ability of an Applicant to meet those priorities. (§2306.1112)

(~~39~~41) **Existing Residential Development--**Any Development Site which contains 4 or more existing residential Units at the time the Volume I is submitted to the Department.

(4~~0~~2) **Extended Housing Commitment--**An agreement between the Department, the Development Owner and all successors in interest to the Development Owner concerning the extended housing use of buildings within the Development throughout the extended use period as provided in the Code, §42(h)(6). The Extended Housing Commitment with respect to a Development is expressed in the LURA applicable to the Development.

(4~~1~~3) **General Contractor--**One who contracts for the construction or Rehabilitation of an entire Development, rather than a portion of the work. The General Contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors. This party may also be referred to as the "contractor."

(4~~2~~4) **General Partner--**That partner, or collective of partners, identified as the general partner of the partnership that is the Development Owner and that has general liability for the partnership. In addition, unless the context shall clearly indicate the contrary, if the Development

Owner in question is a limited liability company, the term "General Partner" shall also mean the managing member or other party with management responsibility for the limited liability company.

(435) **Governmental Entity--**Includes federal or state agencies, departments, boards, bureaus, commissions, authorities, and political subdivisions, special districts and other similar entities.

(446) **Governmental Instrumentality--**A legal entity such as a housing authority of a city or county, a housing finance corporation, or a municipal utility, which is created by a local political subdivision under statutory authority and which instrumentality is authorized to transact business for the political subdivision.

(47) Grant—Means financial assistance that is awarded in the form of money to a housing sponsor or Development for a specific purpose and that is not required to be repaid. A Grant includes a forgivable loan. (2306.004)

(458) **Guarantor--**Means any Person that provides, or is anticipated to provide, a guaranty for the equity or debt financing for the Development.

(469) **Historically Underutilized Businesses (HUB)--**Any entity defined as a historically underutilized business with its principal place of business in the State of Texas in accordance with Chapter 2161, Texas Government Code.

(4750) **Housing Credit Agency--**A Governmental Entity charged with the responsibility of allocating Housing Tax Credits pursuant to the Code, §42. For the purposes of this title, the Department is the sole "Housing Credit Agency" of the State of Texas.

(4851) **Housing Credit Allocation--**An allocation by the Department to a Development Owner for a specific Application of Housing Tax Credits in accordance with the provisions of this title.

(4952) **Housing Credit Allocation Amount--**With respect to a Development or a building within a Development, that amount the Department determines to be necessary for the financial feasibility of the Development and its viability as a Development throughout the affordability period and which it allocates to the Development.

(503) **Housing Tax Credit ("tax credits")--**A tax credit allocated, or for which a Development may qualify, under the Housing Tax Credit Program, pursuant to the Code, §42. (§2306.6702)

(514) **HUD--**The United States Department of Housing and Urban Development, or its successor.

(525) **Ineligible Building Types--**Those Developments which are ineligible, pursuant to this QAP, for funding under the Housing Tax Credit Program, as follows:

(A) Hospitals, nursing homes, trailer parks, dormitories (or other buildings that will be predominantly occupied by students) or other facilities which are usually classified as transient housing (other than certain specific types of transitional housing for the homeless and single room occupancy units, as provided in the Code, §42(i)(3)(B)(iii) and (iv)) are not eligible. However, structures formerly used as hospitals, nursing homes or dormitories are eligible for Housing Tax Credits if the Development involves the conversion of the building to a non-transient multifamily residential Development. Refer to IRS Revenue Ruling 98-47 for clarification of assisted living.

(B) Any Qualified Elderly Development or age restricted buildings in Intergenerational Housing Developments of two stories or more that does not include elevator service for any Units or living space above the first floor.

(C) Any Qualified Elderly Development or age restricted buildings in Intergenerational Housing Developments with any Units having more than two bedrooms.

(D) Any Development with building(s) with four or more stories that does not include an elevator.

(E) Any Qualified Elderly Development or age restricted buildings in Intergenerational Housing Developments proposing more than 70 percent two-bedroom units.

(EF) Any Development that violates the Integrated Housing Rule of the Department, §1.15 of this title.

(FG) Any Development located in an Urban/Exurban Area involving any New Construction (excluding New Construction of non-residential buildings) of additional Units (other than a Qualified Elderly Development, a Development composed entirely of single family dwellings, and certain specific types of transitional housing for the homeless and single room occupancy units, as provided in the Code, §42(i)(3)(B)(iii) and (iv)) in which any of the designs in clauses (i) - (iv) of this subparagraph are proposed. For Applications involving a combination of single family detached dwellings and multifamily dwellings, the percentages in this subparagraph do not apply to the single family detached dwellings.

For Intergenerational Housing Applications, the percentages in this subparagraph do not apply to buildings that are restricted by the age requirements of a Qualified Elderly Development. An Application may reflect a total of Units for a given bedroom size greater than the percentages stated below to the extent that the increase is only to reach the next highest number divisible by four.

(i) More than 30% of the total Units are one bedroom Units; or

(ii) More than 55% of the total Units are two bedroom Units; or

(iii) More than 40% of the total Units are three bedroom Units; or

(iv) More than 5% of the total Units in the Development with four or more bedrooms.

(~~G~~H) Any Development that includes age restricted units that are not consistent with the Intergenerational Housing definition and policy or the definition of a Qualified Elderly Development.

(I) Any Development that contains residential units either designated for a single occupational group, or through a preference for a single occupational group, violates the general public use requirement.

(5~~3~~6) **Intergenerational Housing--**Housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:

(A) Have separate and specific buildings exclusively for the age restricted units,

(B) Have separate and specific leasing offices and leasing personnel exclusively for the age restricted units,

(C) Have separate and specific entrances, and other appropriate security measures for the age restricted units,

(D) Provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group,

(E) Share the same Development site,

(F) Are developed and financed under a common plan and owned by the same Person for federal tax purposes; and

(G) Meet the requirements of the federal Fair Housing Act.

(5~~4~~7) **IRS--**The Internal Revenue Service, or its successor.

(5~~5~~8) **Land Use Restriction Agreement (LURA)--**An agreement between the Department and the Development Owner which is binding upon the Development Owner's successors in interest, that encumbers the Development with respect to the requirements of this chapter, Chapter 2306, Texas Government Code, and the requirements of the Code, §42. (§2306.6702)

(5~~6~~9) **Local Political Subdivision--**A county or municipality (city) in Texas. For purposes of §~~49~~50.9(i)(5) of this title, a local political subdivision may act through a Government Instrumentality such as a housing authority, housing finance corporation, or municipal utility even if the Government Instrumentality's creating statute states that the entity is not itself a "political subdivision."

(~~57~~60) **Material Noncompliance--**As defined in ~~§~~Chapter 60, Subchapter A of this title.

(~~58~~61) **Minority Owned Business--**A business entity at least 51% of which is owned by members of a minority group or, in the case of a corporation, at least 51% of the shares of which are owned by members of a minority group, and that is managed and Controlled by members of a minority group in its daily operations. Minority group includes women, African Americans, American Indians, Asian Americans, and Mexican Americans and other Americans of Hispanic origin. (§2306.6734)

(62) **Neighborhood Organization**—means an organization that is composed of persons living near one another within the organization's defined boundaries for the neighborhood and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood. A neighborhood organization includes a homeowners' association or a property owners' association.

(~~59~~63) **New Construction~~--~~**—means ~~A~~any construction to a Development or a portion of the Development that does not meet the definition of Rehabilitation ~~or~~ (which includes Reconstruction).

(6~~0~~4) **ORCA--**Office of Rural Community Affairs, as established by Chapter 487 of Texas Government Code. ~~(§2306.6702)~~

(6~~1~~5) **Person--**Means, without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability company, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever and shall include any group of Persons acting in concert toward a common goal, including the individual members of the group.

(6~~2~~6) **Persons with Disabilities--**A person who:

(A) Has a physical, mental or emotional impairment that:

(i) Is expected to be of a long, continued and indefinite duration,

(ii) Substantially impedes his or her ability to live independently, and

(iii) Is of such a nature that the disability could be improved by more suitable housing conditions,

(B) Has a developmental disability, as defined in the Developmental Disabilities Assistance and Bill of Rights Act (§42U.S.C. §15002), or

(C) Has a disability, as defined in 24 CFR §5.403.

(6~~3~~7) **Persons with Special Needs--**Persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers.

(648) **Pre-Application--**A preliminary application, in a form prescribed by the Department, filed with the Department by an Applicant prior to submission of the Application, including any required exhibits or other supporting material, as more fully described in this title. (§2306.6704)

(6~~5~~9) **Pre-Application Acceptance Period--**That period of time during which Competitive Housing Tax Credit Pre-Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department.

(~~66~~70) **Principal--**the term Principal is defined as Persons that will exercise Control over a partnership, corporation, limited liability company, trust, or any other private entity. In the case of:

(A) Partnerships, Principals include all General Partners, Special Limited Partners and Principals with ownership interest;

(B) Corporations, Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer and all other executive officers, and each stock holder having a ten percent or more interest in the corporation; and

(C) Limited liability companies, Principals include all managing members, members having a ten percent or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.

(~~67~~71) **Property--**The real estate and all improvements thereon which are the subject of the Application (including all items of personal property affixed or related thereto), whether currently existing or proposed to be built thereon in connection with the Application.

(~~68~~72) **Qualified Allocation Plan (QAP)--**

(A) As defined in the Code, §42(m)(1)(B): Any plan which sets forth selection criteria to be used to determine housing priorities of the housing credit agency which are appropriate to local conditions; which also gives preference in allocating housing credit dollar amounts among selected projects to projects serving the lowest-income tenants, projects obligated to serve qualified tenants for the longest periods, and projects which are located in qualified census tracts and the development of which contributes to a concerted community revitalization plan; and which provides a procedure that the agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the provisions of the Code, §42 and in notifying the Internal Revenue Service of such noncompliance which such agency becomes aware of and in monitoring for noncompliance with habitability standards through regular site visits.

(B) As defined in §2306.6702, Texas Government Code: A plan adopted by the board that provides the threshold, scoring, and underwriting criteria based on housing priorities of the Department that are appropriate to local conditions; provides a procedure for the Department, the Department's agent, or another private contractor of the Department to use in monitoring compliance with the qualified allocation plan and this subchapter; and consistent with §2306.6710(e), gives preference in housing tax credit allocations to Developments that, as compared to the other Developments:

(i) When practicable and feasible based on documented, committed, and available third-party funding sources, serve the lowest-income tenants per housing tax credit; and

(ii) Produce for the longest economically feasible period the greatest number of high quality units committed to remaining affordable to any tenants who are income-eligible under the low-income housing tax credit program.

(~~69~~73) **Qualified Basis--**With respect to a building within a Development, the building's Eligible Basis multiplied by the Applicable Fraction, within the meaning of the Code, §42(c)(1).

(7~~0~~4) **Qualified Census Tract--**Any census tract which is so designated by the Secretary of HUD in accordance with the Code, §42(d)(5)(C)(ii).

(7~~1~~5) **Qualified Elderly Development--**A Development which meets the requirements of the federal Fair Housing Act and:

(A) Is intended for, and solely occupied by, individuals 62 years of age or older; or

(B) Is intended and operated for occupancy by at least one individual 55 years of age or older per Unit, where at least 80% of the total housing Units are occupied by at least one individual who is 55 years of age or older; and where the Development Owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals 55 years of age or older. (See §42U.S.C. §3607(b)).

(7~~2~~6) **Qualified Market Analyst--**A real estate appraiser certified or licensed by the Texas Appraiser Licensing and Certification Board, a real estate consultant, or other professional currently active in the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality written report. The individual's performance, experience, and educational background will provide the general basis for determining competency as a Market Analyst. Competency will be determined by the Department, in its sole discretion. The Qualified Market Analyst must be a Third Party.

(7~~3~~7) **Qualified Nonprofit Organization**--An organization that is described in the Code, §501(c)(3) or (4), as these cited provisions may be amended from time to time, that is exempt from federal income taxation under the Code, §501(a), that is not affiliated with or Controlled by a for profit organization, and includes as one of its exempt purposes the fostering of low-income housing within the meaning of the Code, §42(h)(5)(C). A Qualified Nonprofit Organization may select to compete in one or more of the Set-Asides, including, but not limited to, the nonprofit Set-Aside, the At-Risk Development Set-Aside and the ~~TX-USDA-RHS~~TRDO-USDA Allocation. (§2306.6729)

(7~~4~~8) **Qualified Nonprofit Development--**A Development in which a Qualified Nonprofit Organization (directly or through a partnership or wholly-owned subsidiary) holds a controlling interest, materially participates (within the meaning of the Code, §469(h), as it may be amended from time to time) in its development and operation throughout the Compliance Period, and otherwise meets the requirements of the Code, §42(h)(5). (§2306.6729)

~~(75) **Reconstruction--**The demolition of one or more residential buildings in an Existing Residential Development and the re-construction of the Units on the Development Site. Developments proposing adaptive re-use or proposing to increase the total number of Units in the Existing Residential Development are not considered Reconstruction.~~

(~~76~~79) **Reference Manual--**That certain manual, and any amendments thereto, produced by the Department which sets forth reference material pertaining to the Housing Tax Credit Program.

(~~77~~80) **Rehabilitation~~--~~**~~—~~means ~~T~~the improvement or modification of an Existing Residential Development through an alteration~~s~~, incidental addition~~s~~ or enhancement~~s~~. The term includes the demolition of an Existing Residential Development and the Reconstruction of any development units, but does not include the improvement or modification of an Existing Residential Development for the purposes of an adaptive reuse of the Development. Rehabilitation includes repairs necessary to correct the results of deferred maintenance, the replacement of principal fixtures and components, improvements to increase the efficient use of energy, and installation of security devices. Reconstruction, for these purposes, includes the demolition of one or more residential buildings in an Existing Residential Development and the re-construction of the Units on the Development Site. Developments proposing adaptive re-use or proposing to increase the total number of Units in the Existing Residential Development are not considered Reconstruction. ~~Rehabilitation may include demolition within the existing walls of a structure to increase or decrease the number of Units or Bedrooms, but does not include demolition or adaptive reuse~~.

(~~78~~81) **Related Party--**As defined, (§2306.6702)

(A) The following individuals or entities:

(i) The brothers, sisters, spouse, ancestors, and descendants of a person within the third degree of consanguinity, as determined by Chapter 573, Texas Government Code;

(ii) A person and a corporation, if the person owns more than 50 percent of the outstanding stock of the corporation;

(iii) Two or more corporations that are connected through stock ownership with a common parent possessing more than 50 percent of:

(I) The total combined voting power of all classes of stock of each of the corporations that can vote;

(II) The total value of shares of all classes of stock of each of the corporations; or

(III) The total value of shares of all classes of stock of at least one of the corporations, excluding, in computing that voting power or value, stock owned directly by the other corporation;

(iv) A grantor and fiduciary of any trust;

(v) A fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;

(vi) A fiduciary of a trust and a beneficiary of the trust;

(vii) A fiduciary of a trust and a corporation if more than 50 percent of the outstanding stock of the corporation is owned by or for:

(I) The trust; or

(II) A person who is a grantor of the trust;

(viii) A person or organization and an organization that is tax-exempt under the Code, §501(a), and that is controlled by that person or the person's family members or by that organization;

(ix) A corporation and a partnership or joint venture if the same persons own more than:

(I) 50 percent of the outstanding stock of the corporation; and

(II) 50 percent of the capital interest or the profits' interest in the partnership or joint venture;

(x) An S corporation and another S corporation if the same persons own more than 50 percent of the outstanding stock of each corporation;

(xi) An S corporation and a C corporation if the same persons own more than 50 percent of the outstanding stock of each corporation;

(xii) A partnership and a person or organization owning more than 50 percent of the capital interest or the profits' interest in that partnership; or

(xiii) Two partnerships, if the same person or organization owns more than 50 percent of the capital interests or profits' interests.

(B) Nothing in this definition is intended to constitute the Department's determination as to what relationship might cause entities to be considered "related" for various purposes under the Code.

(~~79~~82) **Rules--**The Department's Housing Tax Credit Program Qualified Allocation Plan and Rules as presented in this title.

(8~~0~~3) **Rural Area~~--~~**~~—~~means ~~A~~an area that is located:

(A) Outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;

(B) Within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 2~~0~~5,000 or less and does not share a boundary with an urban area; or

(C) In an Area that is eligible for ~~New Construction~~ funding by Texas Rural Development Office or the United States Department of Agriculture (~~TX~~TRDO-USDA~~-RHS~~), other than an area that is located in a municipality with a population of more than 50,000~~; or~~

~~(D) On a specific Development Site eligible for Rehabilitation funding by TX-USDA-RHS as evidenced by an executed TX-USDA-RHS letter indicating TX-USDA-RHS has received a Consent Request, also referred to as a Preliminary Submittal, as described in 7 CFR 3560.406~~. (§2306.~~6702~~004)

(8~~1~~4) **Rural Development~~--~~**~~—~~means ~~A~~a Development or proposed Development that is located ~~with~~in a Rural Area, other than rural new construction Developments with more than 80 units. ~~A Rural Development may not exceed 76 Units if involving any New Construction (excluding New Construction of non-residential buildings).~~

(8~~2~~5) **Selection Criteria--**Criteria used to determine housing priorities of the State under the Housing Tax Credit Program as specifically defined in §~~49~~50.9(i) of this title.

(8~~3~~6) **Set-Aside--**A reservation of a portion of the available Housing Tax Credits under the State Housing Credit Ceiling to provide financial support for specific types of housing or geographic locations or serve specific types of Applications or Applicants as permitted by the Qualified Allocation Plan on a priority basis. (§2306.6702)

(8~~4~~7) **State Housing Credit Ceiling--**The limitation on the aggregate amount of Housing Credit Allocations that may be made by the Department during any calendar year, as determined from time to time by the Department in accordance with the Code, §42(h)(3)(C).

(8~~5~~8) **Student Eligibility--**Per the Code, §42(i)(3)(D), A unit shall not fail to be treated as a low-income unit merely because it is occupied:

(A) By an individual who is:

(i) A student and receiving assistance under Title IV of the Social Security Act (§42U.S.C. §§601 et seq.), or

(ii) Enrolled in a job training program receiving assistance under the Job Training Partnership Act (29 USCS §§1501 et seq., generally; for full classification, consult USCS Tables volumes) or under other similar Federal, State, or local laws, or

(B) Entirely by full-time students if such students are:

(i) Single parents and their children and such parents and children are not dependents (as defined in §152) of another individual, or

(ii) Married and file a joint return.

(8~~6~~9) **Tax-Exempt Bond Development--**A Development requesting or having been awarded housing tax credits and which receives a portion of its financing from the proceeds of tax-exempt bonds which are subject to the state volume cap as described in the Code, §42(h)(4), such that the Development does not receive an allocation of tax credit authority from the State Housing Credit Ceiling.

(~~87~~90) **Third Party--**A Third Party is a Person who is not an:

(A) Applicant, General Partner, Developer, or General Contractor, or

(B) An Affiliate or a Related Party to the Applicant, General Partner, Developer or General Contractor, or

(C) Person(s) receiving any portion of the contractor fee or developer fee.

(~~88~~91) **Threshold Criteria--**Criteria used to determine whether the Development satisfies the minimum level of acceptability for consideration as specifically defined in §~~49~~50.9(h) of this title. (§2306.6702)

(~~89~~92) **Total Housing Development Cost--**The total of all costs incurred or to be incurred by the Development Owner in acquiring, constructing, rehabilitating and financing a Development, as determined by the Department based on the information contained in the Application. Such costs include reserves and any expenses attributable to commercial areas. Costs associated with the sale or use of Housing Tax Credits to raise equity capital shall also be included in the Total Housing Development Cost. Such costs include but are not limited to syndication and partnership organization costs and fees, filing fees, broker commissions, related attorney and accounting fees, appraisal, engineering, and the environmental site assessment.

(9~~0~~3) ~~**TX**~~**TRDO-USDA-~~RHS~~--~~The Rural Housing Services (RHS)~~**Texas Rural Development Office (TRDO) of the United States Department of Agriculture (USDA) serving the State of Texas (also known as USDA Rural Development and formerly known as TxFmHA) or its successor.

(9~~1~~4) **Unit--**Any residential rental unit consisting of an accommodation including a single room used as an accommodation on a non-transient basis, that contains complete physical facilities and fixtures for living, sleeping, eating, cooking (such as a microwave), and sanitation. (§2306.6702) For purposes of completing the Rent Schedule for loft or studio type Units (which still must meet the definition of Bedroom), a Unit with 649 square feet or less is considered an efficiency Unit, a Unit with 650 to 899 square feet is considered not more than a one-bedroom Unit, a Unit with 900 to 999 square feet is considered not more than a two-bedroom Unit, a Unit with 1000 to 1199 square feet is considered not more than a three-bedroom Unit, and a Unit with 1200 square feet or more is considered a four bedroom Unit.

(9~~2~~5) **Urban~~/Exurban~~ Area--**~~Non-Rural Areas located within the boundaries of a metropolitan Area as designated by the US Office of Management and Budget as of November 1, 2006, or for Tax-Exempt Bond Developments or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.), the date Volume III is submitted to the Department.~~means the Area that is located within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area other than an Area described in subparagraph (84)(B) or eligible for funding as described in subparagraph (84)(C) of this subsection.

§~~49~~50.4.State Housing Credit Ceiling.

The Department shall determine the State Housing Credit Ceiling for each calendar year as provided in the Code, §42(h)(3)(C), using such information and guidance as may be made available by the Internal Revenue Service. The Department shall publish each such determination in the Texas Register within 30 days after the receipt of such information as is required for that purpose by the Internal Revenue Service. The aggregate amount of commitments of Housing Credit Allocations made by the Department during any calendar year shall not exceed the State Housing Credit Ceiling for such year as provided in the Code, §42. As permitted by the Code, §42(h)(4), Housing Credit Allocations made to Tax-Exempt Bond Developments are not included in the State Housing Credit Ceiling.

§~~49~~50.5.Ineligibility; Disqualification and Debarment; Certain Applicant and Development Standards; Representation by Former Board Member or Other Person; Due Diligence, Sworn Affidavit; Appeals and Administrative Deficiencies for Ineligibility, Disqualification and Debarment.

(a) **Ineligibility.** An Application is ineligible if:

(1) The Applicant, Development Owner, Developer or Guarantor has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs; or (§2306.6721(c)(2))

(2) The Applicant, Development Owner, Developer or Guarantor has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline; or

(3) The Applicant, Development Owner, Developer or Guarantor at the time of Application is: subject to an enforcement or disciplinary action under state or federal securities law or by the NASD; is subject to a federal tax lien; or is the subject of an enforcement proceeding with any Governmental Entity; or

(4) The Applicant, Development Owner, Developer or Guarantor with any past due audits has not submitted those past due audits to the Department in a satisfactory format. A Person is not eligible to receive a commitment of Housing Tax Credits from the Department if any audit finding or questioned or disallowed cost is unresolved as of June 1 of each year, or for Tax-Exempt Bond Developments or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than 30 days after Volume III of the application is submitted; or

(5) (§2306.6703(a)(1)) At the time of Application or at any time during the two-year period preceding the date the Application Round begins (or for Tax-Exempt Bond Developments any time during the two-year period preceding the date the Application is submitted to the Department), the Applicant or a Related Party is or has been:

(A) A member of the Board; or

(B) The Executive Director, a Deputy Executive Director, the Director of Multifamily Finance Production, the Director of Portfolio Management and Compliance, the Director of Real Estate Analysis, or a manager over housing tax credits employed by the Department.

(6) (§2306.6703(a)(2)) The Applicant proposes to replace in less than 15 years any private activity bond financing of the Development described by the Application, unless:

(A) The Applicant proposes to maintain for a period of 30 years or more 100 percent of the Development Units supported by Housing Tax Credits as rent-restricted and exclusively for

occupancy by individuals and families earning not more than 50 percent of the Area Median Gross Income, adjusted for family size; and

(B) At least one-third of all the units in the Development are public housing units or Section 8 Development-based units; or,

(7) The Development is located in a municipality or in a valid Extra Territorial Jurisdiction (ETJ) of a municipality, or if located completely outside a municipality, a county, that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins (or for Tax-Exempt Bond Developments at the time the reservation is made by the Texas Bond Review Board) unless the Applicant: (§2306.6703(a)(4))

(A) Has obtained prior approval of the Development from the governing body of the appropriate municipality or county containing the Development; and

(B) Has included in the Application a written statement of support from that governing body. This statement must reference~~ing~~ this rule and authorize~~ing~~ an allocation of housing tax credits for the Development;

(C) For purposes of this paragraph, evidence under subparagraphs (A) and (B) of this paragraph must be received by the Department no later than ~~April 2, 2007~~April 1, 2008 (or for Tax-Exempt Bond Developments no later than 14 days before the Board meeting where the credits will be considered) and may not be more than one year old from the date the Volume 1 is submitted to the Department; or

(8) The Applicant proposes to construct a new development proposing New Construction (excluding New Construction of non-residential buildings) that is located one linear mile (measured by a straight line on a map) or less from a Development that: (§2306.6703(a)(3))

(A) Serves the same type of household as the new development, regardless of whether the development serves families, elderly individuals, or another type of household (Intergenerational Housing is not a type of household as it relates to this restriction);

(B) Has received an allocation of Housing Tax Credits (including Tax-Exempt Bond Developments) for any New Construction at any time during the three-year period preceding the date the application round begins (or for Tax-Exempt Bond Developments the three-year period preceding the date the Volume I is submitted); and

(C) Has not been withdrawn or terminated from the Housing Tax Credit Program.

(D) An Application is not ineligible under this paragraph if:

(i) The Development is using federal HOPE VI funds received through the United States Department of Housing and Urban Development; locally approved funds received from a public improvement district or a tax increment financing district; funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (§42U.S.C. §12701 et seq.); or funds provided to the state and participating jurisdictions under the Housing and Community Development Act of 1974 (§42U.S.C. §5301 et seq.); or

(ii) The Development is located in a county with a population of less than one million; or

(iii) The Development is located outside of a metropolitan statistical area; or

(iv) The local government where the Development is to be located has by vote specifically allowed the construction of a new Development located within one linear mile or less from a Development described under subparagraphs (A) - (C) of this paragraph. For purposes of this clause, evidence of the local government vote or evidence required by subparagraph (D) of this paragraph must be received by the Department no later than April 2, 2007 (or for Tax-Exempt Bond Developments no later than 14 days before the Board meeting where the credits will be committed) and may not be more than one year old.

(E) In determining the age of an existing Development as it relates to the application of the three-year period, the Development will be considered from the date the Board took action on approving the allocation of tax credits. In dealing with ties between two or more Developments as it relates to this rule, refer to §~~49~~50.9(j) of this title.

(9) A submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review can not reasonably be performed by the Department, as determined by the Department. If an Application is determined ineligible pursuant to

this section, the Application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibly will be included in the Termination letter to the Applicant.

(b) **Disqualification and Debarment.** The Department will disqualify an Application, and/or debar a Person ~~(see §2306.6721, Texas Government Code)~~, if it is determined by the Department that any issues identified in the paragraphs of this subsection exist. The Department may debar a Person for one year from the date of debarment, or until the violation causing the debarment has been remedied, whichever term is longer, if the Department determines the facts warrant it. Causes for disqualification and debarment include: (§2306.6721)

(1) The provision of fraudulent information, knowingly falsified documentation, or other intentional or negligent material misrepresentation in the Application or other information submitted to the Department at any stage of the evaluation or approval process; or

(2) The Applicant, Development Owner, Developer or Guarantor or anyone that has Controlling ownership interest in the Development Owner, Developer or Guarantor that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA (or any other document containing an Extended Housing Commitment) or the program rules in effect for such property as further described in §60 of this title on May 1, ~~2007~~2008 for Competitive Housing Tax Credit Applications or for Tax-Exempt Bond Development~~s~~ Applications or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than 30 days after Volume III of the application is submitted; (§2306.6721(c)(3)) or

~~(3) The Applicant, Development Owner, Developer or Guarantor or anyone that has Controlling ownership interest in the Development Owner, Developer or Guarantor that is active in the ownership or Control of one or more other rent restricted rental housing properties outside of the state of Texas has an incidence of Material Noncompliance with the LURA or the program rules in effect for such tax credit property as further described in §60 of this title on May 1, 2007 or for Tax-Exempt Bond Developments or other Applications not applying for Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) no later than 30 days after Volume III of the application is submitted; or~~

(~~4~~3) The Applicant, Development Owner, Developer, or any Guarantor, or any Affiliate of such entity has been a Principal of any entity that failed to make all loan payments to the Department in accordance with the terms of the loan, as amended, or was otherwise in default with any provisions of any loans from the Department~~.~~; or

(~~5~~4) The Applicant or the Development Owner that is active in the ownership or Control of one or more tax credit properties in the state of Texas has failed to pay in full any fees or penalties within 30 days of when they were billed by the Department, as further described in §~~49~~50.20 of this title; or

(~~6~~5) ~~The~~ An Applicant or a Related Party and any Person who is active in the construction, Rehabilitation, ownership, or Control of the proposed Development, including a General Partner or contractor, and a Principal or Affiliate of a General Partner or contractor, or an individual employed as a consultant, lobbyist or attorney by ~~the~~ an Applicant or a Related Party, communicates with any Board member during the period of time beginning on the date ~~an~~ Applications ~~is~~are filed in an Application Round and ending on the date the Board makes a final decision with respect to ~~any~~ the approval of ~~that~~any Application in that Application Round, unless the communication takes place at any board meeting or public hearing held with respect to that Application but not during a recess or other non-record portion of the meeting or hearing. Communication with Department staff must be in accordance with §~~49~~50.9(b) of this title; violation of the communication restrictions of §~~49~~50.9(b) is also a basis for disqualification and/or debarment. (§2306.1113)

(~~7~~6) It is determined by the Department's General Counsel that there is evidence that establishes probable cause to believe that an Applicant, Development Owner, Developer, or any of their employees or agents has violated a state revolving door or other standard of conduct or conflict of interest statute, including §2306.6733, Texas Government Code, or a section of Chapter 572, Texas Government Code, in making, advancing, or supporting the Application.

(~~8~~7) Applicants may be ineligible as further described in §~~49.17(d)(8)~~50.5 of this title.

(~~9~~8) The Applicant, Development Owner, Developer, Guarantor, or any Affiliate of such entity whose previous funding contracts or commitments have been partially or fully deobligated due to a failure to meet contractual obligations during the 12 months prior to the submission of the applications.

(~~10~~9) The Applicant, Development Owner, Developer, Guarantor, or any Affiliate of such entity whose pre-development award from the Department has not been repaid for the Development at the time of Carryover Allocation or Bond closing.

(c) **Certain Applicant and Development Standards.** Notwithstanding any other provision of this section, the Department may not allocate tax credits to a Development proposed by an Applicant if the Department determines that: (§2306.223)

(1) The Development is not necessary to provide needed decent, safe, and sanitary housing at rental prices that individuals or families of low and very low-income or families of moderate income can afford;

(2) The Development Owner undertaking the proposed Development will not supply well-planned and well-designed housing for individuals or families of low and very low-income or families of moderate income;

(3) The Development Owner is not financially responsible;

(4) The Development Owner has contracted, or will contract for the proposed Development with, a Developer that:

(A) Is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development;

(B) Has breached a contract with a public agency and failed to cure that breach; or

(C) Misrepresented to a subcontractor the extent to which the Developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the Developer's participation in contracts with the agency and the amount of financial assistance awarded to the Developer by the agency;

(5) The financing of the housing Development is not a public purpose and will not provide a public benefit; and/or

(6) The Development will be undertaken outside the authority granted by this chapter to the Department and the Development Owner.

(d) **Representation by Former Board Member or Other Person.** (§2306.6733)

(1) A former Board member or a former executive director, deputy executive director, director of multifamily finance production, director of portfolio management and compliance, director of real estate analysis or manager over housing tax credits previously employed by the Department may not:

(A) For compensation, represent an Applicant or one of its Related Parties for an allocation of tax credits before the second anniversary of the date that the Board member's, director's, or manager's service in office or employment with the Department ceased;

(B) Represent any Applicant or a Related Party of an Applicant or receive compensation for services rendered on behalf of any Applicant or Related Party regarding the consideration of an Application in which the former board member, director, or manager participated during the period of service in office or employment with the Department, either through personal involvement or because the matter was within the scope of the board member's, director's, or manager's official responsibility; or for compensation, communicate directly with a member of the legislative branch to influence legislation on behalf of an Applicant or Related Party before the second anniversary of the date that the board member's, director's, or manager's service in office or employment with the Department ceased.

(2) A Person commits a criminal offense if the Person violates §2306.6733. An offense under this section is a Class A misdemeanor.

(e) **Due Diligence, Sworn Affidavit.** In exercising due diligence in considering information of possible ineligibility, possible grounds for disqualification and debarment, Applicant and Development standards, possible improper representation or compensation, or similar matters, the Department may

request a sworn affidavit or affidavits from the Applicant, Development Owner, Developer, Guarantor, or other persons addressing the matter. If an affidavit determined to be sufficient by the Department is not received by the Department within seven business days of the date of the request by the Department, the Department may terminate the Application.

(f) **Appeals and Administrative Deficiencies for Ineligibility, Disqualification and Debarment.** An Applicant or Person found ineligible, disqualified, debarred or otherwise terminated under subsections (a) - (e) of this section will be notified in accordance with the Administrative Deficiency process described in §~~49~~50.9(d)(4) of this title. They may also utilize the appeals process described in §~~49~~50.17(b) of this title. (§2306.6721(d))

§~~49~~50.6.Site and Development Restrictions: Floodplain; Ineligible Building Types; Scattered Site Limitations; Credit Amount; Limitations on the Size of Developments; Limitations on Rehabilitation Costs; Unacceptable Sites; Appeals and Administrative Deficiencies for Site and Development Restrictions.

(a) **Floodplain.** Any Development proposing New Construction or Reconstruction and located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain, subject to more stringent local requirements. If no FEMA Flood Insurance Rate Maps are available for the proposed Development, flood zone documentation must be provided from the local government with jurisdiction identifying the 100 year floodplain. No buildings or roads that are part of a Development proposing Rehabilitation, with the exception of Developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for New Construction.

(b) **Ineligible Building Types.** Applications involving Ineligible Building Types as defined in §~~49~~50.3(~~52~~55) of this title will not be considered for allocation of tax credits.

(c) **Scattered Site Limitations.** Consistent with §~~49~~50.3(31) of this title, a Development must be financed under a common plan, be owned by the same Person for federal tax purposes, and the buildings may be either located on a single site or contiguous site, or be located on scattered sites and contain only rent-restricted units. Tax-Exempt Bond Developments are permitted to be located on multiple sites consistent with Section 1372, Texas Government Code and as further clarified by the Texas Bond Review Board.

(d) **Credit Amount.** The Department shall issue tax credits only in the amount needed for the financial feasibility and viability of a Development throughout the affordability period. The issuance of tax credits or the determination of any allocation amount in no way represents or purports to warrant the feasibility or viability of the Development by the Department, or that the Development will qualify for and be able to claim Housing Tax Credits. The Department will limit the allocation of tax credits to no more than $1.2 million per Development, adjusted annually for CPI (consumer price index) and published once each year in the Application Reference Manual prior to the Application Round. The Department shall not allocate more than $2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor; Competitive Housing Tax Credits approved by the Board during the ~~2007~~2008 calendar year, including commitments from the ~~2007~~2008 Credit Ceiling and forward commitments from the ~~2008~~2009 Credit Ceiling, are applied to the credit cap limitation for the ~~2007~~2008 Application Round. In order to evaluate this $2 million limitation, Nonprofit entities, public housing authorities, publicly traded corporations, individual board members, and executive directors must provide the documentation required in the Application with regard to this requirement. In order to encourage the capacity enhancement of inexperienced developers ~~in rural areas~~, the Department will prorate the credit amount allocated in situations where an Application is submitted in the either the Rural Regional Allocation or the Urban Regional Allocation~~and the Development has 76 Units or less~~. The Department will prorate the credits based on the percentage ownership, if there is an

ownership interest, or the proportional percentage of the developer fee received, if this applies to a Developer without an ownership interest. To be considered for this provision, a copy of a Joint Venture Agreement and narrative on how this builds the capacity of the inexperienced developers is required. Tax-Exempt Bond Development Applications are not subject to these Housing Tax Credit limitations, and Tax-Exempt Bond Development~~s~~ Applications will not count towards the total limit on tax credits per Applicant. The limitation does not apply (§2306.6711(b)):

(1) To an entity which raises or provides equity for one or more Developments, solely with respect to its actions in raising or providing equity for such Developments (including syndication related activities as agent on behalf of investors);

(2) To the provision by an entity of "qualified commercial financing" within the meaning of the Code (without regard to the 80% limitation thereof);

(3) To a Qualified Nonprofit Organization or other not-for-profit entity, to the extent that the participation in a Development by such organization consists only of the provision of loan funds, grants or social services; and

(4) To a Development Consultant with respect to the provision of consulting services, provided the Development Consultant fee received for such services does not exceed 10% of the fee to be paid to the Developer ~~(or 20% for Qualified Nonprofit Developments)~~, or $150,000, whichever is greater.

(e) **Limitations on the Size of Developments.**

(1) The minimum Development size will be 16 Units if the Development involves Housing Tax Credits. The minimum Development size will be 4 Units if the funding source only involves the Housing Trust Fund or HOME Program.

(2) Rural Developments involving any New Construction (excluding New Construction of non-residential buildings) will be limited to ~~76~~80 Units (this includes individual Tax-Exempt Bond Developments). Rural Developments involving only Rehabilitation (excluding Reconstruction) do not have a size limitation.

(3) Urban Developments involving any New Construction (excluding New Construction of non-residential buildings), ~~that are not Tax-Exempt Bond Developments,~~ will be limited to 252 Total Units, wherein the maximum Department administered Units will be limited to 200 Units. Tax-Exempt Bond Developments will be limited to 252 Total Units. These maximum Unit limitations also apply to those Developments which involve a combination of Rehabilitation, Reconstruction, and New Construction. Only Developments that consist solely of acquisition/Rehabilitation or Rehabilitation ~~only~~ may exceed the maximum Unit restrictions.

(4) For those Developments which are a second phase or are otherwise adjacent to an existing tax credit Development unless such proposed Development is being constructed to provide replacement of previously existing affordable multifamily units on its site (in a number not to exceed the original units being replaced, unless a market study supports the absorption of additional units) or that were originally located within a one mile radius from the proposed Development, the combined Unit total for the Developments may not exceed the maximum allowable Development size, unless the first phase has been completed and has attained Sustaining Occupancy (as defined in §1.31 of this title) for at least six months or a resolution is submitted with the Application from the local political authority stating there is an additional need and the market study supports the additional units.

(f) **Limitations on the Location of Developments.** Staff will only recommend, and the Board may only allocate, housing tax credits from the Credit Ceiling to more than one Development from the Credit Ceiling in the same calendar year if the Developments are, or will be, located more than one linear mile apart as determined by the Department. If the Board forward commits credits from the following year's allocation of credits, the Development is considered to be in the calendar year in which the Board votes, not in the year of the Credit Ceiling. This limitation applies only to communities contained within counties with populations exceeding one million (which for calendar year ~~2007~~2008 are Harris, Dallas, Tarrant and Bexar Counties). For purposes of this rule, any two sites not more than one linear mile apart are deemed to be "in a single community." (§2306.6711(f)) This restriction does not apply to the allocation of housing tax credits to Developments financed through the Tax-Exempt

Bond program, including the Tax-Exempt Bond Developments Applications under review and existing Tax-Exempt Bond Developments in the Department's portfolio. (§2306.67021)

(g) **Limitations of Development in Certain Census Tracts.** Staff will not recommend and the Board will not allocate housing tax credits for a Competitive Housing Tax Credit or Tax Exempt Bond Development located in a census tract that has more than 30% Housing Tax Credit Units per total households in the census tract as established by the U.S. Census Bureau for the most recent Decennial Census unless the Applicant:

(1) In an area whose population is less than 100,000;

(2) Proposes only Reconstruction or Rehabilitation (excluding New Construction of non-residential buildings); or,

(3) Submits to the Department an approval of the Development referencing this rule in the form of a resolution from the governing body of the appropriate municipality or county containing the Development. For purposes of this paragraph, evidence of the local government approval must be received by the Department no later than April 21, 20072008 for Competitive Housing Tax Credit Applications (or for Tax-Exempt Bond Developments Applications no later than 14 days before the Board meeting where the credits will be committed). These ineligible census tracts are outlined in the 20072008 Housing Tax Credit Site Demographic Characteristics Report.

(h) **Limitations on Developments Proposing to Qualify for a 30% increase in Eligible Basis.** Staff will only recommend a 30% increase in Eligible Basis:

(1) If the Development proposing to build in a Hurricane Rita Gulf Opportunity Zone (Rita GO Zone), which was designated as a Difficult to Develop Area as determined by HB4440, is able to be placed in service by December 31, 20082010 (or date as revised by the Internal Revenue Service) as certified in the Application; or,

(2) The Development is located in a Qualified Census Tract that has less than 40% Housing Tax Credit Units per households in the tract as established by the U.S. Census Bureau for the most recent Decennial Census. Developments located in a Qualified Census Tract that has in excess of 40% Housing Tax Credit Units per households in the tract are not eligible to qualify for a 30% increase in Eligible Basis, which would otherwise be available for the Development site pursuant to the Code, §42(d)(5)(C), unless the Development is proposing only Reconstruction or Rehabilitation (excluding New Construction of non-residential buildings. These ineligible Qualified Census Tracts are outlined in the 2007 Housing Tax Credit Site Demographic Characteristics Report.

(i) **Rehabilitation Costs.** Developments involving Rehabilitation must establish that the Rehabilitation will substantially improve the condition of the housing and will involve at least $12,000 per Unit in direct hard costs (including site work, contingency, contractor profit, overhead and general requirements) unless financed with TX-USDA-RHSTRDO-USDA in which case the minimum is $6,000.

(j) **Unacceptable Sites.** Developments will be ineligible if the Development is located on a site that is determined to be unacceptable by the Department.

(k) **Appeals and Administrative Deficiencies for Site and Development Restrictions.** An Application or Development found to be in violation under subsections (a) - (hk) of this section will be notified in accordance with the Administrative Deficiency process described in §4950.9(d)(4) of this title. They may also utilize the appeals process described in §4950.17(b) of this title.

§4950.7.Regional Allocation Formula; Set-Asides; Redistribution of Credits.

(a) **Regional Allocation Formula.** §2306.1115 Aas required by §2306.111(d), Texas Government Code, the Department uses a regional distribution formula developed by the Department and commented on by the public to distribute credits from the State Housing Credit Ceiling to all urban/exurban areas and rural areas. The formula is based on the need for housing assistance, and the availability of housing resources in those urban/exurban areas and rural areas, and the Department uses the information contained in the Department's annual state low income housing plan and other

~~appropriate data to develop the formula.~~ This formula establishes separate targeted tax credit amounts for rural areas and urban~~/exurban~~ areas within each of the Uniform State Service Regions. Each Uniform State Service Region's targeted tax credit amount will be published on the Department's web site. The regional allocation for rural areas is referred to as the Rural Regional Allocation and the regional allocation for urban~~/exurban~~ areas is referred to as the Urban~~/Exurban~~ Regional Allocation. Developments qualifying for the Rural Regional Allocation must meet the Rural Development definition. The Regional Allocation target will reflect that at least 20% of the State Housing Credit Ceiling for each calendar year shall be allocated to Developments in Rural Areas with a minimum of $500,000 for each uniform state service region. (2306.111(d-3) ~~At least 5% of each region's allocation for each calendar year shall be allocated to Developments which are financed through TX-USDA-RHS, that meet the definition of a Rural Development, do not exceed 76 Units if proposing any New Construction (excluding New Construction of non-residential buildings), and have filed an "Intent to Request 2007 Housing Tax Credits" form by the Pre-Application submission deadline. These Developments will be attributed to the Rural Regional Allocation in each region where they are located. Developments financed through TX-USDA-RHS's 538 Guaranteed Rural Rental Housing Program will be considered under this set-aside. Any Rehabilitation or Reconstruction of an existing 515 development that retains the 515 loan and restrictions, regardless of the source or nature of additional financing, will be considered under this set-aside. Commitments of 2007 Housing Tax Credits issued by the Board in 2006 will be applied to each Set-Aside, Rural Regional Allocation, Urban/Exurban Regional Allocation and TX-USDA-RHS Allocation for the 2007 Application Round as appropriate.~~

(b) **Set-Asides.** An Applicant may elect to compete in as many of the following Set-Asides for which the proposed Development qualifies: (§2306.111(d))

(1) At least 10% of the State Housing Credit Ceiling for each calendar year shall be allocated to Qualified Nonprofit Developments which meet the requirements of the Code, §42(h)(5). Qualified Nonprofit Organizations must have the Controlling interest in the Qualified Nonprofit Development applying for this Set-Aside. If the organization's Application is filed on behalf of a limited partnership, the Qualified Nonprofit Organization must be the controlling managing General Partner. If the organization's Application is filed on behalf of a limited liability company, the Qualified Nonprofit Organization must be the controlling Managing Member. Additionally, a Qualified Nonprofit Development submitting an Application in the nonprofit set-aside must have the nonprofit entity or its nonprofit affiliate or subsidiary be the Developer or a co-Developer as evidenced in the development agreement. (§2306.6729 and §2306.6706(b))

(2) At least 5% of the State Housing Credit Ceiling for each calendar year shall be allocated to Developments which are financed through TRDO-USDA, that meet the definition of a Rural Development, do not exceed 80 Units if proposing any New Construction (excluding New Construction of non-residential buildings), and have filed an "Intent to Request 2008 Housing Tax Credits" form by the Pre-Application submission deadline. (2306.111(d-2) These Developments will be attributed to the At-Risk set-aside. Developments financed through TRDO-USDA's 538 Guaranteed Rural Rental Housing Program will not be considered under this set-aside. Any Rehabilitation or Reconstruction of an existing 515 development that retains the 515 loan and restrictions, regardless of the source or nature of additional financing, will be considered under the At-Risk and USDA set-aside. Commitments of 2008 Competitive Housing Tax Credits issued by the Board in 2007 will be applied to each Set-Aside, Rural Regional Allocation, Urban Regional Allocation and/or TRDO-USDA Allocation for the 2008 Application Round as appropriate.

(~~2~~3) At least 15% of the ~~allocation to each Uniform State Service Region~~ State Housing Credit Ceiling for each calendar year will be ~~set aside for~~ allocated~~ion~~ under the At-Risk Development Set-Aside and will be deducted from the State Housing Credit Ceiling prior to the application of the regional formula required under subsection (a) of this section. Through this Set-Aside, the Department, to the extent possible, shall allocate credits to Applications involving the preservation of Developments designated as At-Risk Developments as defined in §~~49~~50.3(13) of this title. (§2306.6714). To qualify as an At-Risk Development, the Applicant must provide evidence that it either is not eligible to renew, retain or preserve any portion of the financial benefit described in §~~49~~50.3(13)(A) of this title, or

provide evidence that it will renew, retain or preserve the financial benefit described in §4950.3(13)(A) of this title; and must have filed an "Intent to Request 20072008 Housing Tax Credits" form by the Pre-Application submission deadline. Up to 5% of the State Credit Ceiling associated with this Set-Aside may be given priority to Rehabilitation Developments funded with TRDO.

(c) **Redistribution of Credits.** (§2306.111(d)) If any amount of housing tax credits remain after the initial commitment of housing tax credits among the Set-Asides, Rural Regional Allocation and Urban/Exurban Regional Allocation within each Uniform State Service Region and among the Set-Asides, the Department may redistribute the credits amongst the different regions and Set-Asides depending on the quality of Applications submitted as evaluated under the factors described in §4950.9(d) of this title, the need to most closely achieve regional allocation goals and then the level of demand exhibited in the Uniform State Service Regions during the AllocationApplication Round., except that, if there are any tax credits set aside for Developments in a Rural Area in a specific uniform region that remain after the allocation under §50.9(d)(5)(C), those tax credits shall be made available in any other Rural Area in the state, first, and then to Developments in Urban areas of any uniform state service region.(2306.111(d-3)) However aAs described in subsections (b)(1-2) of this section, no more than 90% of the State's Housing Credit Ceiling for the calendar year may go to Developments which are not Qualified Nonprofit Developments. If credits will be transferred from a Uniform State Service Region which does not have enough qualified Applications to meet its regional credit distribution amount, then those credits will be apportioned to the other Uniform State Service Regions.

§4950.8.Pre-Applications for Competitive Housing Tax Credits: Submission; Communication with Departments Staff; Evaluation Process; Threshold Criteria and Review; Results (§2306.6704).

(a) **Pre-Application Submission.** Any Applicant requesting a Housing Credit Allocation may submit a Pre-Application to the Department during the Pre-Application Acceptance Period along with the required Pre-Application Fee as described in §4950.20 of this title. Only one Pre-Application may be submitted by an Applicant for each site under the State Housing Credit Ceiling. The Pre-Application submission is a voluntary process. While the Pre-Application Acceptance Period is open, Applicants may withdraw their Pre-Application and subsequently file a new Pre-Application utilizing the original Pre-Application Fee that was paid as long as no evaluation was performed by the Department. The Department is authorized though not required to request the Applicant to provide additional information it deems relevant to clarify information contained in the Pre-Application or to submit documentation for items it considers to be Administrative Deficiencies. The rejection of a Pre-Application shall not preclude an Applicant from submitting an Application with respect to a particular Development or site at the appropriate time.

(b) **Communication with the Department.** Applicants that submit a Pre-Application are restricted from communication with Department staff as provided in §4950.9(b) of this title. (§2306.1113)

(c) **Pre-Application Evaluation Process.** Eligible Pre-Applications will be evaluated for Pre-Application Threshold Criteria. Applications that are associated with a TX-USDA-RHSTRDO-USDA Development are not exempt from Pre-Application and are eligible to compete for the Pre-Application points further outlined in §4950.9(i)(14) of this title. Pre-Applications that are found to have Administrative Deficiencies will be handled in accordance with §4950.9(d)(4) of this title. Department review at this stage is limited and not all issues of eligibility and threshold are reviewed at Pre-Application. Acceptance by staff of a Pre-Application does not ensure that an Applicant satisfies all Application eligibility, Threshold or documentation requirements. The Department is not responsible for notifying an Applicant of potential areas of ineligibility or threshold deficiencies at the time of Pre-Application.

(d) **Pre-Application Threshold Criteria and Review.** Applicants submitting a Pre-Application will be required to submit information demonstrating their satisfaction of the Pre-Application Threshold Criteria. The Pre-Applications not meeting the Pre-Application Threshold Criteria will be terminated and the Applicant will receive a written notice to the effect that the Pre-Application Threshold Criteria have not been met. The Department shall not be responsible for the Applicant's failure to meet the Pre-Application Threshold Criteria and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Pre-Application Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. The Pre-Application Threshold Criteria include:

(1) Submission of a "Pre-Application Submission Form" and "Certification of Pre-Application Itemized Self-Score". The applicant may not change the Self-Score unless requested by the Department in a Deficiency Notice; ~~and~~

(2) Evidence of property control through ~~March 1, 2007~~February 29, 2008 as evidenced by the documentation required under §~~49~~50.9(h)(7)(A) of this title~~.~~; and

(3) Evidence in the form of a certification that all of the notifications required under this paragraph have been made. Requests for Neighborhood Organizations under subparagraph (A) of this paragraph must be made by the deadlines described in that clause; notifications under subparagraph (C) of this paragraph must be made prior to the close of the Pre-Application Acceptance Period. (§2306.6704) Evidence of notification must meet the requirements identified in subparagraph (B) of this paragraph to all of the individuals and entities identified in subparagraph (C) of this paragraph. (§2306.6704)

(A) The Applicant must request Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site as follows:

(i) No later than December ~~8, 2006~~7, 2007, the Applicant must e-mail, fax or mail with registered receipt a completed, "Neighborhood Organization Request" letter as provided in the Pre-Application to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request neighborhood organizations from that source in the same format.

(ii) If no reply letter is received from the local elected officials by January 1, ~~2007~~2008, then the Applicant must certify to that fact in the "Pre-Application Notification Certification Form" provided in the Pre-Application.

(iii) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as outlined by the local elected officials, or that the Applicant has knowledge of as of Pre-Application Submission in the "Pre-Application Notification Certification Form" provided in the Pre-Application.

(B) Not later than the date the Pre-Application is submitted, notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt return or similar tracking mechanism in the format required in the "Pre-Application Notification Template" provided in the Pre-Application. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials. Evidence of Notification is required in the form of a certification in the "Pre-Application Notification Certification Form" provided in the Pre-Application, although it is encouraged that Applicants retain proof of notifications in the event that the Department requires proof of Notification. Officials to be notified are those officials in office at the time the Pre-Application is submitted.

(i) Neighborhood Organizations on record with the city, state or county whose boundaries include the proposed Development Site as identified in subparagraph (A)(iii) of this paragraph.

(ii) Superintendent of the school district containing the Development;

(iii) Presiding officer of the board of trustees of the school district containing the Development;

(iv) Mayor of any municipality containing the Development;

(v) All elected members of the governing body of any municipality containing the Development;

(vi) Presiding officer of the governing body of the county containing the Development;

(vii) All elected members of the governing body of the county containing the Development;

(viii) State senator of the district containing the Development; and

(ix) State representative of the district containing the Development.

(C) Each such notice must include, at a minimum, all of the following:

(i) The Applicant's name, address, individual contact name and phone number;

(ii) The Development name, address, city and county;

(iii) A statement informing the entity or individual being notified that the Applicant is submitting a request for Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(iv) Statement of whether the Development proposes New Construction, Reconstruction, or Rehabilitation;

(v) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing, or elderly);

(vi) The approximate total number of Units and approximate total number of low-income Units;

(vii) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the percentage of Units that are market rate;

(viii) The number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Pre-Application, which are subject to change as annual changes in the area median income occur; and

(ix) The expected completion date if credits are awarded.

(e) **Pre-Application Results.** Only Pre-Applications which have satisfied all of the Pre-Application Threshold Criteria requirements set forth in subsection (d) of this section and §~~49~~50.9(i)(~~13~~14) of this title, will be eligible for Pre-Application points. The order and scores of those Developments released on the Pre-Application Submission Log do not represent a commitment on the part of the Department or the Board to allocate tax credits to any Development and the Department bears no liability for decisions made by Applicants based on the results of the Pre-Application Submission Log. Inclusion of a Development on the Pre-Application Submission Log does not ensure that an Applicant will receive points for a Pre-Application.

§~~49~~50.9.Application: Submission; Ex Parte Communication~~s with Department Employees~~; Adherence to Obligations; Evaluation Process for Competitive Applications Under the State Housing Credit Ceiling; Evaluation Process for Tax-Exempt Bond Development Applications; Evaluation Process for Rural Rescue Applications Under the ~~2008~~2009 Credit Ceiling; Experience Pre-Certification Procedures; Threshold Criteria; Selection Criteria; Tiebreaker Factors; Staff Recommendations.

(a) **Application Submission.** Any Applicant requesting a Housing Credit Allocation or a Determination Notice must submit an Application, and the required Application fee as described in §~~49~~50.20 of this title, to the Department during the Application Acceptance Period. Only complete Applications will be accepted. All required volumes must be appropriately bound as required by the Application Submission Procedures Manual and fully complete for submission and received by the Department not later than 5:00 p.m. on the date the Application is due. A searchable electronic copy

of all required volumes and exhibits, unless otherwise indicated in the Application Submission Procedures Manual, must be submitted in the format of a single file presented in the order they appear in the hard copy of the complete Application on a CD-R clearly labeled with the report type, Development name, and Development location is required for submission and received by the Department not later than 5:00 p.m. on the date the Application is due. Only one Application may be submitted for a site in an Application Round. While the Application Acceptance Period is open, Applicants may withdraw their Application and subsequently file a new Application utilizing the original Pre-Application Fee that was paid as long as no evaluation was performed by the Department. The Department is authorized, but not required, to request the Applicant to provide additional information it deems relevant to clarify information contained in the Application or to submit documentation for items it considers to be an Administrative Deficiency, including ineligibility criteria, site and development restrictions, and threshold and selection criteria documentation. (§2306.6708) An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any set-asides, increase their credit amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Department to remedy an Administrative Deficiency as further described in §~~49~~50.3(1) of this title or by amendment of an Application after a commitment or allocation of tax credits as further described in §~~49~~50.17(d) of this title.

~~(b) **Communication with Department Employees.** Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established under paragraphs (1)-(3) of this subsection. Section 49.5(b)(6) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.~~

~~(1) The communication must be restricted to technical or administrative matters directly affecting the Application;~~

~~(2) The communication must occur or be received on the premises of the Department during established business hours (emails may be sent and received after business hours);~~

~~(3) A record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication. (§2306.1113)~~

(b) **Ex Parte Communications.**

(1) During the period beginning on the date project applications are filed in an application cycle and ending on the date the board makes a final decision with respect to the approval of any application in that cycle, a member of the board may not communicate with the following persons:

(A) an Applicant or related party, as defined by state law, including board rules, and federal law; and

(B) any person who is:

(i) active in the construction, rehabilitation, ownership, or control of the proposed project, including:

(I) a general contractor; and

(II) a principal or affiliate of a general partner or contractor; or

(ii) employed as a consultant, lobbyist, or attorney by an Applicant or a related party.

(2) During the period beginning on the date project Applications are filed in an Application Cycle and ending on the date the Board makes a final decision with respect to the approval of any Application in the cycle, an employee of the Department may communicate about the Application with the following persons:

(A) the Applicant or a related party, as defined by state law, including board rules and federal law; and

(B) any person who is:

(i) active in the construction, rehabilitation, ownership, or control of the proposed project, including:

(I) a general partner or contractor; and

(II) a principal or affiliate of a general partner or contractor; or

(ii) employed a s a consultant, lobbyist or attorney by the Applicant or a related party.

(3) A communication under Subsection (2) may be oral or in any written form, including electronic communication through the Internet, and must satisfy the following conditions:

(A) the communication must be restricted to technical or administrative matters directly affecting the Application;

(B) the communication must occur or be received on the premises of the Department during established business hours; and

(C) a record of the communication must be maintained and included with the Application for purposes of Board review and must contain the following information:

(i) the date, time, and means of communication;

(ii) the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant;

(iii) the subject matter of the communication; and

(iv) a summary of any action taken as a result of the communication.

(4) Not withstanding Subsection (1) or (2), a Board member or Department employee may communicate without restriction with a person listed in Subsection (a) or (a-1) during any Board meeting or public hearing held with respect to the Application, but not during a recess or other non-record portion of the meeting or hearing.

(5) Subsection (1) does not prohibit the Board from participating in social events at which a person with whom communications are prohibited may or will be present, provided that all matters related to Applications to be considered by the Board will not be discussed.

(c) **Adherence to Obligations.** (§2306.6720, General Appropriation Act, Article VII, Rider 8(a)) All representations, undertakings and commitments made by an Applicant in the application process for a Development, whether with respect to Threshold Criteria, Selection Criteria or otherwise, shall be deemed to be a condition to any Commitment Notice, Determination Notice, or Carryover Allocation for such Development, the violation of which shall be cause for cancellation of such Commitment Notice, Determination Notice, or Carryover Allocation by the Department, and if concerning the ongoing features or operation of the Development, shall be enforceable even if not reflected in the LURA. All such representations are enforceable by the Department and the tenants of the Development, including enforcement by administrative penalties for failure to perform, as stated in the representations and in accordance with the LURA. ~~Effective December 1, 2006, i~~If a Development Owner does not produce the Development as represented in the Application ~~and in any amendments approved~~ ; does not receive approval for an amendment to the Application by the Department ~~subsequent to the Application~~prior to implementation of such amendment~~,~~; or does not provide the necessary evidence for any points received by the required deadline:

(1) The Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and

(2) The Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:

(A) Reduce the score for Applications for Competitive Housing ~~t~~Tax ~~c~~Credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming

Development by up to ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was ~~identified~~ recognized by the Department of the need for the amendment; ~~and~~ the placed in service date; or the date the amendment is accepted by the Board.

(B) Prohibit eligibility to apply for housing tax credits for a Tax-Exempt Bond Development that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for up to ~~12~~24 months from the date that the non-conforming aspect, or lack of financing, was ~~identified~~ recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board, less any time delay caused by the Department.

(C) In addition to, or in lieu of, the penalty in subparagraph A or B of this paragraph, the Board may assess a penalty fee of up to $1,000 per day for each violation.

(3) For amendments approved administratively by the Executive Director, the penalties in paragraph §50.9(c)(2) will not be imposed, except if the amendment has been implemented prior to the date of the notice granting the request.

(d) **Evaluation Process for Competitive Applications Under the State Housing Credit Ceiling.** Applications submitted for competitive consideration under the State Housing Credit Ceiling will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as further described in §~~49~~50.5; Applicants will be promptly notified in these instances.

(1) Set-Aside and Selection Criteria Review. All Applications will first be reviewed as described in this paragraph. Applications will be confirmed for eligibility for Set-Asides. Then, each Application will be preliminarily scored according to the Selection Criteria listed in subsection (i) of this section. When a particular scoring criterion involves multiple points, the Department will award points to the proportionate degree, in its determination, to which a proposed Development complied with that criterion. As necessary to complete this process only, Administrative Deficiencies may be issued to the Applicant. This process will generate a preliminary Department score for every application.

(2) ~~Priority~~ Application Review Assessment. Each Application will be assessed based on either the Applicant's self-score or the Department's preliminary score, region, and any Set-Asides that the Application indicates it is eligible for, consistent with paragraph (5) of this subsection. Those Applications that appear to be most competitive will be ~~designated as "priority" Applications. Applications that do not appear to be competitive may not be~~ reviewed in detail for Eligibility and Threshold Criteria during the Application Round. ~~The designation of priority is not a stage of the application pursuant to §49.11(a)(7) of this title, and the designations will not be posted to the Department's website until final scoring notices are issued.~~

(3) Eligibility and Threshold Criteria Review. Applications that ~~are designated as "priority" from the Priority Review Assessment~~appear to be most competitive will be evaluated for eligibility under §§~~49~~50.5(a)(7) - (9), ~~(c), (e), and~~ (b) - (f), and ~~49~~50.6 of this title. The remaining portions of the Eligibility Review under §~~49~~50.5 of this chapter will be performed in the Compliance Evaluation and Eligibility Review as described under paragraph (7) of this subsection. ~~Priority~~ The most competitive Applications will also be evaluated against the Threshold Criteria under subsection (h)~~(1) - (4), (7)(A) and (B), (8), (9), (11), and (15)~~ of this section~~, at minimum~~. The ~~remaining~~ same portions of the Threshold Criteria review may be performed in the Underwriting Evaluation and Criteria review for financial feasibility by the Department's Real Estate Analysis Division as described under paragraph (6) of this subsection. Applications not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in ~~which~~ each event the Applicant ~~is~~will be given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. Not all Applications will be reviewed in detail for Threshold Criteria. To the extent that the review of Threshold Criteria documentation, or submission of Administrative Deficiency documentation,

alters the score assigned to the Application, Applicants will be notified of their final score. ~~As Applications are evaluated under this Review process, a final score by the Department may remove the Application from "priority" status at which point other Applications may be designated as "priority" and reviewed under this paragraph.~~

(4) Administrative Deficiencies. If an Application contains Administrative Deficiencies pursuant to §~~49~~50.3(1) of this title which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. Because the review for Eligibility, Selection, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an email, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. If Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department ~~within~~by 5:00 p.m. on the ~~five~~fifth business day~~s~~ following the date of the deficiency notice ~~date~~, then for competitive Applications under the State Housing Credit Ceiling, five points shall be deducted from the Selection Criteria score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected ~~within~~by 5:00 p.m. on the seventh business day~~s~~ following the date of~~from~~ the deficiency notice ~~date~~, then the Application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. This Administrative Deficiency process applies to requests for information made by the Real Estate Analysis Division review.

(5) Subsequent Evaluation of ~~Prioritized~~ Applications and Methodology for Award Recommendations to the Board. The Department will assign, as herein described, Developments for review for financial feasibility by the Department's Real Estate Analysis Division--in general these will be those applications identified as ~~"priority"~~most competitive and that meet the requirements of Eligibility and Threshold. This prioritization order will also be used in making recommendations to the Board as follows:

(A) Assignments will be determined by ~~first~~ separately selecting the Applications with the highest scores in the At-Risk Set-Aside Statewide~~and TX-USDA-RHS Allocation within each Uniform State Service Region~~ until the minimum requirements stated in §~~49~~50.7(b) of this title are attained.

(B) Assignments will then be determined by selecting the Applications with the highest scores in the TRDO-USDA Allocation until the minimum requirements stated in §50.7(b) of this title are attained. If an Application in this Set-Aside involves Rehabilitation it will be attributed to, and come from the, At-Risk Set-Aside; if an Application in this Set-Aside involves New Construction it will be attributed to and come from the applicable Uniform State Service Region.

(~~B~~C) Remaining funds within each Uniform State Service Region will then be selected based on the highest scoring Developments in each of the 26 sub-regions, regardless of Set-Aside, in accordance with the requirements under §~~49~~50.7(a) of this title, without exceeding the credit amounts available for a Rural Regional Allocation and Urban~~/Exurban~~ Regional Allocation in each region. To the extent that Applications in the At-Risk and TRDO-USDA Set-Asides are not competitive enough within their respective Set-Asides, they will also be able to compete, with no Set-Aside preference, within their appropriate sub-region.

(~~C~~D) ~~Funds for the Rural Regional Allocation or Urban/Exurban Regional Allocation for which there are more requests for credits than remaining credits available will be combined in each Uniform State Service Regions. If the next eligible application in the Rural Allocation or Urban/Exurban for a given Uniform State Service Region is less than the remaining credits in a region, then that application is selected; however, if both Rural and Urban/Exurban areas in the region have Applications that are requesting less than the remaining credits in that Uniform State Service Region, then the Application in the sub-region whose shortfall of credits being recommended would have been the most significant portion of their targeted sub-regional allocation will be selected. All credits still remaining will be combined with the remaining credits from all other regions and will be allocated to an Application in the sub-region whose shortfall of credits being recommended would have been the most significant portion of their targeted sub-regional allocation. However, once a region's awarded credits~~

~~exceeds the total allocation for that region no other applications will be selected.~~ If there are any tax credits set-aside for Developments in a Rural Area in a specific uniform region that remain after allocation under subparagraph (C) of this paragraph those tax credits shall then be made available in any other Rural Area in the state to the Application in the most underserved Rural sub-region as compared to the Rural sub-region target. (2306.111(d-3)). This will be referred to as the Rural collapse.

(E) If there are any tax credits remaining in any sub-region after the Rural collapse, in the Rural or Urban allocation, they then will be combined and made available to the Application in the most underserved sub-region as compared to the sub-region target. This will be referred to as the statewide collapse.

(~~D~~F) ~~After this priority review has occurred, s~~Staff will ~~review priority applications to~~ ensure that at least 10% of the ~~priority applications are~~State Housing Credit Ceiling is allocated to qualified Nonprofits to satisfy the Nonprofit Set-Aside. If 10% is not met, then the Department will add the highest scoring Qualified Nonprofits statewide until the 10% Nonprofit Set-Aside is met. Staff will ensure that at least 20% of the State Housing Credit Ceiling is allocated to Rural Developments. If this 20% minimum is not met, then the Department will add the highest scoring Rural Development Application statewide until the 20% Rural Development Set-Aside is met. Selection for each of the Set-Asides will take precedence over selection for the Rural Regional Allocation and Urban~~/Exurban~~ Regional Allocation. Funds for the Rural Regional Allocation or Urban~~/Exurban~~ Regional Allocation within a region, for which there are no eligible feasible applications, will be redistributed as provided in §~~49~~50.7(c) of this title, Redistribution of Credits. If the Department determines that an allocation recommendation would cause a violation of the $2 million limit described in §~~49~~50.6(d) of this title, the Department will make its recommendation by selecting the Development(s) that most effectively satisfies(y) the Department's goals in meeting set-aside and regional allocation goals. Based on Application rankings, the Department shall continue to underwrite Applications until the Department has processed enough Applications satisfying the Department's underwriting criteria to enable the allocation of all available housing tax credits according to regional allocation goals and Set-Aside categories. To enable the Board to establish a Waiting List, the Department shall underwrite as many additional Applications as necessary to ensure that all available Competitive ~~h~~Housing ~~t~~Tax ~~c~~Credits are allocated within the period required by law. (§2306.6710(a)~~, (b) and~~ (~~d~~f); §2306.111)

(6) Underwriting Evaluation and Criteria. The Department shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of housing tax credits. In determining an appropriate level of housing tax credits, the Department shall, at a minimum, evaluate the cost of the Development based on acceptable cost parameters as adjusted for inflation and as established by historical final cost certifications of all previous housing tax credit allocations for the county in which the Development is to be located; if certifications are unavailable for the county, then the metropolitan statistical area in which the Development is to be located; or if certifications are unavailable under the county or the metropolitan statistical area, then the Uniform State Service Region in which the Development is to be located. Underwriting of a Development will include a determination by the Department, pursuant to the Code, §42, that the amount of credits recommended for commitment to a Development is necessary for the financial feasibility of the Development and its long-term viability as a qualified rent restricted housing property. In making this determination, the Department will use the Underwriting Rules and Guidelines, §1.32 of this title. An Applicant may not change or supplement any part of an Application in any manner after the filing deadline, and may not add any set-asides, increase their credit amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Real Estate Analysis Division to remedy an Administrative Deficiency as further described in §50.3(1) of this title or by amendment of an Application after a commitment or allocation of tax credits as further described in §50.17(d) of this title. To the extent that the review of Administrative Deficiency documentation during this review alters the score assigned to the Application, Applicants will be re-notified of their final score. Receipt of feasibility points under §~~49~~50.9(i)(1) of this title does not ensure that an Application will be considered feasible during the feasibility evaluation by the Real Estate Analysis Division and conversely, a Development may be found feasible during the feasibility evaluation by the Real Estate Analysis Division even if it did not receive points under subsection (i)(1) of this section. ~~(§2306.6711(b); §2306.6710(d))~~(§2306.6710 and §2306.11)

(A) The Department may have an external party perform the underwriting evaluation to the extent it determines appropriate. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation.

(B) The Department will reduce the Applicant's estimate of Developer's and/or Contractor fees in instances where these exceed the fee limits determined by the Department. In the instance where the Contractor is an Affiliate of the Development Owner and both parties are claiming fees, Contractor's overhead, profit, and general requirements, the Department shall be authorized to reduce the total fees estimated to a level that it determines to be reasonable under the circumstances. Further, the Department shall deny or reduce the amount of Housing Tax Credits allocated with respect to any portion of costs which it deems excessive or unreasonable. Excessive or unreasonable costs may include developer fee attributable to Related Party acquisition costs. The Department also may require bids or Third Party estimates in support of the costs proposed by any Applicant. The Developer's fee limits will be calculated as follows:

(i) New construction pursuant to §42(b)(1)(A) U.S.C, the developer fee cannot exceed 15% of the project's Total Eligible Basis, less developer fees, or 20% of the project's Total Eligible Basis, less developer fees if the Development proposes 49 total Units or less; and

(ii) Acquisition/rehabilitation developments that are eligible for acquisition credits pursuant to §42(b)(1)(B) U.S.C, the acquisition portion of the developer fee cannot exceed 15% of the existing structures acquisition basis, less developer fee, or 20% of the project's Total Eligible Basis, less developer fees if the Development proposes 49 total Units or less, and will be limited to 4% credits. The rehabilitation portion of the developer fee cannot exceed 15% of the total rehabilitation basis, less developer fee, or 20% of the project's Total Eligible Basis, less developer fees if the Development proposes 49 total Units or less.

(7) Compliance Evaluation and Eligibility Review. After the Department has determined which Developments will be reviewed for financial feasibility, those same Developments will be reviewed for evaluation of the compliance status by the Department's Portfolio Management and Compliance Division, in accordance with ~~Chapter~~ §60 of this title, and will be evaluated in detail for eligibility under §§~~49~~50.5(a)~~(1) - (5), (b), and~~ (~~d~~f) of this title.

(8) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns. Such inspection will evaluate the site based upon the criteria set forth in the Site Evaluation form provided in the Application and the inspector shall provide a written report of such site evaluation. The evaluations shall be based on the condition of the surrounding neighborhood, including appropriate environmental and aesthetic conditions and proximity to retail, medical, recreational, and educational facilities, and employment centers. The site's appearance to prospective tenants and its accessibility via the existing transportation infrastructure and public transportation systems shall be considered. "Unacceptable" sites include, without limitation, those containing a non-mitigable environmental factor that may adversely affect the health and safety of the residents. For Developments applying under the ~~TX-USDA-RHS~~TRDO-USDA Set-Aside, the Department may rely on the physical site inspection performed by ~~TX-USDA-RHS~~TRDO-USDA.

(e) **Evaluation Process for Tax-Exempt Bond Development Applications.** Applications submitted for consideration as Tax-Exempt Bond Developments will be reviewed according to the process outlined in this subsection. An Application, during any of these stages of review, may be determined to be ineligible as further described in §~~49~~50.5 of this title; Applicants will be promptly notified in these instances.

(1) Eligibility and Threshold Criteria Review. All Tax-Exempt Bond Development Applications will first be reviewed as described in this paragraph. Tax-Exempt Bond Development Applications will be confirmed for eligibility under §~~49~~50.5 and §~~49~~50.6 of this title and Applications will be evaluated in detail against the Threshold Criteria. Tax-Exempt Bond Development Applications found to be ineligible and/or not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in ~~which~~each event the Applicant ~~is~~will be given an opportunity to correct such deficiencies. Applications not meeting the Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to

satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. ~~Not all Applications will be reviewed in detail for Threshold Criteria.~~

(2) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. Because the review for Eligibility, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. All Administrative Deficiencies shall be clarified or corrected to the satisfaction of the Department within five business days. Failure to resolve all outstanding deficiencies ~~within~~by 5:00 p.m. on the ~~5~~fifth business day~~s~~ following the date of~~from~~ the deficiency notice~~ date~~ will result in a penalty fee of $500 for each business day the deficiency remains unresolved. Applications with unresolved deficiencies after 5:00 p.m. on the ~~10~~tenth day following the date of~~from the issuance of~~ the deficiency notice will be terminated. The Applicant will be responsible for the payment of fees accrued pursuant to this section regardless of any termination pursuant to §50.5(b)(4) of this ~~section~~title. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. The Application will not be presented to the Board for consideration until all outstanding fees have been paid. This Administrative Deficiency process applies equally to the Real Estate Analysis Division review and feasibility evaluation and the same penalty and termination will be assessed.

(3) Underwriting and Compliance Evaluation and Criteria. The Department will assign all eligible Tax-Exempt Bond Development Applications meeting the eligibility and threshold requirements for review for financial feasibility by the Department's Real Estate Analysis Division, or the Department may have an external party perform the underwriting evaluation to the extent it determines appropriate. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation. The Department or external party shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of housing tax credits as further described in subsection (d)(6) of this section. Tax-Exempt Bond Development Applications will also be reviewed for evaluation of the compliance status by the Department's Portfolio Management and Compliance Division in accordance with Chapter 60, Subchapter A of this title.

(4) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns as further described in subsection (d)(8) of this section.

(f) **Evaluation Process for Rural Rescue Applications Under the ~~2008~~2009 Credit Ceiling.** Applications submitted for consideration as Rural Rescue Applications pursuant to §~~49~~50.10(c) of this title under the ~~2008~~2009 Credit Ceiling will be reviewed according to the process outlined in this subsection. A Rural Rescue Application, during any of these stages of review, may be determined to be ineligible as further described in §~~49~~50.5 of this title; Applicants will be promptly notified in these instances.

~~(1) Eligibility and Threshold Criteria Review. All Rural Rescue Applications will first be reviewed as described in this paragraph. Rural Rescue Applications will be confirmed for eligibility under §49.5 and §49.6 of this title, Set-Aside and Rural Rescue eligibility will be confirmed, and Applications will be evaluated in detail against the Threshold Criteria. Applications found to be ineligible and/or not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in which event the Applicant is given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not~~

~~confer upon the Applicant any rights to which it would not otherwise be entitled. Not all Applications will be reviewed in detail for Threshold Criteria.~~

(1) Procedures for Intake and Review.

(A) Applications for Rural Rescue deals may be submitted between March 2, 2008 and November 15, 2008 and must be submitted in accordance with §50.21 of this title. A complete Application must be submitted at least 40 days prior to the date of the Board meeting at which the Applicant would like the Board to act on the proposed Development. Applications must include the full Application Fee as further described in §50.20(c) of this title. Applicants must submit documents in accordance with the procedures set out in the 2008 Application Submission Procedures Manual for Volumes I, II, III and IV. Volume IV, evidencing Selection Criteria, MUST be submitted.

(B) Applicants do not need to participate in the Pre-Application process outlined in §50.8 of this title, nor will they need to submit pre-certification documents identified in §50.9(g) of this title.

(C) Applications will be processed on a first-come, first-served basis. Applications unable to meet all deficiency and underwriting requirements within 30 days of the request by the Department, will remain under consideration, but will lose their submission status and the next application in line will be moved ahead in order to expedite those applications most able to proceed. Applications for Rural Rescue will be processed and evaluated as described in this paragraph. Applications will be reviewed to ensure that the Application is eligible as a rural "rescue" Development as described in paragraph (2) of this subsection.

(D) Prior to the Development being recommended to the Board, TRDO-USDA must provide the Department with a copy of the physical site inspection report performed by TRDO-USDA, as provided in §50.9(d)(8) of this title.

(2) Eligibility Review. All Rural Rescue Applications will first be reviewed as described in this paragraph and eligibility will be confirmed pursuant to §50.5 and §50.6 of this title and the criteria listed in subparagraph (A-C) below. Applications found to be ineligible will be notified.

(A) Applications must be funded through TRDO-USDA;

(B) Applications must able to provide evidence that the loan:

(i) has been foreclosed and is in the TRDO-USDA inventory; or

(ii) is being foreclosed; or

(iii) is being accelerated; or

(iv) is in imminent danger of foreclosure or acceleration; or

(v) is for an application in which two adjacent parcels are involved, of which at least one parcel qualifies under clauses (i) through (iv) of this item and for which the application is submitted under one ownership structure, one financing plan an for which there are no market rate units. and

(C) Applicants must be identified as in compliance with TRDO-USDA regulations.

(3) Threshold Review. Applications will be evaluated in detail against the Threshold Criteria. Applications found to be ineligible and/or not meeting Threshold Criteria will be notified of any Administrative Deficiencies, in which event the Applicant is given an opportunity to correct such deficiencies. Applications not meeting Threshold Criteria after receipt and review of the Administrative Deficiency response will be terminated and the Applicant will be provided a written notice to that effect. The Department shall not be responsible for the Applicant's failure to meet the Threshold Criteria, and any failure of the Department's staff to notify the Applicant of such inability to satisfy the Threshold Criteria shall not confer upon the Applicant any rights to which it would not otherwise be entitled. Not all Applications will be reviewed in detail for Threshold Criteria.

(~~2~~4) Selection Criteria Review. All Rural Rescue Applications will be evaluated against the Selection Criteria and a score will be assigned to the Application. The minimum score for Selection Criteria is not required to be achieved to be eligible.

(~~3~~5) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies as further described in subsection (d)(4) of this section.

(~~4~~6) Underwriting and Compliance Evaluation and Criteria. The Department will assign all eligible Rural Rescue Applications meeting the eligibility and threshold requirements for review for

financial feasibility by the Department's Real Estate Analysis Division, or the Department may have an external party perform the underwriting evaluation to the extent it determines appropriate. The expense of any external underwriting evaluation shall be paid by the Applicant prior to the commencement of the aforementioned evaluation. The Department or external party shall underwrite an Application to determine the financial feasibility of the Development and an appropriate level of housing tax credits as further described in subsection (d)(6) of this section. Rural Rescue Development Applications will also be reviewed for evaluation of the previous participation by the Department's Portfolio Management and Compliance Division in accordance with Chapter 60 of this title.

(~~5~~7) Site Evaluation. Site conditions shall be evaluated through a physical site inspection by the Department or its assigns as further described in subsection (d)(8) of this section.

(~~7~~8) Credit Ceiling and Applicability of this title. All Rural Rescue Applicants will receive their credit allocation out of the 2009 Credit Ceiling and therefore, will be required to follow the rules and guidelines identified in the Qualified Allocation Plan and Rules (QAP). However, because the 2009 QAP will not be in effect during the time period that the Rural Rescue applications can be submitted, applications submitted and eligible under the Rural Rescue Set-Aside will be considered by the Board to have satisfied the requirements of the 2009 QAP and are waived from 2009 QAP requirements that are changes from the 2008 QAP, to the extent permitted by statute.

(~~8~~9) Procedures for Recommendation to the Board. Consistent with §50.9(k) of this title, staff will make its recommendation to the Committee. The Committee will make commitment recommendations to the Board. Staff will provide the Board with a written, documented recommendation which will address at a minimum the financial and programmatic viability of each Application and a breakdown of which Selection Criteria were met by the Applicant. The Board will make its decision based on §50.10(a) of this title. Any award made to a Rural Rescue Development will be credited against the USDA Set-Aside for the 2009 Application Round, as required under §50.9(d)(5).

(~~9~~10) Limitation on Allocation. No more than $350,000 in credits will be forward committed from the 2009 credit ceiling. To the extent applications are received that exceed the maximum limitation, staff will prepare the award for Board consideration noting for the Board that the award would require a waiver of this limitation.

(g) **Experience Pre-Certification Procedures.** No later than 14 days prior to the close of the Application Acceptance Period for Competitive Housing Tax Credit Applications, an Applicant must submit the documents required in this subsection to obtain the required pre-certification. For Applications submitted for Tax-Exempt Bond ~~Developments~~ Applications or Applications not applying for Competitive Housing Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.) all of the documents in this section must be submitted with the Application. Upon receipt of the evidence required under this section, a certification from the Department will be provided to the Applicant for inclusion in their Application(s). Evidence must show that one of the Development Owner's General Partners, the Developer or their Principals have a record of successfully constructing or developing residential units (single family or multifamily) in the capacity of owner, General Partner or Developer. If a Public Housing Authority organized an entity for the purpose of developing residential units the Public Housing Authority shall be considered a principal for the purpose of this requirement. If the individual requesting the certification was not the Development Owner, General Partner or Developer, but was the individual within one of those entities doing the work associated with the development of the units (responsibility for work associated with the development of units includes, but is not limited to, application submission, third-party engagement, post award activities, construction, cost certification, etc.), the individual must show that the units were successfully developed as required below, and also provide written confirmation from the entity involved stating that the individual was the person responsible for the development. If rehabilitation experience is being claimed to qualify for an Application involving new construction, then the rehabilitation must have been substantial and involved at least $~~6~~12,000 of direct hard cost per unit.

(1) The term "successfully" is defined as acting in a capacity as the owner, General Partner, or Developer of:

(A) At least 100 residential units or, if less than 100 residential units, 80 percent of the total number of Units the Applicant is applying to build (e.g. you must have 40 units successfully built to apply for 50 Units); or

(B) At least 36 residential units if the Development is a Rural Development; or

(C) At least 25 residential units if the Development has 36 or fewer total Units.

(2) One or more of the following documents must be submitted: American Institute of Architects (AIA) Document A111 - Standard Form of Agreement Between Owner & Contractor, AIA Document G704 - Certificate of Substantial Completion, IRS Form 8609, HUD Form 9822, development agreements, partnership agreements, or other documentation satisfactory to the Department verifying that the Development Owner's General Partner, partner (or if Applicant is to be a limited liability company, the managing member), Developer or their Principals have the required experience. If submitting the IRS Form 8609, only one form per Development is required. The evidence must clearly indicate:

(A) That the Development has been completed (i.e. Development Agreements, Partnership Agreements, etc. must be accompanied by certificates of completion);

(B) That the names on the forms and agreements tie back to the Development Owner's General Partner, partner (or if Applicant is to be a limited liability company, the managing member), Developer or their Principals as listed in the Application; and

(C) The number of units completed or substantially completed.

(h) **Threshold Criteria.** The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:

(1) Completion and submission of the Application, which includes the entire Uniform Application and any other supplemental forms which may be required by the Department. (§2306.1111)

(2) Completion and submission of the Site Packet as provided in the Application.

(3) Set-Aside Eligibility. Documentation must be provided that confirms eligibility for all Set-Asides under which the Application is seeking funding as required in the Application.

(4) Certifications. The "Certification Form" provided in the Application confirming the following items:

(A) A certification of the basic amenities selected for the Development. All Developments, must meet at least the minimum threshold of points. These points are not associated with the selection criteria points in subsection (i) of this section. The amenities selected must be made available for the benefit of all tenants. If fees in addition to rent are charged for amenities reserved for an individual tenant's use, then the amenity may not be included among those provided to satisfy this requirement. Developments must provide a minimum number of common amenities in relation to the Development size being proposed. The amenities selected must be selected from clause (ii) of this subparagraph and made available for the benefit of all tenants. Developments proposing Rehabilitation (excluding Reconstruction) or proposing Single Room Occupancy will receive 1.5 points for each point item. Applications for non-contiguous scattered site housing, including New Construction, Reconstruction, Rehabilitation, and single-family design, will have the threshold test applied based on the number of Units per individual site, and must submit a separate certification for each individual site under control by the Applicant. Any future changes in these amenities, or substitution of these amenities, must be approved by the Department in accordance with §~~49~~50.17(d) of this title and may result in a decrease in awarded credits if the substitution or change includes a decrease in cost, or in the cancellation of a Commitment Notice or Carryover Allocation if all of the Common Amenities claimed are no longer met.

(i) Applications must meet a minimum threshold of points (based on the total number of Units in the Development) as follows:

(I) Total Units are less than 13, 0 points are required to meet Threshold for Single Room Occupancy and 1 point is required to meet threshold for all other Developments;

(II) Total Units are between 13 and 24, 1 point is required to meet Threshold;

(III) Total Units are between 25 and 40, 3 points are required to meet Threshold;

(IV) Total Units are between 41 and 76, 6 points are required to meet Threshold;

(V) Total Units are between 77 and 99, 9 points are required to meet Threshold;

(VI) Total Units are between 100 and 149, 12 points are required to meet Threshold;

(VII) Total Units are between 150 and 199, 15 points are required to meet Threshold;

(VIII) Total Units are 200 or more, 18 points are required to meet Threshold.

(ii) Amenities for selection include those items listed in subclauses (I) - (XXIV) of this clause. Both Developments designed for families and Qualified Elderly Developments can earn points for providing each identified amenity unless the item is specifically restricted to one type of Development. All amenities must meet accessibility standards as further described in subparagraphs (D) and (F) of this paragraph. An Application can only count an amenity once, therefore combined functions (a library which is part of a community room) only count under one category. Spaces for activities must be sized appropriately to serve the anticipated population.

(I) Full perimeter fencing (2 points);

(II) Controlled gate access (1 point);

(III) Gazebo w/sitting area (1 point);

(IV) Accessible walking/jogging path separate from a sidewalk (1 point);

(V) Community laundry room with at least one front loading washer (1 point);

(VI) ~~Emergency 911 telephones accessible and available to tenants 24 hours a day (2 points);~~

(VII) Barbecue grill and picnic table-at least one of each for every 50 Units (1 point);

(VIII) Covered pavilion that includes barbecue grills and tables (2 points);

(IX) Swimming pool (3 points);

(X) Furnished fitness center equipped with at least five of the following fitness equipment options: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, sauna, stair climber, etc.) (2 points);

(XI) Equipped and functioning business center or equipped computer learning center with 1 computer for every 30 Units proposed in the Application, 1 printer for every 3 computers (with minimum of one printer), and 1 fax machine (2 points);

(XII) Furnished Community room (1 point);

(XIII) Library with an accessible sitting area (separate from the community room) (1 point);

(XIV) Enclosed sun porch or covered community porch/patio (2 points);

(XV) Service coordinator office in addition to leasing offices (1 point);

(XVI) Senior Activity Room (Arts and Crafts, etc.)~~--Only Qualified Elderly Developments Eligible~~ (2 points);

(XVII) Health Screening Room (1 point);

(XVIII) Secured Entry (elevator buildings only)(1 point);

(XIX) Horseshoe pit, putting green or shuffleboard court~~-Only Qualified Elderly Developments Eligible~~ (1 point);

(XX) Community Dining Room w/full or warming kitchen~~-Only Qualified Elderly Developments Eligible~~ (3 points);

(XXI) One Children's Playscape Equipped for 5 to 12 year olds, or one Tot Lot~~--Only Family Developments Eligible~~ (1 Point)

(XXII) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each~~-Only Family Developments Eligible~~ (2 points);

(XXIII) Sport Court (Tennis, Basketball or Volleyball)~~-Only Family Developments Eligible~~ (2 points); ~~or~~

(XXIV) Furnished and staffed Children's Activity Center~~-Only Family Developments Eligible~~ (3 points)~~.~~;

(XXV) Community Theater Room equipped with a 52 inch or larger screen with surround sound equipment; DVD player; and theater seating (3 points);

(XXVI) Green Building (for example, passive solar heating/cooling, water conserving fixtures, collected water (at least 50%) for irrigation purposes, sub-metered electric meters, exceed energy star standards, photovoltaic panels for electricity and design and wiring for the use of such panels, construction waste management, provide recycle service, water permeable walkways and parking areas, or other Department approved items). (3 points); or

(XXVII) Hot Tub/Jacuzzi Spa (1 point).

(B) A certification that the Development will have all of the following ~~Unit~~ Amenities ~~(not required for Single Room Occupancy Developments)~~at no charge to the tenants. ~~If fees in addition to rent are charged for amenities, then the amenity may not be included among those provided to satisfy this requirement. Any future changes in these amenities, or substitution of these amenities, may result in a decrease in awarded credits if the substitution or change includes a decrease in cost or in a cancellation of a Commitment Notice or Carryover Allocation if the Threshold Criteria are no longer met.~~ All New Construction or Reconstruction Units must provide the amenities in (i)-(ix) of this subparagraph. Rehabilitation (excluding Reconstruction) and Adaptive Reuse must provide the amenities in (ii)-(ix) of this subparagraph unless expressly identified as not required. (§2306.187)

(i) All New Construction Units must be wired with 6 pair CAT5e wiring or better to provide phone and data service to each unit and wired with COAX cable to provide TV and high speed internet data service to each unit;

(ii) Blinds or window coverings for all windows;

(iii) Energy-Star or equivalently rated Dishwasher and Disposal (not required for ~~TX-USDA-RHS~~TRDO-USDA or SRO Developments);

(iv) Energy-Star or equivalently rated (not required for SRO Developments) Refrigerator;

(v) Energy-Star or equivalently rated Oven/Range (not required fr SRO Developments);

(vi) Exhaust/vent fans in bathrooms; ~~and~~

(vii) Energy-Star or equivalently rated Ceiling fans in living areas and bedrooms;

(viii) Energy-Star or equivalently rated Lighting in all Units;

(ix) Emergency 911 telephone accessible and available to tenants 24 hours a day.

(C) A certification that the Development will adhere to the Texas Property Code relating to security devices and other applicable requirements for residential tenancies, and will adhere to local building codes or if no local building codes are in place then to the most recent version of the International Building Code.

(D) A certification that the Applicant is in compliance with state and federal laws, including but not limited to, fair housing laws, including Chapter 301, Property Code, Title VIII of the Civil Rights Act of 1968 (§42U.S.C. §3601 et seq.), and the Fair Housing Amendments Act of 1988 (§42U.S.C. §3601 et seq.); the Civil Rights Act of 1964 (§42U.S.C. §2000a et seq.); the Americans with Disabilities Act of 1990 (§42U.S.C. §12101 et seq.); the Rehabilitation Act of 1973 (29 U.S.C. §701 et seq.); Fair Housing Accessibility; the Texas Fair Housing Act; and that the Development is designed consistent with the Fair Housing Act Design Manual produced by HUD, the Code Requirements for Housing Accessibility 2000 (or as amended from time to time) produced by the International Code Council and the Texas Accessibility Standards. (§2306.257; §2306.6705(7))

(E) A certification that the Applicant will attempt to ensure that at least 30% of the construction and management businesses with which the Applicant contracts in connection with the Development are Minority Owned Businesses, and that the Applicant will submit a report at least once in each 90-day period following the date of the Commitment Notice until the Cost Certification is submitted, in a format prescribed by the Department and provided at the time a Commitment Notice is received, on the percentage of businesses with which the Applicant has contracted that qualify as Minority Owned Businesses. (§2306.6734)

(F) Pursuant to §2306.6722, any Development supported with a housing tax credit allocation shall comply with the accessibility standards that are required under §504, Rehabilitation Act of 1973 (29 U.S.C. §794), and specified under 24 C.F.R. Part 8, Subpart C. The Applicant must provide a certification from the Development engineer, an accredited architect or Department-approved third

party accessibility specialist, that the Development will comply with the accessibility standards that are required under §504, Rehabilitation Act of 1973 (29 U.S.C. §794), and specified under 24 C.F.R. Part 8, Subpart C and this subparagraph. (§§2306.6722 and 2306.6730)

(G) Developments involving New Construction (excluding New Construction of non-residential buildings) where some Units are two-stories or single family design and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A similar certification will also be required after the Development is completed from an inspector, architect, or accessibility specialist. ~~Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.~~

(H) A certification that the Development will be equipped with energy saving devices that meet the standard statewide energy code adopted by the state energy conservation office, unless historic preservation codes permit otherwise for a Development involving historic preservation. All Units must be air-conditioned. The measures must be certified by the Development architect as being included in the design of each tax credit Unit at the time the 10% Test Documentation is submitted and in actual construction upon Cost Certification. (§2306.6725(b)(1))

(I) A certification that the Development will be built by a General Contractor that satisfies the requirements of the General Appropriation Act, Article VII, Rider 8(c) applicable to the Department which requires that the General Contractor hired by the Development Owner or the Applicant, if the Applicant serves as General Contractor, must demonstrate a history of constructing similar types of housing without the use of federal tax credits.

(J) A certification that the Development Owner agrees to establish a reserve account consistent with §2306.186 Texas Government Code and as further described in §1.37 of this title.

(K) A certification that the Applicant, Developer, or any employee or agent of the Applicant has not formed a neighborhood organization for purposes of subsection (i)(2) of this section, has not given money or a gift to cause the neighborhood organization to take its position of support or opposition, nor has provided any assistance to a neighborhood organization to meet the requirements under subsection (i)(2) of this section which are not allowed under that subsection, as it relates to the Applicant's Application or any other Application under consideration in 2007.

(L) ~~A certification that the Development Owner will cooperate with the local public housing authority, to the extent there are any, in accepting tenants from their waiting lists (§42(m)(1)(C)(vi))~~Operate in accordance with the requirements pertaining to rental assistance in §60 of this title.

(M) A certification that the Development Owner will contract with a Management Company through out the Compliance Period that will perform criminal background checks on all adult tenants, head and co head of households.

(5) Design Items. This exhibit will provide:

(A) All of the architectural drawings identified in clauses (i) - (iii) of this subparagraph. While full size design or construction documents are not required, the drawings must have an accurate and legible scale and show the dimensions. All Developments involving New Construction, or conversion of existing buildings not configured in the Unit pattern proposed in the Application, must provide all of the items identified in clauses (i) - (iii) of this subparagraph. For Developments involving Rehabilitation for which the Unit configurations are not being altered, only the items identified in clauses (i) and (iii) of this subparagraph are required:

(i) A site plan which:

(I) Is consistent with the number of Units and Unit mix specified in the "Rent Schedule" provided in the Application;

(II) Identifies all residential and common buildings and amenities; and

(III) Clearly delineates the flood plain boundary lines and all easements shown in the site survey;

(ii) Floor plans and elevations for each type of residential building and each common area building clearly depicting the height of each floor and a percentage estimate of the exterior composition. Adaptive reuse Developments, are only required to provide building plans

delineating each unit by number, type and area consistent with those in the "Rent Schedule" and pictures of each elevation of the existing building depicting the height of each floor and percentage estimate of the exterior composition; and

(iii) Unit floor plans for each type of Unit showing special accessibility and energy features. The net rentable areas these Unit floor plans represent should be consistent with those shown in the "Rent Schedule" provided in the application. Adaptive reuse Developments, are only required to provide Unit floor plans for each distinct typical Unit type (i.e. one-bedroom, -two-bedroom) and for all Units types that vary in area by 10% from the typical Unit; and

(B) A boundary survey of the proposed Development site and of the property to be purchased. In cases where more property is purchased than the proposed site of the Development, the survey or plat must show the survey calls for both the larger site and the subject site. The survey does not have to be recent; but it must show the property purchased and the property proposed for Development. In cases where the site of the Development is only a part of the site being purchased, the depiction or drawing of the Development portion may be professionally compiled and drawn by an architect, engineer or surveyor.

(6) Evidence of the Development's development costs and corresponding credit request and syndication information as described in subparagraphs (A) - (G) of this paragraph.

(A) A written narrative describing the financing plan for the Development, including any non-traditional financing arrangements; the use of funds with respect to the Development; the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and the commitment status of the funding sources for the Development. This information must be consistent with the information provided throughout the Application. (§2306.6705(1))

(B) All Developments must submit the "Development Cost Schedule" provided in the Application. This exhibit must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period.

(C) Provide a letter of commitment from a syndicator that, at a minimum, provides an estimate of the amount of equity dollars expected to be raised for the Development in conjunction with the amount of housing tax credits requested for allocation to the Development Owner, including pay-in schedules, syndicator consulting fees and other syndication costs. No syndication costs should be included in the Eligible Basis. (§2306.6705(2) and (3))

(D) For Developments located in a Qualified Census Tract (QCT) as determined by the Secretary of HUD and qualifying for a 30% increase in Eligible Basis, pursuant to the Code, §42(d)(5)(C), if permitted under §4950.6(h) of this title, Applicants must submit a copy of the census map clearly showing that the proposed Development is located within a QCT. Census tract numbers must be clearly marked on the map, and must be identical to the QCT number stated in the Department's Reference Manual.

(E) Rehabilitation Developments must submit a Property Condition Assessment meeting the requirements of paragraph (14)(C) of this subsection.

(F) If offsite costs are included in the budget as a line item, or embedded in the site acquisition contract, or referenced in the utility provider letters, then the supplemental form "Off Site Cost Breakdown" must be provided.

(G) If projected site work costs include unusual or extraordinary items or exceed $9,000 per Unit, then the Applicant must provide a detailed cost breakdown prepared by a Third Party engineer or architect, and a letter from a certified public accountant allocating which portions of those site costs should be included in Eligible Basis and which ones may be ineligible.

(7) Evidence of readiness to proceed as evidenced by at least one of the items under each of subparagraphs (A) - (D) of this paragraph:

(A) Evidence of Property control in the name of the Development Owner. If the evidence is not in the name of the Development Owner, then the documentation should reflect an expressed ability to transfer the rights to the Development Owner. All of the sellers of the proposed Property for the 36 months prior to the first day of the Application Acceptance Period and their relationship, if any, to members of the Development team must be identified at the time of Application (not required at Pre-Application). One of the following items described in clauses (i) - (iii) of this subparagraph must be provided, and if the acquisition can be characterized as an identity of

interest transaction as described in §1.32~~(e)(1)(B)~~ of this title, items described in clause (iv) of this subparagraph must also be provided:

(i) A recorded warranty deed with corresponding executed settlement statement, unless required to submit items under clause (iv) of this subparagraph; or

(ii) A contract for lease (the minimum term of the lease must be at least 45 years) which is valid for the entire period the Development is under consideration for tax credits; or

(iii) A contract for sale, an exclusive option to purchase which is valid for the entire period the Development is under consideration for tax credits. For Tax Exempt Bond Developments Applications, site control must be valid through December 1, ~~2006~~2007 with option to extend through March 1, ~~2007~~2008 (Applications submitted for lottery) or 90 days from the date of the bond reservation with the option to extend through the scheduled TDHCA Board meeting. The potential expiration of site control does not warrant the Application being presented to the TDHCA Board prior to the scheduled meeting.

(iv) If the acquisition can be characterized as an identity of interest transaction as described in §1.32~~(e)(1)(B)~~ of this title, subclauses (I), ~~and~~ (II) and (III) of this clause ~~must be provided~~will be required (not required at Pre-Application):

(I) Documentation of the original acquisition cost in the form of a settlement statement or, if a settlement statement is not available, the seller's most recent audited financial statement indicating the asset value for the proposed Property, and

(II) If the original acquisition cost evidenced by subclause (I) of this clause is less than the acquisition cost claimed in the application,

(-a-) An appraisal meeting the requirements of paragraph (14)(D) of this subsection, and

(-b-) Any other verifiable costs of owning, holding, or improving the Property that when added to the value from subclause (I) of this clause justifies the Applicant's proposed acquisition amount.

(-1-) For land-only transactions, documentation of owning, holding or improving costs since the original acquisition date may include Property taxes, interest expense, a calculated return on equity at a rate consistent with the historical returns of similar risks, the cost of any physical improvements made to the Property, the cost of rezoning, replatting or developing the Property, or any costs to provide or improve access to the Property.

(-2-) For transactions which include existing buildings that will be rehabilitated or otherwise maintained as part of the Development, documentation of owning, holding, or improving costs since the original acquisition date may include capitalized costs of improvements to the Property, a calculated return on equity at a rate consistent with the historical returns of similar risks, and allow the cost of exit taxes not to exceed an amount necessary to allow the sellers to be made whole in the original and subsequent investment in the Property and avoid foreclosure.

(III) In no instance will the acquisition cost utilized by the underwriter exceed the lesser of the original acquisition cost evidenced by subclause (I) plus costs identified in subparagraph (b), or the "as-is" value conclusion evidenced by subclause (II)(a).

(v) As described in clauses (ii) and (iii) of this subparagraph, Property control must be continuous. Closing on the Property is acceptable, as long as evidence is provided that there was no period in which control was not retained.

(B) Evidence from the appropriate local municipal authority that satisfies one of clauses (i) - (iii) of this subparagraph. Documentation may be from more than one department of the municipal authority and must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period. (§2306.6705(5))

(i) For New Construction or Reconstruction Developments, ~~A~~a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating that:

(I) ~~t~~The Development is located within the boundaries of a political subdivision which does not have a zoning ordinance; and either (II) or (III) of this subparagraph

(II) ~~t~~The letter must ~~also~~ state that the Development ~~fulfills a need for additional affordable rental housing as evidenced in~~ is consistent with a local consolidated plan, comprehensive plan, or other local planning document that addresses affordable housing; or

(III) The letter must state that there is a need for affordable housing, if no such planning document exists~~, then the letter from the local municipal authority must state that there is a need for affordable housing~~.

(ii) For New Construction or Reconstruction Developments, ~~A~~a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating that:

(I) The Development is permitted under the provisions of the zoning ordinance that applies to the location of the Development; or

(II) The Applicant is in the process of seeking the appropriate zoning and has signed and provided to the political subdivision a release agreeing to hold the political subdivision and all other parties harmless in the event that the appropriate zoning is denied, and a time schedule for completion of appropriate zoning. The Applicant must also provide at the time of Application a copy of the application for appropriate zoning filed with the local entity responsible for zoning approval and proof of delivery of that application in the form of a signed certified mail receipt, signed overnight mail receipt, or confirmation letter from said official. Final approval of appropriate zoning must be achieved and documentation of acceptable zoning for the Development, as proposed in the Application, must be provided to the Department at the time the Commitment Fee, or Determination Notice Fee, is paid. If this evidence is not provided with the Commitment Fee, any commitment of credits will be rescinded. No extensions may be requested for the deadline for submitting evidence of final approval of appropriate zoning.

(iii) ~~In the case of a~~For Rehabilitation Development, if the property is currently a non-conforming use as presently zoned, a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction which ~~discusses~~addresses the items in subclauses (I) - (IV) of this clause:

(I) A detailed narrative of the nature of non-conformance;

(II) The applicable destruction threshold;

(III) Owner's rights to reconstruct in the event of damage; and

(IV) Penalties for noncompliance.

(C) Evidence of interim and permanent financing sufficient to fund the proposed Total Housing Development Cost less any other funds requested from the Department and any other sources documented in the Application. Any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. The income and corresponding rent restrictions will be imposed by the housing tax credit LURA and monitored throughout the extended use period~~continuously maintained over the compliance and extended use period as specified in the LURA~~. Such evidence must be consistent with the sources and uses of funds represented in the Application and shall be provided in one or more of the following forms described in clauses (i) - (iv) of this subparagraph:

(i) Bona fide financing in place as evidenced by:

(I) A valid and binding loan agreement;

(II) Deed(s) of trust in the name of the Development Owner expressly allowing transfer to the Development Owner; and

(III) For ~~TX-USDA-RHS~~TRDO-USDA 515 Developments involving ~~Rehabilitation~~, an executed ~~TX-USDA-RHS~~TRDO-USDA letter indicating ~~TX-USDA-RHS~~TRDO-USDA has received a Consent Request, also referred to as a Preliminary Submittal, as described in 7 CFR 3560.406 and a copy of the original loan documents; or,

(ii) Bona fide commitment or term sheet for the interim and permanent loans issued by a lending institution or mortgage company that is actively and regularly engaged in the business of lending money which is addressed to the Development Owner and which has been executed by the lender (the term of the loan must be for a minimum of 15 years with at least a 30 year amortization). The commitment must state an expiration date and all the terms and conditions applicable to the financing including the mechanism for determining the interest rate, if applicable, and the anticipated interest rate and any required Guarantors. Such a commitment may be conditional upon the completion of specified due diligence by the lender and upon the award of tax credits; or,

(iii) Any Federal, State or local gap financing, whether of soft or hard debt, must be identified at the time of Application as evidenced by:

(I) Evidence from the lending agency that an application for funding has been made or from the Applicant indicating an intent to apply for funding; and

(II) A term sheet which clearly describes the amount and terms of the funding, and the date by which the funding determination will be made and any commitment issued, must be submitted; and

(III) Evidence of application for funding from another Department program is not required except as indicated on the Uniform Application, as long as the Department funding is on a concurrent funding period with the Application submitted and the Applicant clearly indicates that such an Application has been filed as required by the Application Submission Procedures Manual; and

(IV) If the commitment from any funding source identified in this subparagraph has not been received by the date the Department's Commitment Notice is to be submitted, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the funding source, the Commitment Notice may be rescinded; or

(iv) If the Development will be financed through more than 5% of Development Owner contributions, provide a letter from an Third Party CPA verifying the capacity of the Development Owner to provide the proposed financing with funds that are not otherwise committed together with a letter from the Development Owner's bank or banks confirming that sufficient funds are available to the Development Owner. Documentation must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period.

(D) Provide the documents in clauses (i) - (iii) of this subparagraph:

(i) A copy of the full legal description

(ii) A current valuation report from the county tax appraisal district and documentation of the current total property tax rate for the proposed Property, and

(iii) A copy of:

(I) The current title policy which shows that the ownership (or leasehold) of the land/Development is vested in the exact name of the Development Owner; or

(II) a current title commitment with the proposed insured matching exactly the name of the Development Owner and the title of the Property/Development vested in the exact name of the seller or lessor as indicated on the sales contract or lease.

(III) If the title policy or commitment is more than six months old as of the day the Application Acceptance Period closes, then a letter from the title company indicating that nothing further has transpired on the policy or commitment.

(8) Evidence in the form of a certification of all of the notifications described in the subparagraphs of this paragraph. Such notices must be prepared in accordance with the "Public Notifications" certification provided in the Application.

(A) Evidence in the form of a certification that the Applicant met the requirements and deadlines identified in clauses (i) - (iii) of this subparagraph. Notification must not be older than three months from the first day of the Application Acceptance Period. (§2306.6705(9)) If evidence of these notifications was submitted with the Pre-Application Threshold for the same Application and satisfied the Department's review of Pre-Application Threshold, then no additional notification is required at Application, except that re-notification is required by tax credit Applicants who have submitted a change in the Application, whether from Pre-Application to Application or as a result of a deficiency that reflects a total Unit increase of greater than 10%, a total increase of greater than 10% for any given level of AMGI, or a change to the population being served (elderly, Intergenerational Housing or family). For Applications submitted for Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only under other Multifamily Programs (HOME, Housing Trust Fund, etc.), notifications and proof thereof must not be older than three months prior to the date the Volume III of the Application is submitted.

(i) The Applicant must request Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site from local elected officials as follows:

(I) No later than January 15, ~~2007~~2008 for Competitive Housing Tax Credit Applications (or for Tax-Exempt Bond Applications, Rural Rescue, or Applications not applying for Tax

Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., not later than 21 days prior to submission of the Threshold documentation), the Applicant must e-mail, fax or mail with registered receipt a completed, "Neighborhood Organization Request" letter as provided in the Application to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request neighborhood organizations from that source in the same format.

(II) If no reply letter is received from the local elected officials by February 25, 2007, (or For Tax-Exempt Bond Developments or Applications not applying for Tax Credits, but applying only for other Multifamily Programs such as HOME, Housing Trust Fund, etc., by 7 days prior to the submission of the Application), then the Applicant must certify to that fact in the "Application Notification Certification Form" provided in the Application.

(III) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as outlined by the local elected officials, or that the Applicant has knowledge of as of the submission of the Application, in the "Application Notification Certification Form" provided in the Application.

(ii) Not later than the date the Application is submitted, notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt return or similar tracking mechanism e-mail, fax or mail with registered receipt in the format required in the "Application Notification Template" provided in the Application. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials. Evidence of Notification is required in the form of a certification in the "Application Notification Certification Form" provided in the Application, although it is encouraged that Applicants retain proof of notifications in the event that the Department requires proof of Notification. Officials to be notified are those officials in office at the time the Application is submitted.

(I) Neighborhood Organizations on record with the state or county whose boundaries include the proposed Development Site as identified in clause (i)(III) of this subparagraph.

(II) Superintendent of the school district containing the Development;

(III) Presiding officer of the board of trustees of the school district containing the Development;

(IV) Mayor of the governing body of any municipality containing the Development;

(V) All elected members of the governing body of any municipality containing the Development;

(VI) Presiding officer of the governing body of the county containing the Development;

(VII) All elected members of the governing body of the county containing the Development;

(VIII) State senator of the district containing the Development; and

(IX) State representative of the district containing the Development.

(iii) Each such notice must include, at a minimum, all of the following:

(I) The Applicant's name, address, individual contact name and phone number;

(II) The Development name, address, city and county;

(III) A statement informing the entity or individual being notified that the Applicant is submitting a request for Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(IV) Statement of whether the Development proposes New Construction, Reconstruction, or Rehabilitation;

(V) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing or elderly);

(VI) The approximate total number of Units and approximate total number of low-income Units;

(VII) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the percentage of Units that are market rate;

(VIII) The number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Application, which are subject to change as annual changes in the area median income occur; and

(IX) The expected completion date if credits are awarded.

(B) Signage on Property or Alternative. A Public Notification Sign shall be installed on the Development Site prior to the date the Application is submitted unless prohibited by local ordinance or code. Scattered site Developments must install a sign on each Development Site. For Competitive Housing Tax Credit Applications the date, time and location of the public hearing, as published by the Department and closest to the Development site, must be included on the sign. For Tax-Exempt Bond Developments, regardless of the Priority of the Application or the Issuer, the sign must be installed within thirty (30) days of the Department's receipt of Volumes I and II. The date, time and location of the bond Tax Exempt Fiscal Responsibility Act (TEFRA) public hearing must be included on the sign no later than thirty (30) days prior to the scheduled public hearing. Evidence submitted with the Application must include photographs of the site with the installed sign. The sign must be at least 4 feet by 8 feet in size and located within twenty feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day that the Board takes final action on the Application for the Development. The information and lettering on the sign must meet the requirements identified in the Application. For Tax-Exempt Bond Developments, regardless of the issuer, the Applicant must certify to the fact that the sign was installed within 30 days of submission and the date, time and location of the bond hearing is indicated on the sign at least 30 days prior to the date of the scheduled hearing. ~~As~~In areas where the Public Notification Sign is prohibited by local ordinance or code, an alternative to installing a Public Notification Sign and at the same required time, the Applicant ~~may instead, at the Applicant's option~~shall, mail written notification to those addresses described in either clause (i) or (ii) of this subparagraph. This written notification must include the information otherwise required for the sign as provided in the Application. ~~If the Applicant chooses to provide this mailed notice in lieu of signage, t~~The final Application must include a map of the proposed Development site and mark the distance required by clause (i) or (ii) of this subparagraph, up to 1,000 feet, showing street names and addresses; a list of all addresses the notice was mailed to; an exact copy of the notice that was mailed; and a certification that the notice was mailed through the U.S. Postal Service and stating the date of mailing. ~~If the option in clause (i) of this subparagraph is used, then e~~Evidence must be provided affirming the signage violation to the local code and the local zoning notification requirements.

(i) All addresses required for notification by local zoning notification requirements. For example, if the local zoning notification requirement is notification to all those addresses within 200 feet, then that would be the distance used for this purpose; or

(ii) For Developments located in communities that do not have zoning, communities that do not require a zoning notification, or those located outside of a municipality, all addresses located within 1,000 feet of any part of the proposed Development site.

(C) If any of the Units in the Development are occupied at the time of Application, then the Applicant must certify that they have notified each tenant at the Development and let the tenants know of the Department's public hearing schedule for comment on submitted Applications.

(9) Evidence of the Development's proposed ownership structure and the Applicant's previous experience as described in subparagraphs (A) - (D) of this paragraph.

(A) Chart which clearly illustrates the complete organizational structure of the final proposed Development Owner and of any Developer or Guarantor, providing the names and ownership percentages of all Persons having an ownership interest in the Development Owner or the Developer or Guarantor, as applicable, whether directly or through one or more subsidiaries. Nonprofit entities,

public housing authorities, publicly traded corporations, individual board members, and executive directors must be included in this exhibit.

(B) Each Applicant, Development Owner, Developer or Guarantor, or any entity shown on an organizational chart as described in subparagraph (A) of this paragraph that has ownership interest in the Development Owner, Developer or Guarantor, shall provide the following documentation, as applicable:

(i) For entities that are not yet formed but are to be formed either in or outside of the state of Texas, a certificate of reservation of the entity name from the Texas Secretary of State; or

(ii) For existing entities whether formed in or outside of the state of Texas, evidence that the entity has the authority to do business in Texas or has applied for such authority.

(C) Evidence that each entity shown on the organizational chart described in subparagraph (A) of this paragraph that has ownership interest in the Development Owner, Developer or Guarantor, has provided a copy of the completed and executed Previous Participation and Background Certification Form to the Department. Nonprofit entities, public housing authorities and publicly traded corporations are required to submit documentation for the entities involved; documentation for individual board members and executive directors is required for this exhibit. Any Person receiving more than 10% of the Developer fee will also be required to submit documents for this exhibit. The ~~2007~~2008 versions of these forms, as required in the Uniform Application, must be submitted. Units of local government are also required to submit this document. The form must include a list of all developments that are, or were, previously under ownership or Control of the Person. All participation in any TDHCA funded or monitored activity, including non-housing activities, must be disclosed.

(D) Evidence, in the form of a certification, that one of the Development Owner's General Partners, the Developer or their Principals have a record of successfully constructing or developing residential units in the capacity of owner, General Partner or Developer. Evidence must be a certification from the Department that the Person with the experience satisfies this exhibit, as further described under subsection (g)(1) of this section. Applicants must request this certification at least fourteen days prior to the close of the Application Acceptance Period. Applicants must ensure that the Person whose name is on the certification appears in the organizational chart provided in subparagraph (A) of this paragraph.

(10) Evidence of the Development's projected income and operating expenses as described in subparagraphs (A) - (D) of this paragraph:

(A) All Developments must provide a 30-year proforma estimate of operating expenses and supporting documentation used to generate projections (operating statements from comparable properties).

(B) If rental assistance, an operating subsidy, an annuity, or an interest rate reduction payment is proposed to exist or continue for the Development, any related contract or other agreement securing those funds or proof of Application must be provided, which at a minimum identifies the source and annual amount of the funds, the number of Units receiving the funds, and the term and expiration date of the contract or other agreement. (§2306.6705(4))

(C) Applicant must provide documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application. This exhibit must clearly indicate which utility costs are included in the estimate. ~~If there is more than one entity (Section 8 administrator, public housing authority) responsible for setting the utility allowance(s) in the area of the Development location, then the Utility Allowance selected must be the one that most closely reflects the actual utility costs in that Development area. In this case, documentation from the local utility provider supporting the selection must be provided.~~

(D) Occupied Developments undergoing Rehabilitation must also submit the items described in clauses (i) - (iv) of this subparagraph.

(i) The items in subclauses (I) and (II) of this clause are required unless the current property owner is unwilling to provide the required documentation. In that case, submit a signed statement as to its inability to provide all documentation as described.

(I) Submit at least one of the following:

(-a-) Historical monthly operating statements of the subject Development for 12 consecutive months ending not more than 3 months from the first day of the Application Acceptance Period;

(-b-) The two most recent consecutive annual operating statement summaries;

(-c-) The most recent consecutive six months of operating statements and the most recent available annual operating summary;

(-d-) All monthly or annual operating summaries available and a written statement from the seller refusing to supply any other summaries or expressing the inability to supply any other summaries, and any other supporting documentation used to generate projections may be provided; and

(II) A rent roll not more than 6 months old as of the first day the Application Acceptance Period, that discloses the terms and rate of the lease, rental rates offered at the date of the rent roll, Unit mix, tenant names or vacancy, and dates of first occupancy and expiration of lease.

(ii) A written explanation of the process used to notify and consult with the tenants in preparing the Application; (§2306.6705(6))

(iii) For Intergenerational Applications or Qualified Elderly Developments, identification of the number of existing tenants qualified under the target population elected under this title;

(iv) A relocation plan outlining relocation requirements and a budget with an identified funding source; and (§2306.6705(6))

(v) If applicable, evidence that the relocation plan has been submitted to the appropriate legal agency. (§2306.6705(6))

(11) Applications involving Nonprofit General Partners and Qualified Nonprofit Developments.

(A) All Applications involving a nonprofit General Partner, regardless of the Set-Aside applied under, in which the Development will receive some financial or tax benefit for the involvement of the nonprofit General Partner, must submit all of the documents described in clauses (i) and (ii) of this subparagraph and indicate the nonprofit status on the carryover documentation and IRS Forms 8609: (§2306.6706)

(i) An IRS determination letter which states that the nonprofit organization is a 501(c)(3) or (4) entity or ; and

(ii) The "Nonprofit Participation Exhibit."

(B) Additionally, all Applications applying under the Nonprofit Set-Aside, established under §4950.7(b)(1) of this title, must also provide the following information with respect to the Qualified Nonprofit Organization as described in clauses (i) - (iii) of this subparagraph.

(i) A Third Party legal opinion stating:

(I) That the nonprofit organization is not affiliated with or Controlled by a forprofit organization and the basis for that opinion, and

(II) That the nonprofit organization is eligible, as further described, for a Housing Credit Allocation from the Nonprofit SetAside and the basis for that opinion. Eligibility is contingent upon the non-profit organization Controlling the Development, or if the organization's Application is filed on behalf of a limited partnership, or limited liability company, the Qualified Nonprofit Organization must be the controlling Managing Member; and otherwise meet the requirements of the Code, §42(h)(5),

(III) That one of the exempt purposes of the nonprofit organization is to provide low-income housing, and

(IV) That the nonprofit organization prohibits a member of its board of directors, other than a chief staff member serving concurrently as a member of the board, from receiving material compensation for service on the board, and

(V) That the Qualified Nonprofit Development will have the nonprofit entity or its nonprofit affiliate or subsidiary be the Developer or co-Developer as evidenced in the development agreement; and

(ii) A copy of the nonprofit organization's most recent audited financial statement; and

(iii) Evidence in the form of a certification that a majority of the members of the nonprofit organization's board of directors principally reside:

(I) In this state, if the Development is located in a Rural Area; or

(II) Not more than 90 miles from the Development, if the Development is not located in a Rural Area.

(12) Applicants applying for acquisition credits must provide must provide

(A) An appraisal meeting the requirements of subparagraph (14)(D) of this subsection, and

(B) An "Acquisition of Existing Buildings Form."

(13) Evidence of Financial Statement and Authorization to Release Credit Information. The financial statements and authorization to release credit information must be unbound and clearly labeled. A "Financial Statement and Authorization to Release Credit Information" must be completed and signed for any General Partner, Developer or Guarantor and any Person that has an ownership interest of ten percent or more in the Development Owner, General Partner, Developer, or Guarantor. Nonprofit entities, public housing authorities and publicly traded corporations are only required to submit documentation for the entities involved; documentation for individual board members and executive directors is not required for this exhibit.

(A) Financial statements for an individual must not be older than 90 days from the first day of the Application Acceptance Period.

(B) Financial statements for partnerships or corporations should be for the most recent fiscal year ended 90 days from the first day of the Application Acceptance Period. An audited financial statement should be provided, if available, and all partnership or corporate financials must be certified. Financial statements are required for an entity even if the entity is wholly-owned by a Person who has submitted this document as an individual.

(C) Entities that have not yet been formed and entities that have been formed recently but have no assets, liabilities, or net worth are not required to submit this documentation, but must submit a statement with their Application that this is the case.

(14) Supplemental Threshold Reports. All Applications must include documents under subparagraphs (A) and (B) of this paragraph. If required under paragraph (6) of this subsection, a Property Condition Assessment as described in subparagraph (C) of this paragraph must be submitted. If required under paragraph (7) or (12) of this subsection, an appraisal as described in subparagraph (D) of this paragraph must be submitted. All submissions must meet the requirements stated in subparagraphs (E) - (G) of this paragraph.

(A) A Phase I Environmental Site Assessment (ESA) report:

(i) Prepared by a qualified Third Party;

(ii) Dated not more than 12 months prior to the first day of the Application Acceptance Period. In the event that a Phase I Environmental Site Assessment on the Development is more than 12 months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated letter or updated report dated not more than three months prior to the first day of the Application Acceptance Period from the Person or organization which prepared the initial assessment confirming that the site has been re-inspected and reaffirming the conclusions of the initial report or identifying the changes since the initial report; and

(iii) Prepared in accordance with the Department's Environmental Site Assessment Rules and Guidelines, §1.35 of this title.

(iv) Developments whose funds have been obligated by ~~TX-USDA-RHS~~TRDO-USDA will not be required to supply this information; however, the Applicants of such Developments are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

(B) A comprehensive Market Analysis report:

(i) Prepared by a Third Party Qualified Market Analyst approved by the Department in accordance with the approval process outlined in the Market Analysis Rules and Guidelines, §1.33 of this title;

(ii) Dated not more than 6 months prior to the first day of the Application Acceptance Period. In the event that a Market Analysis is more than 6 months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated Market Analysis from the Person or organization which prepared the initial report; however the Department will not accept any Market Analysis which is more than 12 months old as of the first day of the Application Acceptance Period; and

(iii) Prepared in accordance with the methodology prescribed in the Department's Market Analysis Rules and Guidelines, §1.33 of this title.

(iv) For Applications in the ~~TX-USDA-RHS~~TRDO-USDA Set-Aside proposing acquisition and Rehabilitation with residential structures at or above 80% occupancy at the time of Application Submission, the appraisal, required under paragraphs (7) or (12) of this subsection and prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Department's Appraisal Rules and Guidelines, §1.34 of this title, will satisfy the requirement for a Market Analysis; however the Department may request additional information as needed. (§2306.67055) (§42(m)(1)(A)(iii))

(C) A Property Condition Assessment (PCA) report:

(i) Prepared by a qualified Third Party;

(ii) Dated not more than 6 months prior to the first day of the Application Acceptance Period; and

(iii) Prepared in accordance with the Department's Property Condition and Assessment Rules and Guidelines, §1.36 of this title.

(iv) For Developments which require a capital needs assessment from ~~TX-USDA-RHS~~TRDO-USDA, the capital needs assessment may be substituted and may be more than 6 months old, as long as ~~TX-USDA-RHS~~TRDO-USDA has confirmed in writing that the existing capital needs assessment is still acceptable.

(D) An appraisal report:

(i) Prepared by a qualified Third Party;

(ii) Dated not more than 6 months prior to the first day of the Application Acceptance Period. In the event that an appraisal is more than 6 months old prior to the first day of the Application Acceptance Period, the Applicant must supply the Department with an updated appraisal from the Person or organization which prepared the initial report; however the Department will not accept any appraisal which is more than 12 months old as of the first day of the Application Acceptance Period; and

(iii) Prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Department's Appraisal Rules and Guidelines, §1.34 of this title.

(iv) For Developments that require an appraisal from ~~TX-USDA-RHS~~TRDO-USDA, the appraisal may be more than 6 months old, as long as ~~TX-USDA-RHS~~TRDO-USDA has confirmed in writing that the existing appraisal is still acceptable.

(E) Inserted at the front of each of these reports must be a transmittal letter from the individual preparing the report that states that the Department is granted full authority to rely on the findings and conclusions of the report. The transmittal letter must also state the report preparer has read and understood the Department rules specific to the report found at §§1.33 - 1.36 of this title.

(F) All Applicants acknowledge by virtue of filing an Application that the Department is not bound by any opinion expressed in the report. The Department may determine from time to time that information not required in the Department's Rules and Guidelines will be relevant to the Department's evaluation of the need for the Development and the allocation of the requested Housing Credit Allocation Amount. The Department may request additional information from the report provider or revisions to the report to meet this need. In instances of non-response by the report provider, the Department may substitute in-house analysis.

(G) The requirements for each of the reports identified in subparagraphs (A) - (C) of this paragraph can be satisfied in either of the methods identified in clause (i) or (ii) of this subparagraph and meet the requirements of clause (iii) of this subparagraph.

(i) Upon Application submission, the documentation for each of these exhibits may be submitted in its entirety; or

(ii) Upon Application submission, the Applicant may provide evidence in the form of an executed engagement letter with the party performing each of the individual reports that the required exhibit has been commissioned to be performed and that the delivery date will be no later than April ~~2~~1, ~~2007~~2008. In addition to the submission of the engagement letter with the Application, a map must be provided that reflects the Qualified Market Analyst's intended market area. Subsequently, the entire exhibit must be submitted on or before 5:00 p.m. CST, April ~~2~~1, ~~2007~~2008. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration.

(iii) A single hard copy of the report and a searchable soft copy in the format of a single file containing all information and exhibits in the hard copy report, presented in the order they appear in the hard copy report on a CD-R clearly labeled with the report type, Development name, and Development location are required.

(15) Self-Scoring. Applicant's self-score must be completed on the "Application Self-Scoring Form." An Applicant may not adjust the Application Self Scoring Form without a request from the Department as a result of an Administrative Deficiency.

(i) **Selection Criteria.** All Applications will be scored and ranked using the point system identified in this subsection. Unless otherwise stated, use normal rounding. Points other than paragraphs (2) and (6) of this subsection will not be awarded unless requested in the Self Scoring Form. All Applications, with the exception of ~~TX-USDA-RHS~~TRDO-USDA Applications, must receive a final score totaling a minimum of ~~105~~111, not including any points awarded or deducted pursuant to paragraphs (2) and (6) of this subsection to be eligible for an allocation of Housing Tax Credits. Maximum Total Points: ~~215~~228.

(1) Financial Feasibility of the Development. Financial Feasibility of the Development based on the supporting financial data required in the Application that will include a Development underwriting pro forma from the permanent or construction lender. (§2306.6710(b)(1)(A)) Applications may qualify to receive 28 points for this item. No partial points will be awarded. Evidence will include the documentation required for this exhibit, as reflected in the Application submitted, in addition to the commitment letter required under subsection (h)(7)(C) of this section. The supporting financial data shall include:

(A) A fifteen year pro forma prepared by the permanent or construction lender:

(i) Specifically identifying each of the first five years and every fifth year thereafter;

(ii) Specifically identifying underlying assumptions including, but not limited to general growth factor applied to income and expense; and

(iii) Indicating that the Development maintains a minimum 1.15 debt coverage ratio throughout the initial fifteen years proposed for all third party lenders that require scheduled repayment; and

(B) A statement in the commitment letter, or other form deemed acceptable by the Department, indicating that the lender's assessment finds that the Development will be feasible for fifteen years.

(C) For Developments receiving financing from ~~TX-USDA-RHS~~TRDO-USDA, the form entitled "Sources and Uses Comprehensive Evaluation for Multi-Family Housing Loans" or other form deemed acceptable by the Department shall meet the requirements of this section.

(2) Quantifiable Community Participation from Neighborhood Organizations on Record with the State or County and Whose Boundaries Contain the Proposed Development Site. Points will be awarded based on written statements of support or opposition from ~~n~~Neighborhood ~~o~~Organizations on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development site. (§2306.6710(b)(1)(B); §2306.6725(a)(2)). It is possible for points to be awarded or deducted based on written statements from organizations that were not identified by the process utilized for notification purposes under subsection (h)(8)(A)(ii)~~(I)~~ of this section if the organization provides the information and documentation required below. It is also possible that neighborhood organizations that were initially identified as appropriate organizations for purposes of the notification requirements will subsequently be determined by the Department not to meet the requirements for scoring.

(A) Basic Submission Requirements for Scoring. Each ~~n~~Neighborhood ~~o~~Organization may submit one letter (and enclosures) that represents the organization's input. In order to receive a point score, the letter (and enclosures) must be received or postmarked (or similar tracking system) by the Department no later than ~~March1, 2007~~February 29, 2008, for letters relating to Applications that submitted a Pre-Application, or ~~April 2, 2007~~April 1, 2008 if a Pre-Application was not submitted. Letters should be addressed to the Texas Department of Housing and Community Affairs, "Attention: Executive Director (Neighborhood Input)." Letters received after the applicable deadline will be summarized for the Board's information and consideration, but will not affect the score for the Application. The organization's letter (and enclosures) must:

(i) State the name and location of the proposed single Development ~~on which input is provided. A letter may provide input on only one proposed Development; if an organization is eligible to provide input on additional Developments, each Development must be addressed in a separate letter~~;

(ii) Certify that the letter is signed by the person with the authority to sign on behalf of the neighborhood organization, and provide:

(A) the street and/or mailing addresses;~~,~~

(B) day and evening phone numbers;~~,~~

(C) and e-mail addresses and/or facsimile numbers for the signer of the letter; and

(D) for one additional contact including their contact information for the organization;

(iii) Certify that the organization has boundaries, and that the boundaries in effect ~~December 1, 2006~~February 29, 2008 contain the proposed Development site~~.~~;

(iv) Certify that the organization ~~is a~~meets the definition of "~~n~~Neighborhood ~~o~~Organization as defined in §50.3(62) of this title." For the purposes of this section, a "~~n~~Neighborhood ~~o~~Organization" is defined as an organization of persons living near one another within the organization's defined boundaries in effect ~~December 1, 2006~~February 29, 2008 that contain the proposed Development site and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood. "Neighborhood organizations" include homeowners associations, property owners associations, and resident councils in which the council is commenting on the Rehabilitation or Reconstruction of the property occupied by the residents. "Neighborhood organizations" do not include broader based "community" organizations.~~; organizations that have no members other than board members; chambers of commerce; community development corporations; churches; school related organizations; Lions, Rotary, Kiwanis, and similar organizations; Habitat for Humanity; Boys and Girls Clubs; charities; public housing authorities; or any governmental entity. Organizations whose boundaries include an entire county or larger area are not "neighborhood organizations", unless the large organization is a parent organization of smaller organizations whose purpose, and composition would otherwise meet the requirements of this definition. Organizations whose boundaries include an entire city are generally not "neighborhood organizations", unless the city organization is a parent organization of smaller organizations whose purpose, and composition would otherwise meet the requirements of this definition.~~

(v) Include documentation showing that the organization is on record as of ~~December 1, 2006~~February 29, 2008 with the state or county in which the Development is proposed to be located. The receipt of a QCAP letter, by the Department on or before February 29, 2008, that meets the requirements outlined in the QCP neighborhood information packet and the 2008 QAP, will constitute being on record with the State. ~~A record from the Secretary of State showing that the organization is incorporated or from the county clerk showing that the organization is on record with the county is sufficient. For a property owners association, a record from the county showing that the organization's management certificate is on record is sufficient. The documentation must be from the state or county and be current. If an organization's status with the Secretary of State is shown as "forfeited," "dissolved," or any similar status in the documentation provided by the organization, the organization will not be considered on record with the state, unless corrected in a deficiency response. It is insufficient to be "on record" to provide only a request to the county or a state entity to be placed on record or to show that the organization has corresponded with such an entity or used its services or programs. There are two options to be considered on record with the Department (and thereby the state):~~

~~(I) The neighborhood organization may submit a letter from the city showing that the organization was on record with a city as of December 1, 2006 may be submitted with the QCP Package to place the organization on record with the state effective December 1, 2006; or~~

~~(II)~~ The neighborhood organization ~~may~~ must include in their ~~submit a~~ letter, ~~including~~ a contact name with a mailing address and phone number; and a written description and map of the organization's geographical boundaries, as well as proof that the boundaries described were in effect as of ~~December 1, 2006~~February 29, 2008. ~~Under this option, a certification will not suffice.~~ This request must be received no later than ~~February 15, 2007~~February 29, 2008. Acceptance of this documentation will be subject to ~~by the~~ Department approval.~~will be effective December 1, 2006 and will satisfy the "on record with the state" requirement, but is not a determination that the organization is a "neighborhood organization" or that other requirements are met.~~ The Department is permitted to issue a deficiency notice for this registration process and if satisfied, the organization will still be deemed to be timely placed on record with the state.

(vi) Accurately certify that the ~~n~~Neighborhood ~~o~~Organization was not formed by any Applicant, Developer, or any employee or agent of any Applicant (the seller of land is not considered, with the exception of an identity of interest, to be an agent of the Application) in the ~~2007~~2008 Competitive Housing Tax Credit Application Round, that the organization and any member did not accept money or a gift to cause the neighborhood organization to take its position of support or opposition, and has not provided any assistance other than education and information sharing to the neighborhood organization to meet the requirements of this subparagraph for any application in the Application Round (i.e. hosting a public meeting, providing the "TDHCA Information Packet for Neighborhoods" to the ~~n~~Neighborhood ~~o~~Organization, or referring the ~~n~~Neighborhood ~~o~~Organization to TDHCA staff for guidance). Applicants may not provide any "production" assistance to meet these requirements for any application in the Application Round (i.e. use of fax machines owned by the Applicant, use of legal counsel related to the Applicant, or assistance drafting a letter for the purposes of this subparagraph). Applicants may not request Neighborhood Organizations to change their boundaries to include the Development site.

(vii) While not required, the organization is encouraged to hold a meeting to which all the members of the organization are invited to consider whether the organization should support, oppose, or be neutral on the proposed Development, and to have the membership vote on whether the organization should support, oppose, or be neutral on the proposed Development. The organization is also encouraged to invite the developer to this meeting.

~~(viii) The organization must accurately certify that the boundaries in effect December 1, 2006 include the proposed Development Site and acknowledge in the certification that annexations occurring after that time to include a Development site will not be considered eligible. A Development site must be entirely contained within the boundaries of the organization to satisfy eligibility for this item; a site that is only partially within the boundaries will not satisfy the requirement that the boundaries contain the proposed Development site.~~

(ix) Letters from Neighborhood ~~o~~Organizations, and subsequent correspondence from Neighborhood ~~o~~Organizations, may not be provided via the Applicant which includes facsimile and email communication.

(B) Scoring of Letters (and Enclosures). The input must clearly and concisely state each reason for the Neighborhood ~~o~~Organization's support for or opposition to the proposed Development.

(i) The score awarded for each letter for this exhibit will range from a maximum of +24 for the position support to +12 for the neutral position to 0 for a position of opposition. The number of points to be allocated to each organization's letter will be based on the organization's letter and evidence enclosed with the letter. The final score will be determined by the Executive Director. The Department may investigate a matter and contact the Applicant and ~~n~~Neighborhood ~~o~~Organizations for more information. The Department may consider any relevant information specified in letters from other ~~n~~Neighborhood ~~o~~Organizations regarding a Development in determining a score.

(ii) The Department highly values quality public input addressed to the merits of a Development. Input that points out matters that are specific to the neighborhood, the proposed site, the proposed Development, or Developer are valued. If a proposed Development is permitted by

the existing or pending zoning or absence of zoning, concerns addressed by the allowable land use that are related to any multifamily development may generally be considered to have been addressed at the local level through the land use planning process. Input concerning positive efforts or the lack of efforts by the Applicant to inform and communicate with the neighborhood about the proposed Development is highly valued. If the ~~n~~Neighborhood ~~o~~Organization refuses to communicate with the Applicant the efforts of the Applicant will not be considered negative. Input that evidences unlawful discrimination against classes of persons protected by Fair Housing law or the scoring of which the Department determines to be contrary to the Department's efforts to affirmatively further fair housing will not be considered.

(iii) In general, letters that meet the requirements of this paragraph and:

(I) Establish at least one reason for support or opposition will be scored the maximum points for either support (+24 points) or opposition (zero);

(II) That do not establish a reason for support or opposition or that are unclear will be considered ineligible and scored as neutral (+12 points).

(iv) Applications for which there are multiple eligible letters received, an average score will be applied to the Application.

(v) Applications for which no letters from neighborhood organizations are scored will receive a neutral score of +12 points.

(C) Basic Submission Deficiencies. The Department is authorized but not required to request that the ~~n~~Neighborhood ~~o~~Organization provide additional information or documentation the Department deems relevant to clarify information contained in the organization's letter (and enclosures). If the Department determines to request additional information from an organization, it will do so by e-mail or facsimile to the e-mail address or facsimile number provided with the organization's letter. If the deficiencies are not clarified or corrected in the Department's determination within seven business days from the date the e-mail or facsimile is sent to the organization, the organization's letter will not be considered further for scoring and the organization will be so advised. This potential deficiency process does not extend any deadline required above for the "Quantifiable Community Participation" process. An organization may not submit additional information or documentation after the applicable deadlines deadline except in response to an e-mail or facsimile from the Department specifically requesting additional information.

(3) The Income Levels of Tenants of the Development. Applications may qualify to receive up to 22 points for qualifying under only one of subparagraphs (A) - (F) of this paragraph. To qualify for these points, the household incomes must not be higher than permitted by the AMGI level The Development Owner, upon making selections for this exhibit, will set aside Units at the levels of AMGI and will maintain the percentage of such Units continuously over the compliance and extended use period as specified in the LURA. These income levels require corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. (§2306.6710(b)(1)(C); §2306.111(g)(3)(B); §2306.6710(e); §42(m)(1)(B)(ii)(I); §2306.111(g)(3)(E))

(A) 22 points if at least 80% of the Total Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(B) 22 points if at least 40% of the Total Units in the Development are set-aside with incomes at or below a combination of 50% and 30% of AMGI in which at least 5% of the Total Units are at or below 30% of AMGI; or

~~(B) 22 points if at least 10% of the Total Units in the Development are set-aside with incomes at or below 30% of AMGI; or~~

(C) 20 points if at least 60% of the Total Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(D) 18 points if at least 10% of the Total Units in the Development are set-aside with incomes at or below 30% of AMGI; or

~~(D) 18 points if at least 40% of the Total Units in the Development are set-aside with incomes at or below a combination of 50% and 30% of AMGI in which at least 5% of the Total Units are at or below 30% of AMGI; or~~

(E) 16 points if at least 40% of the Total Units in the Development are set-aside with incomes at or below 50% of AMGI; or

(F) 14 points if at least 35% of the Total Units in the Development are set-aside with incomes at or below 50% of AMGI.

(4) The Size and Quality of the Units (Development Characteristics). Applications may qualify to receive up to 20 points. Applications may qualify for points under both subparagraphs (A) and (B) of this paragraph. (§2306.6710(b)(1)(D); §42(m)(1)(C)(iii))

(A) Size of the Units. Applications may qualify to receive 6 points. The Development must meet the minimum requirements identified in this subparagraph to qualify for points. Six points for this item will be automatically granted for Applications involving Rehabilitation (excluding Reconstruction), Developments receiving funding from ~~TX-USDA-RHS~~TRDO-USDA, or Developments proposing single room occupancy without meeting these square footage minimums if requested in the Self Scoring Form. The square feet of all of the Units in the Development, for each type of Unit, must be at least the minimum noted below. Changes to an Application during any phase of the review process that decreases the square footage below the minimums noted below, will be re-evaluated and may result in a reduction of the Application score.

(i) 500 square feet for an efficiency Unit;

(ii) 650 square feet for a non-elderly one Bedroom Unit; 550 square feet for an elderly one Bedroom Unit;

(iii) 900 square feet for a non-elderly two Bedroom Unit; 750 square feet for an elderly two Bedroom Unit;

(iv) 1,000 square feet for a three Bedroom Unit; and

(v) 1,200 square feet for a four Bedroom Unit.

(B) Quality of the Units. Applications may qualify to receive up to 14 points. Applications in which Developments provide specific amenity and quality features in every Unit at no extra charge to the tenant will be awarded points based on the point structure provided in clauses (i) - (xix) of this subparagraph, not to exceed 14 points in total. Applications involving scattered site Developments must have all of the Units located with a specific amenity to count for points. Applications involving Rehabilitation or single room occupancy may receive 1.5 points for each point item, not to exceed 14 points in total.

(i) Covered entries (1 point);

(ii) Nine foot ceilings in living room and all bedrooms (at minimum) (1 point);

(iii) Microwave ovens (1 point);

(iv) Self-cleaning or continuous cleaning ovens (1 point);

(v) Ceiling fixtures in all rooms (light with ceiling fan in living area and all bedrooms) (1 point);

(vi) Refrigerator with icemaker (1 point);

(vii) Laundry connections (2 points);

(viii) Storage room or closet, of approximately 9 square feet or greater, which does not include bedroom, entryway or linen closets - does not need to be in the Unit but must be on the property site (1 point);

(ix) Laundry equipment (washers and dryers) for each individual unit including a front loading washer and dryer in required UFAS compliant Units (3 points);

(x) Thirty year architectural shingle roofing (1 point);

(xi) Covered patios or covered balconies (1 point);

(xii) Covered parking (including garages) of at least one covered space per Unit (2 points);

(xiii) 100% masonry on exterior, which can include stucco, cementitious board products, concrete brick and mortarless concrete masonry, but not EIFS synthetic stucco (3 points);

(xiv) Greater than 75% masonry on exterior, which can include stucco and cementitious board products, concrete brick and mortarless concrete masonry, but not EIFS synthetic stucco (1 points);

(xv) Use of energy efficient alternative construction materials (for example, Structural Insulated Panel construction) with wall insulation at a minimum of R-20 (3 points).

(xvi) R-15 Walls / R-30 Ceilings (rating of wall system) (3 points);

(xvii) 14 SEER HVAC or evaporative coolers in dry climates for New Construction and Reconstruction or radiant barrier in the attic for Rehabilitation (excluding Reconstruction) (3 points);~~(WG)~~

(xviii) ~~Energy Star rated refrigerators and dishwashers (2 points); or~~

(~~xi~~xviii) High Speed Internet service to all Units at no cost to residents (2 points)~~.~~; or

(xix) Fire sprinklers in all Units (2 points).

(5) The Commitment of Development Funding by Local Political Subdivisions. Applications may qualify to receive up to 18 points for qualifying under this paragraph provided for under Development Funding. (§2306.6710(b)(1)(E))

(A) Basic Submission Requirements for Scoring. Evidence of the following must be submitted in accordance with the Application Submission Procedures Manual (ASPM).

~~(i) Evidence must be submitted in the Application that the proposed Development has received or will receive qualifying loan(s), grants or in-kind contributions from a Local Political Subdivision, as defined in this title.~~

(i~~i~~) The loans, grant(s) or in-kind contribution(s) must be attributed to the Total Housing Development Costs, as defined in this title, unless otherwise stipulated in this section.

(ii~~i~~) An Applicant may only submit enough sources to substantiate the point request, and all sources must be included in the Sources and Uses form. For example, if an Applicant is requesting 18 points, five sources may be submitted if each is for an amount equal to 1% of the Total Housing Development Cost. However, five sources may not be submitted if each source is for an amount equal to 5% of the Total Housing Development Cost.

(iii~~iv~~) An Applicant may substitute any source in response to a Deficiency Notice or after the Application has been submitted to the Department.

(iv) A loan does not qualify as an eligible source unless it has a minimum ~~1-year~~5-year term and the interest rate must be at the Applicable Federal Rate (AFR) or below (at the time of application

(v~~i~~) In-kind contributions such as donation of land, tax exemptions, or waivers of fees such as building permits, water and sewer tap fees, or similar contributions are only eligible if the in-kind contribution provides a tangible economic benefit that results in a quantifiable Total Housing Development Cost reduction to benefit the Development will be acceptable to qualify for these points. The quantified value of the Total Housing Development Cost reduction may only include the value during the period the contribution or waiver is received and/or assessed Donations of land must be under the control of the Applicant, pursuant to §~~49~~50.9(h)(7) of this title to qualify. The value of in-kind contribution may only include the time period between award, or August 1, 2008 and the Development's Placed in Service date. Contributions in the form of tax exemptions or abatements may only count for points if the contribution is in addition to any tax exemption or abatement required under statute.

(vi~~i~~) To the extent that a Notice of Funding Availability (NOFA) is released and funds are available, funds from TDHCA's HOME Investment Partnerships (HOME) Program will qualify if a resolution, dated on or before the Application Acceptance deadline, is submitted with the Application from the Local Political Subdivision authorizing the Applicant to act on behalf of the Local Political Subdivision in applying for HOME Funds from TDHCA for the particular application. TDHCA's HOME funds may be substituted for a source originally submitted with the Application, provided the HOME funds substituted are from a NOFA released after the Application Acceptance deadline and a resolution is submitted with the substitution documentation from the Local Political Subdivision authorizing the Applicant to act on behalf of the Local Political Subdivision in applying for HOME Funds from TDHCA for the particular application.

(vii~~i~~) Development based rental subsidies may qualify under this section if evidence of the remaining value of the contract is submitted from the Local Political Subdivision. The value of the contract does not include past subsidies.

(viii~~ix~~) Evidence to be submitted with the Application must include a copy of the commitment of funds; a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received; or a certification of intent to apply for funding that indicates the funding entity and program to which the application will be submitted, the loan amount

to be applied for and the specific proposed terms. For in-kind contributions, evidence must be submitted in the Application from Local Political Subdivision substantiating the value of the in-kind contributions. For in-kind contributions of land, evidence of the value of the contribution must be in the form of an appraisal.

(ix) If not already provided, at the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the governing body of the Local Political Subdivision for the sufficient local funding to the Department. If the funding commitment from the Local Political Subdivision has not been received by the date the Department's Commitment Notice is to be submitted, the Application will be evaluated to determine if the loss of these points would have resulted in the Department's not committing the tax credits. If the loss of points would have made the Application noncompetitive, the Commitment Notice will be rescinded and the credits reallocated. If the Application would still be competitive even with the loss of points and the loss would not have impacted the recommendation for an award, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the Local Political Subdivision's funds, the Commitment Notice will be rescinded and the credits reallocated.

(xi) Funding commitments from a Local Political Subdivision will not be considered final unless the Local Political Subdivision attests to the fact that any funds committed were not first provided to the Local Political Subdivision by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision or subsidiary.

(B) Scoring. Points will be determined on a sliding scale based on the percentage of the Total Housing Development Costs of the Development, as reflected in the in the Development Cost Schedule. If a revised Development Cost Schedule is submitted to the Department in response to a deficiency notice at anytime during the review process, the Revised Development Cost Schedule will be utilized for this calculation, and Applicants will be notified of the revised score, consistent with §4950.9(e) of this title. Do not round for the following calculations. The "total contribution" is the total combined value of qualifying loan(s), grants or in-kind contributions from a Local Political Subdivision pursuant to (A) of this subsection.

(i) A total contribution equal to or greater than 1% of the Total Housing Development Cost of the Development receives 6 points; or

(ii) A total contribution equal to or greater than 2.5% of the Total Housing Development Cost of the Development receives 12 points; or

(iii) A total equal to or greater than 5% of the Total Housing Development Cost of the Development receives 18 points.

(6) The Level of Community Support from State ~~Elected Officials~~Representative or State Senator. The level of community support for the application, evaluated on the basis of written statements received from the ~~s~~State ~~elected officials~~Representative or State Senator that represents the district containing the proposed Development Site. (§2306.6710(b)(1)(F) and (f) ~~and (g)~~; §2306.6725(a)(2)) Applications may qualify to receive ~~up to~~ 14 points for this item. ~~Points will be awarded based on the written statements of support or opposition from state elected officials representing constituents in areas that include the location of the Development.~~ Letters of support must identify the specific Development and must clearly state support for or opposition to the specific Development. This documentation will be accepted with the Application or through delivery to the Department from the Applicant or ~~official~~ the State Representative or Senator by April ~~2~~1, ~~2007~~2008. ~~Officials~~ State Representatives or Senators to be considered are those ~~officials~~ State Representatives or Senaotrs in office at the time the Application is submitted. Letters of support from ~~state officials~~State Representatives or Senators that do not represent ~~constituents in areas that include the location of the~~ the district containing the proposed Development site will not qualify for points under this Exhibit. Neutral letters, or letters that do not specifically refer to the Development, will receive neither positive nor negative points. Letters from State of Texas Representative or Senator: support letters are ~~7 points each for a maximum of +~~14 points; opposition letters are ~~-7 points each for a maximum of -~~14 points. If one letter is received in support and one letter is received in opposition the score would be 0 points.

(7) The Rent Levels of the Units. Applications may qualify to receive up to 12 points for qualifying under this exhibit. (§2306.6710(b)(1)(G)) If 80% or fewer of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 7 points. If between 81% and 85% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 8 points. If between 86% and 90% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 9 points. If between 91% and 95% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 10 points. If greater than 95% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 12 points.

(8) The Cost of the Development by Square Foot (Development Characteristics). Applications may qualify to receive 10 points for this item. (§2306.6710(b)(1)(H); §42(m)(1)(C)(iii)) For this exhibit, costs shall be defined as construction costs, including site work, direct hard costs, contingency, contractor profit, overhead and general requirements, as represented in the Development Cost Schedule. This calculation does not include indirect construction costs. The calculation will be costs per square foot of net rentable area (NRA). For the purposes of this subparagraph only, if the proposed Development is an elevator building serving elderly or a high rise building serving any population, the NRA may include elevator served interior corridors. The calculations will be based on the cost listed in the Development Cost Schedule and NRA shown in the Rent Schedule of the Application. Developments qualify for 10 points if their costs do not exceed $85 per square foot for Qualified Elderly, single family design, transitional, and single room occupancy Developments (transitional housing for the homeless and single room occupancy units as provided in the Code, §42(i)(3)(B)(iii) and (iv)), unless located in a "First Tier County" in which case their costs do not exceed $87 per square foot; and $75 for all other Developments, unless designated as "First Tier" by the Texas Department of Insurance, in which case their costs do not exceed $77 per square foot. For ~~2006~~2007, the First Tier counties are Aransas, Brazoria, Calhoun, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, San Patricio, and Willacy. There are also specifically designated First Tier communities in Harris County that are east of State Highway 146, and evidence in the Application must include a map with the Development site designated clearly within the community. These communities are Pasadena, Morgan's Point, Shoreacres, Seabrook and La Porte. Intergenerational developments will receive 10 points if costs described above do not exceed the square footage limit for elderly and non-elderly units as determined by using the NRA attributable to the respective elderly and non-elderly units. The Department will determine if points will be awarded by multiplying the NRA for elderly units by the applicable square footage limit for the elderly units and adding that total to the result of the multiplication of the NRA for family units by the applicable non-elderly square footage limit. If this maximum cost amount is equal to, or greater than the total of the costs identified above for the application, points will be awarded(10 points).

(9) The Services to be Provided to Tenants of the Development. Applications may qualify to receive up to 8 points. ~~Applications may qualify for points under both subparagraphs (A) and (B) of this paragraph.~~ (§2306.6710(b)(1)(I); ~~§2306.254;~~ §2306.6725(a)(1); General Appropriation Act, Article VII, Rider 7)

~~(A) Applicants will receive points for coordinating their tenant services with those services provided through state workforce development and welfare programs as evidenced by execution of a Tenant Supportive Services Certification (2 points).~~

~~(B)~~ The Applicant must certify that the Development will provide a combination of special supportive services appropriate for the proposed tenants. The provision of supportive services will be included in the LURA as selected from the list of services identified in this subparagraph. No fees may be charged to the tenants for any of the services. Services must be provided on-site or transportation to off-site services must be provided (maximum of 6 points).

(i) Applications will be awarded points for selecting services listed in clause (ii) of this subparagraph based on the following scoring range:

(I) Two points will be awarded for providing two of the services; or

(II) Four points will be awarded for providing four of the services; or

(III) Six points will be awarded for providing six of the services.

(ii) Service options include child care; transportation; basic adult education; legal assistance; counseling services; GED preparation; English as a second language classes; vocational training; home buyer education; credit counseling; financial planning assistance or courses; health screening services; health and nutritional courses; organized team sports programs or youth programs; scholastic tutoring; any other programs described under Title IV-A of the Social Security Act (§42 (§42 U.S.C. §§601 et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families; ~~any services addressed by §2306.254 Texas Government Code;~~ or any other services approved in writing by the Department.

(iii) Applications will receive 2 points for providing Notary Public Services to tenants at no cost to the tenant. This will be included in the LURA.

(10) Declared Disaster Areas. Applications may receive 7 points, if at time the complete Application is submitted or at any time within the two-year period preceding the date of submission, the proposed Development site is located in a Disaster Area as defined in §50.3.

(~~10~~11) Rehabilitation, ~~or~~ (which includes Reconstruction) or Adaptive Reuse. Applications may qualify to receive ~~7~~6 points. Applications proposing to build solely Rehabilitation (excluding New Construction of non-residential buildings), or solely Reconstruction (excluding New Construction of non-residential buildings) qualify for points.

(~~11~~12) Housing Needs Characteristics. (§42(m)(1)(C)(ii)) Applications may qualify to receive up to ~~7~~6 points. Each Application may receive a score if correctly requested in the self score form based on objective measures of housing need in the Area where the Development is located. This Affordable Housing Need Score for each Area will be published in a Site Demographic Characteristics table in the Reference Manual.

(~~12~~13) Development Includes the Use of Existing Housing as part of a Community Revitalization Plan (Development Characteristics). Applications may qualify to receive ~~7~~6 points for this item. (§42(m)(1)(C)(iii)) The Development is an Existing Residential Development and proposed any Rehabilitation or any Reconstruction that is part of a Community Revitalization Plan. Evidence of the Community Revitalization Plan and a letter from the governing body stating that the Development Site is located within the targeted development areas outlined in the Community Revitalization Plan must be submitted.

(~~13~~14) Pre-Application Participation Incentive Points. (§2306.6704) Applications that submitted a Pre-Application during the Pre-Application Acceptance Period and meet the requirements of this paragraph will qualify to receive 6 points for this item. To be eligible for these points, the Application must:

(A) Be for the identical Development Site, or reduced portion of the Development Site as the proposed Development Site under control in the Pre-Application;

(B) Have met the Pre-Application Threshold Criteria;

(C) Be serving the same target population (family, Intergenerational Housing, or elderly) as in the Pre-Application;

(D) Be serving the same target Set-Asides as indicated in the Pre-Application (Set-Asides can be dropped between Pre-Application and Application, but no Set-Asides can be added); and

(E) Be awarded by the Department an Application score that is not more than 5% greater or less than the number of points awarded by the Department at Pre-Application, with the exclusion of points for support and opposition under paragraphs (2), (6), and (~~16~~18) of this of this subsection. The Application score used to determine whether the Application score is 5% greater or less than the number of points awarded at Pre-Application will also include all point losses under 50.9(d)(4). An Applicant must choose, at the time of Application either clause (i) or (ii) of this subparagraph:

(i) To request the Pre-Application points and have the Department cap the Application score at no greater than the 5% increase regardless of the total points accumulated in the scoring evaluation. This allows an Applicant to avoid penalty for increasing the point structure outside the 5% range from Pre-Application to Application; or

(ii) To request that the Pre-Application points be forfeited and that the Department evaluate the Application as requested in the self-scoring sheet.

(15) Economic Development Initiatives. A Development that is located in one of the following two areas may qualify to receive 4 points:

(1) a Designated State or Federal Empowerment/Enterprise Zone, Urban Enterprise Community, or Urban Enhanced Enterprise Community. To be eligible for these points, Applicants must submit a letter and a map from a city/county official stating that the proposed Development is located within such a designated zone or area; is eligible to receive the state or federal economic development grants or loans; and the city/county still has available funds. The letter should be no older than 6 months from the first day of the Application Acceptance Period. VII, Rider 6; §2306.127); or

(2) an area that has received an award as of November 1, 2007, within the past three years from the Texas Capital Fund, Texas or Federal Enterprise Zone Fund, Texas Leverage Fund, Industrial Revenue Bond Program, Emerging Technologies, Skills Development, Rural Business Enterprise Grants, Certified Development Company Loans, or Micro Loan Program. Grants that qualify in these areas are included in the Application Reference Manual.

(3) Points under subparagraph (1) and (2) will not be granted if more than 3 tax credit Developments have been awarded in that area in the last 7 years.

(~~14~~16) Development Location. (§2306.6725(a)(4)); §42(m)(1)(C)(i)) Applications may qualify to receive 4 points. Evidence, not more than 6 months old from the first day of the Application Acceptance Period, that the subject Property is located within one of the geographical areas described in subparagraphs (A) - (~~G~~E) of this paragraph. Areas qualifying under any one of the subparagraphs (A) - (~~G~~E) of this paragraph will receive 4 points. An Application may only receive points under one of the subparagraphs (A) - (~~G~~E) of this paragraph.

(A) A geographical Area which is an Economically Distressed Area; a Colonia; or a Difficult Development Area (DDA) as specifically designated by the Secretary of HUD at the time of Application submission (§2306.127).

~~(B) A designated state or federal empowerment/enterprise zone, urban enterprise community, or urban enhanced enterprise community. Such Developments must submit a letter and a map from a city/county official verifying that the proposed Development is located within such a designated zone. Letter should be no older than 6 months from the first day of the Application Acceptance Period. (General Appropriation Act, Article VII, Rider 6; §2306.127)~~

(~~C~~B) The Development is located in a county that has received an award as of ~~November 15, 2006~~November 1, 2007, within the past three years, from the Texas Department of Agriculture's Rural Municipal Finance Program or Real Estate Development and Infrastructure Program. Cities which have received one of these awards are categorized as awards to the county as a whole so Developments located in a different city than the city awarded, but in the same county, will still be eligible for these points.

(~~D~~C) The Development is located in a census tract which has a median family income (MFI), as published by the United States Bureau of the Census (U.S. Census), that is higher than the median family income for the county in which the census tract is located. This comparison shall be made using the most recent data available as of the date the Application Round opens the year preceding the applicable program year. Developments eligible for these points must submit evidence documenting the median income for both the census tract and the county. These Census Tracts are outlined in the 2007 Housing Tax Credit Site Demographic Characteristics Report.

(~~E~~D) The proposed Development will serve families with children (at least 70% of the Units must have an eligible bedroom mix of two bedrooms or more) and is proposed to be located in an elementary school attendance zone of an elementary school that has an academic rating of "Exemplary" or "Recognized," or comparable rating if the rating system changes. The date for consideration of the attendance zone is that in existence as of the opening date of the Application Round and the academic rating is the most current rating determined by the Texas Education Agency as of that same date. (§42(m)(1)(C)(vii))

(~~F~~E) The proposed Development will expand affordable housing opportunities for low-income families with children outside of poverty areas. This must be demonstrated by showing that the Development will serve families with children (at least 70% of the Units must have an eligible bedroom mix of two bedrooms or more) and that the census tract in which the Development is proposed to be located has no greater than 10% poverty population according to the most recent census data. Intergenerational Developments may qualify for points if 70% of the non-elderly Units in the Development have an eligible bedroom mix of two bedrooms or more. (§42(m)(1)(C)(vii)) These Census Tracts are outlined in the 2007 Housing Tax Credit Site Demographic Characteristics Report.

(F) The proposed Development will be located in an area with no other existing Qualified Elderly Developments supported by housing tax credits.

(~~15~~17) ~~Exurban Developments (~~Development ~~characteristics~~Location in non-urban Areas~~)~~. ~~(§2306.6725(a)(4); §~~42(m)(1)(C)(i)) Applications may qualify to receive ~~7~~6 points if the Development is not located in a Rural Area and has a population less than 100,000 based on the most current Decennial Census.

(~~16~~18) Demonstration of Community Support other than Quantifiable Community Participation: If an Applicant requests these points on the self scoring form and correctly certifies to the Department that there are no neighborhood organizations that meet the Department's definition of Neighborhood Organization pursuant to §~~49~~50.~~9(i)(2)(A)(iv)~~3(62) of this title and 12 points were awarded under paragraph (2) of this subsection, then that Applicant may receive two points for each letter of support submitted from a community or civic organization that serves the community in which the site is located. Letters of support must identify the specific Development and must state support of the specific Development at the proposed location. The community or civic organization must provide some documentation of its existence in the community in which the Development is located to include, but not be limited to, listing of services and/or members, brochures, annual reports, etc. Letters of support from organizations that are not active in the area that includes the location of the Development will not be counted. For purposes of this item, community and civic organizations do not include neighborhood organizations, governmental entities, taxing entities or educational activities. Organizations that were created by a governmental entity or derive their source of creation from a governmental entity do not qualify under this item. For purposes of this item, educational activities include school districts, trade and vocational schools, charter schools and depending on how characterized could include day care centers; it would not include a PTA or PTO as that is a service organization even though it supports an educational activity. Letters of support received after ~~March 1, 2007~~February 29, 2008, will not be accepted for this item. Two points will be awarded for each letter of support submitted in the Application, not to exceed ~~7~~6 points. Should an Applicant elect this option and the Application receives letters in opposition by ~~March 1, 2007~~February 29, 2008, then two points will be subtracted from the score for each letter in opposition, provided that the letter is from an organization serving the community. At no time will the Application, however, receive a score lower than zero for this item.

(~~17~~19) Developments in Census Tracts with No Other Existing Developments Supported by Tax Credits: The Application may receive ~~7~~6 points if the proposed Development is located in a census tract in which there are no other existing developments supported by housing tax credits. Applicant must provide evidence of the census tract in which the Development is located. (§2306.6725(b)(2)) These Census Tracts are outlined in the 2007 Housing Tax Credit Site Demographic Characteristics Report.

(~~18~~20) Tenant Populations with Special Housing Needs. Applications may qualify to receive 4 points for this item. (§42(m)(1)(C)(v)) The Department will award these points to Applications in which at least 10% of the Units are set aside for Persons with Special Needs. Throughout the Compliance Period, unless otherwise permitted by the Department, the Development owner agrees to affirmatively market Units to Persons with Special needs. In addition, the Department will require a minimum 12 month period during which units must either be occupied by persons with Special Needs or held vacant. The 12 month period will begin on the date each building receives its certificate of occupancy. For buildings that do not receive a Certificate of Occupancy, the 12 month period will begin on the placed in service date as provided in the Cost Certification manual. After the 12 month period, the owner will no longer be required to hold units vacant for households with special needs, but will be required to continue to affirmatively market units to household with special needs.

(~~19~~21) Length of Affordability Period. Applications may qualify to receive up to 4 points. (§2306.6725(a)(5); §2306.111(g)(3)(C); §2306.185(a)(1) and (c); §2306.6710(e)(2); §42(m)(1)(B)(ii)(II)) In accordance with the Code, each Development is required to maintain its affordability for a 15-year compliance period and, subject to certain exceptions, an additional 15-year extended use period. Development Owners that are willing to extend the affordability period for a Development beyond the 30 years required in the Code may receive points as follows:

(A) Add 5 years of affordability after the extended use period for a total affordability period of 35 years (2 points); or

(B) Add 10 years of affordability after the extended use period for a total affordability period of 40 years (4 points)

(~~20~~22) Site Characteristics. Development Sites, including scattered sites, will be evaluated based on proximity to amenities, the presence of positive site features and the absence of negative site features. Sites will be rated based on the criteria below.

(A) Proximity of site to amenities. Developments Sites located within a one mile radius (two-mile radius for Developments competing for a Rural Regional Allocation) of at least three services appropriate to the target population will receive four points. A site located within one-quarter mile of public transportation that is accessible to all residents including Persons With Disabilities and/or located within a community that has "on demand" transportation, special transit service, or specialized elderly transportation for Qualified Elderly Developments, will receive full points regardless of the proximity to amenities, as long as the Applicant provides appropriate evidence of the transportation services used to satisfy this requirement. If a Development is providing its own specialized van or on demand service, then this will be a requirement of the LURA. Only one service of each type listed below will count towards the points. A map must be included identifying the Development site and the location of the services. The services must be identified by name on the map. If the services are not identified by name, points will not be awarded. All services must exist or, if under construction, must be at least 50% complete by the date the Application is submitted. (4 points)

(i) Full service grocery store or supermarket
(ii) Pharmacy
(iii) Convenience Store/Mini-market
(iv) Department or Retail Merchandise Store
(v) Bank/Credit Union
(vi) Restaurant (including fast food)
(vii) Indoor public recreation facilities, such as civic centers, community centers, and libraries
(viii) Outdoor public recreation facilities such as parks, golf courses, and swimming pools
(ix) Hospital/medical clinic
(x) ~~Doctor's~~ Medical offices (~~medical~~physician, dentistry, optometry)
(xi) Public Schools (only eligible for Developments that are not Qualified Elderly Developments)
(xii) Senior Center ~~(only eligible for Qualified Elderly Developments)~~
(xii) Dry cleaners
(xiii) Family video rental (Blockbuster, Hollywood Video, Movie Gallery)

(B) Negative Site Features. Development Sites with the following negative characteristics will have points deducted from their score. For purpose of this exhibit, the term 'adjacent' is interpreted as sharing a boundary with the Development site. The distances are to be measured from all boundaries of the Development site to all boundaries of the property containing the negative site feature. If an Applicant negligently fails to note a negative feature, double points will be deducted from the score or the Application may be terminated. If none of these negative features exist, the Applicant must sign a certification to that effect. (-5 points)

(i) Developments located adjacent to or within 300 feet of junkyards will have 1 point deducted from their score.

(ii) Developments located adjacent to or within 300 feet of active railroad tracks will have 1 point deducted from their score, unless the applicant provides evidence that the

city/community has adopted a Railroad Quiet Zone or the railroad in question is commuter or light rail. Rural Developments funded through ~~TX-USDA-RHS~~TRDO-USDA are exempt from this point deduction.

(iii) Developments located adjacent to or within 300 feet of heavy industrial uses such as manufacturing plants will have 1 point deducted from their score.

(iv) Developments located adjacent to or within 300 feet of a solid waste or sanitary landfills will have 1 point deducted from their score.

(v) Developments where the buildings are located within the "fall line" of high voltage transmission power lines will have 1 point deducted from their score.

(vi) Developments where the buildings are located adjacent to or within 300 feet of a sexually oriented business will have 1 point deducted from their score.

(vii) Developments where the buildings are located within the accident zones or flight paths for commercial or military airports.

(~~21~~23) Development Size. The Development consists of not more than 36 (3 points).

(~~22~~24) Qualified Census Tracts with Revitalization. Applications may qualify to receive 1 point for this item. (§42(m)(1)(B)(ii)(III)) Applications will receive the points for this item if the Development is located within a Qualified Census Tract and contributes to a concerted Community Revitalization Plan. Evidence of the Community Revitalization Plan and a letter from the governing body stating that the Development Site is located within the targeted development areas outlined in the Community Revitalization Plan must be submitted.

(~~23~~25) Sponsor Characteristics. Applications may qualify to receive a maximum of 2 points for this item for qualifying under either subparagraph (A) or (B) of this paragraph. (§42(m)(1)(C)(iv))

(A) An Application will receive these two points for submitting a plan to use Historically Underutilized Businesses in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas. The Applicant will be required to submit a report of the success of the plan as part of the cost certification documentation, in order to receive IRS Forms 8609.

(B) An Application will receive these points if there is evidence that a HUB that does not meet the experience requirements under subsection (g) of this section, as certified by the Texas Building and Procurement Commission, has at least 51% ownership interest in the General Partner and materially participates in the Development and operation of the Development throughout the Compliance Period. To qualify for these points, the Applicant must submit a certification from the Texas Building and Procurement Commission that the Person is a HUB at the close of the Application Acceptance Period. The HUB will be disqualified from receiving these points if any Principal of the HUB has developed, and received 8609's for, more than two Developments involving tax credits. Additionally, to qualify for these points, the HUB must partner with an experienced developer (as defined by §~~49~~50.9 of this title); the experienced developer, as an Affiliate, will not be subject to the credit limit described under §~~49~~50.6(d) of this title for one application per Application Round. For purposes of this section the experienced developer may not be a Related Party to the HUB.

(~~24~~26) Developments Intended for Eventual Tenant Ownership - Right of First Refusal. Applications may qualify to receive 1 point for this item. (§2306.6725(b)(1)) (§42(m)(1)(C)(viii)) Evidence that Development Owner agrees to provide a right of first refusal to purchase the Development upon or following the end of the Compliance Period for the minimum purchase price provided in, and in accordance with the requirements of, §42(i)(7) of the Code (the "Minimum Purchase Price"), to a Qualified Nonprofit Organization, the Department, or either an individual tenant with respect to a single family building, or a tenant cooperative, a resident management corporation in the Development or other association of tenants in the Development with respect to multifamily developments (together, in all such cases, including the tenants of a single family building, a "Tenant Organization"). Development Owner may qualify for these points by providing the right of first refusal in the following terms.

(A) Upon the earlier to occur of:

(i) The Development Owner's determination to sell the Development; or

(ii) The Development Owner's request to the Department, pursuant to §42(h)(6)(E)(II) of the Code, to find a buyer who will purchase the Development pursuant to a "qualified contract" within the meaning of §42(h)(6)(F) of the Code, the Development Owner shall provide a notice of intent to sell the Development ("Notice of Intent") to the Department and to such other

parties as the Department may direct at that time. If the Development Owner determines that it will sell the Development at the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to expiration of the Compliance Period. If the Development Owner determines that it will sell the Development at some point later than the end of the Compliance Period, the Notice of Intent shall be given no later than two years prior to date upon which the Development Owner intends to sell the Development.

(B) During the two years following the giving of Notice of Intent, the Sponsor may enter into an agreement to sell the Development only in accordance with a right of first refusal for sale at the Minimum Purchase Price with parties in the following order of priority:

(i) During the first six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization that is also a community housing development organization, as defined for purposes of the federal HOME Investment Partnerships Program at 24 C.F.R. §92.1 (a "CHDO") and is approved by the Department,

(ii) During the second six-month period after the Notice of Intent, only with a Qualified Nonprofit Organization or a Tenant Organization; and

(iii) During the second year after the Notice of Intent, only with the Department or with a Qualified Nonprofit Organization approved by the Department or a Tenant Organization approved by the Department.

(iv) If, during such two-year period, the Development Owner shall receive an offer to purchase the Development at the Minimum Purchase Price from one of the organizations designated in clauses (i) - (iii) of this subparagraph (within the period(s) appropriate to such organization), the Development Owner shall sell the Development at the Minimum Purchase Price to such organization. If, during such period, the Development Owner shall receive more than one offer to purchase the Development at the Minimum Purchase Price from one or more of the organizations designated in clauses (i) - (iii) of this subparagraph (within the period(s) appropriate to such organizations), the Development Owner shall sell the Development at the Minimum Purchase Price to whichever of such organizations it shall choose.

(C) After whichever occurs the later of:

(i) The end of the Compliance Period; or

(ii) Two years from delivery of a Notice of Intent, the Development Owner may sell the Development without regard to any right of first refusal established by the LURA if no offer to purchase the Development at or above the Minimum Purchase Price has been made by a Qualified Nonprofit Organization, a Tenant Organization or the Department, or a period of 120 days has expired from the date of acceptance of all such offers as shall have been received without the sale having occurred, provided that the failure(s) to close within any such 120-day period shall not have been caused by the Development Owner or matters related to the title for the Development.

(D) At any time prior to the giving of the Notice of Intent, the Development Owner may enter into an agreement with one or more specific Qualified Nonprofit Organizations and/or Tenant Organizations to provide a right of first refusal to purchase the Development for the Minimum Purchase Price, but any such agreement shall only permit purchase of the Development by such organization in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.

(E) The Department shall, at the request of the Development Owner, identify in the LURA a Qualified Nonprofit Organization or Tenant Organization which shall hold a limited priority in exercising a right of first refusal to purchase the Development at the Minimum Purchase Price, in accordance with and subject to the priorities set forth in subparagraph (B) of this paragraph.

(F) The Department shall have the right to enforce the Development Owner's obligation to sell the Development as herein contemplated by obtaining a power-of-attorney from the Development Owner to execute such a sale or by obtaining an order for specific performance of such obligation or by such other means or remedy as shall be, in the Department's discretion, appropriate.

(~~25~~27) Leveraging of Private, State, and Federal Resources. Applications may qualify to receive 1 point for this item. (§2306.6725(a)(3)) Funding sources used for points under (i)(5) of this sub-section, may not be used for this point item.

(A) Evidence must be submitted in the Application that the proposed Development has received or will receive loan(s), grant(s) or in-kind contributions from a private, state or federal

resource, which include Capital Grant Funds and HOPE VI funds, that is equal to or greater than 2% (not using normal rounding) of the Total Housing Development Costs reflected in the Application.

(B) For in-kind contributions, evidence must be submitted in the Application from a private, state or federal resource which substantiates the value of the in-kind contributions. Development based rental subsidies from private, state or federal resource may qualify under this section if evidence of the remaining value of the contract is submitted from the source. The value of the contract does not include past subsidies.

(C) Qualifying funds awarded through local entities may qualify for points if the original source of the funds is from a private, state or federal source. If qualifying funds awarded through local entities are used for this item, a statement from the local entity must be provided that identifies the original source of funds.

(D) Applicants may only submit enough sources to substantiate the point request, and all sources must be included in the Sources and Uses form. For example, two sources may be submitted if each is for an amount equal to 1% of the Total Housing Development Cost. However, two sources may not be submitted if each source is for an amount equal to 2% of the Total Housing Development Cost.

(E) The funding must be in addition to the primary funding (construction and permanent loans) that is proposed to be utilized and cannot be issued from the same primary funding source or an affiliated source. The provider of the funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application, unless the Applicant itself is a Local Political Subdivision.

(F) The Development must have already applied for funding from the funding entity. Evidence to be submitted with the Application must include a copy of the commitment of funds or a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received. At the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the governing body of the entity for the sufficient financing to the Department. If the funding commitment from the private, state or federal source, or qualifying substitute source, has not been received by the date the Department's Commitment Notice is to be submitted, the Application will be evaluated to determine if the loss of these points would have resulted in the Department's not committing the tax credits. If the loss of points would have made the Application noncompetitive, the Commitment Notice will be rescinded and the credits reallocated. If the Application would still be competitive even with the loss of points and the loss would not have impacted the recommendation for an award, the Application will be reevaluated for financial feasibility. If the Application is infeasible without the commitment from the private, state or federal source, the Commitment Notice will be rescinded and the credits reallocated. Funds from the Department's HOME and Housing Trust Fund sources will only qualify under this category if there is a Notice of Funding Availability (NOFA) out for available funds and the Applicant is eligible under that NOFA.

(G) To qualify for this point, the Rent Schedule must show that at least 3% (not using normal rounding) of all low-income Units are designated to serve individuals or families with incomes at or below 30% of AMGI.

(~~26~~28) Third-Party Funding Commitment Outside of Qualified Census Tracts. Applications may qualify to receive 1 point for this item. (§2306.6710(e)(1)) Evidence that the proposed Development has documented and committed ~~t~~Third-~~p~~Party funding sources and the Development is located outside of a Qualified Census Tract. The provider of the funds must attest to the fact that they are not the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application and attest that none of the funds committed were first provided to the entity by the Applicant, the Developer, Consultant, Related Party or any individual or entity acting on behalf of the proposed Application. The commitment of funds (an application alone will not suffice) must already have been received from the ~~t~~Third-~~p~~Party funding source and must be equal to or greater than 2% (not using normal rounding) of the Total Development costs reflected in the Application. Funds from the Department's HOME and Housing Trust Fund sources will not qualify under this category. The third-party funding source cannot be a loan from a commercial lender.

(~~27~~29) Scoring Criteria Imposing Penalties. (§2306.6710(b)(2))

(A) Penalties will be imposed on an Application if the Applicant has requested an extension of ~~a Department~~ the Carryover or 10% Test deadline, and did not meet the original submission deadline, relating to Developments receiving a housing tax credit commitment made in the Application Round preceding the current round. ~~The extension that will receive a penalty is an extension related to the submission of the Carryover Allocation Agreement or the 10% Test pursuant to §49.14 of this title.~~ For each extension request made, the Applicant will receive a 5 point deduction. ~~for not meeting the Carryover deadline. Subsequent extension requests for carryover after the first extension request made for each Development from the preceding round will not result in a further point reduction than already described.~~ No penalty points or fees will be deducted for extensions that were requested on Developments that involved Rehabilitation when the Department is the primary lender, or for Developments that involve ~~TX-USDA-RHS~~TRDO-USDA as a lender if ~~TX-USDA-RHS~~TRDO-USDA or the Department is the cause for the Applicant not meeting the deadline.

(B) Penalties will be imposed on an Application if the Developer or Principal of the Applicant has been removed by the lender, equity provider, or limited partners in the past five years for failure to perform its obligations under the loan documents or limited partnership agreement. An affidavit will be provided by the Applicant and the Developer certifying that they have not been removed as described, or requiring that they disclose each instance of removal with a detailed description of the situation. If an Applicant or Developer submits the affidavit, and the Department learns at a later date that a removal did take place as described, then the Application will be terminated and any Allocation made will be rescinded. The Applicant, Developers or Principals of the Applicant that are in court proceedings at the time of Application must disclose this information and the situation will be evaluated on a case-by-case basis. 3 points will be deducted for each instance of removal.

(C) Penalties will be imposed on an Application if Developer or Principal of the Applicant violates the Adherence to Obligations pursuant to subsection (c) of this section.

(j) **Tie Breaker Factors.**

(1) In the event that two or more Applications receive the same number of points in any given Set-Aside category, Rural Regional Allocation or Urban/Exurban Regional Allocation, or Uniform State Service Region, and are both practicable and economically feasible, the Department will utilize the factors in this paragraph, in the order they are presented, to determine which Development will receive a preference in consideration for a tax credit commitment.

(A) Applications involving any Rehabilitation or Reconstruction of existing Units will win this first tier tie breaker over Applications involving solely New Construction.

(B) The Application located in the municipality or, if located outside a municipality, the county that has the lowest state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins as reflected in the Reference Manual will win this second tier tie breaker.

(C) The amount of requested tax credits per net rentable square foot requested (the lower credits per square foot has preference)

(D) Projects that are intended for eventual tenant ownership. Such Developments must utilize a detached single family site plan and building design and have a business plan describing how the project will convert to tenant ownership at the end of the 15-year compliance period.

(2) This clause identifies how ties will be handled when dealing with the restrictions on location identified in §~~49~~50.5(a)(8) of this title, and in dealing with any issues relating to capture rate calculation. When two Tax-Exempt Bond Developments would violate one of these restrictions, and only one Development can be selected, the Department will utilize the reservation docket number issued by the Texas Bond Review Board in making its determination. When two competitive Housing Tax Credits Applications in the Application Round would violate one of these restrictions, and only one Development can be selected, the Department will utilize the tie breakers identified in paragraph (1) of this subsection. When a Tax-Exempt Bond Development and a competitive Housing Tax Credit Application in the Application Round would both violate a restriction, the following determination will be used:

(A) Tax-Exempt Bond Developments that receive their reservation from the Bond Review Board on or before April 30, 2007 will take precedence over the Housing Tax Credit Applications in the 2007 Application Round;

(B) Housing Tax Credit Applications approved by the Board for tax credits in July 2007 will take precedence over the Tax-Exempt Bond Developments that received their reservation from the Bond Review Board on or between May 1, 2007 and July 31, 2007; and

(C) After July 31, 2007, a Tax-Exempt Bond Development with a reservation from the Bond Review Board will take precedence over any Housing Tax Credit Application from the 2007 Application Round on the Waiting List. However, if no reservation has been issued by the date the Board approves an allocation to a Development from the Waiting List of Applications in the 2007 Application Round or a forward commitment, then the Waiting List Application or forward commitment will be eligible for its allocation.

(k) **Staff Recommendations.** (§2306.1112 and §2306.6731) After eligible Applications have been evaluated, ranked and underwritten in accordance with the QAP and the Rules, the Department staff shall make its recommendations to the Executive Award and Review Advisory Committee. The Committee will develop funding priorities and shall make commitment recommendations to the Board. Such recommendations and supporting documentation shall be made in advance of the meeting at which the issuance of Commitment Notices or Determination Notices shall be discussed. The Committee will provide written, documented recommendations to the Board which will address at a minimum the financial or programmatic viability of each Application and a list of all submitted Applications which enumerates the reason(s) for the Development's proposed selection or denial, including all factors provided in subsection §~~49~~50.10(a) of this section that were used in making this determination. §~~49~~50.10

§~~49~~50.10.Board Decisions; Waiting List; Forward Commitments

(a) **Board Decisions.** The Board's decisions shall be based upon the Department's and the Board's evaluation of the proposed Developments' consistency with the criteria and requirements set forth in this QAP and Rules.

(1) On awarding tax credits, the Board shall document the reasons for each Application's selection, including any discretionary factors used in making its determination, and the reasons for any decision that conflicts with the recommendations made by Department staff. The Board may not make, without good cause, a commitment decision that conflicts with the recommendations of Department staff. Good cause includes the Board's decision to apply discretionary factors. (§2306.6725(c); §42(m)(1)(A)(iv); §2306.6731)

(2) In making a determination to allocate tax credits, the Board shall be authorized to not rely solely on the number of points scored by an Application. It shall in addition, be entitled to take into account, as it deems appropriate, the discretionary factors listed in this paragraph. The Board may also apply these discretionary factors to its consideration of Tax-Exempt Bond Developments. If the Board disapproves or fails to act upon an Application, the Department shall issue to the Applicant a written notice stating the reason(s) for the Board's disapproval or failure to act. In making tax credit decisions (including those related to Tax-Exempt Bond Developments), the Board, in its discretion, may evaluate, consider and apply any one or more of the following discretionary factors: (§2306.111(g)(3)~~); §2306.0661(f))~~

(A) The developer market study;

(B) The location;

(C) The compliance history of the Developer;

(D) The financial feasibility;

(E) The appropriateness of the Development's size and configuration in relation to the housing needs of the community in which the Development is located;

(F) The Development's proximity to other low-income housing developments;

(G) The availability of adequate public facilities and services;

(H) The anticipated impact on local school districts;

(I) Zoning and other land use considerations;

(J) Any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes; and

(K) Other good cause as determined by the Board.

(3) Before the Board approves any Application, the Department shall assess the compliance history of the Applicant with respect to all applicable requirements; and the compliance issues associated with the proposed Development, including compliance information provided by the Texas State Affordable Housing Corporation. The Committee shall provide to the Board a written report regarding the results of the assessments. The written report will be included in the appropriate Development file for Board and Department review. The Board shall fully document and disclose any instances in which the Board approves a Development Application despite any noncompliance associated with the Development or Applicant. (§2306.057)

(b) **Waiting List.** (§2306.6711(c) and (d)) If the entire State Housing Credit Ceiling for the applicable calendar year has been committed or allocated in accordance with this chapter, the Board shall generate, concurrently with the issuance of commitments, a waiting list of additional Applications ranked by score in descending order of priority based on Set-Aside categories and regional allocation goals. The Board may also apply discretionary factors in determining the Waiting List. If at any time prior to the end of the Application Round, one or more Commitment Notices expire and a sufficient amount of the State Housing Credit Ceiling becomes available, the Board shall issue a Commitment Notice to Applications on the waiting list subject to the amount of returned credits, the regional allocation goals and the Set-Aside categories, including the 10% Nonprofit Set-Aside allocation and 15% At-Risk Set-Aside allocation and 5% USDA Set-Aside required under the Code, §42(h)(5). At the end of each calendar year, all Applications which have not received a Commitment Notice shall be deemed terminated. The Applicant may re-apply to the Department during the next Application Acceptance Period.

(c) **Forward Commitments.** The Board may determine to issue commitments of tax credit authority with respect to Applications from the State Housing Credit Ceiling for the calendar year following the year of issuance (each a "forward commitment") to Applications submitted in accordance with the rules and timelines required under this rule and the Application Submission Procedures Manual. The Board will utilize its discretion in determining the amount of credits to be allocated as forward commitments and the reasons for those commitments considering score and discretionary factors. The Board may utilize the forward commitment authority to allocate credits to ~~TX-USDA-RHS~~TRDO-USDA Developments which are experiencing foreclosure or loan acceleration at any time during the ~~2007~~2008 calendar year, also referred to as Rural Rescue Developments. Applications that are submitted under the ~~2007~~2008 QAP and granted a Forward Commitment of ~~2008~~2009 Housing Tax Credits are considered by the Board to comply with the ~~2008~~2009 QAP by having satisfied the requirements of this ~~2007~~2008 QAP, except for statutorily required QAP changes.

(1) Unless otherwise provided in the Commitment Notice with respect to a Development selected to receive a forward commitment, actions which are required to be performed under this chapter by a particular date within a calendar year shall be performed by such date in the calendar year of the Credit Ceiling from which the credits are allocated.

(2) Any forward commitment made pursuant to this section shall be made subject to the availability of State Housing Credit Ceiling in the calendar year with respect to which the forward commitment is made. If a forward commitment shall be made with respect to a Development placed in service in the year of such commitment, the forward commitment shall be a "binding commitment" to allocate the applicable credit dollar amount within the meaning of the Code, §42(h)(1)(C).

(3) If tax credit authority shall become available to the Department in a calendar year in which forward commitments have been awarded, the Department may allocate such tax credit authority to any eligible Development which received a forward commitment, in which event the forward commitment shall be canceled with respect to such Development.

§~~49~~50.11.Required Application Notifications, Receipt of Public Comment, and Meetings with Applicants; Viewing of Pre-Applications and Applications; Confidential Information.

(a) **Required Application Notifications, Receipt of Public Comment, and Meetings with Applicants.**

(1) Within approximately ~~seven business~~14 days after the close of the Pre-Application Acceptance Period, the Department shall publish a Pre-Application Submission Log on its web site. Such log shall contain the Development name, address, Set-Aside, number of units, requested credits, owner contact name and phone number. (§2306.6717(a)(1))

(2) Approximately 30 days before the close of the Application Acceptance Period, the Department will release the evaluation and assessment of the Pre-Applications on its web site.

(3) Not later than 14 days after the close of the Pre-Application Acceptance Period, or Application Acceptance Period for Applications for which no Pre-Application was submitted, the Department shall: (§2306.1114)

(A) Publish an Application submission log on its web site.

(B) Give notice of a proposed Development in writing that provides the information required under clause (i) of this subparagraph to all of the individuals and entities described in clauses (ii) - (x) of this subparagraph. (§2306.6718(a) - (c))

(i) The following information will be provided in these notifications:

(I) The relevant dates affecting the Application including the date on which the Application was filed, the date or dates on which any hearings on the Application will be held and the date by which a decision on the Application will be made;

(II) A summary of relevant facts associated with the Development;

(III) A summary of any public benefits provided as a result of the Development, including rent subsidies and tenant services; and

(IV) The name and contact information of the employee of the Department designated by the director to act as the information officer and liaison with the public regarding the Application.

(ii) Presiding officer of the governing body of the political subdivision containing the Development (mayor or county judge) to advise such individual that the Development, or a part thereof, will be located in his/her jurisdiction and request any comments which such individual may have concerning such Development.

(iii) If the Department receives a letter from the mayor or county judge of an affected city or county that expresses opposition to the Development, the Department will give consideration to the objections raised and will offer to visit the proposed site or Development with the mayor or county judge or their designated representative within 30 days of notification. The site visit must occur before the Housing Tax Credit can be approved by the Board. The Department will obtain reimbursement from the Applicant for the necessary travel and expenses at rates consistent with the state authorized rate (General Appropriation Act, Article VII, Rider 5) (§42(m)(1));

(iv) Any member of the governing body of a political subdivision who represents the Area containing the Development. If the governing body has single-member districts, then only that member of the governing body for that district will be notified, however if the governing body has at-large districts, then all members of the governing body will be notified;

(v) State representative and state senator who represent the community where the Development is proposed to be located. If the state representative or senator host a community meeting, the Department, if timely notified, will ensure staff are in attendance to provide information regarding the Housing Tax Credit Program; (General Appropriation Act, Article VII, Rider 8(d))

(vi) United States representative who represents the community containing the Development;

(vii) Superintendent of the school district containing the Development;

(viii) Presiding officer of the board of trustees of the school district containing the Development;

(ix) Any Neighborhood Organizations on record with the city or county in which the Development is to be located and whose boundaries contain the proposed Development site or otherwise known to the Applicant or Department and on record with the state or county; and

(x) Advocacy organizations, social service agencies, civil rights organizations, tenant organizations, or others who may have an interest in securing the development of affordable housing that are registered on the Department's email list service.

(C) The Department shall maintain an electronic mail notification service that will notify a subscriber, by zip code, of: (§2306.67171)

(i) The receipt of a Pre-Application or Application within 14 days of receipt;

(ii) The publication of materials to be presented to the Board for the Pre-Application or Application referred to in subsection (i); and

(iii) Any public hearing for the Pre-Application or Application referred to in subsection (i).

(~~C~~D) The elected officials identified in subparagraph (B) of this paragraph will be provided an opportunity to comment on the Application during the Application evaluation process. (§42(m)(1))

(4) The Department shall hold at least three public hearings in different Uniform State Service Regions of the state to receive comment on the submitted Applications and on other issues relating to the Housing Tax Credit Program for competitive Applications under the State Housing Credit Ceiling. (§2306.6717(c))

(5) The Department shall make available on the Department's website information regarding the Housing Tax Credit Program including notice of public hearings, meetings, Application Round opening and closing dates, submitted Applications, and Applications approved for underwriting and recommended to the Board, and shall provide that information to locally affected community groups, local and state elected officials, local housing departments, any appropriate newspapers of general or limited circulation that serve the community in which a proposed Development is to be located, nonprofit and for-profit organizations, on-site property managers of occupied Developments that are the subject of Applications for posting in prominent locations at those Developments, and any other interested persons including community groups, who request the information. (§2306.6717(b))

(6) Approximately forty days prior to the date of the July Board meeting at which the issuance of Commitment Notices shall be discussed, the Department will notify each Applicant of the receipt of any opposition received by the Department relating to his or her Development at that time.

(7) Not later than the third working day after the date of completion of each stage of the Application process, including the results of the Application scoring and underwriting phases and the commitment phase, the results will be posted to the Department's web site. (§2306.6717(a)(3))

(8) At least thirty days prior to the date of the July Board meeting at which the issuance of Commitment Notices shall be discussed, the Department will:

(A) Provide the Application scores to the Board; (§2306.6711(a))

(B) If feasible, post to the Department's web site the entire Application, including all supporting documents and exhibits, the Application Log as further described in §~~49~~50.19(b) of this title, a scoring sheet providing details of the Application score, and any other documents relating to the processing of the Application. (§2306.6717(a)(1) and (2))

(9) A summary of comments received by the Department on specific Applications shall be part of the documents required to be reviewed by the Board under this subsection if it is received 30 business days prior to the date of the Board Meeting at which the issuance of Commitment Notices or Determination Notices shall be discussed. Comments received after this deadline will not be part of the documentation submitted to the Board. However, a public comment period will be available prior to the Board's decision, at the Board meeting where tax credit commitment decisions will be made.

(10) Not later than the 120th day after the date of the initial issuance of Commitment Notices for housing tax credits, the Department shall provide an Applicant who did not receive a commitment for housing tax credits with an opportunity to meet and discuss with the Department the Application's deficiencies, scoring and underwriting. (§2306.6711(e))

(b) **Viewing of Pre-Applications and Applications.** Pre-Applications and Applications for tax credits are public information and are available upon request after the Pre-Application and Application Acceptance Periods close, respectively. All Pre-Applications and Applications, including all exhibits and other supporting materials, except Personal Financial Statements and Social Security numbers, will be made available for public disclosure after the Pre-Application and Application periods close,

respectively. The content of Personal Financial Statements may still be made available for public disclosure upon request if the Attorney General's office deems it is not protected from disclosure by the Texas Public Information Act.

(c) **Confidential Information.** The Department may treat the financial statements of any Applicant as confidential and may elect not to disclose those statements to the public. A request for such information shall be processed in accordance with §552.305 of the Government Code. (§2306.6717(d))

§~~49~~50.12.Tax-Exempt Bond Developments: Filing of Applications; Applicability of Rules; Supportive Services; Financial Feasibility Evaluation; Satisfaction of Requirements.

(a) **Filing of Applications for Tax-Exempt Bond Developments.** Applications for a Tax-Exempt Bond Development may be submitted to the Department as described in paragraphs (1) and (2) of this subsection:

(1) Applicants which receive advance notice of a Program Year ~~2007~~2008 reservation as a result of the Texas Bond Review Board's (TBRB) lottery for the private activity volume cap must file a complete Application not later than 12:00 p.m. on December 28, ~~2006~~2007. Such filing must be accompanied by the Application fee described in §~~49~~50.20 of this title.

(2) Applicants which receive advance notice of a Program Year ~~2007~~2008 reservation after being placed on the waiting list as a result of the TBRB lottery for private activity volume cap must submit Volume 1 and Volume 2 of the Application and the Application fee described in §~~49~~50.20 of this title prior to the Applicant's bond reservation date as assigned by the TBRB. Those applications designated as Priority 3 by the TBRB must submit Volumes I and II within 14 days of the bond reservation date if the Applicant intends to apply for tax credits regardless of the Issuer. Any outstanding documentation required under this section regardless of Priority must be submitted to the Department at least 60 days prior to the Board meeting at which the decision to issue a Determination Notice would be made unless a waiver is ~~being~~ requested by the Applicant. The Department staff will have limited discretion to recommend an Application with appropriate justification of the late submission.

(3) Applications involving multiple sites must submit the required information as outlined in the Application Submission Procedures Manual. The Application will be considered to be one Application as identified in Chapter 1372, Texas Government Code.

(b) **Applicability of Rules for Tax-Exempt Bond Developments.** Tax-Exempt Bond Development Applications are subject to all rules in this title, with the only exceptions being the following sections: §~~49~~50.4 of this title (regarding State Housing Credit Ceiling), §~~49~~50.7 of this title (regarding Regional Allocation and Set-Asides), §~~49~~50.8 of this title (regarding Pre-Application), §~~49~~50.9(d) and (f) of this title (regarding Evaluation Processes for Competitive Applications and Rural Rescue Applications), §~~49~~50.9(i) of this title (regarding Selection Criteria), §~~49~~50.10(b) and (c) of this title (regarding Waiting List and Forward Commitments), and §~~49~~50.14(a) and (b) of this title (regarding Carryover and 10% Test). Such Developments requesting a Determination Notice in the current calendar year must meet all Threshold Criteria requirements stipulated in §~~49~~50.9(h) of this title. Such Developments which received a Determination Notice in a prior calendar year must meet all Threshold Criteria requirements stipulated in the QAP and Rules in effect for the calendar year in which the Determination Notice was issued; provided, however, that such Developments shall comply with all procedural requirements for obtaining Department action in the current QAP and Rules; and such other requirements of the QAP and Rules as the Department determines applicable. ~~Consistency with the local municipality's consolidated plan or similar planning document must be demonstrated in those instances where the city or county has a consolidated plan. If no such planning document exists then the Applicant must submit a letter from the local municipal authority stating such and that there is a need for affordable housing.~~ This documentation must be submitted no later than 14 days before the Board meeting where the credits will be considered. Applicants will be required to meet all conditions of the Determination Notice by the time the construction loan is closed unless otherwise specified in the Determination Notice. Applicants must meet the requirements identified in §~~49~~50.15 of this title.

No later than 60 days following closing of the bonds, the Development Owner must also submit a Management Plan and an Affirmative Marketing Plan (as further described in the Carryover Allocation Procedures Manual), and evidence must be provided at this time of attendance of the Development Owner or management company at Department-approved Fair Housing training relating to leasing and management issues for at least five hours and the Development architect at Department-approved Fair Housing training relating to design issues for at least five hours. Certifications must not be older than two years. Applications that receive a reservation from the Bond Review Board on or before December 31, ~~2006~~2007 will be required to satisfy the requirements of the ~~2006~~2007 QAP; Applications that receive a reservation from the Bond Review Board on or after January 1, ~~2007~~2008 will be required to satisfy the requirements of the ~~2007~~2008 QAP.

(c) **Supportive Services for Tax-Exempt Bond Developments.** ~~(§2306.254)~~ Tax-Exempt Bond Development Applications must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. No fees may be charged to the tenants for any of the services. Services must be provided on-site or transportation to off-site services must be provided. The provision of these services will be included in the LURA. Acceptable services as described in paragraphs (1) - (3) of this subsection include:

(1) The services must be in at least one of the following categories: child care, transportation, notary public service, basic adult education, legal assistance, counseling services, GED preparation, English as a second language classes, vocational training, home buyer education, credit counseling, financial planning assistance or courses, health screening services, health and nutritional courses, organized team sports programs, youth programs, scholastic tutoring, social events and activities, community gardens or computer facilities;

(2) Any other program described under Title IV-A of the Social Security Act (§42U.S.C. §§601 et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of out-of wedlock pregnancies; and encourages the formation and maintenance of two-parent families, or

(3) Any other services approved in writing by the Issuer. The plan for tenant supportive services submitted for review and approval of the Issuer must contain a plan for coordination of services with state workforce development and welfare programs. The coordinated effort will vary depending upon the needs of the tenant profile at any given time as outlined in the plan.

(d) **Financial Feasibility Evaluation for Tax-Exempt Bond Developments.** Code §42(m)(2)(D) requires the bond issuer (if other than the Department) to ensure that a Tax-Exempt Bond Development does not receive more tax credits than the amount needed for the financial feasibility and viability of a Development throughout the Compliance Period. Treasury Regulations prescribe the occasions upon which this determination must be made. In light of the requirement, issuers may either elect to underwrite the Development for this purpose in accordance with the QAP and the Underwriting Rules and Guidelines, §1.32 of this title or request that the Department perform the function. If the issuer underwrites the Development, the Department will, nonetheless, review the underwriting report and may make such changes in the amount of credits which the Development may be allowed as are appropriate under the Department's guidelines. The Determination Notice issued by the Department and any subsequent IRS Form(s) 8609 will reflect the amount of tax credits for which the Development is determined to be eligible in accordance with this subsection, and the amount of tax credits reflected in the IRS Form 8609 may be greater or less than the amount set forth in the Determination Notice, based upon the Department's and the bond issuer's determination as of each building's placement in service. Any increase of tax credits, from the amount specified in the Determination Notice, at the time of each building's placement in service will only be permitted if it is determined by the Department, as required by Code §42(m)(2)(D), that the Tax-Exempt Bond Development does not receive more tax credits than the amount needed for the financial feasibility and viability of a Development throughout the Compliance Period. Increases to the amount of tax credits that exceed 110% of the amount of credits reflected in the Determination Notice are contingent upon approval by the Board. Increases to the amount of tax credits that do not exceed 110% of the amount of credits reflected in the Determination Notice may be approved administratively by the Executive Director.

(e) **Satisfaction of Requirements for Tax-Exempt Bond Developments.** If the Department staff determines that all requirements of this QAP and Rules have been met, the Department will recommend that the Board authorize the issuance of a Determination Notice. The Board, however, may utilize the discretionary factors identified in §~~49~~50.10(a) of this title in determining if they will authorize the Department to issue a Determination Notice to the Development Owner. The Determination Notice, if authorized by the Board, will confirm that the Development satisfies the requirements of the QAP and Rules in accordance with the Code, §42(m)(1)(D).

(f) **Certification of Tax Exempt Applications with New Docket Numbers.** Applications that are processed through the Department review and evaluation process and receive an affirmative Board Determination, but do not close the bonds prior to the bond reservation expiration date, and subsequently have that docket number withdrawn from the Bond Review Board, may have their Determination Notice reinstated. The Applicant would need to receive a new docket number from the Texas Bond Review Board. One of the following must apply:

(1) The new docket number must be issued in the same program year as the original docket number and must not be more than four months from the date the original application was withdrawn from the BRB. The application must remain unchanged. This means that at a minimum, the following can not have changed: site control, total number of units, unit mix (bedroom sizes and income restrictions), design/site plan documents, financial structure including bond and housing tax credit amounts, development costs, rent schedule, operating expenses, sources and uses, ad valorem tax exemption status, target population, scoring criteria (TDHCA issues) or BRB priority status including the effect on the inclusive capture rate. Note that the entities involved in the applicant entity and developer can not change; however, the certification can be submitted even if the lender, syndicator or issuer changes, as long as the financing structure and terms remain unchanged. Notifications under §~~49~~50.9(h)(8) of this title are not required to be reissued. In the event that the Department's Board has already approved the application for tax credits, the application is not required to be presented to the Board again (unless there is public opposition) and a revised Determination Notice will be issued once notice of the assignment of a new docket number has been provided to the Department and the Department has confirmed that the capture rate and market demand remain acceptable. This certification must be submitted no later than thirty days after the date the Bond Review Board issues the new docket number and no later than thirty days before the anticipated closing. In the event that the Department's Board has not yet approved the application, the application will continue to be processed and ultimately provided to the Board for consideration. This certification must be submitted no later than thirty days after the date the Bond Review Board issues the new docket number and no later than forty-five days before the anticipated Department's Board meeting date.

(2) If there are changing to the Application as referenced in paragraph (1) of this subsection, the Application will be required to submit a new Application in full, along with the applicable fees, to be reviewed and evaluated in its entirety for a new determination notice to be issued.

§~~49~~50.13.Commitment and Determination Notices; Agreement and Election Statement; Documentation Submission Requirements.

(a) **Commitment and Determination Notices.** If the Board approves an Application the Department will:

(1) If the Application is for a commitment from the State Housing Credit Ceiling, issue a Commitment Notice to the Development Owner which shall:

(A) Confirm that the Board has approved the Application; and

(B) State the Department's commitment to make a Housing Credit Allocation to the Development Owner in a specified amount, subject to the feasibility determination described in §~~49~~50.16 of this title, and compliance by the Development Owner with the remaining requirements of this chapter and any other terms and conditions set forth therein by the Department. This commitment shall expire on the date specified therein unless the Development Owner indicates acceptance of the commitment by executing the Commitment Notice or Determination Notice, pays the required fee

specified in §4950.20 of this title, and satisfies any other conditions set forth therein by the Department. ~~A Development Owner may request an extension of the Commitment Notice expiration date by submitting an extension request and associated extension fee as described in §49.20 of this title. In no event shall the expiration date of a Commitment Notice be extended beyond the last business day of the applicable calendar year.~~ The Commitment Notice expiration date may not be extended.

(2) If the Application regards a Tax-Exempt Bond Development, issue a Determination Notice to the Development Owner which shall:

(A) Confirm the Board's determination that the Development satisfies the requirements of this QAP; and

(B) State the Department's commitment to issue IRS Form(s) 8609 to the Development Owner in a specified amount, subject to the requirements set forth in §4950.12 of this title and compliance by the Development Owner with all applicable requirements of this title and any other terms and conditions set forth therein by the Department. The Determination Notice shall expire on the date specified therein unless the Development Owner indicates acceptance by executing the Determination Notice and paying the required fee specified in §4950.20 of this title. The Determination Notice shall also expire unless the Development Owner satisfies any conditions set forth therein by the Department within the applicable time period.

(3) Notify, in writing, the mayor or other equivalent chief executive officer of the municipality in which the Property is located informing him/her of the Board's issuance of a Commitment Notice or Determination Notice, as applicable.

(4) A Commitment or Determination Notice shall not be issued with respect to any Development for an unnecessary amount or where the cost for the total development, acquisition, construction or Rehabilitation exceeds the limitations established from time to time by the Department and the Board, unless the Department staff make a recommendation to the Board based on the need to fulfill the goals of the Housing Tax Credit Program as expressed in this QAP and Rules, and the Board accepts the recommendation. The Department's recommendation to the Board shall be clearly documented.

(5) A Commitment or Determination Notice shall not be issued with respect to the Applicant, the Development Owner, the General Contractor, or any Affiliate of the General Contractor that is active in the ownership or Control of one or more other low-income rental housing properties in the state of Texas administered by the Department~~, or outside the state of Texas,~~ that is in Material Noncompliance with the LURA (or any other document containing an Extended Low-income Housing Commitment) or the program rules in effect for such property, as described in §60 of this title.

(6) The executed Commitment or Determination Notice must be returned to the Department on the date specified with the Commitment Notice or Determination Notice, which shall be no earlier than ten days of the effective date of the Notice.

(b) **Agreement and Election Statement.** Together with the Development Owner's acceptance of the Carryover Allocation, the Development Owner may execute an Agreement and Election Statement, in the form prescribed by the Department, for the purpose of fixing the Applicable Percentage for the Development as that for the month in which the Carryover Allocation was accepted (or the month the bonds were issued for Tax-Exempt Bond Developments), as provided in the Code, §42(b)(2). Current Treasury Regulations, §1.42-8(a)(1)(v), suggest that in order to permit a Development Owner to make an effective election to fix the Applicable Percentage for a Development, the Carryover Allocation Document must be executed by the Department and the Development Owner within the same month. The Department staff will cooperate with a Development Owner, as possible or reasonable, to assure that the Carryover Allocation Document can be so executed.

(c) **Documentation Submission Requirements at Commitment of Funds.** No later than the date the Commitment Notice or Determination Notice is executed by the Applicant and returned to the Department with the appropriate Commitment Fee as further described in §4950.20(f) of this title, the following documents must also be provided to the Department. Failure to provide these documents may cause the Commitment to be rescinded. For each Applicant all of the following must be provided:

(1) Evidence that the entity has the authority to do business in Texas;

(2) A Certificate of Account Status from the Texas Comptroller of Public Accounts or, if such a Certificate is not available because the entity is newly formed, a statement to such effect; and a Certificate of Organization from the Secretary of State;

(3) Copies of the entity's governing documents, including, but not limited to, its Articles of Incorporation, Articles of Organization, Certificate of Limited Partnership, Bylaws, Regulations and/or Partnership Agreement; and

(4) Evidence that the signer(s) of the Application have the authority to sign on behalf of the Applicant in the form of a corporate resolution or by-laws which indicate same from the sub-entity in Control and that those Persons signing the Application constitute all Persons required to sign or submit such documents.

§~~49~~50.14.Carryover; 10% Test; Commencement of Substantial Construction.

(a) **Carryover.** All Developments which received a Commitment Notice, and will not be placed in service and receive IRS Form 8609 in the year the Commitment Notice was issued, must submit the Carryover documentation to the Department no later than November 1 of the year in which the Commitment Notice is issued pursuant to §42(h)(I)(c) IRC. Commitments for credits will be terminated if the Carryover documentation, or an approved extension, has not been received by this deadline. In the event that a Development Owner intends to submit the Carryover documentation in any month preceding November of the year in which the Commitment Notice is issued, in order to fix the Applicable Percentage for the Development in that month, it must be submitted no later than the first Friday in the preceding month. If the financing structure, syndication rate, amount of debt or syndication proceeds are revised at the time of Carryover from what was proposed in the original Application, applicable documentation of such changes must be provided and the Development may be reevaluated by the Department. The Carryover Allocation format must be properly completed and delivered to the Department as prescribed by the Carryover Allocation Procedures Manual. All Carryover Allocations will be contingent upon the following, in addition to all other conditions placed upon the Application in the Commitment Notice:

(1) The Development Owner for all New Construction Developments must have purchased the property for the Development.

(2) A current original plat or survey of the land, prepared by a duly licensed Texas Registered Professional Land Surveyor. Such survey shall conform to standards prescribed in the Manual of Practice for Land Surveying in Texas as promulgated and amended from time to time by the Texas Surveyors Association as more fully described in the Carryover Procedures Manual.

(3) For all Developments involving New Construction, evidence of the availability of all necessary utilities/services to the Development site must be provided. Necessary utilities include natural gas (if applicable), electric, trash, water, and sewer. Such evidence must be a letter or a monthly utility bill from the appropriate municipal/local service provider. If utilities are not already accessible, then the letter must clearly state: an estimated time frame for provision of the utilities, an estimate of the infrastructure cost, and an estimate of any portion of that cost that will be borne by the Development Owner. Letters must be from an authorized individual representing the organization which actually provides the services. Such documentation should clearly indicate the Development property. If utilities are not already accessible (undeveloped areas), then the letter should not be older than three months from the first day of the Application Acceptance Period.

(4) The Department will not execute a Carryover Allocation Agreement with any Owner in Material Noncompliance on October 1, ~~2007~~2008.

(b) **10% Test.** No later than six months from the date the Carryover Allocation Document is executed by the Department and the Development Owner, more than 10% of the Development Owner's reasonably expected basis must have been incurred pursuant to §42(h)(1)(E)(i) and (ii) of the Internal Revenue Code and Treasury Regulations, §1.42-6. The evidence to support the satisfaction of this requirement must be submitted to the Department no later than June 30 of the year following the execution of the Carryover Allocation Document in a format prescribed by the Department. At the time of submission of the documentation, the Development Owner must also submit a Management Plan and an Affirmative Marketing Plan as further described in the Carryover Allocation Procedures Manual.

Evidence must be provided at this time of attendance of the Development Owner or management company at Department-approved Fair Housing training relating to leasing and management issues for at least five hours and the Development architect and engineer at Department-approved Fair Housing training relating to design issues for at least five hours on or before the time the 10% Test Documentation is submitted. Certifications must not be older than two years.

(c) **Commencement of Substantial Construction.** The Development Owner must submit evidence of having commenced and continued substantial construction activities as defined in §60 of this title. The evidence must be submitted not later than December 1 of the year after the execution of the Carryover Allocation Document with the possibility of an extension as described in §~~49~~50.20 of this title.

§~~49~~50.15.LURA, Cost Certification.

(a) **Land Use Restriction Agreement (LURA).** The Development Owner must request a LURA from the Department no later than the date specified in §60 of this title, the Department's Compliance ~~Monitoring Policies and Procedures~~Rules. The Development Owner must date, sign and acknowledge before a notary public the LURA and send the original to the Department for execution. The initial compliance and monitoring fee must be accompanied by a statement, signed by the Owner, indicating the start of the Development's Credit Period and the earliest placed in service date for the Development buildings. After receipt of the signed LURA from the Department, the Development Owner shall then record the LURA, along with any and all exhibits attached thereto, in the real property records of the county where the Development is located and return the original document, duly certified as to recordation by the appropriate county official, to the Department no later than the date that the Cost Certification Documentation is submitted to the Department. If any liens (other than mechanics' or materialmen's liens) shall have been recorded against the Development and/or the Property prior to the recording of the LURA, the Development Owner shall obtain the subordination of the rights of any such lienholder, or other effective consent, to the survival of certain obligations contained in the LURA, which are required by §42(h)(6)(E)(ii) of the Code to remain in effect following the foreclosure of any such lien. Receipt of such certified recorded original LURA by the Department is required prior to issuance of IRS Form 8609. A representative of the Department, or assigns, shall physically inspect the Development for compliance with the Application and the representations, warranties, covenants, agreements and undertakings contained therein. Such inspection will be conducted before the IRS Form 8609 is issued for a building, but it shall be conducted in no event later than the end of the second calendar year following the year the last building in the Development is placed in service. The Development Owner for Tax-Exempt Bond Developments shall obtain a subordination agreement wherein the lien of the mortgage is subordinated to the LURA. The LURA shall ~~not~~ contain any provision which requires the Development Owner to restrict rents and incomes at any AMGI level, ~~other than the AMGI levels reflected in the final Application (at the time of Board approval) or amendments to the Application made pursuant to §49.17(d) of this title, regardless of the underwriting methodology utilized in determining feasibility.~~ as approved by the Board. The restricted gross rents for any AMGI level outlined in the LURA will be calculated in accordance with §42(g)(2)(A), Internal Revenue Code.

(b) **Cost Certification.** The Cost Certification Procedures Manual sets forth the documentation required for the Department to perform a feasibility analysis in accordance with §42(m)(2)(C)(i)(II), Internal Revenue Code, and determine the final Credit to be allocated to the Development.

(1) To request IRS Forms 8609, Developments must have:

(A) Placed in Service by December 31 of the year the Commitment Notice was issued if a Carryover Allocation was not requested and received; or December 31 of the second year following the year the Carryover Allocation Agreement was executed;

(B) Scheduled a final construction inspection in accordance with §60 of this title, the Department's Compliance Monitoring Policies and Procedures;

(C) Informed the Department of and received written approval for all Development amendments in accordance with §~~49~~50.17(c) of this title;

(D) Submitted to the Department the LURA in accordance with §4950.15(a) of this title;

(E) Paid all applicable Department fees; and

(F) Prepared all Cost Certification documentation as more fully described in the format prescribed by the Cost Certification Procedures Manual.

(i) Carryover Allocation Agreement/Determination Notice and Election Statement;

(ii) Owner's Statement of Certification;

(iii) Owner Summary;

(iv) Evidence of Nonprofit and CHDO Participation;

(v) Evidence of Historically Underutilized Business (HUB) Participation;

(vi) Development Summary;

(vii) As-Built Survey;

(viii) Closing Statement;

(ix) Title Policy;

(x) Evidence of Placement in Service;

(xi) Independent Auditor's Reports;

(xii) Total Development Cost Schedule;

(xiii) AIA Form G702 and G703, Application and Certificate for Payment;

(xiv) Rent Schedule;

(xv) Utility Allowance;

(xvi) Annual Estimated Operating Expenses and 15-Year Proforma;

(xvii) Current Annual Operating Statement and Rent Roll;

(xviii) Final Sources of Funds;

(xix) Executed Limited Partnership Agreement;

(xx) Loan Agreement or Firm Commitment;

(xxi) Architect's Certification of Fair Housing Requirements; and

(xxii) TDHCA Compliance Workshop Certificate.

(2) Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins. Any Developments issued a Commitment Notice or Determination Notice that fails to submit its Cost Certification documentation by this deadline will be reported to the IRS and the Owner will be required to submit a request for extension consistent with §4950.20(l) of this title.

(3) The Department will perform an initial evaluation of the Cost Certification documentation within 45 days from the date of receipt and notify the Owner in a deficiency letter of all additional required documentation. Any deficiency letters issued to the Owner pertaining to the Cost Certification documentation will also be copied to the syndicator. The Department will issue IRS Forms 8609 no later than 90 days from the date that all required documents have been received.

(4) The Department will perform an evaluation to determine ifof the Applicant, the Development Owner, the General Contractor, or any Affiliate of the General Contractor that is active in the ownership or Control of the Development to determine if any entity is in Material Noncompliance with the LURA (or any other document containing an Extended Low-income Housing Commitment) or the program rules in effect for suchthe subject property, as described in §60 of the Department's Compliance Monitoring Policies and ProceduresRules prior to issuance of IRS Forms 8609.

§4950.16.Housing Credit Allocations.

(a) In making a commitment of a Housing Credit Allocation under this chapter, the Department shall rely upon information contained in the Application to determine whether a building is eligible for the credit under the Code, §42. The Development Owner shall bear full responsibility for claiming the credit and assuring that the Development complies with the requirements of the Code, §42. The Department shall have no responsibility for ensuring that a Development Owner who receives a Housing Credit Allocation from the Department will qualify for the housing credit.

(b) The Housing Credit Allocation Amount shall not exceed the dollar amount the Department determines is necessary for the financial feasibility and the long term viability of the Development throughout the affordability period. (§2306.6711(b)) Such determination shall be made by the Department at the time of issuance of the Commitment Notice or Determination Notice; at the time the Department makes a Housing Credit Allocation; and as of the date each building in a Development is placed in service. Any Housing Credit Allocation Amount specified in a Commitment Notice, Determination Notice or Carryover Allocation Document is subject to change by the Department based upon such determination. Such a determination shall be made by the Department based on its evaluation and procedures, considering the items specified in the Code, §42(m)(2)(B), and the department in no way or manner represents or warrants to any Applicant, sponsor, investor, lender or other entity that the Development is, in fact, feasible or viable.

(c) The General Contractor hired by the Development Owner must meet specific criteria as defined by the General Appropriation Act, Article VII, Rider 8(c). A General Contractor hired by a Development Owner or a Development Owner, if the Development Owner serves as General Contractor must demonstrate a history of constructing similar types of housing without the use of federal tax credits. Evidence must be submitted to the Department, in accordance with §~~49~~50.9(h)(4)(H) of this title, which sufficiently documents that the General Contractor has constructed some housing without the use of Housing Tax Credits. This documentation will be required as a condition of the commitment notice or carryover agreement, and must be complied with prior to commencement of construction and at cost certification and final allocation of credits.

(d) An allocation will be made in the name of the Development Owner identified in the related Commitment Notice or Determination Notice. If an allocation is made to a member or Affiliate of the ownership entity proposed at the time of Application, the Department will transfer the allocation to the ownership entity as consistent with the intention of the Board when the Development was selected for an award of tax credits. Any other transfer of an allocation will be subject to review and approval by the Department consistent with §~~49~~50.17(c) of this title. The approval of any such transfer does not constitute a representation to the effect that such transfer is permissible under §42 of the Code or without adverse consequences thereunder, and the Department may condition its approval upon receipt and approval of complete current documentation regarding the owner including documentation to show consistency with all the criteria for scoring, evaluation and underwriting, among others, which were applicable to the original Applicant.

(e) The Department shall make a Housing Credit Allocation, either in the form of IRS Form 8609, with respect to current year allocations for buildings placed in service, or in the Carryover Allocation Document, for buildings not yet placed in service, to any Development Owner who holds a Commitment Notice which has not expired, and for which all fees as specified in §~~49~~50.20 of this title have been received by the Department and with respect to which all applicable requirements, terms and conditions have been met. For Tax-Exempt Bond Developments, the Housing Credit Allocation shall be made in the form of a Determination Notice. For an IRS Form 8609 to be issued with respect to a building in a Development with a Housing Credit Allocation, satisfactory evidence must be received by the Department that such building is completed and has been placed in service in accordance with the provisions of the Department's Cost Certification Procedures Manual. The Cost Certification documentation requirements will include a certification and inspection report prepared by a Third-Party ~~accredited~~ accessibility ~~inspector~~ specialist to certify that the Development meets all required accessibility standards. IRS Form 8609 will not be issued until the certifications are received by the Department. The Department shall mail or deliver IRS Form 8609 (or any successor form adopted by the Internal Revenue Service) to the Development Owner, with Part I thereof completed in all respects and signed by an authorized official of the Department. The delivery of the IRS Form 8609 will occur only after the Development Owner has complied with all procedures and requirements listed within the Cost Certification Procedures Manual. Regardless of the year of Application to the Department for Housing Tax Credits, the current year's Cost Certification Procedures Manual must be utilized when filing all cost certification materials. A separate Housing Credit Allocation shall be made with respect to each building within a Development which is eligible for a housing credit; provided, however, that where an

allocation is made pursuant to a Carryover Allocation Document on a Development basis in accordance with the Code, §42(h)(1)(F), a housing credit dollar amount shall not be assigned to particular buildings in the Development until the issuance of IRS Form 8609s with respect to such buildings. The Department may delay the issuance of IRS Form 8609 if any Development violates the representations of the Application.

(f) In making a Housing Credit Allocation, the Department shall specify a maximum Applicable Percentage, not to exceed the Applicable Percentage for the building permitted by the Code, §42(b), and a maximum Qualified Basis amount. In specifying the maximum Applicable Percentage and the maximum Qualified Basis amount, the Department shall disregard the first-year conventions described in the Code, §42(f)(2)(A) and §42(f)(3)(B). The Housing Credit Allocation made by the Department shall not exceed the amount necessary to support the extended low-income housing commitment as required by the Code, §42(h)(6)(C)(i).

(g) Development inspections shall be required to show that the Development is built or rehabilitated according to construction threshold criteria and Development characteristics identified at application. At a minimum, all Development inspections must meet Uniform Physical Condition Standards (UPCS) as referenced in Treasury Regulation §1.42-5 (d)(2)(ii) and include an inspection for quality during the construction process while defects can reasonably be corrected and a final inspection at the time the Development is placed in service. All such Development inspections shall be performed by the Department or by an independent Third Party inspector acceptable to the Department. The Development Owner shall pay all fees and costs of said inspections as described in §~~49~~50.20 of this title. Details regarding the construction inspection process are set forth in the Department Rule §60 of this title, the Department's Compliance Monitoring Policies and Procedures (§2306.081; General Appropriation Act, Article VII, Rider 8(b)).

(h) After the entire Development is placed in service, which must occur prior to the deadline specified in the Carryover Allocation Document and as further outlined in §~~49~~50.15 of this title, the Development Owner shall be responsible for furnishing the Department with documentation which satisfies the requirements set forth in the Cost Certification Procedures Manual. For purposes of this title, and consistent with IRS Notice 88-116, the placed in service date for a new or existing building used as residential rental property is the date on which the building is ready and available for its specifically assigned function and more specifically when the first Unit in the building is certified as being suitable for occupancy in accordance with state and local law and as certified by the appropriate local authority or registered architect as ready for occupancy. The Cost Certification must be submitted for the entire Development; therefore partial Cost Certifications are not allowed. The Department may require copies of invoices and receipts and statements for materials and labor utilized for the New Construction or Rehabilitation and, if applicable, a closing statement for the acquisition of the Development as well as for the closing of all interim and permanent financing for the Development. If the Development Owner does not fulfill all representations and commitments made in the Application, the Department may make reasonable reductions to the tax credit amount allocated via the IRS Form 8609, may withhold issuance of the IRS Form 8609s until these representations and commitments are met, and/or may terminate the allocation, if appropriate corrective action is not taken by the Development Owner.

(i) The Board at its sole discretion may allocate credits to a Development Owner in addition to those awarded at the time of the initial Carryover Allocation in instances where there is bona fide substantiation of cost overruns and the Department has made a determination that the allocation is needed to maintain the Development's financial viability.

(j) The Department may, at any time and without additional administrative process, determine to award credits to Developments previously evaluated and awarded credits if it determines that such previously awarded credits are or may be invalid and the owner was not responsible for such invalidity.

(k) If an Applicant returns a full credit allocation after the Carryover Allocation deadline required for that allocation, the Department will impose a penalty on the score for any Competitive Housing Tax Credit applications submitted by that Applicant or any Affiliate of that Applicant for any application in an Application Round occurring concurrent to the return of credits or if no Application Round is pending the Round immediately following the return of credits. The penalty will be assessed in an amount that reduces the Applicant's final awarded score by an additional 20%.

§~~49~~50.17.Board Reevaluation, Appeals Process; Provision of Information or Challenges Regarding Applications; Amendments; Housing Tax Credit and Ownership Transfers; Sale of Tax Credit Properties; Withdrawals; Cancellations; Alternative Dispute Resolution.

(a) **Board Reevaluation.** (§2306.6731(b)) Regardless of development stage, the Board shall reevaluate a Development that undergoes a substantial change between the time of initial Board approval of the Development and the time of issuance of a Commitment Notice or Determination Notice for the Development. For the purposes of this subsection, substantial change shall be those items identified in subsection (d)(4) of this section. The Board may revoke any Commitment Notice or Determination Notice issued for a Development that has been unfavorably reevaluated by the Board.

(b) **Appeals Process.** (§2306.6715) An Applicant may appeal decisions made by the Department as follows.

(1) The decisions that may be appealed are identified in subparagraphs (A) - (D) of this paragraph.

(A) A determination regarding the Application's satisfaction of:

(i) Eligibility Requirements;

(ii) Disqualification or debarment criteria;

(iii) Pre-Application or Application Threshold Criteria;

(iv) Underwriting Criteria;

(B) The scoring of the Application under the Application Selection Criteria; and

(C) A recommendation as to the amount of housing tax credits to be allocated to the Application.

(D) Any Department decision that results in termination of an Application.

(2) An Applicant may not appeal a decision made regarding an Application filed by another Applicant.

(3) An Applicant must file its appeal in writing with the Department not later than the seventh day after the date the Department publishes the results of any stage of the Application evaluation process identified in §~~49~~50.9 of this title. In the appeal, the Applicant must specifically identify the Applicant's grounds for appeal, based on the original Application and additional documentation filed with the original Application. If the appeal relates to the amount of housing tax credits recommended to be allocated, the Department will provide the Applicant with the underwriting report upon request.

(4) The Executive Director of the Department shall respond in writing to the appeal not later than the 14th day after the date of receipt of the appeal. If the Applicant is not satisfied with the Executive Director's response to the appeal, the Applicant may appeal directly in writing to the Board, provided that an appeal filed with the Board under this subsection must be received by the Board before:

(A) The seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made; or

(B) The third day preceding the date of the Board meeting described by subparagraph (A) of this paragraph, if the Executive Director does not respond to the appeal before the date described by subparagraph (A) of this paragraph.

(5) Board review of an appeal under paragraph (4) of this subsection is based on the original Application and additional documentation filed with the original Application. The Board may not review any information not contained in or filed with the original Application. The decision of the Board regarding the appeal is final.

(6) The Department will post to its web site an appeal filed with the Department or Board and any other document relating to the processing of the appeal. (§2306.6717(a)(5))

(c) **Provision of Information or Challenges Regarding Applications from Unrelated Entities to the Application.** The Department will address information or challenges received from unrelated entities to a specific ~~2007~~2008 active Application, utilizing a preponderance of the evidence standard, ~~in the following manner~~as stated in (1)-(3) of this subparagraph, provided the information or challenge includes a contact name, telephone number, fax number and e-mail address of the person providing the information or challenge and must be received by the Department no later than June 15, 2008:

(1) Within 14 business days of the receipt of the information or challenge, the Department will post all information and challenges received (including any identifying information) to the Department's website.

(2) Within seven business days of the receipt of the information or challenge, the Department will notify the Applicant related to the information or challenge. The Applicant will then have seven business days to respond to all information and challenges provided to the Department.

(3) Within 14 business days of the receipt of the response from the Applicant, the Department will evaluate all information submitted and other relevant documentation related to the investigation. This information may include information requested by the Department relating to this evaluation. The Department will post its determination summary to its website. Any determinations made by the Department cannot be appealed by any party unrelated to the Applicant.

(d) **Amendment of Application Subsequent to Allocation by Board.** (§2306.6712 and §2306.6717(a)(4))

(1) If a proposed modification would materially alter a Development approved for an allocation of a housing tax credit, or if the Applicant has altered any selection criteria item for which it received points, the Department shall require the Applicant to file a formal, written request for an amendment to the Application.

(2) The Executive Director of the Department shall require the Department staff assigned to underwrite Applications to evaluate the amendment and provide an analysis and written recommendation to the Board. The appropriate party monitoring compliance during construction in accordance with §~~49~~50.18 of this title shall also provide to the Board an analysis and written recommendation regarding the amendment. For amendments which require Board approval, the amendment request must be received by the Department at least 30 days prior to the Board meeting where the amendment will be considered.

(3) The Board must vote on whether to approve an amendment. The Board by vote may reject an amendment and, if appropriate, rescind a Commitment Notice or terminate the allocation of housing tax credits and reallocate the credits to other Applicants on the Waiting List if the Board determines that the modification proposed in the amendment:

(A) would materially alter the Development in a negative manner; or

(B) would have adversely affected the selection of the Application in the Application Round.

(4) Material alteration of a Development includes, but is not limited to:

(A) a significant modification of the site plan;

(B) a modification of the number of units or bedroom mix of units;

(C) a substantive modification of the scope of tenant services;

(D) a reduction of three percent or more in the square footage of the units or common areas;

(E) a significant modification of the architectural design of the Development;

(F) a modification of the residential density of the Development of at least five percent;

(G) an increase or decrease in the site acreage of greater than 10% from the original site under control and proposed in the Application; and

(H) any other modification considered significant by the Board.

(5) In evaluating the amendment under this subsection, the Department staff shall consider whether the need for the modification proposed in the amendment was:

(A) Reasonably foreseeable by the Applicant at the time the Application was submitted; or

(B) Preventable by the Applicant.

(6) This section shall be administered in a manner that is consistent with the Code, §42.

(7) Before the 15th day preceding the date of Board action on the amendment, notice of an amendment and the recommendation of the Executive Director and monitor regarding the amendment will be posted to the Department's web site.

(8) In the event that an Applicant or Developer seeks to be released from the commitment to serve the income level of tenants targeted in the ~~original Application~~Real Estate Analysis Report at the time of the Commitment Notice issuance, as approved by the Board, the following procedure will apply. For amendments that involve a reduction in the total number of low-income Units being served, or a reduction in the number of low-income Units at any level of AMGI, as approved by the Board ~~represented at the time of Application~~, evidence must be presented to the Department that includes written confirmation from the lender and syndicator that the Development is infeasible without the adjustment in Units. The Board may or may not approve the amendment request, however, any affirmative recommendation to the Board is contingent upon concurrence from the Real Estate Analysis Division that the Unit adjustment (or an alternative Unit adjustment) is necessary for the continued feasibility of the Development. Additionally, if it is determined by the Department that the allocation of credits would not have been made in the year of allocation because the loss of low-income targeting points would have resulted in the Application not receiving an allocation, and the amendment is approved by the Board, the approved amendment will carry a penalty that prohibits the Applicant and all persons or entities with any ownership interest in the Application (excluding any tax credit purchaser/syndicator), from participation in the Housing Tax Credit Program (for both the Competitive Housing Tax Credit Developments and Tax-Exempt Bond Developments) for 24 months from the time that the amendment is approved.

(e) **Housing Tax Credit and Ownership Transfers.** (§2306.6713) A Development Owner may not transfer an allocation of housing tax credits or ownership of a Development supported with an allocation of housing tax credits to any Person other than an Affiliate of the Development Owner unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer.

(1) Transfers will not be approved prior to the issuance of IRS Forms 8609 unless the Development Owner can provide evidence that a hardship is creating the need for the transfer (potential bankruptcy, removal by a partner, etc.). A Development Owner seeking Executive Director approval of a transfer and the proposed transferee must provide to the Department a copy of any applicable agreement between the parties to the transfer, including any third-party agreement with the Department.

(2) A Development Owner seeking Executive Director approval of a transfer must provide the Department with documentation requested by the Department, including but not limited to, a list of the names of transferees and Related Parties; and detailed information describing the experience and financial capacity of transferees and related parties. All transfer requests must disclose the reason for the request. The Development Owner shall certify to the Executive Director that the tenants in the Development have been notified in writing of the transfer before the 30th day preceding the date of submission of the transfer request to the Department. Not later than the fifth working day after the date the Department receives all necessary information under this section, the Department shall conduct a qualifications review of a transferee to determine the transferee's past compliance with all aspects of the Housing Tax Credit Program, LURAs; and the sufficiency of the transferee's experience with Developments supported with Housing Credit Allocations. If the viable operation of the Development is deemed to be in jeopardy by the Department, the Department may authorize changes that were not contemplated in the Application.

(3) As it relates to the Credit Cap further described in §~~49~~50.6(d) of this title, the credit cap will not be applied in the following circumstances:

(A) In cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(B) In cases where the general partner is being replaced if the award of credits was made at least five years prior to the transfer request date.

(f) **Sale of Certain Tax Credit Properties.** Consistent with §2306.6726, Texas Government Code, not later than two years before the expiration of the Compliance Period, a Development Owner who agreed to provide a right of first refusal under §2306.6725(b)(1), Texas Government Code and who intends to sell the property shall notify the Department of its intent to sell.

(1) The Development Owner shall notify Qualified Nonprofit Organizations and tenant organizations of the opportunity to purchase the Development. The Development Owner may:

(A) During the first six-month period after notifying the Department, negotiate or enter into a purchase agreement only with a Qualified Nonprofit Organization that is also a community housing development organization as defined by the Federal Home Investment Partnership Program (HOME);

(B) During the second six-month period after notifying the Department, negotiate or enter into a purchase agreement with any Qualified Nonprofit Organization or tenant organization; and

(C) During the year before the expiration of the compliance period, negotiate or enter into a purchase agreement with the Department or any Qualified Nonprofit Organization or tenant organization approved by the Department.

(2) Notwithstanding items for which points were received consistent with §~~49~~50.9(i) of this title, a Development Owner may sell the Development to any purchaser after the expiration of the compliance period if a Qualified Nonprofit Organization or tenant organization does not offer to purchase the Development at the minimum price provided by §42(i)(7), Internal Revenue Code of 1986 (26 U.S.C. §42(i)(7)), and the Department declines to purchase the Development.

(g) **Withdrawals.** An Applicant may withdraw an Application prior to receiving a Commitment Notice, Determination Notice, Carryover Allocation Document or Housing Credit Allocation, or may cancel a Commitment Notice or Determination Notice by submitting to the Department a notice, as applicable, of withdrawal or cancellation, and making any required statements as to the return of any tax credits allocated to the Development at issue.

(h) **Cancellations.** The Department may cancel a Commitment Notice, Determination Notice or Carryover Allocation prior to the issuance of IRS Form 8609 with respect to a Development if:

(1) The Applicant or the Development Owner, or the Development, as applicable, fails to meet any of the conditions of such Commitment Notice or Carryover Allocation or any of the undertakings and commitments made by the Development Owner in the Applications process for the Development;

(2) Any statement or representation made by the Development Owner or made with respect to the Development Owner or the Development is untrue or misleading;

(3) An event occurs with respect to the Applicant or the Development Owner which would have made the Development's Application ineligible for funding pursuant to §~~49~~50.5 of this title if such event had occurred prior to issuance of the Commitment Notice or Carryover Allocation; or

(4) The Applicant or the Development Owner or the Development, as applicable, fails to comply with these Rules or the procedures or requirements of the Department.

(i) **Alternative Dispute Resolution Policy.** In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at §1.17 of this title.

§4950.18.Compliance Monitoring and Material Noncompliance.

The Code, §42(m)(1)(B)(iii), requires the Department as the housing credit agency to include in its QAP a procedure that the Department will follow in monitoring Developments for compliance with the provisions of the Code, §42 and in notifying the IRS of any noncompliance of which the Department becomes aware. Detailed compliance rules and procedures for monitoring are set forth in ~~Department Rule §~~Chapter 60 of this title.

§4950.19.Department Records; Application Log; IRS Filings.

(a) **Department Records.** At all times during each calendar year the Department shall maintain a record of the following:

(1) The cumulative amount of the State Housing Credit Ceiling that has been committed pursuant to Commitment Notices during such calendar year;

(2) The cumulative amount of the State Housing Credit Ceiling that has been committed pursuant to Carryover Allocation Documents during such calendar year;

(3) The cumulative amount of Housing Credit Allocations made during such calendar year; and

(4) The remaining unused portion of the State Housing Credit Ceiling for such calendar year.

(b) **Application Log.** (§2306.6702(a)(3) and §2306.6709) The Department shall maintain for each Application an Application Log that tracks the Application from the date of its submission. The Application Log will contain, at a minimum, the information identified in paragraphs (1) - (9) of this subsection.

(1) The names of the Applicant and all General Partners of the Development Owner, the owner contact name and phone number, and full contact information for all members of the Development Team;

(2) The name, physical location, and address of the Development, including the relevant Uniform State Service Region of the state;

(3) The number of Units and the amount of housing tax credits requested for allocation by the Department to the Applicant;

(4) Any Set-Aside category under which the Application is filed;

(5) The requested and awarded score of the Application in each scoring category adopted by the Department under the Qualified Allocation Plan;

(6) Any decision made by the Department or Board regarding the Application, including the Department's decision regarding whether to underwrite the Application and the Board's decision regarding whether to allocate housing tax credits to the Development;

(7) The names of individuals making the decisions described by paragraph (6) of this subsection, including the names of Department staff scoring and underwriting the Application, to be recorded next to the description of the applicable decision;

(8) The amount of housing tax credits allocated to the Development; and

(9) A dated record and summary of any contact between the Department staff, the Board, and the Applicant or any Related Parties.

(c) **IRS Filings.** The Department shall mail to the Internal Revenue Service, not later than the 28th day of the second calendar month after the close of each calendar year during which the Department makes Housing Credit Allocations, a copy of each completed (as to Part I) IRS Form 8609, the original of which was mailed or delivered by the Department to a Development Owner during such calendar year, along with a single completed IRS Form 8610, Annual Low-income Housing Credit Agencies Report. When a Carryover Allocation is made by the Department, a copy of the Carryover Allocation Agreement will be mailed or faxed to the Development Owner by the Department. The original of the Carryover Allocation Document will be retained by the Department and IRS Form 8610 Schedule A will be filed by the Department with IRS Form 8610 for the year in which the allocation is

made. The Department shall be authorized to vary from the requirements of this section to the extent required to adapt to changes in IRS requirements.

§~~49~~50.20.Program Fees; Refunds; Public Information Requests; Adjustments of Fees and Notification of Fees; Extensions; Penalties.

(a) **Timely Payment of Fees.** All fees must be paid as stated in this section, unless the Executive Director has granted a waiver for specific extenuating and extraordinary circumstances. To be eligible for a waiver, the Applicant must submit a request for a waiver no later than 10 business days prior to the deadlines as stated in this section. Any fees, as further described in this section, that are not timely paid will cause an Applicant to be ineligible to apply for tax credits and additional tax credits and ineligible to submit extension requests, ownership changes and Application amendments. Payments made by check, for which insufficient funds are available, may cause the Application, commitment or allocation to be terminated.

(b) **Pre-Application Fee.** Each Applicant that submits a Pre-Application shall submit to the Department, along with such Pre-Application, a non refundable Pre-Application fee, in the amount of $10 per Unit. Units for the calculation of the Pre-Application Fee include all Units within the Development, including tax credit, market rate and owner-occupied Units. Pre-Applications without the specified Pre-Application Fee in the form of a check will not be accepted. Pre-Applications in which a CHDO or Qualified Nonprofit Organization intends to serve as the managing General Partner of the Development Owner, or Control the managing General Partner of the Development Owner, will receive a discount of 10% off the calculated Pre-Application fee. (General Appropriation Act, Article VII, Rider 7; §2306.6716(d))For Tax Exempt Bond Developments with the Department as the issuer, the Applicant shall submit the following fees: $1,000 (payable to TDHCA), $1,500 (payable to Vincent & Elkins, Bond Counsel), and $5,000 (payable to the Texas Bond Review Board).

(c) **Application Fee.** Each Applicant that submits an Application shall submit to the Department, along with such Application, an Application fee. For Applicants having submitted a Pre-Application which met Pre-Application Threshold and for which a Pre-Application fee was paid, the Application fee will be $20 per Unit. For Applicants not having submitted a Pre-Application, the Application fee will be $30 per Unit. Units for the calculation of the Application Fee include all Units within the Development, including tax credit, market rate and owner-occupied Units. Applications without the specified Application Fee in the form of a check will not be accepted. Applications in which a CHDO or Qualified Nonprofit Organization intends to serve as he managing General Partner of the Development Owner, or Control the managing General Partner of the Development Owner, will receive a discount of 10% off the calculated Application fee. (General Appropriation Act, Article VII, Rider 7; §2306.6716(d)) For Tax Exempt Bond developments with the Department as the Issuer the Applicant shall submit a tax credit application fee of $30 per unit and bond application fee of $10,000. Those applications utilizing a local issuer only need to submit the tax credit application fee.

(d) **Refunds of Pre-Application or Application Fees.** (§2306.6716(c)) Upon written request from the Applicant, the Department shall refund the balance of any fees collected for a Pre-Application or Application that is withdrawn by the Applicant or that is not fully processed by the Department. The amount of refund on Pre-Applications not fully processed by the Department will be commensurate with the level of review completed. Intake and data entry will constitute 50% of the review, and Threshold review prior to a deficiency issued will constitute 30% of the review. Deficiencies submitted and reviewed constitute 20% of the review. The amount of refund on Applications not fully processed by the Department will be commensurate with the level of review completed. Intake and data entry will constitute 20% of the review, the site visit will constitute 20% of the review, Eligibility and Selection review will constitute 20%, and Threshold review will constitute 20% of the review, and underwriting review will constitute 20%. The Department must provide the refund to the Applicant not later than the 30th day after the date of request.

(e) **Third Party Underwriting Fee.** Applicants will be notified in writing prior to the evaluation of a Development by an independent external underwriter in accordance with §§~~49~~50.9(d)(6), (e)(3), and (f)(~~46~~) of this title if such a review is required. The fee must be received by the Department prior to the engagement of the underwriter. The fees paid by the Development Owner to the Department for the external underwriting will be credited against the commitment fee established in subsection (f) of this section, in the event that a Commitment Notice or Determination Notice is issued by the Department to the Development Owner.

(f) **Commitment or Determination Notice Fee.** Each Development Owner that receives a Commitment Notice or Determination Notice shall submit to the Department, not later than the expiration date on the Commitment or Determination notice, a non-refundable commitment fee equal to 5% of the annual Housing Credit Allocation amount. The commitment fee shall be paid by check. If a Development Owner of an Application awarded Competitive Housing Tax Credits has paid a Commitment Fee and returns the credits by November 1, ~~2007~~2008, the Development Owner will receive a refund of 50% of the Commitment Fee.

(g) **Compliance Monitoring Fee.** Upon receipt of the cost certification, the Department will invoice the Development Owner for compliance monitoring fees. The amount due will equal $40 per tax credit unit. The fee will be collected, retroactively if applicable, beginning with the first year of the credit period. The invoice must be paid prior to the issuance of form 8609. Subsequent anniversary dates on which the compliance monitoring fee payments are due shall be determined by the ~~month~~ month the first building is placed in service~~beginning month of the compliance period~~.

(h) **Building Inspection Fee.** The Building Inspection Fee must be paid at the time the Commitment Fee is paid. The Building Inspection Fee for all Developments is $750. Inspection fees in excess of $750 may be charged to the Development Owner not to exceed an additional $250 per Development.

(i) **Tax-Exempt Bond Credit Increase Request Fee.** As further described in §~~49~~50.12 of this title, requests for increases to the credit amounts to be issued on IRS Forms 8609 for Tax-Exempt Bond Developments must be submitted with a request fee equal to five percent of the amount of the credit increase for one year.

(j) **Public Information Requests.** Public information requests are processed by the Department in accordance with the provisions of the Government Code, Chapter 552. The Department uses the guidelines promulgated by The Texas Building and Procurement Commission to determine the cost of copying, and other costs of production.

(k) **Periodic Adjustment of Fees by the Department and Notification of Fees.** (§2306.6716(b)) All fees charged by the Department in the administration of the tax credit program will be revised by the Department from time to time as necessary to ensure that such fees compensate the Department for its administrative costs and expenses. The Department shall publish each year an updated schedule of Application fees that specifies the amount to be charged at each stage of the Application process. Unless otherwise determined by the Department, all revised fees shall apply to all Applications in process and all Developments in operation at the time of such revisions.

(l) **Extension and Amendment Requests.** All extension requests relating to the Commitment Notice, Carryover, Documentation for 10% Test, Substantial Construction Commencement, Placed in Service or Cost Certification requirements and amendment requests shall be submitted to the Department in writing and be accompanied by a mandatory non-refundable extension fee in the form of a check in the amount of $2,500. Such requests must be submitted to the Department no later than the date for which an extension is being requested. All requests for extensions totaling less than 6 months may be approved by the Executive Director and are not required to have Board approval. For extensions that require Board approval, the extension request must be received by the Department at least 15 business days prior to the Board meeting where the extension will be considered. The

extension request shall specify a requested extension date and the reason why such an extension is required. Carryover extension requests shall not request an extended deadline later than December 1st of the year the Commitment Notice was issued. The Department, in its sole discretion, may consider and grant such extension requests for all items. If an extension is required at Cost Certification, the fee of $2,500 must be received by the Department to qualify for issuance of Forms 8609. Amendment requests must be submitted consistent with §~~49~~50.17(d) of this title. The Board may waive related fees for good cause.

(m) **Penalties.** Development Owners who have more tax credits allocated to them than they can substantiate through Cost Certification will return those excess tax credits prior to issuance of 8609's. For Competitive Housing Tax Credit Developments, a penalty fee equal to the one year credit amount of the lost credits (10% of the total unused tax credit amount) will be required to be paid by the Owner prior to the issuance of form 8609's if the tax credits are not returned, and 8609's issued, within 180 days of the end of the first year of the credit period. This penalty fee may be waived without further Board action if the Department recaptures and re-issues the returned tax credits in accordance with §42, Internal Revenue Code.

§~~49~~50.21.Manner and Place of Filing All Required Documentation.

(a) All Applications, letters, documents, or other papers filed with the Department must be received only between the hours of 8:00 a.m. and 5:00 p.m. on any day which is not a Saturday, Sunday or a holiday established by law for state employees.

(b) All notices, information, correspondence and other communications under this title shall be deemed to be duly given if delivered or sent and effective in accordance with this subsection. Such correspondence must reference that the subject matter is pursuant to the Tax Credit Program and must be addressed to the Housing Tax Credit Program, Texas Department of Housing and Community Affairs, P.O. Box 13941, Austin, TX 78711-3941 or for hand delivery or courier to 221 East 11th Street, Austin, Texas 78701 or more current address of the Department as released on the Department's website. Every such correspondence required or contemplated by this title to be given, delivered or sent by any party may be delivered in person or may be sent by courier, telecopy, express mail, telex, telegraph or postage prepaid certified or registered air mail (or its equivalent under the laws of the country where mailed), addressed to the party for whom it is intended, at the address specified in this subsection. Regardless of method of delivery, documents must be received by the Department no later than 5:00 p.m. for the given deadline date. Notice by courier, express mail, certified mail, or registered mail will be considered received on the date it is officially recorded as delivered by return receipt or equivalent. Notice by telex or telegraph will be deemed given at the time it is recorded by the carrier in the ordinary course of business as having been delivered, but in any event not later than one business day after dispatch. Notice not given in writing will be effective only if acknowledged in writing by a duly authorized officer of the Department.

(c) If required by the Department, Development Owners must comply with all requirements to use the Department's web site to provide necessary data to the Department.

§~~49~~50.22.Waiver and Amendment of Rules.

(a) The Board, in its discretion, may waive any one or more of these Rules if the Board finds that waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause, as determined by the Board.

(b) Section 1.13 of this title may be waived for any person seeking any action by filing a request with the Board.

(c) The Department may amend this chapter and the Rules contained herein at any time in accordance with the Government Code, Chapter 2001.

§~~49~~50.23.Deadlines for Allocation of Housing Tax Credits. (§2306.6724)

(a) Not later than September 30 of each year, the Department shall prepare and submit to the Board for adoption the draft QAP required by federal law for use by the Department in setting criteria and priorities for the allocation of tax credits under the Housing Tax Credit program.

(b) The Board shall adopt and submit to the Governor the QAP not later than November 15 of each year.

(c) The Governor shall approve, reject, or modify and approve the QAP not later than December 1 of each year. (§2306.67022)(§42(m)(1))

(d) The Board shall annually adopt a manual, corresponding to the QAP, to provide information on how to apply for housing tax credits.

(e) Applications for Housing Tax Credits to be issued a Commitment Notice during the Application Round in a calendar year must be submitted to the Department not later than March 1.

(f) The Board shall review the recommendations of Department staff regarding Applications and shall issue a list of approved Applications each year in accordance with the Qualified Allocation Plan not later than June 30.

(g) The Board shall approve final commitments for allocations of housing tax credits each year in accordance with the Qualified Allocation Plan not later than July 31, unless unforeseen circumstances prohibit action by that date. In any event, the Board shall approve final commitments for allocations of housing tax credits each year in accordance with the Qualified Allocation Plan not later than September 30. Department staff will subsequently issue Commitment Notices based on the Board's approval. Final commitments may be conditioned on various factors approved by the Board, including resolution of contested matters in litigation.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
August 23, 2007

Action Item

Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 33, Multifamily Housing Revenue Bond Rules, and a draft of proposed new 10 TAC Chapter 33, 2008 Multifamily Revenue Bond Rules for comment in the *Texas Register*.

Required Action

Approve, Deny or Approve with Amendments the Draft 2008 Multifamily Housing Revenue Bond Rules to be published in the *Texas Register* and receive public comment.

Background

Changes to the draft rules include statutory changes as well as additional language that make the 2008 Multifamily Housing Revenue Bond Rules (the "Bond Rules") consistent with the other multifamily program rules. These rules will provide greater flexibility and choices to improve the overall quality of multifamily developments. Staff added language to mirror the 2008 Qualified Allocation Plan and Rules (the "QAP") that explains that the 2008 QAP, once approved by the Board, may have changes that would affect the Housing Tax Credit applications that coincide with the Bond program, and the QAP would take precedence over the 2008 Bond Rules where applicable. The draft rules will be posted on the Department's website and published in the *Texas Register*. Public comment will be taken via mail, email or facsimile. There will be consolidated public hearings between September 10th and October 10th to garner public comment. The rules will be brought before the Board in November for final approval.

The primary changes proposed are made to ensure compliance with statutory changes and to ensure consistency with other multifamily rules. Listed below is a summary of the more significant changes proposed.

1. **§33.3 – Definitions (Page 2 of 17).** Adds definitions for Rural Area, Rural Development and TRDO-USDA. The purpose of these additions is to reflect changes in §2306.004 as a result of SB 1908 and to provide consistency between program rules and definitions.

2. **33.6(c) – Inducement Resolution (Page 5 of 17).** Adds language to make the Applicant aware that an approval of the inducement resolution is not a guarantee of a final approval for the Department to issue bonds.

3. **§33.6(d)(17) – Pre-Application Threshold Amenities (Page 6 of 17)**. This section was expanded to include the amenities and energy efficient features that are considered threshold for both new construction and rehabilitation developments based on §2306.187 relating to efficiency and for consistency with the QAP.

4. **§33.6(e) – Pre-Application Scoring Criteria (Page 8 of 17).** This section includes points for income and rent levels of the tenants, declared disaster areas, developments in census tracts with

no other existing developments supported by tax credits and notary public services for tenants. Additionally, the points for negative site features were reduced so as to be consistent with other program rules and the points for proximity to community services allow for acquisition and rehabilitation developments to receive 1.5 points for each service/amenity within 3 miles of the site. This section also deletes the penalties in previous year's bond and/or tax credit program and points for local political subdivision funding as scoring items as a result of statutory changes.

5. **§33.6(f) - Multiple Site Applications (Page 11 of 17).** This section was added to address the issue of how multiple site applications will be scored and submitted to the Bond Review Board. Specifically, each individual application will be scored on its own merits with the final score being determined based on an average of all the individual applications in the portfolio.

6. **§33.6(h) - Final Application (Page 11 of 17).** This section was deleted because it outlined the documentation to be included in the full housing tax credit application which is already outlined in more detail in the Department's Application Submission Procedures Manual (ASPM).

7. **§33.6(j)(7) - Eligibility Criteria (Page 14 of 17).** This section includes language as a result of changes to HB 3552 and the Texas Bond Review Board's governing statute §1372.002. Specifically the added language states:

   An application may include either the rehabilitation or new construction, or both the rehabilitation and new construction, of qualified residential rental facilities located at multiple sites and with respect to which 51 percent or more of the residential units are located:

   (A) in a county with a population of less than 75,000; or

   (B) in a county in which the median income is less than the median income for the state, provided that the units are located in that portion of the county that is not included in a metropolitan statistical area containing one or more projects that are proposed to be financed, in whole or in part, by an issuance of bonds.

   The number of sites may be reduced as needed without affecting their status as a project for purposes of the application, provided that the final application for a reservation contains at least two sites.

8. **§33.8(a) – Fees (Page 17 of 17).** This section includes language to address how bond application fees will be paid on multiple site applications. Instead of Applicant's paying $10,000 for each individual application they will be charged $10,000 or $30 per unit whichever is greater.

Recommendation

Staff recommends the Board approve the Draft 2008 Multifamily Housing Revenue Bond Rules for publication in the *Texas Register* to receive public comment and conduct the consolidated public hearings with the other applicable rules and allow staff to make changes to these rules, where applicable, to be consistent with other rules being approved at this Board meeting.

Multifamily Finance Production Division

~~2007~~2008 MULTIFAMILY HOUSING REVENUE BOND RULES
TITLE 10, PART 1, CHAPTER ~~35~~33, TEXAS ADMINISTRATIVE CODE

§~~35~~33.1 INTRODUCTION ..... ~~2~~2

§~~35~~33.2 AUTHORITY ..... ~~2~~2

§~~35~~33.3 DEFINITIONS ..... ~~2~~2

§~~35~~33.4 POLICY OBJECTIVES & ELIGIBLE DEVELOPMENTS ..... ~~4~~4

§~~35~~33.5 BOND RATING AND INVESTMENT LETTER ..... ~~4~~4

§~~35~~33.6 APPLICATION PROCEDURES, EVALUATION AND APPROVAL ..... ~~5~~4

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TITLE 10. COMMUNITY DEVELOPMENT
PART I. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER ~~35~~33. MULTIFAMILY HOUSING REVENUE BOND RULES
10 TAC §§~~35~~33.1 – ~~35~~33.10

§~~35~~33.1. Introduction

The purpose of this Chapter ~~35~~33 is to state the Texas Department of Housing and Community Affairs (the "Department") requirements for issuing Bonds, the procedures for applying for multifamily housing revenue Bond financing, and the regulatory and land use restrictions imposed upon Developments financed with the issuance of Bonds for the 200~~8~~7 Private Activity Bond Program Year. The rules and provisions contained in Chapter ~~35~~33, of this title are separate from the rules relating to the Department's administration of the Housing Tax Credit Program. Applicants seeking a housing tax credit allocation should consult the Department's Qualified Allocation Plan and Rules ("QAP"), in effect for the program year for which the Housing Tax Credit application will be submitted. If the applicable QAP contradicts rules set forth in this chapter, the applicable QAP will take precedence over the rules in the chapter. The Department encourages the participation in the Multifamily Bond programs by working directly with Applicants, lenders, trustees, legal counsels, local and state officials and the general pubic to conduct business in an open, transparent and straightforward manner. The Department has simplified the process, within the limitation of statute, to affirmatively support and create affordable housing throughout the State of Texas.

§~~35~~33.2. Authority

The Department receives its authority to issue Bonds from Chapter 2306 of the Texas Government Code. All Bonds issued by the Department must conform to the requirements of the Act. Notwithstanding anything herein to the contrary, tax-exempt Bonds which are issued to finance the Development of multifamily rental housing are specifically subject to the requirements of the laws of the State of Texas, including but not limited to Chapter 2306 and Chapter 1372 of the Texas Government Code relating to Private Activity Bonds, and to the requirements of the Code (as defined in this chapter).

§~~35~~33.3. Definitions

The following words and terms, when used in the chapter, shall have the following meaning, unless context clearly indicates otherwise.

(1) Administrative Deficiency--as defined in §~~49~~50.3(1) of this title.

(2) Applicant--as defined in §~~49~~50.3(6) of this title.

(3) Application--as defined in §~~49~~50.3(7) of this title.

(4) Board--the Governing Board of the Department.

(5) Bond--an evidence of indebtedness or other obligation, regardless of the sources of payment, issued by the Department under the Act, including a bond, note, or bond or revenue anticipation note, regardless of whether the obligation is general or special, negotiable, or nonnegotiable, in bearer or registered form, in certified or book entry form, in temporary or permanent form, or with or without interest coupons.

(6) Code--the U. S. Internal Revenue Code of 1986, as amended from time to time, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued by the United States Department of the Treasury or the Internal Revenue Service.

(7) Development--as defined in §~~49~~50.3(31) of this title.

(8) Development Owner-- as defined in §~~49.3(33)~~50.3(34) of this title.

(9) Eligible Tenants--means

(A) individuals and families of Extremely Low, Very Low and Low Income,

(B) Families of Moderate Income (in each case in the foregoing subparagraph (A) and (B) of this paragraph as such terms are defined by the Issuer under the Act), and

(C) Persons with Special Needs, in each case, with an Anticipated Annual Income not in excess of 140% of the area median income for a four-person household in the applicable standard metropolitan statistical area; provided that all Low-Income Tenants shall count as Eligible Tenants.

(10) Extremely Low Income--the income received by an individual or family whose income does not exceed thirty percent (30%) of the area median income or applicable federal poverty line, as determined by the Act.

(11) Family of Moderate Income--a family:

(A) that is determined by the Board to require assistance taking into account

(i) the amount of total income available for the housing needs of the individuals and family,

(ii) the size of the family,

(iii) the cost and condition of available housing facilities,

(iv) the ability of the individuals and family to compete successfully in the private housing market and to pay the amounts required by private enterprise for sanitary, decent, and safe housing, and

(v) standards established for various federal programs determining eligibility based on income; and

(B) that does not qualify as a family of Low Income.

(12) Ineligible Building Type-- as defined in §~~49~~50.3(52) of this title.

(13) Institutional Buyer--means

(A) an accredited investor as defined in Regulation D promulgated under the Securities Act of 1933, as amended (17 CFR §230.501(a)), but excluding any natural person or any director or executive officer of the Department (17 CFR §§230.501(a)(4) - (6)) or

(B) a qualified institutional buyer as defined by Rule 144A promulgated under the Securities Act of 1935, as amended (17 CFR §230.144A).

(14) Intergenerational Housing--as defined in §~~49.3(53)~~50.3(55) of this title.

(15) Low Income--the income received by an individual or family whose income does not exceed eighty percent (80%) of the area median income or applicable federal poverty line, as determined by the Act.

(16) Land Use Restriction Agreement (LURA)--an agreement between the Department and the Development Owner which is binding upon the Development Owner's successors in interest that encumbers the Development with respect to the requirements of law, including this title, the Act and Section 42 of the Code.

(17) New Construction--as defined in §~~49.3(59)~~50.3(63) of this title.

(18) Owner--an Applicant that is approved by the Department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a Development subject to the regulatory powers of the Department and other terms and conditions required by the Department and the Act.

(19) Persons with Special Needs--persons who

(A) are considered to be disabled under a state or federal law,

(B) are elderly, meaning 60 years of age or older or of an age specified by an applicable federal program,

(C) are designated by the Board as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise, or

(D) are legally responsible for caring for an individual described by subparagraph (A), (B) or (C) of this paragraph above and meet the income guidelines established by the Board.

(20) Private Activity Bonds--any Bonds described by §141(a) of the Code.

(21) Private Activity Bond Program Scoring Criteria--the scoring criteria established by the Department for the Department's Multifamily Housing Revenue Bond Program, §~~35~~33.6(~~d~~e) of this title.

(22) Private Activity Bond Program Threshold Requirements--the threshold requirements established by the Department for the Department's Multifamily Housing Revenue Bond Program, §~~35~~33.6(~~e~~d) of this title.

(23) Program--the Department's Multifamily Housing Revenue Bond Program.

(24) Proper Site Control--Regarding the legal control of the land to be used for the Development, means the earnest money contract is in the name of the Applicant (principal or member of the General Partner); fully executed by all parties and escrowed by the title company.

(25) Property--the real estate and all improvements thereon, whether currently existing or proposed to be built thereon in connection with the Development, and including all items of personal property affixed or related thereto.

(26) Qualified 501(c)(3) Bonds--any Bonds described by §145(a) of the Code.

~~(27) Reconstruction--as defined in §49.9(75) of this title.~~

(~~28~~27) Rehabilitation--as defined in §~~49.9(77)~~50.3(81) of this title.

(28) Rural Area--means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;

(B) Within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area; or

(C) In an Area that is eligible for funding by Texas Rural Development Office of the United States Department of Agriculture (TRDO-USDA), other than an area that is located in a municipality with a population of more than 50,000.

(29) Rural Development--means a Development or proposed Development that is located in a Rural Area, other than rural new construction Developments with more than 80 units.

(30~~29~~) Tenant Income Certification--a certification as to income and other matters executed by the household members of each tenant in the Development, in such form as reasonably may be required by the Department in satisfaction of the criteria prescribed by the Secretary of Housing and Urban Development under §8(f)(3) of the Housing Act of 1937 ("the Housing Act") (42 U.S.C. 1437f) for purposes of determining whether a family is a lower income family within the meaning of the §8(f)(1) of the Housing Act.

(31~~0~~) Tenant Services--social services, including child care, transportation, and basic adult education, that are provided to individuals residing in low income housing under Title IV-A, Social Security Act (42 U.S.C. §601 et seq.), and other similar services.

(32~~1~~) Tenant Services Program Plan--the plan, subject to approval by the Department, which describes the Tenant Services to be provided by the Development Owner in a Development.

(33~~2~~) Trustee--a national banking association organized and existing under the laws of the United States, as trustee (together with its successors and assigns and any successor trustee).

(34) TRDO-USDA –as defined in §50.3(94) of this title.

(35~~3~~) Unit--as defined in §~~49.9(91)~~50.3(95) of this title.

(36~~4~~) Very Low Income--the income received by an individual or family whose income does not exceed sixty percent (60%) of the area median income or applicable federal poverty line as determined under the Act.

§~~35~~33.4. Policy Objectives & Eligible Developments

The Department will issue Bonds to finance the rehabilitation, preservation or construction of decent, safe and affordable housing throughout the State of Texas. Eligible Developments may include those which are constructed, acquired, or rehabilitated and which provide housing for individuals and families of Low Income, Very Low Income, or Extremely Low Income, and Families of Moderate Income.

§~~35~~33.5. Bond Rating and Investment Letter

(a) Bond Ratings. All publicly offered Bonds issued by the Department to finance Developments shall have and be required to maintain a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or Moody's Investors Service, Inc. If such rating is based upon credit enhancement provided by an institution other than the Applicant or Development Owner, the form and substance of such credit enhancement shall be subject to approval by the Board, which approval shall be evidenced by adoption by the Board of a resolution authorizing the issuance of the credit-enhanced Bonds. Remedies relating to failure to maintain appropriate credit ratings shall be provided in the financing documents relating to the Development.

(b) Investment Letters. Bonds rated less than "A," or Bonds which are unrated must be placed with one or more Institutional Buyers and must be accompanied by an investment letter acceptable to the Department.

Subsequent purchasers of such Bonds shall also be qualified as Institutional Buyers and shall sign and deliver to the Department an investment letter in a form acceptable to the Department. Bonds rated less than "A" and Bonds which are unrated shall be issued in physical form, in minimum denominations of one hundred thousand dollars ($100,000), and shall carry a legend requiring any purchasers of the Bonds to sign and deliver to the Department an investment letter in a form acceptable to the Department.

§~~35~~33.6. Application Procedures, Evaluation and Approval

(a) Application Costs, Costs of Issuance, Responsibility and Disclaimer. The Applicant shall pay all costs associated with the preparation and submission of the Application--including costs associated with the publication and posting of required public notices--and all costs and expenses associated with the issuance of the Bonds, regardless of whether the Application is ultimately approved or whether Bonds are ultimately issued. At any stage during the Application process, the Applicant is solely responsible for determining whether to proceed with the Application, and the Department disclaims any and all responsibility and liability in this regard.

(b) Pre-application. An Applicant who requests financing from the Department for a Development shall submit a pre-application in a format prescribed by the Department. Within fourteen (14) days of the Department's receipt of the pre-application, the Department will be responsible for federal, state, and local community notifications of the proposed Development. Upon review of the pre-application, if the Development is determined to be ineligible for Bond financing by the Department, the Department will send a letter to the Applicant explaining the reason for the ineligibility. If the Development is determined to be eligible for Bond financing by the Department, the Department will score and rank the pre-application based on the Private Activity Bond Program Scoring Criteria as described in subsection (d) of this section. The Department will rank the pre-application with higher scores ranking higher within each priority defined by §1372.0321, Texas Government Code. All Priority 1 Applications will be ranked above all Priority 2 Applications which will be ranked above all Priority 3 Applications, regardless of score, reflecting a priority structure which gives consideration to the income levels of the tenants and the rent levels of the units consistent with Section 2306.359. This priority ranking will be used throughout the calendar year. In the event two or more Applications receive the same score, the Department will use, as a tie-breaking mechanism, a priority first for Applications involving rehabilitation; then if a tie still exists, the Application with the greatest number of points awarded for Quality and Amenities for the Development; then if a tie still exists, the Department will grant preference to the pre-application with the lower number of net rentable square feet per bond amount requested. Pre-Applications must meet the threshold requirements as stated in the Private Activity Bond Program Threshold Requirements as set out in subsection (c) of this section. After scoring and ranking, the Development and the proposed financing structure will be presented to the Department's Board for consideration of a resolution declaring the Department's initial intent to issue Bonds (the "inducement resolution") with respect to the Development. ~~Approval of the inducement resolution does not guarantee final Board approval of the Bond Application. Department staff, for good cause, may recommend that the Board not approve an inducement resolution for an Application.~~ After Board approval of the inducement resolution, the induced Applications will be submitted to the Texas Bond Review Board for its lottery, waiting list or carryforward processing in rank order. The Texas Bond Review Board will draw the number of lottery numbers that equates to the number of eligible Applications submitted by the Department for participation in lottery. The lottery numbers drawn will not equate to a specific Development. The Texas Bond Review Board will thereafter assign the lowest lottery number drawn to the highest ranked Application as previously determined by the Department. The Texas Bond Review Board will issue reservations of allocation for Applications submitted for the waiting list or carryforward in the order provided by the Department based on rank. The criteria by which a Development may be deemed to be eligible or ineligible are explained below in subsection (~~i~~g) of this section, entitled Eligibility Criteria. The Private Activity Bond Program Scoring Criteria will be posted on the Department's website.

(c) Approval of the inducement resolution does not guarantee final Board approval of the Bond Application. Department staff, for good cause, may recommend that the Board not approve an inducement resolution for an Application. The TDHCA Board reviews the Development as a whole for adherence to timelines and notification rules in the Qualified Allocation Plan and Rules, the need for the Development, compliance with local government rules and procedures, financial feasibility and the input of local and state officials and interested community members. These factors and others will be used to make the final determination at the appropriate time. Because each Development is unique, making the final determination is often dependent on the issues presented at the time the Application is presented to the Board.

(~~c~~d) Pre-Application Threshold Requirements.

(1) As the Department reviews the Application, the Department will use the following assumptions, even if not reflected by the Applicant in the Application. Prequalification Assumptions:

(A) Development Feasibility:

(i) Debt Coverage Ratio must be greater than or equal to 1.15;

(ii) Deferred Developer Fees are limited to 80% of Developer's Fees;

(iii) Contractor Fee, Overhead and General Requirements are limited to 14% of direct costs plus site work cost; and

(iv) Developer Fees cannot exceed 15% of the project's Total Eligible Basis.

(B) Construction Costs Per Unit Assumption. Costs not to exceed $75 per Unit for general population developments and $85 for elderly developments (Acquisition / Rehab developments are exempt from this requirement);

(C) Anticipated Interest Rate and Term. As stated in the Summary of Financing Participants in the pre-application~~preliminary financing commitment from the Application~~;

(D) Size of Units (Acquisition / Rehab developments are exempt from this requirement);

(i) One bedroom Unit must be greater than or equal to 650 square feet for family and 550 square feet for senior Units.

(ii) Two bedroom Unit must be greater that or equal to 900 square feet for family and 750 square feet for senior Units.

(iii) Three bedroom Unit must be greater than or equal to 1,000 square feet for family.

(iv) Four bedroom Unit must be greater than or equal to 1200 square feet for family.

(2) Appropriate Zoning. Evidence of appropriate zoning for the proposed use or evidence of application made and pending decision;

(3) Executed Site Control. Properly executed and escrow receipted site control through December 1, ~~2006~~2007 with option to extend through March 1, ~~2007~~2008 for lottery Applications or 90 days from the date of the bond reservation with the option to extend through the scheduled TDHCA Board meeting for waiting list and carryforward Applications. The potential expiration of site control does not warrant the application being presented to the TDHCA Board prior to the scheduled meeting;

~~(4) Previous Participation and Authorization to Release Credit Information (located in the uniform application);~~

(~~4~~5) Current Market Information (must support affordable rents);

(~~5~~6) Completed current TDHCA Bond Pre-Application~~ and application exhibits~~;

(~~6~~7) Completed Multifamily Rental Worksheets;

(~~7~~8) Certification of Local Elected Official request for neighborhood organization information and Public Notification Information ~~(see application package)~~;

~~(9) Relevant Development Information and Public Notification Information Form (see application package);~~

(~~8~~10) Completed 200~~8~~7 Bond Review Board Residential Rental Attachment;

(~~9~~11) Signed letter of Responsibility for All Costs Incurred;

(10~~2~~) Signed Mortgage Revenue Bond Program Certification Letter;

(11~~3~~) Evidence of Paid Application Fees ($1,000 to TDHCA, $1,500 to Vinson and Elkins and $5,000 to Bond Review Board);

(12~~4~~) Boundary Survey or Plat clearly identifying the location and boundaries of the subject property;

(13~~5~~) Local Area map showing the location of the Property and Community Services / Amenities within a three (3) mile radius;

(14~~6~~) Utility Allowance documented from the Appropriate Local Housing Authority;

(15~~7~~) Organization Chart showing the structure of the Applicant and the ownership structure of any principals of the Applicant with evidence of Entity Registration or Reservation with the Secretary of State; and

(16~~8~~) Required Notification. Evidence of notifications shall include a copy of the exact letter and other materials that were sent to the individual or entity, a sworn affidavit stating that they made all the required notifications prior to the deadlines and a copy of the entire mailing list (including names and complete addresses) of all the recipients. Proof of notification must not be older than three months prior to the date of Application submission date. Notification must be sent to all the following individuals and entities (If the QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted reflect a notification process that is different from the process listed below, then the QAP and Rules will override the notification process listed below):

(A) State Senator and Representative that represents the community containing the development;

(B) Presiding Officer of the governing body of any municipality containing the development and all elected members of that body (Mayor, City Council members);

(C) Presiding Officer of the governing body of the county containing the development and all elected members of that body (County Judge and/or Commissioners);

(D) School District Superintendent of the school district containing the development;

(E) Presiding Officer of the School Board of Trustees of the school district containing the development; and

(F) Evidence in the form of a certification that all of the notifications required under this paragraph have been made. Requests for Neighborhood Organizations under subparagraph (i) of this paragraph must be made by the deadlines described in that clause. Evidence of notification must meet the requirements identified in subparagraph (ii) of this paragraph to all of the individuals and entities identified in subparagraph (iii) of this paragraph.

(i) The Applicant must request Neighborhood Organizations on record with the county and state whose boundaries include the proposed Development Site as follows:

(I) No later than twenty-one (21) days prior to the date the Application is submitted, the Applicant must e-mail, fax or mail with registered receipt a completed, "Neighborhood Organization Request" letter as provided in the Pre-Application materials to the local elected official for the city and county where the Development is proposed to be located. If the Development is located in an Area that has district based local elected officials, or both at-large and district based local elected officials, the request must be made to the city council member or county commissioner representing that district; if the Development is located an Area that has only at-large local elected officials, the request must be made to the mayor or county judge for the jurisdiction. If the Development is not located within a city or is located in the Extra Territorial Jurisdiction (ETJ) of a city, the county local elected official must be contacted. In the event that local elected officials refer the Applicant to another source, the Applicant must request neighborhood organizations from that source in the same format.

(II) If no reply letter is received from the local elected officials by seven (7) days prior to the Application submission, then the Applicant must certify to that fact with the "Pre-Application Notification Certification Form" provided in the Pre-Application materials.

(III) The Applicant must list all Neighborhood Organizations on record with the county or state whose boundaries include the proposed Development Site as outlined by the local elected officials, or that the Applicant has knowledge of as of the Pre-Application Submission in the "Pre-Application Notification Certification Form" provided in the Pre-Application.

(ii) No later than the date the Pre-Application is submitted, Notification must be sent to all of the following individuals and entities by e-mail, fax or mail with registered receipt in the format required in the "Pre-Application Notification Template" provided in the Pre-Application materials. Developments located in an Extra Territorial Jurisdiction (ETJ) of a city are not required to notify city officials. Evidence of Notification is required in the form of a certification in the "Pre-Application Notification Certification Form" provided in the Pre-Application materials. It is strongly encouraged that Applicants retain proof of notifications in the event the Department requires proof of Notification. Officials to be notified are those officials in office at the time the Pre-Application is submitted.

(I) Neighborhood Organizations on record with the city, state or county whose boundaries include the proposed Development Site as identified in subsection (i)(III) of this subparagraph.

(II) Superintendent of the school district containing the Development;

(III) Presiding officer of the board of trustees of the school district containing the Development;

(IV) Mayor of any municipality containing the Development;

(V) All elected members of the governing body of any municipality containing the Development;

(VI) Presiding officer of the governing body of the county containing the Development;

(VII) All elected members of the governing body of the county containing the Development;

(VIII) State representative of the district containing the Development; and

(IX) State senator of the district containing the Development.

(iii) Each such notice must include, at a minimum, all of the following:

(I) The Applicant's name, address, individual contact name and phone number;

(II) The Development name, address, city and county;

(III) A statement informing the entity or individual being notified that the Applicant is submitting a request for Private Activity Bonds and Housing Tax Credits with the Texas Department of Housing and Community Affairs;

(IV) Statement of whether the Development proposes New Construction or Rehabilitation;

(V) The type of Development being proposed (single family homes, duplex, apartments, townhomes, highrise etc.) and population being served (family, Intergenerational Housing, or elderly);

(VI) The approximate total number of Units and approximate total number of low-income Units;

(VII) The approximate percentage of Units serving each level of AMGI (e.g. 20% at 50% of AMGI, etc.) and the percentage of Units that are market rate; and

(VIII) The number of Units and proposed rents (less utility allowances) for the low-income Units and the number of Units and the proposed rents for any market rate Units. Rents to be provided are those that are effective at the time of the Pre-Application, which are subject to change as annual changes in the area median income occur.

(17) All New Construction or Reconstruction units must provide the amenities in (i)-(ix) of this subparagraph. Rehabilitation (excluding Reconstruction) must provide the amenities in (ii)-(ix) of this subparagraph unless expressly identified as not required (§2306.187).

(i) All new construction units must be wired with 6 pair CAT5e wiring or better to provide phone and data service to each unit and wired with COAX cable to provide TV and high speed internet data service to each unit;

(ii) Blinds or window coverings for all windows:

(iii) Energy-Star or equivalently rated dishwasher and disposal (not required for TRDO-USDA Developments)

(iv) Energy-Star or equivalently rated Refrigerator;

(v) Energy-Star or equivalently rated Oven/Range;

(vi) Exhaust/vent fans in bathrooms;

(vii) Energy-Star or equivalently rated ceiling fans in living areas and bedrooms;

(viii) Energy-Star or equivalently rated lighting in all Units; and

(ix) Emergency 911 telephone accessible and available to tenants 24 hours a day.

(~~d~~e) Pre-Application Scoring Criteria.

(1) Income and rent levels of the tenants: Priority 1 applications will receive 10 points, Priority 2 applications will receive 7 points and Priority 3 applications will receive 5 points.

(2~~1~~) Construction Cost Per Unit includes: direct hard costs, site work, contractor profit, overhead, general requirements and contingency. Calculation will be hard costs per square foot of net rentable area. Must be greater than or equal to $75 per square foot for general population Developments and $85 per square foot for elderly Developments (1 point) (Acquisition / Rehab will automatically receive (1 point)).

(3~~2~~) Size of Units. Average size of all Units combined in the development must be greater than or equal to 950 square foot for family and must be greater than or equal to 750 square foot for elderly (5 points). (Acquisition / Rehab developments will automatically receive 5 points).

(4~~3~~) Period of Guaranteed Affordability for Low Income Tenants. Add 10 years of affordability after the extended use period for a total affordability period of 40 years (1 point).

(5~~4~~) Quality and Amenities Substitutions in amenities will be allowed as long as the overall score is not affected. Applications in which Developments provide specific qualities and amenities at no extra charge to the tenant will be awarded points as follows: Acquisition/Rehab developments will receive 1.5 points for each item.

(A) Laundry Connections (2 points);

(B) Self-cleaning or continuous cleaning ovens (1 point);

(C) Microwave Ovens (in each Unit) (1 point);

(D) Refrigerator with icemaker (1 point);

(E) Laundry equipment (washer and dryers) for each Unit (3 points);

(F) Storage Room of approximately nine (9) square feet or greater (does not have to be in the unit but must be on the property) (1 point);

(G) Covered entries (1 point);

(H) Nine foot ceilings (1 point);

(I) Covered patios or covered balconies (1 point);

(J) Covered Parking (at least one per Unit) (3 points);

(K) Garages (equal to at least 35% of Units) (5 points);

(L) Ceiling Fans in all rooms except bathrooms and kitchens (light with ceiling fan in all bedrooms) (1 point);

(M) 75% or Greater Masonry (includes rock, stone, brick, stucco and cementious board product; excludes EIFS) (5 points);

(N) Thirty year architectural shingle roofing (1 point);

(O) Use of energy efficient alternative construction materials (structurally insulated panels) with wall insulation at a minimum of R-20 (3 points);

(P) R-15 Walls / R-30 Ceilings (rating of wall system) (3 points);

(Q) 14 SEER HVAC or evaporative coolers in dry climates for new construction or radiant barrier in the attic for the rehabilitation (3 points);

(R) Energy Star or equivalently rated kitchen appliances (2 points);

(S) One Children's Playscape Equipped for 5 to 12 years olds, or one Tot Lot--Only Family Developments Eligible (1 point);

(T) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each--Only Family Developments Eligible (2 points);

(U) Sport Court (Tennis, Basketball or Volleyball)--~~Only Family Developments Eligible~~ (2 points);

(V) Enclosed sun porch or covered community porch/patio (2 points);

(W) BBQ Grills and Tables (at least one each per 50 Units) (1 point);

(X) Accessible walking path/jogging path separate from a sidewalk (1 point);

(Y) Full Perimeter Fencing (2 points);

(Z) Controlled access gate (1 point);

(AA) Equipped and functioning business center or equipped computer learning center with 1 computer and 1 fax machine for every 30~~25~~ Units proposed in the Application, and 1 printer for every 2 computers (2 points);

(BB) Game Room or TV Lounge (2 points);

(CC) Furnished and staffed children's activity center--Only Family Developments Eligible (3 points);

(DD) ~~–~~Horseshoe pit, putting green or shuffleboard court~~ (only qualified elderly developments~~) (1 point);

(EE) Furnished Fitness Center (equipped with at least five of the following fitness equipment options: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, stationary weight bench, sauna) (2 points);

(FF) Library with an accessible sitting area (separate from the community room) (1 point);

(GG) Gazebo with sitting area (1 point);

~~(HH) Emergency 911 telephones accessible and available to tenants 24 hours a day (2 points);~~

(HH~~II~~) Covered Pavilion that includes barbeque grills and tables (2 points);

(II~~JJ~~) Swimming pool (3 points);

(JJ~~KK~~) Community laundry room (with at least one front leading washer (1 point);

(KK~~LL~~) Furnished Community room (1 point);

(LL~~MM~~) Service coordinator office in addition to leasing offices (1 point);

(MM~~NN~~) Senior Activity Room (Arts and Crafts, etc.)--~~Only Qualified Elderly Developments Eligible~~ (2 points);

(NN~~OO~~) Health Screening Room (1 point);

(OO~~PP~~) Secured Entry (elevator buildings only)--(1 point);

(PP~~QQ~~) Community Dining Room with full or warming kitchen--Only Qualified Elderly Developments Eligible (3 points);

(QQ) Community Theatre Room equipped with a 80 inch or larger screen with surround sound equipment, DVD player; and theatre seating (3 points).

(RR) Green Building (for example, passive solar heating/cooling, water conserving fixtures, collected water (at least 50%) for irrigation purposes, sub-metered electric meters, exceed energy star standards, photovoltaic panels for electricity and design and wiring for the use of such panels, construction waste management, provide recycle service, water permeable walkways and parking areas, or other Department approved items) (3 points);

(SS) Jacuzzi/Hot Tub(1 point)

(6~~5~~) Tenant Services (Tenant Services shall include only direct costs (tenant services contract amount, supplies for services, internet connections, initial cost of computer equipment, etc.). Indirect costs such as overhead and utility allocations may not be included);

(A) $10.00 per Unit per month (10 points);

(B) $7.00 per Unit per month (5 points);

(C) $4.00 per Unit per month (3 points).

(7~~6~~) Zoning appropriate for the proposed use or no zoning required appropriate zoning for the intended use must be in place at the time of Application submission date, September 4~~5~~, 2006~~2007~~ (Applications submitted for lottery) or the submission dates listed on the Department's website for Applications submitted for waiting list and carryforward, in order to receive points (5 points).

(8~~7~~) Proper Site Control (as defined in §~~35~~33.3(24) of this title control through December 1, 2006~~2007~~ with option to extend through March 1, 2007~~2008~~ (Applications submitted for lottery) or 90 days from the date of

the bond reservation with the option to extend through the scheduled TDHCA Board meeting. The potential expiration of site control does not warrant the application being presented to the TDHCA Board prior to the scheduled meeting. For Applications submitted for waiting list and carryforward all information must be correct at the time of the Application submission date, September ~~45~~, ~~2006~~2007 for Applications submitted for lottery or the submission dates listed on the Department's website for Applications submitted for waiting list or carryforward, in order to receive points (5 points).

(~~98~~) Development Support / Opposition Maximum net points of +24 to -24. Each letter will receive a maximum of +3 to -3. All letters received by 5:00 PM, October~~September~~ 1~~29~~, ~~2006~~2007 for Applications submitted for lottery or fourteen (14) days prior to the date of the Board meeting at which the Application will be considered for Applications submitted for waiting list and carryforward will be used in scoring. The letter must specifically indicate support or opposition otherwise the letter will be considered neutral.

(A) Texas State Senator and Texas State Representative (maximum +3 to -3 points per official);

(B) Presiding officer of the governing body of any municipality containing the Development and the elected district member of the governing body of the municipality containing the Development (maximum +3 to -3 points per official);

(C) Presiding officer of the governing body of the county containing the Development and the elected district member of the governing body of the county containing the Development (if the site is not in a municipality, these points will be doubled) (maximum +3 to -3 points per official);

(D) Local School District Superintendent and Presiding Officer of the Board of Trustees for the School district containing the Development (maximum +3 to -3 points per official).

~~(9) Penalties for Missed Deadlines in the Previous Year's Bond and / or Tax Credit program year. This includes approved and used extensions (-1 point per missed deadline).~~

~~(10) Local Political Subdivision Development Funding Commitment that enables additional Units for the Very Low Income (CDBG, HOME or other funds through local political subdivisions) Must be greater than or equal to 2% of the bond amount requested and must provide at least 5% of the total Development Units at or below 30% AMFI or an additional 5% of the total Development Units if the Applicant has chosen category Priority 1B on the residential rental attachment (2 points).~~

(10~~1~~) Proximity to Community Services / Amenities Community services / amenities within three (3) miles of the site. A map must be included with the Application showing a three (3) mile radius notating where the services / amenities are located. ~~(maximum 13 points)~~ (Acquisition/Rehab developments will receive 1.5 points for each item below).

(A) Full service grocery store or supermarket (1 point);
(B) Pharmacy (1 point);
(C) Convenience store / mini-market (1 point);
(D) Retail Facilities (Target, Wal-Mart, Home Depot, Bookstores, etc.) (1 point);
(E) Bank / Financial Institution (1 point);
(F) Restaurant (1 point);
(G) Indoor public recreation facilities (community center, civic center, YMCA, museum) (1 point);
(H) Outdoor public recreation facilities (park, golf course, public swimming pool) (1 point);
(I) Fire / Police Station (1 point);
(J) Medical Facilities (hospitals, minor emergency, medical offices~~doctor or dentist offices~~) (1 point);
(K) Public Library (1 point);
(L) Public Transportation (1/2 mile from site) (1 point);
(M) Public School (only one school required for point and only eligible with general population developments) (1 point);~~.~~
(N) Dry Cleaners;
(O) Family Video Rental (i.e. Blockbuster, Hollywood Video, Movie Gallery) (1 point).

(11~~2~~) Proximity to Negative Features adjacent to or within 300 feet of any part of the Development site boundaries. A map must be included with the application showing where the feature is located. Developer must provide a letter stating there are none of the negative features listed below within the stated area if that is correct. (maximum -6~~20~~ points)

(A) Junkyards (15~~-~~ point~~s~~ deducted);
(B) Active Railways (excluding light rail) (15~~-~~ point~~s~~ deducted);
(C) Heavy industrial / manufacturing plants (15~~-~~ point~~s~~ deducted);
(D) Solid Waste / Sanitary Landfills (15~~-~~ point~~s~~ deducted);
(E) High Voltage Transmission Towers within 100 feet (15~~-~~ point~~s~~ deducted);~~.~~
(F) Sexually Oriented Business (1 point deducted);
(G) Accident zones or flight paths for commercial or military airports (1 point deducted).

(123) Acquisition / Rehabilitation Developments will receive thirty (30) points. This will include the demolition of old buildings and new construction of the same number of units if allowed by local codes or less units to comply with local codes (not to exceed 252 total units).

(134) Preservation Developments will receive ten (10) points. This includes rehabilitation proposals on properties which are nearing expiration of an existing affordability requirement within the next two years or for which the there has been a rent restriction requirement in the past ten years. Evidence must be provided.

(14) Declared Disaster Areas. Applications will receive 7 points, if at the time the complete pre-application is submitted or at any time within the two-year period preceding the date of submission, the proposed Development site is located in an area declared to be a disaster under §418.014 of the Texas Government Code. This includes Federal, State and Governor declared disaster areas.

(15) Developments in Census Tracts with No Other Existing Developments Supported by Tax Credits. Applications will receive 6 points if the proposed Development is located in a census tract in which there are no other existing developments that were awarded housing tax credits in the last 5 years and 3 points if there are no other existing developments that were awarded housing tax credits in the last 3 years. The applicant must provide evidence of the census tract in which the Development is located. These census tracts are outlined in the 2008 Housing Tax Credit Site Demographic Characteristics Report.

(17) Notary Public Services for Tenants. Applications will receive 1 point for this item (§2306.6710(b)(3)) To receive this point, the Applicant must submit a certification that the Development will provide notary public services to the tenants at no cost to the tenant. This provision will be included in the Land Use Restriction Agreement and Regulatory Agreement.

(f) Multiple Site Applications. For the purposes of scoring, applicants must submit the required information as outlined in the Pre-Application Submission Manual. Each individual property will be scored on its own merits and the final score will be determined based on an average of all of the individual scores.

(ge) Financing Commitments. After approval by the Board of the inducement resolution, and before submission of a final application, the Applicant will be solely responsible for making appropriate arrangements with financial institutions which are to be involved with the issuance of the Bonds or the financing of the Development, and to begin the process of obtaining firm commitments for financing from each of the financial institutions involved.

(hf) Final Application. An Applicant who elects to proceed with submitting a final Application to the Department must submit the Volumes I and II of the Application, for Priority 1 and 2, prior to receipt of a reservation of allocation from the Texas Bond Review Board. For Priority 3 Applications the Volumes I and II must be submitted within fourteen (14) days of the reservation date from the Texas Bond Review Board. The Volume III of the Application and such supporting material as is required by the Department must be submitted at least sixty (60) days prior to the scheduled meeting of the Board at which the Development and the Bond issuance are to be considered, unless the Department directs the Applicant otherwise in writing. If the Applicant is applying for other Department funding then refer to the Rules for that program for Application submission requirements. The final application must adhere to the Department's QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted. The Department may determine that supporting materials listed in the full application ~~paragraphs (1) - (42) of this subsection~~ shall be provided subsequent to the final Application deadline in accordance with a schedule approved by the Department. Failure to provide any supporting materials in accordance with the approved schedule may be grounds for terminating the Application and returning the reservation to the Texas Bond Review Board.

(1) A Public Notification Sign shall be installed on the proposed Development site, regardless of Priority, within thirty (30) days of the Department's receipt of Volumes I and II. The applicant must certify to the fact that the sign was installed within (thirty) 30 days of Volume I and II submission and the date, time and location of the Bond Public Hearing must be included on the sign at least (thirty) 30 days prior to the hearing date. The sign must be at least four (4) feet by eight (8) feet in size and be located within twenty (20) feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day the TDHCA Board takes final action on the Application for the development. The information and lettering on the sign must meet the requirements identified in the Application. As an alternative to installing a Public Notification Sign and at the same required time, the Applicant may instead, at the Applicant's Option, mail written notification to all addresses located within the footage distance required by the local municipality zoning ordinance or 1,000 feet, if there is no local zoning ordinance or if the zoning ordinance does not require notification, of any part of the proposed Development site. This written notification must include the information otherwise required for the sign. If the Applicant chooses to provide this mailed notice in lieu of signage, the final Application must include a map of the proposed Development site and mark the 1,000 foot or local ordinance area showing street names and addresses; a list of all addresses the notice was mailed to; an

exact copy of the notice that was mailed; and a certification that the notice was mailed through the U.S. Postal Service and stating the date of mailing. The Applicant must mail notice to any public official that changed from the submission of the pre-application to the submission of the final application and any neighborhood organization that is known and was not notified at the time of the pre-application submission. No additional notification is required unless the Applicant submitted a change in the Application that reflects a total Unit increase greater than 10%, an increase greater than 10% for any given AMFI, a decrease in the number of market rate units, or a change in the population being served (elderly, general population or transitional);

(2) Completed Uniform Application and Multifamily Rental Worksheets in the format required by the Department as posted to the Department's website;

(i) Administrative Deficiencies. If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. Because the review for Eligibility, Threshold Criteria, and review for financial feasibility by the Department's Real Estate Analysis Division may occur separately, Administrative Deficiency requests may be made several times. The Department staff will request clarification or correction in a deficiency notice in the form of an e-mail, or if an e-mail address is not provided in the Application, by facsimile, and a telephone call to the Applicant and one other party identified by the Applicant in the Application advising that such a request has been transmitted. All Administrative Deficiencies shall be clarified or corrected to the satisfaction of the Department within five business days. Failure to resolve all outstanding deficiencies within five business days will result in a penalty fee of $500 for each day the deficiency remains unresolved. Any Application with unresolved deficiencies after the 10th day from the issuance of the deficiency notice will be terminated. The Applicant will be responsible for the payment of any fees accrued pursuant to this section regardless of any termination pursuant to this section. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. The Application will not be presented to the Board for consideration until all outstanding fees have been paid. ~~The final application and supporting material shall consist of the following information:~~

~~(1) A Public Notification Sign shall be installed on the proposed Development site, regardless of Priority, within thirty (30) days of the Department's receipt of Volumes I and II. The applicant must certify to the fact that the sign was installed within (thirty) 30 days of Volume I and II submission and the date, time and location of the Bond Public Hearing must be included on the sign at least (thirty) 30 days prior to the hearing date. The sign must be at least four (4) feet by eight (8) feet in size and be located within twenty (20) feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day the TDHCA Board takes final action on the Application for the development. The information and lettering on the sign must meet the requirements identified in the Application. As an alternative to installing a Public Notification Sign and at the same required time, the Applicant may instead, at the Applicant's Option, mail written notification to all addresses located within the footage distance required by the local municipality zoning ordinance or 1,000 feet, if there is no local zoning ordinance or if the zoning ordinance does not require notification, of any part of the proposed Development site. This written notification must include the information otherwise required for the sign. If the Applicant chooses to provide this mailed notice in lieu of signage, the final Application must include a map of the proposed Development site and mark the 1,000 foot or local ordinance area showing street names and addresses; a list of all addresses the notice was mailed to; an exact copy of the notice that was mailed; and a certification that the notice was mailed through the U.S. Postal Service and stating the date of mailing. The Applicant must mail notice to any public official that changed from the submission of the pre-application to the submission of the final application and any neighborhood organization that is known and was not notified at the time of the pre-application submission. No additional notification is required unless the Applicant submitted a change in the Application that reflects a total Unit increase greater than 10%, an increase greater than 10% for any given AMFI, or a change in the population being served (elderly, general population or transitional);~~

~~(2) Completed Uniform Application and Multifamily Rental Worksheets in the format required by the Department;~~

~~(3) Certification of no changes from the pre-application to the final application. If there are changes to the Application that have an adverse affect on the score and ranking order and that would have resulted in the application being placed below another application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points);~~

~~(4) Certification and agreement to comply with the Department's rules;~~

~~(5) A narrative description of the Development;~~

~~(6) A narrative description of the proposed financing;~~

~~(7) Firm letters of commitment from any lenders, credit providers, and equity providers involved in the transaction;~~

~~(8) Documentation of local Section 8 utility allowances;~~

~~(9) Site plan;~~

~~(10) Unit and building floor plans and elevations;~~

~~(11) Complete construction plans and specifications;~~

~~(12) General contractor's contract;~~

~~(13) Completion schedule;~~

~~(14) Copy of a recorded warranty deed if the Applicant already owns the Property, or a copy of an executed earnest money contract between the Applicant and the seller of the Property if the Property is to be purchased;~~

~~(15) A local map showing the location of the Property;~~

~~(16) Photographs of the Site;~~

~~(17) Survey with legal description;~~

~~(18) Flood plain map;~~

~~(19) Evidence of zoning appropriate for the proposed use from the appropriate local municipality that satisfies one of these subparagraphs (A) - (C) of this paragraph:~~

~~(A) written evidence that the local entity responsible for initial approval of zoning has approved the appropriate zoning and that they will recommend approval of the appropriate zoning to the entity responsible for final approval of zoning decisions;~~

~~(B) provide a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating that the Development is located within the boundaries of a political subdivision which does not have a zoning ordinance;~~

~~(C) a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating the Development is permitted under the provision of the zoning ordinance that apply to the location of the Development.~~

~~(20) Evidence of the availability of utilities;~~

~~(21) Copies of any deed restrictions which may encumber the Property;~~

~~(22) A Phase I Environmental Site Assessment performed in accordance with the Department's Environmental Site Assessment Rules and Guidelines (§1.35 of this title);~~

~~(23) Title search or title commitment;~~

~~(24) Current tax assessor's valuation or tax bill;~~

~~(25) For existing Developments, current insurance bills;~~

~~(26) For existing Developments, past two (2) fiscal year end development operating statements;~~

~~(27) For existing Developments, current rent rolls;~~

~~(28) For existing Developments, substantiation that income-based tenancy requirements will be met prior to closing;~~

~~(29) A market study performed in accordance with the Department's Market Analysis Rules and Guidelines (§1.33 of this title);~~

~~(30) Appraisal of the existing or proposed Development performed in accordance with the Department's Underwriting Rules and Guidelines (§1.32 of this title);~~

~~(31) Statement that the Development Owner will accept tenants with Section 8 or other government housing assistance;~~

~~(32) An organizational chart showing the structure of the Applicant and the ownership structure of any principals of the Applicant;~~

~~(33) Evidence that the Applicant and principals are registered with the Texas Secretary of State, as applicable;~~

~~(34) Organizational documents such as partnership agreements and articles of incorporation, as applicable, for the Applicant and its principals;~~

~~(35) Documentation of non-profit status if applicable;~~

~~(36) Evidence of good standing from the Comptroller of Public Accounts of the State of Texas for the Applicant and its principals;~~

~~(37) Corporate resumes and individual resumes of the Applicant and any principals;~~

~~(38) Latest two (2) annual financial/operating statements and current interim financial statement for the Applicant and its principals;~~

~~(39) Latest income tax filings for the Applicant and its principals;~~

~~(40) Resolutions or other documentation indicating that the transaction has been approved by the general partner;~~

~~(41) Resumes of the general contractor's and the property manager's experience; and~~
~~(42) Such other items deemed necessary by the Department per individual application.~~

(ig) Eligibility Criteria. The Department will evaluate the Development for eligibility at the time of pre-application, and at the time of final Application. If there are changes to the Application that have an adverse affect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). The Development and the Applicant must satisfy the conditions set out in paragraphs (1) - (6) of this subsection in order for a Development to be considered eligible:

(1) The proposed Development must further meet the public purposes of the Department as identified in the Code.

(2) The proposed Development and the Applicant and its principals must satisfy the Department's Underwriting Rules and Guidelines (§1.32 of this title). The pre-application must include sufficient information for the Department to establish that the Underwriting Guidelines can be satisfied. The final Application will be thoroughly underwritten according to the Underwriting Rules and Guidelines (§1.32 of this title).

(3) The Development must not be located on a site determined to be unacceptable for the intended use by the Department.

(4) Any Development in which the Applicant or principals of the Applicant have an ownership interest must be found not to be in Material Non-Compliance under the compliance Rules in effect at the time of pre-application submission. Any corrective action documentation affecting the Material Non-compliance status score must be submitted to the Department no later than thirty (30) days prior to final application submission.

(5) Neither the Applicant nor any principals of the Applicant is, at the time of Application:

(A) barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs; or

(B) has been convicted of a state or federal crime involving fraud, bribery, theft, misrepresentation, misappropriation of funds, or other similar criminal offenses within fifteen (15) years; or

(C) is subject to enforcement action under state or federal securities law, action by the NASD, subject to a federal tax lien, or the subject of an enforcement proceeding with any governmental entity; or

(D) neither applicant nor any principals of the applicant have a development under their ownership or control with a Material Non-compliance score as set out in the Department's Compliance Monitoring Policies and Procedures (§60 of this title); or

(E) otherwise disqualified or debarred from participation in any of the Department's programs.

(6) Neither the Applicant nor any of its principals may have provided any fraudulent information, knowingly false documentation or other intentional or negligent misrepresentation in the Application or other information submitted to the Department.

(7) An application may include either the rehabilitation or new construction, or both the rehabilitation and new construction, of qualified residential rental facilities located at multiple sites and with respect to which 51 percent or more of the residential units are located:

(A) in a county with a population of less than 75,000; or

(B) in a county in which the median income is less than the median income for the state, provided that the units are located in that portion of the county that is not included in a metropolitan statistical area containing one or more projects that are proposed to be financed, in whole or in part, by an issuance of bonds.

The number of sites may be reduced as needed without affecting their status as a project for purposes of the application, provided that the final application for a reservation contains at least two sites (§1372.002)

(kh) Bond Documents. After receipt of the final Application, bond counsel for the Department shall draft Bond documents which conform to the state and federal laws and regulations which apply to the transaction.

(li) Public Hearings; Board Decisions. For every Bond issuance, the Department will hold a public hearing in accordance with §2306.0661, Texas Government Code and §147(f) of the Code, in order to receive comments from the public pertaining to the Development and the issuance of the Bonds. The Applicant or member of the Development team must be present and will be responsible for conducting a brief presentation on the proposed Development and providing handouts at the hearing that should contain at a minimum, a description of the Development, maximum rents and income restrictions. If the proposed Development is an acquisition/rehabilitation then the presentation should include the scope of work that will be done to the property. All handouts must be submitted to the Department for review at least two (2) days prior to the public hearing. Publication of all notices required for the public hearing shall be at the sole expense of the Applicant.

The Board's decisions on approvals of proposed Developments will consider all relevant matters. Any topics or matters, alone or in combination, may or may not determine the Board's decision. The Department's Board will consider the following topics in relation to the approval of a proposed Development:

(1) The developer market study;
(2) The location;
(3) The compliance history of the developer;
(4) The financial feasibility;
(5) The appropriateness of the Development's size and configuration in relation to the housing needs of the community in which the Development is located;
(6) The Development's proximity to other low income Developments;
(7) The availability of adequate public facilities and services;
(8) The anticipated impact on local school districts;
(9) Zoning and other land use considerations;
(10) Any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes; and
(11) Other good cause as determined by the Board.

(m~~j~~) Approval of the Bonds.

(1) Subject to the timely receipt and approval of commitments for financing, an acceptable evaluation for eligibility, the satisfactory negotiation of Bond documents, and the completion of a public hearing, the Board, upon presentation by the Department's staff, will consider the approval of the Bond issuance, final Bond documents and, in the instance of privately placed Bonds, the pricing of the Bonds. The process for appeals and grounds for appeals may be found under §§1.7 and 1.8 of this title. The Department's conduit housing transactions will be processed in accordance with the Texas Bond Review Board rules Title 34, Part 9, Chapter 181, Subchapter A and Chapter 1372, Texas Government Code. The Bond issuance must receive an approving opinion from the Department's bond counsel with respect to the legality and validity of the Bonds and the security therefore, and in the case of tax-exempt Bonds, with respect to the excludability from gross income for federal income tax purposes of interest on the Bonds.

(2) Alternative Dispute Resolution Policy. The Department encourages use of Alternative Dispute Resolution methods as outlined in §1.17 of this title.

(n~~k~~) Local Permits. Prior to the closing of the Bonds, all necessary approvals, including building permits, from local municipalities, counties, or other jurisdictions with authority over the Development must have been obtained or evidence that the permits are obtainable subject only to payment of certain fees must be provided to the Department.

(o~~l~~) Closing. If there are changes to the Application prior to closing that have an adverse affect on the score and ranking order that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). Once all approvals have been obtained and Bond documents have been finalized to the respective parties' satisfaction, the Bond transaction will close. Any outstanding Housing Trust Fund Pre-Development loans for the proposed Development site must be paid in full at the time the bond transaction is closed. All Applicants are subject to §1.13 of this title. Upon satisfaction of all conditions precedent to closing, the Department will issue Bonds in exchange for payment thereof. The Department will then loan the proceeds of the Bonds to the Applicant and disbursements of the proceeds may begin.

§~~35~~33.7 Regulatory and Land Use Restrictions

(a) Filing and Term of LURA. A Regulatory and Land Use Restriction Agreement or other similar instrument (the "LURA"), will be filed in the property records of the county in which the Development is located for each Development financed from the proceeds of Bonds issued by the Department. For Developments involving new construction, the term of the LURA will be the longer of 30 years, the period of guaranteed affordability or the period for which Bonds are outstanding. For the financing of an existing Development, the term of the LURA will be the longer of the longest period which is economically feasible in accordance with the Act, or the period for which Bonds are outstanding.

(b) Development Occupancy. The LURA will specify occupancy restrictions for each Development based on the income of its tenants, and will restrict the rents that may be charged for Units occupied by tenants who

satisfy the specified income requirements. Pursuant to §2306.269, Texas Government Code, the LURA will prohibit a Development Owner from excluding an individual or family from admission to the Development because the individual or family participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 (the "Housing Act"), and from using a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income of more than two and one half (2.5) times the individual's or family's share of the total monthly rent payable to the Development Owner of the Development. Development occupancy requirements must be met on or prior to the date on which Bonds are issued unless the Development is under construction. Adequate substantiation that the occupancy requirements have been met, in the sole discretion of the Department, must be provided prior to closing. Occupancy requirements exclude Units for managers and maintenance personnel that are reasonably required by the Development.

(c) Set Asides.

(1) Developments which are financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified 501(c)(3) Bonds must be restricted under one of the following two minimum set-asides:

(A) at least twenty percent (20%) of the Units within the Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed fifty percent (50%) of the area median income, or

(B) at least forty percent (40%) of the Units within the Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed sixty percent (60%) of the area median income.

(2) The Development Owner must designate at the time of Application which of the two set-asides will apply to the Development and must also designate the selected priority for the Development in accordance with §1372.0321, Texas Government Code. Units intended to satisfy set-aside requirements must be distributed evenly throughout the Development, and must include a reasonably proportionate amount of each type of Unit available in the Development.

(3) No tenant qualifying under either of the set-asides shall be denied continued occupancy of a Unit in the Development because, after commencement of such occupancy, such tenant's income increases to exceed the qualifying limit; provided, however, that, should a tenant's income, as of the most recent determination thereof, exceed 140% of the then applicable income limit and such tenant constitutes a portion of the set-aside requirement of this section, then such tenant shall only continue to qualify for so long as no Unit of comparable or smaller size is rented to a tenant that does not qualify as a Low-Income Tenant. (Required federal set-aside requirements)

(d) Global Income Requirement. All of the Units that are available for occupancy in Developments financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified 501(c)(3) Bonds shall be occupied or held vacant (in the case of new construction) and available for occupancy at all times by persons or families whose income does not exceed one hundred and forty percent (140%) of the area median income for a four-person household.

(e) Qualified 501(c)(3) Bonds. Developments which are financed from the proceeds of Qualified 501(c)(3) Bonds are further subject to the restriction that at least seventy-five percent (75%) of the Units within the Development that are available for occupancy shall be occupied (or, in the case of new construction, held vacant and available for occupancy until such time as initial lease-up is complete) at all times by individuals and families of Low Income (less than or equal to 80% of AMFI).

(f) Taxable Bonds. The occupancy requirements for Developments financed from the issuance of taxable Bonds will be negotiated, considered and approved by the Department on a case by case basis.

(g) Fair Housing. All Developments financed by the Department must comply with the Fair Housing Act which prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, religion, sex, national origin, familial status, and disability. The Fair Housing Act also mandates specific design and construction requirements for multifamily housing built for first occupancy after March 13, 1991, in order to provide accessible housing for individuals with disabilities.

(h) Tenant Services. The LURA will require that the Development Owner offer a variety of services for residents of the Development through a Tenant Services Program Plan which is subject to annual approval by the Department.

(i) Land Use Restriction Agreement. Requirements as defined in Chapter 60, Subchapter A~~§60~~ of this title.

§~~35~~33.8 Fees

(a) Application and Issuance Fees. The Applicant is required to submit, at the time of pre-application, the following fees: $1,000 (payable to TDHCA), $1,500 (payable to Vinson & Elkins, the Department's Bond Counsel) and $5,000 (payable to the Texas Bond Review Board (BRB)) These fees cover the costs of pre-application review and filing fees to the BRB. The Department shall set fees to be paid by the Applicant in order to cover the costs of pre-application review, Application and Development review, the Department's expenses in connection with providing financing for a Development, and as required by law. (§1372.006(a), Texas Government Code). At the time of full application the Applicant is required to submit a tax credit application fee of $30/unit and $10,000 for the bond application fee (for multiple site Applications $10,000 or $30/unit, whichever is greater, for the bond application fee. At the closing of the bonds the following fees are required, an issuance fee equal to 50 basis points (0.005) of the issued bond amount, administration fee equal to 20 basis points (0.002) and a compliance fee equal to $40/unit.

(b) Annual Administration, Portfolio Management and Compliance, and Asset Management Fees. The Department shall set ongoing fees to be paid by Development Owners to cover the Department's costs of administering the Bonds, portfolio management and compliance with the program requirements applicable to each Development and asset management applicable requirements. The annual compliance fee is paid in advance and is equal to $40/unit beginning two years from the first payment date; the asset management fee is paid in advance and is equal to $25/unit beginning two years from the first payment date; both are adjusted annually for CPI. The annual administration fee is paid in arrears and is equal to 10 basis points (0.001) of the outstanding bond amount beginning three years from the closing date. These fees are paid for a minimum of thirty (30) years or as long as the bonds are out standing.

§~~35~~33.9 Waiver of Rules

Provided all requirements of the Act, the Code, and any other applicable law are met, the Board may waive any one or more of the Rules set forth in §§~~35~~33.3 - ~~35~~33.8 of this title relating to the Multifamily Housing Revenue Bond Program in order to further the purposes and the policies of Chapter 2306, Texas Government Code; to encourage the acquisition, construction, reconstruction, or rehabilitation of a Development that would provide decent, safe, and sanitary housing, including, but not limited to, providing such housing in economically depressed or blighted areas, or providing housing designed and equipped for Persons with Special Needs; or for other good cause, as determined by the Board.

§~~35~~33.10 No Discrimination

The Department and its staff or agents, Applicants, Development Owners, and any participants in the Program shall not discriminate under this Program against any person or family on the basis of race, creed, national origin, age, religion, handicap, family status, or sex, or against persons or families on the basis of their having minor children, except that nothing herein shall be deemed to preclude a Development Owner from selecting tenants with Special Needs, or to preclude a Development Owner from selecting tenants based on income in renting Units to comply with the set asides under the provisions of this Chapter.

REAL ESTATE ANALYSIS

BOARD ACTION REQUEST
August 23, 2007

Action Item

Presentation, Discussion and Possible Approval to publish the proposed amendment of 10 TAC Chapter 1, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines for comment in the *Texas Register*.

Required Action

Approve, reject or approve with modifications publication of the proposed amendment of 10 TAC Chapter 1, Subchapter B, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules for comment in the *Texas Register*.

Background

The Department conducted workshops and held hearings on a major overhaul of the underwriting rules five years ago and removed them from the Qualified Allocation Plan (QAP). The purpose of the removal from the QAP was to facilitate the application of these rules with all of the Department's multifamily programs. The draft rules being presented today include changes resulting from two main sources of input: public input at roundtable meetings and staff input.

Last year staff reorganized and consolidated the financial feasibility section and added a new 65% expense to income ratio criteria. This criteria served to address the concern that developments approved by the Department were too tight as a result of applicants' aggressive pursuit of points for deep rent targeting. The Department has recognized that the higher the expense to income ratio the more difficult it is for a property to sustain extended periods of flat income and increasing expenses regardless of the debt amount. During the 2007 competitive tax credit cycle staff recognized 15 developments out of the 66 that were fully underwritten and posted, which had an expense to income ratio of over 65%. Of these, ten had mitigating circumstances in the form of ongoing rent subsidy based upon the operating performance (i.e. HUD Housing Assistance Payment contracts or USDA Rental Assistance). All of the five that did not have mitigating circumstances also had other issues besides an expense to income ratio over 65% and were not recommended; but the one that had only this issue as the reason for no recommendation (#07235 Woodchase Senior Community) was ultimately overturned in an appeal to the Board. Staff believes this criteria was successful in addressing the deep rent targeting concern.

As has been the objective over the past few years, consistency and transparency were primary objectives for the 2008 rules and therefore the majority of the proposed rule

changes involve clarification. However, one key new feasibility criteria has been added to address concentration and a combination of small changes are being proposed to address flexibility in cases where specific mitigation of feasibility exists. In addition clarification changes made to the underlying rules include: adding definitions of Market Analyst and Qualified Market Analyst; adding language indicating the use of independent data researched by the Underwriter. Details of these changes and the reasons for them are described below starting with the most significant changes.

§1.31 General Provision

Proposed §1.31 (b) Definitions of Market Analyst and Qualified Market Analyst (p. 2)

Reason for Change: Added these definitions to make the REA rules more self contained and clear. The definition of Qualified Market Analyst is identical to that which remains in the QAP and the term Market Analyst was not previously defined. The requirements to be a Qualified Market Analyst are included in the REA rules in section 1.33 and not in the QAP.

§1.32 Underwriting

Proposed §1.32 (a) and (b) General Provisions and Report Contents includes additional reporting language regarding the timing of information considered for the underwriting report. (p. 3)

Reason for Change: Added language to clarify that information provided timely should be considered even if it was not in the original application but also to identify the number of amendments to the application and the date of the most recent information. This makes the expectation in the rule consistent with staff's practice which was introduced with the revisions to the underwriting report this spring.

Proposed §1.32 (d)(1)(A) Rental Income is revised and clarified (p. 4)

Reason for Change: Clarification to this language has been made several times over the past few years in an attempt to clarify the staff process which remains effectively unchanged. The proposed revision describes the method staff uses to identify a conservative estimate of rent when no contract rents exist. In addition, the reference to "Gross" Program Rents is intended to reduce confusion that sometimes occurs when new applicants review these rules.

Proposed §1.32 (e)(1)(B) Identity of Interest Acquisitions (p. 8-9)

Reason for Change: Added language from the QAP to make the REA rules more self contained, clear and consistent. The language included in this section is identical to that which remains in the QAP and is further clarified to exclude seller financing from acquisition cost utilized by the Underwriter for identity of interest transactions.

Proposed §1.32 (e)(1)(C) Acquisition of Buildings for Tax Credit Properties (p. 9)

Reason for Change: Clarification was added to support the consistent existing practice of determining the appropriate building acquisition value by utilizing the most conservative of the land value determined in the appraisal or tax assessment.

Proposed §1.32 (e)(4)(B) Rehabilitation or Reconstruction Costs (p. 10)
Reason for Change: Reconstruction was added to the heading of this section to make clear that a PCA will be used to evaluate the needs of an existing property even when reconstruction is being considered.

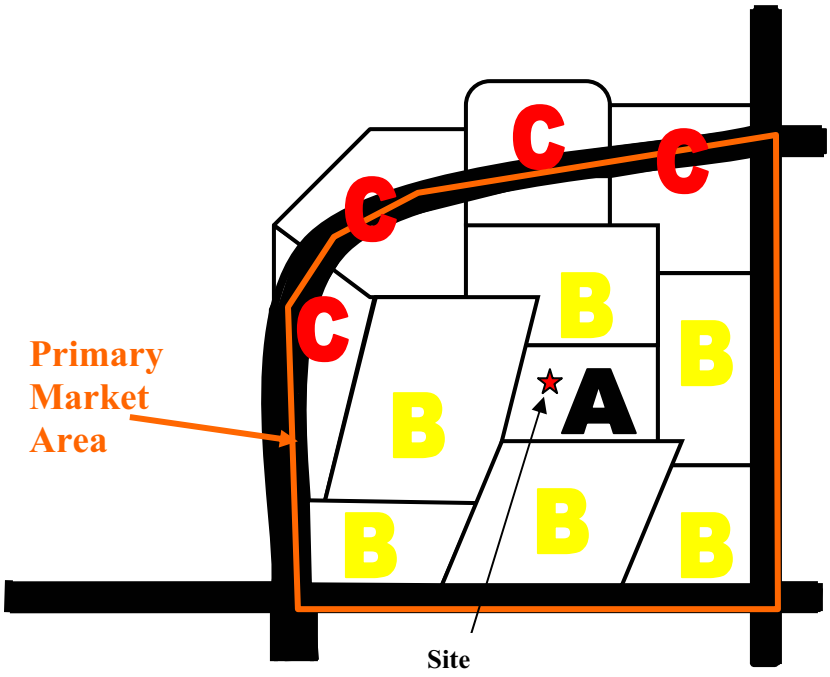
Proposed §1.32 (i) Feasibility Conclusion (p. 12-13)
Reason for Change: Existing language regarding the Underwriter's independent verification of the capture rate was expanded to include the Underwriter's use of independently acquired demographic data. Also, an additional criterion to determine a development is infeasible was added and two more criteria were added as exceptions to infeasibility conclusions.

(1) Inclusive Capture Rate: Language was added to confirm the Underwriter's ability to independently acquire and use demographic data for purposes of calculating demand and the capture rate. Also, the capture rate percentage for developments characterized as Elderly decreased from 75% to 50% based upon recent comments from Board members regarding concerns regarding over concentration of developments targeting seniors.

(2) Concentration Rate: Language has been added to limit the development of new units in census tracts with more than 1,432 multifamily units per square mile. This concentration rate is effectively the same as the City of Houston's recently established concentration policy which limits development to not greater than 4,500 units within a 1 mile radius of a property. The specific use of census tracts will allow an easier verification of this ratio as the US decennial census provides data on the number of rental units in multi-unit buildings by census tract and information on new developments placed in service since the census is readily available. This concentration limit will consider all rental units in buildings with 3 or more units and will include the proposed development even if a duplex or single family building style is proposed.

The second component of this new concentration criteria provides an even more restrictive limit of 1,000 units per square mile on entire compliment of census tracts that are included in whole or in part in the primary market area defined by the market analyst. The benefits of the method of calculation are the same as in the first component. The lower concentration is intended to limit the ability to concentrate areas that are near already much more concentrated areas and to limit the expansion of already concentrated areas.

Below is a pictorial representation of this new requirement where the site is located in census tract A, all of the B census tracts are wholly contained by the primary market area and the C census tracts are partially contained within the primary market area. All of the C census tracts area and units will be considered along with B and A census tracts in determining the primary market area concentration.



A ≤ 1,342 units/square mile *and* **A+B+C ≤ 1,000 units/square mile**
This new restriction is anticipated to only impact urban areas as such extraordinary levels of concentration of housing units, particularly rental units, in rural areas are not likely. No special exception language for rural areas is anticipated to be warranted, however such an exception could be considered based upon public comment. Exception language for rehabilitation and reconstruction is provided.

(3) Exceptions: The language regarding exceptions to infeasibility conclusions was expanded to allow the Executive Director a broader ability to waive feasibility conditions based upon specific and unique circumstances that provide mitigation. Also, Supportive Housing developments and developments with project based rental restrictions that are below both net program rents and market rents were added as specific criteria to mitigate infeasibility.

§1.33 Market Analysis

Proposed §1.33 (a) General Provisions statement of compliance with rules (p. 13)

Reason for Change: The REA Rules currently require a statement that the report preparer has read and understood the requirements of the Market Analysis section. Previous experience has revealed that report providers did not provide this statement in their initial reports. As a result staff is re-iterating this requirement in this section of the rules.

Proposed §1.33 (d)(8)(A)(ii) Primary Market Area (p. 15)

Reason for Change: Language was added to the methodology for determining the PMA of a development to include boundaries that are based on the most recent Census Tracts. This was done in order to have the Market Analyst define the Census Tracts that are located within the boundaries of the PMA and as encouragement to utilize Census Tract

boundaries as a priority over other less effective boundary definitions that are often used such as zip code boundaries.

Proposed §1.33 (d)(9)(E) Demand (p. 15)
Reason for Change: Clarification was added to specify the requirement that demand for the development as a whole should be calculated in addition to demand by unit type and income band. This requirement has been consistent in practice as an inclusive capture rate for the whole development can not be developed without demand for the whole development. Language was also added to demand from Secondary Market Area to clarify what was intended and has been the common practice but not clearly written which allows not including more than 25% of the demand from outside the PMA.

§1.34 Appraisal
Proposed §1.34(a) General Provision statement of compliance with the rules (p. 18)
Reason for Change: The REA Rules currently require a statement that the report preparer has read and understood the requirements of the Appraisal Rules and Guidelines section. Previous experience has revealed that report providers did not provide this statement in their initial reports. As a result staff is re-iterating this requirement in this section of the rules.

§1.35 Environmental Site Assessment statement of compliance with the rules
Proposed §1.35(a) General Provision (p. 21)
Reason for Change: The REA Rules currently require a statement that the report preparer has read and understood the requirements of the Environmental Site Assessment Rules and Guidelines section. Previous experience has revealed that report providers did not provide this statement in their initial reports. As a result staff is re-iterating this requirement in this section of the rules.

Recommendation

Approve the publication of the Draft 2008 Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines (REA Rules) and authorize the distribution and public hearing on the draft rules concurrent with the Department's uniform hearing schedule.

Real Estate Analysis Division

DRAFT ~~2007~~ 2008 Real Estate Analysis Rules

§1.31 GENERAL PROVISIONS 1
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§1.31 General Provisions

(a) **Purpose.** The Rules in this subchapter apply to the underwriting, market analysis, appraisal, environmental site assessment, property condition assessment, and reserve for replacement standards employed by the Texas Department of Housing and Community Affairs (the "Department" or "TDHCA"). This chapter provides rules for the underwriting review of an affordable housing development's financial feasibility and economic viability that ensures the most efficient allocation of resources while promoting and preserving the public interest in ensuring the long-term health of the Department's portfolio. In addition, this chapter guides the underwriting staff in making recommendations to the Executive Award and Review Advisory Committee ("the Committee"), Executive Director, and TDHCA Governing Board ("the Board") to help ensure procedural consistency in the determination of Development feasibility (§§2306.0661(f) and 2306.6710(d), Texas Government Code). Due to the unique characteristics of each development the interpretation of the rules and guidelines described in this subchapter is subject to the discretion of the Department and final determination by the Board.

(b) **Definitions.** ~~Capitalized terms used throughout this subchapter are defined. Many of the t~~Terms ~~terms~~ used in this subchapter that are also defined in Chapter 50 of this title (the Department's Housing Tax Credit Program Qualified Allocation Plan and Rules, known as the "QAP"), have the same meaning", as in the QAP.~~proposed.~~ Those terms that are not defined in the QAP or which may have another meaning when used in ~~s~~Subchapter~~subchapter~~ B of this ~~title~~chapter, shall have the meanings set forth in this subchapter~~sectionsubsection unless the context clearly indicates otherwise~~.

(1) **Affordable Housing**--Housing that has been funded through one or more of the Department's programs or other local, state or federal programs or has at least one unit that is restricted in the rent that can be charged either by a Land Use Restriction Agreement or other form of Deed Restriction.

(2) **Bank Trustee**--A bank authorized to do business in this state, with the power to act as trustee.

(3) **Cash Flow**--The funds available from operations after all expenses and debt service required to be paid has been considered.

(4) **Credit Underwriting Analysis Report**--Sometimes referred to as the "Report." A decision making tool used by the Department and Board containing a synopsis and reconciliation of the application information submitted by the Applicant.

(5) **Comparable Unit**--A Unit, when compared to the subject Unit, similar in overall condition, unit amenities, utility structure, and common amenities, and

(A) for purposes of calculating the inclusive capture rate targets the same population and is likely to draw from the same demand pool;

(B) for purposes of estimating the Restricted Market Rent targets the same population and is similar in net rentable square footage and number of bedrooms; or

(C) for purposes of estimating the subject Unit market rent does not have any income or rent restrictions and is similar in net rentable square footage and number of bedrooms.

(6) **Contract Rent**--Maximum rent ~~L~~limits based upon current and executed rental assistance contract(s), typically with a federal, state or local governmental agency.

(7) **DCR**--Debt Coverage Ratio. Sometimes referred to as the "~~"~~Debt Coverage~~"~~" or "~~"~~Debt Service Coverage.~~"~~" A measure of the number of times loan principal and interest are covered by Net Operating Income.

(8) **Development**--Sometimes referred to as the "~~"~~Subject Development.~~"~~" Multi-unit residential housing that meets the affordability requirements for and requests or has received funds from one or more of the Department~~'~~'s sources of funds.

(9) **EGI**--Effective Gross Income. The sum total of all sources of anticipated or actual income for a rental Development less vacancy and collection loss, leasing concessions, and rental income from employee-occupied units that is not anticipated to be charged or collected.

(10) **ESA**--Environmental Site Assessment. An environmental report that conforms with the Standard Practice for Environmental Site Assessments: Phase I Assessment Process (ASTM Standard Designation: E 1527) and conducted in accordance with the Department~~'~~'s Environmental Site Assessment Rules and Guidelines in §1.35 of this subchapter as it relates to a specific Development.

(11) **First Lien Lender**--A lender whose lien has first priority.

(12) **Gross Program Rent**--Sometimes called the "~~"~~Program Rents.~~"~~" Maximum ~~R~~rent ~~L~~limits based upon the tables promulgated by the Department~~'~~'s division responsible for compliance by program and by county or Metropolitan Statistical Area ("~~"~~MSA~~"~~") or Primary Metropolitan Statistical Area ("~~"~~PMSA~~"~~").

(13) **Market Analysis**--Sometimes referred to as "~~"~~Market Study.~~"~~" An evaluation of the economic conditions of supply, demand and rental rates or pricing conducted in accordance with the Department~~'~~'s Market Analysis Rules and Guidelines in §1.33 of this subchapter as it relates to a specific Development.

(14) Market Analyst-- Any person who prepares a market study.

~~(14)~~ (15) **Market Rent**--The unrestricted rent concluded by the Market Analyst for a particular unit type and size after adjustments are made to rents charged by owners of Comparable Units.

~~(15)~~(16) **NOI**--Net Operating Income. The income remaining after all operating expenses, including replacement reserves and taxes have been paid.

~~(16)~~(17) **Primary Market**--Sometimes referred to as "~~"~~Primary Market Area~~"~~" or "~~"~~Submarket" or "PMA". The area defined by the Qualified Market Analyst as described in §1.33(d)(8) of this title from which a proposed or existing Development is most likely to draw the majority of its prospective tenants or homebuyers.

~~(17)~~(18) **PCA**--Property Condition Assessment. Sometimes referred to as "~~"~~Physical Needs Assessment,~~"~~" "~~"~~Project Capital Needs Assessments,~~"~~" "~~"~~Property Condition Report,~~"~~" or "~~"~~Property Work Write-Up.~~"~~" An evaluation of the physical condition of the existing property and evaluation of the cost of rehabilitation conducted in accordance with the Department~~'~~'s Property Condition Assessment Rules and Guidelines in §1.36 of this title as it relates to a specific Development.

(19) Qualified Market Analyst-- A real estate appraiser certified or licensed by the Texas Appraiser Licensing and Certification Board, a real estate consultant, or other professional currently active in the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality written report. The individual's performance, experience, and educational background will provide the general basis for determining competency as a Market Analyst. Competency will be determined by the Department, in its sole discretion. The Qualified Market Analyst must be a Third Party.

~~(18)~~(20) **Rent Over-Burdened Households**--Non-elderly households paying more than 35% of gross income towards total housing expenses (unit rent plus utilities) and elderly households paying more than 40% of gross income towards total housing expenses.

~~(19)~~(21) **Reserve Account**--An individual account:

(A) Created to fund any necessary repairs for a multifamily rental housing development; and

(B) Maintained by a First Lien Lender or Bank Trustee.

(~~20~~22) **Restricted Market Rent**--The restricted rent concluded by the Market Analyst for a particular unit type and size after adjustments are made to rents charged by owners of Comparable Units with the same rent and income restrictions.

(~~21~~23) **Secondary Market**--Sometimes referred to as "Secondary Market Area". The area defined by the Qualified Market Analyst as described in §1.33(d)(7) of this title.

(~~22~~24) **Supportive Housing**--Sometimes referred to as "~~"~~Transitional Housing.~~"~~" Rental housing intended solely for occupancy by individuals or households transitioning from homelessness or abusive situations to permanent housing and typically consisting primarily of efficiency units.

(~~23~~25) **Sustaining Occupancy**--The occupancy level at which rental income plus secondary income is equal to all operating expenses and mandatory debt service requirements for a Development.

(~~24~~26) **TDHCA Operating Expense Database**--Sometimes referred to as "~~"~~TDHCA Database.~~"~~" A consolidation of recent actual operating expense information collected through the Department~~'~~s Annual Owner Financial Certification process, as required and described in Subchapter A of Chapter 60 of this title, ~~process~~ and published on the Department~~'~~s web site.

(~~25~~27) **Underwrite**r--The author(s), as evidenced by signature, of the Credit Underwriting Analysis Report.

(~~26~~28) **Unstabilized Development**-- A Development with Comparable Units that has been approved for funding by the TDHCA Board or is currently under construction or has not maintained a 90% occupancy level for at least 12 consecutive months following construction completion.

(~~27~~29) **Utility Allowance**--The estimate of tenant-paid utilities, based either on the most current HUD Form 52667, "~~"~~Section 8, Existing Housing Allowance for Tenant-Furnished Utilities and Other Services,~~"~~" provided by the local entity responsible for administering the HUD Section 8 program with most direct jurisdiction over the majority of the buildings existing, ~~or~~ a documented estimate from the utility provider proposed in the Application, or for an existing development an allowance calculated by the Department pursuant to Chapter §60.109 of this title.~~.~~ Documentation from the local utility provider to support an alternative calculation can be used to justify alternative Utility Allowance conclusions but must be specific to the ~~S~~subject Development and consistent with the building plans provided.

(~~28~~30) **Work Out Development**--A financially distressed Development seeking a change in the terms of Department funding or program restrictions based upon market changes.

(c) **Appeals.** Certain programs contain express appeal options. Where not indicated, 10 Tex. Admin. Code §§1.7 and 1.8 include general appeal procedures. In addition, the Department encourages the use of Alternative Dispute Resolution methods as outlined in 10 TAC §1.17.

§1.32 Underwriting Rules and Guidelines

(a) **General Provisions.** The Department Governing Board has authorized the development of these rules under its authority under §2306.148, Texas Government Code. The rules provide a mechanism to produce consistent information in the form of an Underwriting Report to provide interested parties information the Board relies upon in balancing the desire to assist as many Texans as possible by providing no more financing than necessary and have independent verification that Developments are economically feasible. The Report should consider all information timely provided by the Applicant. The Report generated in no way guarantees or purports to warrant the actual performance, feasibility, or viability of the Development by the Department.

(b) **Report Contents.** The Report provides an organized and consistent synopsis and reconciliation of the application information submitted by the Applicant. The Report should consider only information that is provided in accordance with the time frames provided in the current QAP, Program Rules or Notice of Funds Availability as appropriate. The Report should also identify the number of revisions and date of most current revision to any information deemed to be relevant by the Underwriter.

(c) **Recommendations in the Report.** The conclusion of the Report includes a recommended award of funds or allocation of Tax Credits based on the lesser amount calculated by the program limit method (if applicable), gap/DCR method, or the amount requested by the Applicant as further described in paragraphs (1) - (3) of this subsection, and states any feasibility conditions to be placed on the award.

(1) **Program Limit Method.** For Developments requesting Housing Tax Credits, this method is based upon calculation of Eligible Basis after applying all cost verification measures and program limits as described in this section. The Applicable Percentage used is as defined in the QAP. For Developments requesting funding through a Department program other than Housing Tax Credits, this method is based upon calculation of the funding limit based on current program rules at the time of underwriting.

(2) **Gap/DCR Method.** This method evaluates the amount of funds needed to fill the gap created by total development cost less total non-Department-sourced funds or Tax Credits. In making this determination, the Underwriter resizes any anticipated deferred developer fee down to zero before reducing the amount of Department funds or Tax Credits. In the case of Housing Tax Credits, the syndication proceeds needed to fill the gap in permanent funds are divided by the syndication rate to determine the amount of Tax Credits. In making this determination, the Department adjusts the permanent loan amount and/or any Department-sourced loans, as necessary, such that it conforms to the DCR standards described in this section.

(3) **The Amount Requested.** The amount of funds that is requested by the Applicant as reflected in the ~~a~~Application documentation.

(d) **Operating Feasibility.** The operating financial feasibility of Developments funded by the Department is tested by adding total income sources and subtracting vacancy and collection losses and operating expenses to determine Net Operating Income. This Net Operating Income is divided by the annual debt service to determine the Debt Coverage Ratio. The Underwriter characterizes a Development as infeasible from an operational standpoint when the Debt Coverage Ratio does not meet the minimum standard set forth in paragraph (4)(D) of this subsection. The Underwriter may choose to make adjustments to the financing structure, such as lowering the debt and increasing the deferred developer fee that could result in a re-characterization of the Development as feasible based upon specific conditions set forth in the Report.

(1) **Income.** In determining the Year 1 proforma, the~~The~~ Underwriter evaluates the reasonableness of the Applicant~~'~~'s income estimate by determining the appropriate rental rate per unit based on contract, program and market factors. Miscellaneous income and vacancy and collection loss limits as set forth in subparagraphs (B) and (C) of this paragraph, respectively, are applied unless well-documented support is provided.

(A) **Rental Income.** The Underwriter will calculate the appropriate rent on a conservative or Contract Rent basis for comparison to the Applicant~~'~~'s estimate in the ~~a~~Application. The conservative basis for a restricted unit is the lesser of the Gross Program Rent less Utility Allowances (~~"~~"~~n~~Net ~~p~~Program ~~r~~Rent~~"~~") or ~~Market Rent or~~ Restricted Market Rent. The conservative basis for an unrestricted unit is the lesser of the Market Rent or Applicant's projected rent. ~~or Contract Rent is utilized by the Underwriter in calculating the rental income for comparison to the Applicant~~'~~'s estimate in the application.~~ Where ~~multiple programs are funding the same units,~~ Contract Rents are included, they will be used regardless of the conservative basis derived rent~~used, if applicable. If Contract Rents do not apply, the lowest Program Rents less Utility Allowance (~~"~~net Program Rent~~"~~) or Market Rents or Restricted Market Rent, as determined by the Market Analysis that are lower than the net Program Rents, are utilized~~.

(i) **Market Rents.** The Underwriter reviews the attribute adjustment matrix of Comparable Units by unit size provided by the Market Analyst and determines if the adjustments and conclusions made are reasoned and well documented. The Underwriter uses the Market Analyst~~'~~'s conclusion of adjusted Market Rent by unit, as long as the proposed Market Rent is reasonably justified and does not exceed the highest existing unadjusted market comparable rent. Random checks of the validity of the Market Rents may include direct contact with the comparable properties. The Market Analyst~~'~~'s attribute adjustment matrix should include, at a minimum, adjustments for location, size, amenities, and concessions as more fully described in §1.33 of this title.

(ii) **Restricted Market Rent.** The Underwriter reviews the attribute adjustment matrix of Comparable Units by unit size and income and rent restrictions provided by the Market Analyst and determines if the adjustments and conclusions made are reasoned and well documented. The Underwriter uses the Market Analyst~~'~~'s conclusion of adjusted Restricted Market Rent by unit, as long as the proposed Restricted Market Rent is reasonably justified and does not exceed the highest existing unadjusted market comparable restricted rent. Random checks of the validity of the Restricted Market Rents may include direct contact with the comparable properties. The Market Analyst~~'~~'s ~~A~~attribute ~~A~~adjustment ~~M~~matrix should include, at a minimum, adjustments for location, size, amenities, and concessions as more fully described in §1.33 of this title.

(iii) Gross **Program Rents less Utility Allowance or Net Program Rents.** The Underwriter reviews the Applicant~~'~~'s proposed rent schedule and determines if it is consistent with the representations made in the remainder of the ~~a~~Application. The Underwriter uses the Gross Program Rents as promulgated by the Department~~'~~'s division responsible for compliance for the year that is most current at the time the underwriting begins. When underwriting for a simultaneously funded competitive round, all of the ~~a~~Applications are underwritten with the rents promulgated for the same year. Gross Program Rents are reduced by the Utility Allowance. The Utility Allowance figures used are determined based upon what is identified in the ~~a~~Application by the Applicant as being a utility cost paid by the tenant and upon other consistent documentation provided in the ~~a~~Application.

(I) Units must be individually metered for all utility costs to be paid by the tenant.

(II) Gas utilities are verified on the building plans and elsewhere in the ~~a~~Application when applicable.

(III) Trash allowances paid by the tenant are rare and only considered when the building plans allow for individual exterior receptacles.

(IV) Refrigerator and range allowances are not considered part of the tenant-paid utilities unless the tenant is expected to provide their own appliances, and no eligible appliance costs are included in the development cost breakdown.

(iv) **Contract Rents.** The Underwriter reviews submitted rental assistance contracts to determine the Contract Rents currently applicable to the Development. Documentation supporting the likelihood of continued rental assistance is also reviewed. The underwriting analysis will take into consideration the Applicant's intent to request a Contract Rent increase. At the discretion of the Underwriter, the Applicant's proposed rents may be used in the underwriting analysis with the recommendations of the Report conditioned upon receipt of final approval of such increase.

(B) **Miscellaneous Income.** All ancillary fees and miscellaneous secondary income, including but not limited to late fees, storage fees, laundry income, interest on deposits, carport rent, washer and dryer rent, telecommunications fees, and other miscellaneous income, are anticipated to be included in a $5 to $15 per unit per month range. Exceptions may be made at the discretion of the Underwriter for garage income, pass-through utility payments, pass-through water, sewer and trash payments, cable fees, congregate care/assisted living/elderly facilities, and child care facilities.

(i) Exceptions must be justified by operating history of existing comparable properties.

(ii) The Applicant must show that the tenant will not be required to pay the additional fee or charge as a condition of renting an apartment unit and must show that the tenant has a reasonable alternative.

(iii) The Applicant's operating expense schedule should reflect an offsetting cost associated with income derived from pass-through utility payments, pass-through water, sewer and trash payments, and cable fees.

(iv) Collection rates of exceptional fee items will generally be heavily discounted.

(v) If the total secondary income is over the maximum per unit per month limit, any cost associated with the construction, acquisition, or development of the hard assets needed to produce an additional fee may also need to be reduced from Eligible Basis for Tax Credit Developments as they may, in that case, be ~~be~~ considered to be a commercial cost rather than an incidental to the housing cost of the Development.

(C) **Vacancy and Collection Loss.** The Underwriter uses a vacancy rate of 7.5% (5% vacancy plus 2.5% for collection loss) unless the Market Analysis reflects a higher or lower established vacancy rate for the area. Elderly and 100% project-based rental subsidy Developments and other well documented cases may be underwritten at a combined 5% at the discretion of the Underwriter if the historical performance reflected in the Market Analysis is consistently higher than a 95% occupancy rate.

(D) **Effective Gross Income.** The Underwriter independently calculates EGI. If the EGI figure provided by the Applicant is within 5% of the EGI figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating DCR the Underwriter will maintain and use its independent calculation unless the Applicant's proforma meets the requirements of paragraph (3) of this subsection.

(2) **Expenses.** In determining the Year 1 proforma, the Underwriter evaluates the reasonableness of the Applicant's expense estimate by line item comparisons based upon the specifics of each transaction, including the type of Development, the size of the units, and the Applicant's expectations as reflected in their proforma. Historical stabilized certified or audited financial statements of the Development or Third Party quotes specific to the Development will reflect the strongest data points to predict future performance. The Department's database of property in the same location or region as the proposed Development also provides heavily relied upon data points; the Department's database summary is available on the TDHCA website. Data from the Institute of Real Estate Management's (IREM) most recent Conventional Apartments-Income/Expense Analysis book for the proposed Development's property type and specific location or region may be referenced. In some cases local or project-specific data such as Public Housing Authority ("PHA") Utility Allowances and property tax rates are also given significant weight in determining the appropriate line item expense estimate. Finally, well documented information provided in the Market Analysis, the ~~a~~Application, and other sources may be considered.

(A) **General and Administrative Expense.** General and Administrative Expense includes all accounting fees, legal fees, advertising and marketing expenses, office operation, supplies, and equipment expenses. The underwriting tolerance level for this line item is 20%.

(B) **Management Fee.** Management Fee is paid to the property management company to oversee the effective operation of the property and is most often based upon a percentage of Effective Gross Income as documented in the management agreement contract. Typically, 5% of the Effective Gross Income is used, though higher percentages for rural transactions that are consistent with the TDHCA Database can be concluded. Percentages as low as 3% may be utilized if documented by a fully

executed management contract agreement with an acceptable management company. The Underwriter will require documentation for any percentage difference from the 5% of the Effective Gross Income standard.

(C) **Payroll and Payroll Expense.** Payroll and Payroll Expense includes all direct staff payroll, insurance benefits, and payroll taxes including payroll expenses for repairs and maintenance typical of a conventional development. It does not, however, include direct security payroll or additional supportive services payroll. The underwriting tolerance level for this line item is 10%.

(D) **Repairs and Maintenance Expense.** Repairs and Maintenance Expense includes all repairs and maintenance contracts and supplies. It should not include extraordinary capitalized expenses that would result from major renovations. Direct payroll for repairs and maintenance activities are included in payroll expense. The underwriting tolerance level for this line item is 20%.

(E) **Utilities Expense (Gas & Electric).** Utilities Expense includes all gas and electric energy expenses paid by the owner. It includes any pass-through energy expense that is reflected in the EGI. The underwriting tolerance level for this line item is 30%.

(F) **Water, Sewer and Trash Expense.** Water, Sewer and Trash Expense includes all water, sewer and trash expenses paid by the owner. It would also include any pass-through water, sewer and trash expense that is reflected in the EGI. The underwriting tolerance level for this line item is 30%.

(G) **Insurance Expense.** Insurance Expense includes any insurance for the buildings, contents, and liability but not health or workman's compensation insurance. The underwriting tolerance level for this line item is 30%.

(H) **Property Tax.** Property Tax includes all real and personal property taxes but not payroll taxes. The underwriting tolerance level for this line item is 10%.

(i) The per unit assessed value will be calculated based on the capitalization rate published on the county taxing authority's website. If the county taxing authority does not publish a capitalization rate on the internet, a capitalization rate of 10% will be used or comparable assessed values may be used in evaluating this line item expense.

(ii) Property tax exemptions or proposed payment in lieu of tax agreement (PILOT) must be documented as being reasonably achievable if they are to be considered by the Underwriter. At the discretion of the Underwriter, a property tax exemption that meets known federal, state and local laws may be applied based on the tax-exempt status of the Development Owner and its Affiliates.

(I) **Reserves.** Reserves include annual reserve for replacements of future capitalizable expenses as well as any ongoing additional operating reserve requirements. The Underwriter includes minimum reserves of $250 per unit for new construction and $300 per unit for all other Developments. The Underwriter may require an amount above $300 for Developments other than new construction based on information provided in the PCA. Higher levels of reserves also may be used if they are documented in the financing commitment letters.

(J) **Other Expenses.** The Underwriter will include other reasonable and documented expenses, not including depreciation, interest expense, lender or syndicator's asset management fees, or other ongoing partnership fees. Lender or syndicator's asset management fees or other ongoing partnership fees also are not considered in the Department's calculation of debt coverage. The most common other expenses are described in more detail in clauses (i) - (iv) of this subparagraph.

(i) **Supportive Services Expense.** Supportive Services Expense includes the documented cost to the owner of any non-traditional tenant benefit such as payroll for instruction or activities personnel. The Underwriter will not evaluate any selection points for this item. The Underwriter's verification will be limited to assuring any anticipated costs are included. For all transactions supportive services expenses are considered in calculating the Debt Coverage Ratio.

(ii) **Security Expense.** Security Expense includes contract or direct payroll expense for policing the premises of the Development. The Applicant's amount is typically accepted as provided. The Underwriter will require documentation of the need for security expenses that exceed 50% of the anticipated payroll expense estimate discussed in subparagraph (C) of this paragraph.

(iii) **Compliance Fees.** Compliance fees include only compliance fees charged by TDHCA. The Department's charge for a specific program may vary over time; however, the Underwriter uses the current charge per unit per year at the time of underwriting. For all transactions compliance fees are considered in calculating the Debt Coverage Ratio.

(iv) **Cable Television Expense.** Cable Television Expense includes fees charged directly to the owner of the Development to provide cable services to all units. The expense will be considered only if a contract for such services with terms is provided and income derived from cable television fees is included in the projected EGI. Cost of providing cable television in only the community building should be included in General and Administrative Expense as described in subparagraph (A) of this paragraph.

(K) The Department will communicate with and allow for clarification by the Applicant when the overall expense estimate is over 5% greater or less than the Underwriter's estimate. In such a case, the Underwriter will inform the Applicant of the line items that exceed the tolerance levels indicated in this paragraph, but may request additional documentation supporting some, none or all expense line items. If an acceptable rationale for the difference is not provided, the discrepancy is documented in the Report and the justification provided by the Applicant and the countervailing evidence supporting the Underwriter's determination is noted. If the Applicant's total expense estimate is within 5% of the final total expense figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating DCR the Underwriter will maintain and use its independent calculation unless the Applicant's Year 1 proforma meets the requirements of paragraph (3) of this subsection.

(3) **Net Operating Income.** NOI is the difference between the EGI and total operating expenses. If the Year 1 NOI figure provided by the Applicant is within 5% of the Year 1 NOI figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating the Year 1 DCR the Underwriter will maintain and use his independent calculation of NOI unless the Applicant's Year 1 EGI, Year 1 total expenses, and Year 1 NOI are each within 5% of the Underwriter's estimates.

(4) **Debt Coverage Ratio.** Debt Coverage Ratio is calculated by dividing Net Operating Income by the sum of loan principal and interest for all permanent sources of funds. Loan principal and interest, or "Debt Service," is calculated based on the terms indicated in the submitted commitments for financing. Terms generally include the amount of initial principal, the interest rate, amortization period, and repayment period. Unusual financing structures and their effect on Debt Service will also be taken into consideration.

(A) **Interest Rate.** The interest rate used should be the rate documented in the commitment letter.

(i) Commitments indicating a variable rate must provide a detailed breakdown of the component rates comprising the all-in rate. The commitment must also state the lender's underwriting interest rate, or the Applicant must submit a separate statement executed by the lender with an estimate of the interest rate as of the date of the statement.

(ii) The maximum rate allowed for a competitive application cycle is evaluated by the Director of the Department's division responsible for Credit Underwriting Analysis Reports and posted to the Department's web site prior to the close of the ~~a~~Application ~~A~~Acceptance ~~p~~Period. Historically this maximum acceptable rate has been at or below the average rate for 30-year U.S. Treasury Bonds plus 400 basis points.

(B) **Amortization Period.** The Department generally requires an amortization of not less than 30 years and not more than 50 years or an adjustment to the amortization structure is evaluated and recommended. In non-Tax Credit transactions a lesser amortization period may be used if the Department's funds are fully amortized over the same period.

(C) **Repayment Period.** For purposes of projecting the DCR over a 30-year period for Developments with permanent financing structures with balloon payments in less than 30 years, the Underwriter will carry forward Debt Service calculated based on a full amortization and the interest rate stated in the commitment.

(D) **Acceptable Debt Coverage Ratio Range.** The acceptable Year 1 DCR range for all priority or foreclosable lien financing plus the Department's proposed financing falls between a minimum of 1.15 to a maximum of 1.35. HOPE VI and USDA Rural Development transactions may underwrite to a DCR less than 1.15 based upon documentation of acceptance from the lender.

(i) For Developments other than HOPE VI and USDA Rural Development transactions, if the DCR is less than the minimum, the recommendations of the Report are conditioned upon a reduced debt service and the Underwriter will make adjustments to the assumed financing structure in the order presented in subclauses (I) - (III) of this clause.

(I) A reduction of the interest rate or an increase in the amortization period for TDHCA funded loans;

(II) A reclassification of TDHCA funded loans to reflect grants, if permitted by program rules;

(III) A reduction in the permanent loan amount for non-TDHCA funded loans based upon the rates and terms in the permanent loan commitment letter as long as they are within the ranges in subparagraphs (A) and (B) of this paragraph.

(ii) If the DCR is greater than the maximum, the recommendations of the Report are conditioned upon an increase in the debt service and the Underwriter will make adjustments to the assumed financing structure in the order presented in subclauses (I) - (III) of this clause.

(I) A reclassification of TDHCA funded grants to reflect loans, if permitted by program rules;

(II) An increase in the interest rate or a decrease in the amortization period for TDHCA funded loans;

(III) An increase in the permanent loan amount for non-TDHCA funded loans based upon the rates and terms in the permanent loan commitment letter as long as they are within the ranges in subparagraphs (A) and (B) of this paragraph.

(iii) For Housing Tax Credit Developments, a reduction in the recommended Tax Credit allocation may be made based on the gap/DCR method described in subsection (c)(2) of this section.

(iv) Although adjustments in Debt Service may become a condition of the Report, future changes in income, expenses, and financing terms could allow for an acceptable DCR.

(5) **Long Term Proforma.** The Underwriter will create a 30-year operating proforma~~.~~

(A) The base year projection utilized is the Underwriter~~'~~'s Year 1 EGI, Year 1 operating expenses, and Year 1 NOI unless the Applicant~~'~~'s Year 1 EGI, Year 1 total operating expenses, and Year 1 NOI are each within 5% of the Underwriter~~'~~'s estimates.

(B) A 3% annual growth factor is utilized for income and a 4% annual growth factor is utilized for expenses.

(C) Adjustments may be made to the Long Term Proforma if sufficient support documentation is provided by the Applicant. Support may include

(i) documentation with terms for ~~P~~project-based ~~R~~rental ~~A~~assistance or ~~O~~operating ~~S~~subsidy;

(ii) a fully executed management contract with clear terms;

(iii) documentation prepared and signed by the Central Appraisal District (CAD) with jurisdiction over the Development indicating the appraisal methodology consistently employed by the CAD and a ten-year history, beginning with the Application year, of tax rates for each taxing district with jurisdiction over the Development; and

(iv) required reserve for replacement schedule prepared and signed by the proposed permanent lender or equity provider. In no instance will the reserve for replacement figure included in the Long Term Proforma be less than the minimum requirements as described in §1.37 of this title.

(e) **Development Costs.** The Development~~'~~'s need for permanent funds and, when applicable, the Development~~'~~'s Eligible Basis is based upon the projected total development costs. The Department~~'~~'s estimate of the total development cost will be based on the Applicant~~'~~'s project cost schedule to the extent that it can be verified to a reasonable degree of certainty with documentation from the Applicant and tools available to the Underwriter. For new construction Developments, the Underwriter~~'~~'s total cost estimate will be used unless the Applicant~~'~~'s total development cost is within 5% of the Underwriter~~'~~'s estimate. In the case of a rehabilitation Development, the Underwriter may use a lower tolerance level due to the reliance upon the PCA. If the Applicant~~'~~'s total development cost is utilized and the Applicant~~'~~'s line item costs are inconsistent with documentation provided in the Application or program rules, the Underwriter may make adjustments to the Applicant~~'~~'s total cost estimate.

(1) **Acquisition Costs.** The proposed acquisition price is verified with the fully executed site control document(s) for the entire proposed site.

(A) **Excess Land Acquisition.** Where more land is being acquired than will be utilized for the site and the remaining acreage is not being utilized as permanent green space, the value ascribed to the proposed Development will be prorated from the total cost reflected in the site control document(s). An appraisal or tax assessment value may be tools that are used in making this determination; however, the Underwriter will not utilize a prorated value greater than the total amount in the site control document(s).

(B) **Identity of Interest Acquisitions.**

(i) The acquisition will be considered an identity of interest transaction when an Affiliate of, a Related Party to, or any owner at any level of the Development Team

(I) is the current owner in whole or in part of the proposed property, or

(II) was the owner in whole or in part of the proposed property during any period within the 36 months prior to the first day of the Application Acceptance Period.

(ii) In all identity of interest transactions the Applicant is required to provide (I) and (II) of this clause: ~~the additional documentation identified in §50.9(h)(7)(A) of this title to support the transfer price to be used in the underwriting analysis.~~

~~(iii) In no instance will the acquisition cost utilized by the Underwriter exceed the lesser of:~~

(I) the original acquisition cost listed in the submitted settlement statement or, if a settlement statement is not available, the original asset value listed in the most current audited financial statement for the identity of interest owner, and ~~plus verfied holding costs, or~~

(II) ~~the "as-is" value conclusion in the submitted appraisal.~~ if the original acquisition cost evidenced by (I) of this clause is less than the acquisition cost claimed in the application,

(-a-) an appraisal that meets the requirements of §1.34 of this title, and

(-b-) any other verifiable costs of owning, holding, or improving the Property, excluding seller financing, that when added to the value from subclause (I) of this clause justifies the Applicant's proposed acquisition amount.

(-1-) For land-only transactions, documentation of owning, holding or improving costs since the original acquisition date may include Property taxes, interest expense, a calculated return on equity at a rate consistent with the historical returns of similar risks, the cost of any physical improvements made to the Property, the cost of rezoning, replatting or developing the Property, or any costs to provide or improve access to the Property.

(-2-) For transactions which include existing buildings that will be rehabilitated or otherwise maintained as part of the Development, documentation of owning, holding, or improving costs since the original acquisition date may include capitalized costs of improvements to the Property, a calculated return on equity at a rate consistent with the historical returns of similar risks, and allow the cost of exit taxes not to exceed an amount necessary to allow the sellers to be made whole in the original and subsequent investment in the Property and avoid foreclosure.

(iii) in no instance will the acquisition cost utilized by the Underwriter exceed the lesser of the original acquisition cost evidenced by subclause (I) plus costs identified in subparagraph (b), or the "as-is" value conclusion evidenced by subclause (II)(a).

(C) **Acquisition of Buildings for Tax Credit Properties.** In order to make a determination of the appropriate building acquisition value, the Applicant will provide and the Underwriter will utilize an appraisal that meets the Department's Appraisal Rules and Guidelines as described in §1.34 of this title. ~~The value of the improvements are the result of the difference between the as-is appraised value less the land value.~~ The Underwriter ~~may~~ will ~~alternatively~~ prorate the actual or identity of interest sales price based upon a ~~lower~~ calculated "as-is" improvement value over the total "as-is" value provided in the appraisal, so long as the resulting land value utilized by the Underwriter is not less than the land value indicated in the appraisal or tax assessment. In the case where the land value indicated by either the appraisal or tax assessment is greater than the prorata land value attributed to the sales price as described above, the greater of the land value in the appraisal or tax assessment is deducted from the sales price to determine the acquisition basis.

(2) **Off-Site Costs.** Off-Site costs are costs of development up to the site itself such as the cost of roads, water, sewer and other utilities to provide the site with access. All off-site costs must be well documented and certified by a Third Party engineer on the required application form.

(3) **Site Work Costs.** Project site work costs exceeding $9,000 per Unit must be well documented and certified by a Third Party engineer on the required application form. In addition, for Applicants seeking Tax Credits, documentation in keeping with §49.9(h)(6)(G) of this title will be utilized in calculating eligible basis.

(4) **Direct Construction Costs.** Direct construction costs are the costs of materials and labor required for the building or rehabilitation of a Development.

(A) **New Construction.** The Underwriter will use the Marshall and Swift Residential Cost Handbook and historical final cost certifications of all previous ~~housing~~ Housing ~~tax~~ Tax ~~credit~~ Credit allocations to estimate the direct construction cost for a new construction Development. If the Applicant's estimate is more than 5% greater or less than the Underwriter's estimate, the Underwriter will attempt to reconcile this concern and ultimately identify this as a cost concern in the Report.

(i) The "Average Quality" multiple, townhouse, or single family costs, as appropriate, from the Marshall and Swift Residential Cost Handbook, based upon the details provided in the application and particularly site and building plans and elevations will be used to estimate direct construction costs. If the Development contains amenities not included in the Average Quality standard, the Department will take into account the costs of the amenities as designed in the Development.

(ii) If the difference in the Applicant's direct cost estimate and the direct construction cost estimate detailed in clause (i) of this subparagraph is more than 5%, the Underwriter shall also evaluate the direct construction cost of the Development based on acceptable cost parameters as

adjusted for inflation and as established by historical final cost certifications of all previous housing tax credit allocations for:

(I) the county in which the Development is to be located, or

(II) if cost certifications are unavailable under subclause (I) of this clause, the uniform state service region in which the Development is to be located.

(B) **Rehabilitation including Reconstruction Costs.** In the case where the Applicant has provided a PCA which is inconsistent with the Applicant's figures as proposed in the development cost schedule, the Underwriter may request a supplement executed by the PCA provider supporting the Applicant's estimate and detailing the difference in costs. If said supplement is not provided or the Underwriter determines that the reasons for the initial difference in costs are not well-documented, the Underwriter utilizes the initial PCA estimations in lieu of the Applicant's estimates.

(5) **Contingency.** All contingencies identified in the Applicant project cost schedule will be added to Contingency with the total limited to the guidelines detailed in this paragraph. Contingency is limited to a maximum of 5% of direct costs plus site work for new construction Developments and 10% of direct costs plus site work for rehabilitation Developments. For Housing T~~t~~ax C~~c~~redit Developments, the percentage is applied to the sum of the eligible direct construction costs plus eligible site work costs in calculating the eligible contingency cost. The Applicant's figure is used by the Underwriter if the figure is less than 5%.

(6) **Contractor Fee.** Contractor fees are limited at a total of 14%. The percentage is applied to the sum of the direct construction costs plus site work costs. For tax credit Developments, the percentages are applied to the sum of the eligible direct construction costs plus eligible site work costs in calculating the eligible contractor fees. For Developments also receiving financing from TX-USDA-RHS, the combination of builder's general requirements, builder's overhead, and builder's profit should not exceed the lower of TDHCA or TX-USDA-RHS requirements.

(7) **Developer Fee.** Developer fee claimed must be proportionate to the work for which it is earned and consistent with §49.9(d)(6) of this title.

(A) For Tax Credit Developments, the development cost associated with developer fees and Development Consultant (also known as Housing Consultant) fees included in Eligible Basis cannot exceed 15% of the project's Total Eligible Basis less developer fees for developments proposing 50 units or more and 20% of the project's Total Eligible Basis less developer fees for developments proposing 49 units or less, as defined in the QAP.

(B) In the case of a transaction requesting acquisition Tax Credits

(i) the allocation of eligible developer fee in calculating rehabilitation/new construction Tax Credits will not exceed 15% of the rehabilitation/new construction basis less developer fees for developments proposing 50 units or more and 20% of the rehabilitation/new construction basis less developer fees for developments proposing 49 units or less, and

(ii) no developer fee attributable to an identity of interest acquisition of the Development will be included in Eligible Basis.

(C) For non-Tax Credit Developments, the percentage can be up to 15% but is based upon total development costs less the sum of the fee itself, land costs, the costs of permanent financing, excessive construction period financing described in paragraph (8) of this subsection, reserves, and any other identity of interest acquisition cost.

(8) **Financing Costs.** Eligible construction period financing is limited to not more than one year's fully drawn construction loan funds at the construction loan interest rate indicated in the commitment. Any excess over this amount is removed to ineligible cost and will not be considered in the determination of developer fee.

(9) **Reserves.** The Department will utilize the terms proposed by the syndicator or lender as described in the commitment letter(s) or the amount described in the Applicant's project cost schedule if it is within the range of two to six months of stabilized operating expenses less management fees plus debt service.

(10) **Other Soft Costs.** For Tax Credit Developments all other soft costs are divided into eligible and ineligible costs. Eligible costs are defined by Internal Revenue Code but generally are costs that can be capitalized in the basis of the Development for tax purposes. Ineligible costs are those that tend to fund future operating activities. The Underwriter will evaluate and accept the allocation of these soft costs in accordance with the Department's prevailing interpretation of the Internal Revenue Code. If the Underwriter questions the eligibility of any soft costs, the Applicant is given an opportunity to clarify and address the concern prior to removal from Eligible Basis.

(f) **Developer Capacity**. The Underwriter will evaluate the capacity of the Person(s) accountable for the role of the Developer to determine their ability to secure financing and successfully complete the

Development. The Department will review financial statements, and personal credit reports for those individuals anticipated to guarantee the completion of the Development.

(1) **Credit Reports.** The Underwriter will characterize the Development as "high risk" if the Applicant, General Partner, Developer, anticipated Guarantor or Principals thereof have a credit score which reflects a 40% or higher potential default rate.

(2) **Financial Statements of Principals.** The Applicant, Developer, any principals of the Applicant, General Partner, and Developer and any Person who will be required to guarantee the Development will be required to provide a signed and dated financial statement and authorization to release credit information in accordance with the Department's program rules.

(A) **Individuals.** The Underwriter will evaluate and discuss financial statements for individuals in a confidential portion of the Report. The Development may be characterized as "high risk" if the Developer, anticipated Guarantor or Principals thereof is determined to have limited net worth or significant lack of liquidity.

(B) **Partnerships and Corporations.** The Underwriter will evaluate and discuss financial statements for partnerships and corporations in the Report. The Development may be characterized as "high risk" if the Developer, anticipated Guarantor or Principals thereof is determined to have limited net worth or significant lack of liquidity.

(C) If the Development is characterized as a high risk for either lack of previous experience as determined by the TDHCA division responsible for compliance or a higher potential default rate is identified as described in paragraph (1) or (2) of this subsection, the Report must condition any potential award upon the identification and inclusion of additional Development partners who can meet the Department's guidelines.

(g) **Other Underwriting Considerations.** The Underwriter will evaluate numerous additional elements as described in subsection (b) of this section and those that require further elaboration are identified in this subsection.

(1) **Floodplains.** The Underwriter evaluates the site plan, floodplain map, survey and other information provided to determine if any of the buildings, drives, or parking areas reside within the 100-year floodplain. If such a determination is made by the Underwriter, the Report will include a condition that:

(A) The Applicant must pursue and receive a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR-F); or

(B) The Applicant must identify the cost of flood insurance for the buildings and for the tenant's contents for buildings within the 100-year floodplain; or

(C) The Development must be designed to comply with the QAP, as proposed.

(2) The Underwriter will identify in the report any Developments funded or known and anticipated to be eligible for funding within one linear mile of the subject.

(3) **Supportive Housing.** The unique development and operating characteristics of Supportive Housing Developments may require special consideration in the following areas:

(A) **Operating Income.** The extremely-low-income tenant population typically targeted by a Supportive Housing Development may include deep-skewing of rents to well below the 50% AMI level or other maximum rent limits established by the Department. The Underwriter should utilize the Applicant's proposed rents in the Report as long as such rents are at or below the maximum rent limit proposed for the units and equal to any project based rental subsidy rent to be utilized for the Development.

(B) **Operating Expenses.** A Supportive Housing Development may have significantly higher expenses for payroll, management fee, security, resident support services, or other items than typical Affordable Housing Developments. The Underwriter will rely heavily upon the historical operating expenses of other Supportive Housing Developments provided by the Applicant or otherwise available to the Underwriter.

(C) **DCR and Long Term Feasibility.** Supportive Housing Developments may be exempted from the DCR requirements of subsection (d)(4)(D) of this section if the Development is anticipated to operate without conventional debt. Applicants must provide evidence of sufficient financial resources to offset any projected 15-year cumulative negative cash flows. Such evidence will be evaluated by the Underwriter on a case-by-case basis to satisfy the Department's long term feasibility requirements and may take the form of one or a combination of the following: executed subsidy commitment(s), set-aside of Applicant's financial resources, to be substantiated by an audited financial statement evidencing sufficient resources, and/or proof of annual fundraising success sufficient to fill anticipated operating losses. If either a set aside of financial resources or annual fundraising are used to evidence the long

term feasibility of a Supportive Housing Development, a resolution from the Applicant~~'~~'s governing board must be provided confirming their irrevocable commitment to the provision of these funds and activities.

(D) **Development Costs.** For Supportive Housing that is styled as efficiencies, the Underwriter may use ~~"~~"Average Quality~~"~~" dormitory costs from the Marshall & Swift Valuation Service, with adjustments for amenities and/or quality as evidenced in the application, as a base cost in evaluating the reasonableness of the Applicant~~'~~'s direct construction cost estimate for new construction Developments.

(h) **Work Out Development.** Developments that are underwritten subsequent to Board approval in order to refinance or gain relief from restrictions may be considered infeasible based on the guidelines in this section, but may be characterized as ~~"~~"the best available option~~"~~" or ~~"~~"acceptable available option~~"~~" depending on the circumstances and subject to the discretion of the Underwriter as long as the option analyzed and recommended is more likely to achieve a better financial outcome for the property and the Department than the status quo.

(i) **Feasibility Conclusion.** An infeasible Development will not be recommended for funding or allocation unless the Underwriter can determine a plausible alternative feasible financing structure and conditions the recommendations of the report upon receipt of documentation supporting the alternative feasible financing structure. A development will be characterized as infeasible if paragraph (1), ~~or~~ (2) or (3) of this subsection applies. The Development will be characterized as infeasible if one or more of paragraphs (4)-(6) ~~(3) - (5)~~ of this subsection applies unless paragraph (~~6~~7) of this subsection also applies.

(1) **Inclusive Capture Rate.** The method for determining the inclusive capture rate for a Development is ~~D~~defined in §1.33(d)(10)(E) of this title. The Underwriter will independently verify all components and conclusions of the inclusive capture rate and may at their discretion use independently aquired demographic data to calculate demand. The Development

(A) is characterized as Rural~~, Elderly~~ or Special Needs and the inclusive capture rate is above 75% for the total proposed units; or

(B) is characterized as Elderly in an urban area and the inclusive capture rate is above 50% for the total proposed units; or

~~-~~(B~~C~~) is not characterized as Rural, Elderly or Special Needs and the inclusive capture rate is above 25% for the total proposed units.

(~~C~~D) Developments meeting the requirements of subparagraph (A), ~~or~~ (B) or (C) of this paragraph may avoid being characterized as infeasible if clause (i) or (ii) of this paragraph apply.

(i) **Replacement Housing.** The Development is comprised of Affordable Housing which replaces previously existing substandard Affordable Housing within the Primary Market Area as defined in §1.33 of this title on a Unit for Unit basis, and gives the displaced tenants of the previously existing substandard Affordable Housing a leasing preference.

(ii) **Existing Housing.** The Development is comprised of existing Affordable Housing which is at least 80% occupied and gives displaced existing tenants a leasing preference as stated in the submitted relocation plan.

(2) Concentration Rate. The Underwriter will independently verify the number of rental units in multi-unit buildings based on the most recent Census data and the completion of Department funded or other known rental Developments in the area.

(A) The Development is in a Census Tract(s), as established by the U.S. Census Bureau, where the total number of rental units in buildings with three or more units exceeds the ratio of 1,432 units per square mile.

(B) The Primary Market Area is contained in Census Tract(s), as established by the U.S. Census Bureau, where the total number of rental units in buildings with three or more units exceeds the ratio of 1,000 units per square mile.

(C) Development's in areas which exceed the limits in (A) or (B) of this paragraph may avoid being characterized as infeasible if clause (1)(D)(i) or (1)(D)(ii) of this section applies.

(3) **Deferred Developer Fee.** Development requesting an allocation of tax credits cannot repay the estimated deferred developer fee, based on the Underwriter's recommended financing structure, from cashflow within the first 15 years of the long term proforma as described in subsection (d)(5) of this section.

(~~3~~4) **Restricted Market Rent.** The Restricted Market Rent for units with rents restricted at 60% of AMGI is less than both the ~~n~~Net Program Rent and Market Rent for units with rents restricted at or below 50% of AMGI unless the development proposes all restricted units with rents restricted at or below the 50% of AMGI level. ~~The requirement in this section may be waived by the Executive Director of the~~

~~Department on appeal if documentation is submitted by the Applicant to support unique circumstances of the market that would provide mitigation.~~

(~~4~~5) **Initial Feasibility.** The Year 1 annual total operating expense divided by the Year 1 Effective Gross Income is greater than 65%.

(~~5~~6) **Long Term Feasibility.** Any year in the first 15 years of the Long Term Proforma, as defined in subsection (d)(5) of this section, reflects

(A) negative Cash Flow; or

(B) a Debt Coverage Ratio below 1.15.

(~~6~~7) **Exceptions.** The infeasibility conclusions may be excepted where either of the following apply. ~~Developments meeting the requirements of one or more of paragraphs (3) - (5) of this subsection may be re-characterized as feasible if one or more of subparagraphs (A) - (C~~E) ~~of this paragraph and subparagraph (D~~E) ~~of this paragraph apply.~~

(A) The requirements in this subsection may be waived by the Executive Director of the Department on appeal if documentation is submitted by the Applicant to support unique circumstances that would provide mitigation.

(B) Developments meeting the requirements of one or more of paragraphs (4) – (6) of this subsection will be re-characterized as feasible if one or more of subparagraphs (i) – (v) of this paragraph and subparagraph (vi) of this paragraph apply.

(i) The Development will receive Project-based Section 8 Rental Assistance and a firm commitment with terms including contract rent and number of units is submitted at application.

(~~B~~)ii) The Development will receive rental assistance in association with USDA-RD-RHS financing.

(~~C~~iii) The Development will be characterized as public housing as defined by HUD.

(~~D~~iv) The Development will be characterized as 100% Supportive Housing and evidence of adequate financial support for the long term viability of the Development is provided.

(~~E~~v) The Development has other long term project based restrictions on rents that allow rents to increase based upon expenses and those rents are currently ~~are~~ more than 10% lower than both the ~~n~~Net ~~p~~Program ~~r~~Rent and Restricted Market Rent.

(~~D~~~~E~~vi) The units not receiving Project-based Section 8 Rental Assistance or rental assistance in association with USDA-RD-RHS financing, or not characterized as public housing do not propose rents that are less than the Project-based Section 8, USDA-RD-RHS financing, or public housing units.

§1.33 Market Analysis Rules and Guidelines

(a) **General Provision.** A Market Analysis prepared for the Department must evaluate the need for decent, safe, and sanitary housing at rental rates or sales prices that eligible tenants can afford. The analysis must determine the feasibility of the subject Property rental rates or sales price and state conclusions as to the impact of the Property with respect to the determined housing needs. The Market Analysis must include a statement that the report preparer has read and understood the requirements of this section.

(b) **Self-Contained**. A Market Analysis prepared for the Department must allow the reader to understand the market data presented, the analysis of the data, and the conclusions derived from such data. All data presented should reflect the most current information available and the report must provide a parenthetical (in-text) citation or footnote describing the data source. The analysis must clearly lead the reader to the same or similar conclusions reached by the Market Analyst. All steps leading to a calculated figure must be presented in the body of the report.

(c) **Market Analyst Qualifications.** A Market Analysis submitted to the Department must be prepared and certified by an approved Qualified Market Analyst (§2306.67055). The Department will maintain an approved Market Analyst list based on the guidelines set forth in paragraphs (1) - (3) of this subsection.

(1) If not listed as approved by the Department, Market Analysts must submit subparagraphs (A) - (F) of this paragraph at least thirty days prior to the first day of the Application Acceptance Period for which the Market Analyst must be approved. To maintain status as an approved Qualified Market Analyst, updates to the items described in subparagraphs (A) - (C) of this paragraph must be submitted annually on the first Monday in February for review by the Department.

(A) Documentation of good standing in the State of Texas.

(B) A current organization chart or list reflecting all members of the firm who may author or sign the Market Analysis.

(C) Resumes for all members of the firm or subcontractors who may author or sign the Market Analysis.

(D) General information regarding the firm's experience including references, the number of previous similar assignments and time frames in which previous assignments were completed.

(E) Certification from an authorized representative of the firm that the services to be provided will conform to the Department's Market Analysis Rules and Guidelines, as described in this section, in effect for the application round in which each Market Analysis is submitted.

(F) A sample Market Analysis that conforms to the Department's Market Analysis Rules and Guidelines, as described in this section, in effect for the year in which the sample Market Analysis is submitted.

(2) During the underwriting process each Market Analysis will be reviewed and any discrepancies with the rules and guidelines set forth in this section may be identified and require timely correction. Subsequent to the completion of the application round and as time permits, staff or a review appraiser will re-review a sample set of submitted market analyses to ensure that the Department's Market Analysis Rules and Guidelines are met. If it is found that a Market Analyst has not conformed to the Department's Market Analysis Rules and Guidelines, as certified to, the Market Analyst will be notified of the discrepancies in the Market Analysis and will be removed from the approved Qualified Market Analyst list.

(A) In and of itself, removal from the list of approved Market Analysts will not invalidate a Market Analysis commissioned prior to the removal date and at least 90 days prior to the first day of the applicable Application Acceptance Period.

(B) To be reinstated as an approved Qualified Market Analyst, the Market Analyst must amend the previous report to remove all discrepancies or submit a new sample Market Analysis that conforms to the Department's Market Analysis Rules and Guidelines, as described in this section, in effect for the year in which the updated or new sample Market Analysis is submitted.

(3) The list of approved Qualified Market Analysts is posted on the Department's web site and updated within 72 hours of a change in the status of a Market Analyst.

(d) **Market Analysis Contents.** A Market Analysis for a rental Development prepared for the Department must be organized in a format that follows a logical progression and must include, at minimum, items addressed in paragraphs (1) - (12) of this subsection.

(1) **Title Page.** Include Property address or location, effective date of analysis, date report completed, name and address of person authorizing report, and name and address of Market Analyst.

(2) **Letter of Transmittal.** The date of the letter must be the date the report was completed. Include Property address or location, description of Property, statement as to purpose and scope of analysis, reference to accompanying Market Analysis report with effective date of analysis and summary of conclusions, date of Property inspection, name of persons inspecting subject Property, and signatures of all Market Analysts authorized to work on the assignment. Include a statement that the report preparer has read and understood the requirements of this section.

(3) **Table of Contents.** Number the exhibits included with the report for easy reference.

(4) **Assumptions and Limiting Conditions.** Include a description of all assumptions, both general and specific, made by the Market Analyst concerning the Property.

(5) **Identification of the Property.** Provide a statement to acquaint the reader with the Development. Such information includes street address, tax assessor's parcel number(s), and Development characteristics.

(6) **Statement of Ownership.** Disclose the current owners of record and provide a three year history of ownership for the subject Property.

(7) **Secondary Market Area.** All of the Market Analyst's conclusions specific to the subject Development must be based on only one Secondary Market Area definition. The entire PMA, as described in paragraph (8) of this subsection, must be contained within the Secondary Market boundaries. The Market Analyst must adhere to the methodology described in this paragraph when determining the secondary market area (§2306.67055).

(A) The Secondary Market Area will be defined by the Market Analyst with

(i) size based on a base year population of no more than 250,000 people for Developments targeting families, and

(ii) boundaries based on

(I) major roads,

(II) political boundaries, and

(III) natural boundaries.

(IV) A radius is prohibited as a boundary definition.

(B) The Market Analyst's definition of the Secondary Market Area must be supported with a detailed description of the methodology used to determine the boundaries. If applicable, the Market Analyst must place special emphasis on data used to determine an irregular shape for the Secondary Market.

(C) A scaled distance map indicating the Secondary Market Area boundaries that clearly identifies the location of the subject Property must be included.

(8) **Primary Market Area.** All of the Market Analyst's conclusions specific to the subject Development must be based on only one Primary Market Area definition. The Market Analyst must adhere to the methodology described in this paragraph when determining the market area (§2306.67055).

(A) The Primary Market Area will be defined by the Market Analyst with

(i) size based on a base year population of no more than

(I) 100,000 people for Developments targeting the general population, and

(II) 250,000 people for Qualified Elderly Developments or Developments targeting special needs populations,

(ii) boundaries based on the most recent Census Tract definitions, as established by the U.S. Census Bureau~~s and~~

(I) major roads,

(II) political boundaries, and

(III) natural boundaries.

(IV) A radius is prohibited as a boundary definition.

(B) The Market Analyst's definition of the Primary Market Area must be supported with a detailed description of the methodology used to determine the boundaries. If applicable, the Market Analyst must place special emphasis on data used to determine an irregular shape for the PMA.

(C) A scaled distance map indicating the Primary Market Area boundaries that clearly identifies the location of the subject Property and the location of all Local Amenities must be included.

(9) **Market Information.**

(A) For each of the defined market areas, identify the number of units for each of the categories in clauses (i) - (vi) of this subparagraph; the data must be clearly labeled as relating to either the PMA or the Secondary Market, if applicable

(i) total housing,

(ii) rental developments,

(iii) Affordable Housing,

(iv) Comparable Units,

(v) Unstabilized Comparable Units, and

(vi) proposed Comparable Units.

(B) **Occupancy.** The occupancy rate indicated in the Market Analysis may be used to support both the overall demand conclusion for the proposed Development and the vacancy rate assumption used in underwriting the Development (§1.32(d)(1)(C)). State the overall physical occupancy rate for the proposed housing tenure (renter or owner) within the defined market areas by

(i) number of Bedrooms,

(ii) quality of construction (class),

(iii) Targeted Population, and

(iv) Comparable Units.

(C) **Absorption.** State the absorption trends by quality of construction (class) and absorption rates for Comparable Units.

(D) **Turnover.** The turnover rate should be specific to the Targeted Population. The data supporting the turnover rate must originate from documented turnover rates from at least one of the following

(i) Comparable Units,

(ii) the defined PMA,

(iii) the defined Secondary Market, and

(iv) a Third Party data collection agency or demographer.

(E) **Demand.** Provide a comprehensive evaluation of the need for the proposed housing for the Development as a whole and each Unit type by number of Bedrooms proposed and rent restriction category within the defined market areas using the most current census and demographic data available.

(i) **Demographics.**

(I) **Population.** Provide population and household figures, supported by actual demographics, for a five-year period with the year of application as the base year.

(II) **Target.** If applicable, adjust the household projections for the Qualified Elderly or special needs population targeted by the proposed Development. State the target adjustment rate.

(III) **Household Size-Appropriate.** Adjust the household projections or target household projections, as applicable, for the appropriate household size for the proposed Unit type by number of Bedrooms proposed and rent restriction category based on 1.5 persons per Bedroom (round up). State the Household Size-Appropriate adjustment rate.

(IV) **Income Eligible.** Adjust the household size appropriate projections for income eligibility based on the income bands for the proposed Unit type by number of Bedrooms proposed and rent restriction category with

(-a-) the lower end of each income band calculated based on the lowest gross rent proposed divided by 35% for the general population and 40% for Qualified Elderly households, and

(-b-) the upper end of each income band equal to the applicable gross median income limit for the largest appropriate household size based on 1.5 persons per Bedroom (round up).

(-c-) State the Income Eligible adjustment rate.

(V) **Tenure-Appropriate.** Adjust the income-eligible household projections for tenure (renter or owner). State the Tenure-Appropriate adjustment rate.

(ii) **Demand from Turnover.** Apply the turnover rate as described in subparagraph (D) of this paragraph to the target, income-eligible, size-appropriate and tenure-appropriate households in the PMA projected at the proposed placed in service date.

(iii) **Demand from Population Growth.** Calculate the target, income-eligible, size-appropriate and tenure-appropriate household growth in the PMA for the twelve month period following the proposed placed in service date.

(iv) **Demand from Secondary Market Area.**

(I) Apply the turnover rate as described in subparagraph (D) of this paragraph to the target, income-eligible, size-appropriate and tenure-appropriate households in the Secondary Market Area projected at the proposed placed in service date.

(II) ~~Only~~ Not more than 25% of the demand can come from outside the PMA as calculated in subclause (I) of this clause ~~may~~ and be included in the calculation of demand as described in paragraph(10)(D) of this subsection and for use in calculation of inclusive capture rate as described in paragraph (10)(E) of this subsection. In addition, 25% of the Comparable Units from Unstabilized Developments within the Secondary Market Area must be included in the calculation of inclusive capture rate.

(v) **Demand from Other Sources.** The source of additional demand and the methodology used to calculate the additional demand must be clearly stated. Calculation of additional demand must factor in the adjustments described in clause (i) of this subparagraph.

(10) **Conclusions.** Include a comprehensive evaluation of the subject Property, separately addressing each housing type and specific population to be served by the Development in terms of items in subparagraphs (A) - (G) of this paragraph. All conclusions must be consistent with the data and analysis presented throughout the Market Analysis.

(A) **Unit Mix.** Provide a best possible unit mix conclusion based on the occupancy rates by Bedroom type within the PMA and target, income-eligible, size-appropriate and tenure-appropriate household demand within the PMA.

(B) **Rents.** Provide a separate ~~market~~ Market ~~r~~Rent and Restricted Market Rent conclusion for each proposed Unit type by number of Bedrooms and rent restriction category. Conclusions of Market Rent or Restricted Market Rent below the maximum ~~n~~Net Program Rent limit must be well documented as the conclusions may impact the feasibility of the Development under §1.32(i) of this title.

(i) **Comparable Units.** Identify developments in the PMA with Comparable Units. In Primary Market Areas lacking sufficient rent comparables, it may be necessary for the Market Analyst to collect data from markets with similar characteristics and make quantifiable location adjustments. Provide a data sheet for each development consisting of

(I) Development name,

(II) address,

(III) year of construction and year of rehabilitation, if applicable,

(IV) property condition,

(V) population target,

(VI) unit mix specifying number of Bedrooms, number of baths, net rentable square footage and

(-a-) monthly rent, or

(-b-) sales price with terms, marketing period and date of sale,

(VII) description of concessions,
(VIII) list of unit amenities,
(IX) utility structure,
(X) list of common amenities, and
(XI) for rental developments only
(-a-) occupancy, and
(-b-) turnover.

(ii) Provide a scaled distance map indicating the Primary Market Area boundaries that clearly identifies the location of the subject Property and the location of the identified developments with Comparable Units.

(iii) **Rent Adjustments.** In support of the Market Rent and Restricted Market Rent conclusions, provide a separate attribute adjustment matrix for each proposed unit type by number of Bedrooms and rental restriction category.

(I) The Department recommends use of HUD Form 92273.

(II) A minimum of three developments must be represented on each attribute adjustment matrix.

(III) Adjustments for concessions must be included, if applicable.

(IV) Total adjustments in excess of 15% must be supported with additional narrative.

(V) Total adjustments in excess of 25% indicate the Units are not comparable for the purposes of determining Market Rent and Restricted Market Rent conclusions.

(C) **Effective Gross Income.** Provide rental income, secondary income, and vacancy and collection loss projections for the subject derived independent of the Applicant's estimates.

(D) **Demand.** State the target, income-eligible, size-appropriate and tenure-appropriate household demand by Unit type by number of Bedrooms proposed and rent restriction category (e.g. one-Bedroom units restricted at 50% of AMFI; two-Bedroom units restricted at 60% of AMFI) by summing the demand components applicable to the subject Development discussed in paragraph (9)(E)(ii) - (v) of this subsection. State the total target, income-eligible, size-appropriate and tenure-appropriate household demand by summing the demand components applicable to the subject Development discussed in paragraph (9)(E)(ii) - (v) of this subsection.

(E) **Inclusive Capture Rate.** The Market Analyst must calculate inclusive capture rates for the subject Development's proposed Unit types by number of Bedrooms and rent restriction categories, market rate Units, if applicable, and total Units. The Underwriter will adjust the inclusive capture rates to take into account any errors or omissions. To calculate an inclusive capture rate

(i) total
(I) the proposed subject Units,
(II) Comparable Units with priority, as defined in §49.9(d)(2) of this title, over the subject that have made application to TDHCA and have not been presented to the TDHCA Board for decision and
(III) Comparable Units in previously approved but Unstabilized Developments, and

(ii) divide by the total target, income-eligible, size-appropriate and tenure-appropriate household demand stated in subparagraph (D) of this paragraph.

(iii) Refer to §1.32(i) for feasibility criteria.

(F) **Absorption.** Project an absorption period for the subject Development to achieve Sustaining Occupancy. State the absorption rate.

(G) **Market Impact.** Provide an assessment of the impact the subject Development, as completed, will have on existing ~~program~~ Developments supported by Housing Tax Credits in the Primary Market (§2306.67055).

(11) **Photographs.** Provide labeled color photographs of the subject Property, the neighborhood, street scenes, and comparables. An aerial photograph is desirable but not mandatory.

(12) **Appendices.** Any Third Party reports including demographics relied upon by the Market Analyst must be provided in appendix form. A list of works cited including personal communications also must be provided, and the Modern Language Association (MLA) format is suggested.

(e) The Department reserves the right to require the Market Analyst to address such other issues as may be relevant to the Department~~.~~'s evaluation of the need for the subject Development and the provisions of the particular program guidelines.

(f) All Applicants shall acknowledge, by virtue of filing an application, that the Department shall not be bound by any such opinion or Market Analysis, and may substitute its own analysis and underwriting conclusions for those submitted by the Market Analyst.

§1.34 Appraisal Rules and Guidelines

(a) **General Provision.** An appraisal prepared for the Department must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation. The appraisal must include a statement that the report preparer has read and understood the requirements of this section.

(b) **Self-Contained.** An appraisal prepared for the Department must describe sufficient and adequate data and analyses to support the final opinion of value. The final value(s) must be reasonable, based on the information included. Any Third Party reports relied upon by the appraiser must be verified by the appraiser as to the validity of the data and the conclusions.

(c) **Appraiser Qualifications.** The qualifications of each appraiser are determined on a case-by-case basis by the Director of Real Estate Analysis or review appraiser, based upon the quality of the report itself and the experience and educational background of the appraiser. At minimum, a qualified appraiser must be appropriately certified or licensed by the Texas Appraiser Licensing and Certification Board.

(d) **Appraisal Contents.** An appraisal prepared for the Department must be organized in a format that follows a logical progression. In addition to the contents described in USPAP Standards Rule 2, the appraisal must include items addressed in paragraphs (1) - (12) of this subsection.

(1) **Title Page.** Include a statement identifying the Department as the client, acknowledging that the Department is granted full authority to rely on the findings of the report, and name and address of person authorizing report.

(2) **Letter of Transmittal.** Include reference to accompanying appraisal report, reference to all person(s) that provided significant assistance in the preparation of the report, date of report, effective date of appraisal, date of property inspection, name of person(s) inspecting the property, tax assessor's parcel number(s) of the site, estimate of marketing period, and signatures of all appraisers authorized to work on the assignment including the appraiser who inspected the property. Include a statement indicating the report preparer has read and understood the requirements of this section.

(3) **Table of Contents.** Number the exhibits included with the report for easy reference.

(4) **Disclosure of Competency.** Include appraiser's qualifications, detailing education and experience.

(5) **Statement of Ownership of the Subject Property.** Discuss all prior sales of the subject property which occurred within the past three years. Any pending agreements of sale, options to buy, or listing of the subject property must be disclosed in the appraisal report.

(6) **Property Rights Appraised.** Include a statement as to the property rights (e.g., fee simple interest, leased fee interest, leasehold, etc.) being considered. The appropriate interest must be defined in terms of current appraisal terminology with the source cited.

(7) **Site/Improvement Description.** Discuss the site characteristics including subparagraphs (A) - (E) of this paragraph.

(A) **Physical Site Characteristics.** Describe dimensions, size (square footage, acreage, etc.), shape, topography, corner influence, frontage, access, ingress-egress, etc. associated with the site. Include a plat map and/or survey.

(B) **Floodplain.** Discuss floodplain (including flood map panel number) and include a floodplain map with the subject clearly identified.

(C) **Zoning.** Report the current zoning and description of the zoning restrictions and/or deed restrictions, where applicable, and type of Development permitted. Any probability of change in zoning should be discussed. A statement as to whether or not the improvements conform to the current zoning should be included. A statement addressing whether or not the improvements could be rebuilt if damaged or destroyed, should be included. If current zoning is not consistent with the highest and best use, and zoning changes are reasonable to expect, time and expense associated with the proposed zoning change should be considered and documented. A zoning map should be included.

(D) **Description of Improvements.** Provide a thorough description and analysis of the improvements including size (net rentable area, gross building area, etc.), number of stories, number of buildings, type/quality of construction, condition, actual age, effective age, exterior and interior amenities, items of deferred maintenance, etc. All applicable forms of depreciation should be addressed along with the remaining economic life.

(E) **Environmental Hazards.** It is recognized appraisers are not experts in such matters and the impact of such deficiencies may not be quantified; however; the report should disclose any potential environmental hazards (e.g., discolored vegetation, oil residue, asbestos-containing materials, lead-based paint etc.) noted during the inspection.

(8) **Highest and Best Use.** Market Analysis and feasibility study is required as part of the highest and best use. The highest and best use analysis should consider paragraph (7)(A) - (E) of this subsection as well as a supply and demand analysis.

(A) The appraisal must inform the reader of any positive or negative market trends which could influence the value of the appraised property. Detailed data must be included to support the appraiser's estimate of stabilized income, absorption, and occupancy.

(B) The highest and best use section must contain a separate analysis "as if vacant" and "as improved" (or "as proposed to be improved/renovated"). All four elements (legally permissible, physically possible, feasible, and maximally productive) must be considered.

(9) **Appraisal Process.** It is mandatory that all three approaches, Cost Approach, Sales Comparison Approach and Income Approach, are considered in valuing the property. If an approach is not applicable to a particular property an adequate explanation must be provided. A land value estimate must be provided if the cost approach is not applicable.

(A) **Cost Approach.** This approach should give a clear and concise estimate of the cost to construct the subject improvements. The source(s) of the cost data should be reported.

(i) Cost comparables are desirable; however, alternative cost information may be obtained from Marshall & Swift Valuation Service or similar publications. The section, class, page, etc. should be referenced. All soft costs and entrepreneurial profit must be addressed and documented.

(ii) All applicable forms of depreciation must be discussed and analyzed. Such discussion must be consistent with the description of the improvements.

(iii) The land value estimate should include a sufficient number of sales which are current, comparable, and similar to the subject in terms of highest and best use. Comparable sales information should include address, legal description, tax assessor's parcel number(s), sales price, date of sale, grantor, grantee, three year sales history, and adequate description of property transferred. The final value estimate should fall within the adjusted and unadjusted value ranges. Consideration and appropriate cash equivalent adjustments to the comparable sales price for subclauses (I) - (VII) of this clause should be made when applicable.

(I) Property rights conveyed.

(II) Financing terms.

(III) Conditions of sale.

(IV) Location.

(V) Highest and best use.

(VI) Physical characteristics (e.g., topography, size, shape, etc.).

(VII) Other characteristics (e.g., existing/proposed entitlements, special assessments, etc.).

(B) **Sales Comparison Approach.** This section should contain an adequate number of sales to provide the reader with a description of the current market conditions concerning this property type. Sales data should be recent and specific for the property type being appraised. The sales must be confirmed with buyer, seller, or an individual knowledgeable of the transaction.

(i) Sales information should include address, legal description, tax assessor's parcel number(s), sales price, financing considerations and adjustment for cash equivalency, date of sale, recordation of the instrument, parties to the transaction, three year sale history, complete description of the property and property rights conveyed, and discussion of marketing time. A scaled distance map clearly identifying the subject and the comparable sales must be included.

(ii) The method(s) used in the Sales Comparison Approach must be reflective of actual market activity and market participants.

(I) **Sale Price/Unit of Comparison.** The analysis of the sale comparables must identify, relate, and evaluate the individual adjustments applicable for property rights, terms of sale, conditions of sale, market conditions, and physical features. Sufficient narrative must be included to permit the reader to understand the direction and magnitude of the individual adjustments, as well as a unit of comparison value indicator for each comparable.

(II) **Net Operating Income/Unit of Comparison.** The net operating income statistics for the comparables must be calculated in the same manner. It should be disclosed if reserves for replacement have been included in this method of analysis. At least one other method should accompany this method of analysis.

(C) **Income Approach.** This section must contain an analysis of both the actual historical and projected income and expense aspects of the subject property.

(i) **Market Rent Estimate/Comparable Rental Analysis.** This section of the report should include an adequate number of actual market transactions to inform the reader of current market

conditions concerning rental units. The comparables must indicate current research for this specific property type. The comparables must be confirmed with the landlord, tenant or agent and individual data sheets must be included. The individual data sheets should include property address, lease terms, description of the property (e.g., unit type, unit size, unit mix, interior amenities, exterior amenities, etc.), physical characteristics of the property, and location of the comparables. Analysis of the Market Rents should be sufficiently detailed to permit the reader to understand the appraiser's logic and rationale. Adjustment for lease rights, condition of the lease, location, physical characteristics of the property, etc. must be considered.

(ii) **Comparison of Market Rent to Contract Rent.** Actual income for the subject along with the owner's current budget projections must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. The contract rents should be compared to the market-derived rents. A determination should be made as to whether the contract rents are below, equal to, or in excess of market rates. If there is a difference, its impact on value must be qualified.

(iii) **Vacancy/Collection Loss.** Historical occupancy data and current occupancy level for the subject should be reported and compared to occupancy data from the rental comparables and overall occupancy data for the subject's Primary Market.

(iv) **Expense Analysis.** Actual expenses for the subject, along with the owner's projected budget, must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. Historical expenses should be compared to comparables expenses of similar property types or published survey data (e.g., IREM, BOMA, etc.). Any expense differences should be reconciled. Include historical data regarding the subject's assessment and tax rates and a statement as to whether or not any delinquent taxes exist.

(v) **Capitalization.** The appraiser should present the capitalization method(s) reflective of the subject market and explain the omission of any method not considered in the report.

(I) **Direct Capitalization.** The primary method of deriving an overall rate (OAR) is through market extraction. If a band of investment or mortgage equity technique is utilized, the assumptions must be fully disclosed and discussed.

(II) **Yield Capitalization (Discounted Cash Flow Analysis).** This method of analysis should include a detailed and supportive discussion of the projected holding/investment period, income and income growth projections, occupancy projections, expense and expense growth projections, reversionary value and support for the discount rate.

(10) **Value Estimates.** Reconciliation final value estimate is required.

(A) All appraisals shall contain a separate estimate of the "as vacant" market value of the underlying land, based upon current sales comparables. The appraiser should consider the fee simple or leased fee interest as appropriate.

(B) Appraisal assignments for new construction are required to provide an "as completed" value of the proposed structures. These reports shall provide an "as restricted with favorable financing" value as well as an "unrestricted market" value.

(C) Reports on Properties to be rehabilitated shall address the "as restricted with favorable financing" value as well as both an "as is" value and an "as completed" value. The appraiser should consider the fee simple or leased fee interest as appropriate.

(D) If required the appraiser must include a separate assessment of personal property, furniture, fixtures, and equipment (FF&E) and/or intangible items. If personal property, FF&E, or intangible items are not part of the transaction or value estimate, a statement to such effect should be included.

(11) **Marketing Time.** Given property characteristics and current market conditions, the appraiser(s) should employ a reasonable marketing period. The report should detail existing market conditions and assumptions considered relevant.

(12) **Photographs.** Provide good quality color photographs of the subject property (front, rear, and side elevations, on-site amenities, interior of typical units if available). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables should be included. An aerial photograph is desirable but not mandatory.

(e) **Additional Appraisal Concerns.** The appraiser(s) must be aware of Department program rules and guidelines and the appraisal must include analysis of any impact to the subject's value.

§1.35 Environmental Site Assessment Rules and Guidelines

(a) **General Provisions.** The Environmental Site Assessments (ESA) prepared for the Department should be conducted and reported in conformity with the standards of the American Society for Testing and Materials. The initial report should conform with the Standard Practice for Environmental Site Assessments: Phase I Assessment Process (ASTM Standard Designation: E1527-05). Any subsequent reports should also conform to ASTM standards and such other recognized industry standards as a reasonable person would deem relevant in view of the Property's anticipated use for human habitation. The environmental assessment shall be conducted by a Third Party environmental professional at the expense of the Applicant, and addressed to TDHCA as a User of the report (as defined by ASTM standards). Copies of reports provided to TDHCA which were commissioned by other financial institutions should address TDHCA as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to TDHCA. The ESA report should also include a statement that the person or company preparing the ESA report will not materially benefit from the Development in any other way than receiving a fee for performing the Environmental Site Assessment, and that the fee is in no way contingent upon the outcome of the assessment. The ESA report must contain a statement indicating the report preparer has read and understood the requirements of this section.

(b) In addition to ASTM requirements, the report must

(1) State if a **noise study** is recommended for a property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise;

(2) Provide a copy of a **current survey**, if available, or other drawing of the site reflecting the boundaries and adjacent streets, all improvements on the site, and any items of concern described in the body of the environmental site assessment or identified during the physical inspection;

(3) Provide a copy of the current **FEMA Flood Insurance Rate Map** showing the panel number and encompassing the site with the site boundaries precisely identified and superimposed on the map.

(4) If the subject site includes any improvements or debris from pre-existing improvements, state if testing for **asbestos containing materials** (ACMs) would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

(5) If the subject site includes any improvements or debris from pre-existing improvements, state if testing for **Lead Based Paint** would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

(6) State if testing for **lead in the drinking water** would be required pursuant to local, state, and federal laws, or recommended due to any other consideration such as the age of pipes and solder in existing improvements; and

(7) Assess the potential for the presence of **Radon** on the property, and recommend specific testing if necessary.

(c) If the report recommends further studies or establishes that environmental hazards currently exist on the Property, or are originating off-site but would nonetheless affect the Property, the Development Owner must act on such a recommendation or provide a plan for either the abatement or elimination of the hazard. Evidence of action or a plan for the abatement or elimination of the hazard must be presented upon Application submittal.

(d) For Developments in programs that allow a waiver of the Phase I ESA such as a TX-USDA-RHS funded Development, the Development Owners are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

(e) Those Developments which have or are to receive first lien financing from HUD may submit HUD's environmental assessment report, provided that it conforms to the requirements of this subsection.

§1.36 Property Condition Assessment Guidelines

(a) **General Provisions.** The objective of the Property Condition Assessment (the PCA) is to provide cost estimates for repairs, replacements, or new construction which are: immediately necessary; proposed by the developer; and expected to be required throughout the term of the regulatory period and not less than 30 years. The PCA prepared for the Department should be conducted and reported in conformity with the American Society for Testing and Materials "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process (ASTM Standard Designation: E 2018)" except as provided for in subsections (b) and (c) of this section. The PCA report must contain a statement indicating the report preparer has read and understood the requirements of this section.

The PCA must include discussion and analysis of the following:

(1) **Useful Life Estimates.** For each system and component of the property the PCA should assess the condition of the system or component, and estimate its remaining useful life, citing the basis or the source from which such estimate is derived.

(2) **Code Compliance.** The PCA should review and document any known violations of any applicable federal, state, or local codes. In developing the cost estimates specified herein, it is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA adequately considers any and all applicable federal, state, and local laws and regulations which may govern any work performed to the subject property.

(3) **Program Rules.** The PCA should assess the extent to which any systems or components must be modified, repaired, or replaced in order to comply with any specific requirements of the housing program under which the Development is proposed to be financed, particular consideration being given to accessibility requirements, the Department's Housing Quality Standards, and any scoring criteria for which the Applicant may claim points.

(4) **Cost Estimates for Repair and Replacement.** It is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA provider is apprised of all development activities associated with the proposed transaction and consistency of the total immediately necessary and proposed repair and replacement cost estimates with the development cost schedule submitted as an exhibit of the Application.

(A) **Immediately Necessary Repairs and Replacement.** Systems or components which are expected to have a remaining useful life of less than one year, which are found to be in violation of any applicable codes, which must be modified, repaired or replaced in order to satisfy program rules, or which are otherwise in a state of deferred maintenance or pose health and safety hazards should be considered immediately necessary repair and replacement. The PCA must provide a separate estimate of the costs associated with the repair, replacement, or maintenance of each system or component which is identified as being an immediate need, citing the basis or the source from which such cost estimate is derived.

(B) **Proposed Repair, Replacement, or New Construction.** If the development plan calls for additional repair, replacement, or new construction above and beyond the immediate repair and replacement described in subparagraph (A) of this paragraph, such items must be identified and the nature or source of obsolescence or improvement to the operations of the Property discussed. The PCA must provide a separate estimate of the costs associated with the repair, replacement, or new construction which is identified as being above and beyond the immediate need, citing the basis or the source from which such cost estimate is derived.

(C) **Expected Repair and Replacement Over Time.** The term during which the PCA should estimate the cost of expected repair and replacement over time must equal the longest term of any land use or regulatory restrictions which are, or will be, associated with the provision of housing on the property. The PCA must estimate the periodic costs which are expected to arise for repairing or replacing each system or component or the property, based on the estimated remaining useful life of such system or component as described in paragraph (1) of this subsection adjusted for completion of repair and replacement immediately necessary and proposed as described in subparagraphs (A) and (B) of this paragraph. The PCA must include a separate table of the estimated long term costs which identifies in each line the individual component of the property being examined, and in each column the year during the term in which the costs are estimated to be incurred and no less than 15 years. The estimated costs for future years should be given in both present dollar values and anticipated future dollar values assuming a reasonable inflation factor of not less than 2.5% per annum.

(b) If a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied, the Department will also accept copies of reports commissioned or required by the primary lender for a proposed transaction, which have been prepared in accordance with:

(1) Fannie Mae's criteria for Physical Needs Assessments,

(2) Federal Housing Administration's criteria for Project Capital Needs Assessments,

(3) Freddie Mac's guidelines for Engineering and Property Condition Reports,

(4) TX-USDA-RHS guidelines for Capital Needs Assessment, or

(5) Standard and Poor's Property Condition Assessment Criteria: Guidelines for Conducting Property Condition Assessments, Multifamily Buildings.

(c) The Department may consider for acceptance reports prepared according to other standards which are not specifically named above in subsection (b) of this section, if a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied.

(d) The PCA shall be conducted by a Third Party at the expense of the Applicant, and addressed to TDHCA as the client. Copies of reports provided to TDHCA which were commissioned by other financial institutions should address TDHCA as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to TDHCA. The PCA report should also include a statement that the person or company preparing the PCA report will not materially benefit from the Development in any other way than receiving a fee for performing the PCA. The PCA report must contain a statement indicating the report preparer has read and understood the requirements of this section. The PCA should be signed and dated by the Third Party report provider not more than six months prior to the date of the application.

§1.37 Reserve for Replacement Rules and Guidelines

(a) **General Provisions.** The Department will require Developments to provide regular maintenance to keep housing sanitary, safe and decent by maintaining a reserve for replacement in accordance with §2306.186. The reserve must be established for each unit in a Development of 25 or more rental units, regardless of the amount of rent charged for the unit. The Department shall, through cooperation of its divisions responsible for asset management and compliance, ensure compliance with this section.

(b) The First Lien Lender shall maintain the reserve account through an escrow agent acceptable to the First Lien Lender to hold reserve funds in accordance with an executed escrow agreement and the rules set forth in this section and §2306.186.

(1) Where there is a First Lien Lender other than the Department or a Bank Trustee as a result of a bond indenture or tax credit syndication, the Department shall

(A) Be a required signatory party in all escrow agreements for the maintenance of reserve funds;

(B) Be given notice of any asset management findings or reports, transfer of money in reserve accounts to fund necessary repairs, and any financial data and other information pursuant to the oversight of the Reserve Account within 30 days of any receipt or determination thereof;

(C) Subordinate its rights and responsibilities under the escrow agreement, including those described in this subsection, to the First Lien Lender or Bank Trustee through a subordination agreement subject to its ability to do so under the law and normal and customary limitations for fraud and other conditions contained in the Department's standard subordination clause agreements as modified from time to time, to include subsection (c) of this section.

(2) The escrow agreement and subordination agreement, if applicable, shall further specify the time and circumstances under which the Department can exercise its rights under the escrow agreement in order to fulfill its obligations under §2306.186 and as described in this section.

(3) Where the Department is the First Lien Lender and there is no Bank Trustee as a result of a bond indenture or tax credit syndication or where there is no First Lien Lender but the allocation of funds by the Department and §2306.186 requires that the Department oversee a Reserve Account, the Owner shall provide at their sole expense for appointment of an escrow agent acceptable to the Department to act as Bank Trustee as necessary under this section. The Department shall retain the right to replace the escrow agent with another Bank Trustee or act as escrow agent at a cost plus fee payable by the Owner due to breach of the escrow agent's responsibilities or otherwise with 30 days prior notice of all parties to the escrow agreement.

(c) If the Department is not the First Lien Lender with respect to the Development, each Owner receiving Department assistance for multifamily rental housing shall submit on an annual basis within the Department's required Owner's Financial Certification packet a signed certification by the First Lien Lender including:

(1) Reserve for replacement requirements under the first lien loan agreement;

(2) Monitoring standards established by the First Lien Lender to ensure compliance with the established reserve for replacement requirements; and

(3) A statement by the First Lien Lender

(A) That the Development has met all established reserve for replacement requirements; or

(B) Of the plan of action to bring the Development in compliance with all established reserve for replacement requirements, if necessary.

(d) If the Development meets the minimum unit size described in subsection (a) of this section and the establishment of a Reserve Account for repairs has not been required by the First Lien Lender or Bank Trustee, each Owner receiving Department assistance for multifamily rental housing shall set aside the repair reserve amount as described in subsection (e)(1) - (3) of this section through the date described in subsection (f)(2) of this section through the appointment of an escrow agent as further described in subsection (b)(3) of this section.

(e) If the Department is the First Lien Lender with respect to the Development, each Owner receiving Department assistance for multifamily rental housing shall deposit annually into a Reserve Account through the date described in subsection (f)(2) of this section:

(1) For new construction Developments:

(A) Not less than $150 per unit per year for units one to five years old; and

(B) Not less than $200 per unit per year for units six or more years old.

(2) For rehabilitation Developments:

(A) An amount per unit per year established by the Department's division responsible for credit underwriting based on the information presented in a Property Condition Assessment in conformance with §1.36 of this title; and

(B) Not less than $300 per unit per year.

(3) For either new construction or rehabilitation Developments, the Owner of a multifamily rental housing Development shall contract for a third-party Property Condition Assessment meeting the requirements of §1.36 of this title and the Department will reanalyze the annual reserve requirement based on the findings and other support documentation.

(A) A Property Condition Assessment will be conducted:

(i) At appropriate intervals that are consistent with requirements of the First Lien Lender, other than the Department; or

(ii) At least once during each five-year period beginning with the 11th year after the awarding of any financial assistance for the Development by the Department, if the Department is the First Lien Lender or the First Lien Lender does not require a third-party Property Condition Assessment.

(B) Submission by the Owner to the Department will occur within 30 days of completion of the Property Condition Assessment and must include:

(i) The complete Property Condition Assessment;

(ii) First Lien Lender and/or Owner response to the findings of the Property Condition Assessment;

(iii) Documentation of repairs made as a result of the Property Condition Assessment; and

(iv) Documentation of adjustments to the amounts held in the replacement Reserve Account based upon the Property Condition Assessment.

(f) A Land Use Restriction Agreement or restrictive covenant between the Owner and the Department must require:

(1) The Owner to begin making annual deposits to the reserve account on the later of:

(A) The date that occupancy of the Development stabilizes as defined by the First Lien Lender or in the absence of a First Lien Lender other than the Department, the date the property is at least 90% occupied; or

(B) The date that permanent financing for the Development is completely in place as defined by the First Lien Lender or in the absence of a First Lien Lender other than the Department, the date when the permanent loan is executed and funded.

(2) The Owner to continue making deposits until the earliest of the following dates:

(A) The date on which the Owner suffers a total casualty loss with respect to the Development;

(B) The date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored;

(C) The date on which the Development is demolished;

(D) The date on which the Development ceases to be used as a multifamily rental property; or

(E) The later of

(i) The end of the affordability period specified by the Land Use Restriction Agreement or restrictive covenant; or

(ii) The end of the repayment period of the first lien loan.

(g) The duties of the Owner of a multifamily rental housing Development under this section cease on the date of a change in ownership of the Development; however, the subsequent Owner of the Development is subject to the requirements of this section.

(h) If the Department is the First Lien Lender with respect to the Development or the First Lien Lender does not require establishment of a Reserve Account, the Owner receiving Department assistance for multifamily rental housing shall submit on an annual basis within the Department's required Owner's Financial Certification packet:

(1) Financial statements, audited if available, with clear identification of the replacement Reserve Account balance and all capital improvements to the Development within the fiscal year;

(2) Identification of costs other than capital improvements funded by the replacement Reserve Account; and

(3) Signed statement of cause for:

(A) Use of replacement Reserve Account for expenses other than necessary repairs, including property taxes or insurance;

(B) Deposits to the replacement Reserve Account below the Department's or First Lien Lender's mandatory levels as defined in subsections (c), (d) and (e) of this section; and

(C) Failure to make a required deposit.

(i) If a request for extension or waiver is not approved by the Department, Department action, including a penalty of up to $200 per dwelling unit in the Development and/or characterization of the Development as Materially Non-Compliant, as defined in §60.1 of this title, may be taken when:

(1) A Reserve Account, as described in this section, has not been established for the Development;

(2) The Department is not a party to the escrow agreement for the Reserve Account;

(3) Money in the Reserve Account

(A) Is used for expenses other than necessary repairs, including property taxes or insurance; or

(B) Falls below mandatory deposit levels;

(4) Owner fails to make a required deposit;

(5) Owner fails to contract for the third party Property Condition Assessment as required under subsection (e)(3) of this section; or

(6) Owner fails to make necessary repairs, as defined in subsection (k) of this section.

(j) On a case by case basis, the Department may determine that the money in the Reserve Account may:

(1) Be used for expenses other than necessary repairs, including property taxes or insurance, if:

(A) Development income before payment of return to Owner or deferred developer fee is insufficient to meet operating expense and debt service requirements; and

(B) The funds withdrawn from the Reserve Account are replaced as cashflow after payment of expenses, but before payment of return to Owner or developer fee is available.

(2) Fall below mandatory deposit levels without resulting in Department action, if:

(A) Development income after payment of operating expenses, but before payment of return to Owner or deferred developer fee is insufficient to fund the mandatory deposit levels; and

(B) Subsequent deposits to the Reserve Account exceed mandatory deposit levels as cashflow after payment of operating expenses, but before payment of return to Owner or deferred developer fee is available until the Reserve Account has been replenished to the mandatory deposit level less capital expenses to date.

(k) The Department or its agent may make repairs to the Development if the Owner fails to complete necessary repairs indicated in the submitted Property Condition Assessment or identified by physical inspection. Repairs may be deemed necessary if the Development is notified of the Owner's failure to comply with federal, state and/or local health, safety, or building code.

(1) Payment for necessary repairs must be made directly by the Owner or through a replacement Reserve Account established for the Development under this section.

(2) The Department or its agent will produce a Request for Bids to hire a contractor to complete and oversee necessary repairs.

(l) This section does not apply to a Development for which the Owner is required to maintain a Reserve Account under any other provision of federal or state law.

HOME DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion and Possible Approval to publish the proposed repeal of 10 TAC Chapter 51, Housing Trust Fund Rules, and a draft of proposed new 10 TAC Chapter 51, Housing Trust Fund Rule for comment in the *Texas Register*.

Requested Action

Approve, Deny or Approve with Amendments the publication of the proposed repeal of 10 TAC Chapter 51, Housing Trust Fund Rules, and a draft of proposed new 10 TAC Chapter 51, Housing Trust Fund Rule for comment in the *Texas Register*.

Background

This Board Action Item is the Draft Housing Trust Fund Rule which reflects staff's recommendations for revisions for the Board's consideration. This Draft rule ensures compliance with all statutory requirements, including recent changes to Chapter 2306, Texas Government Code, incorporates some public input, and includes recommendations for revisions of necessary policy and administrative changes to further enhance the Housing Trust Fund's operation.

Summary of Significant Recommendations from Staff

This section summarizes some of the most significant staff recommendations regarding proposed changes to the Housing Trust Fund. Other revisions, details of revisions, formatting adjustments, and streamlining are not summarized, but are reflected in the attached Draft Housing Trust Fund Rule. Details of the most significant changes are outlined below:

§51.2 Definitions

In order to offer consistency with the Department, uniformity with other housing programs, and to implement those changes initiated during the 80th legislative session, the following definitions or major changes have been added and addressed:

1. Administrative Deficiencies
2. Administrator
3. Affiliate
4. Affiliated Party
5. Application
6. Application Acceptance Period
7. Application Submission Procedures Manual ("ASPM")

8. Area Median Family Income ("AMFI")
9. Articles of Incorporation
10. Chapter 2306
11. Colonia
12. Colonia Housing Standards
13. Control
14. Contract
15. Deobligated Funds
16. Developer
17. Development
18. Development Funding
19. Development Owner
20. Development Site
21. Executive Award and Review Advisory Committee ("The Committee")
22. General Contractor
23. General Partner
24. Grant
25. Income Eligible Households
26. Land Use Restriction Agreement ("LURA")
27. Loan
28. Material Noncompliance
29. Memorandum of Understanding ("MOU")
30. Mortgagor ("Borrower")
31. New Construction
32. Person
33. Persons with Disabilities
34. Person with Special Needs
35. Principal
36. Project
37. Property
38. Rehabilitation
39. Resolution
40. Rural Area
41. Rural Development
42. Third Party
43. Unit of General Local Government

§51.3 Allocation of Housing Trust Funds & §51.4 Basic Eligible Activities

Chapter 2306.202, Texas Government Code governs the allocation, uses, and basic eligible activities of the Housing Trust Fund. In order to present succinct references to Chapter 2306.202 (a), Texas Government, is only cited in Section 51.3, with the full citation presented in detail in Section 51.4.

§51.5 Application Procedures and Requirements

In order to formalize current processes and procedures, Section 51.5 Application Procedures and Requirements has been divided further into multiple subchapters to address those processes.

§51.51 Competitive and Open Application Cycles
This new section recognizes the publication of a Notice of Funding Availability (NOFA) will determine a Competitive or Open application cycle.

§51.52 Ex Parte Communication
This new section repeals former guidelines regarding Communication with Department Employees, Section 51.5(c) of the Rule to introduce a new subchapter which oversees Ex Parte Communication in tandem with other programs guidelines.

§51.53 Eligible Applicants
This new section, which is referenced in the Purpose of this chapter, defines those eligible applicants according to Chapter 2306.202(a).

§51.54 Ineligible Applications, Activities, and Restrictions
This new section incorporates some of the previous components of subchapter §51.5, but also adds additional conditions that may deem an Applicant and any applications ineligible under circumstances including but not limited to:

- Failure to submit or delinquency in providing evidence of corrective action or payment of disallowed costs;
- Failure to make timely payment or delinquent on any loan or fee commitments;
- Listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs or has otherwise been debarred by HUD or the Department;
- Violation of the State's revolving door policy;
- Conviction of a state or federal crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline;
- Subject to an enforcement or disciplinary action under state or federal securities law or by the NASD; is subject to a federal tax lien; or is the subject of an enforcement proceeding with any Governmental Entity;
- The Applicant, Development Owner, or Developer has issues covered under 10 TAC Section 1.3;
- Submission of an entire volume of the Application is missing or has excessive omissions;
- The Applicant, Development Owner, or Developer or anyone that has Controlling ownership interest is in Material Noncompliance with the LURA;
- The Application is a joint venture Application for the same Program Activity to serve the same town, city, or county that is identified in the Application already submitted as a sole Application for the same Program Activity;
- Any Application that includes financial participation by a Person who, during the five-year period preceding the date of the bid or award, has been convicted of violating a federal law

§51.61 Multifamily Development Applicants Requesting Additional Funding from Other Housing Programs

This new section combines two former sections: §51.6(e) regarding processes for Layered Applications and §51.6(k) regarding Public Notification for Rental Development Activities. In addition, this new section is proposing the adding of §51.61(b), which requires Applicants who are seeking tax credits and Housing Trust Fund monies to meet the requirements under the Qualified Allocation Plan for the year in which they are applying for tax credits.

§51.62 Criteria for Funding

Formerly, Section 51.7, Criteria for Funding has been moved to Section 51.62, with the only major change of moving §51.7 (d), which addresses modifications or amendments, to create a new section, §51.80 Amendments.

§51.63 Process for Awards During Competitive Application Cycle

This new section formalizes the processes currently used to allocate funds during a Competitive Application Cycle

§51.71 Documents Supporting Mortgage Loans

This new section details those documents necessary to support mortgage loans for Housing Trust Fund Programs.

§51.80 Amendments

This new section incorporates components of §51.7 (d) regarding contract modifications and amendments, but addresses the issues of time extensions and increasing contract funds. Additionally, this section addresses deobligation in the event the award is not expended by the end of the Contract Term.

Recommendation

Staff recommends Board approval of the repeal of 10 TAC Chapter 51, Housing Trust Fund Rules, and draft 10 TAC Chapter 51, Housing Trust Fund Rule for publication in the *Texas Register* to receive public comment.

Texas Department of Housing and Community Affairs

HOUSING TRUST FUND RULE

TITLE 10, PART 1, CHAPTER 51 TEXAS ADMINISTRATIVE CODE

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§51.10 Purpose.

This Chapter clarifies the use and administration of the Housing Trust Fund. The Department shall use the Housing Trust Fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, for profit entities, nonprofit organizations, income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe, and sanitary housing. The fund is created pursuant to ~~§~~Section 2306.201 of the Texas Government Code. ~~Pursuant to §2306.202 of the Texas Government Code, t~~The ~~the~~ use of the Housing Trust Fund is limited to activities ~~providing~~ pursuant to Section 2306.202 of the Texas Government Code:

(1) assistance for individuals and families of low and very low income;

(2) technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low and very low income;

(3) security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income; and

(4) subject to the limitations in ~~§~~Section 2306.251 of the Texas Government Code, the Department may also use the fund to acquire property to endow the fund.

§51.20 Definitions.

The following words and terms, when used in this ~~part~~chapter, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Administrative Deficiencies--The absence of information or a document from the ~~A~~application as required in this rule or applicable NOFA. ~~which is important to a review and scoring of the Application as required in this rule, and the Notice of Funding Availability (NOFA).~~

(2) **Administrator**-- The Person responsible for performing under a Contract with the Department.

(3) **Affiliate--** means an individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other Person, and specifically shall include parents or subsidiaries. Affiliates also include all General Partners, Special Limited Partners and Principals with an ownership interest.

(4) **Affiliated Party--**means a Person in a relationship with the Administrator on a Contract with the Department.

(5) ~~(2)~~ **Applicant**--means ~~Any~~ a ~~P~~person ~~or Affiliate of a Person~~ who ~~is preparing to submit or~~ has submitted an ~~a~~Application for~~ Housing Trust Fund assistance and is~~ Department funds or other assistance.~~ assuming contractual liability and legal responsibility as the Administrator executing the Contract with the Department by executing the written agreement with the Department.~~

(6) **Application--** means a request for funds submitted to the Department in a form prescribed by the Department , including any exhibits or other supporting material.

(7) **Application Acceptance Period--** means the period of time that Applications may be submitted to the Department as more fully described in the applicable NOFA.

(8) **Application Submission Procedures Manual ("ASPM")--** means the manual which sets forth the procedures, forms and instructions for the completion and submission of an Application to the Department.

(9) **Area Median Family Income ("AMFI")--** means the income estimated and determined by HUD as the median family income with adjustments for family size and geographic locations.

(10) **Articles of Incorporation--**means the document that sets forth the basic terms for a corporation's existence and is the official recognition of the corporation's existence.

(11) ~~(3)~~ **Board**—The governing board of the Texas Department of Housing and Community Affairs.

(12) ~~(4)~~ **Capacity Building**—Educational and organizational support assistance to promote the ability of community housing development organizations and nonprofit organizations to maintain, rehabilitate and construct housing for low, very low, and extremely low-income persons and families. This activity may include:

(A) organizational support to cover expenses for housing development or management related training, technical and other assistance to the board of directors, staff, and members of the nonprofit organizations or community housing development organizations;

(B) technical assistance and training related to housing development, housing management, or other subjects related to the provision of housing or housing services; or

(C) studies and analyses of housing needs.

~~(5) **Community Housing Development Organizations (CHDO)** A nonprofit organization that satisfies the requirements of § 53.63 of this title.~~

(13) **Chapter 2306--**means the enabling statute for the Department found in Texas Government Code, Chapter 2306.

(14) **Colonia--**means a geographic area that is located in a county some part of which is within 150 miles of the international border of this state that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and that:
(A)has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or
(B) has the physical and economic characteristics of a colonia, as determined by the Texas Water Development Board.

(15) **Colonia Housing Standards--**means the Department's HUD approved housing standards that allows Colonia residents with the opportunity to rehabilitate their homes when located in a designated Colonia.

(16) ~~(6)~~**Competitive Application Cycle**~~—~~means ~~A~~a ~~competition for funding during a~~ defined period of time ~~when~~ that ~~a~~Applications may be submitted ~~in response~~ according to a published Notice of Funding Availabiity (NOFA). Applications will be reviewed ~~and scored~~ in accordance with the rules for application review published in the NOFA, and ~~application guidelines~~ the ASPM.

(17) **Control--**means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ownership or voting securities, by contract or otherwise, including specifically ownership of more than 50% of the General Partner interest in a limited partnership, or designation as a managing General Partner of a limited liability company.

(18) **Contract--** means the executed written agreement between the Department and an Administrator performing an activity related to a program that outlines performance requirements and responsibilities assigned by the document.

(19) **Deobligated Funds--** means the funds released by an Administrator or Contractor or recovered by the Department canceling a contract or award involving some or all of a contractual financial obligation between the Department and an Administrator or contractor.

(20) ~~(7)~~ **Department**~~—~~means ~~T~~the Texas Department of Housing and Community Affairs.

(21) **Developer--** means any Person entering into a contract with the Development Owner to provide development services with respect to the Development and receiving a fee for such services and any other Person receiving any portion of such fee, whether by subcontract or otherwise.

(22) **Development--**means a Project that has a construction component, either in the form of new construction or the rehabilitation of multi-unit or single family residential housing that meet the affordability requirements.

(23) **Development Funding--** means

(A) a loan or grant; or

(B) an in-kind contribution, including a donation of real property, a fee waiver for a building permit or for water or sewer service, or a similar contribution that:

(1) provides an economic benefit; and

(2) results in a quantifiable cost reduction for the applicable development.

(24) **Development Owner--**means any Person, General Partner, or Affiliate of a Person who owns or proposes a Development or expects to acquire Control of a Development under a purchase contract approved by the Department.

(25) **Development Site--**means the area, or if scattered site areas, for which the Development is proposed to be located and is to be under the Development Owner's Control.

(26) **Executive Award and Review Advisory Committee ("The Committee")--** means the Department committee that will develop funding priorities and make funding and allocation recommendations to the Board based upon the evaluation of an Application in accordance with the housing priorities as set forth in Chapter 2306 of the Texas Government Code, and as set forth herein, and the ability of an Applicant to meet those priorities.

~~(8) **Eligible Applicants**--Local units of government, public housing authorities, community housing development organizations, nonprofit organizations, for-profit entities, and persons and families of low, very low, and extremely low income.~~

~~(9) **Extremely Low-Income Persons and Families**--Families whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.~~

(27) **General Contractor--** means one who contracts for the construction or Rehabilitation of an entire Development, rather than a portion of the work. The General Contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors.

(28) **General Partner--** means the partner, or collective of partners, identified as the general partner of the partnership that is the Development Owner and that has general liability for the partnership. In addition, unless the context shall clearly indicate the contrary, if the Development Owner in question is a limited liability company, the term "General Partner" shall also mean the managing member or other party with management responsibility for the limited liability company.

(29) **Grant--**means financial assistance that is awarded in the form of money to a housing sponsor for a specific purpose and that is not required to be repaid. For purposes of this chapter, a Grant includes a forgivable loan.

(30) **Household**--One or more persons occupying a housing unit.

(31) (~~10~~) **Housing Development Costs--**means ~~T~~the total of all costs incurred, or to be incurred, by the Development Owner in acquiring, constructing, rehabilitating and financing a Development as determined by the Department based on the information contained in the Application. Such costs include reserves and any expenses attributable to commercial areas.

~~(11) **Housing Development** --Any real or personal property, project, building, structure, facilities, work, or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, which meets or is designed to meet minimum property standards consistent with those prescribed in the Housing Trust Fund Property Standards, found in the Program Guidelines, for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, use, or purchase by persons and families of low, very low, and extremely low income, and persons with special needs. The term may include buildings, structures, land, equipment, facilities, or other real or personal properties which are necessary, convenient, or desirable appurtenances, such as but not limited to streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances.~~

(32) ~~(12)~~ **HUD--**means ~~T~~the United States Department of Housing and Urban Development, or its successor.

(33) ~~(13)~~ **Intergenerational Housing**--~~as defined by §49.3 of this title.~~ means housing that includes specific units that are restricted to the age requirements of a Qualified Elderly Development and specific units that are not age restricted in the same Development that:

(A) have separate and specific buildings exclusively for the age restricted units;

(B) have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;

(C) have separate and specific entrances, and other appropriate security measures for the age restricted units;

(D) provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;

(E) share the same Development site;

(F) are developed and financed under a common plan and owned by the same Person for federal tax purposes; and

G) meet the requirements of the federal Fair Housing Act.

~~(14) **Local Units of Government** --A county; an incorporated municipality; a special district; a council of governments; any other legally constituted political subdivision of the state; a public, nonprofit housing finance corporation created under the Local Government Code, Chapter 394; or a combination of any of the entities described here.~~

(34) **Income Eligible Households**--means:

(A) Low-Income Households-- Households whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.

(B) Very Low-Income Households--Households whose annual incomes do not exceed 60% of the median family income for the area, as determined by HUD and published by the Department, with adjustments for family size.

(C) Extremely Low Income Households--Households whose annual incomes do not exceed 30% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.

~~(15) **Low-Income Persons and Families** - Families whose annual incomes do not exceed 80% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.~~

(35) **Land Use Restriction Agreement ("LURA")--** a Land Use Restriction Agreement that has been executed by the Department and a Person related to a specific property or properties and filed with the responsible recording authority.

(36) **Loan Agreement--** means an agreement between the Department and a Person regarding the terms and conditions of a loan provided to the Person from the Department.

(37) **Material Noncompliance--** as is defined in Title 10 Texas Administrative Code, Chapter 60, Subchapter A.

(38) **Memorandum of Understanding (MOU)--**means a written agreement detailing the understanding between the parties.

(39) **Mortgagor ("Borrower")--**means the Person who borrows money and uses his or her real property as collateral and security for the payment of the debt.

(40) **New construction--**means any Development not meeting the definition of Rehabilitation or Reconstruction.

(41) ~~(17)~~ **NOFA**--Notice of Funding Availability, published in the *Texas Register*.

(42) ~~(16)~~ **Nonprofit Organization**~~—~~means a~~Any~~ public or private~~, nonprofit~~ organization that:

(A) is organized under state or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;

(C) has a current tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3), a charitable, nonprofit corporation, or Section 501(c)(4), a community or civic organization, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on the date of the application and must continue to be effective throughout the length of any contract agreements; or classification as a subordinate of a central organization non-profit under the Internal Revenue Code, as evidenced by a current group exemption letter, that is dated 1986 or later, from the IRS that includes the Applicant. The group exemption letter must specifically list the Applicant; and

(D) A private nonprofit organization's pending application for 501(c)(3) or (c)(4) status cannot be used to comply with the tax status requirement.

(43) ~~(18)~~ **Open Application Cycle**~~—~~—means ~~A~~a defined period during which applications may be submitted ~~in response~~ according to a published NOFA and which will be reviewed on a first come-first served basis until all funds available are committed, or until the NOFA is closed. ~~Applications will be reviewed in accordance with the rules for application review published in the NOFA and application guidelines.~~

(44) **Person--** Any individual, partnership, corporation, association, unit of government, community action agency, or public or private organization of any character.

(45) ~~(19)~~ **Persons with Disabilities**--means ~~A~~a ~~person~~ Household composed of one or more persons, at least one of whom is an adult~~who~~, who~~:~~ has a disability that is a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. Section 15002).

~~(A) has a physical, mental or emotional impairment that:~~

~~(i) is expected to be of a long, continued and indefinite duration,~~

~~(ii) substantially impedes his or her ability to live independently, and~~

~~(iii) is of such a nature that the disability could be improved by more suitable housing conditions,~~

~~(B) has a developmental disability, as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. Section 15002), or~~

~~(C) has a disability, as defined in 24 CFR §5.403.~~

(46) **Person with Special Needs**-- means individuals or categories of individuals determined by the Department to have unmet housing needs:

(A) consistent with 42 USC §12701 et seq. and as provided in the Consolidated Plan and may include any households composed of one or more persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers.

~~(A) Persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers.~~

(B) Housing Trust Funds may also be awarded through ~~p~~Persons legally responsible for caring for a~~n individual described by subparagraph (A.) of this paragraph~~ Person with Special Needs, pursuant to ~~§~~Section 2306.511 of the Texas Government Code.

(47) ~~(21)~~ **Predevelopment Costs**--Reimbursable costs related to a specific eligible housing project including:

(A) Predevelopment housing project costs that the Department determines to be customary and reasonable, including but not limited to consulting fees, architectural fees, engineering fees, engagement of a development team, site control, and title clearance;

(B) Pre-construction housing project costs that the Department determines to be customary and reasonable, including but not limited to, the costs of obtaining architectural plans and specifications, zoning approvals, engineering studies and legal fees; and

(C) Predevelopment costs do not include general operational or administrative costs.

(48) **Principal--**means any Person that does or will exercise Control over a partnership, corporation, limited liability company, trust or any other private entity. In the case of:

(A)Partnerships, Principals include all General Partners, Special Limited Partners and Principals with ownership interest;

(B) Corporations, Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer and all other executive officers, and each stock holder having a ten percent or more interest in the corporation; and

(C) Limited liability companies, Principals include all managing members, members having a ten percent or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.

(49) **Project--**A site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing.

(50) **Property**—means the real estate and all improvements thereon which are the subject of the Application whether currently existing or proposed to be built thereon in connection with the Application.

~~(22) **Public Agency**--A unit of government created by a National, State or Local Government.~~

(51) ~~(23)~~ **Public Housing Authority**--means a~~A~~ housing authority established under the Texas Local Government Code, Chapter 392.

(52) ~~(24)~~ **Received Date**--means ~~T~~the date and time at which an Application is actually received by the Department.

~~(25) **Recipient**--Community housing development organization, nonprofit organization, for-profit entity, local unit of government, or public housing authority that is approved by the Department to receive and administer housing trust funds in accordance with these rules.~~

(53) **Rehabilitation--** means the improvement or modification of an existing residential development through an alteration, addition, or enhancement. The term includes the demolition of an existing residential development and the reconstruction of any development units, but does not include the improvement or modification of an existing residential development for the purpose of an adaptive reuse of the development.

~~(26) **Rental Housing Development**--A project for the acquisition, new construction, reconstruction or rehabilitation of multi-family or single family rental housing, or conversion of commercial property to rental housing.~~

(54) **Resolution--**means formal action by a corporate board of directors or other corporate body authorizing a particular act, transaction, or appointment. Resolutions must be in writing and state the specific action that was approved and adopted, the date the action was approved and adopted, and the signature of Person or Persons authorized to sign resolutions. Resolutions must be approved and adopted in accordance with the corporate Bylaws.

(55) **Rural Area--**means an area that is located:
(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;
(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area; or
(C) in an area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an area that is located in a municipality with a population of more than 50,000.

(56) **Rural Development**-- ~~A proposed Development located in an area that is :~~ —means a development or proposed development that is located in a Rural Area, other than rural new construction Developments with more than 80 units.

~~(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area;~~

~~(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 20,000 or less and does not share a boundary with an urban area; or~~

~~(C) in an Area that is eligible for New Construction funding by TX-USDA-RHS; or~~

~~(D) on a specific Development Site eligible for Rehabilitation funding by TX-USDA-RHS as evidenced by an executed TX-USDA-RHS letter indicating TX-USDA-RHS has received a Consent Request, also referred to as a Preliminary Submittal, as described in 7 CFR 3560.406.~~

(57) **TAC--**means Texas Administrative Code.

(58) **Third Party**—means a Person who is not:

(A) Applicant, General Partner, Developer, or General Contractor, or

(B) An Affiliate or a Related Party to the Applicant, General Partner, Developer or General Contractor, or

(C) Person(s) receiving any portion of the contractor fee or developer fee.

(59) **Unit of General Local Government**— A city, town, county, or other general purpose political subdivision of the State.

(60) **Urban Area--**means the area that is located within the boundaries of a primary metropolitan statistical area other than an area described by Subdivision (28-a)(B) or eligible for funding as described by Subdivision (28-a)(C)(Section 2306.004).

~~(28) **State** - The State of Texas.~~

~~(29) **Statute** - Texas Government Code Chapter 2306.~~

~~(30) **Very Low-Income Persons and Families** - Families whose annual incomes do not exceed 60% of the median income of the area, as determined by HUD and published by the Department, with adjustments for family size.~~

§51.3~~0~~ Allocation of Housing Trust Funds.

(a) Pursuant to ~~§~~Section 2306.201 of the Texas Government Code, the Housing Trust Fund is a fund administered by the Department, and placed with the Texas Treasury Safekeeping Trust Company.

~~(b) The fund consists of :~~

~~(1) appropriations or transfers made to the fund;~~

~~(2) unencumbered fund balances;~~

~~(3) public or private gifts or grants;~~

~~(4) investment income, including all interest, dividends, capital gains, or other income from the investment of any portion of the fund;~~

~~(5) repayments received on loans made from the fund; and~~

~~funds from any other source~~

(b)Uses of the Housing Trust Fund will be limited to those defined by Section 2306.202, Texas Government Code.

(c) Each biennium the first $2.6 million available through the housing trust fund for loans, grants, or other comparable forms of assistance shall be set aside and made available exclusively for local units of government, public housing authorities, and nonprofit organizations. Any additional funds may also be made available to for-profit organizations so long as at least 45 percent of available funds in excess of the first $2.6 million shall be made available to nonprofit organizations. The remaining portion shall be competed for by nonprofit organizations, for-profit organizations, and other eligible entities, pursuant to §2306.202 of the Texas Government Code.

(d) Funds shall be allocated to achieve broad geographic dispersion by awarding funds in accordance with ~~§~~Section 2306.111(d) and (g), Texas Government Code.

(e) The Department shall require that ~~a~~Applicants target at least 50% of those units served by housing trust funds to individuals and families earning less than 60% of ~~median family income~~AMFI.

(f) Bond indenture requirements governing expenditure of bond proceeds deposited in the housing trust fund shall govern and prevail over all other allocation requirements established in this section. However, the Department shall distribute these funds in accordance with the requirements of this section to the extent possible.

(g) Housing Trust Funds may also be allocated to the Texas Bootstrap Loan Program and will be awarded in accordance with ~~§~~Section 2306.753 of the Texas Government Code.

§51.4~~0~~ Basic Eligible Activities.

(a) Pursuant to 2306.202, Texas Government Code, ~~T~~the Department, through the housing finance division , shall use the housing trust fund to provide ~~l~~Loans, ~~g~~Grants, or other comparable forms of assistance to ~~local u~~Units of General Local ~~g~~Government, ~~p~~Public ~~h~~Housing ~~a~~Authorities, for-profit entities, ~~n~~Nonprofit organizations, and ~~i~~Income-~~e~~Eligible individuals, families, and ~~h~~Households to finance, acquire, ~~r~~Rehabilitate, and ~~d~~Develop decent, safe, and sanitary housing. In each biennium the first $2.6 million available through the housing trust fund for ~~l~~Loans, ~~g~~Grants, or other comparable forms of assistance shall be set aside and made available exclusively for ~~local u~~Units of General Local ~~g~~Government, ~~p~~Public ~~h~~Housing ~~a~~Authorities, and ~~n~~Nonprofit organizations. Any additional funds may also be made available to for-profit organizations so long as at least forty-five ~~45~~ percent (45%) of available funds in excess of the first $2.6 million shall be made available to ~~n~~Nonprofit organizations for the purpose of acquiring, ~~r~~Rehabilitating, and ~~d~~Developing decent, safe, and sanitary housing. The remaining portion shall be competed for by nonprofit organizations, for-profit organizations, and other eligible entities. Notwithstanding any other section of this chapter, but subject to the limitations in Section 2306.251(c), the ~~d~~Department may also use the fund to acquire property to endow the fund.

(b) Use of the fund is limited to providing:

(1) assistance for individuals and families of low and very low income;

(2) technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low and very low income; and

(3) security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income.

§51.50 Application Procedures and Requirements

§51.51 Competitive and Open Application Cycles. The Department will declare within a NOFA whether the application cycle will be a competitive or open cycle.

§51.52 Ex Parte Communications

~~§51.5 (12)(c) Communication with Department Employees. Communication with Department staff by Applicants that submit a Pre-Application or Application must follow the following requirements. During the period beginning on the date a Development Pre-Application or Application is filed and ending on the date the Board makes a final decision with respect to any approval of that Application, the Applicant or a Related Party, and any Person that is active in the construction, rehabilitation, ownership or Control of the proposed Development including a General Partner or contractor and a Principal or Affiliate of a General Partner or contractor, or individual employed as a lobbyist by the Applicant or a Related Party, may communicate with an employee of the Department about the Application orally or in written form, which includes electronic communications through the Internet, so long as that communication satisfies the conditions established under paragraphs (1) - (3) of this subsection. Section 49.5(b)(6) of this title applies to all communication with Board members. Communications with Department employees is unrestricted during any board meeting or public hearing held with respect to that Application.~~

~~(1) The communication must be restricted to technical or administrative matters directly affecting the Application;~~

~~(2) The communication must occur or be received on the premises of the Department during established business hours (emails may be sent and received after business hours);~~

~~(3) A record of the communication must be maintained by the Department and included with the Application for purposes of board review and must contain the date, time, and means of communication; the names and position titles of the persons involved in the communication and, if applicable, the person's relationship to the Applicant; the subject matter of the communication; and a summary of any action taken as a result of the communication. (2306.1113)~~

(a) During the period beginning on the date Applications are filed in response to a NOFA and ending on the date the Board makes a final decision with respect to the approval of any Application for that NOFA, a member of the Board may not communicate with the following persons:
(1) an Applicant or a Related Party, as defined by state law, including board rules, and federal law; and
(2) any Person who is:
(A) active in the construction, Rehabilitation, ownership, or Control of the proposed Project, including:
(B) a General Partner or Contractor; and
(C) a Principal or Affiliate of a General Partner or Contractor; or
(D) employed as a consultant, lobbyist, or attorney by an Applicant or a Related Party.

(b) Subject to subsection (a), during the period beginning on the Applications are filed in response to a NOFA and ending on the date the Board makes a final decision with respect to the approval of any Application for that NOFA, an employee of the Department may communicate about the Application with the following Persons:

(1) the Applicant or a Related Party, as defined by state law, including board rules, and federal law; and
(2) any Person who is:
(A) active in the construction, rehabilitation, ownership, or control of the proposed project including:

(1) a General Partner or Contractor; and

(2) a Principal or Affiliate of a General Partner or contractor; or

(3) employed as a consultant, lobbyist or attorney by the Applicant or a Related Party.

(c) A communication under subsection (b) may be oral or in any written form, including electronic communication through the internet, and must satisfy the following conditions:
(1) the communication must be restricted to technical or administrative matters directly affecting the Application;
(2) the communication must occur or be received on the premises of the Department during established business hours; and
(3) a record of the communication must be maintained and included with the Application for purposes of Board review and must contain the following information:
(A) the date, time, and means of communication;
(B) the names and position titles of the Persons involved in the communication and, if applicable, the Person's relationship to the Applicant;
(C) the subject matter of the communication; and
(D) a summary of any action taken as a result of the communication.

(d) Notwithstanding subsection (a), (b) or (c), a Board member or Department employee may communicate without restriction with a Person listed in subsection (a) or (b) during any Board meeting or public hearing held with respect to the Application, but not during a recess or other nonrecord portion of the meeting or hearing.

(e) Subsection (a) does not prohibit the Board from participating in social events at which a Person with whom communications are prohibited may or will be present, provided that all matters related to Applications to be considered by the Board will not be discussed.

§51.53 Eligible Applicants. The following organizations or entities are eligible to apply for Program Activities:
(a) Nonprofit organizations;
(b) Units of General Local Government;
(c) for-profit entities and sole proprietors; and
(d) Public Housing Agencies.

§51.~~5~~54 Ineligible Applications, Activities, and Restrictions.

(a) ~~Ineligible Applicants:~~ The following ~~violations~~ conditions will cause an Applicant, and any applications they have submitted, to be ineligible:

(1) The Applicant, Development Owner, or Developer is an Administrator of a ~~P~~previously funded Contract for which ~~recipient(s) whose~~ Housing Trust Funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior ~~to the current funding cycle;~~ to application submission date, unless the deobligation was voluntary and prior to the contract term expiration date;

(2) The Applicant, Development Owner, or Developer has failed to submit or is delinquent in a response to provide an explanation, evidence of corrective action or a payment of disallowed costs or fees as a result of a monitoring review.

(3) The Applicant, Development Owner, or Developer has failed to make timely payment or is delinquent on any loans or fee commitments made with the Department on the date of the Application submission;

(4)~~(2)~~ The Applicant, Development Owner, or Developer ~~Applicants, or persons affiliated with the Applicant that have~~ has been or is barred, suspended, or terminated from procurement in a state or federal program or ~~and~~ listed in the List of Parties Excluded from Federal Procurement of Non-procurement Programs or has otherwise been debarred by HUD or the Department;

(5) The Applicant, Development Owner, or Developer has violated the State's revolving door policy;

(6) The Applicant, Development Owner, or Developer has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline;

(7)~~(3)~~ The Applicant, Development Owner, or Developer at the time of Application submission is: ~~Applicants or persons affiliated with the Applicant that are~~ is subject ~~of~~ to an enforcement or disciplinary action under state or federal securities law or by the NASD~~, or~~ is ~~the~~ subject to a federal tax lien; or is the subject of an enforcement proceeding with ~~a state or federal agency or another~~ any governmental entity;

~~(4) Applicants or persons affiliated with the Applicant that have unresolved audit findings related to previous or current funding agreements with the Department;~~

~~(5) Applicants or persons affiliated with the Applicant that have delinquent loans, fees or other commitments with the Department, until payment is made;~~

(8) The Applicant, Development Owner, or Developer has issues covered under 10 TAC Section 1.3;

(9) The submitted Application has an entire volume of the Application missing; has excessive omissions of documentation from the threshold Criteria or uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review can not reasonably be performed by the Department, as determined by the Department. If an Application is determined ineligible pursuant to this section, the Application will be terminated without being processed as an Administrative Deficiency. To the extent that a review was able to be performed, specific reasons for the Department's determination of ineligibility will be included in the termination letter to the Applicant;

(10) The Applicant, Development Owner, or Developer or anyone that has Controlling ownership interest in the Development Owner or Developer that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA;

(11) The Application is a joint venture Application for the same Program Activity to serve the same town, city, or county that is identified in the Application already submitted as a sole Application for the same Program Activity in the same town, city or county;

(12) Any Application that includes financial participation by a Person who, during the five-year period preceding the date of the bid or award, has been convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricanes Rita or Katrina or any other disaster occurring after September 25, 2005, or was assessed a federal civil or administrative penalty in relation to such a contract;

~~(6) Applicants who have not satisfied all threshold requirements described in this title, and the NOFA to which they are responding, and for which Administrative Deficiencies were unresolved;~~

(13) ~~(7)~~ Applications which propose the ~~R~~refinancing or rehabilitation of properties constructed within the past 5 years and previously funded by the Department are not eligible;

~~(8) Applicants who have submitted incomplete Applications;~~

~~(9) Applicants or persons affiliated with the Applicant that have been otherwise barred by the Department;~~

~~(10) Applicants are subject to §1.13 of this title;~~

~~(11) Applicants or persons affiliated with the Applicant that have breached a contract with a public agency; or~~

~~(12) The acquisition, rehabilitation, reconstruction or refinancing of affordable rental housing constructed within the past 5 years or previously funded by the Department.~~

(14) ~~(b)~~Displacement of Existing Affordable Housing. ~~Pursuant to §2306.203(a)(4) of the Texas Government Code,~~ Housing Trust Funds shall not be utilized on a development that has the effect of permanently displacing low, very low, and extremely low income persons and families. Low-Income persons who may be temporarily displaced by the rehabilitation of affordable housing may be eligible for compensation of moving and relocation expenses. If a Housing Trust Fund recipient violates the dislocation provision of this subsection, that recipient risks loss of Housing Trust Funds and the landlord/developer must pay the affected tenant's costs and all moving expenses.

§51.55~~(d) Material~~ **Noncompliance**. Each Application will be reviewed for its compliance history by the Department, consistent with Chapter 60, Subchapter A of this title. ~~Applicants,~~ Applications containing ~~or p~~Persons ~~affiliated with an Application,~~ found to be ~~have a Development or Contract~~ in Material Noncompliance or otherwise violating ~~with~~ the compliance rules of the Department, will be ~~have their Applications~~ terminated.

§51.56 Application Form and Materials. The Department will develop and publish on its website an Application and ASPM that if completed would satisfy the requirements for requesting funds from the Department. The Department may limit the eligibility of Applications in the NOFA and ASPM.

§51.57 General Application Requirements. Applicants must submit an Application by the deadline date specified in the NOFA using the Application and ASPM forms required by the Department. All

Applications must be received during business hours (8:00 a.m. to 5:00 p.m. Central Standard Time) on any business day. Completion and submission of the Application includes the entire Uniform Application and any other supplemental forms which may be required by the Department. (Section 2306.1111)

§51.58 Application Limitations. The Department reserves the right to reduce the amount requested in an Application based on activity or Project feasibility, underwriting analysis, or availability of funds.

§51.60 Multifamily Development Application Requirements.

(a)~~(e)~~ **Rental Housing Development Site and Development Restrictions**. Restrictions include all those items referred to in Chapter 2306 of the Texas Government Code and any additional items included in the NOFA for rental housing developments.

(b)~~(f)~~ Limitations on the Size of Developments. Developments involving new construction will be limited to 252 units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum unit restrictions. The minimum number of units shall be 4 units.

§51.61 Multifamily Development Applicants requesting additional funding from other housing finance programs.

(a) ~~§51.6 (e) Layered Applications.~~ If an Application is submitted to the Department for a Development that requests funds from two separate housing finance programs, ~~and only~~ one of which includes the Housing Trust Fund, and only one of the housing finance programs is operated as a ~~c~~Competitive Application C~~c~~ycle, then the Application will be handled in accordance with the competitive cycle guidelines for that program. If an Application is submitted for two separate housing finance programs where both programs are either open cycle, or competitive, one of which is Housing Trust Fund, the Application will be handled in accordance with the most restrictive program rules with the approval of the Department's Executive Director. Threshold and any other rental requirements will be noted in any NOFA released.

(b) Applicants who are seeking tax credits and are also seeking funds under this Chapter for the same Development must meet the requirements under the Qualified Allocation Plan for the year in which they are applying for the tax credits, and all of the requirements of this Chapter specifically waived by the Department.

(c) [~~§51.6(k)~~]**Public Notification**. Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to lose its "received by date" under open application cycles, or be terminated under competitive application cycles. Applicants must provide notifications to:

(1) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;

(2) all neighborhood organizations whose defined boundaries include the location of the Development;

(3) executive officer and Board President of the school district that covers the location of the Development;

(4) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and

(5) the State Representative and State Senator whose district covers the location of the Development.

(6) The notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.

§51.62 ~~§51.6~~ Application Procedure and Requirements.

~~(a) In distributing funds, the Department will release a NOFA and/or request for proposals that identifies the uses of the available funds and the specific criteria that will be utilized in evaluating applicants.~~

~~(b)Applicants must submit a complete application to be considered for funding, along with an application fee determined by the Department and outlined in the NOFA. Applications containing false information will be disqualified. Applications submitted under a Competitive Application Cycle must be received by the application deadline or they will be disqualified. Disqualified Applicants will be notified in writing. All applications must be received by the Department by 5:00 p.m. regardless of method of delivery.~~

(a) ~~(d)~~ Applications received by the Department in response to an Open Application Cycle NOFA will be handled in the following manner:

(1)The Department will accept Applications on an ongoing basis, until such date when the Department makes notice to the public that an Open Application Cycle has been closed. ~~All applications must be received during business hours and no later than 5:00 p.m. on any business day. The Department may limit the eligibility of applications in the NOFA.~~

(2) Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a ~~"r~~Received ~~d~~Date~~"~~ based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in ~~three~~ two review phases, as applicable. Applications will continue to be prioritized for funding based on its~~their~~ ~~"r~~Received ~~d~~Date~~"~~ unless ~~they~~it do~~es~~ not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over ~~a~~Applications that may have an earlier ~~"r~~Received ~~d~~Date~~"~~ but that did not timely complete a phase of review.

~~(A)Phase One will begin as of the received date. Applications not being considered as CHDOs will be passed through to Phase Two upon receipt. Phase One will only entail the review of the CHDO Certification package. The Department will ensure review of these materials and issue notice of any deficiencies on the CHDO Certification package within 30 days of the received date. Applicants who are able to resolve their deficiencies within seven business days will be forwarded into Phase Two and will continue to be prioritized by their received date. Applications which do not resolve all deficiencies seven business days will be retained in Phase One until all deficiencies have been addressed or resolved by the Applicant to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to Phase Two. Applications that have not proceeded out of Phase One within 50 days of the received date will be terminated and must reapply for consideration of funds.~~

(A) ~~(B)~~Phase One ~~Two~~ will begin as of the Received Date and will include a review of ~~eligibility and threshold criteria and~~ all ~~a~~Application requirements. The Department will ensure review of ~~all application~~ materials required under the NOFA and ASPM and will issue a notice of any Administrative ~~d~~Deficiencies ~~on the application's satisfaction of~~ for threshold criteria. ~~and eligibility within 45 days of the date it enters Phase Two.~~ Applicants who are able to resolve their Administrative ~~d~~Deficiencies within five (5) ~~seven~~ business days will be forwarded into Phase ~~Three~~ Two, if applicable, and will continue to be prioritized by their ~~r~~Received ~~d~~Date. Applications with Administrative Deficiencies not cured ~~which do not resolve all deficiencies~~ within five (5) ~~seven~~ business days, will be terminated and must reapply for consideration of funds. ~~retained in Phase Two until all deficiencies have been addressed or resolved by the Applicant to the Department's satisfaction. Only upon resolution of all deficiencies will the Application be forwarded to Phase Three. Applications that have not left Phase Two within 65 days of the date it entered Phase Two will be terminated and must reapply for consideration of funds.~~ Applications that have completed this Phase and do not require additional review in Phase Two, will be reviewed for recommendation to the Board by the Committee.

~~(C)~~(B) Phase Two~~Three~~ will include a comprehensive review for ~~material noncompliance and~~ financial feasibility for Development Activities.~~by the Department.~~ Financial feasibility reviews will be conducted by the ~~Department's~~ Real Estate Analysis (REA) Division consistent with ~~10 TAC §~~ Section 1.32~~,~~ of this title. ~~Underwriting Rules and Guidelines.~~ REA will ~~draft~~create an underwriting report ~~that will~~ identifying staff's recommended ~~l~~Loan terms, the ~~l~~Loan or ~~g~~Grant amount and any conditions to be placed on the ~~d~~Development. The Department may issue a notice of any Administrative Deficiencies. ~~will ensure financial feasibility review and issue notice of any required deficiencies for that feasibility review within 45 days of the date it enters Phase Three.~~ Applications ~~Applicants~~ with Administrative Deficiencies ~~who are able to resolve their deficiencies~~ not satisfied within ~~seven~~five (5) business days , will be terminated and must reapply for consideration of funds.~~will be forwarded into "Recommended Status" and will continue to be prioritized by their received date. Applications with deficiencies not satisfied within seven business days, will be retained in Phase Three until Applicant resolves all deficiencies to the Department's satisfaction. Only upon satisfaction of all deficiencies will the Application be forwarded to the Department's Executive Award Review and Advisory Committee for final approval before recommendation to the Board. Any application that has not left Phase Three after 65 days of the date it entered Phase Three will be terminated and must reapply for consideration of funds~~. Applications that have completed this Phase will be reviewed for recommendation to the Board by the Committee.

~~(D)Upon completion of Phase Three, applications will be presented to the Executive Awards Review and Advisory Committee (the Committee). If satisfactory, the Committee will then recommend the award of funds to the Board, as long as funds are still available for this activity under the applicable NOFA. If Phase Three is completed at least 21 days prior to the next Board meeting, it will be placed on the next Board meeting's agenda. If Phase Three is completed with less than 21 days before the next Board meeting, the recommendation will be placed on the following month's Board meeting agenda.~~

(3) ~~(E)~~ Because applications are processed in the order they are received ~~prioritized~~ by the Department ~~"received date,"~~ it is possible that the Department will expend all available Housing Trust Fund funds before an application has ~~been completely reviewed~~ completed all phases of review. In the case that ~~If~~ all Housing Trust Fund funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for ninety (90) days in its current phase. If new Housing Trust Fund funds become available, ~~a~~Applications will continue onward with ~~already under review will continue with~~ their review without losing their ~~r~~Received ~~d~~Date ~~status~~ priority. If ~~new~~ Housing Trust Fund funds do not become available within ninety

(90) days of the notification, the ~~a~~Applicant will be notified that their ~~a~~Application is no longer under consideration. The applicant must reapply to be considered ~~and in the event of~~ for future funding~~,~~. ~~they would be required to reapply.~~ If on the date an ~~a~~Application is received by the Department, no funds are available under the NOFA, the applicant will be notified that no funds remain under the NOFA and that the application will not be processed.

~~(F) The Department may decline to consider any application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. Beyond the use of the "received date", staff will make selections based upon the need for housing in the community where the development is located, the effectiveness with which the proposed use of funds would aid in continuing to provide affordable housing, the general feasibility of the proposed transaction, and the credibility of the applicant. The Department is not obligated to proceed with any action pertaining to any applications which are received, and may decide it is in the Department's best interest to refrain from funding any application. The Department strives, through its terms, to maximize the return on its funds while ensuring the financial feasibility of a development. The Department reserves the right to negotiate individual elements of any application.~~

~~(f) Administrative Deficiencies. If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the application, the Department staff may request clarification or correction of such Administrative Deficiencies including both threshold and/or scoring documentation. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. Administrative Deficiencies given to Applications submitted under an Open Application Cycle NOFA will be handled in the manner described under Part B of this subsection (d)(2)(B). Applications submitted under a Competitive Application Cycle NOFA will be treated in the following manner. If Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department within five business days of the deficiency notice date, then five points shall be deducted from the application score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within seven business days from the deficiency notice date, then the application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. An Applicant may not change or supplement an application in any manner after the filing deadline, except in response to a direct request from the Department.~~

~~(g) All applications for housing development activities will be reviewed in the following manner:~~

~~(2) Board approval for the award of Development activity funds is conditioned upon a completed loan closing and any other conditions deemed necessary by the Department.~~

~~(h) Applications other than Rental Housing Developments will be reviewed and evaluated in accordance with the NOFA for that activity.~~

(b)~~(c)~~ Applications received by the Department in response to a Competitive Application Cycle NOFA for housing development activities will be handled in the following manner:

~~(1) Threshold Evaluation. Applications submitted for Rental Housing Developments will be required to meet the Threshold Criteria defined by the NOFA and any Threshold Criteria that may be applicable to the Housing Trust Fund as defined by this rule and Chapter 2306 of the Texas Government Code.~~

(1) The Department will accept Applications on an ongoing basis during the Application Acceptance Period as specified in the NOFA.

~~(2) Scoring Evaluation. For an Application to be scored, the Application must demonstrate that the Development meets all of the Threshold Criteria requirements. Applications that satisfy the Threshold Criteria will then be scored and ranked according to the Scoring Criteria identified in the NOFA.~~

~~(3) Financial Feasibility Evaluation. After the Application is scored, the Department will assign, as herein described, Developments for review for financial feasibility by the Department's Real Estate Analysis Division. The Department shall underwrite an Application to determine the financial feasibility of the Development and an appropriate funding amount and terms. In making this determination, the Department will use the Underwriting Rules and Guidelines, §1.32 of this title.~~

(2) Applications submitted and accepted by the Department will be reviewed for eligibility, threshold and selection criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM. A comprehensive review of financial feasibility for Development activities will be conducted by the Real Estate Analysis (REA) Division consistent with Section 1.32 of this title for all competitive applications. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies for items reviewed. If Administrative Deficiencies are not cured to the satisfaction of the Department within five (5) business days of the deficiency notice date, then five (5) points shall be deducted from the selection score for each additional day the Administrative Deficiency remains unresolved. If Administrative Deficiencies are not clarified or corrected within seven (7) business days from the deficiency notice date, then the Application shall be terminated.

(3) Upon completion of review and no unresolved Administrative Deficiencies, the Application will be reviewed for recommendation to the Board by the Committee

(c) **Administrative Deficiencies.** If an application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies including threshold and/or selection criteria documentation and/or financial feasibility analysis. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date.

An Applicant may not change or supplement any part of an Application in any manner after submission to the Department, increase their award amount, or revise their unit mix (both income levels and bedroom mixes), except in response to a direct request from the Real Estate Analysis Division to remedy an Administrative Deficiency as further described in this title or by amendment of an Application after a commitment or allocation of Housing Trust Fund monies.

(d) The Department may decline to fund any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any Application.

(e) ~~(g) (1)~~ A site visit will be conducted. Applicants must receive recommendation for approval from the Department to be considered for funding by the Board.

(f) ~~(i)~~ Applicants may appeal staff's decisions regarding their applications consistent with §1.7 of this title.

(g) ~~(j)~~ Alternative Dispute Resolution Policy. Applicant's may utilize the Department's Alternative Dispute Resolution process as defined by §1.17 of this title.

§51.70 [~~§51.7~~]Criteria for Funding.

(a) In considering applications for funding, the Department considers the following requirements under Chapter 2306.203, Texas Government Code, and such others as may be enumerated during the funding cycle:

(1) Minimum Eligibility Criteria. To be considered for funding, an Applicant must first demonstrate that it meets each of the following threshold criteria:

(A) the Application is consistent with the requirements established in this rule and the NOFA;

(B) the Applicant provides evidence of its ability to carry out the proposal in the areas of financing, acquiring, Rehabilitating, Developing or managing an affordable housing Development;

(C) the proposal addresses and identifies a housing need. This assessment will be based on statistical data, surveys and other indicators of need as appropriate; and

(D) any outstanding Housing Trust Fund Pre-Development loans for the same proposed Development Site must be paid in full at the time of Loan closing for the current requested funds.

(2) Evaluation Factors. Pursuant to Section 2306.203(c) of the Texas Government Code, the criteria used to evaluate applications, as more fully reflected in the NOFA, will include at a minimum the:

(A) leveraging of federal funds including the extent to which the project will leverage State funds with other resources, including federal resources, and private sector funds;

(B) cost-effectiveness of a proposed development; and

(C) extent to which individuals and families of very low income and extremely low income are served by the development.

(b) The Board has final approval on all recommendations for funding.

(c) Eligible Applicants that have been approved for funding and that require a material change in the project description must provide a written request for the material change to the Department prior to implementing the change.

(1) A material change may include, but is not limited to, the following:

(A) Change in project site;

(B) Change in the number of units or set asides; and

(C) An increase in funding that is not permitted under Section 51.80 of this chapter.

(2) Failure to comply with this subsection may result in the termination of funding to Applicant.

~~(d) The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any Housing Trust Fund development proposal or written agreement provided that:~~

~~(1) in the case of a modification or amendment to the dollar amount of the request or award, such modification or amendment does not increase the dollar amount by more than 25% of the original request or award, or $50,000, whichever is greater;~~

~~(2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award; and~~

~~(3) Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.~~

§51.71 Process for Awards During Competitive Application Cycle.

(a) Applicants applying in response to a Competitive Application Cycle will be ranked by highest score per Uniform State Service Region per Area Type unless otherwise specified in the NOFA.

(b) In event of a tie between two or more Applicants, the Department reserves the right to determine which Application will receive a recommendation for funding. This decision will be based on housing need factors and feasibility of the proposed Project identified in the Application. Tied Applicants may also receive a partial recommendation for funding.

(c) If sufficient qualified Applications are not received for a Uniform State Service Region or Area Type, the funds will be redirected to the next Uniform State Service Region that had a higher number of qualified Applicants unless otherwise specified in the NOFA

(d) Applicants may also receive a partial recommendation for funding. A minimum award amount may be established to ensure feasibility.

(e) When the remainder of the allocation within a Uniform State Service Region is insufficient to completely fund the next ranked Application in the Uniform State Service Region, it is within the discretion of the Department to:
(1) fund the next ranked application for the partial amount, reducing the scope of the Application proportionally;
(2) make necessary adjustments to fully fund the Application; or
(3) transfer the remaining funds to other Uniform State Service Region.

(f) All recommendations for awards will be presented to the Committee before presentation to the Board. All Applications must comply with all applicable program requirements or regulations.

(g) Applications receiving a favorable staff recommendation are presented to the Board for approval, pending the availability of Housing Trust Fund funds.

(h) Applicants may appeal staff's decision regarding their Applications in accordance with Section 1.7 of this title.

(i) Even after Board approval of the award of any Housing Trust Fund funds, acquisition or construction activities will may be conditional upon a completed Loan closing and any other conditions deemed necessary by the Department.

§51.72 Contract Required after Award. Any activity funded under this program will be governed by a written Contract that identifies the terms and conditions related to the awarded funds. The Contract will not be effective until executed by all parties to the Contract. Any amendments must be in writing and are subject to the requirements of this Chapter.

§51.73 Documents Supporting Mortgage Loans.

(a) A mortgage loan shall be evidenced by a mortgage or deed of trust note or bond and by a mortgage that creates a lien on the housing development and on all real property that constitutes the site of or that relates to the housing development.

(b) A note or bond and a mortgage or deed of trust:

(1) must contain provisions satisfactory to the department;

(1) must be in a form satisfactory to the department; and

(3) may contain exculpatory provisions relieving the Borrower or its Principal from personal liability if the department agrees.

(c) For each loan made for the Development of multifamily housing with Housing Trust Fund funds provided to the State, the Department shall obtain a mortgagee's title policy in the amount of the loan. The Department may not designate a specific title insurance company to provide the mortgagee title policy or require the borrower to provide the policy from a specific title insurance company. The borrower shall select the title insurance company to close the loan and to provide the mortgagee title policy.

§51.74 Amendments.

(a) Amendment requests to be approved by the Executive Director are allowable under the following circumstances:

~~§51.7 (d) The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver modifications and/or amendments to any Housing Trust Fund development proposal or written agreement provided that:~~

~~(1) in the case of a modification or amendment to the dollar amount of the request or award, such modification or amendment does not increase the dollar amount by more than 25% of the original request or award, or $50,000, whichever is greater;~~

~~(2) in the case of all other modifications or amendments, such modification or amendment does not, in the estimation of the Executive Director, significantly decrease the benefits to be received by the Department as a result of the award; and~~

~~(3) Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.~~

(1) Time extensions. The Executive Director may collectively provide up to one six month extension to the end date of any Contract. Any additional time extension granted by the Executive Director shall include a statement by the Executive Director relating to unusual and non foreseeable circumstances. If the extension is longer than six months and the Executive Director determines does not feel he can issue a statement related to unusual or non-foreseeable circumstances can be issued, it will be presented to the Governing Board for approval, approval with modifications, or denial of the requested extension.

(2) Increase in funds. In the case of a modification or amendment to the dollar amount of the award, such modification or amendment does not increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater. Modifications and/or amendments that increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval.

(b) If the Administrator or Development Owner fails to meet the contract milestones or Contract term requirements and does not seek, or is not granted, a Contract amendment for an extension of a milestone or the entire term, the awarded funds related to the lack of performance may be entirely or partially deobligated at the Department's sole discretion.

(c) Additional Funds. In the event the Department receives additional funds, the Department, with Board approval, may elect to distribute funds to other Administrators or Development Owners.

(d) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

(e) Individual Milestones. Each milestone is an individual term and subject to the amendment processes. An interim milestone extension may or may not extend the entire contract at the Department's discretion.

§51.808 Other Program Requirements.

(a) Employment opportunities. In connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, opportunities for training and employment shall be given to low, very low, and extremely low-income persons who meet position requirements residing within the area in which the project is located.

(b) Conflict of Interest.

(1) Conflict Prohibited. No person described in paragraph (2) of this subsection who exercises or has exercised any functions or responsibilities with respect to Housing Trust Fund activities under the Statute or who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from a Housing Trust Fund assisted activity, or have an interest in any Housing Trust Fund contract, subcontract or agreement or the proceeds hereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(2) Persons Covered. The conflict of interest provisions of paragraph (1) of this subsection apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of the ~~Recipient~~ Administrator or Development Owner.

(c) Right to Inspect and Monitor.

(1) The Department may, at any time, inspect and monitor the records and the work of the ~~p~~Project so as to ascertain the level of ~~p~~Project completion, quality of work performed, inventory levels of stored material, compliance with the approval plans and specifications, property standards, and program rules and requirements.

(2) Any unsatisfactory findings in the inspection may result in a reduction in the amount of funds requested or termination of funding.

(3) Within 45 days of completion of any construction, and before the release of any retainage funds, ~~Recipients~~Administrators and Development Owners are required to notify the Department of the completion by submitting a certificate of completion and any other documents required by program guidelines, including, but not limited to, the following:

(A) Architect's Certification of Substantial Compliance;

(B) Administrator or Development Owner's~~Recipient's~~ Certificate of Substantial Completion; and

(C) Administrator or Development Owner's~~Recipient's~~ and Supplier's Release of Lien and warrantee.

(4) The Department performs a final close-out visit and assists owners in preparing for long-term compliance requirements upon completion of project development.

(d) Compliance.

(1) Recipient must maintain compliance with each of its ~~written agreements~~Contracts with the Department.

(2) Restrictions are stated and enforced through a regulatory agreement.

(3) These restrictions include, but are not limited to the following:

(A) Rent restrictions;

(B) Record keeping and reporting; and

(C) Income targeting of tenants.

(4) The Department monitors compliance with project restrictions and any other covenants by Recipient in any Housing Trust Fund agreement. An annual per unit compliance fee of $25.00 may be charged for this review.

(e) For funds being used for multifamily rental properties, the Recipient must establish a reserve account consistent with ~~§~~Section 2306.186, Texas Government Code, and as further described in ~~§~~Section 1.37 of this title.

(f) Accounting Requirements. Within 60 days following the conclusion of a contract issued by the Department the Recipient shall provide a full accounting of funds expended under the terms of the contract. Failure of a recipient to provide full accounting of funds expended under the terms of a contract shall be sufficient reason to terminate the contract and for the Department to deny any future contract to the recipient.

§51.90 Citizen Participation.

(a) The Department holds at least one public hearing annually, and additional public hearings prior to consideration of any proposed significant changes to these rules, to solicit comments from the public, eligible applicants, and ~~Recipients~~Administrators and Development Owner on the Department's rules, guidelines, and procedures for the Housing Trust Fund.

(b) The Department considers the comments it receives at public hearings. The Board annually reviews the performance, administration, and implementation of the Housing Trust Fund in light of the comments it receives. The Board also reviews funding goals and set-asides relating to Allocation of Housing Trust Funds.

(c) Unless the request is made during a ~~c~~Competitive ~~a~~Application ~~c~~Cycle, Applications for Housing Trust Funds are public information and the Department shall afford the public an opportunity to comment on proposed housing applications prior to making awards.

(d) Complaints will be handled in accordance with the Department's complaint procedures of 10 TAC ~~§~~Section1.2 of this title.

§51.100 Records to be Maintained.

(a) ~~Recipients~~ Administrator or Development Owners are required, at least on an annual basis, to submit to the Department information required under Chapter 1 of this title, which may include, but is not limited to:

(1) such information as may be necessary to determine whether a project is benefiting low, very low, and extremely low-income persons and families;

(2) the monthly rent or mortgage payment for each dwelling unit in each structure assisted;

(3) such information as may be necessary to determine whether ~~Recipients~~Administrators and Development Owners ~~have~~has carried out their housing activities in accordance with the requirements and primary objectives of the Housing Trust Fund and implementing regulations;

(4) the size and income of the household for each unit occupied by a low, very low, or extremely low-income person or family;

(5) data on the extent to which each racial and ethnic group and households have applied for and benefited from any project or activity funded in whole or in part with funds made available under ~~the Statute~~Texas Government Code Chapter 2306.~~.~~ This data shall be updated annually; and

(6) A final statement of accounting upon completion of the ~~p~~Project.

(b) Administrator or Development Owners~~Recipients~~ shall maintain records pertinent to the tenant's files for a period of at least three years.

(c) Administrator or Development Owners~~Recipients~~ shall maintain records pertinent to funding awards including but not limited to project costs and certification work papers for a period of at least five years.

(d) Administrator or Development Owners~~Recipient~~ shall maintain records in an accessible location.

§51.110 Waiver.

The Board may, in its discretion, waive any one or more of the rules set forth in this chapter to accomplish its legislative mandates or for other compelling circumstances.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

AUGUST 23, 2007

Action Items

Presentation, Discussion and Possible Approval to publish a draft of proposed amendments to 10 TAC §1.20, Asset Resolution and Enforcement for comment in the *Texas Register*.

Required Action

Approve, reject, or approve with modifications for publication in the *Texas Register* the draft proposed amendments to 10 TAC §1.20, concerning Asset Resolution and Enforcement.

Background

The current Asset Resolution and Enforcement rule was designed for resolving compliance matters including loan defaults, contract performance problems and violations of Department rules. The Department's Review Committee, which was created by this rule, deliberates individual cases and makes recommendations to the Department for resolving all such compliance matters.

In this last legislative session the Department was given authority to assess administrative penalties of up to $1,000 per violation per day for violations of Department rules. The plan is to have Legal Services Division staff prosecute administrative penalty cases in contested case hearings before an administrative law judge who will make a penalty assessment recommendation to the Board. The Department lawyers will use Compliance Monitoring staff as the Department's expert witnesses. This process will require significant staff resources. However, this new authority is a significant expansion of the Department's current authority to assess penalties and should improve the Department's ability to encourage compliance with Department rules. Because the administrative penalty authority duplicates, and in many instances exceeds existing compliance penalty authority, Staff proposes to eliminate the current procedures for compliance penalties in this rule and to move the Department's administrative penalty authority into one subchapter in the compliance monitoring rule. Staff also proposes removing the Director of Compliance Monitoring from the roster of the Review Committee because the Review Committee would no longer have a compliance penalty-related function.

The existing provisions for resolving loan defaults and contract performance problems through the Review Committee process will remain in this rule.

Recommendation

Approve for publication in the *Texas Register* the draft proposed amendments to 10 TAC §1.20, concerning Asset Resolution and Enforcement.

TITLE 10. COMMUNITY DEVELOPMENT
PART 1. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1. ADMINISTRATION
SUBCHAPTER A. GENERAL POLICIES AND PROCEDURES
10 TAC §1.20 Asset Resolution and Enforcement

The Texas Department of Housing and Community Affairs proposes amendments to §1.20 concerning Asset Resolution and Enforcement. The proposed amendments make changes to the existing rule by deleting compliance penalty provisions from the rule. As amended §1.20 defines a process for the disposition of department assets for which early delinquency intervention and work out approaches have not been successful and provides a process for enforcing Department contracts. The amendments eliminate references to compliance penalties which are addressed as administrative penalties in Chapter 60, Subsection C of this title.

Mr. Michael Gerber, Executive Director, has determined that for the first five-year period the amended section is in effect there will be no fiscal implications for state or local governments as a result of enforcing or administering the amended section as proposed.

Mr. Gerber has also determined that for each year of the first five-years the amended section is in effect the public benefit anticipated as a result of enforcing the amended section will be the more efficient organization and use of Department resources as a result of providing separate processes for the disposition of Department assets and the assessment and collection of administrative penalties. There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with the amended section as proposed.

Public hearings will be held across the state between September 24 and October 5 to receive public input on the amendments to this section. More information on the public hearings can be found at http://www.tdhca.state.tx.us. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2008 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: 2008rulecomments@tdhca.state.tx.us, or by fax to (512) 475-3978. All comments must be received by October 10, 2007.

The amended section is proposed pursuant to the authority of the Texas Government Code, Chapter 2306 which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

The amended section affects no other code, article or statute.

§1.20. Asset Resolution and Contract Enforcement.

(a) Purpose. The purposes of this section are:

(1) To provide guidance to interested parties on potential actions available to the Department when a party that has obligated itself to carry out a contract or construct or operate an asset is not performing or operating according to the agreed upon terms and

(2) To establish appropriate procedures to implement the general policy of requiring compliance with all contractual undertakings made in connection with awards ~~the receipt~~

~~of funds or other support~~ provided by the Department pursuant to the various state and federal programs that it administers.

(b) Definitions.

(1) Administrator--The Person responsible for performing under a Contract with the Department.

(2) Affiliated Party--A Person in a relationship with the Administrator on a Contract with the Department. Does not apply to an Affiliated Party for Application purposes.

(3) Asset--A property covered by a LURA, Contract, grant agreement, or Commitment or any other property acquired, improved, or subsidized, directly or indirectly, in whole or in part with funds provided by any program(s) administered by the Department.

(4) Audit--An audit required to be performed by a third party or performed by the Department relating to a Contract.

(5) Board--The Governing Board of the Department.

(6) Commitment--A legally binding agreement between the Department and another party providing for funds, tax credits, or other financial support.

~~(7) Compliance Monitoring Fees--The fees identified in a LURA or other Contract payable by Project Owner related to an Asset.~~

~~(8) Compliance Rules--The rules found in 10 Texas Administrative Code Chapter 60.~~

(7~~9~~) Contract--Any executed written agreement between the Department and an Administrator, Home Owner, Mortgagor, Project Owner, Subrecipient, Subrecipient Organization, or other beneficiary of a Department program.

(8~~10~~) Deed-in-lieu of Foreclosure--A deed to a lender given by an owner/borrower conveying mortgaged property to prevent a lender from bringing Foreclosure proceedings or to eliminate the need for Foreclosure.

(9~~11~~) Deed of Trust--An instrument used to create a lien or mortgage by which the Mortgagor transfers his or her title to a trustee who holds it as security for the benefit of a lender.

(10~~12~~) Default--As defined in a LURA or Contract.

(11~~13~~) Delinquent Loan--Any mortgage loan in which the scheduled payment has not been received by the due date.

(12~~14~~) Department--The Texas Department of Housing and Community Affairs.

(13~~15~~) Development--Any Project that has a construction component, either in the form of new construction or the rehabilitation of residential housing.

(14~~16~~) Eligible Household--A household that meets the requirements associated with a Department Contract or LURA and applicable law, as in effect from time to time.

(15~~17~~) Event of Default--As defined in a LURA or Contract.

(16~~18~~) Executive Director--As defined under Texas Government Code §2306.036 and/or §2306.038.

(17~~19~~) Finding--A report or other communication from the Department indicating a need for corrective action by an Administrator, Project Owner, Recipient, Subrecipient or other beneficiary of a Department program.

(18~~20~~) Forbearance--The act of agreeing, either conditionally or unconditionally, in reliance upon express representations, to refrain from enforcing one or more legal obligations, such as making scheduled payments on a debt or complying with one or more non-monetary provisions of a Contract. A relief provision that provides for a period of reduced or suspended payments to enable the Mortgagor to cure a delinquency is an example of a forbearance.

(19~~21~~) Foreclosure--A legal proceeding, in or out of court, to gain title or to force a sale of a mortgaged property in order to satisfy unpaid amounts due under the debt secured by such mortgaged property on the property.

(20~~22~~) Loan Modification--A written agreement to a change in one or more terms of the Contract or contractual documents relating to an existing loan between the Department and Mortgagor.

(21~~23~~) LURA--A Land Use Restriction Agreement that has been executed by the Department and a Person related to a specific property or properties and filed with required recording authorities.

(22~~24~~) Mortgagor--The party (a "borrower") who borrows the money and uses his or her real property as collateral and security for the payment of the debt.

(23~~25~~) Person--Any individual, partnership, corporation, association, trust, unit of government, community action agency, or public or private organization of any character, however organized.

(24~~26~~) Real Estate Owned--Property acquired by the Department as the lender, usually through foreclosure or acceptance of a deed-in-lieu.

(25~~27~~) Receivership--Legal action as defined in Contract or LURA.

(2628) Responsible Party--The Administrator, Home Owner, Mortgagor, Project Owner, Subrecipient, Subrecipient Organization, or other beneficiary of a Department program subject to this rule for purposes of asset resolution or enforcement.

(2729) Review Committee--The committee, chaired by the Executive Director and comprised of the Deputy Executive Director for Programs, the Deputy Executive Director for Administration, ~~the Director of PMC,~~ the Director of Real Estate Analysis and two additional rotating members appointed by the Chair. The Review Committee will determine asset resolutions and contract enforcement~~or enforcement~~ recommendations.

(2830) Workout Program--A written agreement as an alternative to foreclosure that the Department may offer to the Mortgagor of a defaulted mortgage.

(c) Potential Actions Related to Home Ownership.

(1) Early Delinquency Intervention. According to the terms of a Contract between the Department and a Mortgagor the Department will provide a loan billing statement to the Mortgagor or Home Owner as payments are due. A Contract will be identified as delinquent unless the mortgage payment is made on the 16th day after the due date. A late fee will be assessed on all identified delinquent loans. A computer generated "Friendly Reminder" notice of default is mailed to the Mortgagor on any loan for which payment has not been received by the 16th day of the month payment was due. A "Late Payment" notice of default is mailed to the Mortgagor on any loan that is past due more than forty-five (45) days. An "Urgent" notice of default is mailed to the Mortgagor on all loans that are more than sixty (60) days past due. The status of all mortgage loans serviced in-house by the Loan Servicing section will be reported monthly to the Credit Bureau through the Department's credit reporting processes, including delinquencies.

(2) Workout Program. The Department supports delinquent Mortgagors' efforts to meet their mortgage obligations so they can avoid Foreclosure and remain in their homes when feasible. That means, among other things, using available tools that are appropriate under the circumstances to avoid Foreclosure; being judicious in approaching loss mitigation efforts and promoting open and effective communication with Mortgagors, including giving reasonable opportunity to resolve legitimate disputes. The Department after consultation with the Review Committee may, but is not required to, perform one or more of the following alternatives to cure the delinquency:

(A) Phone Contact. Delinquent Mortgagors identified as more than forty-five (45) days past due may be contacted by phone to determine why the Mortgagor has not made the required payment(s). The Mortgagor is encouraged to contact the Department prior to this call to notify the Department of circumstances for the delinquencies.

(B) Face-to-Face Interviews. Face-to-face interviews may be conducted when phone contact is not possible with the Mortgagor, and/or the Mortgagor is

unresponsive to various attempts by the Department to establish communication and discuss the delinquency. Face-to-face interviews are done to determine the condition of the Department's collateral and discuss workout options available to the Mortgagor. If the Mortgagor is unavailable at the time a face-to-face interview is attempted, the Department will leave a "Collection Flyer" notice of default, marked "confidential," addressed to the Mortgagor at the property location.

(C) Written Repayment Agreement. Once a Mortgagor's ability to pay has been assessed, if the period necessary to cure the delinquency will exceed forty-five (45) days from the time contact is made, the Department will require the Mortgagor to enter into a formal written repayment agreement specifying the terms of repayment for the delinquent amount. Only in exceptional cases will a repayment period exceed twelve (12) months. If the Mortgagor abides by the terms of the written repayment agreement, the Department may suspend accrual of late fees for the duration of the agreement.

(D) Forbearance. The Review Committee may recommend a Forbearance agreement if the Mortgagor is temporarily unable to make any amount of payment due because of documented evidence of illness, death of a co-mortgagor, or loss of employment. Forbearance agreements will not exceed three (3) months. Any suspended payments will be made up as an additional single payment upon maturity. All accrued unpaid principal and interest amounts will be added to the end of the loan as a balloon payment. This will not result in a change of terms, and no recording fees or T-38 Endorsement will be necessary.

(E) Loan Modification. The Review Committee may recommend a loan modification to alter the terms of the note including, but are not limited to, the interest rate, principal balance, payment amount, and the maturity date. This is a formal change in the original terms of the note. Any principal, escrow shortages, and fees such as recording fees, title policy fees, and pre-foreclosure fees will be included in the new terms.

(F) Pre-foreclosure Sale. If the Mortgagor is unable to cure its delinquency, and the Mortgagor's desire is to avoid Foreclosure by the Department, the Department may consent to the sale of the property by the Mortgagor to a third (3rd) party buyer within a reasonable time as determined by the Department. If the proceeds from the Pre-foreclosure Sale are insufficient to extinguish the Mortgage Lien, the remaining outstanding balance under the Note secured by the Mortgage Lien will be converted to an Unsecured Note executed by the original Mortgagor payable to the Department unless other provisions are stated in the Note and/or Deed of Trust.

(G) Deed-in-lieu of Foreclosure. On a seriously delinquent mortgage where other options have been unsuccessful and/or the Mortgagor intends to abandon the property, the Department may consent to a Deed-in-lieu of Foreclosure. As a condition of the Department accepting a Deed-in-lieu of Foreclosure, the property

must be free and clear of all encumbrances and liens other than liens of the Department.

(3) Final Resolution. In the event that a workout as described in paragraph (2) of this subsection is unsuccessful, the Department upon recommendation of the Review Committee may take one or~~of~~ more of the following actions:

(A) Creditor Claim in Bankruptcy. When a Mortgagor files for bankruptcy, the Department will take all actions that are necessary to protect its interests. All collection efforts outside the bankruptcy courts by the Department will cease during the bankruptcy period. The Department will file a proof of claim when appropriate. In a bankruptcy case that has been dismissed, all normal collection efforts will resume. In a bankruptcy case that has been Discharged in Bankruptcy, the Mortgagor will either reaffirm the debt in accordance with the bankruptcy or the Department may proceed to foreclose on the mortgage lien.

(B) Foreclosure. After all workout options have been exhausted, the Review Committee will review the loan for possible recommendation to foreclose on the property used as collateral to secure the Mortgage Lien. If the Department is in an inferior lien position, and the value of the property warrants it, the Department may elect to purchase a superior lien loan in order to proceed with Foreclosure and protect its interest.

(C) Debt Forgiveness. In exceptional circumstances, the Review Committee may recommend the forgiveness based on hardship conditions. The Committee shall consider the following conditions as hardships: documented long term disability resulting in a permanent inability to pay, and a permanent inability to pay where it would not be in the best interest of the Department to foreclose based on economic conditions of the property and/or continued expenses which are incurred due to escrow responsibilities. The ability to forgive will also be contingent upon the method of funding. All hardship cases will be considered on a case by case basis. In cases where program guidelines allow for forgiveness based on death of borrower(s), the Department will take the appropriate steps to forgive these loans.

(D) Charge-offs. When the Department determines that all collection efforts have been exhausted on delinquent loans and there is no economic value in foreclosure the loan may be charged off. A charge-off will be reported to the credit bureau through the Department's normal credit reporting processes and to any appropriate agencies including the IRS. When a debt has been charged off, the Mortgagor will be placed on the Department's Debarment list and will not be eligible to apply for future programs.

(d) Potential Actions Related to Multi-family Properties

(1) Financial Delinquency Issues. Owner/managers who fail to perform under the terms of the loan documents leading to an event of default will be provided timely notice of the

default. For purposes of this rule a financial delinquency occurs when the responsible party fails to pay loan payments or fees due in a timely manner, fails to maintain adequate insurance and/or fails to pay taxes on a timely basis. When an event of default occurs, the Department will:

(A) Notice. The Department will provide notice according to terms of the Loan Documents and or LURA to the obligor that a potential event of default has occurred. For events of default that are curable, the notice will provide a reasonable time period for correction, not to exceed sixty (60) days from the date notice or such longer period as may be required by the Contract.

(B) Workout. In the event the Responsible Party contacts the Department within the corrective period and provides sufficient evidence of the cause for a failure to pay, the Department may enter into a workout plan that may include: Forbearance of the payment of loans or fees; Loan modification; a payment of taxes or a placement of insurance at additional cost to the Responsible Party. Workouts must address those factors that the Department, in its sole discretion, deems appropriate to address the cause of the problems that required the workout, such as a requirement of a change of management for a property where multiple events of default occur or a repeated pattern of defaults occur. Only in exceptional cases, approved by the Board on the recommendation of the Review Committee, will a Forbearance period exceed twelve (12) months. Not more than one year of taxes or one year of insurance premium shall be added to the principal amount of the note during the workout period without further corrective action being taken. If a loan modification is recommended by staff, the extension of the note or reduction of the interest to be paid will be consistent with then existing policies of the Department. The Review Committee will approve any modifications to Contract or LURAs.

(C) Final Resolution. In the event the Responsible Party and the Department cannot agree upon terms of a workout within six (6) months, the Department will consider all legal action available to it at the end of the six months. All legal action includes litigation up to and including placing the property in Receivership or Foreclosure on the property.

(D) Waiver and Actions Consistent with Other Law. Any failure to act by the Department does not constitute a waiver of this rule. Where applicable, the Department will seek to protect the interests of the Department on behalf of the State of Texas. Nothing in this rule is intended to conflict with the laws of the United States and the State of Texas and where any conflicts arise, the rule will defer to the existing laws.

~~(2) Monitoring During Compliance Period (Tax Credit Properties). During the compliance period, any tax credit property found to be in violation of 10 Texas Administrative Code Chapter 60 will be covered by this Rule in addition to the Internal Revenue Service Code, Code of Federal Regulations and related revenue rulings and any other official guidance provided by the Internal Revenue Service.~~

~~(3) Monitored Properties (Tax Credit Properties After Original Compliance Period, HTF or HOME Properties Subject to a LURA). Properties failing to comply with the rules of the Department and/or the terms of the related LURAs are subject to the following actions:~~

~~(A) Because of the additional staff time and additional record keeping requirements associated with non-compliance with the agreed upon terms the following table is established as a compliance penalty structure as indicated:~~

~~Figure: 10 TAC §1.20(d)(3)(A)~~

~~(B) Compliance Penalty Enforcement. In determining the compliance penalty, the Department will use a list of published factors to assess the amount of the penalty. Compliance penalties will continue to be assessed until such time as the corrective action has been taken. In the event that corrective action is not taken, the Department will take the following actions:~~

~~(i) Provide notice to the last known address of the party against whom the penalty has been assessed;~~

~~(ii) A description of the violations and the governing authority for application of the compliance penalty;~~

~~(iii) The procedures for appealing the compliance penalty assessed including the provisions under 10 Texas Administrative Code <**> 1.7, 1.8 and 1.17.~~

~~(iv) If the party either does not respond or fails to take corrective action, the Department will refer the matter to the Attorney General for determination of the legal remedies available and action to be taken.~~

(e) Potential Actions Related to Contract Administration on Awarded Funds.

(1) Contracts Involving Department Awards other than Housing Tax Credit Bonds. The Department is responsible for numerous awards of funds or resources intended to benefit Texans who qualify for programs administered by the Department. Frequently these programs are administered by Subrecipients--some of whom directly perform the work and others who hire others to assist them in service delivery. These rules either repeat or supplement the language included in individual contracts. When a contractor fails to perform adequately, the Department may take any of the following actions:

Figure: 10 TAC §1.20(e)(1)

(2) Special Conditions for Contract Involving Construction Awards. In addition to the contract actions found in paragraph (1) of this subsection, the following are potential actions specifically related to construction related awards:

Figure: 10 TAC §1.20(e)(2)

(f) Administration of Section.

(1) Program and Compliance staff will be the first line reviewers for performance with Department policies and procedures related to Contracts and/or LURA's. After providing initial notice to the Responsible Party and time for response, the involved staff will refer non-resolved matters to identified asset resolution and contract enforcement staff. The asset resolution and contract enforcement staff will review and develop a recommended action plan and timeline to the Review Committee, including final resolution if other efforts are not successful. The Review Committee will approve, approve with modifications or reject the submitted plan. The Executive Director will evaluate to determine if Board action is required.

(2) The asset resolution and enforcement staff will implement the approved plan including any required referrals to the Office of the Attorney General or other parties.

(3) Unless otherwise indicated, Responsible Parties will have access to Department procedures for appealing actions taken under this rule including the provisions under 10 Texas Administrative Code <**> 1.7, 1.8 and 1.17.

(4) If the Department has determined that a provision of this rule must be expedited to protect the assets of the State of Texas, any non-statutory timeline may be reduced by the Department.

(5) Any section of this rule may be waived for just cause by the Executive Director or the Governing Board except for notice provisions and federal and state statutory provisions.

(g) Debarment for Failure to Perform.

(1) Any Administrator, Affiliated Party, Person or Responsible Party receiving funds (including Housing Tax Credits) directly or indirectly may be subject to debarment under this section.

(2) Procedures for Placement in Debarment.

(A) Recommendation for inclusion on the debarment list is done by referral from Department Division Directors. An Administrator, Affiliated Party, Person or Responsible Party may also submit a referral to a Department Division Director for consideration.

(B) Once referred the Administrator, Affiliated Party, Person or Responsible Party will be placed in Suspension status. While in Suspension the entity can continue to be reviewed for participation in the application or allocation cycle, but a review by the Review Committee must be completed prior to the award of Department funds (or allocation of Housing Tax Credits). A determination of inclusion on the

debarment list will preclude the entity from participation for the term determined by the Review Committee, beginning with any current application or allocation award request. The following actions will be taken by the referring Department Division Director:

(i) Notice will be provided to the Administrator, Affiliated Party, Person or Responsible Party of the referral to the Department's Review Committee for inclusion on the debarment list.

(ii) The Administrator, Affiliated Party, Person or Responsible Party will be given an opportunity to provide information for consideration by the Review Committee. This information must be submitted within 14 working days from the date of notice.

(C) The Department Division Director will present the Review Committee with the following for consideration of the referral:

(i) Documentation to support the action that the Administrator, Affiliated Party, Person or Responsible Party has taken to warrant referral for placement on the debarment list.

(ii) A copy of the notice provided to Administrator, Affiliated Party, Person or Responsible Party.

(iii) A copy of any information provided in response by the Administrator, Affiliated Party, Person or Responsible Party to the notice.

(D) The Review Committee may determine based on the information provided that the entity does not warrant being placed on the debarment list. The Review Committee may recommend placement on the debarment list and will recommend a term for debarment based on the following structure:

Figure: 10 TAC §1.20(g)(2)(D)

(E) Agreement or~~of~~ Appeal. A Person has 10 days from the date of the notice of the Review Committee recommendation to appeal or invoke the Alternative Dispute Resolution Rule, §1.17.

(F) The Board of Directors will provide final approval for placement on the Debarment list. The board will review the Review Committees' determination and recommended term of debarment. The Administrator, Affiliated Party, Person or Responsible Party will be given opportunity to appeal during the Board Meeting.

(G) Once approved by the Department's Board of Directors the entity will be placed on the Debarment List for the determined term.

"Figure 10 TAC §1.20(e)(2)"

Non-performance contract action	**Required action to adequately perform**	**Potential penalties for non-performance**
Failure to follow federal laws regarding construction	Request waiver; submit plan for alternatives to reconstruction	Non-issuance of IRS Form 8609 if appropriate; request for repayment of all funds provided; compliance penalty equal to 5% of total award received; included on debarment list; referred to Attorney General for collection; termination of contract
Poor Construction Quality	Correct non-compliant construction; Develop a plan for corrective action	Request repayment of all funds; Non issuance of IRS Form 8609 if appropriate; refer to Attorney General for collection of funds; termination of contract; include all parties on debarment list
Failure to build units according to submitted application	Alter construction to meet plans; prepare alternatives for consideration	Non-issuance of IRS Form 8609 if appropriate; request for repayment of all funds provided; compliance penalty equal to 5% of total award received; included on debarment list; referred to Attorney General for collection; termination of contract
Agreement between consultants and Administrators	Submit copy of agreement for review prior to beginning work	Verify that the Department's required clauses involving audit provisions, debarment list penalties, and conflicts of interests are included; limit draws or submission of documents until such contracts are provided; reduction of administrative fees

Figure: 10 TAC <*>1.20(g)(2)(D)

Action	Potential Debarment Term
Failure to meet Department minimum accessibility standards for rehabilitation act compliance	1-10 years
Continued non-compliance resulting in declaration of no longer participating in program	1-10 Years
Determination of uncorrected material Non-compliance for more than six months	1-5 Years
Failure to correct audit finding	1-5 Years
Failure to File required audit report	1-5 Years
Failure to meet HOME contract milestones	1-5 Years
Failure to submit necessary Documentation	1-5 Years
Misappropriation of funds	In Perpetuity
Loss or removal of Federal Programs from subrecipient	Duration determined by Federal Agency for that Issue
Disallowed costs	Until Cured
Failure to provide services contracted	1-5 Years
Match not submitted in time or in a pro-rata share or insufficient documentation	1-5 Years
Charged with committing criminal actions	In Perpetuity
Failure to respond to Department Correspondence	Until Resolution
Failure to follow federal laws regarding construction	1-5 years
Poor Construction Quality	In Perpetuity
Failure to build units according to submitted application	1-10 Years

"Figure 10 TAC §1.20(d)(3)(A)"

Compliance action or Report required	Required action to regain Compliance**	Potential Penalty for continued Non-compliance*
Units leased to households that are not eligible because their income exceeds the allowable limit; occupied by non-eligible full-time students; or noncompliance with senior age restrictions	Lease labeled "Do not renew lease — as soon as possible lease the unit to eligible household;" Lease to eligible household	Compliance penalty up to $500 for violation of do not renew restriction; Compliance penalty of up to $500 for repeated violation.
Rents charged exceed allowable limits or improperly calculated utility allowance	Owner/manager demonstrates reduction in rent and/or recalculation of utility allowance and refund difference to tenants	Compliance penalty up to the amount of uncorrected overcharge.
Property Condition Violations	Appropriate repairs completed and provide evidence	Compliance penalty based on severity of violation up to $500 per violation.
Failure to Submit Reports Timely and or failure to execute and record program documents	After written notice of failure to receive report owner must provide corrective action support within 30 days	Compliance penalty of up to $250 per additional notice sent for every 30 days of no response.
Change in eligible basis	Owner to cease charging for facilities and refund amounts collected and/or convert commercial space back to residential space as applicable	Compliance penalty up to amount not refunded or wrongly collected.
Failure to meet minimum set aside, violation of Available Unit Rule, or comply with rent and occupancy restrictions	Units should be rented to the appropriate income and rent restrictions for eligible households	Compliance penalty of up to $200 per unit and potential listing as not participating in program.
Failure to follow Fair Housing or federal laws providing access by the general public or failure to comply with Section 8 minimum income to rent standard	Owner must to enter into a corrective action agreement and amend leasing requirements if appropriate	Report for possible fair housing violation, Compliance penalty of up to $250 per violation.
Failure to maintain adequate documentation or certification for compliance	Owner to recertify accordingly and provide documentation upon completion	Compliance penalty of up to $100 per request per 30 day period of failure to provide documentation
Low income units used on transient basis	Owner should execute at least six month lease and provide evidence	Compliance penalty of up to $100 per request per 30 day period of failure to provide documented lease
Violation of the Unit Vacancy Rule	Property must advertise availability of units within 30 days and provide evidence	Compliance penalty of up to $250 per 30 day period not advertised
No evidence of material participation by a qualified nonprofit	Owner to correct issue and certify compliance within 60 days	Compliance penalty of up to $500 per 30 days after 60 day corrective period.
Failure to provide agreed to supportive services	Corrective action within 30 days	Compliance penalty of up to $500 per listed service not

		provided per month
Failure to pay compliance fees or compliance penalties timely	After notice of fees due and payable within 30 days of notice	Begin collection proceedings. Add state allowable maximum interest rate and additional penalty of up to $250 per 30 day period of nonpayment.
Failure to meet prescribed special needs set aside	Property must develop and follow adequate marketing plan utilizing organizations that work with special needs for corrective action within 60 days	Compliance penalty of up to $250 per day for failure to develop and follow marketing plan per 30 day period. Additional penalties may exist for leasing to ineligible households.
Failure to meet Department minimum standards for rehabilitation act compliance	If discovered during development, potential correction of building. If discovered after building, establish an account to fund necessary modifications	Failure to correct will lead to limitation of future participation in Department programs up to and including Debarment for a period of time.
Continued non-compliance resulting in declaration of no longer participating in program	After written notice owner should provide a corrective action memo	Maximum compliance penalties allowed under LURA plus penalties for specific non-compliant items. Collection of penalties up to and including filing of liens and all legal actions including foreclosure. If property remains out of compliance for 12 months inclusion in Debarment list.
Determination of material Non-compliance for more than six months	After notice of violation corrective action plan developed with Department	Declaration that the property is "No longer participating in the program" and associated penalties and legal actions.
*Compliance penalties are in addition to point scoring for material non-compliance determination	**The Department may require additional training for persons who receive repeated non-compliance findings. The Department may include replacement of management or addition of a consultant as a component of corrective action for repeated non-compliance	

"Figure 10 TAC §1.20(e)(1)"

Non-performance contract action	Required action to adequately perform	Potential penalties for non-performance
Failure to correct audit finding	Satisfactorily answer audit finding during timeline provided	Request repayment of funds; limitation of future payments; reduction in administrative fees allowed; implementation of 10 TAC 1.3; termination of current contract; bar of future contracts; added to debarment list
Failure to File required audit report	File audit report prior to deadline	Loss of contract; withholding of payments, implementation of 10 TAC 1.3; bar of future contracts
Failure to meet contract milestones	Development of corrective action and contract amendment	Reduction in administrative fees; termination of contract; withholding of funds requested
Failure to submit necessary Documentation	Submit required documents within 30 days of notification	Department will return faulty submission documents; reduction of administrative fees; withholding of payments; termination of contract; if not submitted bar of future contracts
Failure to timely request amendment	Request amendment prior to contract expiration in writing and signed by contract signatory authority made at least 90 days before contract end	Termination of contract; withholding of funds requested; reduction in administrative fees; audit finding; repayment of funds paid for work not under contract
Misappropriation of funds	Repayment of funds	Withholding of funds; criminal referral to District attorney; referral to Attorney General for legal action; termination of contract; inclusion in debarment list;
Loss or removal of Federal Programs from subrecipient	Explanation of reason for loss of program and clearance to continue to receive other funds	Termination of contract; withholding of funds requested; inclusion in debarment list
Failure to execute contract	Execution of contract with 30 days of notice	Removal from contract administration system; termination of contract; withholding of any requested funds
Disallowed costs	Clearance of costs prior to deadline provided	Request of repayment of funds; withholding of funds; audit finding; implementation of 10 TAC 1.3
Failure to provide services contracted	Design corrective action plan and submit for approval	Request repayment of funds; withholding of requested funds; disallowed costs; audit findings; legal action to enforce contract under specific performance; termination of contract; reduction in administrative fees.
Match not submitted in time or in a pro-rata share or insufficient documentation	Submit according to requirements or request amendment	Withholding of request funds; reduction of points on future applications; bar placed on contract monitoring system; limiting payments until pro-rata match is achieved; reduce administrative fees
Failure to request draw	Must submit within the sixty	Allow contract to expire in contract system

within required time	day time frame or request an extension with sufficient justification as to the delay	without issuing payment; close out contract as completed; withholding of requested funds; reduction of administrative fees
Criminal charges filed against key staff	Report and explanation of charges and duties of charged staff	Audit of program related to charged staff; termination of contract; request for development of action plan for correction
Failure to respond to Department Correspondence	Respond with appropriate response prior to deadline provided not to exceed 30 days	Termination of contract; request for repayment of fees; withholding of requested funds; referral to Attorney General for enforcement; inclusion in debarment list.

TEXAS HOMEOWNERSHIP DIVISION

BOARD ACTION REQUEST

AUGUST 23, 2007

Action Items

Presentation, Discussion and Possible Approval for publication in the *Texas Register* of draft proposed new 10 TAC §7, concerning the *Texas First* Time Homebuyer Program.

Required Action

Approve, reject, or approve with modifications for publication in the *Texas Register* the draft proposed new 10 TAC §7, concerning the Texas First Time Homebuyer Program.

Background

New Chapter 7 implements the Texas First-Time Homebuyer Program as enacted in S.B.1908 and H.B. 1637, 80th Legislative Session. The purpose of the program is to make affordable mortgage loans, down payment assistance ("DPA") and mortgage credit certificates available to first-time home buyers. The new chapter sets forth the types of assistance available, eligibility requirements, the application procedure, application fees, and describes the qualifications that mortgage lenders must meet to participate in the program. Generally, the program makes mortgage loans and mortgage credit certificates available to first time homebuyers with an income that does not exceed 115% AMFI (140% in targeted areas), and downpayment and closing cost assistance ("DPA") for incomes that do not exceed 80% AMFI. Rider 11 additionally requires that at least 30% of the bond proceeds available be set aside for one year (FY08) for loans, DPA and closing cost assistance to individuals and families at 60% AMFI.

There are no significant differences between the program as proposed in this rule and the program as currently administered by the Department.

Recommendation

Approve for publication in the *Texas Register* the draft proposed new Chapter 10 TAC §7, concerning the Texas First Time Homebuyer Program.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 7 TEXAS FIRST-TIME HOMEBUYER PROGRAM

The Texas Department of Housing and Community Affairs proposes new 10 TAC §7, concerning the Texas First-Time Homebuyer Program. The new chapter implements Subchapter MM of the Texas Government Code, Chapter 2306, as amended by H.B. 1637 and S.B. 1908 in the 80th regular legislative session, and other provisions of Texas Government Code, Chapter 2306, authorizing the Department to administer federal housing programs. The new chapter relates to the Department's operation and administration of the Texas First-Time Homebuyers Program which will facilitate the origination of single-family mortgage loans for eligible first-time homebuyers, down payment and closing cost assistance, and the issuance of mortgage credit certificates.

Mr. Michael Gerber, Executive Director, has determined that for the first five-year period the new chapter is in effect there will be no additional cost to state or local governments as a result of enforcing or administering the new chapter.

Mr. Gerber has also determined that for the first five-year period the new chapter is in effect the public will benefit by making financial assistance in the purchase of a home more available to first-time homebuyers. The need for such assistance has grown in the last several years because of increasing home prices. Mr. Gerber has also determined that for the first five-year period there will be no economic cost to individuals required to comply with the new chapter and no adverse economic effect on small businesses.

Public hearings will be held across the state between September 24 and October 5 to receive public input on this new chapter. More information on the public hearings can be found at http://www.tdhca.state.tx.us. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2008 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: 2008rulecomments@tdhca.state.tx.us, or by fax to (512) 475-3978. All comments must be received by October 10, 2007.

The new chapter is proposed under Tex. Gov't. Code §2306.1073, which requires the department to adopt rules to administer the Texas First-Time Homebuyer Program, and Tex. Gov't. Code §§2306.053(10) and (11) which authorize the department to provide for the administration of federal housing programs and establish eligibility criteria.

No other statutes, articles, or codes are affected by the proposed new chapter.

§7.1 Purpose.

The purpose of the Texas First-Time Homebuyer Program is to facilitate the origination of single-family mortgage loans for eligible first-time homebuyers, provide to qualifying homebuyers down payment and closing cost assistance, and to make available to qualifying first-time homebuyers mortgage credit certificates.

§7.2 Definitions.

(a) **Affidavit of eligible borrower** -- means an affidavit substantially in the form of Exhibit A of the master mortgage origination agreement.

(b) **Area median family income** -- means the Department's determination, as permitted by Section 2306.123 of the Texas Government Code, of the median income of a family for an area using a source or methodology acceptable under federal law or rule. Percentages of the area median family income, as updated from time to time, may be found on the department's website in the "Combined Income and Purchase Price Limits Table."

(c) **Areas of chronic economic distress** -- means those areas in the state, whether one or more, designated from time to time as areas of chronic economic distress by the state and approved by the Secretaries of Treasury and Housing and Urban Development pursuant to 26 USC §143(j), as amended from time to time, and related regulations.

(d) **Contract for deed exception** -- means the exception for certain mortgage loan eligibility requirements, as provided in the master mortgage origination agreement, available with respect to a principal residence owned under a contract for deed by a person whose family income is not more than 50% of the applicable median family income.

(e) **Department** – the Texas Department of Housing and Community Affairs.

(f) **First-time homebuyer** -- means a person who:

(1) resides in this state on the date on which an application is filed; and

(2) has not owned a home during the three years preceding the date on which an application under this program is filed, except if the application is with respect to a home in a targeted area. A person will be considered to have owned a home if the person had a present ownership interest in a home during the three years preceding the date on which the application was filed. In the event there is more than one person applying with respect to a home, each applicant must separately meet this three year requirement.

(g) **Home** -- means a dwelling in this state in which a first-time homebuyer intends to reside as the homebuyer's principal residence.

(h) **Master mortgage origination agreement** -- means the contract between the department and a mortgage lender, together with any amendments thereto, setting forth certain terms and conditions relating to the origination and sale of mortgage loans by the mortgage lender and the financing of such mortgage loans by the department.

(i) **Maximum purchase price limit** -- means the purchase price limits published and updated from time to time in the "Combined Income and Purchase Price Limits Table" found on the department's website.

(j) **Mortgage credit certificate** -- means any certificate which:

(1) is issued under a qualified mortgage credit certificate program by the department;

(2) is issued to the first-time homebuyer/taxpayer in connection with the acquisition of the first-time homebuyer/taxpayer's principal residence; and

(3) specifies the certificate credit rate, and the certified indebtedness amount.

(k) **Mortgage lender** -- means a bank, trust company, savings bank, mortgage company, mortgage banker, credit union, national banking association, savings and loan association, life insurance company, or other financial institution authorized to transact business in this state and approved as a mortgage lender by the department.

(l) **Present ownership interest** -- means:

(1) a fee simple interest;

(2) a joint tenancy, a tenancy in common or tenancy by the entirety;

(3) the interest of a tenant shareholder in a cooperative;

(4) a life estate;

(5) a land contract which does not fall within the contract for deed exception;

or

(6) an interest held in trust for an a person that would constitute a present ownership interest if held directly by such person.

The term, "present ownership interest" does not include:

(7) a remainder interest;

(8) a lease with or without an option to purchase;

(9) a mere expectancy to inherit an interest in a principal residence;

(10) the interest that a purchaser of a residence acquires on the execution of a purchase contract;

(11) a land contract which falls within the contract for deed exception; or

(12) an interest in other than a principal residence.

(m) **Program** -- means the Texas First-Time Homebuyer Program.

(n) **Targeted areas** -- means a census tract, as designated by the United States Secretary of Commerce, in which 70% or more of the families have incomes that are 80% or less of the statewide median income, such median income to be determined on the basis of the most recent decennial census for which data are available, or an area of chronic economic distress.

§7.3 Administration of the Program.

(a) **First-time homebuyer program eligibility requirements**. To be eligible for any assistance under the program a first-time homebuyer must:

(1) qualify as a first-time homebuyer;

(2) be able to sign at loan closing an affidavit of eligible borrower; and

(3) apply with respect to a home whose purchase price does not exceed the maximum purchase price limit for the relevant area, and is either a new or existing single family residence, new or existing condominium or town home, or manufactured housing that has been converted to real property in accordance with the Texas Occupations Code Chapter 1201.

(b) **Types of assistance available**. Depending on the applicants' income, a first-time home buyer that applies for a loan under the program may also be eligible for down payment and closing cost assistance or mortgage credit certificates. Down payment and closing cost assistance or mortgage credit certificates may be awarded only in conjunction with an application for a mortgage loan.

(c) **Income limits for loans.** First-time homebuyers applying for a mortgage loan or a mortgage credit certificate must have an income of not more than 115 percent of area median family income or 140 percent of area median family income in targeted areas.

(d) **Income limits for down payment and closing cost assistance.** First-time homebuyers applying for down payment and closing cost assistance in conjunction with a mortgage loan must have an income of not more than 80 percent of area median family income.

(e) **Application Procedure**.

(1) Only applications filed on or after January 1, 2008 are subject to this chapter.

(2) Applicants seeking assistance under the program must first contact a participating mortgage lender. A list of participating mortgage lenders may be obtained on the department's website or by contacting the department.

(3) All applicants shall complete an application with a participating mortgage lender and shall provide the following information at the time of application:

(A) written permission to obtain credit reports of the applicants on a form to be provided by the mortgage lender;

(B) an affidavit of Texas residency on a form to be provided by the mortgage lender;

(C) the most recent statements for all credit and bank accounts;

(D) pay stubs for the 3-month period prior to the month in which the application was filed;

(E) income tax returns for the past three years;

(F) W-2 forms for the two most recent calendar years for which they are available;

(G) any information concerning debts that will not be paid off within twelve months of the date the application is filed, including, but not limited to the names of the associated creditors, account numbers and regular payment amounts;

(H) documentation of any other income or other form of support not evidenced above; and

(I) a copy of the executed sales contract for the subject property.

(f) **Application Fees**. Fees that may be collected by the mortgage lender from the first-time homebuyer relating to a mortgage loan include:

(1) an appropriate origination fee and buyer/seller points;

(2) all usual and reasonable settlement or financing costs that are permitted to be so collected by Federal Housing Administration ("FHA"), Veteran's Administration ("VA"), Rural Housing Services ("RHS"), Freddie Mac or Fannie Mae, as applicable, and other applicable laws, but only to the extent such charges do not exceed the usual and reasonable amounts charged in the area in which the home is located in cases where owner financing is not provided through a tax-exempt mortgage revenue bond financing. Such usual and reasonable settlement or financing costs shall include an application fee not to exceed $325 (which includes the funding fee and the tax compliance fee), the total estimated costs of a credit report on the applicants and an appraisal of the property to be financed with the mortgage loan, payable to the mortgage lender at or within ten (10) days of the application for a mortgage loan, title insurance survey fees, credit reference fees, legal fees, appraisal fees and expenses, credit report fees, FHA insurance premiums, private mortgage guaranty insurance premiums, VA guaranty fees, VA funding fees, RHS guaranty fees, hazard or flood insurance premiums, abstract fees, tax service fees, recording or registration fees, escrow fees, file preparation fees; and

(3) with respect to the issuance of mortgage credit certificates:

(A) an issuance fee;

(B) a non-refundable commitment fee; and

(C) a document handling fee.

§7.4 Criteria for Approving Participating Mortgage Lenders.

To be approved by the Board for participation in the program, a mortgage lender shall:

(a) have maintained a loan origination office in the state for at least one year. Operation through brokers, correspondent institutions or other agents must be approved by the department;

(b) be either:

(1) a Federal Housing Administration ("FHA") approved mortgagee;

(2) an eligible lender in good standing for Veteran's Administration ("VA") guaranteed mortgage loans;

(3) an eligible lender in good standing for Rural Housing Service's ("RHS") guaranteed rural housing loan program; or

(4) a lender currently participating in the conventional home lending market for loans originated in accordance with Fannie Mae's Mortgage-Backed Securities and/or Freddie Mac's requirements;

(c) have a minimum net worth as required by the program's master servicer;

(d) have a minimum warehouse line of credit as required by the program's master servicer;

(e) agree to originate mortgages and assign mortgages and servicing to the department's master servicer;

(f) originate, process, underwrite, close and fund originated loans in the mortgage lender's own name; and

(g) be an approved seller/servicer with the program's master servicer.

§7.5 Insurance Requirements.

Mortgage lenders must originate all mortgage loans in accordance with the loan origination, eligibility, credit underwriting standards, and applicable insurance requirements, in effect during the origination period for the applicable loan program (VA, FHA, USDA-RHS, or Fannie Mae/Freddie Mac Conventional).

§7.6 First-Time Homebuyer Occupancy and Use Requirements.

(a) **Occupancy requirement.** The first-time homebuyer must occupy the home within 60 days after the date of closing as required in the Affidavit of Eligible Borrower.

(b) **Prohibited uses.** First-time homebuyers may not use the property, or any part thereof, as an investment property, rental property, vacation or second home, or recreational home.

(c) **Use for a business.** First-time homebuyers may not use more than 15% of the residence in a trade or business (including childcare services) on a regular basis for compensation. If the residence is to be used, in part, for a trade or business, a schematic drawing from an appraiser must be provided.

§7.7 Contracts with Mortgage Lenders.

(a) As a condition precedent to participation in the program, a mortgage lender shall execute and deliver to the department the master mortgage origination agreement.

(b) The mortgage lender shall provide to the department certain other documents including a completed mortgage lender questionnaire, opinion of counsel to mortgage lender, and board resolution of mortgage lender, each in a form provided by the department.

(c) The department will provide to the mortgage lender notices of new bond programs and related guidelines. If the mortgage lender desires to participate in a bond program, the mortgage lender shall submit to the department an offer relating to such bond program.

§7.8 Conflicts with Bond Indentures and Applicable Law.

(a) All assistance provided under the program is funded from mortgage revenue bonds issued by the department and is subject to changes in the mortgage revenue bond indentures and applicable law. If there is a conflict between this chapter and any bond indenture or applicable law regarding the use of the funds from mortgage revenue bonds, the mortgage relevant bond indenture or applicable law shall control.

(b) Assistance under this program is dependent, in part, on the availability of funds. The department may cease offering all or a part of the assistance available under the program at any time and in its sole discretion.

§7.9 Waiver.

The Board, in its discretion and within the limits of federal and state law, may waive any one or more of these Rules if the Board finds that waiver is appropriate to fulfill the purposes or polices of Chapter 2306, Texas Government Code, or for good cause, as determined by the Board.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

AUGUST 23, 2007

Action Items

Presentation, Discussion and Possible Approval to publish a draft of proposed new 10 TAC §1.22, concerning Providing Current Contact Information to the Department for comment in the *Texas Register*.

Required Action

Approve, reject, or approve with modifications for publication in the *Texas Register* a draft of proposed new 10 TAC §1.22, concerning Providing Current Contact Information to the Department.

Background

The purpose of this rule is to create a centralized repository of contact information for those persons doing business with the Department. Currently, the divisions record contact information changes in a variety of ways. Some divisions manually update databases or file folders while others allow persons required to report changes to do so online using password access. It would require significant software changes to allow the systems to share information or to create a new Department-wide system.

Maintaining separate contact information databases has sometimes resulted in notices being sent by one division to an out-of-date address. This occurs when a company updates its address with one division but not the other divisions with which it does business. The purpose of this rule is to create an additional single repository to assure that the most recent contact information is available to all Department staff while maintaining the flexibility of having multiple repositories for contact information in the separate divisions. The rule makes it clear that it is the duty of the person doing business with the Department to keep their contact information current in the central repository created by this rule and as otherwise required by other Department rules. The rule establishes that the Department is entitled to rely on the contact information on file at the time any notice or other communication is sent by the Department. An affected person may appeal the Department's reliance on contact information to the Executive Director.

Recommendation

Approve for publication in the *Texas Register* a draft of proposed new 10 TAC §1.22, concerning Providing Current Contact Information to the Department.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 1 ADMINISTRATION
SUBCHAPTER A GENERAL POLICIES AND PROCEDURES

RULE §1.22 Providing Current Contact Information to the Department

The Texas Department of Housing and Community Affairs (the Department) proposes new §1.22, concerning Providing Current Contact Information to the Department. The purpose of the new section is to provide a single point of contact within the Department where all persons doing business with the Department can provided updated contact information.

Mr. Michael Gerber, Executive Director, has determined that for the first five-year period the new section is in effect there will be no fiscal implications for state or local governments as a result of enforcing or administering the new sections as proposed.

Mr. Gerber has also determined that for each year of the first five years the repeals are in effect the public benefit anticipated as a result of enforcing the new sections will be more efficient communications with those who conduct regular business with the Department which will enhance the State's ability to provide decent, safe and affordable housing administered by the Department. There will be no effect on small businesses or persons. There is no anticipated economic cost to persons who are required to comply with the new section as proposed.

Public hearings will be held across the state between September 24 and October 5 to receive public input on this these rules. More information on the public hearings can be found at http://www.tdhca.state.tx.us. Written comments may be submitted to Texas Department of Housing and Community Affairs, 2008 Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by e-mail to the following address: 2008rulecomments@tdhca.state.tx.us, or by fax to (512) 475-3978. All comments must be received by October 10, 2007.

The new section is proposed pursuant to the authority of the Texas Government Code, Chapter 2306 which provides the Department with the authority to adopt rules governing the administration of the Department and its programs.

No other statutes, articles, or codes are affected by the proposed new section.

§1.21 Providing Contact Information to the Department

(a) Any person doing business with the Department shall notify the Department, of any change in contact information, including names, addresses, telephone numbers, electronic mail addresses and fax numbers. In addition, the notification shall include all Departments contract number's and project number's of any type. The notification shall be made as follows:

(1) by mail: Texas Department of Housing and Community Affairs, Contact Information Update, P.O. Box 13941, Austin, Texas 78711-3941
(2) by electronic mail: contactinformationupdate@tdhca.state.tx.us ; or
(3) at the Department's website (www.tdhca.state.tx.us).

(b) All persons doing business with the Department are responsible for keeping their contact information current pursuant to subsection (a) of this section and as required by other Department rules. The Department is entitled to rely solely on the most recent contact information on file with the Department at the time any notice or other communication is sent. An affected person may appeal the Department's decision to rely on the contact information on file by using the procedure available in section §1.7 of this title.

(c) The notification requirements of this section are in addition to any other change of contact information notification requirements of the Department.

Division of Policy and Public Affairs

BOARD ACTION REQUEST

August 23, 2007

Action Items

2008 State of Texas Consolidated Plan: One-Year Action Plan (Draft for Public Comment)

Required Action

Approval of release for public comment of the *2008 State of Texas Consolidated Plan: One-Year Action Plan (Draft for Public Comment)*

Background

The Texas Department of Housing and Community Affairs, Office of Rural Community Affairs, and Department of State Health Services prepare the *2008 State of Texas Consolidated Plan: One-Year Action Plan* (Plan) in accordance with 24 CFR §91.320.

The Plan reports on the intended use of funds received by the State of Texas from the U.S. Department of Housing and Urban Development for Program Year 2008. The Program Year begins on February 1, 2008, and ends on January 31, 2009. The Plan covers the State's administration of the Community Development Block Grant Program, Emergency Shelter Grants Program, the HOME Investment Partnerships Program, and the Housing Opportunities for Persons with AIDS Program. The Plan also illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the *2005-2009 State of Texas Consolidated Plan*.

The Plan will be available for public comment from September 10, 2007, through October 10, 2007. Comment on the Plan may be provided in writing or directly at one of six consolidated public hearings to be held across the state.

Summary of significant changes from 2*007 Consolidated Plan: One-Year Action Plan* for the HOME and ESG programs. Note that based on comments from the HOME Task Force, the percentage allocation of HOME single family activities remained level from PY 2006 and there is no change proposed in the *2008 Consolidated Plan: One-Year Action Plan.*

- Executive Summary added to meet HUD Consolidated Plan requirements.
- CPD Performance Measurement System implemented to include objectives and outcomes.
- "General Information" section has been modified in format to better align with HUD requirements.
- HOME Program: Addition of guidelines to the Basic Access Standards, governing placement of breaker boxes in single family housing as required by §2306.514, Texas Government Code

- HOME Program: For the Contract for Deed program, the maximum combined assistance for deed conversion and rehabilitation has increased from $55,000 per unit to HUD's 221(d)(3) limits. The lower per unit limit, which includes both the cost for deed conversion and rehabilitation costs, has restricted the number of eligible households that the Department is able to assist. For example, the 221(d)(3) limits for 2-bedroom units in counties that have received Contract for Deed funding are as follows: El Paso: $125,806; Starr: $123,732; and Webb: $125,114.
- HOME Program: American Dream Downpayment Initiative funding for 2008 currently pending reauthorization.
- HOME Program: Change to the allocation plan for the Housing Program for Persons with Disabilities (HPPD) NOFAs includes potentially biennially alternating percentages designated for specific HOME activities. The first year will provide for $1.5 million for TBRA and HBA with optional rehabilitation and $500,000 for Rental Development activities. The Department envisions that the second year will provide for $1 million for TBRA and HBA with optional rehabilitation and $1 million for Rental Development activities. The first year, after 120 days, any HPPD funds remaining will collapse into a single pool and will be made available for TBRA, HBA with optional rehabilitation, or Rental Development activities on a non-competitive, first-come, first-served basis.
- HOME Program: Changes to which program activities are included in the Regional Allocation Formula (RAF).
- HOME Program: Changes to the recapture provisions to better clarify the occasions for recapture and the mathematical formulas to be applied in the event of recapture.
- HOME Program: Deletion of foreclosure section that is covered under existing Final HOME Rule.
- ESG Program: Change in the use of funding previously awarded to the Texas Homeless Network, now designated for HMIS reporting system.
- ESG Program: Description of strategy regarding chronic homeless added.

Recommendation

Staff recommends approval of the *2008 State of Texas Consolidated Plan: One-Year Action Plan (Draft for Public Comment).*

~~2007~~2008 State of Texas Consolidated Plan
One-Year Action Plan
DRAFT FOR PUBLIC COMMENT

~~December 15, 2006~~

~~Updated March 29~~
August 16, 2007

Prepared by:

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~~2007~~2008 State of Texas Consolidated Plan
One-Year Action Plan

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INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA), Office of Rural Community Affairs (ORCA) and Department of State Health Services (DSHS) have completed the ~~2007~~ 2008 *State of Texas Consolidated Plan One-Year Action Plan* ("the Plan") in accordance with 24 CFR §91.320. When the combined actions of TDHCA, ORCA, and DSHS are referenced in the Plan, the ~~description "Departments" is used.~~organizations are collectively referred to as "the State."

The Plan reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development (HUD) for Program Year (PY) ~~2007~~2008. The Program Year begins on February 1, ~~2007~~2008, and ends on January 31, ~~2008~~2009. The performance report on PY ~~2006~~ 2007 funds will be available in May ~~2007~~2008. The Plan covers the ~~Departments'~~State's administration of the HOME Investment Partnerships Program (HOME), Emergency Shelter Grants Program (ESG), Community Development Block Grant Program (CDBG), ~~Emergency Shelter Grants Program (ESG), and the HOME Investment Partnerships Program (HOME),~~ and the Housing Opportunities for Persons with AIDS Program (HOPWA).

The Plan illustrates the ~~Departments'~~State's strategies in addressing the priority needs and specific goals and objectives identified in the *2005-2009 State of Texas Consolidated Plan*. The Plan consists of the following sections:

- ~~Introduction. Provides an outline of the One-Year Action Plan.~~
- Executive Summary. Provides a ~~more~~ detailed synopsis of the One-Year Action Plan.
- General Information. A description of the State's plan to undertake other activities that fulfill requirements of §91.320 (j) and (j).
- Action Plans. Program-specific plans for HOME, ESG, CDBG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).
- Form Applications and Certifications. Contains Standard Form 424, the application for federal resources, as well as HUD required certifications.
- ~~Action Plans. Program-specific plans for CDBG, HOME, ESG, and HOPWA illustrating funding guidelines and fund allocations as required under 24 CFR §91.320 (g).~~
- ~~Other Activities. A description of TDHCA's plan to undertake other activities that fulfill requirement of §91.320 (f).~~
- ~~Summary of Public Comment. Describes the citizen participation process. Also includes a summary of public comment and Departmental responses. Transcripts of public hearings and complete copies of submitted comments are also available from the TDHCA Division of Policy and Public Affairs at (512) 475-3976. Public comment will be included in the final version of the document~~

EXECUTIVE SUMMARY

The ~~2007~~2008 One-Year Action Plan illustrates the combined actions of the Texas Department of Housing and Community Affairs (TDHCA), Office of Rural Community Affairs (ORCA) and Department of State Health Services (DSHS), referred to collectively as "the ~~Departments~~State." In particular, this action plan addresses the priority needs and specific objectives identified in the *2005-2009 State of Texas Consolidated Plan*. The Consolidated Plan covers the ~~Departments'~~State's administration of the HOME Investment Partnerships Program (HOME), Emergency Shelter Grants Program (ESG), Community Development Block Grant Program (CDBG), ~~Emergency Shelter Grants Program (ESG), the HOME Investment Partnerships Program (HOME),~~ and the Housing Opportunities for Persons with AIDS Program (HOPWA).

Objectives and Outcomes

The ~~2007~~2008 One-Year Action Plan:

1. Reports on the intended use of funds received by the State of Texas from the US Department of Housing and Urban Development (HUD) for Program Year (PY) ~~2007~~2008
2. Explains the State's method for distributing CDBG, ESG, HOME, and HOPWA program funds
3. Provides opportunity for public input on the development of the annual plan

The State's progress in achieving the goals put forth in the One-Year Action Plan will be measured according to HUD guidelines (24 CFR 91.520) and outlined in the 2007 Annual Performance Report.

In accordance with the guidelines from HUD, ~~TDHCA~~the State complies with the new CPD Outcome Performance Measurement System. Program activities are categorized into the objectives and outcomes listed in the chart below.

	OUTCOME 1 Accessibility	**OUTCOME 2** Affordability	**OUTCOME 3** Sustainability
OBJECTIVE #1 Suitable Living Environment	Enhance Suitable Living Environment Through Improved/New Accessibility **(SL-1)**	Enhance Suitable Living Environment Through Improved/New Affordability **(SL-2)**	Enhance Suitable Living Environment Through Improved/New Sustainability **(SL-3)**
OBJECTIVE #2 Decent Housing	Create Decent Housing with Improved/New Availability **(DH-1)**	Create Decent Housing with Improved/New Affordability **(DH-2)**	Create Decent Housing with Improved/New Sustainability **(DH-3)**
OBJECTIVE #3 Economic Opportunity	Provide Economic Opportunity Through Improved/New Accessibility **(EO-1)**	Provide Economic Opportunity Through Improved/New Affordability **(EO-2)**	Provide Economic Opportunity Through Improved/New Sustainability **(EO-3)**

~~The objectives and outcomes as they apply to each of the four programs are listed below. Associated performance measure numbers are included within the respective sections of Plan.~~

~~CDBG Performance Measures~~

~~Outcomes and Objectives~~	~~Performance Indicators~~
~~SL-2~~	~~Acquisition of Real Property~~
~~SL-1~~	~~Planning~~
~~SL-1~~	~~Neighborhood Facilities~~
~~SL-1~~	~~Water/Sewer Improvements~~
~~SL-2~~	~~Water/Sewer Improvements~~
~~SL-2~~	~~Street Improvements~~
~~SL-1~~	~~Sidewalks~~
~~DH-2~~	~~Rehabilitation; Single Unit Residential~~
~~SL-1~~	~~ED Direct Financial Assistance for For-Profits~~
~~EO-2~~	~~ED Direct Financial Assistance for For-Profits~~
~~EO-2~~	~~Micro-Enterprise Assistance~~

The objectives and outcomes as they apply to each of the four programs are listed below. The performance figures are based on actual performance during the Program Year (February 1st through January 31st) of current contracts and actual units and households served. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year (September 1st through August 31st) are based on projected units and households at time of award. The HOME performance figures reported herein may include funding from several years as funds from previous years are deobligated and refunded.

HOME Program Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	Rental units assisted through new construction and rehabilitation	400
DH-2	Tenant-based rental assistance units	630
DH-2	Existing homeowners assisted through owner-occupied assistance	750
DH-2	First-time homeowners assisted through homebuyer assistance	560

ESG Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
SL-1	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.	80,000
DH-2	The provision of non-residential services including homelessness prevention assistance.	4,500

~~HOME Program Performance Measures~~

~~Outcomes and Objectives~~	~~Performance Indicators~~

DH-2	No. of rental units assisted through new construction and rehabilitation
DH-2	No. of tenant-based rental assistance units
DH-2	No. of existing homeowners assisted through owner-occupied assistance
DH-2	No. of first-time homeowners assisted through homebuyer assistance

ESGP Performance Measures

Outcomes and Objectives	Performance Indicators
SL-1	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.
DH-2	The provision of non-residential services including homelessness prevention assistance.

CDBG Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
SL-1	Neighborhood Facilities	1
SL-1	Water/Sewer Improvements	106
SL-2	Water/Sewer Improvements	42
SL-3	Water/Sewer Improvements	37
SL-1	Street Improvements	5
SL-2	Street Improvements	3
SL-3	Street Improvements	43
EO-3	Sidewalks	12
DH-1	Rehabilitation; Single Unit Residential	1
EO-1	ED Direct Financial Assistance for For-Profits	12
SL-1	ED Direct Financial Assistance for For-Profits	2

HOPWA Performance Measures

Outcomes and Objectives	Performance Indicators
DH-2	Households served by tenant based rental assistance
DH-2	Households served by short-term rent, mortgage, and utility assistance
DH-2	Households served by tenant based rental assistance and short-term rent, mortgage, and utility assistance

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	TBRA housing assistance	550
DH-2	STRMU housing assistance	700
DH-2	Supportive Services (restricted to case mgt., smoke detectors, and phone service)	1250
DH-1	Permanent Housing Placement (security deposits, application fees, credit checks)	20

Evaluation of Past Performance

The HOME Program committed $54,343,328 with 2,142 total beneficiaries reported in PY 2006 (February 1, 2006, through January 31, 2007). Distribution of the funds by activity is described in the table below.

HOME Funds Committed, PY 2006

Activity	Amount
Homebuyer Assistance (all activities)	$3,832,000
Owner Occupied Housing Assistance	$34,828,144
Tenant Based Rental Assistance	1,470,643
CHDO Rental Development	$8,372,552
CHDO Operating Expenses	$216,000
Rental Housing Development	$4,291,104
Rental Housing Preservation	$1,332,885
Total	**$54,343,328**

~~Evaluation of Past Performance~~

~~During Program Year 2005, the Texas CDBG~~The ESG Program committed ~~a total of $101,993,988~~$4,903,053 through ~~374~~76 grants, with 122,784 total beneficiaries reported in PY 2006. Funds were used toward activities including renovation of buildings for use as emergency shelters, provision of essential services to the homeless, payment of operating costs of shelters, and development of homeless prevention services. The breakdown of the total funding is described in the table below.

ESG Funds Committed, PY 2006

Use of Funding	Amount
Funds Committed	$4,822,849
Carry-In Funds Committed*	$80,204
Total	**$4,903,053**

*Carry-In represents the unexpended fund balance from the prior year's allocation

During Program Year 2006, the Texas CDBG Program committed a total of $73,641,333 through 272 awarded contracts. For contracts that were awarded with PY ~~2005~~2006 funds, ~~539,251~~540,140 persons received service. Distribution of the funds by activity is described in the table below.

CDBG Funds Committed, PY ~~2005~~2006

Fund	Program Description	2005 Total Obligation
Community Development	Provides grants on a competitive basis to address public facility and housing needs such as sewer, water system, road, and drainage improvements.	~~$50,240,896~~ $41,142,9166
Community Development Supplemental Fund	Allocates additional funds among the 24 state planning regions using a different allocation formula. Same application and purposes as the Community Development Fund.	~~10,518,792~~3,188,445
Texas Capital Fund	Provides financing for projects that create and retain jobs primarily for low- and moderate-income persons.	~~13,732,286~~11,285,400
Colonia ~~EDAP~~Construction Fund	~~Provides grants for colonias for the cost of service lines, service connections, and plumbing improvements associated with being connected to a Texas Water Development Board's (TWDB) Economically Distressed Areas Program (EDAP) funded water and sewer system improvement project.~~Provides grants for colonia projects; primarily water, sewer and housing.	~~2,500~~5,250,000
Colonia ~~Construction~~EDAP Fund	~~Provides grants for colonia projects; primarily water, sewer and housing.~~Provides grants for colonias for the cost of service lines, service connections, and plumbing improvements associated with being connected to a Texas Water Development Board's (TWDB) Economically Distressed Areas Program (EDAP)-funded water and sewer system improvement project.	~~5,825,240~~3,500,000
Colonia Planning Fund	Colonia Area Planning Fund – provides grants for preliminary surveys and site engineering, provides assistance towards the cost of architectural services, mortgage commitments, legal services, and obtaining construction loans. Colonia Comprehensive Planning Fund - provides assistance that is used to conduct a complete inventory of the colonias that includes demographic, housing, public facilities, public services, and land use statistics.	~~375,000~~65,068
Colonia Self-Help Centers	Provides grant funds for the operation of seven Self-Help Centers in colonias.	~~1,667,854~~389,784
~~Non-Border Colonia Fund~~Planning / Capacity Building	~~Provides grants for projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and non-entitlement counties, or portions of counties, within 150 miles of the Texas-Mexico border that are not eligible for the Colonia Fund because they are located in a standard metropolitan statistical area that has a population exceeding 1,000,000 as specified by the Cranston-Gonzalez National Affordable Housing Act.~~Provides grants on a competitive basis to communities for planning activities that address public facility and	~~2,418,248~~654,200

	housing needs.	
~~Planning / Capacity Building~~Disaster Relief/ Urgent Need	~~Provides grants on a competitive basis to communities for planning activities that address public facility and housing needs.~~Provides grants to communities on an as-needed basis for recovery from disasters such as floods or tornadoes and Urgent water and sewer needs of recent origin that are unanticipated and pose a serious public safety or health hazard.	~~847,100~~557,900
~~Disaster Relief/Urgent Need~~ STEP Fund	~~Provides grants to communities on an as-needed basis for recovery from disasters such as floods or tornadoes and urgent water and sewer needs of recent origin that are unanticipated and pose a serious public safety or health hazard.~~Provides grants to cities and counties for solving water and sewer problems with a self-help approach that requires local participation through donated labor and materials.	~~8,380,629~~6,591,104
~~STEP~~Micro-Enterprise Loan Fund	~~Provides grants to cities and counties for solving water and sewer problems with a self-help approach that requires local participation through donated labor and materials.~~Provides a tool for rural communities to assist their very small businesses (5 or fewer employees) access capital.	~~2,862,483~~816,516
~~Housing Infrastructure Fund~~Small Business Loan Fund	~~Provided grants for infrastructure in support of housing projects. Last year funded was PY 2004.~~Provides a tool for rural communities to assist their small businesses access capital by providing awards to eligible cities and counties for loans to businesses with 100 or fewer employees.	~~2,525,460~~200,000
~~Small Business Loan Fund~~	~~Provides grants of $50,000 to $100,000 to eligible cities and counties for loans to businesses with 100 or fewer employees.~~	~~100,000~~
~~**Total**~~		~~**$101,993,988**~~

~~The ESG Program committed $5,188,678 through 76 grants, with 88,893 total beneficiaries reported in PY 2005. Funds were used toward activities including renovation of buildings for use as emergency shelters, provision of essential services to the homeless, payment of operating costs of shelters, and development of homeless prevention services. The breakdown of the total funding is described in the table below.~~

~~ESGP Funds Committed, PY 2005~~

~~**Use of Funding**~~	~~**Amount**~~
~~State Administration~~	~~$257,725~~
~~Funds Committed~~	~~$4,896,773~~
~~*Carry-In Funds Committed~~	~~$34,180~~
~~**Total**~~	~~**$5,188,678**~~

~~*Carry-In represents the unexpended fund balance from the prior year's allocation~~

~~The HOME Program committed $52,291,799 with 2,142 total beneficiaries reported in PY 2005. Distribution of the funds by activity is described in the table below.~~

HOME Funds Committed, PY 2005

Activity	Amount
Homebuyer Assistance (all activities)	$12,640,673
Owner Occupied Housing Assistance	$26,274,439
Tenant Based Rental Assistance	$2,356,478
CHDO Rental Development	$8,091,096
Rental Housing Development	$2,158,030
Rental Housing Preservation	$771,083
Total	**$52,291,799**
Total	**$73,641,333**

The HOPWA Program expended $2,572,453170,257 through 21 contracts28 project sponsors, with 2,434457 beneficiaries of housing assistance reported in PY 20052006. Funds were used toward tenant-based rental assistance and emergency assistance to prevent homelessness of low-income persons with HIV/AIDS. Distribution of the funds by activity is described in the table below.

HOPWA Program Expenditures, PY 20052006

Eligible Activities	Amount
Expenditures for Housing Information ServicesTBRA	$01,503,888
Expenditures for Resource IdentificationSTRMU	$0$487,728
Expenditures for Housing Assistance (equals the sum of all sites and scattered site Housing Assistance)Supportive Services	$2,408,762$178,641
Expenditures for Supportive Services**Total**	$0**$2,170,257**
Grantee Administrative Costs expended	$46,571
Project Sponsor(s) Administrative Costs expended	$117,120
Total of HOPWA funds expended during period	**$2,572,453**

Consultation and Public Participation

The Action Plan was will be made available for public comment from September 13, 200610, 2007, through October 12, 2006.10, 2007. Public hearings werewill be held at 136 locations across the state – Amarillo, Austin, Beaumont, Brownwood, Bryan, Corpus ChristiBrownsville, Dallas, El Paso, Harlingen, Houston, Midland, San Antonio, and TylerLubbock – to allow citizens to respond, and comment, or ask questions in a public forum. There were 103 persons in attendance at these meetings. Written comment waswill also be accepted at the public hearings and , as well as by mail, fax, or email. Public notice of the draft comment period and the public hearings was provided in English, Spanish, and Vietnamesewill be made through an announcement in the *Texas Register*, on the TDHCA website, as well as e-mail notifications to improve access to non-native English speakers.members of the agency's e-mail list. Individuals who require a language interpreter at the hearings can receive this assistance upon request.

Summary of public comment and the corresponding reasoned responses canwill be found inadded to the "Summary of Public Comment" section of the final version of the Action Plan.

Within the "Summary of Public Comment" section of the Action Plan, Table A.1 ~~lists~~will list the individuals and organizations that provide~~d~~ comment. This list ~~includes~~ will include the public and private agencies whose input ("consultation") was incorporated into the plan, as required by 24 CFR Part 91.

Additionally, the draft version of the Plan includes summary of comment received at 4 public hearings held by ORCA specifically regarding the CDBG sections of the Plan

GENERAL INFORMATION

The following section outlines the State's strategies in regard to eight categories of required actions. These categories include Citizen ~~ParticiPation~~Participation, Institutional Structure, Available Resources, Meeting Underserved Needs, Poverty Level Households, Needs of Public Housing, Monitoring, and Lead-Based Paint Initiatives.

CITIZEN PARTICIPATION

SUMMARY OF CITIZEN PARTICIPATION PROCESS

The Action Plan ~~was~~will be made available for a 30-day public comment period from September ~~13, 2006~~10, 2007, through October ~~12, 2006~~10, 2007. In addition, public hearings ~~were~~will be held at ~~13~~ 6 locations across the state: ~~Amarillo,~~ Austin, ~~Beaumont, Brownwood, Bryan, Corpus Christi~~Brownsville, Dallas, El Paso, ~~Harlingen,~~ Houston, ~~Midland, San Antonio,~~ and ~~Tyler. There were 103 persons in attendance at these meetings~~Lubbock. Written comment ~~was~~will also be accepted at the public hearings and by mail, fax, or email.

The notification process for the ~~13~~6 public hearings includes the following: a notice in the *Texas Register*, a TDHCA website posting; email to TDHCA email lists including over 3,000 cities, counties, developers, non-profit organizations, legislative contacts, advocacy groups, subcontractors, and other interested parties~~; announcements sent to libraries in each one of the cities~~. Spanish speaking staff will be in attendance at the hearings in El Paso and Brownsville to assist individuals who require a language interpreter. Persons with ~~a public~~needs for interpretation of other languages or individuals at the other hearing~~; and newspaper announcements in each one of the cities with a public hearing.~~ locations can receive this assistance upon request.

~~Although all three state agencies were involved in the public hearings, the only comments received on~~ A summary of the ~~*Action Plan* were related to programming of TDHCA HOME funds. A summary of these~~ comments and the Staff's reasoned responses ~~are~~will be provided below in Part A, "Consolidated Plan Hearings." The individuals and organizations that provide~~d~~ comment ~~are enumerated~~will be enumerated in the Commenter List at the end of this section.

ORCA held meetings between ~~February 23 and March 9, 2006~~April 27, 2007 and May 3, 2007 to solicit public input on the CDBG-related portion of the Consolidated Plan. These hearings were held in ~~6~~ 4 cities across the state: Austin, ~~Carrizo Springs, Hamilton, Levelland, Livingston, and Sulphur Springs~~Crockett, Mathis and Lamesa. ORCA received comments, and this input was considered in the production of the draft version of the plan that was available for public comment as part of the Consolidated Plan hearings. A summary of these comments is provided below in Part B, "ORCA CDBG Action Plan Hearings."

SUMMARY OF PUBLIC COMMENT

A. Consolidated Plan Hearings

~~**1. HOME Program Funding Amount for Applicants Serving Persons with Disabilities Are Unacceptable**~~

~~Numerous people provided comment that the programming of the 2007 HOME funds does not set aside a minimum of 5%, approximately $2,225,000, of TDHCA's annual allocation for applicants serving persons with disabilities. Also, there is a concern that the Department is not continuing to set aside $500,000 solely for Home of Your Own (HOYO) Program activities. Concern was also voiced over the removal of the HOME Olmstead Tenant Based Rental Assistance (TBRA) program from the Action Plan two years ago. Extensive and passionate comment was provided that all of these funds needed to be restored or increased and that the Department was not~~

adequately serving the disability community's needs. (1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 115, 117, 119, 121, 122, 123, 124)

Staff Response: The following changes are being recommended.

1. Staff recommends increasing the amount of funds dedicated to applicants serving persons with disabilities from $750,000 as originally proposed to $4 million. Based on the Department's statute, these funds will be regionally allocated and available through competitive grant acquisition processes. This will be done through the following strategies.

"9.5 Strategy: Issue a Notice of Funding Availability (NOFA), separate from the regular HOME TBRA activity funding, which provides up to $2 million for tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory Board. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.
9.6 Strategy: Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyer assistance and owner occupied rehabilitation to assist persons with disabilities. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA will include the potential to increase the maximum application amount above that of the general HBA and OCC activity funding. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement."

These strategies will provide a variety of applicants, including HOYO, an opportunity to serve persons with disabilities across the state while fulfilling TDHCA's statutory responsibility to allocate HOME funding according to the regional allocation methodology required by Texas Government Code §2306.111.

The ability to use HOME funding in the larger metropolitan areas of the State is governed by Section 2306.111(c) of the Texas Government Code as shown below:

"c) In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.), the department shall expend at least 95 percent of these funds for the benefit of non participating areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection shall be used for the benefit of persons with disabilities who live in areas other than non-participating areas."

Because much of the State's housing need for persons with disabilities is found in Participating Jurisdictions (PJs), to maximize the success of the above described NOFAs, the Department will limit all awards in PJs to those two activities. No other HOME activities will be eligible to apply in a PJ. Additionally, the Department is committed to providing technical assistance to any applicant or awardee to enhance their program delivery and build capacity.

2. TDHCA Is Not Committed to Providing Assistance for the Olmstead Population

Numerous people commented that the Department is no longer committed to serving the Olmstead population because funds specifically targeted for this purpose were removed from the Action Plan two years ago. The *Olmstead* Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the Americans with Disabilities Act (ADA). Further comment stated tenant based rental assistance is a critical component in helping transition persons from institutions into

communities. (1, 2, 3, 4, 5, 6, 7, 8, 15, 16, 17, 18, 19, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124)

Staff Response: For Program Year 2004, TDHCA specifically dedicated $2,000,000 under the Set-Aside for Olmstead Populations. The Department eliminated this set aside in 2005 due to low expenditure rates. However, staff acknowledges the importance of serving this need as well as the challenges inherent with administering this complex activity which may have affected the use of funds from the set aside. Therefore, as noted in item "1" above, the Department will publish a Notice of Funding Availability (NOFA), separate from the general HOME TBRA activity funding. This NOFA will provide up to $2 million for TBRA directed to assist persons with disabilities meeting the Texas State definition used by the Promoting Independence Advisory Board. To ensure that these funds are utilized, staff will seek recommendations from the Disability Advisory Workgroup as well as the disability stakeholder community at large in drafting the NOFA to improve program efficiency and expenditure rates. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

3. Percentage Allocation of HOME Single Family Activities

Numerous people and organizations protested the reduction of the Home Buyer Assistance (HBA) activity from 20% of the available single family activity funds in PY 2006 to 10% in PY 2007. In summary, the following comments were provided. (125-157)

a) Reducing the amount of funding for HBA will result in fewer applicants because when the approximate $2.26 million is divided amongst the 13 state service regions the available amount yields an average of $174,000 or 17 homebuyer loans per Region.

b) Comment expressed a specific need for, and interest in applying for, HBA funds in the future. For example, letters were received from nine Habitat for Humanity organizations that explained that they need the funds to provide HBA in their community.

c) The changes in the percentage distribution are unnecessary as it only limits the ability of TDHCA to respond to programmatic demand and market forces in the future.

d) If the goal of the proposed change is to get more funding into OCC, this change is not necessary because if TBRA or HBA activity funding in a particular region is under subscribed, then the remaining funds will be used for OCC awards within that region.

e) With the recent and untried change from issuing OCC assistance as grant to a deferred forgivable or zero interest loan, moving more funding to OCC at this time seems premature.

f) The HBA activity is the only HOME single family program that leverages significant private sector investment and creates new properties to enhance the local and state tax base. For every HBA household served at $10,000, the program leverages private mortgages for the remaining cost of the home. On the other hand, the OCC program rehabilitates or rebuilds a home up to $55,000 with no additional private sector investment.

g) The HBA program can leverage homeownership for more families. For every OCC household served, approximately 5.5 families can be helped with HBA assistance.

Staff Response: After reviewing the public comment, staff is recommending that the HBA percentage should be increased from 10 percent to 15 percent, which is the same level as TBRA. It should be noted that HBA's percentage of the single family activity funds could eventually exceed 15 percent based on the amount of additional HBA activity associated with the proposed NOFA for HBA and OCC assistance for persons with disabilities.

Table A.1 Commenter Information

1. Mr. Roger A. Webb, Texas Council for Developmental Disabilities
2. Ms. Jean Langendorf, United Cerebral Palsy of Texas
3. Mr. John Meinkowsky, ARCIL, Center for Independent Living for Austin area
4. Mr. William K. Brown, Citizen
5. Ms. Stephanie Thomas, ADAPT Texas
6. Ms. Sarah Mills, Advocacy, Inc.
7. Ms. Sarah Anderson, Sarah Anderson Consulting
8. Ms. Judy Telge, Coastal Bend Center for Independent Living
9. Ms. Gail Goodman, Citizen
10. Ms. Jamie Fitchko, Dallas Co. Home Loan Counseling Center
11. Ms. Brenda Edwards, Home of Your Own Program-Dallas Co.
12. Mr. Richard David Baird, Citizen
13. Ms. Telisa Miller, Citizen
14. Mr. Vo, Citizen
15. Ms. Flanagan, Citizen
16. Mr. Stephen Hester, Jr., Houston Center for Independent Living
17. Ms. Monique Carle, Coastal Bend Center for Independent Living
18. Ms. Susan Thornton, Citizen
19. Ms. Mary Bradford, Citizen
20. Mr. Kenneth Frazier, Citizen
21. Ms. Melanie Almaguer, Citizen
22. Mr. Michael Champion, Citizen
23. Ms. Dorothy Adams, Citizen
24. Ms. Jeanene Malone, Citizen
25. Mr. John Barrios, Citizen
26. Mr. Joseph Arredondo, Citizen
27. Ms. Galen Toennis, Evercare of Texas
28. Mr. Mark Rathburn, Citizen
29. Ms. Sally Simpson, Citizen
30. Ms. Carol Halleck, Citizen
31. Ms. Meghan Kearns, Citizen
32. Ms. Minh Le, Citizen
33. Ms. Vicki Zimmer, Citizen
34. Mr. Marty Ringler, Citizen
35. Ms. Sally Watkins, Citizen
36. Ms. Jackie Conerly, Citizen
37. Ms. Steffanie Budge, Citizen
38. Ms. Billie Holloway, Citizen
39. Ms. Emede Reyes, Citizen
40. Mr. Kelly Moore, Citizen
41. Ms. Sissy Riffin, Citizen
42. Ms. Melissa Mays, Citizen
43. Ms. Belinda Carlton, Citizen
44. Mr. Floyd Edwards, Citizen
45. Ms. Karen Mayeux, Citizen
46. Ms. Bobbye Simon, Citizen
47. Mr. Jerry Sewell, Citizen
48. Ms. Carla Carroll, Guaranty Bank
49. Mr. M. Victor Sedinger, Citizen
50. Mr. Dennis Borel, Coalition of Texans with Disabilities
51. Mr. Stephen S. Allen, Fannie Mae
52. Mr. Daniel Williams, Citizen
53. Mr. Priscilla Althaus, Citizen
54. Ms. April Emmert, Citizen
55. Ms. Dafna Yee, Citizen

~~56. Ms. Patricia Ellsworth, Citizen~~
~~57. Mr. Jay Buxton, Citizen~~
~~58. Ms. Malinda Brown, Citizen~~
~~59. Ms. Karen Rose, Citizen~~
~~60. Ms. Joanne Groshardt, Citizen~~
~~61. Mr. Bob Kafka, Citizen~~
~~62. Mr. Mike Webb, Citizen~~
~~63. Mr. Vernon Whitney, Citizen~~
~~64. Ms. Elena Casas, Citizen~~
~~65. Mr. Luis Torres, Citizen~~
~~66. Ms. Amy Connor, Citizen~~
~~67. Ms. Lenore Kinzenbaw, Citizen~~
~~68. Ms. Jan Shrode, Citizen~~
~~69. Mr. Thomas Windberg, Citizen~~
~~70. Ms. Toni Byrd, Citizen~~
~~71. Ms. Gayla Smith, Citizen~~
~~72. Ms. Erika Parker, Citizen~~
~~73. Ms. Betty Nichols, Citizen~~
~~74. Ms. Peggy Cosner, Citizen~~
~~75. Mr. Norman Kieke, Citizen~~
~~76. Mr. Ron Cranston, Citizen~~
~~77. Ms. Eileen Boyce, Citizen~~
~~78. Ms. Sandra Bookman, Citizen~~
~~79. Ms. Mohsen Nazari, Citizen~~
~~80. Ms. Marilyn Sneed, Citizen~~
~~81. Mr. Dennis Barnes, Citizen~~
~~82. Mr. Paul Baganz, Citizen~~
~~83. Ms. Amy Mizeles, Citizen~~
~~84. Ms. Melissa Escamilla, Citizen~~
~~85. Ms. Betty Young, Citizen~~
~~86. Mr. Patrick De La Garza Und Senkel, Citizen~~
~~87. Ms. JoAnna Guillen, Citizen~~
~~88. Ms. Christine Guevara, Citizen~~
~~89. Mr. Otis Larry, Citizen~~
~~90. Mr. John Sampson, Citizen~~
~~91. Mr. Clark Varner, Citizen~~
~~92. Ms. Allison Lipnick, Citizen~~
~~93. Ms. Pamela Rogers, Citizen~~
~~94. Ms. Monica Prather, Citizen~~
~~95. Mr. Curt Voelkel, Citizen~~
~~96. Mr. Kelly Dietrich, Citizen~~
~~97. Mr. William Cady, Citizen~~
~~98. Ms. Denise Fenwick, Citizen~~
~~99. Mr. John Artz, Citizen~~
~~100. Mr. David O'Brien, Housing Opportunities of Fort Worth~~
~~101. Ms. Linda Latimer, Citizen~~
~~102. Ms. Carla Carroll, Citizen~~
~~103. Ms. Ilda Gibson, Citizen~~
~~104. Ms. Maria Sustaita, Citizen~~
~~105. Ms. Olga Guerra, Citizen~~
~~106. Mr. Joe Mata, Citizen~~
~~107. Ms. Sharon Gaston, Citizen~~
~~108. Ms. Dana Carpenter, Citizen~~
~~109. Mr. Henry Greer, Citizen~~
~~110. Ms. Brenda Reusser, Citizen~~
~~111. Mr. J. Scott Daniels, Citizen~~

~~112. Mr. Jeff Garrison-Tate, Disability Policy Consortium~~
~~113. Mr. Felix Briones, ADAPT of Texas~~
~~114. Mr. Gene Rodgers, Citizen~~
~~115. Mr. Stephen Harvey, Heart of Central Texas Independent Living Center in Belton and Waco~~
~~116. Mr. Nelson Peet, Citizen~~
~~117. Ms. Jennifer McPhail, ADAPT of Texas~~
~~118. Mr. James Meadows, Texas Advocates~~
~~119. Ms. Cathy Cranston, ADAPT of Texas and Personal Attendant Coalition of Texas~~
~~120. Ms. Regina Blye, State Independent Living Council~~
~~121. Mr. Danny Saenz ADAPT of Texas~~
~~122. Mr. Albert Sparky Metz, Citizen~~
~~123. Ms. Angela Lello, Texas Council for Developmental Disabilities~~
~~124. Ms. Tonya Winters, Texas Advocates~~
~~125. Mr. Carlos Hernandez, Habitat for Humanity Texas~~
~~126. Mr. Steven Carriker, TACDC~~
~~127. Ms. Gloria Sanderson, Houston LISC~~
~~128. Mr. Daniel Williams, Dominion CDC~~
~~129. Ms. Lisbeth, Echeandia Habitat for Humanity Fannin Co.~~
~~130. Mr. John Burnett Habitat for Humanity Fannin Co.~~
~~131. Mr. Wilson F., Habitat for Humanity Fannin Co.~~
~~132. Ms. Carol Sloane, Habitat for Humanity Fannin Co.~~
~~133. Ms. Eva Fryar, Habitat for Humanity Fannin Co.~~
~~134. Mr. Larry Wilson, Habitat for Humanity Fannin Co.~~
~~135. Mr. John Denton, Habitat for Humanity Fannin Co.~~
~~136. Rev. Marc Hander, Greenville Habitat for Humanity~~
~~137. Ms. Seleta Edge, Greenville Habitat for Humanity~~
~~138. Mr. Ray Ricks, Habitat for Humanity Fannin Co.~~
~~139. Mr. Lloyd Nicholson, Habitat for Humanity Fannin Co.~~
~~140. Mr. Neill Morgan, Habitat for Humanity Grayson Co.~~
~~141. Mr. John Williams, Habitat for Humanity Grayson Co.~~
~~142. Ms. Gwynne Patman, Habitat for Humanity of Greater Garland~~
~~143. Mr. Ryan Monroe, Midland Habitat for Humanity~~
~~144. Ms. Celeste Faro, Habitat for Humanity of North Central Texas~~
~~145. Jt McComb, Wimberley Valley Habitat for Humanity~~
~~146. Mr. Vance Hinds Habitat for Humanity of Ellis Co.~~
~~147. Laurie Mealy, Habitat for Humanity Grayson Co.~~
~~148. Ms. Alynda, Best Midland Habitat for Humanity~~
~~149. Mr. Michael Hunter, Hunter & Hunter Consultants~~
~~150. Ms. Brenda Lakey, AHCD~~
~~151. Ms. Michaelle Wormly, Woman, Inc.~~
~~152. Ms. Lori Gibbons, Dominion CDC~~
~~153. Mr. Paul Charles, NRCDC~~
~~154. Mr. Matt Hull, TACDC~~
~~155. Ms. Kathy Flanagan-Payton, Fifth Ward Redevelopment Corp.~~
~~156. Mr. Lee Reed, Rio Grande Valley Multibank~~
~~157. Ms. Michelle Seymour, Midland Habitat for Humanity (Midland Hearing)~~

Summary of public comment and the State's responses will be included here in the final version of the Plan.

B. ORCA CDBG 2008 Action Plan Hearings

Public Hearing, Austin, TX, April 27, 2007:

Russel Smith, President, Texas Renewable Energy Industries Association (TREIA)
Mr. Smith came to the Austin public hearing and strongly supports the Renewable Energy Demonstration Pilot Program. Many of the renewable energy companies who belong to TREIA might be consultants/contractors for local governments that obtain funding through the pilot project.

~~B. ORCA CDBG ACTION PLAN HEARINGS~~

~~Comments received:~~

- ~~Small communities may not be able to meet a 20% match for the Planning & Capacity Building Fund.~~
- ~~The Levelland region does not endorse the HUD formula. The allocation formula could be more equitable, especially considering the colonia allocation.~~
- ~~A public hearing in the Panhandle is needed.~~
- ~~Add Project Impact Scoring to the Community Development Supplemental Fund.~~
- ~~What is needed to receive consideration for the Community Viability Index?~~
- ~~TCEQ reviews more municipal sewer than water systems. Sewer applications may score higher than water projects. Consider additional consideration for projects addressing water needs.~~
- ~~Define installation of approved residential on-site septic systems with regards to first-time service.~~
- ~~Allow "first-come first-served" for the Micro/Small Business each application cycle.~~
- ~~Improve the appeal process: release scores, allow for the appeal period, and then make funding recommendations.~~
- ~~The Hamilton region supports the CD/CDS Selection Process and allocation percentage, and supports the implementation of the HUD CDBG Performance Outcome Measurement System.~~
- ~~Consider lowering the $800,000 maximum award so more projects can be funded.~~
- ~~Make the point awards found in TAC available as soon as possible.~~
- ~~Define "existing system" in terms of 1st time service points for installing septics, such as a cesspool that needs to be replaced. How will non-functioning septic be scored?~~
- ~~Consider moving 10 points from Community Distress to Project Design when scoring Planning applications.~~
- ~~Specify in the Action Plan the earliest date that RRCs can meet, this will help plan schedules during busy time of year.~~
- ~~Communities extend contracts due to extenuating circumstances beyond their control, yet they are penalized in scoring for those extensions.~~
- ~~Define an executed contract.~~
- ~~TCEQ should be timely with their CCN review.~~

- ~~Planning applications should include water contingency plans.~~
- ~~Is a Water Supply Contingency Plan a scoring factor or threshold?~~
- ~~Raising match commitment to 20% discourages planning applications.~~
- ~~Require a 20% match to encourage better use of grant's final products.~~
- ~~Consider the phrase "long term decline" to clarify the types of projects not eligible.~~
- ~~Consider scoring applicants who do a good job managing their contracts on time.~~
- ~~City of Cuero does not endorse the 2007 Action Plan RLF language. Reduce RLF paperwork; allow grantees to locally maintain an RLF balance.~~
- ~~Consider scoring installation of on-site septic systems as first-time sewer service under the Colonia Construction and Non-Border Colonia Fund Project Priorities (23 written comments using the same letter).~~
- ~~Make no changes to the RLF program (Nacogdoches).~~
- ~~Do not place restrictions on the RLF balances (Sen. Duncan, Dist. 18).~~
- ~~The proposed changes to the RLF language appears to penalize successful RLF programs, the current policy of maintaining the funds locally and awarding a loan at least once every three (3) years is sufficient.~~
- ~~The RLF should become the sole responsibility of the city.~~
- ~~Small communities have fewer resources, increasing the match requirement of the Planning/Capacity Building Fund to 20 percent punishes small communities and will have a negative impact on planning in Rural Texas (38 written comments using the same letter).~~

Patrick Van Heran, President, Sunergie Inc.

Mr. Heran's company is working with several Texas communities, including Brady, Hondo, Gatesville and Gonzalez, on an ambitious renewable energy project. He supports ORCA's proposed new Renewable Energy Demonstration Pilot Program. This project involves cutting down mesquite and cedar on ranch land and transporting it into local towns for conversion to thermal energy for industrial facilities with large heat demands in these towns, including prisons. The waste product from burning the mesquite and cedar would be transported back to the ranchland and used as compost to build up the soil and enable local ranchers to raise more head per acre and to graze calves longer before they go to slaughter.

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Public Hearing, Crockett, TX, April 30, 2007

STEP:

1. A suggestion was made to consider increasing the contract period from two years to three years. The primary reason citied was the challenge of administering this type of contract that relies heavily on self-help, local participation, and/or donated labor.

2. The issue of insurance and liability (both personal and property) was raised. The group indicated that although most grantees have volunteers sign a liability waiver, they questioned if this practice is legally binding.

3. A question was raised about the proposed change in the "Eligible Activities" section. The change from "equipment for installation of water and sewer if justification is provided" to "rental of equipment for installation of water and sewer if justification is provided" appears unclear. The group suggested that this activity include procurement or rental of equipment.

4. The group asked for consideration for some type of "baseline funding" for costing out STEP administrative activities instead of the current relatively low percentage of contract funds set aside for this budget category. Compared to Community Development projects, the group felt that successful STEP projects require a much higher level of support and involvement from the community administrators or contract consultants.

5. It was suggested that the labor force devoted to STEP projects be expanded to include both volunteer labor and force account labor.

6. The group asked that grantees be given more latitude in documenting volunteer labor activities. They felt it was difficult to maintain accurate, detailed records down to the level of documenting each volunteer's time sheet and their specific activity performed.

Renewable Energy Demonstration Pilot Program:

1. Opposed this new program as a stand alone program. They felt that deobligated funds returned to the CD program would be of more benefit to needy communities that did not get funded in the highly competitive CD program where funds are already limited.

2. Renewable Energy program - provide a clear definition of what constitutes renewable energy. They also suggested that energy conservation projects could be included in this program.

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Public Hearing, Mathis, TX, May 1, 2007

Karen Kibbe,
Managing Partner,
Raymond K. Vann & Associates, LLC
- Ineligible Activities. Was it an ORCA or HUD decision to not include televising/video taping line work or other investigative method as ineligible?
Renewable Energy Demonstration Pilot Program: does not favor use of limited funds for this project.

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Public Hearing, Lamesa, TX, May 3, 2007

Chris Sharpe
Panhandle Regional Planning Commission (COG) staff
- Some Panhandle Regional Planning Commission RRC members appointed by the governors' office were never notified that they had been appointed to the RRC. Asked who is responsible in notifying RRC members that they are part of the committee. PRPC appreciates and supports ORCA field offices.

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Janet Claborn
City of Muleshoe
- Ms. Claborn asked about opportunities for her community to apply for this funding. Several others at the Lamesa hearing also inquired about the project, including economic development corporation folks from Hereford, Floydada, Crosbyton and Levelland.

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Mike Duran
Vice President
Gary R. Traylor & Associates
- Concerning my comments regarding the RRC Committees: My concern is that ORCA reduced the RRC impact by not maintaining full Committee appointments. I realize that some RRC appointees did not fulfill their responsibility by not attending Scoring Meetings, however, some RRC's did not have full appointments. Therefore, in many cases, as few as 4 or 5 members' score made up an applicants score. With only a bare quorum of 7, when you take out the high and the low score, that leaves 5 scores, and if you have a conflict of interest that number is reduced even more. I believe this is a problem that must be addressed in the future.

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Fred Vera
City Manager, Lamesa
- Competition between larger rural communities not competitive with other smaller rural communities. The City of Lamesa has applied in the last 3-4 years and has not received an award. The competition is not fair. Smaller communities score better than mid-size cities. Some smaller cities have not raised their water rates etc. Need a

three (3) tier competition between smaller communities competing with other smaller communities and mid-size cities competing with other mid-size cities with populations of 10 to 12,000.

Mary Baiza, private consultant, had a similar comment as Fred Vera.

Lower Colorado River Authority
Received two letters in support of the proposed ORCA renewable energy pilot project: one from Dan Kuehn, manager of LCRA wholesale power services, and one from Frank Morgan, manager of LCRA community services.

Texas Farm Bureau
Two emails in support of ORCA pilot project from Ned Meister, Director of Commodity and Regulatory Activities for Texas Farm Bureau. (Travis Brown, ORCA staff reports: the Texas Farm Bureau and the national Farm Bureau have been leaders in promoting the development of renewable energy as way for farmers and ranchers to develop new revenue streams and as an economic development tool for rural communities.)

Russel Smith, President, Texas Renewable Energy Industries Association (TREIA)
Russel also came to the Austin public hearing and spoke in support of the pilot project. Many of the renewable energy companies who belong to TREIA might be consultants/contractors for local governments that obtain funding through the pilot project.

Patrick Van Heran, President, Sunergie Inc.
Patrick came to the Austin public hearing on the action plan. He supports ORCA's proposed new Renewable Energy Demonstration Pilot Program. His company is working with several Texas communities, including Brady, Hondo, Gatesville and Gonzalez, on an ambitious renewable energy project. This project involves cutting down mesquite and cedar on ranch land and transporting it into local towns for conversion to thermal energy for industrial facilities with large heat demands in these towns, including prisons. The waste product from burning the mesquite and cedar would be transported back to the ranchland and used as compost to build up the soil and enable local ranchers to raise more head per acre and to graze calves longer before they go to slaughter.

Janet Claborn, City of Muleshoe
Janet attended the Lamesa public hearing on the action plan and asked about opportunities for her community to apply for this funding under the Renewable Energy Demonstration Pilot Program. Several others at the Lamesa hearing also inquired about the project, including economic development corporation folks from Hereford, Floydada, Crosbyton and Levelland. Janet followed up with a call to Travis Brown regarding details of the project. She and others are interested in funding to help with ethanol plants planned for their communities. They discussed a possible meeting with interested people in the Panhandle in the future.

Jim White, Kent County Judge
April 24, 2007 letter from Judge White in support of new Renewable Energy Demonstration Pilot Program.

Dr. Norman Goldman, West Texas landowner
April 25, 2007 letter from Dr. Goldman in support of new Renewable Energy Demonstration Pilot Program. He cited development of renewable energy resources in Texas as an overall benefit to all Texans.

Joe Cox, Director of Regional Services, North Texas Regional Planning Council

Joe emailed and later called Travis to inquire about the proposed Renewable Energy Demonstration Pilot Program. He said he has several cities in his region that might be good candidates for funding to put up small wind turbines to power wastewater treatment or water treatment plants.

Harley Davis, Cooper community
Harley called to discuss possible funding from the renewable energy pilot project to install solar panels on the Cooper community center to provide electricity for the center.

Kevin Smith, Southwest Renewable Energy Inc.
Kevin contacted ORCA staff about the proposed pilot project.

Jim Peeples, AHL-Tech, Inc.
Jim inquired about possible funding through the new renewable energy pilot projective for his company's hybrid diesel locomotive project in East Texas.

Steve Kerbow
Kerbow and Associates Consulting
Recommends elimination of the Micro-enterprise Loan Fund, Small Business Loan Fund, and the Renewable Energy Demonstration Pilot Program and place these funds into the CD/CDS Fund.

Barbara S. Reeves
Director, Community Services
City of Alice

Asked about the source of funds for the Renewable Energy Demonstration Pilot Program based on the elimination of a footnote on page 23, asked why Goal 2 under the Performance Measures was eliminated, asked for the definition of efficiency, and asked why performances measures based on efficiency are needed.

INSTITUTIONAL STRUCTURE

Understanding that no single entity will be able to address the enormous needs of the State of Texas, ORCA, TDHCA, and DSHS support the formation of partnerships in the provision of housing, housing-related, and community development endeavors. ~~Especially considering~~Considering that the limited amount of financial resources available for affordable housing, community service, and community development activities can be a major obstacle for a single agency to try to address the needs of the state, partnering with other organizations, as well as fund layering and leveraging, helps to stretch those funds that are available.

ORCA, TDHCA, and ~~HOPWA~~DSHS are primarily pass-through funding agencies and distribute federal funds to local entities that in turn provide assistance to households. Because of this, the agencies work with many housing and community development partners, including consumer groups, community based organizations, neighborhood associations, community development corporations, councils of governments, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies.

There are many benefits to these partnerships: risk and commitment are shared; the principle of reciprocity requires that local communities demonstrate an awareness of their needs and a willingness to participate actively in solving problems, therefore local communities play an active role in tailoring the project to their needs; partners are able to concentrate specifically on their area of expertise; and a greater variety of resources ~~insure~~ensure a well targeted ~~more~~ affordable product.

HOME AND ESG~~P~~

The HOME Program encourages partnerships in order to improve the provision of affordable housing. ~~TDHCA has historically allocated $500,000 in HOME funds to the Home of Your Own Coalition, which assists persons with disabilities purchase a home by providing education and financial assistance.~~ Organizations receiving HBA/ADDI funds are required to provide homebuyer education classes to households directly, or coordinate with a local organization that will provide the education. In addition, organizations receiving TBRA funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services.

TDHCA encourages ESG~~P~~ subrecipients to coordinate services with housing and other service agencies. Collaborative applications funded with ESG~~P~~ funds are required to coordinate services and to provide services as part of a local continuum of care. At the time the Department monitors ESG~~P~~ subrecipients, coordination efforts are reviewed.

CDBG

CDBG funds are awarded to non-entitlement units of general local government thereby providing these communities with financial resources to respond to its community development needs. Such may include planning; constructing community facilities, infrastructure, and housing; and implementing economic development initiatives. Each applicant to the CDBG fund is required throughout its citizen participation process to inform local housing organizations of its intention to apply for CDBG funding through the CDBG and invite their input into the project selection process.

TxCDBG continues to coordinate with the Texas Department of Housing and Community Affairs, the Texas Department of Agriculture, the Texas Water Development Board, Annual State Agency Meeting on Rural Issues,

and the 24 Regional Councils of Governments to further its mission and target beneficiaries of CDBG funds through programs such as the Colonia Self-Help Centers, the Colonia Economically Distressed Areas Program, the Housing Tax Credit Program, and the Texas Capital Fund.

HOPWA

~~DSHS administers HOPWA funds through eight administrative agencies across the state. These are selected competitively or via direct contracts with local governmental entities as provided under state law. Funds are allocated to 25 HIV Service Delivery Areas (HSDAs) based on a formula that takes into account the number of persons living with HIV/AIDS and the poverty level within each HSDA. The Administrative Agencies, in turn, either administer HOPWA funds directly or competitively select Project Sponsors. Project Sponsors are typically organizations with knowledge of and experience in providing services to persons with HIV/AIDS and their family members affected by the disease. These agencies bring their institutional knowledge and a range of funding sources to the task of providing stable and affordable housing to eligible persons with HIV/AIDS.~~

DSHS contracts with eight Administrative Agencies which contract directly with the Project Sponsors serving all 26 HSDAs in the state to administer the HOPWA program, as well as a range of other HIV health and social services, including the Ryan White and the State Services grants. This structure ensures the coordination of all agencies serving people with HIV/AIDS, avoids duplication, saves dollars, and provides the best possible coordination of services for people with HIV/AIDS in each local community.

HOPWA program information is made available to all HIV service agencies in the HSDA and a referral network is established for potential clients. DSHS HOPWA clients are linked through their case managers to a comprehensive network of medical care and supportive services for persons living with HIV/AIDS and their families, consisting of 64 local providers across the state. HOPWA Project Sponsors collaborate locally with these providers to ensure that clients receive the services they need to begin treatment and remain in care. Additionally, Project Sponsors collaborate with local housing authorities in their areas to ensure that HOPWA clients are referred to the housing programs and services that best fit their needs and circumstances. Most notable is collaboration of Project Sponsors with local Section 8 housing programs.

AVAILABLE RESOURCES

The Plan must describe the Federal resources expected to be available to address the priority needs and specific objectives identified in the strategic plan, in accordance with §91.315. Descriptions of the funding amounts for the specific HUD programs covered by this Plan are provided in each program's Action Plan section. The Plan must also describe resources from private and non-federal public sources that are reasonably expected to be made available to address the needs identified in the plan. The Plan must explain how Federal funds will leverage those additional resources, including a description of how matching requirements of the HUD programs will be satisfied. A description of the match requirements of the HUD programs covered by this Plan are provided in each program's Action Plan section.

HOME PROGRAM

For the HOME Program, Section 2306.111(d) of the Texas Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions TDHCA uses for planning purposes. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources. Regional funding adjustments are made based on the results of this comparison. The following available resources were determined to have been available or distributed in ~~2006~~FY 2007 in the areas eligible for TDHCA HOME funds. ~~While these amounts are subject to change, it is thought that overall they represent a useful estimate of the availability of funding for activities similar to those eligible under the HOME Program.~~

Source	Funding Level*
Texas Housing Trust Fund	$68,750
HUD PHA Capital Funds	$33,357,362
HUD Housing Choice Vouchers (Sec. 8)	$144,939,814
USDA Multifamily Development	$6,702,950
USDA Rental Assistance	$27,504,284
Housing Tax Credits	$187,216,110
TXBRB Multifamily Tax Exempt Bond	$76,756,620
Housing Tax Credits w/ MF Tax Exempt Bond	$67,055,059
USDA Owner Occupied	$39,719,206
TXBRB Single Family Bond	$108,455,786
HUD HOME Investment Partnerships Program	$38,265,885
Total	$730,041,826

*2006 figures. Updated 2007 dollar amounts will be included in the final version of the Plan.

HOPWA

~~Although Ryan White and State HIV Services funds may be used for housing, a very small amount is currently allocated for that purpose. Ryan White case managers also provide HOPWA case management, and attempt to fulfill housing needs through the HOPWA program or through other local housing programs.~~

Leveraged funds are absolutely essential for the provision of HOPWA program administration and supportive services for HOPWA clients in the state of Texas. DSHS, AAs, and Project Sponsors expect to continue to receive leveraged funds from federal, state, local, and private resources to administer the HOPWA program and to achieve established program objectives for 2008. Based on leveraged funds

received in 2006, DSHS estimates $190,364 in federal and state funds to provide HOPWA administration at the state level. In 2006, AAs and Project Sponsors reported receiving $134,989 for Project Sponsor administration, $83,030 for TBRA, $54,239 for STRMU assistance, and $1,629,160 for supportive services in leveraged funds and anticipate similar levels of leveraged resources for 2008.

GENERAL INFORMATION ON OTHER PROGRAMS

TDHCA is required by State law to publish a *Program Guide* ~~the~~ that outlines state and federal housing and housing-related programs ~~that are~~ available in Texas. The guide ~~has information on~~describes all TDHCA programs and includes housing-related programs from other state and federal agencies. This detailed document is organized by activity area and then by administering entity. For each specific program, contact information at the appropriate agency is provided. The 120-plus page document is updated annually and is currently available on line at ~~http://www.tdhca.state.tx.us/ppa/docs/hrc/05-ProgramGuide-050607.pdf~~http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm or in hard copy upon request.

MEETING UNDERSERVED NEEDS AND ~~DEVELOPING~~ MITIGATING BARRIERS TO AFFORDABLE ~~HOUSING~~HOUSING

The ~~Departments have~~ State has identified various obstacles that may affect the ability to meet underserved needs in Texas. They include the lack of affordable housing, lack of organization capacity, lack of organizational outreach, local opposition to affordable housing, regulatory barriers to affordable housing, and area income characteristics (particularly in rural areas). The ~~Departments take~~State takes actions to mitigate these obstacles such as effectively using existing resources to administer programs, providing information resources to individuals and local areas, and coordinating resources. The following outlines those specific actions proposed by the program areas to meet underserved needs and develop affordable housing.

HOME AND ESG~~P~~

The HOME Program provides grant funds, deferred forgivable loans, and repayable loans to units of local government, nonprofit and for-profit organizations, community housing development organizations (CHDOs), and public housing authorities (PHAs). These funds are primarily used to foster and maintain affordable housing by providing rental assistance, rehabilitation, or reconstruction of owner-occupied housing units, down payment and closing cost assistance for the acquisition of affordable single family housing, and funding for rental housing development preservation of existing affordable or subsidized rental housing.

HOME funds may also be used in conjunction with the Housing Tax Credit Program to construct or rehabilitate affordable multifamily housing.

Regarding ESG~~P~~, while TDHCA encourages the use of ESG~~P~~ funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. These funds meet the needs of local homeless populations.

CDBG

TxCDBG encourages affordable housing projects using several methods in the allocation of CDBG funds to the eligible communities that can participate in its programs, including favorable state scoring and regional prerogative to prioritize funding for housing infrastructure and rehabilitation. Each region is encouraged to set aside a percentage of the regional allocation for housing improvement projects, and housing applications are scored as high priority projects at the state level. Housing projects continue to be funded through the Colonia Self-Help Centers as well.

In addition, CDBG funding provides a cost savings for housing when CDBG funds are used to provide first-time water and wastewater services by installing water and sewer yardlines and paying impact and connection fees for qualifying residents. For PY ~~2007~~2008, the TxCDBG will make funds available through six different grant programs to provide water or sewer services on private property, with the vast majority being low and moderate income households.

The most commonly cited obstacle to meeting the underserved community development needs of Texas cities (aside from inadequate funding) is the limited administrative capacity of the small rural towns and counties the CDBG program serves. TxCDBG staff offers technical assistance to communities to promote successful CDBG projects.

CDBG funding also helps cities and counties study affordable housing conditions. The plans produced through a TxCDBG planning contracts provide both valuable data concerning a city's or county's affordable housing stock

and planning tools for expanding their affordable housing. In PY ~~2007~~2008, TxCDBG will make funds available for planning through the Planning and Capacity Building Fund, Colonia Comprehensive Planning Fund and Colonia Area Planning Fund.

The Colonia Self-Help Centers continue to address affordable housing needs in border counties by assisting qualifying colonia residents to finance, refinance, construct, improve or maintain a safe, suitable home in suitable areas.

Another obstacle to meeting underserved needs applies to colonias projects. There have been cases when a county applies to provide water service to an area, but more than one water supply corporation or city may have a Certificate of Convenience and Necessity (CCN) in that territory (CCNs have been issued which have overlapping territories). In these cases, a dispute over which water supply corporation/city has the right to serve the territory (and therefore collect the revenues) may arise. A public hearing process may be necessary to resolve this issue, which can then delay projects for months. TxCDBG will continue to work with regulatory agencies as appropriate to resolve issues in project areas in a timely manner.

HOPWA

~~Using an estimate made by the National Commission on AIDS that one-third to one-half of persons living with HIV/AIDS in 2005 (56,012) are either homeless or at risk of homelessness, there may be from 18,652 to 28,006 people living with HIV/AIDS in Texas who are homeless or at risk of homelessness. Housing continues to rank high on the needs assessments of people with HIV/AIDS as assessed regularly by the Ryan White Title II planning bodies.~~

~~In 2006, DSHS distributed $23,689,011 in Ryan White and State Services contracts to provide a wide array of health and social services for persons with HIV/AIDS. An additional $83.6 million is spent on HIV medications. Federal Ryan White funds may not be used for housing except for housing referral services and short-term or emergency housing defined as necessary to gain or maintain access to medical care.~~

~~The Texas HOPWA program continues to fill the unmet need by providing emergency housing assistance and rental assistance. Since the primary objective of this project is the provision of assistance to continue independent living, the continuation of HOPWA funding is critical in addressing the future threat of homelessness for persons with HIV/AIDS in Texas.Public Housing Resident Initiatives~~

~~The future success of PHAs will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While ORCA, TDHCA, and DSHS do not have any direct or indirect jurisdiction over the management or operations of PHAs, it is important to maintain a relationship with these service providers.~~

The Texas HOPWA program continues to meet underserved needs in several ways.

As assessed regularly by Ryan White needs assessments in all HSDAs, housing needs are high among people living with HIV/AIDS. The Texas HOPWA program meets the needs of this underserved population throughout the state by providing essential housing and utilities assistance as part of a comprehensive medical and supportive services system. As a result, people living with HIV/AIDS and their families are able to maintain safe and affordable housing, reduce their risk of homelessness, and access medical care and supportive services.

In 2006, Project Sponsors reported a continuing need to serve eligible HIV-positive persons who have been incarcerated or need assistance paying security deposits to transition into affordable permanent housing. Security deposit payments continue to be a barrier to permanent housing for HOPWA clients and eligible individuals because security deposit assistance is not an eligible activity in the STRMU and TBRA programs. To address this

need, DSHS implemented a new program activity in August 2007, Permanent Housing Placement, to further meet the needs of eligible HIV-positive persons to transition into permanent housing. The Permanent Housing Placement program allows Project Sponsors to provide assistance to HOPWA clients and eligible persons for reasonable security deposits and costs associated with application fees and credit checks.

In addition, DSHS is in the process of developing an updated funding allocation formula to address the changing needs of local communities and to maximize and target HOPWA funding to HSDAs that are in greatest need. DSHS will consider a variety of factors including but not exclusive to HIV/AIDS morbidity, poverty level, housing costs and needs, homelessness data, program waitlists, and program expenditures.

POVERTY-LEVEL HOUSEHOLDS

According to the 2000 US Census, Texas has the ninth highest poverty rate among the states: 15.4 percent compared to the national rate of 12.4 percent. The federal government defined the poverty threshold for 1999 as $17,029 in income for a family of four, and many poor families make substantially less than this. Poverty can be self-perpetuating, creating barriers to education, employment, health, and financial stability.

ORCA, TDHCA, and DSHS have an important role in addressing Texas poverty. These agencies seek to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means trying to provide long-term solutions to the problems facing people in poverty and targeting resources to those with the greatest need.

HOME AND ESG~~P~~

Through the HOME Tenant-Based Rental Assistance Program, TDHCA assists households with rental subsidy and security and utility deposit assistance for a period not to exceed 24 months. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, GED classes, or drug dependency classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve employment options and increase their economic independence and self-sufficiency.

The ESG~~P~~ Program funds activities that provide shelter and essential services for homeless persons, as well as intervention services for persons threatened with homelessness. Essential services for homeless persons include medical and psychological counseling, employment counseling, substance abuse treatment, transportation, and other services.

For individuals threatened with homelessness, homelessness prevention funds can be used for short-term subsidies to defray rent and utility arrearages for households receiving late notices, security deposits, and payments to prevent foreclosure.

CDBG

A substantial majority, 88%, of TxCDBG funds are obligated to cities and counties under the funding competitions meeting the national objective to "principally benefit low and moderate income persons." TxCDBG encourages the funding of communities with a high percentage of persons in poverty through its application scoring. The CDBG projects under this national objective are required to serve 51 percent low to moderate income persons; however, an application receives full points only if a minimum of 60 percent of the project beneficiaries are of low to moderate income. In addition, the CDBG allocation formula used to distribute Community Development and the Community Development Supplemental funds among regions includes a variable for poverty. The percentage of persons in poverty for each region is factored into the allocation formula in order to target funding toward the greatest need.

The CDBG economic development funds have been instrumental in creating infrastructure and jobs. By creating and retaining jobs through assistance to businesses and then providing lower income people access to these jobs, TxCDBG can be a very effective anti-poverty tool. This potential will be further maximized by providing jobs that offer workplace training and education, fringe benefits, opportunities for promotion, and services such as child care. In addition, programs that improve infrastructure affords the opportunity to upgrade existing substandard housing (such as in the colonias) and build new affordable housing where none could exist before.

HOPWA

~~The DSHS HOPWA Program funds emergency assistance activities, rental assistance, and limited supportive services for persons based on adjusted gross income.~~The DSHS HOPWA Program serves HIV positive persons based on income eligibility criteria of no more than 80 percent of the area median income with adjustments for family and household size, as determined by HUD income limits. With varying poverty levels and housing needs in each HSDA across the state, some Project Sponsors may set stricter local income limits to maximize and target HOPWA resources to those with very low-income or poverty-level income. While many of the ~~families~~HOPWA clients assisted may be at poverty-level, this is not a requirement under 24 CFR~~.~~ 574.3.

NEEDS OF PUBLIC HOUSING ~~NEEDS~~

The future success of Public Housing Authorities (PHAs) will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While the State of Texas does not have any direct or indirect jurisdiction over the management or operations of PHAs, it is important to maintain a relationship with these service providers.

HOME AND ESG~~P~~

Because PHAs are eligible applicants under the HOME Program, TDHCA sends notices of funding availability to all PHAs in the state. At HOME application workshops, application processes are discussed in detail, including those related to HBA~~/ADDI.~~ Furthermore, ~~PHA~~ staff of PHAs, especially ~~including~~ those receiving HOME funds and those with Section 8 Homeownership programs, are targeted by TDHCA's Texas Statewide Homebuyer Education Program for training to provide homebuyer education opportunities and self-sufficiency tools for PHA residents.

In addition to PHAs that have received HOME funds to provide homebuyer assistance in their areas, PHAs have also received HOME tenant-based rental assistance funds, enabling them to provide additional households with rental assistance and services to increase self-sufficiency.

PHA residents are eligible to receive assistance and services from ESG~~P~~ grantees.

In addition to HOME and ESG~~P~~ activities related to PHAs, TDHCA performs certifications of consistency with the State's Consolidated Plan. In 1999, TDHCA, as required by 24 CFR §903.15, started a certification process to ensure that the annual plans submitted by PHAs in an area without a local Consolidated Plan are consistent with the State of Texas's Consolidated Plan.

CDBG

Litigation concerning CDBG funding and public housing authorities, known as *Young v. Martinez*, focused attention and funds on these areas in the past. The State provided three funding set-asides to address Court-ordered activities under the Final Order and Decree for the litigation, obligating a total of $13,664,753.18 for 62 *Young v. Martinez* Fund projects in PHA areas. To date, over $~~12~~13 million of that total has been requested for drawdown with approximately $~~538,000~~72,584 remaining ~~as an unutilized balance~~to be requested in ~~completed projects and $983,000 remaining in four~~two open contracts. Although the litigation has been settled, TxCDBG continues to serve public housing areas through other funding categories as residents of PHAs qualify as low to moderate income beneficiaries for CDBG projects.

HOPWA

The HOPWA program administered by DSHS does not provide public housing assistance. However, ~~project sponsors are required to~~ Project Sponsors coordinate closely with local housing authorities ~~in order to maximize limited resources.~~

~~ORCA, TDHCA,~~for client referrals and ~~DSHS ensure~~to address local housing issues.

~~COMPLIANCE~~MONITORING

The State ensures compliance with program and comprehensive planning requirements through various compliance measures.

HOME AND ESG~~P~~

TDHCA has established oversight and monitoring procedures within the TDHCA Portfolio Management and Compliance and Community Affairs divisions to ensure that activities are completed and funds are expended in accordance with contract provisions and applicable state and federal rules, regulations, policies, and related statutes. TDHCA's monitoring efforts are guided by both its responsibilities under the HOME and ESG programs and its affordable housing goals for the State of Texas. These monitoring efforts include the following:

- Identifying and tracking program and project results
- Identifying technical assistance needs of subrecipients
- Ensuring timely expenditure of funds
- Documenting compliance with program rules
- Preventing fraud and abuse
- Identifying innovative tools and techniques that support affordable housing goals
- Ensuring quality workmanship in funded projects
- Long-term compliance

Identifying and Tracking Program and Project Results

HOME contract and project activities are tracked through the TDHCA Contract Database (CDB) system, including pending projects, funds drawn, and funds disbursed through the internet-based system, HUD's IDIS, and other reports generated as needed. The CDB provides information necessary to track the success of the program and identify process improvements and administrator training needs. IDIS tracks HOME Program data such as commitment and disbursement activities, the number of units developed, the number of families assisted, the ongoing expenditures of HOME funds, and beneficiary information.

Other resources utilized by TDHCA to track project results include an asset management division and loan servicing division. If either of these areas identifies problems, steps are taken to resolve the issue, including project workouts and oversight of reserve accounts. Real Estate Analysis, the division for underwriting economic feasibility pre-award, is also responsible for identification of high risk contracts, and is responsible for review of housing sponsored annual financial statements and other asset management functions during the affordability period.

ESG~~P~~ project and contract activities are tracked through TDHCA's ~~internet~~ website, which maintains an Oracle-based reports system. This system maintains funds drawn, funds expended, performance data, and other reports as needed. ESG~~P~~ data such as commitment and disbursement activities, number of persons assisted, ongoing expenditures, and program activities are also tracked through HUD's IDIS.

Identifying Technical Assistance Needs Subrecipients

Identification of technical assistance needs for HOME and ESG~~P~~ subrecipients is performed through analysis of administrator management practices, analysis of sources used by TDHCA to track technical assistance such as

information captured in the Central Database, review of documentation submitted, desk reviews based on the requirements identified in the Compliance Supplement and State Affordable Housing Program requirements, project completion progress, results of on-site audits and monitoring visits, and desk reviews conducted by Department staff.

Ensuring Timely Expenditure of Funds

TDHCA ensures adequate progress is made toward committing and expending HOME and ESG funds. Regular review of internal reports and data from IDIS is performed to assess progress of fund commitment and to ensure that all funds are committed by the expiration date of 24 months from the last day of the month in which HUD and TDHCA enter into an Agreement. Performance deadlines for spending and matching funds are reviewed on a quarterly basis to track expenditure totals. HOME set-aside requirements are also tracked. The Department has also added performance benchmarks as further incentive of timely expenditure of funds.

Documenting Compliance with Program Rules

Compliance with program rules is documented through contract administration and other formal monitoring processes. Staff document compliance issues as part of their ongoing contract management reviews and notify administrators of any noncompliance and required corrective action. On-site reviews, including physical onsite project site inspections of a representative sample of project sites, on-site reviews of client files, shelters, and the delivery of services are conducted with summarized reports identifying necessary corrective actions.

TDHCA has developed a set of standards for HOME administrators to follow to ensure that subcontractors and lower-tiered organizations entering into contractual agreements with administrators perform activities in accordance with contract provisions and applicable state and federal rules, regulations, policies, and related statutes.

TDHCA maintains a database to document an administrator's compliance history with rental housing developments. During the application process the compliance history is gathered, the database is researched, and input from all divisions within TDHCA is requested. If issues of material noncompliance are found, then the applicant is not eligible for future funding until the issues are resolved. The compliance history is considered by TDHCA's Board prior to finalizing awards.

Preventing Fraud and Abuse

TDHCA monitors for potential fraud and mismanagement of funds through the assistance of written agreements with HOME administrators and review of supporting documentation throughout the HOME contract period to ensure that activities are eligible, through information gathered from outside sources and Department staff, and through onsite monitoring visits of HOME and ESG~~P~~ subrecipients. If fraud or mismanagement of funds is found, sanctions are enforced and disallowed costs are refunded to TDHCA. Also, if fraud or mismanagement of funds is suspected, TDHCA will make referrals and work closely with HUD, the State Auditor's Office, the Inspector General, the Internal Revenue Service, and local law enforcement agencies as applicable.

Identifying Innovative Tools and Techniques that Support Affordable Housing Goals

Staff identifies innovative tools and techniques to support affordable housing goals by attending trainings and conferences, maintaining contact with other state affordable housing agencies, and through the HUD internet listserv and HUD website.

Ensuring Quality in Funded Projects

Ensuring the administrator provides the committed product, amenities and compliance with accessibility requirements is a Departmental priority. Staff ensures the quality of workmanship in HOME-funded projects through the inspection process. TDHCA staff, in conjunction with Manufactured Housing Inspectors conduct inspections to substantiate the quality of the work performed. Deficiencies and concerns are identified during an initial inspection, with corrective action required by construction completion. The clearance of a final inspection is required of all rental housing developments funded by the Department.

TDHCA staff has attended trainings and become familiar with the construction standards of Section 504, Rehabilitation Act of 1973. Manufactured Housing Inspection Staff assisting with conducting inspections have been given the necessary tools to thoroughly complete these inspections and are provided annual training by Department staff on the procedures, expectations, and accessibility requirements.

Other processes used to ensure quality workmanship have included plan reviews. With the 2006 commitments the Department will require plans to have architectural sign off on specifications, and confirm compliance with committed amenities and compliance with any accessibility requirements.

Long-Term Compliance

The PMC Division is responsible for long term monitoring of income eligibility and tenure of affordability for applicable HOME projects. In other cases where contracts require long-term oversight (such as land use restrictive covenants), reporting and enforcement procedures have been implemented.

The PMC division performs on-site monitoring visits in accordance with the requirements of the HOME Program and Department policies and procedures, as described in the Financing/Loan Agreements, Deed Restrictions, and Regulatory and Land Use Restriction Agreement. If a property participates in more than one housing program, the most restrictive monitoring procedure is followed~~.~~..

Risk Management

HOME contracts are monitored based on a risk assessment model that is updated on an annual basis or more frequently if required. Some of the elements of the Risk Assessment Model may include the type of activity, existence of a construction component, Davis/Bacon requirements, results of previous on-site visits, status of the most recent monitoring report, amount funded, previous administrator experience, entity type, and Single Audit status. In addition to the results of the risk assessment survey, referrals from division staff are considered when determining in depth monitoring reviews or required technical assistance. An emphasis is placed on monitoring of contracts within the current draw period and contracts with projects in the affordability period as defined by HUD.

If complaints are received by TDHCA, they are considered a risk management element and will be reviewed in detail. Supplemental monitoring activities will be performed to ensure program compliance and detection of possible fraud or mismanagement.

The Risk Assessment Model is also implemented for ESG~~P~~.. Some of the elements of the Risk Assessment Model include the following: length of time since last on-site visit, results of last on-site visit, status of most recent monitoring report, timeliness of grant reporting, total amount funded during assessment period, total amount funded for all TDHCA contracts during assessment period, number of TDHCA contracts funded during assessment period, and Single Audit Status. In addition to the results of the risk assessment survey consideration is also given to recommendations made from other TDHCA divisions regarding performance with other TDHCA funded programs. All ESG~~P~~ subrecipients are monitored annually.

Sanctions

Based on the results of ongoing HOME monitoring, sanctions are imposed for noncompliance issues based on the severity of noncompliance, which may include delays in project set-ups, draw request processing, questioned/disallowed costs, suspension of the contract, or contract termination. When necessary, the Executive Director executes a referral to the State Auditor's Office for investigation of fraud as required by Section 321.022(a) of the Texas Government Code. Sanctions imposed affect future application requests and scoring. In addition, if fraud or mismanagement of funds is suspected, TDHCA will make referrals and work closely with HUD, the State Auditor's Office, the Inspector General, the Internal Revenue Service, and local law enforcement agencies as applicable.

The results of ongoing ~~ESGP~~ ESG monitoring will also determine if sanctions are imposed for noncompliance issues. Sanctions range from the use of the cost reimbursement method of payment, deobligation of funds, suspension of funds, and termination of the contract. TDHCA's legal staff is notified and referrals are made to the Attorney General's Office. Sanctions imposed affect the future consideration of ESG applications for funding.

CDBG

The monitoring function of the TxCDBG has four components: project implementation, contract management, audit, and monitoring compliance.

Project Implementation

Prior to the award of funds, each community is evaluated for compliance in prior contracts. The application scoring process at the state level includes a scoring factor for past performance on CDBG contracts. In addition, once a funding recommendation has been made the contract is routed through the Program Development, ~~Operations, Legal,~~Compliance and Fiscal Operations Departments to verify that no outstanding issues in previously awarded contracts prevent the contract execution for the recommended award.

Contract Management

All open TxCDBG projects are assigned to a specific Regional Coordinator who is responsible for contract compliance and project management. All projects have formal contracts that include all federal and state requirements. Regional Coordinators monitor progress and compliance through formal reporting procedures. Program Specialists for Labor Standards and Environmental compliance also exist under the Project Management function. Additionally, all reimbursement requests require complete supporting documentation before payment is made.

Audit

The audit function is authorized by OMB A-133, which requires that governmental units and nonprofit organizations spending more than $500,000 in either federal or state funds during their fiscal years ending after December 31, 2003, submit a copy of a Single Audit to the Agency. A Single Audit is required for desk review by ORCA regardless of whether there are findings noted in the audit pertaining to CDBG funds, since it is an additional monitoring tool used to evaluate the fiscal performance of grantees.

Monitoring Compliance

The on-site programmatic reviews are conducted on every CDBG contract prior to close-out to ensure the contractual obligations of each grant are met. The projects are considered available for review when 75 percent of

the contracted funds have been drawn down, and for construction projects, when construction has been substantially completed. Interim monitoring reviews may be conducted as necessary.

The areas reviewed include procurement procedures paid with CDBG funds or with match dollars, accounting records including copies of cancelled checks, bank statements and general ledgers (source documentation is reviewed at the time of draw requests), equipment purchases and/or procurement for small purchases, on-site review of environmental records, review of any applicable construction contracts, file review of any applicable client files for rehabilitation services, review of labor standards and/or a review of local files if internal staff used for construction projects, and a review of documentation on hand pertaining to fair housing and civil rights policies.

In addition to the formal monitoring function described above, the staff of the Compliance Division communicates with the staff of the Community Development Division as needed to evaluate issues throughout the contract implementation phase of CDBG contracts in order to identify and possibly resolve contract issues prior to the monitoring phase of the project.

HOPWA

A team of 10 DSHS Field Operations consultants and managers monitor the AAs' HOPWA administration activities and the AAs monitor the Project Sponsors for HOPWA program compliance. This monitoring involves periodic site visits, technical assistance, and the submission of quarterly progress reports. Desk audits are conducted by the Contract Management Unit at the division level in DSHS. Additionally, fiscal audits are conducted as part of a centralized service of DSHS, the Contract Monitoring and Oversight Section, directly under the Chief Operations Officer.

Administrative Agencies and Project Sponsors are required to comply with HUD regulations, the DSHS Program Manual and their contractual Statement of Work. The DSHS HOPWA program manual is located at http://www.dshs.state.tx.us/hivstd/fieldops/hopwa.shtm. The HOPWA monitoring tool is located at http://www.dshs.state.tx.us/hivstd/fieldops/page_02/hopwa.doc. The HOPWA Statement of Work is located at http://www.dshs.state.tx.us/hivstd/funding/hopwa/HOPWA_Renewal.doc. Principles for fiscal administration are established by the Texas Uniform Grants Management Standards located at http://www.governor.state.tx.us/divisions/stategrants/files/UGMS062004.doc. The requirements for project monitoring are established by DSHS in the Administrative Agency Core Competencies document located at http://www.dshs.state.tx.us/hivstd/pops/pdf/pdf_administrative_duties_standards.pdf.

DSHS plans to distribute a revised HOPWA Program Manual that will provide improved program guidelines for quality HOPWA program implementation and compliance in August 2007. In turn, this will assist Project Sponsors to provide better HOPWA services for HOPWA clients and the local community. The revised program manual incorporates HUD technical assistance and program level input via a public comment period to assure local needs are addressed. The HOPWA monitoring tools will also be revised according to revised program activities and regulations. Additionally, DSHS will also implement an STRMU tracking tool to ensure all Project Sponsors are compliant with the 21-week maximum assistance statute for STRMU clients.

LEAD-BASED PAINT HAZARDS

The health risks posed by lead-based paint to young children are the most significant health issue facing the housing industry today. According to ~~the EPA's Report on the National Survey of Lead Based Paint in Housing (April 1995), 64 million~~ *The Prevalence of Lead-Based Paint in U.S. Housing* (Environmental Health Perspectives, October 2002), 38 million homes have conditions that are likely to expose families to unsafe levels of lead. These homes are disproportionately older housing stock typical to low income neighborhoods, and the potential for exposure increases as homeowners and landlords defer maintenance. This older housing stock is the target of rehabilitation efforts and is often the desired "starter home" of a family buying their first home.

~~The 1992 Housing and Community Development Act included Title X, a statute that represents a major change to existing lead-based paint regulations. However, HUD's final regulations for Title X (24 CFR Part 105) were not published until September 15, 1999 and became effective September 15, 2000. Title X calls for a three pronged approach to target conditions that pose a hazard to households: 1) Notification of occupants about the existence of hazards so they can take proper precautions, 2) Identifications of lead-based paint hazards before a child can be poisoned and, 3) control of these lead-based paint hazards in order to limit exposure to residents. Title X mandated that HUD issue "The Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" (1995) to outline risk assessments, interim controls, and abatement of lead-based paint hazards in housing. Section 1018 required EPA and HUD to promulgate rules for disclosure of any known lead-based paint or hazards in target housing offered for sale or lease. These rules came into effect on March 6, 1996 in 40 CFR Part 745/24 CFR Part 35.[1]~~

HOME AND ESGP

The HOME Program requires lead screening in housing built before 1978 for its Owner Occupied Rehabilitation Assistance Program. Rehabilitation activities fall into three categories: 1) Requirements for federal assistance up to and including $5,000 per unit; 2) Requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit; and 3) Requirements for federal assistance over $25,000 per unit.

Requirements for federal assistance up to and including $5,000 per unit are: distribution of the pamphlet "Protect Your Family from Lead in Your Home" is required prior to renovation activities; notification within 15 days of lead hazard evaluation, reduction, and clearance must be provided; receipts for notification must be maintained in the administrator file; paint testing must be conducted to identify lead based paint on painted surfaces that will be disturbed or replaced or administrators may assume that lead based paint exist; administrators must repair all painted surfaces that will be disturbed during rehabilitation; if lead based paint is assumed or detected, safe work practices must be followed; and clearance is required only for the work area.

Requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit include all the requirements for federal assistance up to and including $5,000 per unit and the following: a risk assessment must be conducted prior to rehabilitation to identify hazards in assisted units, in common areas that serve those units and exterior surfaces or administrators can assume lead based paint exist and; clearance is required for the completed unit, common areas which serve the units, and exterior surfaces where the hazard reduction took place.

Requirements for federal assistance over $25,000 per unit included all the requirements for federal assistance from $5,000 per unit up to and including $25,000 per unit and the following: if during the required evaluations lead-

[1] Texas Department of Health.

based paint hazards are detected on interior surfaces of assisted units, on the common areas that serve those units or on exterior surfaces including soils, then abatement must be completed to permanently remove those hazards; and if lead based paint is detected during the risk assessment on exterior surfaces that are not disturbed by rehabilitation then interim controls may be completed instead of abatement.

For ESG~~P~~, TDHCA evaluates and reduces lead-based paint hazards for conversion, renovation, or rehabilitation projects funded with ESG~~P~~ funds, and tracks work in these efforts as required by Chapter 58 of the Environmental Protection Act.

CDBG

The TxCDBG encourages the reduction of lead-based hazards through favorable scoring under its Community Development and Community Development Supplemental Funds for the replacement of lead fixtures and other lead hazards that are an imminent public health threat. In addition, lead-based paint mitigation is a common activity eligible under housing rehabilitation that is funded under the Colonia Construction Fund, Community Development and Community Development Supplemental Funds. Each contract awarded requires the sub-grantee to conform to Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)) and procedures established by the TxCDBG in response to the Act.

In accordance with CDBG state regulations and the Lead-Based Paint Poisoning Prevention Act, TxCDBG has adopted a policy to eliminate as far as practicable the hazards of lead poisoning due to the presence of lead-based paint in any existing housing assisted under the CDBG. In addition, this policy prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance. Abatement procedures should be included in the housing rehabilitation contract guidelines for each project and must appear in the approved work write-up documentation for all homes built prior to 1978 that will be rehabilitated, as outlined in the Housing Rehabilitation Manual.

HOPWA

DSHS requires Project Sponsors to give all HOPWA clients the lead-based paint pamphlet entitled "Protect Your Family from Lead in Your Home" (Environmental Protection Agency) during the intake process. The client's case record must include documentation that a copy of the pamphlet was given to the client.

For each HOPWA household, the case manager must certify the following:

If the structure was built prior to 1978, and there is a child under the age of six who will reside in the property, and the property has a defective paint surface inside or outside the structure, the property cannot be approved until the defective surface is repaired by at least scraping and painting the surface with two coats of non-lead based paint. Defective paint surface means: applicable surface on which paint is cracking, scaling, chipping, peeling or loose. If a child under age six residing in the HOPWA-assisted property has an Elevated Blood Lead Level, paint surfaces must be tested for lead-based paint. If lead is found present, the surface must be abated in accordance with 24 CFR Part 35.

HOUSING ACTION PLAN:
HOME INVESTMENT PARTNERSHIPS PROGRAM ~~2007 ACTION PLAN~~

FEDERAL RESOURCES EXPECTED PY ~~2007~~2008

The purpose of the HOME Investment Partnerships (HOME) Program is to expand the supply of decent, safe, and affordable housing for extremely low, very low, and low income households, and to alleviate the problems of excessive rent burdens, homelessness, and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing ~~and the long-term goal of building partnerships between state and local private entities and nonprofit organizations~~. TDHCA provides technical assistance through application and implementation workshops to all recipients of HOME funds to ensure that all participants meet and follow the state implementation guidelines and federal regulations.

The State of Texas HOME Program is receiving approximately $~~40~~41,000,000 ~~($40,000,000~~ in HOME funds ~~plus $650~~(not including possible $700,000 of American Dream Downpayment Initiative (ADDI) funds[2]) from HUD for PY ~~2007.~~2008. The ~~Department anticipates receiving~~HOME Program also estimates approximately $2.5 million in program ~~funds for PY 2007. (added after submission to HUD)~~income.

ALLOCATION OF PY ~~2007~~2008 FUNDS

TDHCA will use the following method for allocating funds~~.~~:

Use of Funds	~~-~~Estimated Available Funding	% of Total HOME Allocation
Administration Funds (10% of PY ~~2007)[1]~~2008) *	$~~4,000~~100,000	10%
CHDO Project Funds Set Aside (15% of PY ~~2007)[2]~~2008) **	$~~6,000~~150,000	15%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside) *	~~$300,000~~$307,500	1%
State Mandated Funds for Contract for Deed ~~Conversions[1]~~Conversions *	$2,000,000	5%
Housing Programs for Persons with Disabilities ~~Program~~*	$~~4~~2,000,000	~~10%~~5%
Rental Housing Preservation Program	$2,000,000	5%
Rental Housing Development Program	$3,000,000	~~8%~~7%
General Funds for Single Family Activities	~~$18,700,000~~ $21,442,500	~~47%~~52%
Total PY ~~2007~~2008 HOME Allocation	$~~40~~41,000,000	100%
PY ~~2007~~2008 American Dream Downpayment Initiative (ADDI) Funds***	$~~650~~700,000 ***	—
Total Estimated Funding Available for Distribution	$~~40,650~~41,700,000	—

~~1~~* The funding for these activities is not subject to the Regional Allocation Formula.

[2]The American Dream Downpayment Initiative (ADDI) was signed into law on December 16, 2003. The American Dream Downpayment Assistance Act authorizes up to $200 million annually for fiscal years 2004 - 2007. As of this publication, the act is pending re-authorization, however, the Department will address the ADDI program through this document in anticipation of possible future funding.

2 **$1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. TDHCA may set aside 10% of the annual CHDO set-aside for Predevelopment Loans.

***Reauthorization of funds pending

The following targets will be used to distribute General Funds for Single Family Activities and ADDI funds.:

Activity	Funding Amount	% of Available Funding
Homebuyer Assistance	$2,902,500 $3,216,375	15%
Owner Occupied Housing Assistance	$13,545,000 $15,009,750	70%
Tenant Based Rental Assistance	$2,902,500 $3,216,375	15%
Total Estimated Funding Available for Distribution	$19,350,000 $21,442,500	100%

On February 15, 2006, the TDHCA Board approved the HOME rules. As part of this approval, applications submitted for Single Family non-development activities under a competitive application cycle will be recommended for an award through a biennial funding cycle. As a result, applications were accepted under the 2006/

ESTIMATED PY 2008 BENEFICIARIES

Based on estimated PY 2007 application cycle for owner occupied housing assistance, homebuyer assistance and tenant based rental assistance. The highest scoring applications will be recommended for funding consideration utilizing 2006 funds and once the 2007 allocation is received, the next highest scoring applications will be funded until the 2007 allocation is depleted.

ESTIMATED PY 2007 BENEFICIARIES

Based on estimated PY 2006 program activity, TDHCA estimatescalculates that the number of PY 20072008 beneficiaries assisted will be approximately 2,2001,931 low, very low, or extremely low income households. On the basis of historical performance, TDHCA estimates that approximately 60 percent of those households will be minority households.

DEFINITIONS

Basic Access Standards (as required by §2306.514, Texas Government Code): These requirements apply only to newly constructed single family housing.

(1) (1) At at least one entrance door, whether located at the front, side, or back of the building:

(A)) is on an accessible route served by a ramp or no-step entrance,; and

(B) (B) has at least a standard 36-inch door.;

(2) (2) Onon the first floor of the building;:

(A) (A) each interior door is at least a standard-32-inch door, unless the door provides access only to a closet of less than 15 square feet in area;

(B)) each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold;

(C)) each bathroom wall is reinforced for potential installation of grab bars;

(D)) each electrical panel or breaker box, light switch, or thermostat is not higher than 48 inches above the floor; and

(E)) each electrical plug or other receptacle is at least 15 inches above the floor.; and

(3) Each) if the applicable building code or codes do not prescribe another location for the breaker boxes, each breaker box is located not higher than 48 inches above the floor inside the building on the first floor.

A person who builds single family affordable housing to which this section applies may obtain a waiver from TDHCA of the requirement described by Subsection (a)(1)(A) if the cost of grading the terrain to meet the requirement is prohibitively expensive.

Colonia: A colonia As defined in §2306.581, Texas Government Code:

(1) "Colonia" means a geographic area that is an unincorporated community located in a county some part of which is within 150 miles of the international border of this state, that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a city community or town within the 150 mile region that neighborhood, and that:

(A) has a population less than 10,000 according to the latest US Census data. The majority population is composed of individuals and families of low income and very low income who lack safe, sanitary and decent housing, together with basic services as potable water, adequate sewage systems, drainage, streets, based on the federal Office of Management and utilities. Budget poverty index, and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or

(B) has the physical and economic characteristics of a colonia, as determined by the department.

Community Housing Development Organization (CHDO): A private nonprofit organization with a 501(c)(3) or (4) federal tax exemption. The CHDO must include providing decent, affordable housing to low income households as one of its purposes in its charter, articles of incorporation, or bylaws. It must serve a specific, delineated geographic area: Either a neighborhood, several neighborhoods, city, town, village, county, or contiguous multi-county area (but not the entire state). CHDOs are certified by TDHCA on an annual basis and as eligible applications are awarded HOME CHDO funds.

Consortium: An organization of geographically contiguous units of general local government that act as a single unit of general local government for purposes of the HOME program.

Extremely Low Income Family: Family whose income is between 0 and 30 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

Low Income Family: Family whose income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

Non–Participating Jurisdiction: A state or unit of general local government that does not receive an annual allocation of HUD program funds and is not part of a HUD Consortium.

Participating Jurisdiction: A state or unit of general local government that receives an allocation of HOME Program funds directly from HUD.

Persons with Disabilities: A household composed of one or more persons, at least one of whom is an adult, who has a disability. A person is considered to have a disability if the person has a physical, mental, or emotional impairment that

- is expected to be of long-continued and indefinite duration,
- substantially impedes his or her ability to live independently, and
- is of such a nature that such ability could be improved by more suitable housing conditions.

Special Needs Populations: Includes the following: persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, the elderly, victims of domestic violence, persons living in colonias, the homeless, and migrant farmworkers.

Very Low Income Family: Family whose income does not exceed 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families.

ELIGIBLE APPLICANTS

- Units of General Local Government
- Nonprofit and For-Profit Organizations
- Community Housing Development Organizations (CHDOs)
- Public Housing Authorities (PHAs)

ELIGIBLE SERVICE AREAS

Per Section 2306.111(c~~)~~), TDHCA shall expend ~~at least~~ 95 percent of HOME funds for the benefit of non–PJ areas of the state. ~~The remaining 5~~Five percent of HOME funds ~~may~~shall be expended ~~in a PJ, but only if~~for the ~~funding serves~~benefit of persons with disabilities~~.~~ who live in any area of the state.

DESCRIPTION OF ACTIVITIES

OWNER-OCCUPIED HOUSING ASSISTANCE (OCC)

Rehabilitation or reconstruction cost assistance is provided to eligible homeowners for rehabilitation or reconstruction of their existing home. The home must be the principal residence of the homeowner.

At the completion of the assistance, all properties must meet the International Residential Code and local building codes. If a home is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code, required for any applicants utilizing federal or state funds administered by TDHCA in the construction of single family homes.

The available funding for this activity is approximately $15 million, which may only be used in ~~Non~~non-PJs. This amount does not include ~~the~~any Housing Program for Persons with Disabilities OCC funding that may be issued under a separate NOFA.

TENANT-BASED RENTAL ASSISTANCE (TBRA)

Rental subsidy and security and utility deposit assistance is provided to tenants, in accordance with written tenant selection policies, for a period not to exceed 24 months. TBRA allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance.

The available funding for this activity is approximately $3.2.9 million, which may only be used in Nonnon-PJs. This amount does not include theany Housing Program for Persons with Disabilities TBRA funding that may be issued under a separate NOFA.

HOMEBUYER ASSISTANCE (HBA)

Down payment and closing cost assistance is provided to homebuyers for the acquisition of affordable single family housing. This activity may also be used for the following:

- Construction costs associated with architectural barrier removal in assisting homebuyers with disabilities by modifying a home purchased with HOME assistance to meet their accessibility needs.
- Acquisition and rehabilitation costs associated with contract for deed conversions to serve colonia residents.
- Construction costs associated with the rehabilitation of a home purchased with HOME assistance.
- Acquisition or new construction costs for the replacement of manufactured housing.

Eligible first time homebuyers may receive $up to $10,000 or 6 percent of the purchase price, whichever is greater, for down payment and closing costs in the form of a 2nd- or 3rd- lien loan under the American Dream Downpayment Initiative. Eligible homebuyers who meet the definition of persons with disabilities may receive loans up to $15,000 for down payment and closing costs, regardless of the location of the property. Under the Contract for Deed program, assistance for the combined cost of deed conversion and rehabilitation cannot exceed $55,000HUD's 221(d)(3) limits per unit. HBA is an eligible HOME activity under the CHDO set-aside if the CHDO is the owner, sponsor or developer of the project. HBA loans are to be repaid at the time of resale of the property, refinance of the first lien, repayment of the first lien, or if the unit ceases to be the assisted homebuyer's principal residence. If any of these occur before the end of the loan term, the amount of recapture will be based on the pro-rata share of the remaining loan term and the shared net proceeds in the event of sale of the housing unit.

At the completion of the assistance, all properties must meet the International Residential Code or the Colonia Housing Standards, if located in a colonia, and local building codes. Compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code, is also required for any applicants utilizing federal or state funds administered by TDHCA in the construction of single family homes.

The available funding for this activity is approximately $3.2.9 million, which may only be used in Nonnon-PJs. PY 2007 ADDI funds are included in this amount. This amount does not include the Housing Program for Persons with Disabilities HBA funding-, which may be issued under a separate NOFA, nor does it include ADDI funds, which are only available upon reauthorization. HBA may also be awarded through the CHDO Set-Aside and the Contract for Deed Set-Aside.

RENTAL HOUSING DEVELOPMENT AND PRESERVATION

Awards for eligible applicants are to be used for the acquisition, construction, and rehabilitation of affordable multifamily rental housing.

TDHCA will not provide funding for the refinancing and/or acquisition of affordable housing developments that were constructed within the past 5 years. Eligible applicants include nonprofit organizations, CHDOs, units of general local government, for-profit entities, sole proprietors, and public housing authorities.

Owners are required to make housing units available to low, very low, and extremely low income families and must meet long-term rent restrictions. A standard underwriting review will be performed on applications under this activity. TDHCA generally make awards in form of a loan, however grants may be recommended to TDHCA's Board based on the underwriting review. Owners of rental units assisted with HOME funds must comply with initial and long-term income restrictions and keep the units affordable for a minimum period. Housing assisted with HOME funds must, upon completion, meet all applicable local, state, and federal construction standards and building codes. Additionally, the owner and/or all future owners of a HOME-assisted rental project must maintain all units in full compliance with local, state, and federal housing codes, which include, but are not limited to, the International Residential Code, Texas Government Code, and Section 504 of the 1973 Rehabilitation Act for the full required period of affordability.

The use of HOME Rental Housing Development funds will be limited to those allowable under 24 CFR ~~part~~Part 92. Eligible expenses and activities may further be limited by TDHCA in accordance with state legislation. Rental Housing Development funds may also be used for the acquisition and/or rehabilitation (including barrier removal activities) for the preservation of existing affordable or subsidized rental housing.

Additionally, TDHCA will ensure that all multifamily rental housing developments are built and managed in accordance with its Integrated Housing Rule~~. Multifamily developments will be limited to reserving no more than 18 percent of the units in developments with 50 or more units, and no more than 36 percent of the units in developments with less than 50 units, for persons with disabilities~~, 10 TAC §1.15.

Approximately $3 million is available for Rental Housing Development and approximately $2 million is available for Rental Housing ~~Development and approximately $3 million is available for Rental Housing~~ Preservation. Funding for these activities may only be used in non-PJs.

~~Special Mandates, Programs, and Initiatives TDHCA will direct its remaining HOME~~ This amount does not include the Housing Program for Persons with Disabilities Rental Development funding ~~to address federal and state legislative requirements or departmental program objectives as follows~~which may be issued under a separate NOFA.

ADMINISTRATIVE EXPENSES

This allowable cost is for the reimbursement of costs associated with the planning administration of the HOME Program. Up to 10 percent of the sum of the Fiscal Year HOME basic formula allocation may be set aside for HOME Administrative expenses. Up to 4 percent of ~~project dollars awarded~~the Administrative Expenses Set-Aside may be provided to applicants receiving HOME funds for the cost of administering the program. For-profit organizations are not eligible to receive administrative funds. TDHCA ~~retains the balance~~will retain the remaining 6 percent of the ~~fee~~Administrative Expenses Set-Aside to cover the internal cost of administering the statewide program. TDHCA may utilize these funds for construction and Section 504 inspection costs as needed.

AMERICAN DREAM DOWNPAYMENT INITIATIVE

The American Dream Downpayment Initiative (ADDI) was signed into law on December 16, 2003, and was created to help first time homebuyers with down payment and closing cost assistance. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and revitalize and stabilize communities.

Under ADDI, the definition of a first time homebuyer is an individual and his or her spouse who have not owned a home during the three year period prior to the purchase of a home with assistance under the ADDI assistanceprogram. The term also includes displaced homemakers and single parents. The minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is $1,000. The amount of ADDI assistance provided to any family may not exceed the greater of six percent of the purchase price of a single family housing unit or $10,000. This assistance is in the form of a second- or third-lien loan. In order to ensure the suitability of households receiving ADDI assistance, first time homebuyers will be required to participate in a homebuyer counseling course.

For PY The American Dream Downpayment Assistance Act authorized up to $200 million nationally annually for fiscal years 2004 – 2007, approximately $650,000 and is currently pending re-authorization for PY 2008. If re-authorized, approximately $700,000 will be reserved for down payment assistance. These funds must be used in non-PJs. ADDI Fundingfunding may, at the discretion of TDHCA, include funds for rehabilitation for first time homebuyers in conjunction with home purchases assisted with ADDI funds. The rehabilitation may not exceed 20 percent of the annual ADDI allocation. These funds are included in the 10 percent allocated for HBA.

TDHCA continueswill continue to promote ADDI through the public hearings held in all 13 Uniform State Service Regionssix cities across the state. Since PHAs are eligible applicants under the HOME Program, the initiative iswill be discussed in great detail at HOME Application Workshops held each spring. The program iswill also be promoted around the state through a Texas Association of Realtors continuing education course thatfor which Department staff helps teachprovide information. The course was designed to improve the state homeownership rate and to educate Realtors about the availability of affordable housing products.

Since Texas has a large number of manufactured housing units and manufactured housing dealers, questions from real estate agents always arise about the availability of low interest rate loan funds and the availability of down payment assistance. Through continuing education courses and outreach, TDHCA is able to inform real estate agents about how ADDI can assist manufactured housing buyers. In addition, TDHCA will work closely with the Manufactured Housing Division to create awareness of ADDI funds directly to eligible first time homebuyers.

TDHCA also operates a First Time Homebuyer Program hotline. Over 1,200 calls are received on average per month. Interested homebuyers are provided literature and made aware of the various products and programs available

CHDO SET-ASIDE

A minimum of 15 percent of the annual HOME allocation, approximately $6,000150,000 (plus $300,000307,500 in operating expenses) is reserved for CHDOs. CHDO set-aside projects are owned, developed, or sponsored by the CHDO, and result in the development of rental units or homeownership. Development includes projects that have a construction component, either in the form of new construction or the rehabilitation of existing units. If the CHDO owns the project in partnership, it or its wholly-owned for-profit or nonprofit subsidiary must be the managing general partner. These organizations can apply for multifamily rental housing acquisition, rehabilitation,

or new construction, as well as for the acquisition, rehabilitation, or new construction of single family housing (through direct funding or loan guarantees). CHDOs can also apply for homebuyer assistance if their organization is the owner or developer of the single family housing project. These funds may only be used in non-PJs.

Once awarded, a CHDO development must remain controlled by a certified CHDO for the entire affordability term.

In accordance with 24 CFR 92.208, up to 5 percent of ~~TDHCA's HOME allocation will be used for~~ the State's CHDO Set-Aside may be used for operating expenses ~~of~~ for CHDOs. In accordance with 92.300(a)(2)(f), A CHDO may not receive HOME funding for any fiscal year in an amount that provides more than 50 percent or $50,000, whichever is greater, of the CHDOs total operating expenses in that fiscal year. TDHCA may award CHDO Operating Expenses in conjunction with the award of CHDO Development Funds, or through a separate application cycle not tied to a specific activity. In addition, TDHCA may elect to set aside up to 10 percent of funding for predevelopment loans funds, which may only be used for activities such as project-specific technical assistance, site control loans, and project-specific seed money. Predevelopment loans must be repaid from construction loan proceeds or other project income. In accordance with 24 CFR 92.301, TDHCA may elect to waive predevelopment loan repayment, in whole or in part, if there are impediments to project development that TDHCA determines are reasonably beyond the control of the CHDO.

CONTRACT FOR DEED CONVERSIONS

The ~~79th~~80th Legislature passed Appropriations Rider ~~116~~ to TDHCA's appropriation, which requires TDHCA to spend no less than $4 million for the biennium on contract for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income (AMFI). Furthermore, TDHCA ~~should~~ is targeted to convert no less than ~~400~~200 contracts for deeds into traditional notes and deeds of trust ~~by August 31, 2007~~. The intent of this program is to help colonia residents become property owners by converting their contracts for deeds into traditional mortgages. Households served under this initiative must not earn more than 60 percent of AMFI and the home converted must be their primary residence. The properties proposed for this initiative must be located in a colonia as identified by the Texas Water Development Board colonia list or meet TDHCA's definition of a colonia. These funds may only be used in non-PJs.

To help TDHCA meet this mandate, $2,000,000 in PY ~~2007~~2008 HOME program funds will be targeted to assist households described under this initiative.

These funds are a ~~State mandated~~statutorily required set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

COLONIA MODEL SUBDIVISION LOAN PROGRAM SET-ASIDE

Per Subchapter GG of Chapter 2306, Texas Government Code, the intent of this program is to provide low-interest-rate or possible interest-free loans to promote the development of new, high-quality residential subdivisions or infill housing that provide alternatives to substandard colonias, and housing options affordable to individuals and families of extremely low and very low income who would otherwise move into substandard colonias. TDHCA will only make loans to CHDOs it has certified and for the types of activities and costs described under the previous section regarding CHDO Set-Aside. $1,000,000 dollars will be targeted to assist households described under this initiative. These funds will not be subject to the Regional Allocation Formula. These funds may only be used in non-PJs.

These funds are a State mandated set-aside and are not subject to the Regional Allocation Formula, pursuant to §2306.111(d-1)(2) of the Texas Government Code.

HOUSING PROGRAMS FOR PERSONS WITH DISABILITIES

Up to $4Approximately $2 million of directed assistance for persons with disabilities will be issued under a separate NOFA or NOFAs. The funds will be awarded through competitive application processes. These NOFAs will include directed funds for TBRA, HBA and OCC including eligible activities as described in the following strategies.

- 9.5 Strategy: Issue a Notice of Funding Availability (NOFA)for Rental Development, TBRA, and HBA with optional rehabilitation activities. This NOFA or NOFAs, separate from the regular HOME TBRA activity funding, which provideswill provide up to $2500,000 for Rental Development; $1.5 million for TBRA and HBA with optional rehabilitation. This NOFA or NOFAs will indicate that the recipients of tenant based rental assistance directed to assist persons with disabilities. This NOFA will indicate that the recipients must meet the Texas State definition used by the Promoting Independence Advisory BoardCommittee. Funding awards associated with this activity will allow up to 6 percent administration costs with no match requirement.

9.6 Strategy: Issue a NOFA, separate from the regular HOME HBA and OCC activity funding, that provides up to $2 million for homebuyertenant based rental assistance and owner occupied rehabilitation to assist persons with disabilities. will allow up to 6 percent administration costs with no match requirement. Recognizing that there are additional costs associated with assisting persons with disabilities, this NOFA or NOFAs will include the potential to increase the maximum application amount above that of the general HBA and OCCwith optional rehabilitation activity funding. Funding awards associated with this activityHBA with optional rehabilitation will allow up to 6 percent administration costs with no match requirement.". For the first 120 days, the funds will be awarded through a competitive application process within each activity. After 120 days, any funds remaining in the NOFA or NOFAs will be made available for Rental Development, TBRA, and HBA with optional rehabilitation on a non-competitive, first-come, first-served basis.

Within the requirements of 2306.111(c) of the Texas Government Code as described below, applications under the $2 million NOFA or NOFAs may serve both PJ and non-PJ areas. The amountany area of funding that can be utilized for this purpose in PJ areas cannot exceed the associated 5 percent capthe state. In its administration of approximately $2 million. In administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.), TDHCA shall expend at least 95 percent of these funds for the benefit of non-participating small cities and rural areas that do not qualify to receive funds under the Cranston-Gonzalez National Affordable Housing Act directly from the United States Department of Housing and Urban Development. All funds not set aside under this subsection Five percent of these funds shall be usedexpended for the benefit of persons with disabilities, and may be used to serve persons with disabilities in both participating and non-participating jurisdiction areas. who live in any are of the state. Eligible applicants include nonprofits, for-profits, units of general local government, and public housing authorities with a documented history of working with special needs populations, or working in partnership with organizations with a documented history of working with special needs populations. The Department may include incentive points in one or more of these NOFAs to encourage a preference for recipients who will help to transition persons with disabilities from institutions.

TDHCA will ensure that all housing developments are built and managed in accordance with its Integrated Housing Rule. Multifamily developments will , 10 TAC §1.15. In addition, funds for rental development may only be used to bring the units for persons with disabilities to be limited to reserving no more than 18at 30 percent of the units in developments with 50 or more units, and no more than 36 percent of the units in developments with less than 50 units, for persons with disabilitiesArea Median Family Income or below.

Additionally, in accordance with 10 TAC §53~~.61~~, applicants applying for HOME funds under the ~~Owner-Occupied Housing Assistance and~~ Tenant-Based Rental Assistance programs ~~must~~ should propose targeting at least 5 percent of the number of units proposed in the application~~, to~~ for persons who meet the definition of persons with disabilities. ~~A waiver of this requirement may be requested by the applicant to TDHCA, if applicant is unable to document persons with disabilities that meet the HOME eligible requirements.~~

SPECIAL NEEDS POPULATIONS

Subject to the availability of qualified applications, TDHCA has a goal to allocate a minimum of 20 percent of the annual HOME allocation to applicants serving persons with special needs. Eligible applicants include nonprofits, for-profits, units of general local government, and PHAs with documented histories of working with special needs populations. All HOME Program activities will be included in attaining this goal. Additional scoring criteria may be established under each of the eligible activities to assist TDHCA in reaching its goal.

FUNDING DISTRIBUTION

Subject to Texas Government Code §2306.111, HOME funds will be distributed according to the established Regional Allocation Formula (RAF). The 20072008 RAF distributes funding for the following activities:

- CHDO Project Funds and CHDO Operating Expenses Set Asides, ,
- Housing Program for Persons with Disabilities,
- Rental Housing Preservation Program,
- Rental Housing Development Program,
- Single Family Activity Program, and.

PY 2007 ADDI Senate Bill 1908, passed during the 80th session of the Texas Legislature, affected changes to the allocation of HOME funds. Funds for the Housing Program for Persons with Disabilities are not regionally allocated and are therefore not factored into the formula below.

The table below shows the combineddraft regional funding distribution for all of the activities distributed under the RAF, except for the ADDI funds, which will be distributed under the RAF if re-authorized by Congress. Targeted funding amounts for each activity will also be established using the percentages generated by the RAF.

20072008 Targeted Distribution of Funds under the RAF

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban/ Exurban Funding Amount	Urban/ Exurban Funding %
1	Lubbock	$1,936,108 $2,096,376	6.1%6.1%	$1,935,765 $2,096,004	100.0%100.0%	$343 $372	0.0%0.0%
2	Abilene	$1,446,684 $1,564,996	4.5%4.5%	$1,409,901 $1,528,397	97.5%97.7%	$36,783 $36,599	2.5%2.3%
3	Dallas/Fort Worth	$5,685,382 $6,158,445	17.8%17.8%	$1,478,648 $1,697,219	26.0%27.6%	$4,206,734 $4,461,226	74.0%72.4%
4	Tyler	$3,887,630 $4,209,442	12.1%12.1%	$3,425,595 $3,709,160	88.1%88.1%	$462,035 $500,282	11.9%11.9%
5	Beaumont	$1,927,853 $2,087,440	6.0%6.0%	$1,636,049 $1,771,480	84.9%84.9%	$291,804 $315,960	15.1%15.1%
6	Houston	$2,208,005 $2,390,795	6.9%6.9%	$1,046,648 $1,076,716	47.4%45.0%	$1,161,357 $1,314,079	52.6%55.0%
7	Austin/Round Rock	$1,322,839 $1,432,347	4.1%4.1%	$721,390 $781,108	54.5%54.5%	$601,449 $651,239	45.5%45.5%
8	Waco	$1,074,519 $1,163,474	3.4%3.4%	$662,709 $717,572	61.7%61.7%	$411,809 $445,901	38.3%38.3%
9	San Antonio	$1,793,122 $1,941,552	5.6%5.6%	$1,475,577 $1,507,178	82.3%77.6%	$317,544 $434,374	17.7%22.4%
10	Corpus Christi	$2,344,388 $2,538,461	7.3%7.3%	$1,913,051 $2,071,417	81.6%81.6%	$431,337 $467,044	18.4%18.4%
11	Brownsville/ Harlingen	$5,768,428 $6,245,987	18.0%18.0%	$3,802,084 $4,111,167	65.9%65.8%	$1,966,343 $2,134,820	34.1%34.2%
12	San Angelo	$1,728,377 $1,871,449	5.4%5.4%	$651,264 $705,175	37.7%37.7%	$1,077,113 $1,166,274	62.3%62.3%
13	El Paso	$876,665	2.7%2.7%	$563,250	64.2%64.2	$313,415	35.8%3

		$949,236		$609,876	%	$339,360	5.8%
	Total	$32,000,000 $34,650,000	100.0%100.0 %	$20,721,932 $22,382,470	64.8%64. 6%	$11,278,068 $12,267,530	35.2%3 5.4%

TDHCA does not provide priorities for allocating investment geographically to areas of minority concentration as described in Section 91.320(d). However, the geographic distribution of HOME funds to minority populations is analyzed annually. TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement on its activities during the preceding year through a document called the *State of Texas Low Income Housing Plan and Annual Report*. Part of this document describes the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by TDHCA.

REVIEW OF APPLICATIONS

All programs will be operating and announced by the release of either an open or competitive cycle Notice of Funding Availability. Applicants must submit a completed application to be considered for funding, along with an application fee determined by TDHCA and outlined in the NOFA and/or application guidelines. Applications containing false information and applications not received by the deadline will be ~~disqualified. Disqualified applicants are~~terminated and notified in writing. All applications must be received by TDHCA by 5 pm on the date identified in the NOFA and/or application ~~guidelines~~materials, regardless of method of delivery.

Applications received by TDHCA in response to an Open Application Cycle NOFA will be handled in the following manner. TDHCA will accept applications on an ongoing basis, until such date when it provides notice to the public that the Open Application Cycle has been closed. Each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by TDHCA. Then, each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) for review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review.

Applications received by TDHCA in response to a Competitive Application Cycle NOFA will be reviewed for threshold and scoring criteria in accordance with the rules for application review published in the NOFA and/or application ~~guidelines~~materials.

SELECTION PROCESS

All applications for funds ~~received under competitive funding cycles~~ are reviewed for threshold requirements regarding application documentation and compliance with Department requirements on previously awarded contracts. Qualifying applications are funded only if the score meets or exceeds the minimum threshold score established in the State of Texas HOME Program ~~rules~~Rules. Applications ~~will~~may be recommended up to the limit of funds available per activity and region. ~~Should an activity not have enough qualified applicants, the funds will be redirected to the next activity in the region that had a higher number.~~Applications submitted for development activities will also receive a review for financial feasibility and underwriting. Applications will be reviewed and recommended for funding in the manner prescribed in the State of ~~qualified applicants.~~

~~All applications received under open funding cycles will be reviewed for threshold requirements regarding application documentation and compliance with~~ Texas HOME Program Rules. In any of the activities, the Department ~~requirements on previously awarded contracts. Applications submitted for development activities will also receive a review for financial feasibility and underwriting. Because applications are reviewed on a "first come, first served" basis, applications will be reviewed and recommended for funding in the manner prescribed in TDHCA's Open Cycle rules at 10 TAC §53.58~~may integrate incentive points for applicants to further meet the needs of persons with disabilities.

MATCH REQUIREMENTS

TDHCA will provide matching contributions from several sources for HOME funds drawn down from the State's HOME Investment Trust Funds Treasury account within the fiscal year. The State sources include the following:

- Loans originated from the proceeds of single family mortgage revenue bonds issued by the State. TDHCA will apply no more than 25 percent of bond proceeds to meet its annual match requirement.
- Match contributions from the State's Housing Trust Fund to affordable housing projects that are not HOME assisted, but that meet the requirements as specified in 24 CFR 92.219(b)(2).
- Eligible match contributions from State recipients, as specified in 24 CFR 92.220.
- Match contributions from local political jurisdictions provided through the abatement of real estate property taxes for affordable housing properties developed and owned by qualified CHDO applicants.

Additionally, TDHCA will continue to carry forward match credit.

DEOBLIGATED HOME PROGRAM FUNDS

When administrators have not successfully expended the HOME funds within their contract period, TDHCA deobligates the funds and pools the dollars to award applicants according to TDHCA's Deobligation Policy~~. TDHCA's Deobligation Policy allows for awards from deobligated funds only for the following categories: appeals from applicants that are approved by the TDHCA's Board, disaster relief applicants, special needs applicants, applicants serving the colonias, and for other eligible uses~~ as ~~determined by TDHCA's Board of Directors, or the Executive Director at the Board's direction~~defined in 10 TAC §1.19.

APPLICABLE FEDERAL AND STATE REGULATIONS

HOME funds will be distributed in accordance with the eligible activities and eligible costs listed in 24 CFR 92.205–92.209 and 10 TAC Chapter 53. All local administrators will be required to execute certifications that the program will be administered according to federal HOME regulations and State HOME Rules.

Developments receiving funding from TDHCA must comply with accessibility standards required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), as amended, and specified under 24 CFR Part 8, Subpart C. This includes a provision that a minimum of 5 percent of the total dwelling units or at least one unit, whichever is greater, must be made accessible for individuals with mobility impairments. An additional 2 percent of the total number of dwelling units or at least one unit, whichever is greater, must be accessible for individuals with hearing or vision impairments. In the event that a project does not meet the requirements of Section 504, TDHCA will consider using HOME deobligated funds for eligible Section 504 activities with the purpose of bringing noncompliant projects into compliance when appropriate and when such a request is supported by circumstances beyond the control of the administrator. This provision will not apply if Section 504 activities were included as part of the budget in contracts between TDHCA and administrators.

THE PLANNING PROCESS AND PUBLIC PARTICIPATION

The planning process will include a review of the federal and state regulations that govern the HOME Program, the regional needs assessment, and Department goals and mandates.

The ~~2007~~*2008 State of Texas Consolidated Plan: One-Year Action Plan (Draft for Public Comment)* is available for public comment from September ~~13, 2006~~10, 2007, through October ~~12, 2006~~10, 2007. Additionally, TDHCA will hold ~~13~~6 public hearings in which constituents are given the opportunity to make general comments on the direction of all Department programs. During this time, citizens and organizations are encouraged to send written comment on the Plan via mail, email, or fax.

Any amendments made to the HOME Program Rules are published in the *Texas Register* for a 30-day comment period. The HOME Program also receives public comment during TDHCA Board of Directors meetings.

MINORITY PARTICIPATION

TDHCA encourages minority employment and participation among all applicants under the HOME Program. All applicants to the HOME Program are required to submit an affirmative marketing plan as part of the application process. Additionally, TDHCA encourages applicant outreach to Historically Underutilized Businesses.

RECAPTURE PROVISIONS UNDER THE HOMEBUYER ASSISTANCE PROGRAMHOMEOWNERSHIP PROGRAMS

If the participating jurisdiction intends to use HOME funds for homebuyers, the guidelines for resale or recapture must be described as required in 24 CFR 92.254(a)(5).

TDHCA has elected to utilize the recapture provision under 24 CFR 92.254(a)(5)(ii) as its method of recapturing HOME funds under any Homebuyer Programprogram the State administers that is subject to this provision.

1. The following methods of recapture would be acceptable to TDHCA and will be identified in the down payment assistance note prior to closing:

   a. Recapture the amount of the HOME investment reduced or prorated on a prorata share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available shared net proceeds.

   a. If in the event of sale or foreclosure of the housing unit.

   b. In the event of sale or foreclosure of the housing unit, if the shared net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds) are in excess of the amount of the HOME investment that is subject to recapture, then the net proceeds may be divided proportionately between TDHCA and the homeowner as set forth in the following mathematical formulas.:

      (HOME investment / (HOME investment + homeowner investment)) X net proceeds = HOME amount to be recaptured

      (HOME investment / (HOME investment + homeowner investment)) X net proceeds = amount to homeowner

2. The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit. This is also the amount upon which the affordability period is based. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development subsidy). The recaptured funds must be used to carry out HOME-eligible activities. If HOME funds were used for development subsidy and therefore not subject to recapture, the resale provisions at 24 CFR 92.254(a)(5)(i) apply.

3. Upon recapture of the HOME funds used in a single family homebuyer project with more than one unit, the affordability period on the rental units may be terminated at the discretion of TDHCA.

In certain instances, TDHCA may choose to utilize the resale provision at 24 CFR 92.254(a)(5)(i) under any homebuyer program the State administers that is subject to this provision.

4.1. The following method of resale would be acceptable to TDHCA and will be identified in the down payment assistance note prior to closing:

   a. Resale requirements must ensure that, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low or very low income family and will use the property as its principal residence.

b. The resale requirement must also ensure that the price at resale provides the original HOME-assisted owner a fair return on investment (including the homeowner's investment and any capital improvement) and ensure that the housing will remain affordable to a reasonable range of low or very low income homebuyers.

c. The period of affordability is based on the total amount of HOME funds invested in the housing.

5.2. Except as provided in paragraph 24 CFR 92.254(a)(5)(i)(B), deed restrictions, covenants running with the land, or other similar mechanisms must be used as the mechanism to impose the resale requirements.

a. The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD.

b. The participating jurisdiction may use purchase options, rights of first refusal, or other preemptive rights to purchase the housing before foreclosure in an effort to preserve affordability.

c. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event obtains an ownership interest in the housing.

d. In the event of the above termination events, the HOME investment that is subject to recapture is based on the amount of available net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds), if any, from the sale.

e. If the net proceeds are insufficient to repay the loan and the homebuyer's down payment and any capital investment, the homebuyer's investment is paid in full first from the available proceeds from the resale and the loan repaid to the extent that proceeds are available.

f. If there are no net proceeds, repayment of the loan is not required.

g. Any net proceeds in excess of homebuyer's investment and the amount to be repaid under the loan are paid to the seller of the property.

FORECLOSURES UNDER THE MULTIFAMILY RENTAL HOUSING DEVELOPMENT PROGRAMS

If the property becomes the subject of a foreclosure proceeding that results in the sale of part or all of the property, all sums in excess of those paid to superior lien holders shall be paid to TDHCA to apply to the outstanding balance under the loan. If there are insufficient funds to pay off the loan, TDHCA may, at its own discretion, waive the payment of any or all of the outstanding loan balance.

TDHCA also plans to utilize HOME funds for the management and administration of properties that it has foreclosed upon as a superior lien holder. These funds will be taken from the 10 percent in HOME funds available to TDHCA for administration of its programs.

OTHER FORMS OF INVESTMENT

If a participating jurisdiction intends to use other forms of investment not described in §92.205(b), a description of the other forms of investment must be provided.

The State is not proposing to use any form of investment in its HOME Program that is not already listed as an eligible form of investment in 24 CFR 92.205(b).

REFINANCING DEBT

If the State intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR § 92.206(b).

TDHCA may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds as described in 24 CFR § 92.206(b). TDHCA shall use its underwriting and evaluation standards, codified at 10 TAC §§1.31-1.36 and its HOME ~~Investment Partnerships~~ Program ~~rules~~Rule at 10 TAC §53, for refinanced properties in accordance with its administrative rules. At a minimum, these rules require the following:

- That rehabilitation is the primary eligible activity for developments involving refinancing of existing debt;
- Sets a minimum funding level for rehabilitation on a per unit basis;
- Requires a review of management practices to demonstrate that disinvestments in the property has not occurred;
- That long term needs of the project can be met;
- That the financial feasibility of the development will be maintained over an extended affordability period;
- State whether new investment is being made to maintain current affordable units, and or create additional affordable units;
- Specifies the required period of affordability;
- Specifies that HOME funds may be used throughout the entire jurisdiction, except as TDHCA may be limited by the Texas Government Code; and
- States that HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.

CPD OUTCOME PERFORMANCE MEASUREMENT SYSTEM REPORTING

In accordance with the guidelines from HUD, TDHCA will comply with the new CPD Outcome Performance Measurement System ~~beginning October 1, 2006~~. Compliance will be attained through the creation and development of additional tracking screens in TDHCA's central database to enable ~~us~~the Department to capture information needed for input into IDIS. HOME Program eligible activities will be categorized into the objectives and outcomes listed in the chart below. ~~All~~It is anticipated most HOME Program eligible activities will be categorized as Outcome #2 and Objective #2.

The performance figures are based on actual performance during the Program Year (February 1st through January 31st) of current contracts and actual units and households served. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year (September 1st through August 31st) are based on projected units and households at time of award. The HOME performance figures reported herein may include funding from several years as funds from previous years are deobligated and refunded.

	OUTCOME 1	**OUTCOME 2**	**OUTCOME 3**
OBJECTIVE #1 **Suitable Living Environment**	Enhance Suitable Living Environment Through Improved/New Accessibility	Enhance Suitable Living Environment Through Improved/New Affordability	Enhance Suitable Living Environment Through Improved/New Sustainability
OBJECTIVE #2 **Decent Housing**	Create Decent Housing with Improved/New	**Create Decent Housing with**	Create Decent Housing with

	Availability	**Improved/New Affordability (DH-2)**	Improved/New Sustainability
OBJECTIVE #3 **Economic Opportunity**	Provide Economic Opportunity Through Improved/New Accessibility	Provide Economic Opportunity Through Improved/New Affordability	Provide Economic Opportunity Through Improved/New Sustainability

HOME Program Performance Measures

Outcomes and Objectives	Performance Indicators	Expected Number
DH-2	No. of rental units assisted through new construction and rehabilitation	400
DH-2	No. of tenant-based rental assistance units	630
DH-2	No. of existing homeowners assisted through owner-occupied assistance	750
DH-2	No. of first-time homeowners assisted through homebuyer assistance	560

HOME PROGRAM ACTIONS

This section describes how the HOME Program addresses the following: affordable housing, public housing resident initiatives, lead-based pain hazards, poverty-level households, and institutional structure.

AFFORDABLE HOUSING

The HOME Program provides grant funds, deferred forgivable loans, and repayable loans to units of local government, nonprofit and for-profit organizations, community housing development organizations (CHDOs), and public housing authorities (PHAs). These funds are primarily used to foster and maintain affordable housing by providing rental assistance, rehabilitation, or reconstruction of owner-occupied housing units, down payment and closing cost assistance for the acquisition of affordable single family housing, and funding for rental housing development preservation of existing affordable or subsidized rental housing.

PUBLIC HOUSING RESIDENT INITIATIVES

Because PHAs are eligible applicants under the HOME Program, TDHCA sends notices of funding availability to all PHAs in the state. At HOME application workshops, application processes are discussed in detail, including those related to HBA~~/ADDI~~. In addition to PHAs that have received HOME funds to provide homebuyer assistance in their areas, PHAs have also received HOME tenant-based rental assistance funds, enabling them to provide additional households with rental assistance and services to increase self-sufficiency.

LEAD-BASED HAZARDS

The HOME Program requires an environmental site assessment and the abatement of lead-based paint if the structure being rehabilitated was constructed prior to 1978. There is significant training, technical assistance, and oversight of this requirement on each contract funded under the HOME Program.

POVERTY-LEVEL HOUSEHOLDS

Through the HOME Tenant-Based Rental Assistance Program, TDHCA assists households with rental subsidy and security and utility deposit assistance for a period not to exceed two years. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, GED classes, or drug ~~dependency~~ recovery classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve employment options and increase their economic independence and self-sufficiency.

INSTITUTIONAL STRUCTURE

The HOME Program encourages partnerships in order to improve the provision of affordable housing. ~~TDHCA currently directly allocates $500,000 in HOME funds to the Home of Your Own Coalition, which assists persons with disabilities purchase a home by providing education and financial assistance.~~ Organizations receiving HBA~~/ADDI~~ funds are required to provide homebuyer education classes to households directly, or coordinate with a local organization that will provide the education. In addition, organizations receiving TBRA funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services.

HOMELESS ACTION PLAN:
EMERGENCY SHELTER GRANTS PROGRAM ~~2007 ACTION PLAN~~

FEDERAL RESOURCES EXPECTED PY ~~2007~~2008

TDHCA expects to receive $5,~~076,683~~157,329 for PY ~~2007~~2008. This estimate is based on ~~Texas's ESGP~~the State's ESG allocation for PY ~~2006~~2007, which was $5,~~076,683~~157,329.

RECIPIENTS

~~Units~~Recipients of ESG funds are units of general local government~~;~~ and private nonprofit organizations.

ESTIMATED PY ~~2007~~2008 BENEFICIARIES

It is estimated that in PY ~~2007~~2008 76 private nonprofit entities and units of general local government will be funded to administer projects that will provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness. Activities administered by several of these funded entities will involve collaborative efforts with 17 other ~~sub~~sub entities. It is estimated that 79,000 homeless persons will be assisted in PY ~~2007~~2008.

TARGETED BENEFICIARIES

~~Homeless~~ The targeted beneficiaries are homeless individuals and individuals at risk of homelessness.

FUNDING DISTRIBUTION

TDHCA has administered the Emergency Shelter Grants Program (ESG~~P~~) since 1987. TDHCA will administer the S-04-DC-48-0001 ESG~~P~~ funds in a manner consistent with the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. Sec 11371 *et seq.*). TDHCA will obligate PY ~~2007 ESGP~~2008 ESG funds through a statewide competitive application process. ESG~~P~~ funds are reserved for each of the State's 13 Uniform State Service Regions based on the poverty population of each region taken from the 2000 US Census. A portion of the State's ESG~~P~~ allocation ~~will~~may be reserved to fund ~~a~~an eligible statewide homelessness prevention project. In the past, this statewide project has addressed the expansion of the number of homeless coalitions, the provision of training and technical assistance on homeless issues, and the maintenance of a homeless information resource library.

OBJECTIVES

The objectives of ESG~~P~~ consist of the following:

- Help improve the quality of emergency shelters for the homeless.
- Make additional emergency shelters available.
- Help meet the costs of operating and maintaining emergency shelters.
- Provide essential services so that homeless individuals have access to the assistance they need to improve their situations.
- Provide emergency intervention assistance to prevent homelessness.

The State's strategy to help homeless persons includes: community outreach efforts to ensure that homeless persons and persons at risk of homelessness are aware of available services, providing funding to support

emergency shelter and transitional housing programs, helping homeless persons make the transition to permanent housing and independent living through comprehensive case management, and supporting statewide efforts to address homelessness. This strategy is outlined below.

Helping low income families avoid becoming homeless:

- TDHCA awards ESG~~P~~ funds using the competitive process described in the ESG~~P~~ One-Year Action Plan. In that process, up to 30 percent of the State's ESG~~P~~ annual allocation is made available to support homelessness prevention activities, and up to 30 percent of the ESG~~P~~ annual allocation is made available to provide essential services. Homelessness prevention efforts include short-term rent and utility assistance for homeless individuals and families and, if they meet certain criteria, those who are at-risk of losing their housing.
- Applicants for ESG~~P~~ funding are required to demonstrate coordination with other providers in their communities as part of the ESG~~P~~ scoring criteria. ESG~~P~~ grant recipients are encouraged to maximize all community resources when providing homelessness prevention assistance to ensure the appropriate use of these limited resources.

Reaching out to homeless persons and assessing their individual needs:

- Each application for ESG~~P~~ funding includes information about the outreach process and case management system used by the applicant organization.
- Each application for ESG~~P~~ funding includes a description of services provided to homeless persons. This description is evaluated during the application review process as a criterion for receiving ESG~~P~~ funding.

ESG~~P~~ grant recipients will be required to report on outcomes achieved by homeless persons assisted. Reporting on outcomes will provide TDHCA with information on the long-term impact of the services provided such as the attainment of transitional housing or permanent housing, obtaining a GED or high school diploma or the achievement of other education and training goals, obtaining job skills, job placement, etc.

Addressing the emergency shelter and transitional housing needs of homeless persons:

- ESGP grants provide support to organizations that provide emergency services, shelter, and transitional housing to homeless persons and families.
- To ensure equitable distribution of funding, a portion of the ESGP allocation is reserved for each of the 13 regions in the state on the basis of the poverty population in each region. TDHCA expects to fund ~~76~~78 projects in PY ~~2007~~2008. (See the ESGP Obligation Process later in this section.)

Helping homeless persons make the transition to permanent housing:

- ESGP funds can be used to pay rent and utility deposits as well as first month's rent for homeless individuals making the transition to permanent housing.

Supporting statewide efforts to address homelessness:

- ~~The State will continue to fund a statewide homeless prevention project to expand the number of homeless coalitions, provide training and technical assistance on homeless issues, and maintain a homeless information resource library. In the past, the Texas Homeless Network (THN) has been awarded the competitive grant to operate the statewide project. THN is the only private, nonprofit organization that addresses homelessness issues statewide.~~
- ~~Historically, Texas has not received all of the Continuum of Care funds HUD reserved for this state due to a lack of viable applications. The Texas Homeless Network has provided technical assistance workshops to local homeless coalitions across the State.. In 2006, THN also coordinated and submitted the State's application to HUD for Continuum of Care funds for the Balance of State. ESGP funds are not utilized for these activities.~~
- In 2007, the TDHCA sponsored the State's application to HUD for Continuum of Care funds for the Balance of State. HUD funded the Balance of State HMIS component of the application. The State may utilize ESGP funds to provide support for the statewide HMIS project if determined an eligible activity by

HUD. It is anticipated that it will take 4-5 years for the Balance of State areas of the State to fully implement an HMIS reporting system.

- The State may continue to fund an eligible statewide project to expand the number of homeless coalitions, to provide training and technical assistance on homeless issues, and to maintain a homeless information resource library. The State will solicit applications from interested parties and a competitive grant award will be provided to support a statewide project.

ELIGIBLE ACTIVITIES

ESG~~P~~ funds may be used for the following eligible activities:

1. Renovation, major rehabilitation, or conversion of buildings to be used as emergency shelters for the homeless.
2. Provision of essential services, including, but not limited to, the following:
   a. Assistance in obtaining permanent housing
   b. Medical and psychological counseling and supervision
   c. Employment counseling
   d. Nutritional counseling
   e. Substance abuse treatment and counseling
   f. Assistance in obtaining other federal, state, and local assistance
   g. Other services such as child care, transportation, job placement, and job training
   h. Staff salaries necessary to provide the above services

   These services may be provided only pursuant to Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Sec. 11374), which requires that services funded with ESG~~P~~ must be provided in a nondiscriminatory manner.
3. Payment of maintenance, operation, and furnishings costs, except that not more than 10 percent of the amount of any ESG~~P~~ grant may be used to pay operation staff costs.
4. Developing and implementing homeless prevention activities as per Sec. 414 of the McKinney Act as amended by Sec. 832 of the Cranston-Gonzalez National Affordable Housing Act.

RECIPIENT REQUIREMENTS

Recipients of ESG~~P~~ funding are required to meet certain minimum specifications that include, but are not limited to, the following:

1. Being a unit of general local government or private nonprofit organization.
2. Documenting, in the case of a private nonprofit organization, that the proposed project has the approval of the city, county, or other unit of local government in which the project will operate.
3. Providing for the participation of homeless or formerly homeless individuals on their board of directors or other policy-making entity.
4. Assuring that ESG~~P~~ subrecipients obligate funds within 180 days from the date that TDHCA received the award letter from HUD.
5. Documentation of fiscal accountability, as specified in the application.
6. Proposing to undertake only eligible activities.
7. Demonstrating need.

8. Assuring ability to provide matching funds.
9. Demonstrating effectiveness in serving the homeless, including the ability to establish, maintain, and/or improve the self-sufficiency of homeless individuals.
10. Assuring that homeless individuals will be involved in the provision of services funded through ESG~~P~~, to the maximum extent feasible, through employment, volunteerism, renovating, maintaining or operating facilities, and/or providing direct services to occupants of facilities assisted with ESG~~P~~ funds.
11. Assuring the operation of an adequate, sanitary, and safe homeless facility.
12. Assuring that it will administer, in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession, or distribution of drugs or alcohol by its beneficiaries.
13. Assuring that it will develop and implement procedures to ensure the confidentiality of records of any individual receiving assistance as a result of family violence.
14. Proposing a sound plan consistent with the State of Texas Consolidated Plan, the McKinney-Vento Homeless Assistance Act, and all other assurances and certifications.
15. Assuring the participation in the development and implementation, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of person from publicly funded institutions and systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) to prevent such discharge from immediately resulting in homelessness for such persons. ESG~~P~~ funds are not to be used to assist such persons in place of State and local resources.
16. Assuring that it will meet HUD's standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.

FUND OBLIGATION PROCESS

TDHCA will obligate PY ~~2007 ESGP~~2008 ESG funds to units of general local government or to private nonprofit organizations which have local government approval to operate a project which assists homeless individuals. TDHCA will evaluate all applications received and award funds in accordance with the application specifications. This statewide competitive application process will allow ESG~~P~~ funds to be distributed equitably.

The State's anticipated ESG~~P~~ allocation for PY ~~2007~~2008 is $5,~~154,498~~157,329 less 5 percent ($257,~~725~~866) for state administration costs. TDHCA reserves ESG~~P~~ funds for each of the 13 Uniform State Service Regions. Funds are reserved for each region in direct proportion to the percentage of poverty population that exists in each region according to the most recent county Census data. Applicants compete only against other applicants in their Uniform State Service Region.

TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement on its activities during the preceding year through a document called the *State of Texas Low Income Housing Plan and Annual Report*. Part of this document describes the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by TDHCA.

TDHCA issues a notice of funding availability (NOFA) and posts an application to its website. Applications are also provided directly to any organization or individual upon request. As the applications are received, they are sorted by region and numbered consecutively. Teams review the applications according to assigned regions, using a standardized review instrument. A variety of factors, as per the application instructions, are evaluated and scored to determine each application's merit in identifying and addressing the needs of the homeless population, as well as the organization's capacity to carry out the proposed project.

The top scoring applications in each region will be recommended for funding based on the amount of funds reserved for each region. Any application which receives a score below 70 percent of the highest raw score from

the region will not be considered for funding. All available ESG~~P~~ funds are obligated each year through 12-month contracts.

APPLICABLE FEDERAL AND STATE REGULATIONS

- 24 CFR 576 as amended;
- Title IV, Subtitle B of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C. sec, 11371 et seq.)
- 10 Texas Administrative Code, Chapter 5, Subchapter C.

LEVERAGING RESOURCES

Section 576.51 of the ESG~~P~~ regulations state that each grantee must match the funding provided by HUD. Match resources must be provided after the date of the ESG~~P~~ grant award and must be provided in an amount equal to or greater than the ESG~~P~~ grant award. Resources used to match a previous grant may not be used to match a subsequent award. Sources of match may include, but are not limited to, unrestricted funds from the grant recipient, volunteer hours, the value of donated materials or buildings, or the fair market rent or lease value of a building used to provide services to the homeless population. Each applicant must identify the source and amount of match they intend to provide if they are selected for funding and may report monthly on the amount of match provided. ESG~~P~~ monitors review the match documentation during each on-site monitoring visit. A desk review is completed at the closeout of each contract to insure, among other things, that each ESG~~P~~ recipient has provided an adequate amount of match during the contract period.

SPECIAL INITIATIVES AND PARTNERSHIPS

TDHCA is the lead agency in the Texas Interagency Council for the Homeless (TICH). TICH is charged with surveying and evaluating services for the homeless in Texas, assisting in the coordination and provision of services to homeless person throughout the State, increasing the flow of information among service providers and appropriate authorities, developing guidelines to monitor services to the homeless, providing technical assistance to the housing finance division of TDHCA in assessing housing needs for persons with special needs, establishing a central resource and information center for the State's homeless population, and developing a strategic plan to address the needs of the homeless in cooperation with TDHCA and the Health and Human Services Commission.

~~Through the Texas Homeless Network,~~ TDHCA also supports the Texas Homeless Network ~~other~~ and the activities that address homelessness, including providing technical assistance to develop and strengthen homeless coalitions throughout Texas, distributing a statewide bimonthly newsletter on homelessness, maintaining an information resource center, workshops, and sponsoring an annual statewide conference on homeless issues.

MONITORING

TDHCA monitors each ESG~~P~~ subrecipient annually. During the monitoring review, staff determine subrecipients' compliance with the ESG~~P~~ contract, ESG~~P~~ State Regulations, State Policy Issuances, 24 CFR Ch V, Part 576, OMB Circulars related to expenditure of funds, and requirements of Chapter 58 of the Environmental Protection Act as it relates to projects funded for rehabilitation, conversion, or renovation.

CPD OUTCOME PERFORMANCE MEASUREMENT SYSTEM REPORTING

~~ESGP will begin~~ESG began reporting using the HUD CPD Outcome Performance Measurement System ~~beginning~~ on September 1, 2006, with the implementation of the 2006 ESG~~P~~ contracts. TDHCA will continue to utilize this reporting system in 2008. In 2007, the HUD CPD Outcome Performance Measurement System became automated whereby subrecipients began to report performance data via a Web based application. TDHCA's monthly performance reports have been amended to include changes in reporting requirements required by HUD and to gather data on persons assisted with services which are outcome oriented and have a long-term impact. ESG~~P~~ activities related to renovation/rehabilitation, essential services, maintenance, operations, and furnishings will fall under HUD's Outcome 1, Availability/Accessibility, and Objective 1, Create a Suitable Living Environment (SL-1). ESG~~P~~ activities related to homelessness prevention will be reported under HUD's Outcome 1, Affordability and Objective 2, Provide Decent Housing. (DH-2)

ESG~~P~~ Annual Action Plan Planned Project Results			
Outcomes and Objectives	**Performance Indicators**	**Expected Number**	**Activity Description**
SL-1 Availability/ Accessibility and Create a Suitable Living Environment	Accessibility for the purpose of creating a suitable living environment.	~~75~~80,000	Provide funding to support the provision of emergency and/or transitional shelter to homeless persons.
DH-2 Affordability and Provide Decent Housing	Affordability for the purpose of providing decent housing.	~~5~~4,500	The provision of non-residential services including homelessness prevention assistance.

ESG~~P~~ ACTIONS

This section describes how ESG~~P~~ addresses the following: affordable housing, public housing resident initiatives, lead-based pain hazards, poverty-level households, and institutional structure.

AFFORDABLE HOUSING

While TDHCA encourages the use of ESG~~P~~ funds to provide affordable transitional housing, the majority of funds are utilized to provide emergency shelter. Fostering affordable housing is not an initiative for which TDHCA provides funding or that TDHCA monitors for the ESG~~P~~ Program.

PUBLIC HOUSING RESIDENT INITIATIVES

Fostering public housing resident initiatives is not an initiative for which TDHCA provides funding or that TDHCA tracks for the ESG~~P~~ Program.

LEAD-BASED HAZARDS

TDHCA evaluates and reduces lead-based hazards for conversion, renovation, or rehabilitation projects funded with ESG~~P~~ funds and tracks work in these efforts in the ESG~~P~~ Program as required by Chapter 58 of the Environmental Protection Act.

POVERTY-LEVEL HOUSEHOLDS

While TDHCA encourages the use of ESG~~P~~ funds to help ESG~~P~~ clients lift themselves above the poverty line, it is not an initiative for which TDHCA provides funding or that TDHCA monitors for the ESG~~P~~ Program.

INSTITUTIONAL STRUCTURE

TDHCA encourages ESG~~P~~ subrecipients to coordinate services with housing and other service agencies. Collaborative applications funded with ESG~~P~~ funds are required to coordinate services and to provide services as part of a local continuum of care. TDHCA reviews ESG~~P~~ subrecipients' coordination efforts during on-site and desk monitoring.

CHRONIC HOMELESSNESS

Based on the ~~76~~78 Emergency Shelter Grants (ESG) Program ~~(ESGP)~~ organizations funded in FY ~~2006~~2007, it is estimated that ~~25~~ 40 of the ~~76~~78 organizations serve the chronically homeless. These ~~25~~40 organizations have 1,721 beds available. Six of these organizations are Salvation Army organizations. These organizations are located across the State. While the Department does not have a complete "inventory" of the supportive services offered by the ESG~~P~~ funded organizations, the Department is beginning to collect information on the number of persons provided with supportive services in FY 2006. The range of supportive services include: legal advocacy, education, employment, housing, counseling, psychological treatment and/or psychological counseling, substance abuse treatment, medical assistance, parenting and budgeting classes, housing advocacy, transportation assistance, English-as-a- Second Language classes, and clothing.

The following inventory is an account of all the Emergency, Transitional Housing, and Permanent Supportive Housing beds reported in the 2006 Continuum of Care applications. These beds represent 225 Texas counties that applied for funding in 2006:

Emergency Shelter		
	Existing Beds	Unmet Need
Family Beds	3,545	2,163
Individual Beds	7,532	9,519
Total	11,077	11,682

Transitional Housing		
	Existing Beds	Unmet Need
Family Beds	2,915	2,660
Individual Beds	2,027	6,163
Total	4,942	8,823

Permanent Supportive Housing		
	Existing Beds	Unmet Need
Family Beds	1,550	3,013
Individual Beds	5,885	8,524

Total	7,435	11,537

~~Community Development Block Grant Program~~Note: Updated figures for 2007 will be substituted into the table above in the final version of the Plan.

COMMUNITY DEVELOPMENT ACTION PLAN:

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

PY ~~2007~~2008 GENERAL PROGRAM INFORMATION

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM ADMINISTRATION

The Office of Rural Community Affairs (ORCA) administers the State of Texas Community Development Block Grant Program (CDBG), called the Texas Community Development Block Grant Program (~~Texas~~Tx CDBG). The Texas Department of Agriculture (TDA) administers the Texas Capital Fund through an interagency agreement between ORCA and TDA. The Tx CDBG will continue to fund the Colonia Self-Help Centers Fund but administration of that program will remain with the Texas Department of Housing and Community Affairs (TDHCA) Office of Colonia Initiatives through a Memorandum of Understanding between ORCA and TDHCA.

The mission of the Office of Rural Community Affairs is to assist rural Texans who seek to enhance their quality of life by facilitating, with integrity, the use of the resources of our state so that sustained economic growth will enrich the rural Texas experience for the benefit of all.

PY ~~2007~~2008 TxCDBG ~~LEVERAGED~~LEVERGAGED RESOURCES

In order to support the goals, objectives, and outcomes of the Texas Community Development Block Grant Program and to encourage local commitments to the projects submitted for funding, match is required under most of the funding categories. The scoring criteria in the competitive funding categories give a scored weight to applicants that provide matching cash, in-kind labor, materials, and/or land and contributions from other sources. Leveraging resources other than local revenues, bonds, or loans from communities may include, but are not limited to the following:

- Texas Water Development Board,
- US Department of Agriculture – Rural Development, Natural Resource Conservation Service, Section 502 and Section 306c Programs,
- US Department of Homeland Security – Federal Emergency Management Agency,
- US Department of Treasury's – North American Development Bank/Border Environment Cooperation Commission, and Small Business Administration,
- Texas Department of Transportation,
- Texas Department of Housing and Community Affairs – HOME Program, Housing Trust Fund, and Housing Assistance Council,
- Texas Department of Agriculture,
- Private businesses, organizations and/or Non-profits, and
- Banks and other lending institutions.

Eligible Applicants

Eligible applicants are nonentitlement general purpose units of local government including cities and counties that are not participating or designated as eligible to participate in the entitlement portion of the federal Community

Development Block Grant Program (CDBG). Nonentitlement cities that are not participating in urban county programs through existing participation agreements are eligible applicants (unless the city's population is counted towards the urban county CDBG allocation).

Nonentitlement cities are located predominately in rural areas and are cities with populations less than 50,000 thousand persons; cities that are not designated as a central city of a metropolitan statistical area; and cities that are not participating in urban county programs. Nonentitlement counties are also predominately rural in nature and are counties that generally have fewer than 200,000 persons in the nonentitlement cities and unincorporated areas located in the county.

Hidalgo County, a designated CDBG urban county, is eligible to receive assistance under the Texas Community Development Block Grant (Tx CDBG) Program Colonia Fund (and each fund category included under the Colonia Fund).

Counties eligible under both the Tx CDBG Colonia Fund and the Texas Water Development Board's Economically Distressed Areas Program (EDAP) are eligible under the Tx CDBG Colonia Economically Distressed Areas Program Fund. Non-entitlement cities located within eligible counties that meet other eligibility criteria, including the geographic requirements of the Colonia Fund, are also eligible applicants for the Tx CDBG Colonia Economically Distressed Areas Program Fund.

With the enactment of §43.905 of the Texas Local Government Code, a colonia that is annexed by a municipality remains eligible for five years after the effective date of the annexation to receive any form of assistance for which the colonia would be eligible if the annexation had not occurred. This only applies to a colonia annexed by a municipality on or after September 1, 1999.

Eligible Activities

Eligible activities under the Texas Community Development Block Grant Program are listed in 42 U.S.C Section 5305. The ~~TX~~Tx CDBG staff reviews all proposed project activities included in applications for all fund categories, except the Texas Capital Fund, to determine their eligibility. The Texas Department of Agriculture determines the eligibility of activities included in Texas Capital Fund applications.

All proposed activities must meet one of the following three National Program Objectives:

1. principally benefit low- and moderate-income persons; or
2. aid in the elimination of slums or blight; or
3. meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community.

Area benefit can be used to qualify street paving projects. However, for street paving projects that include multiple and non-contiguous target areas, each target area must separately meet the principally benefit low and moderate income national program objective. At least fifty-one percent (51%) of the residents located in each

non-contiguous target area must be low and moderate income persons. A target area that does not meet this requirement cannot be included in an application for Tx CDBG funds. The only exception to this requirement is street paving eligible under the Disaster Relief/Urgent Need Fund.

Ineligible Activities

In general, any type of activity not described or referred to in 42 U.S.C Section 5305 is ineligible. Specific activities ineligible under the Texas Community Development Block Grant Program are:

1. construction of buildings and facilities used for the general conduct of government (e.g. city halls, courthouses, etc.);
2. new housing construction, except as last resort housing under 49 CFR Part 24 or affordable housing through eligible subrecipients in accordance with 24 CFR 570.204;
3. the financing of political activities;
4. purchases of construction equipment (except in limited circumstances under the STEP Program);
5. income payments, such as housing allowances; and
6. most operation and maintenance expenses (including smoke testing, televising / video taping line work, or any other investigative method to determine the overall scope and location of the project work activities)

The Texas Capital Fund (TCF) will not accept applications in support of public or private prisons, racetracks and projects that address job creation/retention through a government supported facility. The Texas Capital Fund Program may be used to financially assist/facilitate the relocation of a business when certain requirements, as defined in the application guidelines, are met.

Primary Beneficiaries

The primary beneficiaries of the Texas Community Development Block Grant Program are low to moderate income persons as defined under the U.S. Department of Housing and Urban Development (HUD) Section 8 Assisted Housing Program (Section l02(c)). Low income families are defined as those earning less than 50 percent of the area median family income. Moderate income families are defined as those earning less than 80 percent of the area median family income. The area median family can be based on a metropolitan statistical area, a non-metropolitan county, or the statewide non-metropolitan median family income figure.

Displacement of Persons Assisted

Applicant localities must certify that they will minimize the displacement of persons as a result of activities assisted with Texas Community Development Block Grant Program grant funds.

ALLOCATION OF CDBG FUNDS

Available Fund Categories

Assistance is available in ~~eleven~~twelve funding categories under the Texas Community Development Block Grant Program as indicated below:

1. Community Development Fund
2. Community Development Supplemental Fund
3. Texas Capital Fund
4. Colonia Fund
   - ~~4a.~~ Colonia Construction Fund
   - ~~4b.~~ Colonia Economically Distressed Areas Program Fund
   - ~~4c.~~ Colonia Planning Fund
     - ~~(1)~~ Colonia Area Planning Fund
     - ~~(2)~~ Colonia Comprehensive Planning Fund
   - ~~4d.~~ Colonia Self-Help Centers Fund
5. Non-Border Colonia Fund
6. Planning ~~And~~and Capacity Building Fund
7. Disaster Relief/Urgent Need Fund
8. Tx CDBG STEP Fund
9. Microenterprise Loan Fund
10. Small Business Loan Fund
11. Section 108 Loan Guarantee Pilot Program
12. Renewable Energy Demonstration Pilot Program

Description of Funds

1. Community Development Fund

This fund is available on a biennial basis (primarily for public facilities and housing assistance) for funding from program years 2007 and 2008 through a 2007 annual competition in each of the 24 state planning regions. Applications received by the 2007 program year application deadline ~~are eligible to~~ were selected to receive grant awards from the 2007 and 2008 program year allocations. The scoring of the applications is shared between ORCA and the 24 Regional Review Committees.

Housing - Each region is encouraged to allocate eight percent (8%), or a greater or lesser percentage, of its Community Development Fund allocation to housing projects proposed in and for that region. Under a housing allocation, the highest ranked applications for housing activities, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing allocation level. If the region allocates a percentage of its funds to housing and applications conforming to the maximum and minimum amounts are not received to use the entire housing allocation, the remaining funds may be used for other eligible activities. (Under a housing allocation process, a community would not be able to receive an award for both a housing activity and an award for another Community Development/Community Development Supplemental Fund activity during the biennial process. Housing projects/activities must conform to eligibility requirements in 42 U.S.C Section 5305 and applicable HUD regulations.)

Funds for projects under the Community Development Fund are allocated among the 24 state planning regions through a formula based on the following factors:

a.	Non-Entitlement Population	30%
b.	Number of Persons in Poverty	25%
c.	Percentage of Poverty Persons	25%
d.	Number of Unemployed Persons	10%
e.	Percentage of Unemployed Persons	10%

To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible nonentitlement applicants within each region. The current Community Development Fund regional allocation factors will continue in 2008 since the TxCDBG has reviewed and scored the applications for funding from program year 2007's allocation and the estimated 2008 allocation. Tx CDBG changes in actual regional allocations shall only reflect overall changes in the Texas Community Development Block Grant Program funding level and changes in eligible population, poverty characteristics, and unemployment characteristics. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information. The Tx CDBG will continue to involve the non-entitlement communities and the public in a review of the regional allocation formula through public hearings, meetings of the ORCA Executive Committee, a standing Regional Allocation Task Force subcommittee of the ORCA Executive Committee, and input from the State Community Development Review Committee, Regional Councils of Governments, local and state government officials, and other interested parties.

Some regions in the state have a small number of eligible applicants and these regions may receive regional allocations large enough to allow each eligible applicant in that region to apply for an equal share of the regional allocations. The share available to each eligible applicant in the region may amount to an equal share based on the number of eligible applicants and the 2007 and 2008 regional allocations for that region. Or the share available to each eligible applicant in the region may be based on an allocation formula used by the region to allocate the funds available through the 2007 and 2008 regional allocations for the region. Each applicant in one of these regions must meet all state and federal eligibility requirements including but not limited to Tx CDBG applicant threshold requirements, federal requirements for eligible activities, and federal requirements that each activity in an application meet one of the three national program objectives. Applicants in these regions are scored by the Regional Review Committees and the Tx CDBG staff in accordance with the established Community Development Fund selection criteria. The total score received by each applicant in these regions determines if the applicant receives funding from the 2007 regional allocation or 2008 regional allocation. Depending on the State of Texas' CDBG allocations for the 2007 and 2008 program years, there could be a large variance between the 2007 and 2008 regional allocations. If the 2008 regional allocation for one of these regions decreases significantly from the 2007 regional allocation, then the total scores received by applicants in these regions could in fact prevent some of the applicants from receiving funds from the 2008 regional allocation.

~~Significant increases~~A significant increase or decrease~~s~~ to the State's ~~2007 and~~ 2008 CDBG allocation~~s~~ may result in corresponding increases or decreases to the ~~2007 and~~ 2008 Community Development Fund allocation and correspondingly higher or lower regional allocations.

Applicants must demonstrate they are adequately addressing water supply and water conservation issues (in particular contingency plans to address drought-related water supply issues), as described in the application guidance.

Applications requesting funds for projects other than water and sewer must include a description of how the applicant's water and sewer needs would be met and the source of funding that would be used to meet these needs.

2. Community Development Supplemental Fund

Funds under the Community Development Supplemental Fund are allocated among the 24 state planning regions through a formula using the same methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs. The HUD factors, percentages, and methodology are specified in 42 U.S.C. 5306(d). The Tx CDBG will use available data to calculate the allocations to each region.

Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:

(A) the average of the ratios between:

- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 25% weight);
- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted two times - 50% weight); and
- the extent of housing overcrowding in the nonentitlement areas in that region and the extent of housing overcrowding in the nonentitlement areas of all 24 regions (counted one time - 25% weight);

OR

(B) the average of the ratios between:

- the age of housing in the nonentitlement areas in that region and the age of housing in the nonentitlement areas in all 24 regions (counted two and one half times - 50% weight);
- the extent of poverty in the nonentitlement areas in that region and the extent of poverty in the nonentitlement areas of all 24 regions (counted one and one half times - 30% weight); and
- the population of the nonentitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 20% weight).

Activities eligible under the Community Development Supplemental Fund will be same as under the Community Development Fund.

The Tx CDBG will review the applications and proposed activities for eligibility under HUD CDBG program regulations. The Regional Review Committee (350 points) will score the applications received under this fund, with the exception that the Tx CDBG (10 points) will score the past performance factor.

The amount in this fund will be available during the same biennial application review and selection period as the Community Development Fund. An applicant would not need to apply separately under the Community

Development Supplemental Fund. The maximum and minimum award amount in a region for the Community Development Supplemental Fund would be the same as the levels established for the Community Development Fund. The Regional Review Committee will consider and score applications for both the Community Development and Community Development Supplemental Funds at the same meeting using the applicable selection criteria. Similarly, the Tx CDBG will consider and score the applications for both funds at the same time using the applicable criteria.

Since applications are considered for funding under both the Community Development and Community Development Supplemental Funds during the same selection process, an eligible community may only submit one application under the Community Development Fund / Community Development Supplemental Fund for the 2007/2008 biennial competition.

~~Significant increases~~A significant increase or decrease~~s~~ to the State's ~~2007 and~~ 2008 CDBG allocation~~s~~ may result in corresponding increases or decreases to the ~~2007 and~~ 2008 Community Development Supplemental Fund allocation~~s~~.

2a. Selection Process:

1. In general, both the Community Development (CD) Fund and Community Development Supplemental (CDS) Fund scores will be considered under the first year's CD and CDS allocation to provide an applicant the greater award amount in the first year of competition, whether from the anticipated CD or CDS allocations.

2. Specifically, the Community Development Fund dollars for the first year will be allocated using the CD score until a marginal CD award amount remains for the anticipated first year allocation. A comparison will then be made to compare the preliminary first-year marginal CD applicant's CDS score with the remaining applicants and also if it could be offered a higher dollar award in the first year under the CDS Fund allocation. If its CDS score was higher than the next highest ranked applicant's CDS score and it would receive a higher award amount in the first year under the CDS allocation, it would be offered a first year CDS award. The remaining applicants would compete for the remaining CD and CDS first-year funds based on the method of providing the highest ranked applicants under the respective CD and CDS scoring criteria with the higher award amount, whether from the first year CD or CDS allocation.

3. In the second year, the Community Development Fund marginal funds may be used in the second year to fund a non-fully funded Community Development Supplemental Fund application.

4. If there are insufficient Community Development Supplemental Funds in the first year to fully fund an application, then the applicant may accept the amount available or wait for full funding in the second year by combining the two years.

5. If there are insufficient Community Development Supplemental Funds in the two years to fully fund an application, then Community Development Fund marginal funds may be used to fully fund the application. If

marginal funds are not available to fully fund the application, the applicant may accept the amount of the funds available or, if declined, the funds will be part of the marginal competition.

3. Texas Capital Fund

This economic development funding is used for projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons, and for county economic and management development activities. Responsibility for this fund is contracted to the Texas Department of Agriculture through an interagency agreement. The funds may be used to provide financial assistance for eligible activities as cited in 42 U.S.C Section 5305, including the following activities.

a. Infrastructure improvements to assist a for-profit entity or a non-profit entity.

b. Acquisition of real property or to acquire, construct, reconstruct, or rehabilitate public facilities to assist a for-profit entity.

c. Infrastructure improvements to assist Texas Main Street Program designated municipalities.

d. Downtown Revitalization Program that is designed to foster and stimulate economic development in downtown areas by providing financial assistance for public improvements to non-entitlement cities. This program encourages the elimination of slum and blighted areas by targeting the renovation and/or construction of sidewalks, lighting, drainage and other infrastructure improvements in downtown areas. Communities eligible for the Texas Main Street Program are not eligible for the Downtown Revitalization Program.

e. County economic and management development activities as approved by ORCA. Not more than five percent (5%) of the Texas Capital Fund allocation may be used for these activities. Section 487.352I of the Texas Government Code requires ORCA to "allocate not more than five percent of the funds allocated to the Department of Agriculture under the Texas Capital Fund to be used for county economic and management development." ORCA will review activities proposed for this assistance and determine if the activities are consistent with the federal law governing the CDBG program.

f. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that:

(1) creates or retains jobs for low- and moderate-income persons;
(2) prevents or eliminates slums or blight;
(3) meets urgent needs;
(4) creates or retains businesses owned by community residents;
(5) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
(6) provides technical assistance to promote any of the activities under subparagraphs (1) through (5).

The Texas Capital Fund program will require repayment for Real Estate and Infrastructure projects, as follows:

~~a.~~ Real Estate Development (including improvements to the business site) projects require full repayment ~~with~~ with no interest accruing; and

b. ~~b.~~ Infrastructure Program (awards for infrastructure or railroad improvements on private property require full repayment with no interest accruing).

4. Colonia Fund

This fund is available to eligible county applicants for projects in severely distressed unincorporated areas which meet the definition as a "colonia" under this fund. Scoring of all the selection criteria for Colonia Fund applications is completed by Tx CDBG staff. The term "colonia" means any identifiable unincorporated community that is determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990). Except for fund categories where additional restrictions apply, a county can only submit applications on behalf of eligible colonia areas located within 150 miles of the Texas-Mexico border region, except that any county that is part of a standard metropolitan statistical area with a population exceeding 1,000,000 is not eligible under this fund.

4a. Colonia Construction Fund

The allocation is available on a biennial basis for funding from program years 2007 and 2008 through a 2007 annual competition. Applications received by the 2007 program year application deadline are eligible to receive grant awards from the 2007 and 2008 program year allocations. Funding priority shall be given to Tx CDBG applications from localities that have been funded through the Texas Water Development Board Economically Distressed Areas Program (TWDB EDAP) where the Tx CDBG project will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with access to the TWDB EDAP-funded water or sewer system. An eligible county applicant may submit one (1) application for the following eligible activities:

(1) Assessments for Public Improvements – The payment of assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low- and moderate-income to recover the capital cost for a public improvement.

(2) Other Improvements – Other activities eligible under 42 U.S.C Section 5305 designed to meet the needs of colonia residents.

4b. Colonia Economically Distressed Areas Program (CEDAP) Fund

The allocation is distributed on an as-needed basis. Eligible applicants are counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund, including meeting the geographic requirements, and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities

that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

4c. Colonia Planning Fund

The allocation will be distributed through two separate annual competitions for applications that include planning activities targeted to selected colonia areas – Colonia Area Planning Fund, and for applications that include countywide comprehensive planning activities – Colonia Comprehensive Planning Fund. Applications received by the ~~2007~~2008 program year application deadline are eligible to receive a grant award from the ~~2007~~2008 program year allocation.

A county can only receive one-time assistance from the Colonia Comprehensive Planning Fund. Therefore, any county that has previously received a Colonia Comprehensive Planning Fund grant award may not submit another application for the Colonia Comprehensive Planning Fund.

In order to qualify for the Colonia Area Planning Fund, the county applicant must have a Colonia Comprehensive Plan in place that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan.

A Colonia Planning Fund application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

~~——~~(1) Colonia Area Planning Fund

An eligible county may submit an application for eligible planning activities that are targeted to one or more colonia areas. Eligible activities include:

- Payment of the cost of planning community development (including water and sewage facilities) and housing activities;
- costs for the provision of information and technical assistance to residents of the area in which the activities are located and to appropriate nonprofit organizations and public agencies acting on behalf of the residents; and

- costs for preliminary surveys and analyses of market needs, preliminary site engineering and architectural services, site options, applications, mortgage commitments, legal services, and obtaining construction loans.

(2) Colonia Comprehensive Planning Fund

To be eligible for this fund, a county must be located within 150 miles of the Texas-Mexico border. The applicant's countywide comprehensive plan will provide a general assessment of the colonias in the county, but will include enough detail for accurate profiles of the county's colonia areas. The prepared comprehensive plan must include the following information and general planning elements:

- Verification of the number of dwellings, number of lots, number of occupied lots, and the number of persons residing in each county colonia
- Mapping of the locations of each county colonia
- Demographic and economic information on colonia residents
- The physical environment in each colonia including land use and conditions, soil types, and flood prone areas
- An inventory of the existing infrastructure (water, sewer, streets, drainage) in each colonia and the infrastructure needs in each colonia including projected infrastructure costs
- The condition of the existing housing stock in each colonia and projected housing costs
- A ranking system for colonias that will enable counties to prioritize colonia improvements rationally and systematically plan and implement short-range and long-range strategies to address colonia needs
- Goals and Objectives
- Five-year capital improvement program

4d. Colonia Self-Help Centers Fund

In accordance with Subchapter Z, Chapter 2306, Government Code, TDHCA has established self-help centers in Cameron County, El Paso County, Hidalgo County, Starr County, and Webb County. If deemed necessary and appropriate, TDHCA may establish self-help centers in other counties (self-help centers have been established in Maverick County and Val Verde County) as long as the site is located in a county that is designated as an economically distressed area under the Texas Water Development Board Economically Distressed Areas Program (EDAP), the county is eligible to receive EDAP funds, and the colonias served by the center are located within 150 miles of the Texas-Mexico border.

The geographic area served by each self-help center is determined by TDHCA. Five (5) colonias located in each self-help center service area are designated to receive concentrated attention from the center. Each self-help center sets a goal to improve the living conditions of the residents located in the colonias designated for concentrated attention within a two-year period set under the contract terms. TDHCA has the authority to make changes to the colonias designated for this concentrated attention.

The TDHCA grant contract for each self-help center must be executed with the county where the self-help center is located. TDHCA will enter into a Texas Community Development Block Grant Program contract with each

affected county. Each county enters into a subcontract with a non-profit community action agency, a public housing authority, or a non-profit organization.

A Colonia Residents Advisory Committee was established and not fewer than five persons who are residents of colonias were selected from the candidates submitted by local nonprofit organizations and the commissioners' court of a county where a self-help center is located. One committee member shall be appointed to represent each of the counties in which a self-help center is located. Each committee member must be a resident of a colonia located in the county the member represents but may not be a board member, contractor, or employee of or have any ownership interest in an entity that is awarded a contract through the Texas Community Development Block Grant Program. The Advisory Committee shall advise TDHCA regarding:

(1) the needs of colonia residents;
(2) appropriate and effective programs that are proposed or are operated through the centers; and
(3) activities that may be undertaken through the centers to better serve the needs of colonia residents.

The purpose of each center is to assist low income and very low income individuals and families living in colonias located in the center's designated service area to finance, refinance, construct, improve or maintain a safe, suitable home in the designated service area or in another suitable area. Each self-help center may serve low income and very low income individuals and families by:

(1) providing assistance in obtaining loans or grants to build a home;
(2) teaching construction skills necessary to repair or build a home;
(3) providing model home plans;
(4) operating a program to rent or provide tools for home construction and improvement for the benefit of property owners in colonias who are building or repairing a residence or installing necessary residential infrastructure;
(5) helping to obtain, construct, access, or improve the service and utility infrastructure designed to service residences in a colonia, including potable water, wastewater disposal, drainage, streets and utilities;
(6) surveying or platting residential property that an individual purchased without the benefit of a legal survey, plat, or record;
(7) providing credit and debt counseling related to home purchase and finance;
(8) applying for grants and loans to provide housing and other needed community improvements;
(9) providing other eligible services that the self-help center, with TDHCA approval, determines are necessary to assist colonia residents in improving their physical living conditions, including help in obtaining suitable alternative housing outside of a colonia's area;
(10) providing assistance in obtaining loans or grants to enable an individual or family to acquire fee simple title to property that originally was purchased under a contract for a deed, contract for sale, or other executory contract;
(11) monthly programs to educate individuals and families on their rights and responsibilities as property owners; and
(12) providing access to computers, the internet, and computer training.

A self-help center may not provide grants, financing, or mortgage loan services to purchase, build, rehabilitate, or finance construction or improvements to a home in a colonia if water service and suitable wastewater disposal are not available.

5. Non-Border Colonia Fund

This fund is available on a biennial basis to eligible county applicants for projects in severely distressed unincorporated areas located farther than 150 miles from the Texas-Mexico border and non-entitlement counties, or portions of counties, within 150 miles of the Texas-Mexico border that are not eligible for the Colonia Fund because they are located in a standard metropolitan statistical area that has a population exceeding 1,000,000, as specified the Cranston-Gonzalez National Affordable Housing Act. Non-border colonia areas would be an identifiable unincorporated community that is determined to be colonia-like on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing; and was in existence as a colonia before the date of the enactment of the Cranston-Gonzalez National Affordable Housing Act (November 28, 1990). Scoring of all the selection criteria for Non-Border Colonia Fund applications is completed by Tx CDBG staff.

6. Planning ~~and~~And Capacity Building Fund

This fund is available on a biennial basis to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements (including ~~telecommuting~~telecommunications and broadband needs). All planning projects awarded under this fund must include a section in the final planning document that addresses drought-related water supply contingency plans and water conservation plans. Applications received by the 2007 program year application deadline ~~are~~were eligible to receive grant awards through a statewide competition for funding from the 2007 and 2008 program year allocations.

~~Significant increases~~A significant increase or decrease~~s~~ to the State's 2008 CDBG allocation may result in corresponding increases or decreases to the 2008 Planning and Capacity Building Fund allocations.

7. Disaster Relief/Urgent Need Fund

Disaster Relief assistance is available through this fund as needed for eligible activities in relief of disaster situations where either the Governor has proclaimed a state disaster declaration or has requested a federal disaster declaration. Tx CDBG may prioritize throughout the program year the use of Disaster Relief assistance funds based on the type of assistance or activity under consideration and may allocate funding throughout the program year based on assistance categories. Depending on the nature and extent of the damage caused by the natural disaster, priority for the use of Tx CDBG funds is the restoration of basic human needs such as water and sewer facilities, housing, and roads.

Urgent Need assistance is contingent upon the availability of funds for activities that will restore water or sewer infrastructure whose sudden failure has resulted in death, illness, injury, or pose an imminent threat to life or health within the affected applicant's jurisdiction. The infrastructure failure must not be the result of a lack of maintenance and must be unforeseeable. As an initial step, Tx CDBG undertakes an assessment of whether the situation is reasonably considered unforeseeable. An application for Urgent Need assistance will not be accepted by the Tx CDBG until discussions between the potential applicant and representatives of the Tx CDBG, the Texas

Commission on Environmental Quality (TCEQ), and the Texas Water Development Board (TWDB) have taken place. Through these discussions, a determination shall be made whether the situation meets Tx CDBG Urgent Need threshold criteria; whether shared financing is possible; whether financing for the necessary improvements is, or is not, available from the TWDB; or that the potential applicant does, or does not, qualify for TWDB assistance. If Tx CDBG funds are still available, a potential applicant that meets these requirements will be invited to submit an application for Urgent Need funds.

To qualify for Disaster Relief funds:

- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government.
- The problem being addressed must be of recent origin. For Disaster Relief assistance, this means that the application for assistance must be submitted no later than 12 months from the date of the Presidential or Governor's declaration.
- Under Disaster Relief, funds will not be provided under FEMA's Hazard Mitigation Grant Program unless ORCA receives satisfactory evidence that the property to be purchased was not constructed or purchased by the current owner after the property site location was officially mapped and included in a designated flood plain area.
- Each applicant for these funds must demonstrate that adequate local funds are not available, i.e., the entity has less than six months of unencumbered general operations funds available in its balance as evidenced by the last available audit required by state statute, or funds from other state or federal sources are not available to completely address the problem.
- Tx CDBG will consider whether funds under an existing Tx CDBG contract are available to be reallocated to address the situation.
- The distribution of these funds will be coordinated with other state agencies.

To qualify for Urgent Need funds:

- The situation addressed by the applicant must not be related to a proclaimed state disaster declaration or a federal disaster declaration.
- The situation addressed by the applicant must be both unanticipated and beyond the control of the local government.
- The problem being addressed must be of recent origin. For Urgent Need assistance, this means that the situation first occurred or was first discovered no more than 30 days prior to the date that the potential applicant provides a written request to the Tx CDBG for Urgent Need assistance. The Urgent Need Fund will not fund projects to address a situation that has been known for more than 30 days or should have been known would occur based on the applicant's existing system facilities.
- Each applicant for these funds must demonstrate that local funds or funds from other state or federal sources are not available to completely address the problem.
- The distribution of these funds will be coordinated with other state agencies.
- The infrastructure failure cannot have resulted from a lack of maintenance.
- Urgent Need funds cannot be used to restore infrastructure that has been cited previously for failure to meet minimum state standards.
- The infrastructure failure cannot have been caused by operator error.

- The infrastructure requested by the applicant cannot include back-up or redundant systems.
- Tx CDBG will consider whether funds under an existing Tx CDBG contract are available to be reallocated to address the situation.
- The Urgent Need Fund will not finance temporary solutions to the problem or circumstance.

Construction on an Urgent Need fund project must begin within ninety (90) days from the start date of the Tx CDBG contract. The Tx CDBG reserves the right to deobligate the funds under an Urgent Need Fund contract if the grantee fails to meet this requirement.

Each applicant for Urgent Need funds must provide matching funds. If the applicant's 2000 Census population is equal to or fewer than 1,500 persons, the applicant must provide matching funds equal to 10 percent of the Tx CDBG funds requested. If the applicant's 2000 Census population is over 1,500 persons, the applicant must provide matching funds equal to 20 percent of the Tx CDBG funds requested. For county applications where the beneficiaries of the water or sewer improvements are located in unincorporated areas, the population category for matching funds is based on the number of project beneficiaries.

8. ~~Tx~~Tx CDBG STEP Fund

Funds will be available for grants on a competitive award basis to cities and counties to provide grant assistance to cities and communities recognizing the need and willingness to solve water and sewer problems through the Texas Small Towns Environment Program (STEP) self-help techniques. The program will accept applications two times a year and utilize a competitive process to evaluate, score and award these projects.

Cities and counties receiving 2007 and 2008 Community Development Fund/Community Development Supplemental Fund grant awards for applications that did not include water, sewer, or housing activities are not eligible to receive a ~~2007~~ 2008 STEP Fund grant award. However, the Tx CDBG will give consideration to a city's or county's request to transfer funds (that are not financing basic human needs activities such as water, sewer, or housing activities) under a 2007 or 2008 Community Development Fund/Community Development Supplemental Fund grant award to finance water and sewer activities that will be addressed through self-help.

The Texas STEP approach to solving water and sewer needs recognizes affordability factors related to the construction and operations/maintenance of the necessary water or sewer improvements and then initiates a local focus of control based on the capacity and readiness of the community's residents to solve the problem through self-help. By utilizing the community's own resources (human, material and financial), the necessary water or sewer construction costs, engineering costs, and related administration costs can be reduced significantly from the cost for the installation of the same improvements through conventional construction methods.

Tx CDBG staff will provide guidance, assistance, and support to community leaders and residents willing to use self-help to solve their water and sewer problems.

Eligible Activities

For the Tx CDBG STEP Fund eligible activities are limited to:

- the installation of facilities to provide first-time water or sewer service

- the installation of water or sewer system improvements
- ancillary repairs related to the installation of water and sewer systems or improvements
- the acquisition of real property related to the installation of water and sewer systems or improvements (easements, rights of way, etc.)
- sewer or water taps and water meters
- water or sewer yard service lines (for low and moderate income persons)
- water or sewer house service connections (for low and moderate income persons)
- plumbing improvements associated with providing water or sewer service to a housing unit
- water or sewer connection fees (for low and moderate income persons)
- rental of equipment for installation of water or sewer ~~if justification is provided~~
- reasonable associated administrative costs
- reasonable associated engineering services costs

Ineligible Activities

- any activity not described in the preceding ELIGIBLE ACTIVITIES section is ineligible under the Tx CDBG STEP Fund unless the activity is approved by the Texas Community Development Block Grant Program
- temporary solutions, such as emergency inter-connects that are not used on an on-going basis for supply or treatment and back-ups not required by the regulations of the Texas Commission on Environmental Quality.

The Tx CDBG will not reimburse for force account work for construction activities on the STEP project.

Funding Cycle

Applications are accepted two times a year for Texas STEP Funding as long as funds are available. Funds will be divided among the two application periods. After all projects are ranked, only those that can be fully funded will be awarded a grant. There will be no marginally funded grant awards.

The Tx CDBG will not accept an application for STEP Fund assistance until Tx CDBG staff and representatives of the potential applicant have evaluated the self-help process and Tx CDBG staff determine that self-help is a feasible method for completion of the water or sewer project, the community is committed to self-help as the means to address the problem, and the community is ready and has the capacity to begin and complete a self-help project. If it is determined that the community meets all of the STEP criteria then an invitation to apply for funds will be extended to the community and the application may be submitted.

Threshold Criteria

The self-help response to water and sewer needs may not be appropriate in every community. In most cases, the decision by a community to utilize self-help to obtain needed water and sewer facilities is based on the community's realization that it cannot afford even a "no frills" water or sewer system based on the initial

construction costs and the operations/maintenance costs (including debt service costs) for water or sewer facilities installed through conventional financing and construction methods.

The following are threshold requirements for the Texas STEP framework. Without all these elements the project will not be considered under the Texas STEP fund:

1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort;
2) readiness—local perception of the problem and the willingness to take action to solve it;
3) capacity— manpower including some skills required to solve the problem;
4) 40% Savings off of retail price; and
5) must be performed predominately by community volunteer workers.

Upon completion of the project, the award recipient will be required to certify that work was performed predominately by community volunteer workers and a minimum of 40 percent savings off of retail prices was maintained (or the savings percentage specified in the application if greater).

Some of the key points staff will review for these thresholds include but are not limited to the following:

~~1)~~

1) one or more sparkplugs (preferably three)—local leaders willing to both lead and sustain the effort; Leaders that have been identified and agreed on by the community.

- at least two of the three sparkplugs must be residents and not local officials (local officials may serve as sparkplugs).
- one should be detailed enough to maintain the paperwork needed for the project.
- one should have some knowledge or skills to lead the self-help effort.
- And one can have a combination of these skills or just be the motivator and problem solver of the group. These are not absolutes but the best scenario for any project.

2) ~~2)~~ readiness—local perception of the problem and the willingness to take action to solve it;

- a strong local perception of the problem
- community perception that local implementation is the best and maybe only solution
- community has confidence that they can do it adequately
- community has no strong competing priority
- local government is supportive and understands the urgency
- public and private willingness to pay additional costs if needed (fees, hook-ups for churches, other)
- effort and attention have already been given to local assessment of the problem
- enthusiastic, capable support by the community from the county or regional field staff of the regulatory agency.

3) capacity— manpower including some skills required to solve the problem.

- Skilled workers within the community (heavy equipment operation, pipe laying, electrician, plumber, engineer, water operator, construction skills)
- List of Volunteers by task
- Possible equipment in community (not a requirement)
- Letters stating support from local businesses in form of donation of supplies or manpower.
- Letter from service provider supporting project and agreeing to provide service.
- CPA Letter documenting that applying locality has financial and management capacity to compete project

4) 40% Savings off of retail price.

Documentation of the 40% savings off of the retail price,

- Two engineering break-outs of cost, one that shows the retail construction cost and another that shows the self-help cost and demonstrates the 40% savings.
- Back-up documents of material quotes, pledges of equipment
- List of Volunteers by task
- Determination of appropriate technology and feasibility of project. (letter from engineer)

9. Microenterprise Loan Fund

This fund is available on ~~an~~ a semi-annual basis for funding from available program income through ~~an annual~~ a statewide competition. ~~Applications received by the application deadline are eligible to receive grant awards from available program income.~~ An eligible city or county submits the application and must contract with a non-profit organization (economic development corporation, community development corporation, etc.) for the purpose of establishing a local loan program that directly assists for-profit microenterprise businesses. Proceeds from the repayment of the loans will be retained by the non-profit organization. A microenterprise is a commercial enterprise that has five (5) or fewer employees, one (1) or more of whom owns the enterprise. The microenterprise receiving the loan assistance must commit to creating or retaining jobs that will not exceed a maximum cost of $25,000 per job. The jobs created or retained by the microenterprise must principally benefit low and moderate income persons. The funds cannot be used by the microenterprise for debt service, refinancing, or payment of the business owner's salaries. Eligible activities under this fund are:

- Working capital (purchase of raw materials, inventory, rent, utilities, salaries, and others needed for business operations)
- Machinery and equipment (cars and trucks considered rolling stock would not be an eligible use of funds)
- Real estate improvements

10. Small Business Loan Fund

This fund is available on an ~~annual~~"as-needed" basis for funding from available program income through ~~an annual~~ a statewide competition. Applications received by the application ~~deadline~~deadlines are eligible to receive grant awards from available program income. An eligible city or county submits the application for the purpose of supporting for-profit small businesses through ~~loans~~ a loan meeting a gap financing need. Retention of the proceeds from the repayment of the loans will meet the same requirements for program income that apply to

Texas Capital Fund contracts. A small business is a for-profit business with less than one hundred (100) employees. The small business receiving the loan assistance must commit to creating or retaining jobs that will not exceed a maximum cost of $25,000 per job. The jobs created or retained by the small business must principally benefit low and moderate income persons. The funds cannot be used by the small business for debt service, refinancing, or payment of the business principal's salaries. Eligible activities under this fund are:

- Working capital (purchase of raw materials, inventory, rent, utilities, salaries, and others needed for business operations)
- Machinery and equipment (cars and trucks considered rolling stock would not be an eligible use of funds)
- Real estate improvements

~~Within the Small Business Loan Fund, a "Recovery and Restoration Loan Fund" is established to provide funding for necessary expenses related to disaster relief, long-term economic recovery, and restoration of infrastructure to support economic development in the most impacted and distressed areas related to the consequences of hurricanes in the Gulf of Mexico in 2005 in States for which the President declared a major disaster. The fund would not use any of the HUD CDBG formula grant funds allocated to the State. It may, however, contain other federal funds received from HUD, as appropriated. Interest on loans from this fund will be returned to the Tx CDBG as Program Income and will be handled in accordance with Section II, D.4. Deobligated funds or program income from supplemental CDBG Disaster Recovery funds may be used for this fund. The Tx CDBG may charge administrative costs on both the amount received and program income.~~

11. Section 108 Loan Guarantee Pilot Program

Section 108 is the loan guarantee provision of the Housing and Community Development Act Community Development Block Grant (CDBG) program. The loan is made by a private lender to an eligible non-entitlement city or county. The United States Department of Housing and Urban Development (HUD) guarantees the loan; however, Tx CDBG must pledge the state's current and future Community Development Block Grant nonentitlement area funds to cover any losses. In order to provide eligible non-entitlement communities an additional funding source, the State is authorizing a loan guarantee pilot program consisting of one application up to a maximum of $500,000 for a particular project. An application guide containing the submission date and qualifications will be available for applicants interested in being selected as the pilot project under this program.

An eligible non-entitlement city or county would prepare a loan guarantee application for submission to HUD. However, under the State Section 108 program, the following conditions apply:

a. ORCA will not provide a commitment for an application submitted to HUD for a Section 108 guarantee unless ORCA has reviewed the application, conducted an underwriting analysis, and specifically recommended its approval.
b. ORCA will charge the eligible non-entitlement city or county receiving the Section 108 loan a non-refundable loan loss reserve fee at the rate of one percent per annum on the principal amount outstanding. The funds from the one percent fee would be used for any debt service payments ORCA would need to pay on account of the loan, or to cover any loan losses, if the recipient does not make its Section 108 loan payments.
c. The application must be only for an activity eligible under the State Program.
d. ORCA will require the locality to submit adequate information necessary to track all loan repayments made by any third party borrowers such as assisted businesses;

e. ORCA will monitor compliance with program requirements.

Eligible Activities

The project must meet a national objective of CDBG Program: (1.) principally benefit low- and moderate-income persons; (2.) aid in the elimination of slums or blight; or (3.) meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community. In addition, the State program is specifically restricting eligibility to economic development activities eligible under CDBG Program. Other activities eligible under the HUD regulations will not be eligible under the pilot phase of this program.

The maximum repayment period for a Section 108 guaranteed loan under the Tx CDBG will be twenty years.

The Tx CDBG will not establish a funded loss reserve. ORCA anticipates entering into a Reimbursement Agreement with the community providing for recovery of amounts required to be paid by the Tx CDBG. Should the Tx CDBG be required to cover any Section 108 loan payments not made by the recipient of the loan guarantee, it would first use funds that have been collected from the additional one percent per annum fee charged on the loan.

The Section 108 Loan Guarantee Program is authorized under Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308) as part of the Community Development Block Grant Program. Regulations for the program are located in the Code of Federal Regulation at 24 CFR, Part 570, Subpart M.

~~ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY~~

~~The U.S. Department of Housing and Urban Development has not yet announced the State's 2007 program year CDBG allocation. The State's 2007 allocation could be lower than the 2006 allocation of $73,297,579.~~

~~The amount available for Tx CDBG assistance will be the 2007 State CDBG allocation amount plus an estimated $1,500,000 in Texas Capital Fund program income. Funds will be allocated according to the following percentages of the State's 2007 allocation:~~

12. Renewable Energy Demonstration Pilot Program

The TxCDBG will develop a renewable energy pilot program funded solely through deobligated funds / program income for demonstration projects that employ renewable energy for at least 20% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy).

The priority will be for projects that are connected with providing public facilities to meet basic human needs such as water or waste water. It is anticipated that the projects funded would meet the National Objective of benefiting a "target area" where at least 51 percent of the residents are low and moderate income persons, although the project would be allowed to qualify under other National Objective alternatives. The maximum amount of the project would be $500,000 and the minimum would be $50,000.

(One example of a pilot program might be helping rural towns in thirsty West Texas install wind turbines to power desalination plants that would clean up brackish well water and make it drinkable, which at least one university in Texas is developing for a community in Texas.)

The projects will be selected on the following basis (which are assigned points under Section IV(C)(15) of this Action Plan):

(A) Type of Project: Primarily used in conjunction with providing public facilities to meet basic human needs such as water or waste water and/or benefit to low/moderate-income persons.

(B) Innovative Technology / Methods – A project that would demonstrate the application of innovative technology and/or methods.

(C) Duplication in Other Rural Areas – A project that could have widespread application (although it would not need to be applicable in every portion of the state.)

(D) Long-term Cost / Benefit and Texas Renewable Energy Goals – Projects that demonstrate long term cost / benefit analysis including benefits to the human environment and consistency with Texas renewable energy goals.

(E) Partnership / Collaboration – Projects that have a demonstrated partnership and collaboration with other entities focusing on promoting renewable energy including universities, funding agencies, associations, or businesses.

(F) Leveraging – projects with committed funds from other entities including funding agencies, local governments, or businesses – percent of portion of total project receiving TxCDBG funds is leveraged with other funds.

(G) Location in Rural Areas – Projects that benefit cites with populations under 10,000 and/or counties under 100,000.

C. ALLOCATION OF AVAILABLE FUNDS BY FUND CATEGORY

The U.S. Department of Housing and Urban Development has not yet announced the State's 2008 program year CDBG allocation. The State's 2008 allocation could be lower than the 2007 allocation of $73,611,737.

The amount available for Tx CDBG assistance will be the 2008 State CDBG allocation amount plus an estimated $2,000,000 in program income. Funds will be allocated according to the following percentages of the State's 2008 allocation upon the execution of the grant agreement with HUD:

FUND	~~2007~~2008 PERCENT	AMOUNT AVAILABLE
Community Development Fund	40.0	
Community Development Supplemental Fund	21.1	
Non-Border Colonia Fund	0.61 [6]	
Texas Capital Fund (TCF)	14.51	
~~TCF~~ Program Income		$ ~~1,500~~2,000,000

Colonia Fund	
Colonia Construction Fund	6.~~83~~84
Colonia EDAP Fund	2.~~73~~72
Colonia Planning Fund	0.44
Colonia Self-Help Centers Fund	2.50
Planning And Capacity Building Fund	0.90
Disaster Relief/Urgent Need Fund	
Disaster Relief Fund	4.10
Urgent Need Fund	0 [1]
Tx CDBG STEP Fund	3.~~16~~14
Microenterprise Loan Fund	0.00 [2]
Small Business Loan Fund	0.00 [3]
~~Recovery and Restoration Loan Fund~~	~~0.00~~ [5]
Section 108 Loan Guarantee Pilot Program	0.00 [4]

~~Administration – Percentage~~Renewable Energy Demonstration Pilot Program	~~2~~0.00 ~~6~~5
Administration - ~~$100,000~~Percentage	~~0.1364~~2.00
Administration - $100,000	0.1358
Technical Assistance	1.00

Note: The percentages shown above are based on the State's actual ~~2006~~ 2007 allocation percentages. Changes to the above percentages may occur if the State's ~~2007~~ 2008 CDBG allocation is higher or lower than the ~~2006~~2007 allocation of $73,~~297,579.~~611,737.

Deobligated funds/program income notes:

1 ~~Also, deobligated~~Deobligated funds and/or program income ~~totaling no more than $1,000,000 per program year may be used for the~~ sufficient to replenish to $1,000,000 is made available for the Urgent Need Fund on the first day of PY 2008. Based on a Tx CDBG Program determination of respective demand for financial assistance under the Urgent Need and Disaster Need portions of the Disaster Relief/Urgent Need Fund, Urgent Need funds may be used for Disaster Need projects.

2 ~~Program~~Deobligated funds and/or program income ~~not~~sufficient to ~~exceed~~replenish to $1,~~000~~200,000 is made available for the Microenterprise Loan Fund on the first day of PY 2008.

3 ~~Program~~Deobligated funds and/ or program income not to exceed $1,000,000 is available for the Small Business Loan Fund. The allocation or portion of the allocation, for Small Business Loan Fund may be allocated to the Microenterprise Loan Fund, and vice versa, based on a Tx CDBG Program determination of respective demand for financial assistance under these funds.

4 Loan guarantee commitments totaling no more than $500,000 are authorized.

~~5 No portion of the State allocation will be allocated to the Rural Recovery and Restoration Loan Fund sub-category~~

~~6 The combined planning, management, and administrative costs for the TxCDBG program may not exceed 20 percent of the annual HUD grant allocation, plus program income and funds reallocated by HUD to the TxCDBG Program. Administration, including local administration, is set at an amount not to exceed 18 percent and planning at a level not to exceed 2 percent and any adjustments to these respective levels will be preceded with an analysis by TxCDBG to determine that the combined amount will not exceed the 20 percent cap~~

5 Deobligated funds and/or program income of $500,000 is made available on the first day of PY 2008.

The amounts for these fund categories may be adjusted during PY 2008 as needed.

Summary of Activities That Utilize 1% Technical Assistance Funding

Technical Assistance Performed Through the Community Development Program~~–~~

The Texas Community Development Block Grant Program will conduct numerous on-site technical assistance visits funded with the one percent technical assistance (1% TA) set-aside approved by HUD. These visits will be

conducted throughout the year when the Tx CDBG staff recognizes that assistance is needed at the local level or when assistance is requested by the grantees.

Tx CDBG Community Development staff, including ORCA field office staff, will visit localities that are preliminarily recommended for funding to verify information provided in the applications, to view the project sites, to distribute Project Implementation Manuals, and to provide technical assistance regarding the initial Tx CDBG project implementation procedures.

Other technical assistance visits will be conducted with 1% TA funds for special cases dealing with investigations, compliance issues, and to help contractor localities comply with all program requirements.

The 1% TA funds are utilized for a portion of staff salaries which allows Tx CDBG staff to provide greater one-on-one technical assistance to the small communities throughout the contract period.

The Texas Department of Agriculture is using 1% technical assistance funds for on-site technical assistance on the Texas Capital Fund program.

The Texas Department of Housing and Community Affairs is using 1% technical assistance funds for on-site technical assistance on the Colonia Self-Help Centers program.

The Tx CDBG is utilizing the 1% technical assistance funds to introduce, facilitate, and provide community access to the Texas Small Towns Environment Program (Texas STEP) which targets water and wastewater needs. Staff visits localities that are interested in utilizing the Texas STEP method of self-help and provides technical assistance on the development of a financial framework, managing a self-help project and building capacity within a community through self-help.

The Tx CDBG may utilize the 1% technical assistance funds to support Tx CDBG activities related to ORCA's disaster relief efforts. State efforts for response to disasters and the mitigation of the consequences of disasters have required that ORCA dedicate considerable resources for disaster recovery efforts.

In ~~2007~~2008, the Tx CDBG will use a portion of the 1% technical assistance to provide outreach information regarding the CDBG program to local officials of non-entitlement cities and counties. The technical assistance will include information on the application process, program administration, and to improve their capacity to implement a CDBG program.

The 1% technical assistance funds will also be used by each of the 24 State Planning Regions to provide non-project specific technical assistance to cities and counties that are eligible for Tx CDBG funds in each region.

The 1% technical assistance funds may be used to support the operations of the border colonia technical assistance field offices.

The 1% technical assistance funds may be used to support the operations of ORCA' technical assistance field offices in West Texas, South Texas, and East Texas and other ORCA Community Development-related field office activities.

Deobligated Funds, Unobligated Funds, and Program Income

(a) Deobligated funds, unobligated funds and program income generated by Texas Capital Fund projects shall be retained for expenditure in accordance with the Consolidated Plan. Program income derived from Texas Capital Fund projects will be used by the Tx CDBG for eligible Texas Community Development Block Grant Program activities in accordance with the Consolidated Plan.

Any deobligated funds, unobligated funds, program income, and unused funds from this year's allocation or from previous years' allocations derived from any Texas Community Development Block Grant Program Fund, including program income recovered from Texas Capital Fund local revolving loan funds, and any reallocated funds which HUD has recaptured from Small Cities may be redistributed among the established ~~2007~~ 2008 program year fund categories, for otherwise eligible projects. The selection of eligible projects to receive such funds is approved by the Executive Director and the Executive Committee of ORCA on a priority needs basis with eligible disaster relief and urgent need projects as the highest priority, followed by, any awards necessary to resolve appeals under fund categories requiring publication of contract awards in the *Texas Register*, TCF projects, special needs projects, projects in colonias, housing activities, and other projects as determined by the Executive Director of ORCA. Other purposes or initiatives may be established as a priority use of such funds within existing fund categories by the Executive Committee of ORCA. Should the Tx CDBG be required to make payments to HUD to cover any loan payments not made by any recipient of a Section 108 loan guarantee, it would first use any available deobligated funds.

If a portion of the State's ~~2007~~2008 Community Development Block Grant allocation is rescinded by the federal government, or if the State's ~~2007~~2008 allocation is decreased or increased significantly from the State's ~~2006~~ 2007 allocation, the Tx CDBG may make corresponding changes within the fund allocation percentages as required.

(b) Re-distribution of Funds Recaptured from Withdrawn Awards. Should the applicant fail to substantiate or maintain the claims and statements made in the application upon which the award is based, including failure to maintain compliance with application thresholds in Section III, F.(1) through F.(4), within a period ending 90 days after the date of the Tx CDBG's award letter to the applicant, the award will be immediately withdrawn by the Tx CDBG (excluding the colonia self-help center awards). Should the applicant fail to execute the Tx CDBG's award contract (excluding Texas Capital Fund and colonia self-help center contracts) within 60 days from the date of the letter transmitting the award contract to the applicant, the award will be withdrawn by the Tx CDBG. For an award that is withdrawn from an application, the Tx CDBG follows different procedures for the use of those recaptured funds depending on the fund category where the award is withdrawn.

(1) Funds recaptured under the Community Development Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that region

that was not recommended to receive an award from the first year regional allocation. Funds recaptured under the Community Development Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year regional allocation. Any funds remaining from the second year regional allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the region as long as the amount of funds still available exceeds the minimum Community Development Fund grant amount. Any funds remaining from the second year regional allocation that are not accepted by an applicant from the region or that are not offered to an applicant from the region may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(2)———— Funds recaptured under the Community Development Supplemental Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive an award from the first year regional allocation. Funds recaptured under the Community Development Supplemental Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that region that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year regional allocation. Any funds remaining from the second year regional allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the region as long as the amount of funds still available exceeds the minimum Community Development Supplemental Fund grant amount. Any funds remaining from the second year regional allocation that are not accepted by an applicant from the region or that are not offered to an applicant from the region may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section. This process would also apply to an application under the Community Development Supplemental Fund that received a portion of its funds from Community Development marginal funds. The Community Development marginal funds would be provided to the replacement application.

(3)———— For both the Community Development Fund and Community Development Supplemental Fund (including applications funded with a portion from each of the two funds), if there are no remaining unfunded eligible applications in the region from the same biennial application period to receive the withdrawn funding, then the withdrawn funds may be used for other Tx CDBG fund categories and, if unallocated to another fund, are considered as deobligated funds, subject to the procedures described in paragraph (a) of this section.

(4)———— Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the first year of the biennial funding are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive an award from the first year allocation. Funds recaptured under the Planning and Capacity Building Fund from the withdrawal of an award made from the second year of the biennial funding are offered to the next highest ranked applicant from that statewide competition that was not recommended to receive full funding (the applicant recommended to receive marginal funding) from the second year allocation. Any funds remaining from the second year allocation after full funding is accepted by the second year marginal applicant are offered to the next highest ranked applicant from the statewide competition. Any funds remaining from the second year allocation that are not accepted by an applicant from the statewide competition or that are not offered to an applicant from the statewide competition may be used for other Tx CDBG fund categories and, if unallocated to another fund, are then subject to the procedures described in paragraph (a) of this section.

(5)————— Funds recaptured under the Colonia Construction Fund from the withdrawal of an award remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section,.

(6)————— Funds recaptured under the Colonia Planning Fund from the withdrawal of an award remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(7)————— Funds recaptured under the Colonia Economically Distressed Areas Program Fund from the withdrawal of an award remain available to potential Colonia Economically Distressed Areas program fund applicants during that program year. Any funds remaining from the program year allocation that are not used to fund Colonia Economically Distressed Areas Program Fund applications within twelve months after the Tx CDBG receives the federal letter of credit would remain available to potential Colonia Program Fund applicants during that program year to meet the 10 percent colonia set-aside requirement and, if unallocated within the colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(8)————— Funds recaptured under the Non-Border Colonia Fund from the withdrawal of an award remain available to potential Non-Border Colonia Fund applicants during that program year and, if unallocated within the non-border colonia fund, may be used for other Tx CDBG fund categories. Remaining unallocated funds are then subject to the procedures described in paragraph (a) of this section.

(9)————— Funds recaptured under the program year allocation for the Disaster Relief/Urgent Need Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(10) Funds recaptured under the Small Towns Environment Program (STEP) Fund from the withdrawal of an award will be made available in the next round of STEP competition following the withdraw date in the same program year. If the withdrawn award had been made in the last of the two competitions in a program year, the funds would go to the next highest scoring applicant in the same STEP competition. If there are no unfunded STEP applicants, then the funds would be available for other Tx CDBG fund categories. Any unallocated STEP funds are subject to the procedures described in paragraph (a) of this section.

(11) Funds recaptured under the Microenterprise Loan Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(12) Funds recaptured under the Small Business Loan Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

(13) Funds recaptured under the Texas Capital Fund from the withdrawal of an award are subject to the procedures described in paragraph (a) of this section.

~~Program Income~~

D. PROGRAM INCOME

Program income is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be used to establish an approved Revolving Loan Fund (RLF) or returned to the State.

The State may use up to the maximum allowable percentage of the amount recaptured and reportable to HUD each year for administrative expenses under the Texas Community Development Block Grant Program. This amount will be matched by the State on a dollar-for-dollar basis.

Program income includes, but is not limited to, the following:

- Payments of principal and interest on loans using CDBG funds
- Proceeds from the sale of loans made with CDBG funds
- Gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient with CDBG funds
- Gross income from the use, sale, or rental of real property and/or real property improvements owned by the unit of general local government or subrecipient that was constructed or improved with CDBG funds
- Gross income from the use of infrastructure improvements constructed or improved with CDBG funds
- Funds collected through special assessments, impact fees or other additional fees from benefiting businesses, if the special assessments or fees are used to recover all or part of the CDBG portion of public improvements
- Proceeds from the disposition of equipment purchased with CDBG funds
- Interest earned on funds held in an RLF account

1. Texas Capital Fund Program Income

For program income generated through Texas Capital Fund projects, communities that elect to participate in the recapture of program income for use at the local level through a designated Revolving Loan Fund (RLF) will be limited to receiving one Texas Capital Fund contract award per program year. If a community elects not to participate in the recapture of program income, the community may apply for as many Texas Capital Fund awards as it has eligible projects. This determination must be made at the time of the original award and cannot be changed with subsequent awards.

A local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for economic development in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended. The RLFP must be submitted for

approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to the Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. Every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived. A local Revolving Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. (Tx CDBG may consider a "phase-in period" covering the time period required to bring the RLF cash level into compliance with this new policy for existing RLFs, particularly those with large amounts of cash in the RLF that must be loaned to meet the new requirements.) If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report to the State program income account balances reflecting amounts received and disbursed and the status of outstanding loans or leases. Such report should also include information regarding RLF loans, leases, and commitments made.

If the local government elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/Tx CDBG contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state. This section, "Texas Capital Fund Program Income," replaces the Texas Capital Fund Program Income Sections of the Final Statements for program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995 and affects all TCF local revolving loan funds established by contracts awarded in program years 1989, 1990, 1991, 1992, 1993, 1994, and 1995. The following provisions, however, do not apply: 1) "The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to Tx CDBG approval of an RLFP must be returned to the State." 2) "…every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived." 3) "…contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state."

2. Program Income Generated Through Housing Activities

For program income generated through housing activities funded through the Housing Fund or Tx CDBG fund categories other than the Texas Capital Fund, a local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for housing activities principally benefiting low to moderate income persons in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended.

The RLFP must be submitted for approval at least sixty (60) days prior to the termination date of the contract award generating the program income. This requirement shall also apply to 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, and 2004 Housing Fund contract awards. Program income generated by the contract award prior to Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. A local Revolving Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. (Tx CDBG may consider a "phase-in period" covering the time period required to bring the RLF cash level into compliance with this new policy for existing RLFs, particularly those with large amounts of cash in the RLF that must be loaned to meet the new requirements.) If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report the amount of program income recaptured to the state with updates concerning the status of outstanding loans or leases on a quarterly basis, including but not limited to payments received and amendments to the original loan or lease agreement, as required by the Tx CDBG.

If the local government elects not to participate in program income recapture or an RLFP is not approved prior to the contract close-out, then all program income must be returned to the Tx CDBG. ~~Tx CDBG~~

3. Microenterprise Loan Fund Program Income

Program income will be handled in accordance with HUD regulations. Additional guidance will be included in the application guidelines.

4. Small Business Loan Fund Program Income

A local government, electing to retain program income at the local level, must have a Revolving Loan Fund Plan (RLFP) approved in writing by the Tx CDBG, prior to committing and expending any program income. The RLFP shall be approved and must be used for economic development in accordance with Title I of the United States Housing and Community Development Act of 1974, as amended. The RLFP must be submitted for approval no later than six (6) months from the commencement date of the contract. Program income generated by the award prior to the Tx CDBG approval of an RLFP must be returned to the State.

Funds retained in the local RLF must be committed within three years of the original Tx CDBG contract programmatic close date. Every award from the RLF must be used to fund the same type of activity, for the same business, from which such income is derived. A local Revolving Loan Fund (RLF) may retain a cash balance not greater than 33 percent of its total cash and outstanding loan balance. (Tx CDBG may consider a "phase-in period" covering the time period required to bring the RLF cash level into compliance with this new policy for existing RLFs, particularly those with large amounts of cash in the RLF that must be loaned to meet the new requirements.) If the local government does not comply with the local RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

Communities electing to retain program income through an approved RLF are required to monitor and report to the State program income account balances reflecting amounts received and disbursed and the status of outstanding loans or leases. Such report should also include information regarding RLF loans, leases, and commitments made.

If the local government elects not to participate in program income recapture, fails to meet all requirements of this section or requirements identified in Section 6 of its TCF/Tx CDBG contract or an RLFP is not submitted for approval within the first six (6) months from the commencement date of the contract, then all program income must be returned to the state.

~~APPLICATION INFORMATION~~

~~Types and Number of Applications~~

APPLICATION INFORMATION

TYPES AND NUMBER OF APPLICATIONS

The following two types of applications are permitted under the Texas Community Development Block Grant Program:

1. Single Jurisdiction Applications

An eligible applicant may submit one application on its own behalf. When certain situations exist, which will be defined in Tx CDBG application guides, an eligible city may submit an application which benefits persons residing inside of the extraterritorial jurisdiction of the city, and a county may submit a single jurisdiction application on behalf of a city. The submitting city or county is accountable to the Tx CDBG for financial compliance and program performance. If a city or county submits a single jurisdiction application, or its residents are the beneficiaries of a single jurisdiction application, then the city or county cannot participate in another single jurisdiction or multi-jurisdiction application for the same funding category. Local accountability cannot be assigned to another party.

An application from an eligible city or county for a project that would primarily benefit another city or county that was not meeting the Tx CDBG application threshold requirements would be considered ineligible.

2. Multi-~~jurisdiction~~Jurisdiction Applications

Multi-Jurisdiction applications will be accepted from two or more eligible units of general local government where the application clearly demonstrates that the proposed activities will mutually benefit the residents of the city(ies)/county(ies) applying for such funds. One of the participating units of general local government must be designated to act as the authorized applicant for the multi-jurisdiction application and the authorized applicant is accountable to the Tx CDBG for financial compliance and program performance; however, all entities participating in the multi-jurisdiction application will be accountable for application threshold compliance. A multi-jurisdiction application generally cannot be submitted solely on the basis of administrative convenience. Any city or county participating in a multi-jurisdiction application may not submit a single jurisdiction application for the same funding category.

Under the Community Development Fund regional competitions, a multi-jurisdiction application that includes participating units of general local government from more than one state planning region will compete in the regional competition where the majority of the application activity beneficiaries are located.

~~**Application Cycles**~~

~~*Based on*~~**APPLICATION CYCLES**

Since this is the ~~support from cities and counties for previous~~ second year of the biennial ~~funding~~ submission cycle of various funds with 2007 biennial cycles, ~~applications for the Community Development/Community Development Supplemental Funds, Non-Border Colonia Fund, Colonia Construction Fund, and Planning and Capacity Building Fund will be accepted on a biennial basis~~the 2008 cycle for these biennial funds must remain unchanged. The biennial funding cycles for these fund categories will improve the timeliness of the expenditure of CDBG funds and therefore prove more cost effective.

The following table summarizes the proposed frequency of application submission for various application types. The application deadline dates are subject to change:

TYPE OF APPLICATION	SUBMISSION CYCLE	APPLICATION DEADLINE
1. Community Development Fund	Biennial[1]	~~August~~September and December 2006
2. Community Development Supplemental Fund	Biennial	~~August~~September and December 2006
3. Non-Border Colonia Fund	Biennial	~~June 2007~~December 2006
4. Texas Capital Fund		
Real Estate Program	Four times annually	
Infrastructure Program	Four times annually	
Main Street Program	Annually	
Downtown Revitalization Program	Annually	
5. Colonia Fund:		
Construction Fund	Biennial	~~June 2007~~December 2006
EDAP Fund	As-needed	

Planning Fund	Annually	~~June~~August 2007
6. Planning/Capacity Building Fund	Biennial[1]	~~August~~September and December 2006
7. Disaster Relief/Urgent Need Fund:		
Disaster Relief	As needed	
Urgent Need[2]	By notification	
8. Tx CDBG STEP Fund	Two times annually	
9. Microenterprise Loan Fund	~~As needed~~Two times annually	
10. Small Business Loan Fund~~, including the Recovery and Restoration Loan Fund~~	As needed	
11. Section 108 Loan Guarantee Pilot Program	Annually	
12. Renewable Energy Demonstration Pilot Program	As announced, at least once annually.	

[1] The applications submitted for the program year ~~2007~~ 2008 Community Development Fund, Community Development Supplemental Fund, and Planning and Capacity Building Fund as part of the 2007/2008 biennial application process ~~will be~~ were scored and ranked. Applications ~~are~~will be funded to the extent that allocated ~~2007~~ 2008 funds are available. Applications submitted for the Colonia Construction Fund and Non-Border Colonia Fund will be scored and ranked. The final 2007 program year rankings under the Community Development Fund, Community Development Supplemental Fund, Planning and Capacity Building Fund, Colonia Construction Fund and Non-Border Colonia Fund will also be used to determine the 2007 applicants that are selected for funding from the 2008 program year allocations. Only one application may be submitted for the combined 2007 program year and 2008 program year period under the Community Development Fund/Community Development Supplemental Fund, Colonia Construction Fund, Non-Border Colonia Fund, and the Planning and Capacity Building Fund. Since applications are considered concurrently under both the Community Development and Community Development Supplemental Funds to determine the source of funds, only one Community Development Fund/Community Development Supplemental Fund application may be submitted for the 2007/2008 period (not one application for each fund).

~~[2] Deobligated funds or program income not to exceed $1,000,000 may be available for the Urgent Need Fund.~~

~~Contract Awards~~

C. CONTRACT AWARDS

With the qualified exceptions of the Texas Capital Fund, Colonia Fund, Non-Border Colonia Fund, and Disaster Relief/Urgent Need Fund, an applicant is eligible to receive only one grant award per fund. Maximum and minimum contract awards for any single project allowable under the Texas Community Development Block Grant Program are:

FUND	CONTRACT AWARD MAXIMUM	CONTRACT AWARD MINIMUM

Community Development Fund		
Single Applicant	$ 800,000[1]	$ 75,000[1]
Multi-Jurisdiction Application	$ 800,000[1]	$ 75,000[1]
Community Development Supplemental Fund	[1]	[1]
Non-Border Colonia Fund	$ 250,000	None
Texas Capital Fund		
Real Estate Program	$ 750,000[2]	$ 50,000
Infrastructure Program	$ 750,000[2]	$ 50,000
Main Street Program	$ 150,000[3]	$ 50,000
Downtown Revitalization Program	$ 150,000[3]	$ 50,000
Colonia Fund		
Construction Fund	$ 500,000	$ 75,000
EDAP Fund	$ 500,000	None
Area Planning Fund	$ 100,000[4]	None
Comprehensive Planning Fund	$ 200,000[4]	None
Planning/Capacity Building Fund	$ 50,000	None
Disaster Relief/Urgent Need Fund		
Disaster Relief Fund	$ 350,000	$ 50,000
Urgent Need Fund	$ 250,000~~[5]~~	$ 25,000
Tx CDBG STEP Fund	$ 350,000	None
Microenterprise Loan Fund	$ 100,000~~[6]~~	$ 50,000
Small Business Loan Fund	$ 150,000~~[7]~~	$ 50,000
Section 108 Loan Guarantee Pilot Program	$ 500,000~~[8]~~	$ 400,000
Renewable Energy Demonstration Pilot Program	$ 500,000	$ 50,000

[1] Regional Review Committees are authorized to establish a grant maximum for their respective regions between $250,000 and $800,000 for a single jurisdiction application and between $350,000 and $800,000 for a multi-jurisdiction application. The maximum amount for a housing activity application is the same as other Community Development Fund applications in the region. The maximum and minimum amounts for the Community Development Supplemental Fund are the same maximum and minimum amounts established for the Community Development Fund in the region.

[2] The maximum contract award amount allows for administrative costs as outlined in the Texas Capital Fund Application Guidelines. The maximum award amount may be increased to an amount greater than $750,000, but may not exceed $1,000,000, if a unit of local government is applying for an award to provide infrastructure or real estate development improvements on behalf of a specific business, and that specific business will create or retain a designated number of jobs at a cost per job level that qualifies for the increased award amount. These increased award amounts are referred to as "jumbo" awards. The number of jobs, the cost per job, and the maximum percentage of Texas Capital Fund financing of the total project costs that will qualify an application for the increased award amount will be defined in Texas Capital Fund Application Guidelines. Texas Capital Funds are not specifically reserved for projects that could receive up to the $1,000,000 increased maximum grant amount, however, projects that receive an amount greater than $750,000 may not exceed $2,000,000 in total awards during the program year.

[3] Texas Capital Funds are specifically reserved for Main Street and the Downtown Revitalization infrastructure activities. The maximum award amount for a Main Street or Downtown Revitalization project is $150,000. Main Street Program projects may not exceed $600,000 in total awards. The Downtown Revitalization Program projects may not exceed $1,200,000 in total awards.

[4] For the Colonia Planning Fund thirty-three percent (33%) of the total allocation is allocated to the Colonia Area Planning Fund and sixty-seven percent (67%) is allocated to the Colonia Comprehensive Planning Fund. Any unobligated funds under either of these two funds may be allocated to the other Colonia Planning Fund category, the Colonia Construction Fund, the Planning/Capacity Building Fund, or other Tx CDBG Fund categories if necessary to use the funds within the required obligation period. The maximum grant award for the Colonia Comprehensive Planning Fund is set at $200,000. However, a sliding scale may be used to establish smaller maximum grant amounts based on an eligible county's total unincorporated area population.

~~[5] Deobligated funds or program income not to exceed $1,000,000 may be available for the Urgent Need Fund.~~

~~[6] Program income not to exceed $1,000,000 is available for the Microenterprise Loan Fund.~~

~~[7] Program income not to exceed $1,000,000 is available for the Small Business Loan Fund. The maximum and minimum amounts for the Recovery and Restoration Loan Fund will be established in the application guidance.~~

~~[8] Loan guarantee commitments totaling no more than $500,000 are authorized.~~

Amounts shown are maximum funding levels or contract "ceilings," since the Program can fund only the actual, allowable, and reasonable costs of the proposed project, not to exceed these amounts. All grants, except Texas Capital Fund, awarded under the Texas Community Development Block Grant Program are subject to negotiation between ORCA and the applicant regarding the final grant amount. Texas Capital Fund applications are subject to negotiation between the Texas Department of Agriculture and the applicant regarding the final award amount.

Project Length

All funded projects, except the Texas Capital Fund, Tx CDBG STEP Fund, and Colonia Self-Help Centers Fund projects, must be completed within two years from the start date of the contract agreement. The Texas Capital Fund Main Street and Downtown Revitalization program awards will be made for a twenty-four (24) month term. The other Texas Capital Fund programs and Tx CDBG STEP Fund projects must be completed within three years from the start date of the contract agreement. Contract end dates for Colonia Self-Help Centers contracts may be adjusted to account for each program year award. Waivers through a contract amendment of these requirements for any Tx CDBG contract will only be granted when a waiver request is submitted in writing to ORCA or TDA (for Texas Capital Fund contracts) and ORCA or TDA finds that compelling circumstances exist outside the control of the local government that justify the approval of such a waiver.

~~Review Process~~
REVIEW PROCESS

1. Regional Review Committees (RRC) - Composition and Role

There is a Regional Community Development Review Committee in each of the 24 state planning regions. Each committee will be comprised of 12 members appointed for two-year staggered terms by the Governor.

Each Regional Review Committee reviews and scores all applications within its region for the Community Development Fund/Community Development Supplemental Fund. Furthermore, the Regional Review Committees do not score but may review and comment on applications to other Tx CDBG fund categories. The scores for the Community Development Fund/Community Development Supplemental Fund and comments on other applications are forwarded to the Tx CDBG.

2. State Review Committee (SRC) - Composition and Role

A State Community Development Review Committee comprised of 12 local elected officials appointed by the Governor for two-year terms is provided for by State statute. Chapter 487.353 of the Texas Government Code prescribes the duties of the State Review Committee. Paragraph (i) states the committee shall: (1) consult with and advise the executive director on the administration and enforcement of the community development block grant program; and (2) review funding applications of eligible counties and municipalities, and advise and assist the executive director regarding the allocation of program funds to those applicants. Paragraph (j) says the committee may annually recommend to the executive director a formula for allocating funds to each geographic state planning region.

3. Texas Capital Fund Review Process

The Texas Capital Fund applications will be reviewed and evaluated by Texas Department of Agriculture staff in accordance with the established selection criteria. Recommendations will be made to the Commissioner of the Texas Department of Agriculture for final award.

4. Clearinghouse Review

Regional review of projects will be consistent with guidelines adopted by the Governor's Office for review and comment under the Texas Review and Comment System and Chapter 391, Texas Local Government Code.

5. Regional Water Plans

Water activities included in Tx CDBG applications must be consistent with Regional Water Plans promulgated by Senate Bill 1. (Passed during the 75th State of Texas Legislative Session)

Applicant Threshold and Past Performance Requirements

A city or county must meet the following requirements in order to submit an application or to receive funding through the Texas Community Development Block Grant Program:

1. Demonstrate the ability to manage and administer the proposed project, including meeting all proposed benefits outlined in its application, by using the following criteria:
   a. Provide the roles and responsibilities of local staff designated to administer or work on the proposed project. Also, include a plan of project implementation;
   b. Indicate intention to use a third-party administrator, if applicable; or
   c. If local staff, along with a third-party administrator, will jointly administer the proposed project, the respective roles and responsibilities of the designated local staff.

2. Demonstrate the financial management capacity to operate and maintain any improvements made in conjunction with the proposed project, by using the following criteria:
   a. Evidence of a financial person on staff, or evidence of intent to contract financial oversight; and
   b. Provide evidence or a statement certifying that financial records for the proposed project will be kept at an officially designated city/county site, accessible by the public, and will be adequately managed on a timely basis using generally accepted accounting principles.

3. Levy a local property (ad valorem) tax or local sales tax option.

4. Demonstrate satisfactory performance on all previously awarded Texas Community Development Block Grant Program contracts, by using the following criteria:
   a. Exhibited past responses to audit and monitoring issues (over the most recent 48 months before the application due date) within prescribed times as indicated in ORCA's resolution letter(s);
   b. Evidence related to past contracts (over the most recent 48 months before the application due date), through close-out monitoring and reporting, that the activity or service was made available to all intended beneficiaries, that low and moderate income persons were provided access to the service, or there has been adequate resolution of issues regarding beneficiaries served.
   c. No outstanding delinquent response to a written request from Tx CDBG regarding a request for repayment of funds to Tx CDBG; or
   d. Not more than one outstanding delinquent response to a written request from Tx CDBG regarding compliance issues such as a request for closeout documents or any other required information.

5. Resolve any and all outstanding compliance and audit findings on previous and existing Texas Community Development Block Grant Program contracts, by using the following criteria:
   a. Applicant is actively participating in the resolution of any outstanding audit and/or monitoring issues by responding with substantial progress on outstanding issues within the time specified in the ORCA resolution process.

6. Submit any past due audit to ORCA in accordance with Title 10, Chapter 255, Subchapter A, Section 255.1 of the Texas Administrative Code.

   a. A community with one year's delinquent audit may be eligible to submit an application for funding by the established deadline, but may not receive a contract award if the audit continues to be delinquent by

the awards meeting of the State Review Committee, as applicable, or for all other funding categories, prior to award by the Executive Director or by the Executive Committee for awards over $300,000.

The Colonia Self-Help Center Fund and the Disaster Relief/Urgent Need Fund are exempt from the threshold.

b. A community with two years of delinquent audits may not apply for additional funding and may not receive a contract award. This applies to all funding categories under the Texas Community Development Block Grant Program.

The Colonia Self-Help Center Fund may be exempt from this threshold, since funds for the self-help center funding is included in the program's state budget appropriation. Failure to meet the threshold will be reported to the ~~Legislative Budget Board~~Texas Department of Housing and Community Affairs for review and recommendation.

~~The Disaster Relief Fund may be exempt from this threshold. Failure to meet this threshold will be forwarded to the Executive Committee for review and consideration.~~

7. 12-Month Applicant Threshold Requirement

Obligate at least fifty percent (50%) of the total Tx CDBG funds awarded under an open Tx CDBG contract within twelve (12) months from the start date of the contract or prior to the application deadlines and have received all applicable environmental approvals from TxCDBG covering this obligation. This threshold is applicable to Tx CDBG contracts with an original 24-month contract period.

To meet this threshold, 50% of the Tx CDBG funds must be obligated through executed contracts for administrative services, engineering services, acquisition, construction, materials purchase, etc. The Tx CDBG contract activities do not have to be 50% completed, nor do 50% of the Tx CDBG contract funds have to be expended to meet this threshold.

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories	Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories or when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund
Community Development Fund	_____Texas Capital Fund
Community Development Supplemental Fund	_____Colonia Self-Help Centers Fund
	_____Housing Rehabilitation Fund
Colonia Construction Fund	_____Housing Infrastructure Fund
Colonia Fund Planning	_____Texas STEP
Disaster Relief / Urgent Need Fund	_____Colonia Economically Distressed Areas
Planning/Capacity Building Fund	_____Disaster Recovery Initiative
Non-Border Colonia Fund	_____Young vs. Martinez
	Microenterprise Loan Fund
	Small Business Loan Fund

Section 108 Loan Guarantee

8. 24-Month Applicant Threshold Requirement

Submit to ORCA the Certificate of Expenditures (COE) report showing the expended Tx CDBG funds and a final drawdown for any remaining Tx CDBG funds as required by the latest edition of the Texas Community Development Block Grant Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by Tx CDBG staff.

For purposes of meeting this threshold "expended" means that the construction and services covered by the Tx CDBG funds are complete and a drawdown for the Tx CDBG funds has been submitted prior to the application deadlines.

This threshold will apply to an open Tx CDBG contract with an original 24-month contract period and to Tx CDBG Contractors that have reached the end of the 24-month period prior to the application deadlines as described below:

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories	**Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories or when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund**
Community Development Fund	Texas Capital Fund
Community Development Supplemental Fund	Colonia Self-Help Centers Fund
Colonia Construction Fund	Housing Rehabilitation Fund
Colonia Fund Planning	Housing Infrastructure Fund
Disaster Relief / Urgent Need Fund ~~extended to~~	Texas STEP (original 24-month contract, extended to 36-months)
Planning/Capacity Building Fund	Colonia Economically Distressed Areas
Non-Border Colonia Fund	Disaster Recovery Initiative
	Young vs. Martinez
	Microenterprise Loan Fund
	Small Business Loan Fund
	Section 108 Loan Guarantee

9. 36-Month Applicant Threshold Requirement

Submit to ORCA the Certificate of Expenditures (COE) report showing the expended Tx CDBG funds and a final drawdown for any remaining Tx CDBG funds as required by the latest edition of the Texas Community Development Block Grant Program Project Implementation Manual. Any reserved funds on the COE must be approved in writing by Tx CDBG staff.

For purposes of meeting this threshold "expended" means that the construction and services covered by the Tx CDBG funds are complete and a drawdown for the Tx CDBG funds has been submitted prior to the application deadlines.

This threshold is applicable for a previously awarded Tx CDBG contract with an original 36-month contract period or a STEP 24-month contract, extended to 36 months, and to Tx CDBG Contractors that have reached the end of the 36-month period prior to the application deadlines as described below:

Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories	**Not Applicable to previously awarded Tx CDBG contracts under the following Tx CDBG fund categories or when an applicant meets the eligibility criteria for the Tx CDBG Disaster Relief Fund**
Texas STEP (original 36-month contract or original 24-month contract, extended to 36 months)	_____Texas Capital Fund (see Texas Capital Fund Section) _____Colonia Self-Help Centers Fund _____Housing Rehabilitation Fund _____Colonia Economically Distressed Areas _____Disaster Recovery Initiative _____Young vs. Martinez Microenterprise Loan Fund Small Business Loan Fund Section 108 Loan Guarantee

10. Tx CDBG funds cannot be expended in any county that is designated as eligible for the Texas Water Development Board Economically Distressed Areas Program unless the county has adopted and is enforcing the Model Subdivision Rules established pursuant to Section 16.343 of the Water Code.

11. Texas Capital Fund contractors must expend all but the reserved audit funds, or other reserved funds that are pre-approved by Texas Department of Agriculture staff, awarded under a Texas Capital Fund contract executed at least 36 months prior to the current program year application deadline and submit to the Texas Department of Agriculture the Certificate of Expenditures required by the most recent edition of the Texas Capital Fund Implementation Manual. Texas Capital Fund contractors intending to submit a new application may not have an existing contract with an award date in excess of 48 months prior to the application deadline date, regardless of extensions granted.

12. Based on a pattern of unsatisfactory (a.) performance on previously awarded Texas Community Development Block Grant Program contracts, (b.) management and administration of Tx CDBG contracts, or (c) financial management capacity based on a review of official financial records and audits, ORCA (or TDA, in the case of the Texas Capital Fund applications) may determine that an applicant is ineligible to apply for Tx CDBG funding even though at the application date it meets the threshold and past performance requirements. ORCA (or TDA, in the case of Texas Capital Fund applications) will consider the most recent 48 months before the application due date. An applicant would still remain eligible for funding under the Disaster Fund.

~~Application Selection Criteria~~
~~General Description~~
APPLICATION SELECTION CRITERIA
GENERAL DESCRIPTION

All projects under the Community Development Fund, Colonia Fund (except for the Colonia Economically Distressed Areas Program Fund and Colonia Self-Help Centers Fund), Non-Border Colonia Fund, and the Planning And Capacity Building Fund are evaluated and rated in accordance with a numerical point system based on the following three major criteria:

(1) community/economic distress factors of the applicant
(2) project impact/design
(3) other considerations

The points awarded under these criteria are combined to rank the projects in descending order. The projects in each fund are selected based on this descending order and the availability of dollars in each fund. For the Community Development Fund, the points under these criteria are divided between the Tx CDBG (350 points) and each of the 24 Regional Review Committees (350 points). For the statewide and regional competitions, the Tx CDBG staff scores the project impact/design factors.

Texas Capital Fund Real Estate Program, and Infrastructure Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Jobs
(2) Business Emphasis
(3) Feasibility
(4) Community Need

Texas Capital Fund Main Street Program and Downtown Revitalization Program projects are evaluated based upon selection criteria that include, but are not limited to:

(1) Community Profile
(2) Project Feasibility
(3) Leverage Ratio
(4) Aiding in the Elimination of Slum an/or Blight Conditions

The final assignment of points for an applicant to the Community Development Fund, Colonia Fund, Non-Border Colonia Fund, or the Planning And Capacity Building Fund is the total of the points received in the above-mentioned criteria. All funding recommendations for the PY 2007 and PY 2008 Community Development Fund, Community Development Supplemental Fund, and Planning And Capacity Building Fund are provided to the State Review Committee for their recommendations. In addition, a grant award exceeding $300,000 is reviewed by the ORCA Executive Committee and must receive Executive Committee approval before the award is official. Awards are then provided to ORCA's Executive Director for final award.

Except for Main Street Program applications, Texas Capital Fund applications are reviewed and evaluated by Texas Department of Agriculture staff. The Texas Department of Agriculture staff and the Texas Historical Commission review and evaluate the Main Street Program applications. Recommendations for all Texas Capital Fund applications will be made to the Commissioner of the Texas Department of Agriculture for final award.

In accordance with Section 2310.403, Government Code, preference will be given to applications from governing bodies of communities designated as defense economic readjustment zones over other eligible applications for Tx CDBG grants and loans if at least fifty percent (50%) of the grant or loan will be expended for the direct benefit of the readjustment zone and the purpose of the grant or loan is to promote Tx CDBG-eligible economic development in the community or for Tx CDBG-eligible construction, improvement, extension, repair, or maintenance of Tx CDBG-eligible public facilities in the community.

Disaster Relief/Urgent Need applications must meet the threshold factors as discussed under the "Description of Funds" section.

Readiness to Proceed Requirements: In order to determine that the project is ready to proceed, the applicant must provide in its application information that:

a. Identifies the source of matching funds and provides evidence that the applicant has applied for the non-local matching funds, and for local matching funds, evidence that local matching funds would be available.

b. Provides written evidence of a ratified, legally binding agreement, contingent upon award, between the applicant and the utility that will operate the project for the continual operation of the utility system as proposed in the application. For utility projects that require the applicant or service provider to obtain a Certificate of Convenience and Necessity for the target area proposed in the application, provides written evidence that the Texas Commission on Environmental Quality has received the applicant or service provider's application.

c. Where applicable, provide a written commitment from service providers, such as the local water or sewer utility, stating that they will provide the intended services to the project area if the project is constructed.

Any applicant's cash match included in the Tx CDBG contract budget may not be obtained from any person or entity that provides contracted professional or construction-related services (other than utility providers) to the applicant to accomplish the purposes described in the Tx CDBG contract, in accordance with 24 CFR Part 570.

Resources for Descriptions of Selection Criteria by Fund Category

Starting on the next page, the descriptions for the selection criteria for each fund category provide a basic framework of the selection criteria and selection factors used to distribute the funds under each fund category. Additional information on the selection criteria, selection factors and methods used to determine scores for these fund categories is provided in the application guide for each fund category and in the Texas Administrative Code at 10 T.A.C., Part 6, Chapter 255, Subchapter A. Community Development Fund and Community Development Supplemental Fund applications are scored by Tx CDBG Staff and by Regional Review Committees. The selection criteria, selection factors and methods used by each Regional Review Committee to determine scores for the Community Development Fund/Community Development Supplemental Fund are adopted by each Regional Review Committee and then made available to each eligible applicant in the region.

The information currently available for fund categories in the Texas Administrative Code may not yet reflect changes to selection criteria contained in this ~~2007~~2008 Action Plan for the ~~2007~~2008 program year. Any changes to the selection criteria will be published in the *Texas Register* prior to final adoption.

The Texas Administrative Code can be found on the ~~State of~~ Texas Secretary of State website at www.sos.state.tx.us. Listed below are the Tx CDBG fund categories that are currently contained in the Texas Administrative Code.

Texas Administrative Code, Title 10 T.A.C., Part 6, Chapter 255, Subchapter A

Section	Section Title
255.1	General Provisions
255.2	Community Development Fund
255.3	Young v. Martinez Fund
255.4	Planning/Capacity Building Fund
255.5	Disaster Relief Fund
255.6	Urgent Need Fund
255.7	Texas Capital Fund
255.8	Regional Review Committees
255.9	Colonia Fund
255.10	Housing Fund
255.11	Small Towns Environment Program Fund
255.12	Microenterprise Loan Fund
255.13	Small Business Loan Fund
255.14	Section 108 Loan Guarantee Pilot Program
255.15	Community Development Supplemental Fund
255.16	Non-Border Colonia Fund

Description of Selection Criteria by Fund Category

1. COMMUNITY DEVELOPMENT FUND — 700 Total Points Maximum

a. Community Distress -- 55 Points (Maximum)

- Percentage of persons living in poverty — 25 points
- Per Capita Income — 20 points
- Unemployment Rate — 10 points

b. Benefit To Low/Moderate-Income Persons -- 40 Points (Maximum)

Applicants are required to meet the 51 percent low/moderate-income benefit for each activity as a threshold requirement. Any project where at least 60 percent of the Tx CDBG funds benefit low/moderate-income persons will receive 40 points.

c. Project Impact -- 0 - 175 Points (Maximum)

Information submitted in the application or presented to the Regional Review Committees is used by a committee composed of Tx CDBG staff to generate scores on the Project Impact factor.

Each application is scored by a committee composed of Tx CDBG staff. Each committee member separately evaluates an application and assigns a score within a predetermined scoring range based on the application activities. The separate scores are then totaled and the application is assigned the average score. The scoring ranges used for Project Impact scoring are:

ACTIVITIES	SCORING RANGE
• Water, Sewer, and Housing	175 - 145
• Eligible Public Facilities Located In A Defense Economic Readjustment Zone	175 - 145
• Street Paving, Drainage, Flood Control and Accessibility Activities for Persons With Disabilities	160 - 130
• Fire Protection, Health Clinics, and Facilities Providing Shelter For Persons With Special Needs (Hospitals, Nursing Homes, Convalescent Homes)	145 - 125
• Community/Senior/Social Services Centers	135 - 115
• Demolition/Clearance, Code Enforcement	135 - 115
• Gas/Electrical Facilities and Solid Waste Disposal	130 - 110
• Access to Basic Telecommunications	125 - 105
• Jails, Detention Facilities	125 - 105
• All Other Eligible Activities	115 - 85

Multi-activity projects which include activities in different scoring ranges receive a combination score within the possible range. As an example, a project including street paving and demolition/clearance activities is scored within a range of 160-115. If the project included a water activity also, the possible range would be 175-115.

Other factors that are evaluated by the Tx CDBG staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

- Each application is scored based on how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction.
- Projects addressing basic human needs such as water, sewer, and housing generally are scored higher than projects addressing other eligible activities.

- Projects providing a first-time public facility or service generally receive a higher score than projects providing an expansion or replacement of existing public facilities or services.
- Public water and sewer projects providing a first-time public facility or service generally receive a higher score than other eligible first-time public facility or service projects.
- Projects designed to bring existing services up to at least the state minimum standards as set by the applicable regulatory agency are generally also given additional consideration.
- For water and sewer projects addressing state regulatory compliance issues, the extent to which the issue was unforeseen.
- Projects designed to address drought-related water supply problems are generally also given additional consideration.
- Water and sewer projects providing first-time water or sewer service through a privately-owned for-profit utility or an expansion/improvement of the existing water or sewer service provided through a privately-owned for-profit utility may, on a case-by-case basis, receive less consideration than the consideration given to projects providing these services through a public nonprofit organization.
- Projects designed to conserve water usage may be given additional consideration.
- Water and sewer projects from applicants that demonstrate a long term commitment to reinvestment in the system and sound management of the system may be given additional consideration (including those that have remained in compliance with health and TCEQ system requirements).
- Consideration will be given to those water and sewer systems that have agreed to undertake improvements to their systems at TCEQ's recommendation but are not under an enforcement order because of this agreement.
- Projects that consider ORCA's Community Viability Index in establishing the issues to be addressed.
- Projects that use renewable energy technology for not less than 10% of the total energy requirements, (excluding the purchase of energy from the electric grid that was produced with renewable energy).

d. Matching Funds -- 60 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request — 60 points
- Match at least 4% but less than 5% of grant request — 40 points
- Match at least 3%, but less than 4% of grant request — 20 points
- Match at least 2%, but less than 3% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request — 60 points
- Match at least 7.5% but less than 10% of grant request — 40 points
- Match at least 5%, but less than 7.5% of grant request — 20 points
- Match at least 2.5%, but less than 5% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request — 60 points
- Match at least 11.5% but less than 15% of grant request — 40 points
- Match at least 7.5%, but less than 11.5% of grant request — 20 points
- Match at least 3.5%, but less than 7.5% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request — 60 points
- Match at least 15% but less than 20% of grant request — 40 points
- Match at least 10%, but less than 15% of grant request — 20 points
- Match at least 5%, but less than 10% of grant request — 10 points
- Match less than 5% of grant request — 0 points

Tx CDBG funds cannot be used to install street/road improvements in areas that are not currently receiving water or sewer service from a public or private service provider unless the applicant provides matching funds equal to at least fifty percent (50%) of the total construction cost budgeted for the street/road improvements. This requirement will not apply when the applicant provides assurance that the street/road improvements proposed in the application will not be impacted by the possible installation of water or sewer lines in the future because sufficient easements and rights-of-way are available for the installation of such water or sewer lines.

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The Tx CDBG does not consider sewer or water service lines and connections as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities and are counted towards the ratio of local match to Tx CDBG funds requested. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

e. Other Considerations -- 20 Points (Maximum)

Ten (10) points of the 20 points are awarded to each applicant that did not receive a 2005 or 2006 Community Development Fund contract award.

An applicant can receive from ten (10) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.

f. Regional Review Committee (RRC) -- 350 Points (Maximum)

• Project Priorities	100 points (Minimum)
• Local Effort	75 points (Minimum)
• Merits of the Project	175 points (Maximum)

In general, the RRC must establish the method its members will use to score each of the three factors, consistent with HUD regulations as determined by Tx CDBG. The method must be described in the RRC Guidelines and made available to communities in the region for use in preparing applications.

Housing - Each region is encouraged to allocate eight percent (8%) %), or a greater or lesser percentage, of its Community Development Fund allocation to housing projects proposed in and for that region. Under a housing allocation, the highest ranked applications for housing activities, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing allocation level. If the region allocates a percentage its funds to housing and applications conforming to the maximum and minimum amounts are not received to use the entire housing allocation, the remaining funds may be used for other eligible activities.

(i) Project Priorities -- (100 Points Minimum for Highest Priority Level)

The RRC must establish in the RRC Guidelines the priorities of project activities and the specific number of points that will be awarded for each priority level.

(ii). Local Effort -- (75 points Minimum)

Under the Local Effort category, the RRC reviews and scores based on efforts being made by applicants in utilizing local resources for community development. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by Tx CDBG. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the local ad valorem (property) tax rate? (including for counties the base rate and combined rates.)
2. What is the delinquency rate for the property tax for a specific time period?
3. What are the current tax rates levied by taxing districts in the jurisdiction and which taxes affect the proposed project area?
4. What is the total tax rate as of a certain date (from all jurisdictions) paid by the applicant's residents and the residents in the proposed project area?
5. When was the last tax rate or property valuation increase for the applicant's jurisdiction, including the project area?
6. Does the applicant levy the local sales tax option, 4A sales tax, 4B sales tax, or other local sales? If so, what is the tax rate(s) and the amount of sales tax revenue collected during previous 12 months?
7. What is the applicant's per capita bond (bond and long-term debt) indebtedness for principal only? For principal and interest? (Based on 2000 Census data as available)
8. What are the applicant's water and sewer rates (including residential rates) for the project area?
9. What would a household with 5,000 gallon/month usage pay in water and sewer bills (based on residential rates in the project area?
10. When was the last increase in water and/or sewer rates (including residential rates) for the project area?
11. Historically, has the applicant or applicable utility funded improvements with local funds, bond debt, long-term debt, or grants?
12. Who provides the utilities in the project area?
13. What is the unencumbered reserve and how much was reserved for particular projects at the end of the last fiscal year?
14. Is there any information not specifically requested that the applicant would like to present to the Committee concerning their efforts locally?

(iii). Merits of the Project -- (175 Points Maximum)

The RRC awards points based on the merits of the project, particularly the severity of need of the project. This factor would not consider local effort, which is scored under the preceding factor. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by Tx CDBG. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the severity of the need for this project?

2. To what extent will this project resolve the problem?
3. Does the project appear to be the most feasible method of addressing the problem?
4. Does this project address the problem for only a small target area or for the entire community?
5. Is there an alternate method for the applicant to solve the problem, (i.e., has the applicant sought funding from other sources such as state and federal agencies)?
6. What is the cost in Tx CDBG dollars requested per beneficiary?
7. Has this project been submitted in the past?
8. Is there a clearly identified substantial "self-help" component provided for in the project (i.e., 10 percent or more of the total project costs)?

(iv) The committee must establish, as part of the organizational meeting, a scoring methodology for each of the selection factors listed under Local Effort and Merits of the Project consistent with HUD regulations, as determined by Tx CDBG. The scoring procedure must prescribe the method of documenting the committee member's score. The RRC may (A) further subdivide the broad selection factors/categories into smaller categories/increments and provide additional detail in the RRC scoring for the Local Effort and Merits of the Project; (B) select certain "Key questions/Considerations/Factors" that can be used to evaluate the broad selection factor/category and develop a specific number of scoring ranges, including a scoring range for Yes/No answers, or (C) a combination of A and B, which includes a subdivision of the categories into smaller increments and key questions/considerations with specific scoring ranges. Factors selected must be unambiguous in the method of scoring them. As part of the process, the committee must retain documentation showing how each committee member awarded points under this factor and provide a copy of this documentation to the Tx CDBG.

The RRC is encouraged to assess the regional housing needs and the manner of determining that housing needs are addressed and appropriately considered as part of the review and scoring process. The RRC must determine at its organizational meeting whether it will have a housing set-aside and include the decision and amount of housing set-aside in the RRC Guidelines.

Each Regional Review Committee must score all of the three (3) required scoring factors.

Community Development Fund Marginal Competition

Due to the two-year funding cycle proposed for program years 2007 and 2008, a Community Development Fund pooled marginal competition ~~will~~was not conducted for program year 2007. A pooled marginal competition may be conducted for program year 2008 using available funds if the State's 2008 allocation is not decreased significantly from the State's estimated 2008 Community Development/Community Development Supplemental Funds allocations.

All applicants whose marginal amount available is under $75,000 will automatically be considered under this competition.

When the marginal amount left in a regional allocation is equal to or above the Tx CDBG grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Alternatively, such marginal applicants may choose to compete under the pooled marginal fund competition for the possibility of full project funding.

This fund consists of all regional marginal amounts of less than $75,000, any funds remaining from regional allocations where the number of fully funded eligible applicants does not utilize a region's entire allocation and the contribution of marginal amounts larger than $75,000 from those applicants opting to compete for full funding rather than accept their marginal amount.

The scoring factors used in this competition are the Tx CDBG Community Development Fund scoring factors (maximum of 350 points). Applicants' scores on the Community Distress scoring factors will be recalculated based on the applicants competing in the marginal pool competition only. The Benefit To Low/moderate-Income Persons, Project Impact, Matching Funds, and Other Considerations scores are part of the total score received in this competition, but they are not rescored.

The marginal competition will incorporate the Community Development Supplemental Fund as described in Section IV (C) (2a).

2. COMMUNITY DEVELOPMENT SUPPLEMENTAL FUND — 360 Total Points Maximum

a. Regional Review Committee (RRC) -- 350 Points (Maximum)

- Project Priorities — 100 points (Minimum)
- Local Effort — 75 points (Minimum)
- Merits of the Project — 175 points (Maximum)

b. Past Performance – Tx CDBG scored — 10 points (Maximum)

In general, the RRC must establish the method its members will use to score each of the three factors, consistent with HUD regulations as determined by Tx CDBG. The method must be described in the RRC Guidelines and made available to communities in the region for use in preparing applications.

Housing - Each region is encouraged to allocate eight percent (8%), or a greater or lesser percentage, of its Community Development Fund allocation to housing projects proposed in and for that region. Under a housing allocation, the highest ranked applications for housing activities, regardless of the position in the overall ranking, would be selected to the extent permitted by the housing allocation level. If the region allocates a percentage its funds to housing and applications conforming to the maximum and minimum amounts are not received to use the entire housing allocation, the remaining funds may be used for other eligible activities.

(i) Project Priorities -- (100 Points Minimum for Highest Priority Level)

The RRC must establish in the RRC Guidelines the priorities of project activities and the specific number of points that will be awarded for each priority level.

(ii). Local Effort -- (75 points Minimum)

Under the Local Effort category, the RRC reviews and scores based on efforts being made by applicants in utilizing local resources for community development. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by Tx CDBG. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the local ad valorem (property) tax rate? (including for counties the base rate and combined rates.)
2. What is the delinquency rate for the property tax for a specific time period?
3. What are the current tax rates levied by taxing districts in the jurisdiction and which taxes affect the proposed project area?
4. What is the total tax rate as of a certain date (from all jurisdictions) paid by the applicant's residents and the residents in the proposed project area?
5. When was the last tax rate or property valuation increase for the applicant's jurisdiction, including the project area?
6. Does the applicant levy the local sales tax option, 4A sales tax, 4B sales tax, or other local sales? If so, what is the tax rate(s) and the amount of sales tax revenue collected during previous 12 months?
7. What is the applicant's per capita bond (bond and long-term debt) indebtedness for principal only? For principal and interest? (Based on 2000 Census data as available)
8. What are the applicant's water and sewer rates (including residential rates) for the project area?
9. What would a household with 5,000 gallon/month usage pay in water and sewer bills (based on residential rates in the project area?
10. When was the last increase in water and/or sewer rates (including residential rates) for the project area?
11. Historically, has the applicant or applicable utility funded improvements with local funds, bond debt, long-term debt, or grants?
12. Who provides the utilities in the project area?
13. What is the unencumbered reserve and how much was reserved for particular projects at the end of the last fiscal year?
14. Is there any information not specifically requested that the applicant would like to present to the Committee concerning their efforts locally?

(iii). Merits of the Project -- (175 Points Maximum)

The RRC awards points based on the merits of the project, particularly the severity of need of the project. This factor would not consider local effort, which is scored under the preceding factor. The RRC must establish the method its members will use to score this factor, consistent with HUD regulations as determined by Tx CDBG. The following questions are examples of questions that may be considered by the RRC and they may be revised, omitted or other criteria/factors may be considered as deemed appropriate:

1. What is the severity of the need for this project?
2. To what extent will this project resolve the problem?
3. Does the project appear to be the most feasible method of addressing the problem?
4. Does this project address the problem for only a small target area or for the entire community?
5. Is there an alternate method for the applicant to solve the problem, (i.e., has the applicant sought funding from other sources such as state and federal agencies)?

6. What is the cost in Tx CDBG dollars requested per beneficiary?
7. Has this project been submitted in the past?
8. Is there a clearly identified substantial "self-help" component provided for in the project (i.e., 10 percent or more of the total project costs)?

(iv) The committee must establish, as part of the organizational meeting, a scoring methodology for each of the selection factors listed under Local Effort and Merits of the Project consistent with HUD regulations, as determined by Tx CDBG. The scoring procedure must prescribe the method of documenting the committee member's score. The RRC may (A) further subdivide the broad selection factors/categories into smaller categories/increments and provide additional detail in the RRC scoring for the Local Effort and Merits of the Project; (B) select certain "Key questions/Considerations/Factors" that can be used to evaluate the broad selection factor/category and develop a specific number of scoring ranges, including a scoring range for Yes/No answers, or (C) a combination of A and B, which includes a subdivision of the categories into smaller increments and key questions/considerations with specific scoring ranges. Factors selected must be unambiguous in the method of scoring them. As part of the process, the committee must retain documentation showing how each committee member awarded points under this factor and provide a copy of this documentation to the Tx CDBG.

The RRC is encouraged to assess the regional housing needs and the manner of determining that housing needs are addressed and appropriately considered as part of the review and scoring process. The RRC must determine at its organizational meeting whether it will have a housing set-aside and include the decision and amount of housing set-aside in the RRC Guidelines.

Each Regional Review Committee must score all of the three (3) required scoring factors.

Past Performance – Tx CDBG scored. An applicant can receive from ten (10) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.

Marginal competition. The marginal competition will incorporate the Community Development Supplemental Fund as described in Section IV (C) (2a).

3. TEXAS CAPITAL FUND Real Estate, And Infrastructure Programs

The selection criteria for the Real Estate, and Infrastructure Programs of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Creation or retention of jobs primarily for low to moderate income persons
b. Creation or retention of jobs primarily in areas of above average unemployment and poverty
c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Expansion of markets through manufacturing and/or value-added processing
e. Provision of job opportunities at the lowest possible Texas Capital Fund cost per job
f. Benefit to areas of the state most in need by considering job impact to community
g. Assistance for small businesses and Historically Underutilized Businesses
h. Feasibility of project and ability to create and/or retain jobs

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of business or marketing plan; management experience of the business' principals; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

4. TEXAS CAPITAL FUND Main Street Program

The selection criteria for the Main Street Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight
b. The applicant must have been designated by the Texas Historical Commission as a Main Street City
c. Feasibility of project
d. Generation of a greater ratio of private investment to Texas Capital Fund investment
e. Texas Historical Commission scoring
f. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: history of the applicant community in the program; strength of marketing plan; and justification of minimum Texas Capital Fund contribution necessary to serve the project.

5. TEXAS CAPITAL FUND Downtown Revitalization Program

The selection criteria for the Downtown Revitalization Program of the Texas Capital Fund will focus upon factors which may include, but which are not limited to, the following:

a. Aid in the elimination of slum or blight
b. Feasibility of project

c. Generation of a greater ratio of private investment to Texas Capital Fund investment
d. Community profile

Following the assessment based on the selection criteria described above, projects will be reviewed and evaluated upon the following additional factors: strength of marketing plan and justification of minimum Texas Capital Fund contribution necessary to serve the project.

6. COLONIA CONSTRUCTION FUND — 430 Total Points Maximum

a. Community Distress -- 35 Points (Maximum)

- Percentage of persons living in poverty — 15 points
- Per Capita Income — 10 points
- Percentage of housing units without complete plumbing — 5 points
- Unemployment Rate — 5 points

b. Benefit To Low/Moderate-Income Persons -- 30 Points (Maximum)

A formula is used to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. The percentage of low to moderate income persons benefiting from each construction, acquisition, and engineering activity is multiplied by the Tx CDBG funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of Tx CDBG benefiting low to moderate income person for each of those activities. Then, the funds benefiting low to moderate income persons for each of those activities are added together and divided by the Tx CDBG funds requested minus the Tx CDBG funds requested for administration to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30
89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5

c. Project Priorities -- 195 Points (Maximum)

- Activities (service lines, service connections, and/or plumbing improvements) providing public access to EDAP-funded water or sewer systems — 195
- First time public Water service activities (including yard service lines) — 145
- First time public Sewer service activities (including yard service lines) — 145
- Installation of approved residential on-site wastewater disposal systems for providing first time service — 145
- Installation of approved residential on-site wastewater disposal systems for failing systems that cause health issues — 140

- Housing Activities 140
- First time Water and/or Sewer service through a privately-owned for-profit utility 135
- Expansion or improvement of existing Water and/or Sewer service 120
- Street Paving and Drainage activities 75
- All Other eligible activities 20

A weighted average is used to assign scores to applications that include activities in the different Project Priority scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Priorities point level. The sum of these calculations determines the composite Project Priorities score.

d. Project Design -- 140 Points (Maximum)

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- For projects other than water and waste water, whether the applicant has already met its basic water and waste water needs.
- Whether the project has provided for future funding necessary to sustain the project.
- The severity of need within the colonia area(s) and how the proposed project resolves the identified need. Additional consideration is given to water system improvements addressing the impacts from the current drought conditions in the state.
- The applicant will use Tx CDBG funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for colonia residents to water or sewer systems funded by the Texas Water Development Board Economically Distressed Areas Program (EDAP).
- The applicant's past efforts (with emphasis on the applicant's most recent efforts) to address water, sewer, and housing needs in colonia areas through applications submitted under the Tx CDBG Community Development Fund or through the use of CDBG entitlement funds.
- The Tx CDBG cost per low/moderate income beneficiary.
- Whether the applicant has provided any local matching funds for administrative, engineering, or construction activities.
- If applicable, the projected water and/or sewer rates after completion of the project based on 3,000 gallons, 5,000 gallons and 10,000 gallons of usage.
- The ability of the applicant to utilize the grant funds in a timely manner.
- Whether the applicant has waived the payment of water or sewer service assessments, capital recovery fees, and any other access fees for the low and moderate income project beneficiaries.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

e. Matching Funds -- 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request — 20 points
- Match at least 2%, but less than 5% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request — 20 points
- Match at least 2.5%, but less than 10% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request — 20 points
- Match at least 3.5%, but less than 15% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request — 20 points
- Match at least 5%, but less than 20% of grant request — 10 points
- Match less than 5% of grant request — 0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The Tx CDBG does not consider sewer or water service lines and connections as housing activities. The Tx CDBG also does not consider on-site wastewater disposal systems as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code

enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

Past Performance – 10 points (Maximum)

An applicant can receive from ten (10) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.

Colonia Construction Fund Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. If the marginal amount available to this applicant is equal to or more than the Colonia Construction Fund grant minimum of $75,000, the marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. In the event that the marginal amount remaining in the Colonia Construction Fund allocation is less than $75,000, then the remaining funds will be used to either fund a Colonia Planning Fund application or will be reallocated to other established Tx CDBG fund categories.

7. COLONIA ECONOMICALLY DISTRESSED AREAS PROGRAM FUND

The allocation is distributed on an as-needed basis to eligible counties, and nonentitlement cities located in those counties, that are eligible under the Tx CDBG Colonia Fund and Texas Water Development Board's Economically Distressed Areas Program (TWDB EDAP). Unutilized funds under this program may be redistributed among the established ~~2007~~2008 program year fund categories, for otherwise eligible projects.

Eligible projects shall be located in unincorporated colonias; in colonias located in eligible nonentitlement cities that annexed the colonia and the application for improvements in the colonia is submitted within five (5) years from the effective date of the annexation; or in colonias located in eligible nonentitlement cities where the city is in the process of annexing the colonia where the improvements are to be made.

Eligible applicants may submit an application that will provide assistance to colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB EDAP-funded water and sewer system improvement project. An application cannot be submitted until the construction of the TWDB EDAP-funded water or sewer system begins.

Eligible program costs include water distribution lines and sewer collection lines providing connection to water and sewer lines installed through the Texas Water Development Board's Economically Distressed Areas Program (when approved by the Tx CDBG), taps and meters (when approved by the Tx CDBG), yard service lines, service connections, plumbing improvements, and connection fees, and other eligible approved costs associated with connecting an income-eligible family's housing unit to the TWDB improvements.

Tx CDBG staff will evaluate the following factors prior to awarding Colonia Economically Distressed Areas Program funds:

- The proposed use of the Tx CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through EDAP.
- The ability of the applicant to utilize the grant funds in a timely manner.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.
- Cost per beneficiary.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

8. COLONIA AREA PLANNING FUND — 340 Total Points Maximum

a. Community Distress -- 35 Points (Maximum)

• Percentage of persons living in poverty	15 points
• Per Capita Income	10 points
• Percentage of housing units without complete plumbing	5 points
• Unemployment Rate	5 points

b. Benefit To Low/Moderate-Income Persons -- 30 Points (Maximum)

Points are then awarded based on the low to moderate income percentage for all of the colonia areas where planning activities are located according to the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30

89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5

c. Matching Funds -- 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request — 20 points
- Match at least 2%, but less than 5% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request — 20 points
- Match at least 2.5%, but less than 10% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request — 20 points
- Match at least 3.5%, but less than 15% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request — 20 points
- Match at least 5%, but less than 20% of grant request — 10 points
- Match less than 5% of grant request — 0 points

The population category under which county applications are scored is based on the actual number of beneficiaries to be served by the colonia planning activities.

d. Project Design -- 255 Points (Maximum)

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need within the colonia area(s), how clearly the proposed planning effort will remove barriers to the provision of public facilities to the colonia area(s) and result in the development of an implementable strategy to resolve the identified needs.

- The planning activities proposed in the application.
- Whether each proposed planning activity will be conducted on a colonia-wide basis.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- The Tx CDBG cost per low/moderate-income beneficiary.
- The availability of grant funds to the applicant for project financing from other sources.
- The applicant's past performance on previously awarded Tx CDBG contracts.

A Colonia Planning Fund application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Area Planning Fund Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Area Planning Fund allocation will be reallocated to either fund additional Colonia Comprehensive
Planning Fund applications, Colonia Construction Fund applications, or will be reallocated to other established Tx CDBG fund categories.

9. COLONIA COMPREHENSIVE PLANNING FUND	200 Total Points Maximum

a. Community Distress -- 25 Points (Maximum)

• Percentage of persons living in poverty	10 points
• Per Capita Income	5 points
• Percentage of housing units without complete plumbing	5 points
• Unemployment Rate	5 points

b. Project Design -- 175 Points (Maximum)

Each application will be scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- The severity of need for the comprehensive colonia planning effort and how effectively the proposed comprehensive planning effort will result in a useful assessment of colonia populations, locations, infrastructure conditions, housing conditions, and the development of short-term and long term strategies to resolve the identified needs.
- The extent to which any previous planning efforts for colonia area(s) have been accomplished.
- Whether the applicant has provided any local matching funds for the planning or preliminary engineering activities.
- The applicant's past performance on previously awarded Tx CDBG contracts.

A Colonia Planning Fund application must receive a minimum score for the Project Design selection factor of at least 70 percent of the maximum number of points allowable under this factor to be considered for funding.

Colonia Comprehensive Planning Fund Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in the Colonia Comprehensive Planning Fund allocation will be reallocated to either fund additional Colonia Area Planning Fund applications, Colonia Construction Fund applications, or will be reallocated to other established Tx CDBG fund categories.

10. NON-BORDER COLONIA FUND — 380 Total Points Maximum

a. Community Distress -- 35 Points (Maximum)

- Percentage of persons living in poverty — 15 points
- Per Capita Income — 10 points
- Percentage of housing units without complete plumbing — 5 points
- Unemployment Rate — 5 points

b. Benefit To Low/Moderate-Income Persons -- 30 Points (Maximum)

A formula is used to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. The percentage of low to moderate income persons benefiting from each construction, acquisition, and engineering activity is multiplied by the Tx CDBG funds requested for each corresponding construction, acquisition, and engineering activity. Those calculations determine the amount of Tx CDBG benefiting low to moderate income person for each of those activities. Then, the funds benefiting low to moderate income persons for each of those activities are added together and divided by the Tx CDBG funds requested minus the Tx CDBG funds requested for administration to determine the percentage of Tx CDBG funds benefiting low to moderate income persons. Points are then awarded in accordance with the following scale;

100% to 90% of Tx CDBG funds benefiting low to moderate income persons	30
89.99% to 80% of Tx CDBG funds benefiting low to moderate income persons	25
79.99% to 70% of Tx CDBG funds benefiting low to moderate income persons	20
69.99% to 60% of Tx CDBG funds benefiting low to moderate income persons	15
Below 60% of Tx CDBG funds benefiting low to moderate income persons	5

c. Project Priorities -- 145 Points (Maximum)

-
- First time public Water service activities (including yard service lines) — 145
- First time public Sewer service activities (including yard service lines) — 145

- Installation of approved residential on-site wastewater disposal systems for providing first time service 145
- Installation of approved residential on-site wastewater disposal systems for failing systems that cause health issues 140
- Housing Activities 140
- First time Water and/or Sewer service through a privately-owned for-profit utility 135
- Expansion or improvement of existing Water and/or Sewer service 120
- Street Paving and Drainage activities 75
- All Other eligible activities 20

A weighted average is used to assign scores to applications that include activities in the different Project Priority scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Priorities point level. The sum of these calculations determines the composite Project Priorities score.

d. Project Design -- 140 Points (Maximum)

Each application is scored by a committee composed of Tx CDBG staff using the following information submitted in the application to generate scores on the project design factor:

- For projects other than water and waste water, whether the applicant has already met its basic water and waste water needs.
- Whether the project has provided for future funding necessary to sustain the project.
- The severity of need within the colonia area(s) and how the proposed project resolves the identified need. Additional consideration is given to water system improvements addressing the impacts from the current drought conditions in the state.
- The applicant will use Tx CDBG funds to provide water or sewer connections, yard service lines, and/or plumbing improvements associated with providing access for non border colonia residents to water or sewer systems funded by the Texas Water Development Board Economically Distressed Areas Program (EDAP).
- The applicant's past efforts (with emphasis on the applicant's most recent efforts) to address water, sewer, and housing needs in colonia areas through applications submitted under the Tx CDBG Community Development Fund or through the use of CDBG entitlement funds.
- The Tx CDBG cost per low/moderate income beneficiary.
- Whether the applicant has provided any local matching funds for administrative, engineering, or construction activities.
- If applicable, the projected water and/or sewer rates after completion of the project based on 3,000 gallons, 5,000 gallons and 10,000 gallons of usage.
- The ability of the applicant to utilize the grant funds in a timely manner.
- Whether the applicant has waived the payment of water or sewer service assessments, capital recovery fees, and any other access fees for the low and moderate income project beneficiaries.
- The availability of grant funds to the applicant for project financing from other sources.

- The applicant's past performance on previously awarded Tx CDBG contracts.
- Proximity of project site to entitlement cities or metropolitan statistical areas.

e. Matching Funds -- 20 Points (Maximum)

Applicant(s) population equal to or less than 1,500 according to the 2000 Census:

- Match equal to or greater than 5% of grant request — 20 points
- Match at least 2%, but less than 5% of grant request — 10 points
- Match less than 2% of grant request — 0 points

Applicant(s) population equal to or less than 3,000 but over 1,500 according to the 2000 Census:

- Match equal to or greater than 10% of grant request — 20 points
- Match at least 2.5%, but less than 10% of grant request — 10 points
- Match less than 2.5% of grant request — 0 points

Applicant(s) population equal to or less than 5,000 but over 3,000 according to the 2000 Census:

- Match equal to or greater than 15% of grant request — 20 points
- Match at least 3.5%, but less than 15% of grant request — 10 points
- Match less than 3.5% of grant request — 0 points

Applicant(s) population over 5,000 according to the 2000 Census:

- Match equal to or greater than 20% of grant request — 20 points
- Match at least 5%, but less than 20% of grant request — 10 points
- Match less than 5% of grant request — 0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

Applications that include a housing rehabilitation and/or affordable new permanent housing activity for low- and moderate-income persons as a part of a multi-activity application do not have to provide any matching funds for the housing activity. This exception is for housing activities only. The Tx CDBG does not consider sewer or water service lines and connections as housing activities. The Tx CDBG also does not consider on-site wastewater disposal systems as housing activities.

Demolition/clearance and code enforcement, when done in the same target area in conjunction with a housing rehabilitation activity, is counted as part of the housing activity. When demolition/clearance and code enforcement are proposed activities, but are not part of a housing rehabilitation activity, then the demolition/clearance and code enforcement are not considered as housing activities. Any additional activities, other than related housing activities, are scored based on the percentage of match provided for the additional activities.

Past Performance – 10 points (Maximum)

An applicant can receive from ten (10) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.

Non-Border Colonia Fund Marginal Applicant

The marginal applicant is the applicant whose score is high enough for partial funding of the applicant's original grant request. The marginal applicant may scale down the scope of the original project design, and accept the marginal amount, if the reduced project is still feasible. Any unobligated funds remaining in this fund will be reallocated to the Community Development marginal calculation.

11. PLANNING AND CAPACITY BUILDING FUND — 430 Total Points Maximum

a. Community Distress -- 55 Points (Maximum)

- Percentage of persons living in poverty — 25 points
- Per Capita Income — 20 points
- Unemployment rate — 10 points

b. Benefit to Low/Moderate Income Persons - 0 Points

Applicants are required to meet the 51% low/moderate income benefit as a threshold requirement, but no score is awarded on this factor.

c. Project Design -- 375 Points (Maximum)

(1) Program Priority 50 points

Applicant chooses its own priorities here.

(2) Base Match 0 points

- Five percent match required from applicants with population equal to or less than 1,500.
- Ten percent match required from applicants with population over 1,500 but equal to or less than 3,000.
- Fifteen percent match required from applicants with population over 3,000 but equal to or less than 5,000.
- Twenty percent match required from applicants with population over 5,000.

(3) Areawide Proposals 50 points

Applicants with jurisdiction-wide proposals because the entire jurisdiction is at least 51 percent low/moderate-income qualify for these points. County applicants with identifiable, unincorporated communities may also qualify for these points provided that incorporation activities are underway. Proof of efforts to incorporate is required. County applicants with identifiable water supply corporations may apply to study water needs only and receive these points.

(4) Planning Strategy and Products 275 points

- New applicants receive up to 50 points while previous recipients of planning funds receive either up to 40 or 20 points depending on the level of implementation of previously funded activities. Recipients of Tx CDBG planning funds prior to PY 1995 will be considered new applicants for this scoring factor

- Up to 225 points are awarded for the applicant's Proposed Planning Effort based on an evaluation of the following:

    - the extent to which any previous planning efforts have been implemented or accomplished;
    - how clearly the proposed planning effort will resolve community development needs addressed in the application;
    - whether the proposed activities will result in the development of a viable and implementable strategy and be an efficient use of grant funds; and
    - demonstration of local commitment.

12. Tx CDBG STEP FUND — 120 Total Points Maximum

The following is the selection criteria to be used by Tx CDBG staff for the scoring of assessments and applications under the Texas STEP Fund. The maximum score of 120 points is divided among five scoring factors:

a. Project Impact – 60 Points (Maximum)

Activity	Score
• First time service	60-~~50~~40
• To address drought	60-~~50~~40
• To address a severe impact to a water system (imminent loss of well, transmission line, supply impact)	60-~~50~~40
• TCEQ relevant documentation or Texas Department of Health Imminent Threat to Health	60-~~50~~40
• Problems due to severe sewer issues that can be addressed through the STEP process (documented)	60-40
• Problems due to severe pressure problems (documented)	50-40
• Line replacement (water or sewer) other than for above	40-30
• All other proposed water and sewer projects that are not reflected above	30-20

A weighted average will be used to assign scores to applications that include activities in the different Project Impact scoring levels. Using as a base figure the Tx CDBG funds requested minus the Tx CDBG funds requested for engineering and administration, a percentage of the total Tx CDBG construction dollars for each activity will be calculated. The percentage of the total Tx CDBG construction dollars for each activity will then be multiplied by the appropriate Project Impact point level. The sum of these calculations will determine the composite Project Impact score.

Factors that are evaluated by the Tx CDBG staff in the assignment of scores within the predetermined scoring ranges for activities include, but are not limited to, the following:

1. how the proposed project will resolve the identified need and the severity of the need within the applying jurisdiction; and
2. projects designed to bring existing services up to at least the state minimum standards as set by the applicable regulatory agency are generally given additional consideration.

b. STEP Characteristics, Merits of the Project, and Local Effort - 30 points (Maximum)

The Tx CDBG staff will assess the proposal for the following STEP characteristics not scored in other factors:

1. degree work will be performed by community volunteer workers, including information provided on the volunteer work to total work;
2. local leaders (sparkplugs) willing to both lead and sustain the effort;

3. readiness to proceed – the local perception of the problem and the willingness to take action to solve it;
4. capacity – the manpower required for the proposal including skills required to solve the problem;
5. merits of the projects, including the severity of the need, whether the applicant sought funding from other sources, cost in Tx CDBG dollars requested per beneficiary, etc.; and
6. local efforts being made by applicants in utilizing local resources for community development.

c. Past Participation and Performance – 15 Points (Maximum)

An applicant would receive ten (10) points if they do not have a current Texas STEP grant.

An applicant can receive from five (5) to zero (0) points based on the applicant's past performance on previously awarded Tx CDBG contracts. The applicant's score will be primarily based on our assessment of the applicant's performance on the applicant's two (2) most recent Tx CDBG contracts that have reached the end of the original contract period stipulated in the contract. The Tx CDBG will also assess the applicant's performance on existing Tx CDBG contracts that have not reached the end of the original contract period. Applicants that have never received a Tx CDBG grant award will automatically receive these points. The Tx CDBG will assess the applicant's performance on Tx CDBG contracts up to the application deadline date. The applicant's performance after the application deadline date will not be evaluated in this assessment. The evaluation of an applicant's past performance will include, but is not necessarily limited to the following:

- The applicant's completion of the previous contract activities within the original contract period.
- The applicant's submission of all contract reporting requirements such as Quarterly Progress Reports, Certificates of Expenditures, and Project Completion Reports.
- The applicant's submission of the required close-out documents within the period prescribed for such submission.
- The applicant's timely response to monitoring findings on previous Tx CDBG contracts especially any instances when the monitoring findings included disallowed costs.
- The applicant's timely response to audit findings on previous Tx CDBG contracts.

d. Percentage of Savings off of the retail price – 10 Points (Maximum)

For STEP, the percentage of savings off of the retail price is considered a form of community match for the project. In STEP, a threshold requirement is a minimum of 40 percent savings off the retail price for construction activities.

For Communities that are equal to or below 1,500 in Population

55% or more Savings	10 points
50% - 54.99% Savings	9 points
45% - 49.99% Savings	7 points
41% - 44.99% Savings	5 points

For Communities that are above 1,500 but equal to or below 3,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	8 points
45% - 49.99% Savings	6 points
41% - 44.99% Savings	3 points

For Communities that are above 3,000 but equal to or below 5,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	7 points
45% - 49.99% Savings	5 points
41% - 44.99% Savings	2 points

For Communities that are above 5,000 but equal to or below 10,000 in Population

55% or more Savings	10 points
50% - 54.99% Savings	6 points
45% - 49.99% Savings	3 points
41% - 44.99% Savings	1 points

For Communities that are 10,000 or above in Population

55% or more Savings	10 points
50% - 54.99% Savings	5 points
45% - 49.99% Savings	2 points
41% - 44.99% Savings	0 points

The population category under which county applications are scored is dependent upon the project type and the beneficiary population served. If the project is for beneficiaries for the entire county, the total population of the county is used. If the project is for activities in the unincorporated area of the county with a target area of beneficiaries, the population category is based on the unincorporated residents for the entire county. For county applications addressing water and sewer improvements in unincorporated areas, the population category is based on the actual number of beneficiaries to be served by the project activities.

The population category under which multi-jurisdiction applications are scored is based on the combined populations of the applicants according to the 2000 Census.

e. Benefit To Low/Moderate-Income Persons – 5 Points (Maximum)

Applicants are required to meet the 51 percent low/moderate-income benefit for each activity as a threshold requirement. Any project where at least 60 percent of the Tx CDBG funds benefit low/moderate-income persons will receive 5 points.

A project must score at least 75 points overall and 15 points under factor 12(b) to be considered for funding.

13. MICROENTERPRISE LOAN FUND — 120 Total Points Maximum

a. Community Distress -- 50 Points (Maximum)

- Percentage of Persons Living In Poverty — 15 points
- Per Capita Income — 15 points
- Population Loss — 10 points
- Unemployment Rate — 10 points

For Percentage of Persons Living In Poverty, Population Loss, and Unemployment Rate:
Amount is greater than 150% of state median – Maximum points
Amount is less than or equal to 150% but not less than 75% of state median - 1/2 maximum points
Amount is less than 75% of state median – 1/4 of maximum points

For Per Capita Income:
Amount is less than 75% of state median – Maximum points
Amount is greater than or equal to 75% but less than 150% of state median - 1/2 maximum points
Amount is greater than or equal to 150% of state median – 1/4 of maximum points

b. Program Design -- 50 Points (Maximum)

- Nonprofit Capacity — 10 points
- Overall Program Design — 10 points
- Technical Assistance and Counseling Services — 5 points
- Citizen Involvement — 5 points
- Business Involvement — 5 points
- Potential Applicants — 5 points
- Marketing Plan — 5 points
- Terms — 5 points

c. Leverage Ratio -- 5 Points (Maximum)

Score 5 points if matching dollars are greater than or equal to the following Ratios based on two separate population categories:

- Applicant's population less than 5,000 persons –1:1
- Applicant's population equal to or greater than 5,000 persons –1.25:1

d. Previous Participation -- 10 Points (Maximum)

- No previous Texas Capital Fund participation — 10 points

- No open Texas Capital Fund contracts 5 points

e. Rural Projects -- 5 Points (Maximum)

- Cities with populations under 10,000, or
- Counties with populations under 100,000

An application must receive at least 50 points overall and 25 points under Program Design to be considered eligible for funding consideration.

14. SMALL BUSINESS LOAN FUND 125 Total Points Maximum

a. Community Distress -- 50 Points (Maximum)

- Percentage of Persons Living In Poverty 15 points
- Per Capita Income 15 points
- Population Loss 10 points
- Unemployment Rate 10 points

For Percentage of Persons Living In Poverty, Population Loss, and Unemployment Rate:
Amount is greater than 150% of state median – Maximum points
Amount is less than or equal to 150% but not less than 75% of state median - 1/2 maximum points
Amount is less than 75% of state median – 1/4 of maximum points

For Per Capita Income:
Amount is less than 75% of state median – Maximum points
Amount is greater than or equal to 75% but less than 150% of state median - 1/2 maximum points
Amount is greater than or equal to 150% of state median – 1/4 of maximum points

b. Jobs -- 20 Points (Maximum)

- Below $10,000 per job 20 points
- Below $15,000 per job 15 points
- Below $20,000 per job 10 points
- Below $25,000 per job 5 points

c. Project Feasibility -- 30 Points (Maximum)

The feasibility of each project is evaluated and scored based on the financial soundness of the project. Factors examined include:

- Firm commitments for financial investments

- The jobs to be created or retained
- The history of the business
- The current financial condition of the business (including a full review of the credit analysis
- Cash flow projections
- The business or marketing plan supporting the businesses capacity to sustain operations beyond the period of program assistance including letters of intent to purchase products or services
- Management experience of the businesses' principals

d. Leverage Ratio -- 5 Points (Maximum)

A minimum ten percent (10%) equity injection by the assisted business is required.

Score 5 points if matching dollars are greater than or equal to the following ratios based on two separate population categories:

- Applicant's population less than 5,000 persons --1:1
- Applicant's population equal to or greater than 5,000 persons --1.25:1

e. Previous Participation -- 10 Points (Maximum)

- No previous Texas Capital Fund participation 10 points
- No open Texas Capital Fund contracts 5 points

f. Innovative Projects -- 5 Points (Maximum)

Projects that support a business addressing a community need or economic/population trend will receive additional consideration

g. Rural Projects -- 5 Points (Maximum)

- Cities with populations under 10,000, or
- Counties with populations under 100,000

An application must receive at least 50 points overall and 15 points under Project Feasibility to be considered for funding.

15. SECTION 108 LOAN GUARANTEE PILOT PROGRAM 50 Total Points Maximum

Selection Criteria. Applications meeting threshold requirements of the application review and underwriting analysis will be scored based on the following:

a. Community Need - 30 points (Maximum)

(1) Unemployment - 10 points (Maximum). Five points awarded if the applicant's unemployment rate is higher than the state rate, indicating that the community is economically below the state average. Ten points awarded if the applicant's most recently available unemployment rate is 1.5% over the state rate. (For cities, the most recently available city rate will be used; for counties, the most recently available county or census tract rate, for where the business site is located, whichever is higher, will be used).

(2) Poverty - 10 points (Maximum). Awarded if the applicant's most recently available annual county poverty rate is higher than the annual state rate, indicating that the community is economically below the state average. Applicants will score 5 points if their rate meets or exceeds the state average and score 10 points if this figure exceeds the state average by at least 15%.

(3) Community Population (more Rural) - 10 points (Maximum). Points are awarded to applying cities with populations of 5,050 or less and counties with a total population of 35,000 or less, using 2000 census data. For cities: score 5 points if the city is located in a county with a population of 35,000 or less; and score 5 additional points if the population of the city is less than 5,050. For counties: score 5 points if the county population is less than 35,000 and score 5 additional points if the county population is less than 15,350.

b. Jobs - 20 points (Maximum).

(1) Job Impact (Jobs Created or Retained per Population of Community) - 10 points (Maximum). Awarded by taking the Business' total job commitment, created & retained, and dividing by applicant's 2000 unadjusted population. This equals the job impact ratio. Score 5 points if this figure exceeds the median job impact ratio for prior years; and score 10 points if this figure exceeds 200% of the ratio. County applicants should deduct the 2000 census population amounts for all incorporated cities, except in the case where the county is sponsoring an application for a business that is or will be located in an incorporated city. In this case the city's population would be used, rather than the county's.

(2) Cost per Job - 10 points (Maximum). Awarded by dividing the amount of Section 108 loan guarantee amount requested by the number of full-time job equivalents to be created and/or retained. Points are then awarded in accordance with the following scale:

(i) Below $15,000--10 points.
(ii) Below $20,000--5 points.

(c) In the event of a tie score and insufficient funds to approve all applications, the following tie breaker criteria will be used.

(i) The tying applications are ranked from lowest to highest based on poverty rate stated on the score sheet. Thus, preference is given to the applicant with the higher poverty rate.

(ii) If a tie still exists after applying the first criteria then applications are ranked from lowest to highest based on unemployment rate stated on the score sheet. Thus, preference is then given to the applicant with the higher unemployment rate.

~~PERFORMANCE MEASURES~~

16. RENEWABLE ENERGY DEMONSTRATION PILOT PROGRAM — 70 Total Points Maximum

(A) Type of Project: Primarily used in conjunction with providing public facilities to meet basic human needs such as water or waste water and/or benefit to low/moderate-income persons – up to 15 points.

(B) Innovative Technology / Methods – A project that would demonstrate the application of innovative technology and/or methods – up to 10 points.

(C) Duplication in Other Rural Areas – A project that could have widespread application (although it would not need to be applicable in every portion of the state.) – up to 10 points

(D) Long-term Cost / Benefit and Texas Renewable Energy Goals – Projects that demonstrate long term cost / benefit analysis including benefits to the human environment and consistency with Texas renewable energy goals – up to 10 points

(E) Partnership / Collaboration – Projects that have a demonstrated partnership and collaboration with other entities focusing on promoting renewable energy including universities, funding agencies, associations, or businesses – up to 10 points.

(F) Leveraging – projects with committed funds from other entities including funding agencies, local governments, or businesses – Percent of portion of total project receiving Tx CDBG funds is leveraged with other funds – 50% - 10 points, 25% - 5 points, 10% - 3 points, 5% - 1 point.

(G) Location in Rural Areas – Projects that benefit cites with populations under 10,000 and/or counties under 100,000 – 5 points.

PERFORMANCE MEASURES

Goals, Objectives, Outcomes, Strategies, and Outputs

Tx CDBG Strategic Plan Performance Measures:

The Tx CDBG currently has a performance measurement system ~~is~~ in place that is part of its strategic plan and the Texas legislative budgeting process. The Tx CDBG has already implemented a performance measurement system that supports the HUD goals as stated in CPD Notice – 03-09, issued September 3, 2003, which "strongly encouraged each CPD formula grantee to develop and use a state or local performance measurement system." In this notice, HUD asked the State CDBG programs, along with all other CDBG grantees, that currently have and use a state or local performance measurement system to "(1) describe, in their next Consolidated Plan or Annual Action Plan, the method they use to measure the outputs and outcomes of their CPD formula grant programs."

The Tx CDBG has the following Performance Measures system in place for administering and evaluating the success of the CDBG non-entitlement program.

GOALS, OBJECTIVES AND OUTCOMES – For FY ~~2006-2007~~2008-2009

Goal 1: Support Community and Economic Development Projects
Objective 1: Fund Facility, Economic Development, Housing, and Planning Projects
Outcome 1: Percent of the Small Communities' Population Benefiting from Projects
~~Goal~~ Outcome 2: ~~Provide Outreach and Technical Assistance~~Percent of Requested Project Funds Awarded to ~~Communities~~Projects Using Annual HUD Allocation
~~Objective~~

STRATEGIES AND EFFICIENCY, EXPLANATORY AND OUTPUT MEASURES – For 2007-2008

Goal 1: ~~Inform Local Communities of Program Information and Services~~

~~Outcome 1: Percent of Rural Communities Receiving Services~~

~~STRATEGIES AND EFFICIENCY, EXPLANATORY AND OUTPUT MEASURES – For 2006-2007~~

~~Goal 1:~~ Support Community and Economic Development Projects
Objective 1: Fund Facility, Economic Development, Housing and Planning Projects
Strategy 1: Provide Grants for Community and Economic Development Projects
Efficiency 1: Average Agency Administrative Cost per Contract Administered
Output 1: Number of New Contracts Awarded
Output 2: Number of Projected Beneficiaries from New Contracts Awarded
Output 3: Number of Jobs Created/Retained through Contracts Awarded Annually
Output 4: Number of Projected Beneficiaries from Self-Help Center Contracts Funded
Output 5: Number of Programmatic Monitoring Visits Conducted
Output 6: Number of Single Audit reviews Conducted Annually

~~Goal 2: Provide Outreach and Technical Assistance~~HUD CDBG Performance Outcome Measurement System:

The TxCDBG has begun to ~~Communities~~

implement the HUD CDBG Performance Outcome Measurement System, which is a nationwide reporting system based on standardized Objective categories, Outcome categories, and specific Output Indicators.

The outcome performance measurement system has three objectives: (1~~: Inform Local Communities of Program Information~~) Creating Suitable Living Environments, (2) Providing Decent Affordable Housing, and ~~Services~~

~~Strategy~~ (3) Creating Economic Opportunities. There are also three outcomes under each objective: (1~~: Provide Program Information~~) Availability/Accessibility, (2) Affordability, and ~~Technical Assistance Services~~

~~Efficiency 1: Average Agency Cost per Person Assisted~~

~~Explanatory 1: Number of Communities Eligible~~(3) Sustainability. Thus, the three objectives, each having three possible outcomes, produce nine possible outcome/objective combinations within which to ~~Receive Assistance Under Agency Programs~~

~~Output 1: Number of People Assisted from Rural Communities~~

categorize CDBG grant activities. Specific Output ~~2:Number of On Site Technical Assistance Visits Conducted~~Indicators, many of which TxCDBG has used in the HUD Integrated Disbursement and Information System reporting system, will be used to provide the quantifiable information used to actually measure the outcome/objective combinations for the funded CDBG projects (such as the number of persons who have new access to water facilities).

~~OTHER 2006 CDBG PROGRAM GUIDELINES~~

~~Community Needs Assessment~~

OTHER 2007 CDBG PROGRAM GUIDELINES

COMMUNITY NEEDS ASSESSMENT

Each applicant for Tx–CDBG funds must prepare an assessment of the applicant's housing and community development needs. The needs assessment submitted by an applicant in an application for the Community Development Fund must also include information concerning the applicant's past and future efforts to provide affordable housing opportunities in the applicant's jurisdiction and the applicant's past efforts to provide infrastructure improvements through the issuance of general obligation or revenue bonds.

~~Minority Hiring/Participation~~

LEVERAGING RESOURCES

Texas Capital Fund

The following matching funds requirements apply under the Real Estate, Infrastructure, Main Street and Downtown Revitalization Program:

a. The leverage ratio between all funding sources to the Texas Capital Fund (TCF) request may not be less than 1:1 for awards of $750,000 or less (except for the Main Street and Downtown Revitalization programs which both require 0.1:1, or more match), and 4:1 for awards of $750,100 to $1,000,000.

b. All businesses are required to make financial contributions to the proposed project. A cash injection of a minimum of 2.5% of the total project cost is required. Total equity participation must be no less than 10% of the total project cost. This equity participation may be in the form of cash and/or net equity value in fixed assets utilized within the proposed project. A minimum of a 33% equity injection (of the total projects costs) in the form of cash and/or net equity value in fixed assets is required, if the business has been operating for less than three years and is accessing the Real Estate program.

Over the past five program years the ratio of matching funds to Texas Capital Fund awards is approximately 3.75:1. If this ratio continues for the 2007 program year then the estimated amount of leveraged funds for the 2008 program year is approximately $45 million.

MINORITY HIRING/PARTICIPATION

The Tx-CDBG encourages minority employment and participation among all applicants under the Community Development Block Grant Program. All applicants to the Community Development Block Grant Program shall be required to submit information documenting the level of minority participation as part of the application for funding.

~~*Citizen Participation*~~CITIZEN PARTICIPATION

A grant to a locality under the Texas Community Development Block Grant Program may be awarded only if the locality certifies that it is following a detailed citizen participation plan that provides for and encourages citizen participation at all stages of the community development program. Tx-CDBG applicants and funded localities are required to carry out citizen participation in accordance with the Citizen Participation Plan requirements described in Tx-CDBG application guides.

CPD OUTCOME PERFORMANCE MEASUREMENT SYSTEM REPORTING:

The Tx-CDBG has begun to implement the CPD Outcome Performance Measurement System Reporting and ~~intends to enter the data into the IDIS system beginning October 1, 2006. The Tx CDBG~~ has added the performance measurement objectives and outcomes to its new application guides~~ for use of PY 2007 funds~~. All applicants will be required to indicate the performance measures that best correspond with the activities they are proposing. TxCDBG staff will enter the objectives and outcomes in its internal application review database. Upon the award of the funds, TxCDBG will enter the performance measure information into the IDIS database. The TxCDBG staff will update the information in IDIS as needed. In addition, for existing open contracts, TxCDBG staff ~~will begin on October 1, 2006 to enter~~has entered the objectives and outcomes for these contracts into the IDIS system. ~~The TxCDBG staff attended the HUD training session held in Dallas in 2006 and will undertake a significant effort to enter the data as promptly as possible.~~

~~The Tx CDBG will implement~~
The TxCDBG has implemented the HUD CDBG Performance Outcome Measurement System, which is a nationwide reporting system based on standardized Objective categories, Outcome categories, and specific Output Indicators.

The proposed outcome performance measurement system has three objectives: (1) Creating Suitable Living Environments, (2) Providing Decent Affordable Housing, and (3) Creating Economic Opportunities. There are also three outcomes under each objective: (1) Availability/Accessibility, (2) Affordability, and (3) Sustainability. Thus, the three objectives, each having three possible outcomes, will produce nine possible outcome/objective combinations within which to categorize CDBG grant activities. Specific Output Indicators, many of which Tx CDBG has used in the HUD Integrated Disbursement and Information System reporting system, will be used to provide the quantifiable information used to actually measure the outcome/objective combinations for the funded CDBG projects (such as the number of persons who have new access to water facilities).

For PY 20072008, the anticipated objectives and outcomes for the proposed eligible activities are shown below; however, both the actual objectives and outcomes for individual funded projects may vary within the eligible activities depending on the applicant's determination and selection:

HUD Matrix Code	HUD Matrix Name	Objective	Outcome	Expected Number
01	Acquisition of Real Property	Suitable Living Environment	Affordability	1
20	Planning	Suitable Living Environment	Availability/ Accessibility	27
03E	Neighborhood Facilities	Suitable Living Environment	Availability/ Accessibility	3
03J	Water/Sewer Improvements	Suitable Living Environment	Availability/ Accessibility	56
03J	Water/Sewer Improvements	Suitable Living Environment	Affordability	138
03K	Street Improvements	Suitable Living Environment	Affordability	31
03L	Sidewalks	Suitable Living Environment	Availability/ Accessibility	4
14A	Rehabilitation; Single Unit Residential	Decent Housing	Affordability	11
18A	ED Direct Financial Assistance for For-Profits	Suitable Living Environment	Availability/ Accessibility	4
18A	ED Direct Financial Assistance for For-Profits	Economic Opportunity	Affordability	10
18C	Micro-Enterprise Assistance	Economic Opportunity	Affordability	12

CDBG OTHER ACTIONS

Meeting Underserved Needs and Developing Affordable Housing

TxCDBG encourages affordable housing projects using several methods in the allocation of CDBG funds to the eligible communities that can participate in its programs, including favorable state scoring and regional prerogative to prioritize funding for housing infrastructure and rehabilitation. Each region is encouraged to set aside a percentage of the regional allocation for housing improvement projects, and housing applications are scored as high priority projects at the state level. Housing projects continue to be funded through the Colonia Self Help Centers as well.

In addition, CDBG funding provides a cost savings for housing when CDBG funds are used to provide first-time water and wastewater services by installing water and sewer yardlines and paying impact and connection fees for qualifying residents. For PY 2007, the TxCDBG will make funds available through six different grant programs to provide water or sewer services on private property, with the vast majority being low and moderate income households.

The most commonly cited obstacle to meeting the underserved community development needs of Texas cities (aside from inadequate funding) is the limited administrative capacity of the small rural towns and counties the

CDBG program serves. TxCDBG staff offers technical assistance to communities to promote successful CDBG projects.

CDBG funding also helps cities and counties study affordable housing conditions. The plans produced through a TxCDBG planning contracts provide both valuable data concerning a city's or county's affordable housing stock and planning tools for expanding their affordable housing. In PY 2007, TxCDBG will make funds available for planning through the Planning and Capacity Building Fund, Colonia Comprehensive Planning Fund and Colonia Area Planning Fund.

The Colonia Self-Help Centers continue to address affordable housing needs in border counties by assisting qualifying colonia residents to finance, refinance, construct, improve or maintain a safe, suitable home in suitable areas.

Another obstacle to meeting underserved needs applies to colonias projects. There have been cases when a county applies to provide water service to an area, but more than one water supply corporation or city may have a Certificate of Convenience and Necessity (CCN) in that territory (CCNs have been issued which have overlapping territories). In these cases, a dispute over which water supply corporation/city has the right to serve the territory (and therefore collect the revenues) may arise. A public hearing process may be necessary to resolve this issue, which can then delay projects for months. TxCDBG will continue to work with regulatory agencies as appropriate to resolve issues in project areas in a timely manner.

Public Housing Resident Initiatives

Litigation concerning CDBG funding and public housing authorities, known as Young v. Martinez, focused attention and funds on these areas in the past. The State provided three funding set-asides to address Court-ordered activities under the Final Order and Decree for the litigation, obligating a total of $13,664,753.18 for 62 Young v. Martinez Fund projects in PHA areas. To date, over $12 million of that total has been requested for drawdown with approximately $538,000 remaining as an unutilized balance in completed projects and $983,000 remaining in four open contracts. Although the litigation has been settled, TxCDBG continues to serve public housing areas through other funding categories as residents of PHAs qualify as low to moderate income beneficiaries for CDBG projects.

Evaluation and Reduction of Lead-Based Hazards

The TxCDBG encourages the reduction of lead based hazards through favorable scoring under its Community Development and Community Development Supplemental Funds for the replacement of lead fixtures and other lead hazards that are an imminent public health threat. In addition, lead-based paint mitigation is a common activity eligible under housing rehabilitation that is funded under the Colonia Construction Fund, Community Development and Community Development Supplemental Funds. Each contract awarded requires the sub-grantee to conform to Section 302 of the Lead Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)) and procedures established by the TxCDBG in response to the Act.

In accordance with CDBG state regulations and the Lead-Based Paint Poisoning Prevention Act, TxCDBG has adopted a policy to eliminate as far as practicable the hazards of lead poisoning due to the presence of lead-based paint in any existing housing assisted under the CDBG. In addition, this policy prohibits the use of lead based paint in residential structures constructed or rehabilitated with federal assistance. Abatement procedures should be included in the housing rehabilitation contract guidelines for each project and must appear in the approved work

write up documentation for all homes built prior to 1978 that will be rehabilitated, as outlined in the Housing Rehabilitation Manual.

Poverty Level Households

A substantial majority, 88%, of Texas CDBG funds are obligated to cities and counties under the funding competitions meeting the national objective to "principally benefit low and moderate income persons." TxCDBG encourages the funding of communities with a high percentage of persons in poverty through its application scoring. The CDBG projects under this national objective are required to serve 51 percent low to moderate income persons; however, an application receives full points only if a minimum of 60 percent of the project beneficiaries are of low to moderate income. In addition, the CDBG allocation formula used to distribute Community Development and the Community Development Supplemental funds among regions includes a variable for poverty. The percentage of persons in poverty for each region is factored into the allocation formula in order to target funding toward the greatest need.

The CDBG economic development funds have been instrumental in creating infrastructure and jobs. By creating and retaining jobs through assistance to businesses and then providing lower income people access to these jobs, TxCDBG can be a very effective anti-poverty tool. This potential will be further maximized by providing jobs that offer workplace training and education, fringe benefits, opportunities for promotion, and services such as child care. In addition, programs that improve infrastructure affords the opportunity to upgrade existing substandard housing (such as in the colonias) and build new affordable housing where none could exist before.

Compliance

The monitoring function of the TxCDBG has four components: project implementation, contract management, audit, and monitoring compliance.

Project Implementation

Prior to the award of funds, each community is evaluated for compliance in prior contracts. The application scoring process at the state level includes a scoring factor for past performance on CDBG contracts. In addition, once a funding recommendation has been made the contract is routed through the Program Development, Operations, Legal, and Fiscal Operations Departments to verify that no outstanding issues in previously awarded contracts prevent the contract execution for the recommended award.

Contract Management

All open TxCDBG projects are assigned to a specific Regional Coordinator who is responsible for contract compliance and project management. All projects have formal contracts that include all federal and state requirements. Regional Coordinators monitor progress and compliance through formal reporting procedures. Program Specialists for Labor Standards and Environmental compliance also exist under the Project Management function. Additionally, all reimbursement requests require complete supporting documentation before payment is made.

Audit

The audit function is authorized by OMB A-133, which requires that governmental units and nonprofit organizations spending more than $500,000 in either federal or state funds during their fiscal years ending after December 31, 2003, submit a copy of a Single Audit to the Agency. A Single Audit is required for desk review by ORCA regardless of whether there are findings noted in the audit pertaining to CDBG funds, since it is an additional monitoring tool used to evaluate the fiscal performance of grantees.

Monitoring Compliance

The on-site programmatic reviews are conducted on every CDBG contract prior to close out to ensure the contractual obligations of each grant are met. The projects are considered available for review when 75 percent of the contracted funds have been drawn down, and for construction projects, when construction has been substantially completed. Interim monitoring reviews may be conducted as necessary.

The areas reviewed include procurement procedures paid with CDBG funds or with match dollars, accounting records including copies of cancelled checks, bank statements and general ledgers (source documentation is reviewed at the time of draw requests), equipment purchases and/or procurement for small purchases, on-site review of environmental records, review of any applicable construction contracts, file review of any applicable client files for rehabilitation services, review of labor standards and/or a review of local files if internal staff used for construction projects, and a review of documentation on hand pertaining to fair housing and civil rights policies.

In addition to the formal monitoring function described above, the staff of the Compliance Division communicates with the staff of the Community Development Division as needed to evaluate issues throughout the contract implementation phase of CDBG contracts in order to identify and possibly resolve contract issues prior to the monitoring phase of the project.

Institutional Structure

CDBG funds are awarded to non-entitlement units of general local government thereby providing these communities with financial resources to respond to its community development needs. Such may include planning; constructing community facilities, infrastructure, and housing; and implementing economic development initiatives. Each applicant to the CDBG fund is required throughout its citizen participation process to inform local housing organizations of its intention to apply for CDBG funding through the CDBG and invite their input into the project selection process.

Texas CDBG continues to coordinate with the Texas Department of Housing and Community Affairs, the Texas Department of Agriculture, the Texas Water Development Board, Annual State Agency Meeting on Rural Issues, and the 24 Regional Councils of Governments to further its mission and target beneficiaries of CDBG funds through programs such as the Colonia Self-Help Centers, the Colonia Economically Distressed Areas Program, the Housing Tax Credit Program, and the Texas Capital Fund.

~~HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS 2007 ACTION PLAN~~

HUD Matrix Code	HUD Matrix Name	Objective	Outcome	Obj./ Out. Code	Expected Number	
03E	Neighborhood Facilities	Suitable Living Environment	Availability/ Accessibility	SL-1	1	
03J	Water/Sewer Improvements	Suitable Living Environment	Availability/ Accessibility	SL-1	106	
-	-	Suitable Living Environment	Affordability	SL-2	42	
-	-	Suitable Living Environment	Sustainability	SL-3	37	
03K	Street Improvements	Suitable Living Environment	Availability/ Accessibility	SL-1	5	
-	-	Suitable Living Environment	Affordability	SL-2	3	
-	-	Suitable Living Environment	Sustainability	SL-3	43	
03L	Sidewalks	Economic Opportunity	Sustainability	EO-3	12	
14A	Rehabilitation; Single Unit Residential	Decent Housing	Availability/ Accessibility	DH-1	1	
18A	ED Direct Financial Assistance for For-Profits	Economic Opportunity	Availability/ Accessibility	EO-1	12	
-	-	Suitable Living Environment	Availability/ Accessibility	SL-1	2	

NON-HOMELESS SPECIAL NEEDS ACTION PLAN: HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

INTRODUCTION

~~This 2007~~The 2008 Action Plan for Housing Opportunities for Persons with AIDS (HOPWA) is part of the 2005–2009 State of Texas Consolidated Plan for program year ~~2007~~2008 (February 1, ~~2007~~2008, through January 31, ~~2008~~2009). Although this plan is part of the Consolidated Plan submitted to the US Department of Housing and Urban Development (HUD) by the Texas Department of Housing and Community Affairs, HUD will directly contract with the Texas Department of State Health Services (DSHS) for the HOPWA program, as it has done since 1992.

NEEDS STATEMENT

In 2005, 56,012 Texas residents were known to be living with HIV/AIDS, a 36% increase over the number in 2000. Blacks and Whites each accounted for 38% of living HIV/AIDS cases in Texas, but Blacks only account for 12% of the general population. Hispanics made up 23% of living HIV/AIDS cases. Black persons bore the greatest burden of disease of any race/ethnicity in Texas. The living HIV/AIDS rate in 2005 for Blacks was 800 persons living with HIV/AIDS per 100,000, over four times higher than the rate for Whites (182) and nearly five times the rate in Hispanics (166). Blacks had the largest number of new HIV or AIDS cases diagnosed in 2005, followed by Whites and then Hispanics.

Loss of employment, underemployment, and lack of insurance quickly drain financial resources and can lead to loss of housing. While affordable housing declines, the need for housing may actually increase as people with HIV live longer due to improved medical treatments. On the other hand, as more people with HIV are able to return to work, DSHS anticipates that the number of those wait listed will remain stable.

Using an estimate made by the National Commission on AIDS that one-third to one-half of persons living with HIV/AIDS in 2005 are either homeless or at risk of homelessness, there may be from 18,652 to 28,006 people living with HIV/AIDS in Texas who are homeless or at risk of homelessness. Housing continues to rank high on the needs of people with HIV/AIDS as assessed regularly by the Ryan White ~~Title II~~ planning ~~bodies.~~ process.

In ~~2006~~2007, DSHS distributed $23,~~689,011~~724,130 in Ryan White and State Services contracts to provide a wide array of health and social services for persons with HIV/AIDS. ~~An additional $83.6~~ In 2006, $82.0 million was spent on HIV medications. ~~Federal Ryan White funds may not be used for housing except for housing referral services and short-term or emergency housing defined as necessary to gain or maintain access to medical care.~~

The Texas HOPWA program fills the unmet need by providing emergency housing assistance and rental assistance. ~~Because the primary objective of this project is the provision of assistance to continue independent living, the~~ The continuation of HOPWA funding is critical in addressing the threat of homelessness for persons living with HIV/AIDS in Texas.

~~PROPOSED ACTIVITIES~~

THE TEXAS DEPARTMENT OF STATE HEALTH SERVICES (PROGRAM OBJECTIVES

The Texas DSHS) HOPWA program provides housing assistance and supportive services for income-eligible individuals living with HIV/AIDS and their families to establish or better maintain a stable living environment in housing that is decent, safe, and sanitary, to reduce the risk of homelessness, and to improve access to health care and supportive services.

PROGRAM ACTIVITIES

The Texas DSHS HOPWA program proposes to continue the following activities.

EMERGENCYSHORT-TERM RENT, MORTGAGE, AND UTILITY ASSISTANCE PROGRAM (STRMU)

This program provides short-term rent, mortgage, and utility payments to prevent homelessness of the tenant or mortgagor of a dwelling. It enables low income individuals at risk of becoming homeless to remain in their current residences maintain housing for a period not to exceed 21 weeks in any 52-week period. Payments forQualified clients are assisted with rent, mortgage, and/or utilities, including telephone, up to the annual STRMU cap established locally, are provided. The project sponsor makes paymentpayments directly to the provider with the client paying any balance due.

TENANT-BASED RENTAL ASSISTANCE PROGRAM (TBRA)

This program provides tenant-based rental assistance, including assistance for shared housing arrangements. It enables low income-eligible HIV-positive clients to pay their rent and utilities until there is no longer a need, or until they are able to secure other affordable and stable housing. Clients must contribute the greater of 10 percent of gross income or 30 percent of adjusted gross income towards their rent, or they must contribute the amount of welfare or otherpublic assistance received for that purpose. The project sponsor pays the balance of the rent up to the fair market rent value.

SUPPORTIVE SERVICES

DSHS is implementing a new activity as allowed under 24 CFR 574.300 for Supportive Services. These services are limited primarily to case management and the purchase of smoke detectors for HOPWA clients.

PROGRAM PLAN

Based on prior-year performance and level funding from HUD, DSHS estimates that 800 households can be provided with short-term rent, mortgage, and utility payments, and 500 households can be provided tenant-based rental assistance during the 2007 project year. Individuals eligible to receive assistance or services under the HOPWA program are persons with HIV/AIDS and their families who are low income, as defined by HUD.

All 25 of the state's HIV Service Delivery Areas (HSDAs) receive HOPWA funding through a contract with the Administrative Agency serving the HSDA. Each Administrative Agency administers contracts with one or more Project Sponsors who directly serve HOPWA client needs.

Administrative Agencies are selected based on a competitive RFP process. Award of their funding allocation is contingent upon the submission of a DSHS-accepted plan of action. DSHS reserves three percent of the total award for administrative and indirect costs, including Administrative Agency administrative costs. Project Sponsors

~~are allowed to use up to seven percent of their allocation for personnel or other administrative costs. Project Sponsors are required to provide case management and other support services which are funded through HOPWA, Federal Ryan White CARE Act or State Services grants.~~

This program is limited primarily to case management to all HOPWA clients, and the purchase of smoke detectors and basic telephone service assistance.

PERMANENT HOUSING PLACEMENT SERVICES

This program is limited to assistance for placement costs which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing, provided such deposits do not exceed the amount equal to two months of rent, and such funds would be designated to be returned to the program.

PROGRAM IMPROVEMENT ACTIVITIES

DSHS is in the process of improving the HOPWA program in various areas. DSHS plans to revise quarterly progress reports to reflect revisions made to the federal reporting requirements in the CAPER, APR, and IDIS. In lieu of the changing federal reporting requirements, DSHS plans to develop a HOPWA module as part of the state's AIDS Regional Information and Evaluation System (ARIES) for improved data reporting and evaluation. These activities are in addition to a revised HOPWA program manual, monitoring tools, program worksheets, and an updated funding allocation formula. DSHS plans to provide training and technical assistance to Administrative Agencies (AAs) and Project Sponsors on program changes via multiple cost-efficient methods, including new web-based teleconference seminars and online technical assistance.

ANNUAL PROGRAM GOALS

Based on prior-year performance and level funding from HUD, DSHS estimates that 700 households can be provided with short-term rent, mortgage, and utility payments, 550 households can be provided tenant-based rental assistance, and 20 households can be provided permanent housing placement during the 2008 project year. All households will be provided with supportive services funded through HOPWA, Ryan White, or other leveraged sources.

PROJECT SPONSOR SELECTION PROCESS

DSHS selects eight AAs across the state through a combination of competitive Requests for Proposals (RFP) and intergovernmental agency contracts. The AAs act as an administrative arm for DSHS by administering the HOPWA program locally for a five year project period. This period is concurrent with the Ryan White Part B grant period, which delivers case management and other supportive services to HOPWA clients.

These AAs in turn select HOPWA Project Sponsors through local competitive processes that are open to all grassroots, faith-based, community-based organizations, and governmental agencies. Each AA contracts with one or more Project Sponsors who directly provide HOPWA services to eligible clients throughout the state's 26 HIV Service Delivery Areas (HSDA). Some Project Sponsors may change during 2008 due to local competitive processes.

PROGRAM BUDGET

DSHS reserves three percent of the total award for administrative and indirect costs, including, personnel, supplies, travel, training/technical assistance, and contractual support for ARIES. Project Sponsors are allowed up to seven percent of their allocation for personnel or other administrative costs. The funding allocation is distributed geographically by HSDA and is based on a formula including HIV/AIDS morbidity, poverty level, and population distribution with annual adjustments for project sponsor funding needs.

The 2008 HOPWA Program budget based on level-funding of the 2007 grant award of $2,733,000 is allocated as follows:

DSHS administration (3%)	$81,990
(indirect costs, personnel, supplies, travel, training/technical assistance, contractual support for ARIES)	
Contractual	$2,651,010
TBRA	$1,631,144
STRMU	$562,291
Supportive Services	$262,005
Permanent Housing Placement	$10,000
Project Sponsor Administration (7%)	$185,570

GEOGRAPHIC DISTRIBUTION

~~The locations for the proposed activities cover the entire state through established HIV Service Delivery Areas (HSDA). Administrative Agencies administer the HOPWA grant, Ryan White CARE Act/Title II grant, and the State Services grants in each HSDA.~~

~~HOPWA funds are allocated to HSDAs based on a formula allocation that includes HIV morbidity, poverty, and other data. DSHS does not include minority concentration in its allocation formula, as referenced in 24 CFR 91.320(d). There are 30 counties that are excluded from the state allocation because they receive direct funding from HUD. The excluded counties are in the five directly-funded Eligible Metropolitan Service Areas of Austin, Dallas, Fort Worth, Houston, and San Antonio as follows: Bastrop, Caldwell, Hays, Travis, Williamson, Collin, Dallas, Denton, Ellis, Kaufman, Rockwall, Johnson, Parker, Tarrant, Wise, Austin, Chambers, Fort Bend, Harris, Liberty, Montgomery, Waller, Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson.~~

~~DSHS uses any unspent funds to reallocate and/or redistribute funds to HSDAs that have shown the ability to effectively use HOPWA funds and are in greatest need of funds.~~

~~Administrative Agencies~~

~~In the summer of 2006, DSHS began a competitive process to select new Administrative Agencies (AA). These AAs will select Project Sponsors and administer the HOPWA program locally for a five-year project period. This period is concurrent with the Federal Ryan White/Title II grant which delivers case management and other services to HOPWA clients. The AAs select Project Sponsors through a competitive process that is open to all grassroots, faith-based, and other community-based organizations.~~

The contractors listed below serve as the 8 Administrative Agencies for the 2007 HOPWA project year. Beginning April 1, 2007, DSHS will reduce its 3% grantee administration allocation by funding AA administration costs associated with HOPWA through the state's Ryan White Care Act Title II administrative funds. DSHS will ensure Project Sponsors' compliance with the 7% administrative cost cap for Project Sponsors.

Alamo Council of Government
8700 Tesoro Dr., Suite 700
San Antonio, TX 78217

Brazos Valley Council of Governments
P.O. Box 4128
Bryan, TX 77805-4128

Dallas County Health and Human Services
2377 North Stemmons Frwy., Ste. 600
Dallas, TX 75207-2710

Houston Regional HIV/AIDS Resources Group, Inc.
500 Lovett Boulevard, Ste. 100
Houston, TX 77006

Lubbock Regional MHMR Center
P.O. Box 2828
1602 Tenth St.
Lubbock, TX 79408-2828

Planned Parenthood Center of El Paso, Inc.
1801 Wyoming Avenue, Ste. 202
El Paso, TX 79902

South Texas Development Council
P.O. Box 2187
4812 North Bartlett
Laredo, TX 78044-2187

Tarrant County Health Department
1101 South Main St., Ste. 2500
Fort Worth, TX 76104-4802

Project Sponsors

The current Administrative Agencies contract with Project Sponsors in each HSDA are as follows. Some Project Sponsors may change during 2007 due to local competitive processes.

AIDS Coalition of Coastal Texas

707 Tremont
Galveston, TX 77550

AIDS Foundation Houston
3202 Weslayan
Houston, Texas 77027

AIDS Resources of Rural Texas, Inc.
P.O. Box 1720
Weatherford, TX 76086

Alamo Area Resource Center
527 N. Leona, Bldg A, 3rd Floor
San Antonio, TX 78207

Brazos Valley Community Action
3705 So. College Ave.
Bryan, TX 77801

City of Laredo Health Department
2600 Cedar Ave.
Laredo, TX 78044

Coastal Bend AIDS Foundation, Inc.
800 Mann Street, Suite 800
Corpus Christi, TX 88401

Community Action, Inc., Hays, Caldwell
P.O. Box 748
San Marcos, TX 78667

Dallas County Health and Human Services HOPWA Program Unit
2377 N. Stemmons Freeway, Ste 200, LB-16
Dallas, TX 76207

Health Horizons of East Texas, Inc.
P.O. Box 635022
Nacogdoches, TX 75961

Panhandle AIDS Service Org., Inc.
1523 S. Taylor
Amarillo, TX 79101

Permian Basin Community MHMR Center

502 N. Carver
Midland, TX 79701

Planned Parenthood Assoc. of Lubbock, Inc.
Briercroft Office Park, Bldg. 14
Lubbock, TX 79412

Planned Parenthood Center of El Paso, Inc.
1801 Wyoming Avenue, Ste. 202
El Paso, TX 79902

San Angelo AIDS Foundation, Inc.
P.O. Box 62474
San Angelo, TX 76906

Special Health Resources for Texas, Inc.
P.O. Box 9007
Longview, TX 75608

Triangle AIDS Network
P.O. Box 12279
Beaumont, TX 77726

United Medical Centers
P.O. Box 1470
Eagle Pass, TX 78853

United Way of the Greater Fort Hood Area
208 West Avenue A
Killeen, TX 76541

Unity Partners dba Project Unity
P.O. Box 2812
19902 Harvey Mitchell Parkway South
Bryan, TX 77805-2812

Valley AIDS Council
418 East Tyler, Ste. B
Harlingen, TX 78550

Victoria City-County Health Department
2805 North Navarro, Ste. 104
Victoria, TX 77901

Waco-McLennan County Public Health District

~~225 West Waco Drive~~
~~Waco, TX 76707~~

~~Wichita Falls-Wichita County P.H. Dept.~~
~~1700 Third Street~~
~~Wichita Falls, TX 76301~~

~~Your Health Clinic (formerly AIDS Resource Center of Texoma)~~
~~222 West Brockett~~
~~Sherman, TX 75090~~

The funding allocations are geographically distributed across the state to the 26 HSDAs, excluding 35 counties located in the Eligible Metropolitan Areas (EMAs) that receive direct HOPWA funding from HUD. The 35 counties in the five directly-funded EMAs of Austin, Dallas, Fort Worth, Houston, and San Antonio are as follows: Bastrop, Caldwell, Hays, Travis, Williamson, Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, Rockwall, Johnson, Parker, Tarrant, Wise, Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, Waller, Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson.

ADMINISTRATIVE AGENCIES AND PROJECT SPONSORS

The following chart summarizes the estimated 2008 HOPWA funding allocation for the eight AAs and their 26 Project Sponsors/HSDAs. The 2008 funding allocations are estimates based on 2007 funding levels and may change as the 2008 HUD award is received and contracts are negotiated.

Administrative Agency	2008 funding allocation	Project Sponsor/HSDA	2008 funding allocation
Alamo Area Council of Governments 8700 Tesoro Dr., Suite 700 San Antonio, TX 78217	169,433	Alamo Area Resource Center/San Antonio	69,093
		United Medical Centers/Uvalde	19,712
		Victoria City-County Health Department/Victoria	80,628
Brazos Valley Council of Governments P.O. Box 4128 Bryan, TX 77805-4128	300,156	Community Action, Inc./Austin	33,543
		San Angelo AIDS Foundation/Concho-Plateau	65,252
		United Way of the Greater Fort Hood Area/Temple-Killeen	75,134
		Project Unity/Bryan-College Station	38,728
		Waco/McLennan County Public Health District/Waco	87,499
Dallas County HHSD 2377 North Stemmons Frwy., Ste. 600 Dallas, TX 75207-2710	91,862	Dallas County Health and Human Services -HOPWA Program/Dallas	26,707
		Your Health Clinic/Sherman-Dennison	65,155
Houston Regional Resource Group	665,269	AIDS Coalition of Coastal Texas/Galveston	51,650

500 Lovett Boulevard, Ste. 100 Houston, TX 77006		AIDS Foundation of Houston/Houston	30,163
		Health Horizons/Lufkin	159,666
		Special Health Resources for Texas, Inc. Longview/Tyler	156,132
		Special Health Resources for Texas, Inc. Paris/Texarkana	114,382
		Triangle AIDS Network/Beaumont-Port Arthur	153,276
Lubbock Regional MHMR Center P.O. Box 2828 1602 Tenth St. Lubbock, TX 79408-2828	337,049	Panhandle AIDS Service Organization/Amarillo	126,406
		Permian Basin Community Center/Permian-Basin	115,869
		Planned Parenthood Association of Lubbock/Lubbock	94,774
Planned Parenthood Center of El Paso 1801 Wyoming Avenue, Ste. 202 El Paso, TX 79902	360,815	Planned Parenthood Center of El Paso/El Paso	360,815
South Texas Development Council (STDC) P.O. Box 2187 4812 North Bartlett Laredo, TX 78044-2187	553,100	City of Laredo Health Department/Laredo	97,922
		Coastal Bend AIDS Foundation/Corpus Christi	101,640
		Valley AIDS Council/Brownsville	353,538
Tarrant County Health Department 1101 South Main St., Ste. 2500 Fort Worth, TX 76104-4802	173,326	AIDS Resources of Rural Texas – Abilene/Abilene	63,476
		AIDS Resources of Rural Texas – Weatherford/Fort Worth	56,048
		Wichita Falls Wichita County Health Department/Wichita Falls	53,802
Total	2,651,010		2,651,010

CLIENT PARTICIPATION

~~Through the intake system, HIV clients are informed about the availability of housing assistance, applications for assistance are taken, or they may be referred directly to the Project Sponsor. Having met HUD's basic eligibility criteria, project sponsors may have more restrictive income requirements, and, once in the program, may be subject to monthly caps on emergency rental and utility assistance. Clients are assessed for changes in housing eligibility status during regular assessment visits with their case manager. Any client needing housing assistance may request determination of eligibility as needed.~~

~~Information regarding HOPWA assistance and eligibility criteria is made available to all HIV service agencies in the HSDA, and potential clients are referred. In addition, project sponsors are required to collaborate with local~~

housing authorities and other housing assistance programs in the HSDA to ensure that appropriate referrals can be made to maximize available resources.

COORDINATION

Because DSHS is the state agency that administers assistance provided under the Ryan White CARE Act Title II, as well as state funds appropriated for persons with HIV/AIDS and their families, coordination of HOPWA assistance with agencies responsible for providing services to these individuals is assured.

In turn, Administrative Agencies contract directly with the HOPWA Project Sponsors and administer HIV health and social services administered by DSHS, including the Ryan White and the State Services grants. This structure ensures the coordination of all agencies serving people with HIV/AIDS, avoids duplication, saves dollars, and provides the best possible coordination of services for people with HIV/AIDS.

MONITORING

HOPWA project sponsors are monitored by the Administrative Agencies according to program standards set out in the DSHS HOPWA program manual located at http://www.dshs.state.tx.us/hivstd/fieldops/hopwa.shtm. Principles for fiscal administration are established by the Texas Uniform Grants Management Standards located at http://www.governor.state.tx.us/divisions/stategrants/files/UGMS062004.doc. The requirements for project monitoring are established by DSHS in the Administrative Agency Core Competencies document located at http://www.dshs.state.tx.us/hivstd/pops/pdf/pdf_administrative_duties_standards.pdf.

HOPWA PROGRAM ACTIONS

This section describes how the HOPWA Program addresses the following: affordable housing, public housing resident initiatives, lead based paint hazards, poverty level households, and institutional structure. Please note that the only action that HOPWA addresses is lead based paint.

Lead-Based Hazards

HUD requires providers to give all HOPWA clients the lead-based paint pamphlet entitled *Protect Your Family from Lead in Your Home*. The client's case record must include documentation that a copy of the pamphlet was given to the client. The pamphlet was developed by the Environmental Protection Agency in response to concern about lead based paint hazards in the home.

For each HOPWA household, the case manager must certify the following:

If the structure was built prior to 1978, and there is a child under the age of six who will reside in the property, and the property has a defective paint surface inside or outside the structure, the property cannot be approved until the defective surface is repaired by at least scraping and painting the surface with two coats of non-lead based paint. Defective paint surface means: applicable surface on which paint is cracking, scaling, chipping, peeling or loose. If a child under age six residing in the HOPWA-assisted property has an Elevated Blood Level, paint surfaces must be tested for lead based paint. If lead is found present, the surface must be abated in accordance with 24 CFR Part 35.

CPD OUTCOME PERFORMANCE MEASUREMENT SYSTEM REPORTING

Clients participate in shaping local approaches to meeting housing needs in three ways:

All areas conduct periodic needs assessment of client needs, and assessment of housing needs are included in such assessments. These assessments vary in methodology and depth with which housing needs are explored, which is appropriate given the varying needs for housing assistance in various areas of the state. Additionally, all Ryan White Part A councils in Texas have either completed special assessments of homeless persons or persons at risk for homelessness, or will be completing such assessments within the next year. Assessments in all EMAs are joint Ryan White Part A and B assessments.

All areas must have ways for community members, including clients, to have input into local priorities, allocations, and plans. All plans include discussions of how best to deliver services to meet the needs identified in assessments, and plans that prioritize expenditures on housing or identify housing needs that would include discussions of how best to meet these needs. Plans are written on three to four year cycles, but reviewed annually.

Finally, clients shape housing services via direct interactions with service providers. Through the intake system, HIV/AIDS clients are informed about the HOPWA program, assisted with the application, or referred directly to the HOPWA Project Sponsor. Clients' housing needs are also assessed regularly with case managers as circumstances change and as determined by clients' housing plans.

OUTCOME MEASURES

DSHS HOPWA contractors must address the following outcomes pursuant to the new performance measurement outcome system mandated by HUD for implementation in 2006:

~~HOWPA-assisted households have been enabled to:~~

~~OBJECTIVE~~	~~OUTCOME 1~~	~~OUTCOME 2~~	~~OUTCOME 3~~
~~Provide decent housing~~	~~HOPWA-assisted households will establish or better maintain a stable living environment~~	~~HOPWA-assisted households will improve access to care and support~~	~~HOPWA-assisted households will reduce the risk of homelessness*~~
~~Provide decent housing~~	~~Affordability~~	~~Accessibility~~	~~Affordability~~

~~*Note that the first two measures are assumed to contribute to the third. As a result, homeless prevention is not measured separately.~~

~~**Planned Project Results**~~

Annual Action Plan - Planned Project Results

Outcomes and Objectives	Performance Indicators	Expected Number	Activity Description
DH-~~1~~2	# of ~~TBRA~~ households served	~~500~~550	-TBRA housing assistance
DH-2	# of ~~STRMU~~ households served	~~800~~700	-STRMU housing assistance
DH-2	# of ~~TBRA and STRMU~~ households served	~~1300~~1250[3]	-Supportive Services (restricted to case mgt., smoke detectors, and phone service~~ to STRMU clients)~~)

~~In order to implement data collection on these outcomes, DSHS revised the HOPWA reporting forms required of Project Sponsors and increased the frequency of reporting from semi-annually to quarterly. This was done shortly after the new project year began February 1, 2006, and data are currently being collected by the Project Sponsors. All data included in the CAPER have now been included in the project report forms. DSHS Field Operations staff and some project sponsors also received orientation during the April 5 HOPWA reporting webcast and training on the data collection and reporting through the HUD APR-CAPER Training held in Austin, Texas during July 2006. All project sponsors are using the revised reporting forms for the full 2006 project year.~~

[3] This is based on total TBRA and STRMU households expected to be served. All HOPWA households are expected to receive case management services funded by multiple funding streams, including Ryan White, HOPWA, and other leveraged resources.

DH-1	# of households served	20[4]	Permanent Housing Placement (security deposits, application fees, credit checks)
Key	Availability/Acessibility	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3

[4] Permanent Housing Placement is a new program activity and a baseline measure of need for this program service is unknown. The expected number is estimated based on $10,000 budgeted for 20 households.

APPENDIX A:
STANDARD FORM 424 AND STATE CERTIFICATIONS

The forms and certifications will be included in the final version of the Action Plan.

APPENDIX B:
ACTION PLAN REQUIREMENTS

§ 91.320 Action Plan

The action plan must include the following:

(a) Standard Form 424;

(b) A concise executive summary that includes the objectives and outcomes identified in the plan as well as an evaluation of past performance, a summary of the citizen participation and consultation process (including efforts to broaden public participation) (24 CFR 91.300 (b)), a summary of comments or views, and a summary of comments or views not accepted and the reasons therefore (24 CFR 91.115 (b)(5)).

(c) Resources and objectives--(1) Federal resources. The consolidated plan must provide a concise summary of the federal resources expected to be made available. These resources include grant funds and program income.

(2) Other resources. The consolidated plan must indicate resources from private and non-federal public sources that are reasonably expected to be made available to address the needs identified in the plan. The plan must explain how federal funds will leverage those additional resources, including a description of how matching requirements of the HUD programs will be satisfied. Where the state deems it appropriate, it may indicate publicly owned land or property located within the state that may be used to carry out the purposes identified in the plan;

(3) Annual objectives. The consolidated plan must contain a summary of the annual objectives the state expects to achieve during the forthcoming program year.

(d) Activities. A description of the state's method for distributing funds to local governments and nonprofit organizations to carry out activities, or the activities to be undertaken by the state, using funds that are expected to be received under formula allocations (and related program income) and other HUD assistance during the program year, the reasons for the allocation priorities, how the proposed distribution of funds will address the priority needs and specific objectives described in the consolidated plan, and any obstacles to addressing underserved needs.

(e) Outcome measures. Each state must provide outcome measures for activities included in its action plan in accordance with guidance issued by HUD. For the CDBG program, this would include activities that are likely to be funded as a result of the implementation of the state's method of distribution.

(f) Geographic distribution. A description of the geographic areas of the State (including areas of low-income and minority concentration) in which it will direct assistance during the ensuing program year, giving the rationale for the priorities for allocating investment geographically. When appropriate, the state should estimate the percentage of funds they plan to dedicate to target area(s).

(g) Affordable housing goals. The state must specify one-year goals for the number of households to be provided affordable housing through activities that provide rental assistance, production of new units, rehabilitation of existing units, or acquisition of existing units using funds made available to the state, and one-year goals for the number of homeless, non-homeless, and special-needs households to be provided affordable housing using funds made available to the state. The term affordable housing shall be as defined in 24 CFR 92.252 for rental housing and 24 CFR 92.254 for homeownership.

(h) Homeless and other special needs activities. Activities it plans to undertake during the next year to address emergency shelter and transitional housing needs of homeless individuals and families (including subpopulations), to prevent low-income individuals and families with children (especially those with incomes below 30 percent of median) from becoming homeless, to help homeless persons make the transition to permanent housing and independent living, specific action steps to end chronic homelessness, and to address the special needs of persons who are not homeless identified in accordance with Sec. 91.315(e);

(i) Barriers to affordable housing. Actions it plans to take during the next year to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing. Such policies, procedures, and processes include but are not limited to: land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment.

(j) Other actions. Actions it plans to take during the next year to implement its strategic plan and address obstacles to meeting underserved needs, foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing), evaluate and reduce lead-based paint hazards, reduce the number of poverty level families, develop institutional structure, enhance coordination between public and private housing and social service agencies, address the needs of public housing (including

providing financial or other assistance to troubled public housing agencies), and encourage public housing residents to become more involved in management and participate in homeownership.

(k) Program-specific requirements. In addition, the plan must include the following specific information:

(1) CDBG. The action plan must set forth the state's method of distribution.

(i) The method of distribution shall contain a description of all criteria used to select applications from local governments for funding, including the relative importance of the criteria, where applicable. The action plan must include a description of how all CDBG resources will be allocated among funding categories and the threshold factors and grant size limits that are to be applied. The method of distribution must provide sufficient information so that units of general local government will be able to understand and comment on it, understand what criteria and information their application will be judged, and be able to prepare responsive applications. The method of distribution may provide a summary of the selection criteria, provided that all criteria are summarized and the details are set forth in application manuals or other official state publications that are widely distributed to eligible applicants. HUD may monitor the method of distribution as part of its audit and review responsibilities, as provided in Sec. 570.493(a)(1), in order to determine compliance with program requirements.

(ii) If the state intends to help nonentitlement units of general local government apply for guaranteed loan funds under 24 CFR part 570, subpart M, it must describe available guarantee amounts and how applications will be selected for assistance. If a state elects to allow units of general local government to carry out community revitalization strategies, the method of distribution shall reflect the state's process and criteria for approving local government's revitalization strategies.

(2) HOME. (i) The state shall describe other forms of investment that are not described in 24 CFR 92.205(b).

(ii) If the state intends to use HOME funds for homebuyers, it must state the guidelines for resale or recapture, as required in 24 CFR 92.254.

(iii) If the state intends to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under 24 CFR 92.206(b). The guidelines shall describe the conditions under which the state will refinance existing debt. At minimum, the guidelines must:

(A) Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing.

(B) Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving the targeted population over an extended affordability period can be
demonstrated.

(C) State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.

(D) Specify the required period of affordability, whether it is the minimum 15 years or longer.

(E) Specify whether the investment of HOME funds may be state-wide or limited to a specific geographic area, such as a community identified in a neighborhood revitalization strategy under 24 CFR 91.315(g), or a federally designated Empowerment Zone or Enterprise Community.

(F) State that HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including the CDBG program.

(iv) If the state will receive funding under the American Dream Downpayment Initiative (ADDI) (see 24 CFR part 92, subpart M), it must include:

(A) A description of the planned use of the ADDI funds;

(B) A plan for conducting targeted outreach to residents and tenants of public and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide downpayment assistance for such residents,
tenants, and families; and

(C) A description of the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

(3) ESG. The state shall identify the process for awarding grants to state recipients and a description of how the state intends to make its allocation available to units of local government and nonprofit organizations (including community and faith-based organizations).

(4) HOPWA. For HOPWA funds, the state must specify one-year goals for the number of households to be provided housing through the use of HOPWA activities for short-term rent; mortgage and utility assistance

payments to prevent homelessness of the individual or family; tenant-based rental assistance; and units provided in housing facilities that are being developed, leased or operated with HOPWA funds, and shall identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations).

[71 FR 6969, Feb. 9, 2006]

DIVISION OF POLICY AND PUBLIC AFFAIRS

BOARD ACTION REQUEST
AUGUST 23, 2007

Action Item

2008 Regional Allocation Formula (RAF) Methodology (Draft for Public Comment)

Required Action

Approval of the release of the *2008 RAF Methodology (Draft for Public Comment).*

- See Attachment A for a Summary of Proposed Revisions to the RAF Methodology for 2008.
- See Attachment B for the 2008 Proposed RAF Distribution for the HOME, Housing Tax Credit (HTC) and Housing Trust Fund programs. Note that these figures will change in the final version of the RAF based on updated data on other housing resources.
- See Attachment C for the *2008 RAF Methodology (Draft for Public Comment)* that will be released for public comment. For the Board's convenience, significant changes from the final 2007 RAF methodology are shown as a black line.

Background

§2306.111(d) of the Texas Government Code requires that the Department use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. The RAF also allocates funding to rural and urban areas within each region.

As a dynamic measure of need, the RAF is revised annually to reflect updated data; respond to public comment; and better assess regional housing needs and available resources. The RAF provides for the statewide distribution of scarce affordable housing dollars to meet widely varying types and levels of need. With this in mind, the Department relies on statutory direction and reasonably interprets a formula for delivery of these scarce resources. As regional demands for affordable housing resources grow, so does the pressure to revise the formula to try to address particular concerns. Over the course of the year, the Department received informal comments on ways to change the formula. It is anticipated that some of these will be formally submitted and further evaluated by the Department during the public comment period.

The 2008 RAF incorporates a list of legislatively required changes, including a modification to the urban/rural definition and the reservation of certain funding amounts before the formula is applied. Additionally, based on new language in §2306.1115 that provides the Department with expanded flexibility in the design of the formula, staff explored the potential of several other RAF scenarios. These scenarios included updating the data based on population estimates; adding a fifth affordable housing need indicator based on housing age or housing age and unit affordability; historical adjustment based on the allocation of resources prior to the advent of the RAF; adjusting the formula based on a cost of housing index; and various changes to the weights of the existing housing need indicators. After careful consideration of the weaknesses in each of the new scenarios, staff recommends no change to the formula beyond the legislatively required changes. The proposed RAF is based on sound methodology and reliable data sources.

The HOME, HTC and HTF RAFs use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. §2306.111(c) of the Texas Government Code requires that 95 percent of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the HOME RAF only uses need and available resource data for non-PJs.

The RAF's resulting funding distribution is published in the State Low Income Housing Plan and Annual Report. The detailed final methodology is published on the TDHCA website.

Recommendation

It is recommended that the Board approve the release of the *2008 RAF Methodology (Draft for Public Comment).*

ATTACHMENT A
SUMMARY OF PROPOSED REVISIONS TO THE RAF METHODOLOGY

Urban and Rural Definition

Senate Bill 1908, passed during the 80th legislative session, includes the following changes to the definitions of urban and rural:

- Population limit for rural-defined areas is increased from 20,000 to 25,000;
- Rural definition includes areas eligible for funding from the USDA Texas Rural Development Office;
- Urban/exurban category is now designated as urban.

Twenty percent of HTC allocations statewide must be made in rural areas. Additionally, at least $500,000 must be reserved for rural allocation in each uniform state service region.

These changes are reflected in Attachment C, *2008 Regional Allocation Formula Methodology (Draft for Public Comment).*

Housing Trust Fund RAF

In the past, the Housing Trust Fund (HTF) RAF and the Housing Tax Credit RAF were identical and reflected the rental activities of the programs. This year a separate HTF RAF is produced to encompass single family owner-occupied activities as well as rental activities and utilize owner data as well as renter data in the formula.

Other Legislative Changes

In addition to the changes described above, SB 1908 includes several other changes related to the allocation of housing funding that do not directly impact the RAF. These items are outlined below.

- The 15 percent at-risk set-aside for HTC allocations, and the 5 percent USDA set-aside, are now reduced from the total credit ceiling before the RAF is applied.

- The mandatory 5 percent of HOME funds for persons with disabilities are not regionally allocated and are therefore reduced from the total amount before the RAF is applied.

- Housing Trust Funds are not required to be regionally allocated if, after required set-asides, they do not exceed $3 million. While final HTF dollar amounts have not been determined, the HTF RAF has been prepared for its potential applicability.

ATTACHMENT B
2008 DRAFT RAF DISTRIBUTION FOR THE HTC, HOME AND HTF PROGRAMS

Note: Prior to the commencement of the public comment period, the RAF methodology will be run using fiscal year 2007 HTC, HOME, HTF, and multifamily bond funding. Shifts in the regional and urban and rural allocations should be expected in the version that will be released for public comment because the data is not yet incorporated into this version.

2008 HTC RAF – Before Rural Minimum Adjustments

Region	Large MSA w/in Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,716,803	4.7%	$ 572,438	33.3%	$ 1,144,365	66.7%
2	Abilene	$926,165	2.5%	$ 383,128	41.4%	$ 543,037	58.6%
3	Dallas/Fort Worth	$7,211,742	19.7%	$ 525,028	7.3%	$ 6,686,715	92.7%
4	Tyler	$1,994,904	5.5%	$ 1,073,305	53.8%	$ 921,599	46.2%
5	Beaumont	$1,129,709	3.1%	$ 612,297	54.2%	$ 517,412	45.8%
6	Houston	$8,446,892	23.1%	$ 480,957	5.7%	$ 7,965,936	94.3%
7	Austin/Round Rock	$1,740,575	4.8%	$ 114,047	6.6%	$ 1,626,528	93.4%
8	Waco	$2,205,543	6.0%	$ 388,538	17.6%	$ 1,817,005	82.4%
9	San Antonio	$2,082,984	5.7%	$ 239,851	11.5%	$ 1,843,133	88.5%
10	Corpus Christi	$1,403,232	3.8%	$ 557,864	39.8%	$ 845,368	60.2%
11	Brownsville/Harlingen	$4,758,894	13.0%	$ 1,493,487	31.4%	$ 3,265,406	68.6%
12	San Angelo	$1,104,770	3.0%	$ 323,043	29.2%	$ 781,726	70.8%
13	El Paso	$1,827,786	5.0%	$ 240,103	13.1%	$ 1,587,684	86.9%
	Total	$36,550,000	100.0%	$ 7,004,085	19.2%	$ 29,545,915	80.8%

Rural Percent of Tax Credit Ceiling Amount: 16%

2008 HTC RAF – Final

Region	Large MSA w/in Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,716,803	4.7%	$ 584,992	34.1%	$ 1,131,811	65.9%
2	Abilene	$926,165	2.5%	$ 506,366	54.7%	$ 419,799	45.3%
3	Dallas/Fort Worth	$7,211,742	19.7%	$ 581,966	8.1%	$ 6,629,777	91.9%
4	Tyler	$1,994,904	5.5%	$ 1,087,397	54.5%	$ 907,507	45.5%
5	Beaumont	$1,129,709	3.1%	$ 618,945	54.8%	$ 510,764	45.2%
6	Houston	$8,446,892	23.1%	$ 557,653	6.6%	$ 7,889,240	93.4%
7	Austin/Round Rock	$1,740,575	4.8%	$ 512,501	29.4%	$ 1,228,075	70.6%
8	Waco	$2,205,543	6.0%	$ 516,909	23.4%	$ 1,688,634	76.6%
9	San Antonio	$2,082,984	5.7%	$ 515,949	24.8%	$ 1,567,035	75.2%
10	Corpus Christi	$1,403,232	3.8%	$ 569,683	40.6%	$ 833,549	59.4%
11	Brownsville/Harlingen	$4,758,894	13.0%	$ 1,527,103	32.1%	$ 3,231,790	67.9%
12	San Angelo	$1,104,770	3.0%	$ 507,804	46.0%	$ 596,966	54.0%
13	El Paso	$1,827,786	5.0%	$ 512,732	28.1%	$ 1,315,054	71.9%
	Total	$36,550,000	100.0%	$ 8,600,000	23.5%	$ 27,950,000	76.5%

Rural Percent of Tax Credit Ceiling Amount: 20%

The final amount of rural funding was adjusted to meet legislative requirements. Step One: Regions with less than $500,000 rural funding were adjusted up to $500,000. Step Two: The rural percentage of the total tax credit ceiling amount was calculated and if the rural percentage was less than 20 percent, the rural amount for each region was increased at a rate equal to their regional funding percentage until the rural percentage reached 20 percent.

2008 HOME RAF

Region	Large MSA w/in Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,936,108	6.1%	$1,935,765	100.0%	$343	0.0%
2	Abilene	$1,446,684	4.5%	$1,409,901	97.5%	$36,783	2.5%
3	Dallas/Fort Worth	$5,685,382	17.8%	$1,478,648	26.0%	$4,206,734	74.0%
4	Tyler	$3,887,630	12.1%	$3,425,595	88.1%	$462,035	11.9%
5	Beaumont	$1,927,853	6.0%	$1,636,049	84.9%	$291,804	15.1%
6	Houston	$2,208,005	6.9%	$1,046,648	47.4%	$1,161,357	52.6%
7	Austin/Round Rock	$1,322,839	4.1%	$721,390	54.5%	$601,449	45.5%
8	Waco	$1,074,519	3.4%	$662,709	61.7%	$411,809	38.3%
9	San Antonio	$1,793,122	5.6%	$1,475,577	82.3%	$317,544	17.7%
10	Corpus Christi	$2,344,388	7.3%	$1,913,051	81.6%	$431,337	18.4%
11	Brownsville/Harlingen	$5,768,428	18.0%	$3,802,084	65.9%	$1,966,343	34.1%
12	San Angelo	$1,728,377	5.4%	$651,264	37.7%	$1,077,113	62.3%
13	El Paso	$876,665	2.7%	$563,250	64.2%	$313,415	35.8%
	Total	$32,000,000	100.0%	$20,721,932	64.8%	$11,278,068	35.2%

2008 HTF RAF

Region	Large MSA w/in Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$141,003	4.7%	$75,830	53.8%	$65,173	46.2%
2	Abilene	$88,991	3.0%	$49,833	56.0%	$39,157	44.0%
3	Dallas/Fort Worth	$544,276	18.1%	$38,358	7.0%	$505,918	93.0%
4	Tyler	$180,876	6.0%	$109,998	60.8%	$70,878	39.2%
5	Beaumont	$115,475	3.8%	$62,239	53.9%	$53,236	46.1%
6	Houston	$691,824	23.1%	$47,958	6.9%	$643,866	93.1%
7	Austin/Round Rock	$110,465	3.7%	$7,880	7.1%	$102,584	92.9%
8	Waco	$154,461	5.1%	$38,029	24.6%	$116,432	75.4%
9	San Antonio	$196,422	6.5%	$38,889	19.8%	$157,533	80.2%
10	Corpus Christi	$124,662	4.2%	$68,422	54.9%	$56,240	45.1%
11	Brownsville/Harlingen	$430,248	14.3%	$178,133	41.4%	$252,115	58.6%
12	San Angelo	$101,750	3.4%	$32,331	31.8%	$69,419	68.2%
13	El Paso	$119,548	4.0%	$16,075	13.4%	$103,472	86.6%
	Total	$3,000,000	100.0%	$763,977	25.5%	$2,236,023	74.5%

ATTACHMENT C
2008 REGIONAL ALLOCATION FORMULA METHODOLOGY
(DRAFT FOR PUBLIC COMMENT)

BACKGROUND

Sections 2306.111(d) and 2306.1115 of the Texas Government Code require that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, Housing Trust Fund (HTF), and Housing Tax Credit (HTC) funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. These regions are shown in "Figure 1. State Service Regions." The RAF also allocates funding to rural and urban/~~exurban~~ areas within each region.

As a dynamic measure of need, the RAF is revised annually to reflect updated demographic and resource data; respond to public comment; and better assess regional housing needs and available resources. The RAF is submitted annually for public comment.

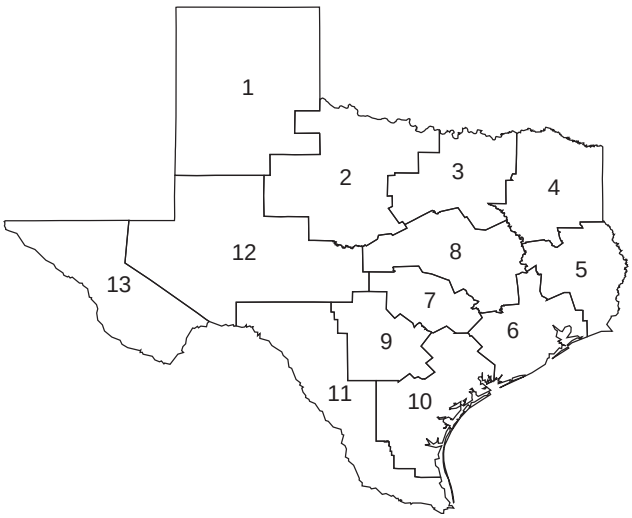

Figure 1. State Service Regions

The HOME, HTF and ~~HTF/~~HTC RAFs use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. §2306.111(c) of the Texas Government Code requires that ~~at least~~ 95 percent of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the HOME RAF only uses need and available resource data for non-PJs.

METHODOLOGY

Consideration of Affordable Housing Need

The first part of the RAF determines the funding allocation based solely on objective measures of each region's share of the State's affordable housing need. The RAF uses the following 2000 US Census data to calculate this regional need distribution.

- Poverty: Number of persons in the region who live in poverty.
- Cost Burden: Number of households with a monthly gross rent or mortgage payment to monthly household income ratio that exceeds 30 percent.
- Overcrowded Units: Number of occupied units with more than one person per room.
- Units with Incomplete Kitchen or Plumbing: Number of occupied units that do not have all of the following: sink with piped water; range or cook top and oven; refrigerator, hot and cold piped water, flush toilet, and bathtub or shower.

Non-poverty data is for households at or below 80% of the Area Median Family Income (AMFI).

- Because the HTC~~/HTF~~ program supports rental development activities, renter household data is used for the HTC~~/HTF~~ RAF.
- Because the HOME ~~program supports~~ and HTF programs support renter and owner activities, both renter and owner data is used in the HOME ~~RAF.~~and HTF RAFs.

The following steps are used to measure regional need.

1. Each need measure is weighted to reflect its perceived relevance in assessing affordable housing need. Half the measure weight is associated with poverty because of the significant number of persons in poverty and the use of this factor in the HUD Community Planning and Development Program Formula Allocations. The remaining measure weight is proportionately allocated based on the relative size of the other three measure populations. The resulting need measure weights are: poverty = 50 percent, cost burden = 36 percent, overcrowding = 12 percent, and substandard housing = 2 percent.
2. The following steps calculate the funding distribution based on the need measures.
    a. The total RAF funding amount is multiplied by each need measure weight to determine the amount of funding distributed by that measure.
    b. Each measure's amount of funding is regionally distributed based on the distribution of persons or households in need.
3. The resulting regional measure distributions are then combined to calculate each region's need-based funding amount.
4. Each region's need based funding amount is divided by the total RAF funding amount. This quotient is the region's need percentage.

Consideration of Available Housing Resources
In addition to TDHCA, there are many other sources of funding that address affordable housing needs. To mitigate any inherent inequities in the way these resources are regionally allocated, the RAF compares each region's level of need to its level of resources.

Because the resources used in the RAF reflect the three programs' eligible households and activities, the following data is used.

- The HTC~~/HTF~~ RAF uses rental funding sources.
- The HTF RAF uses sources of rental and owner funding.
- The HOME RAF uses sources of rental and owner funding in non-PJs.

The following resources are used in ~~both~~ the HOME~~-~~, HTF and HTC~~/HTF~~ RAFs.

- Housing Tax Credits (4% and 9%)[1]
- Housing Trust Fund Rental Development Funding
- HUD HOME Funds (TDHCA and Participating Jurisdiction)
- HUD Housing for Persons with AIDS Funding
- HUD Public Housing Authority (PHA) Capital Funding
- HUD §8 Tenant-Based Rental Assistance (TDHCA & PHA)
- Multifamily Texas Housing Trust Fund
- Multifamily Tax-Exempt Bond Financing[2]
- United States Department of Agriculture (USDA) Multifamily Development Funding

[1] Estimated capital raised through the syndication of the HTCs.
[2] The value of the bonds is 62 percent of the total bond amount. This is an estimate of the capital required to fill an affordability gap that remains after the capital raised through the syndication of the 4% HTCs is deducted from the total development cost. [Note: This bond valuation factor will be updated at the time the final RAF is prepared to reflect the FY 2007 actual transactions.]

- USDA Rental Assistance

The HOME ~~RAF~~and HTF RAFs also include~~s~~ the following sources of owner funding.

- USDA 502 and 504 Loans and Grants
- Single Family Bond Financing (TDHCA and Housing Finance Corporations)

These steps calculate the regional distribution of available housing resources.

1. The available resources are summed by region and for the state. The resulting sums are the regional and state resource totals.
2. The regional resource total is divided by the state resource total. This quotient is the region's resource percentage.

Comparison of Regional Need and Available Resource Distributions
In theory, if the measurement of regional need is accurate, then the region's need percentage should reflect its resource percentage. A region with a negative resource and need difference is considered to be "under allocated." This region should have received a larger portion of the available resources to address their need. Similarly, a region with a positive difference is considered "over allocated." Conversely, it should have received a smaller portion of the available resources.

To address differences between the regional need and resource distributions, the RAF uses a resource funding adjustment to shift a portion of the need based funding distribution from over allocated to under allocated regions.

A resource funding adjustment limit is used to ensure that a particular region or geographical area is not overly penalized or benefited by the resource funding adjustments. A region's need based funding amount cannot be reduced or increased by more than the percentage of the state's available resources that are not already regionally distributed. This percentage is calculated by finding the average difference between each funding source's regional distribution and the regional need percentages. Sources whose average of the regional differences exceeds five percent or that are not distributed to all regions are included in the resource funding adjustment limit.

The following steps calculate the resource funding adjustments.

1. The regional resource percentage and regional need percentage differences are calculated.
2. The resulting over allocated (positive) resource differences are summed to calculate the state resource difference.
3. The state resource difference is multiplied by the total RAF funding. This product is the state over allocated resource amount.
4. Each over allocated resource difference is divided by the state resource difference. This quotient is the over allocation percentage.
5. Each over allocation percentage is multiplied by the state over allocated resource amount to determine the base resource funding adjustment.
6. The region's need based funding amount is multiplied by the resource funding adjustment limit. This product is the maximum resource funding adjustment.
7. The lesser of the base resource funding adjustment and the maximum resource funding adjustment is the over allocated region's resource funding adjustment.
8. The over allocated regions' resource funding adjustments are summed. This total is the state under allocated resource amount.

9. Each under allocated (negative) resource difference is divided by the state resource difference to determine the under allocation percentage.
10. Each under allocation percentage is multiplied by the state under allocated resource amount. This product is the under allocated region's resource funding adjustment.

Consideration of Rural and ~~Exurban/~~Urban Need[3]

There are a number of factors that affect the distribution of resources to rural and urban~~/exurban~~ areas. These include rural area feasible development sizes, allowable rent and income levels, and proximity to developers, contractors, and materials. Access to resources is also an issue because some funding, such as multifamily tax-exempt bond financing, does not work very well in rural areas. As required by §2306.111(d) of the Texas Government Code, to ensure an equitable distribution of funding to both rural and urban~~/exurban~~ areas, the RAF analyzes the distribution of rural and urban~~/exurban~~ need and resources at the regional level.

The RAF uses the following definitions to categorize rural and urban~~/exurban~~ areas.

1. Area - The geographic area contained within the boundaries of:
   a. an incorporated place, or
   b. a Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.
2. Rural – An Area that is:
   a. outside the boundaries of a metropolitan statistical area (MSA); or
   b. within the boundaries of a MSA, if the Area has a population of ~~20~~25,000[4] or less and does not share a boundary with an Urban Area ~~that has a population greater than 20,000~~.[5]
   c. in an Area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an Area that is located in a municipality with a population of more than 50,000.[6]

~~3.~~ Urban~~/Exurban~~

3. ~~Any~~ – An Area that~~:~~
   a. is located within the boundaries of a metropolitan statistical area (MSA); or
   ~~a.~~b. does not ~~satisfy~~meet the Rural Area definition~~; or~~.
   ~~b. that portion of a census tract that has a population density greater than 1,200 people per square mile and is not contained within an Area. [This subcategory is not used in the HOME formula.]~~

[3] §2306.111(d) requires the RAF to consider "rural and urban~~/exurban~~ areas" in its distribution of program funding.

[4] The definition of "population" in state law (Sec. 311.005(3), Government Code) is "the population shown by the most recent federal decennial census." Because of this requirement, the decennial census place population must be used to make the area type determination.

[5] Applicants may petition TDHCA to update the "Rural" designation of an incorporated area within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the area's incorporated boundary touches the boundary of another incorporated area with a population of over ~~20~~25,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the~~:~~ pre-application submission period for HTC applications, or application submission period for HOME applications.

6 TDHCA utilizes the most recent list of designated places produced by the Texas USDA Rural Development State Office. Applicants may petition TDHCA to update the "Rural" designation of an area by providing a letter from a USDA Rural Development official clearly stating that the area is eligible for funding by USDA Rural Development. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period for HTC applications, or application submission period for HOME applications.

Measuring Rural and Urban~~/exurban~~ Affordable Housing Need

The following steps calculate the level of need in rural and urban~~/exurban~~ areas.

1. The same need measure weights used to determine the regional need distribution are multiplied by the region's funding amount. This product is the measure funding amount.
2. Area level measure data is identified as being rural or urban~~/exurban~~ based on the RAF area definitions.
3. Using the coded area data, each measure's affected number of rural and urban~~/exurban~~ persons or households in the region is calculated.
4. The corresponding measure rural and urban~~/exurban~~ percentages are calculated.
5. For each measure, the regional funding amount is multiplied by the measure rural and urban~~/exurban~~ percentages to calculate the rural and urban~~/exurban~~ measure funding amounts.
6. The rural and urban~~/exurban~~ measure funding amounts are summed for the ~~four~~ measures. These totals are the region's rural and urban~~/exurban~~ need based funding amounts.
7. The region's rural and urban~~/exurban~~ need based funding amounts are divided by the region's total funding amount. These quotients provide the region's rural and urban~~/exurban~~ need percentages.

Measuring Rural and Urban~~/Exurban~~ Available Resources

The following steps calculate the Rural and Urban~~/Exurban~~ distribution of available housing resources.

1. The geographically coded area data is summed to calculate regional rural and urban~~/exurban~~ resource totals. Funding allocated at the county level is proportionately distributed based on the percentage split between rural and urban~~/exurban~~ areas within the county. The resulting totals are the rural and urban~~/exurban~~ resource totals.
2. The corresponding regional rural and urban~~/exurban~~ resource percentages are calculated.

Rural and Urban~~/Exurban~~ Available Resources Funding Adjustment

The following steps calculate the rural and urban~~/exurban~~ area resource funding adjustments.

1. The differences between the rural and urban~~/exurban~~ resource percentages and rural and urban~~/exurban~~ need percentages are calculated. The resulting differences show which of the two areas (rural or urban~~/exurban~~) were over or under allocated.
2. Each over allocated (positive) area resource difference is multiplied by the region's funding amount. For example, if the urban~~/exurban~~ area is over allocated, then the difference is multiplied by the Regional Funding Amount. The resulting product is the area's base resource funding adjustment.
3. The over allocated area's need based funding amount is multiplied by the resource funding adjustment limit. This product is the area's maximum resource funding adjustment.
4. The lesser of the area's base resource funding adjustment or the maximum resource funding adjustment is the area's resource funding adjustment.

Rural and Urban~~/Exurban~~ Regional Funding Amounts

The area's over allocated resource funding adjustment is subtracted from the over allocated area's need based funding amount and is added to the under allocated area's need based funding amount.

For the HTC RAF, the regional amount of rural funding is adjusted to a minimum of $500,000, if needed, and the overall state rural percentage of the total tax credit ceiling amount is adjusted to a minimum of 20 percent, if needed.

QUESTIONS AND COMMENTS

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Phone: (512) 305-9038 Fax: (512) 469-9606
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DIVISION OF POLICY AND PUBLIC AFFAIRS

BOARD ACTION REQUEST
August 23, 2007

Action Item

2008 Affordable Housing Need Score (AHNS) Methodology (Draft for Public Comment)

Required Action

Approval of the release of the *2008 AHNS Methodology (Draft for Public Comment)* is requested.

- See Attachment A for a Summary of Proposed Revisions to the AHNS Methodology for fiscal year 2008.
- See Attachment B for the proposed *2008 AHNS Methodology (Draft for Public Comment*). For the Board's convenience, significant changes from the 2007 AHNS methodology are shown as a black line.
- See Attachment C for the Housing Tax Credit (HTC), Housing Trust Fund (HTF), and HOME Scores as generated by the *2008 AHNS Methodology (Draft for Public Comment).* Note that scores may change in the final version based on updated data available after the end of the state fiscal year.

Background

The AHNS scoring criterion is used to evaluate HOME, HTC, and HTF applications. The formula is submitted annually for public comment. The final methodology and resulting scores are published on the TDHCA website.

While not specifically legislated by the state, the AHNS helps address other need based funding allocation requirements by responding to:

- an IRS Section 42 requirement that the selection criteria used to award the HTC funding must include "housing needs characteristics."
- State Auditor's Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA's funding.

Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need.

The HOME, HTF, and HTC programs use slightly modified versions of the AHNS because the programs have different eligible activities, households, and geographical areas. Under §2306.111(c) of the Texas Government Code, 95 percent of HOME funding is set aside for non-participating jurisdictions (PJ). Therefore, the HOME AHNS only uses need data for non-PJs.

Recommendation

Approval for the release of the *2008 AHNS Methodology (Draft for Public Comment).*

ATTACHMENT A
SUMMARY OF PROPOSED REVISIONS TO THE AHNS METHODOLOGY

Urban and Rural Definition

SB 1908, passed during the 80th legislative session, includes the following changes to the definitions of urban and rural:

- Population limit for rural-defined areas is increased from 20,000 to 25,000;
- Rural definition includes areas eligible for funding from the USDA Texas Rural Development Office;
- Urban/exurban category is now designated as urban.

Housing Trust Fund AHNS

In the past, the Housing Trust Fund (HTF) AHNS and the Housing Tax Credit AHNS were the same. This year separate HTF AHN scores are generated to encompass single family owner-occupied activities as well as rental activities. Separate AHN scores for the Housing Tax Credit, Housing Trust Fund, and HOME programs are provided in Attachment C.

ATTACHMENT B

20082007 AHNS METHODOLOGY
(DRAFT FOR PUBLIC COMMENT)

Background

The AHNS scoring criterion is used to evaluate HOME, Housing Tax Credit (HTC), and Housing Trust Fund (HTF) applications. The formula is submitted annually for public comment. The final version is published in the SLIHP.

While not specifically legislated by the state, the AHNS helps address other need based funding allocation requirements by responding to:

- an IRS Section 42 requirement that the selection criteria used to award the HTC funding must include "housing needs characteristics."
- State Auditor's Office (SAO) and Sunset findings that called for the use of objective, need based criteria to award TDHCA's funding.

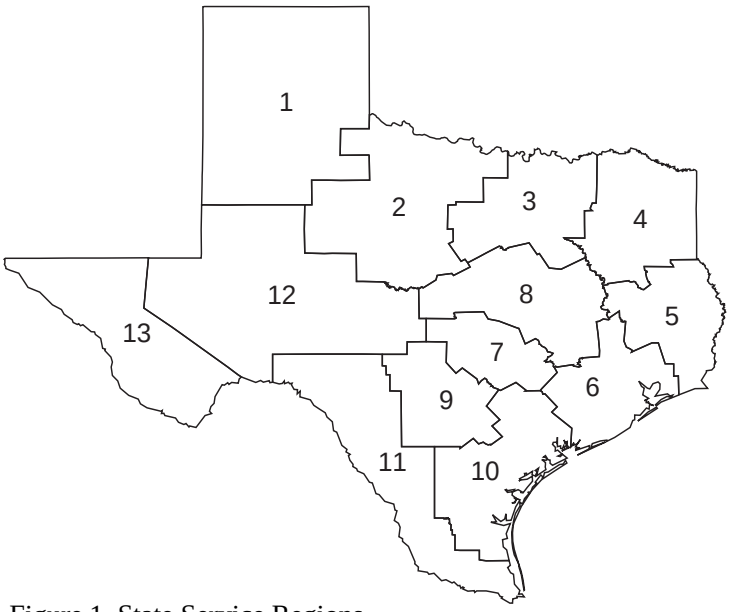

Figure 1. State Service Regions

The AHNS is an extension of the TDHCA Regional Allocation Formula (RAF) in that it provides a comparative assessment of each area's level of need relative to the other areas within its State Service Region. Through the AHNS, applicants are encouraged to request funding to serve communities that have a high level of need.

The HOME, HTF, and ~~HTF/~~HTC programs use slightly modified versions of the AHNS because the programs have different eligible activities, households, and geographical areas. Under §2306.111(c) of the Texas Government Code, at least 95 percent of HOME funding is set aside for non-participating jurisdictions. Therefore, the HOME AHNS only uses need data for non-participating jurisdictions.

Methodology

The following steps measure each area's level of affordable housing need.

1) The Census number of households at or below 80% AMFI with cost burden establishes baseline for each area's number of households in need of housing assistance. The type of household considered for this baseline varies by activity.
   a) Renter data is used for the rental development (RD), tenant based rental assistance (TBRA), and down payment assistance (DPA) scores.
   b) Owner data is used for the owner occupied rehabilitation (OCC) score.

2) For each activity, an adjusted number of households with cost burden is calculated based on the difference between the area's population in the 2000 Census and the most recent State Data Center population estimate.

3) The number of households assisted using TDHCA funding since the Census was taken (April 1, 2000) is subtracted from the adjusted number of households with cost burden. The resulting number shows the area's estimated remaining need.

a) For HTC ~~and HTF~~ scores, RD activity is used;
b) For HOME and HTF TBRA and RD scores, TBRA[1] and RD activity is used;
c) For HOME and HTF DPA scores, First Time Homebuyer and HOME DPA activity is used; and
d) For HOME and HTF OCC scores, HOME OCC activity is used.

4) The estimated remaining need measure is used to quantify the area's level of need for each scoring activity as measured by the ratio of the area's households in need to the area's total households. This ratio shows the concentration of need within an area.

5) A sliding scale that compares each area's level of need to the region's other areas is used to assign points to each area based on its relative concentration of need (maximum of 7 points).

Rural and Exurban/Urban Need

Section 2306.111(d) of the Government Code requires the RAF to consider rural and urban/exurban areas in its distribution of funds. To assist with this distribution, each area is classified using the RAF's geographic area definitions.

The RAF and AHNS use the following definitions to categorize rural and urban~~/exurban~~ areas.

1. Area - The geographic area contained within the boundaries of:
   a. an incorporated place, or
   b. a Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.
2. Rural – An Area that is:
   a. outside the boundaries of a metropolitan statistical area (MSA); or
   b. within the boundaries of a MSA, if the Area has a population of 25~~20~~,000[2] or less and does not share a boundary with an Urban Area.[3]
   c. in an Area that is eligible for funding by the Texas Rural Development Office of the United States Department of Agriculture, other than an Area that is located in a municipality with a population of more than 50,000.[4]
3. Urban – An Area that:
   a. is located within the boundaries of a metropolitan statistical area (MSA); or
   ~~3.~~b. does not meet the Rural Area definition.

For the HOME program, a county score is used for activities that will serve more than one Area within a county. If multiple counties or Areas in multiple counties will be served by an application, then the county scores will be averaged. Participating Jurisdictions (PJ) receive a score of zero.

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[1] Because of the limited duration of TBRA, a conversion factor was used to equate the value of a voucher to an affordable housing unit. This factor equaled the voucher duration divided by the number of years since the Census. For 2007, this is 2 years/7 years or an approximate reduction in the number of households in need by 29 percent for each TBRA voucher.

[2] The definition of "population" in state law (Sec. 311.005(3), Government Code) is "the population shown by the most recent federal decennial census." Because of this requirement, the decennial census place population must be used to make the area type determination.

[3] Applicants may petition TDHCA to update the "Rural" designation of an incorporated area within a metropolitan statistical area by providing a letter from a local official. Such letter must clearly indicate that the area's incorporated boundary touches the boundary of another incorporated area with a population of over 25,000. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period for HTC applications, or application submission period for HOME applications.

4 TDHCA utilizes the most recent list of designated places produced by the Texas USDA Rural Development State Office. Applicants may petition TDHCA to update the "Rural" designation of an area by providing a letter from a USDA Rural Development official clearly stating that the area is eligible for funding by USDA Rural Development. To treat all applicants equitably, such letter must be provided to TDHCA prior to the commencement of the pre-application submission period for HTC applications, or application submission period for HOME applications.

Attachment C: Draft 2008 HTC Affordable Housing Need Scores (AHNS) Place Level

(Sorted by Region then Place)

Instructions:
Use this table to determine an application's AHNS:
(1) Locate the row that corresponds to the place where the funds will be used.
(2) Development sites located outside the boundaries of a place (as designated by the U.S. Census) will utilize the score of the place whose boundary is closest to the development site.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Audrey Martin via facsimile at (512) 475-0764 or by email at audrey.martin@tdhca.state.tx.us.

Sorted by Region then Area Name

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
1	Abernathy	Hale	Rural	5	5	0
1	Adrian	Oldham	Rural	7	7	0
1	Amarillo	Potter	Urban	6	6	0
1	Amherst	Lamb	Rural	5	5	0
1	Anton	Hockley	Rural	4	4	0
1	Bishop Hills	Potter	Rural	4	4	0
1	Booker	Lipscomb	Rural	6	6	0
1	Borger	Hutchinson	Rural	5	5	0
1	Bovina	Parmer	Rural	4	4	0
1	Brownfield	Terry	Rural	7	7	0
1	Buffalo Springs	Lubbock	Rural	5	5	0
1	Cactus	Moore	Rural	4	4	0
1	Canadian	Hemphill	Rural	6	6	0
1	Canyon	Randall	Rural	7	7	0
1	Channing	Hartley	Rural	7	7	0
1	Childress	Childress	Rural	5	5	0
1	Clarendon	Donley	Rural	6	6	0
1	Claude	Armstrong	Rural	7	7	0
1	Crosbyton	Crosby	Rural	6	6	0
1	Dalhart	Dallam	Rural	7	7	0
1	Darrouzett	Lipscomb	Rural	7	7	0
1	Denver City	Yoakum	Rural	5	5	0
1	Dickens	Dickens	Rural	7	7	0
1	Dimmitt	Castro	Rural	5	5	0
1	Dodson	Collingsworth	Rural	7	7	0
1	Dumas	Moore	Rural	5	5	0
1	Earth	Lamb	Rural	5	5	0
1	Edmonson	Hale	Rural	4	4	0
1	Estelline	Hall	Rural	6	7	1
1	Farwell	Parmer	Rural	7	7	0
1	Floydada	Floyd	Rural	6	6	0
1	Follett	Lipscomb	Rural	4	4	0
1	Friona	Parmer	Rural	6	6	0
1	Fritch	Hutchinson	Rural	6	6	0
1	Groom	Carson	Rural	7	7	0
1	Gruver	Hansford	Rural	6	6	0
1	Hale Center	Hale	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
1	Happy	Swisher	Rural	5	5	0
1	Hart	Castro	Rural	5	5	0
1	Hartley	Hartley	Rural	5	5	0
1	Hedley	Donley	Rural	7	7	0
1	Hereford	Deaf Smith	Rural	4	4	0
1	Higgins	Lipscomb	Rural	4	4	0
1	Howardwick	Donley	Rural	7	7	0
1	Idalou	Lubbock	Rural	4	4	0
1	Kress	Swisher	Rural	5	6	1
1	Lake Tanglewood	Randall	Rural	7	7	0
1	Lakeview	Hall	Rural	7	7	0
1	Lefors	Gray	Rural	4	4	0
1	Levelland	Hockley	Rural	7	6	-1
1	Lipscomb	Lipscomb	Rural	4	4	0
1	Littlefield	Lamb	Rural	7	7	0
1	Lockney	Floyd	Rural	4	4	0
1	Lorenzo	Crosby	Rural	5	5	0
1	Lubbock	Lubbock	Urban	7	7	0
1	Matador	Motley	Rural	5	5	0
1	McLean	Gray	Rural	6	6	0
1	Meadow	Terry	Rural	4	4	0
1	Memphis	Hall	Rural	5	5	0
1	Miami	Roberts	Rural	7	7	0
1	Mobeetie	Wheeler	Rural	4	4	0
1	Morse	Hansford	Rural	5	5	0
1	Morton	Cochran	Rural	4	4	0
1	Muleshoe	Bailey	Rural	4	4	0
1	Nazareth	Castro	Rural	5	5	0
1	New Deal	Lubbock	Rural	6	6	0
1	New Home	Lynn	Rural	5	5	0
1	O'Donnell	Lynn	Rural	4	4	0
1	Olton	Lamb	Rural	4	4	0
1	Opdyke West	Hockley	Rural	5	5	0
1	Palisades	Randall	Rural	6	6	0
1	Pampa	Gray	Rural	6	5	-1
1	Panhandle	Carson	Rural	5	5	0
1	Perryton	Ochiltree	Rural	4	4	0
1	Petersburg	Hale	Rural	4	4	0
1	Plains	Yoakum	Rural	5	5	0
1	Plainview	Hale	Rural	5	5	0
1	Post	Garza	Rural	7	7	0
1	Quail	Collingsworth	Rural	4	4	0
1	Quitaque	Briscoe	Rural	7	7	0
1	Ralls	Crosby	Rural	5	5	0
1	Ransom Canyon	Lubbock	Rural	5	5	0
1	Reese Center	Lubbock	Urban	4	4	0
1	Roaring Springs	Motley	Rural	4	4	0
1	Ropesville	Hockley	Rural	4	4	0
1	Samnorwood	Collingsworth	Rural	4	4	0
1	Sanford	Hutchinson	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
1	Seth Ward	Hale	Rural	6	6	0
1	Shallowater	Lubbock	Rural	7	7	0
1	Shamrock	Wheeler	Rural	6	6	0
1	Silverton	Briscoe	Rural	7	6	-1
1	Skellytown	Carson	Rural	4	4	0
1	Slaton	Lubbock	Rural	6	6	0
1	Smyer	Hockley	Rural	5	5	0
1	Spade	Lamb	Rural	6	6	0
1	Spearman	Hansford	Rural	4	4	0
1	Springlake	Lamb	Rural	7	7	0
1	Spur	Dickens	Rural	4	4	0
1	Stinnett	Hutchinson	Rural	6	6	0
1	Stratford	Sherman	Rural	4	4	0
1	Sudan	Lamb	Rural	5	5	0
1	Sundown	Hockley	Rural	5	5	0
1	Sunray	Moore	Rural	5	5	0
1	Tahoka	Lynn	Rural	4	4	0
1	Texhoma	Sherman	Rural	7	7	0
1	Texline	Dallam	Rural	5	5	0
1	Timbercreek Canyon	Randall	Rural	4	4	0
1	Tulia	Swisher	Rural	5	5	0
1	Turkey	Hall	Rural	4	4	0
1	Vega	Oldham	Rural	6	6	0
1	Wellington	Collingsworth	Rural	5	5	0
1	Wellman	Terry	Rural	5	5	0
1	Wheeler	Wheeler	Rural	5	5	0
1	White Deer	Carson	Rural	6	6	0
1	Whiteface	Cochran	Rural	4	4	0
1	Wilson	Lynn	Rural	4	4	0
1	Wolfforth	Lubbock	Rural	6	6	0
2	Abilene	Taylor	Urban	6	6	0
2	Albany	Shackelford	Rural	6	6	0
2	Anson	Jones	Rural	4	4	0
2	Archer City	Archer	Rural	5	5	0
2	Aspermont	Stonewall	Rural	5	5	0
2	Baird	Callahan	Rural	4	4	0
2	Ballinger	Runnels	Rural	7	7	0
2	Bangs	Brown	Rural	6	6	0
2	Bellevue	Clay	Rural	6	6	0
2	Benjamin	Knox	Rural	4	4	0
2	Blackwell	Nolan	Rural	5	6	1
2	Blanket	Brown	Rural	7	7	0
2	Bowie	Montague	Rural	7	6	-1
2	Breckenridge	Stephens	Rural	5	5	0
2	Brownwood	Brown	Rural	6	5	-1
2	Bryson	Jack	Rural	6	6	0
2	Buffalo Gap	Taylor	Rural	5	5	0
2	Burkburnett	Wichita	Rural	6	6	0
2	Byers	Clay	Rural	7	7	0
2	Carbon	Eastland	Rural	4	4	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
2	Chillicothe	Hardeman	Rural	7	7	0
2	Cisco	Eastland	Rural	7	7	0
2	Clyde	Callahan	Rural	6	6	0
2	Coleman	Coleman	Rural	6	6	0
2	Colorado City	Mitchell	Rural	7	7	0
2	Comanche	Comanche	Rural	7	7	0
2	Cross Plains	Callahan	Rural	4	4	0
2	Crowell	Foard	Rural	6	6	0
2	De Leon	Comanche	Rural	6	6	0
2	Dean	Clay	Rural	7	7	0
2	Early	Brown	Rural	5	5	0
2	Eastland	Eastland	Rural	4	5	1
2	Elbert	Throckmorton	Rural	7	7	0
2	Electra	Wichita	Rural	6	6	0
2	Girard	Kent	Rural	4	4	0
2	Goree	Knox	Rural	4	4	0
2	Gorman	Eastland	Rural	4	4	0
2	Graham	Young	Rural	5	5	0
2	Gustine	Comanche	Rural	7	7	0
2	Hamlin	Jones	Rural	5	5	0
2	Haskell	Haskell	Rural	6	6	0
2	Hawley	Jones	Rural	7	7	0
2	Henrietta	Clay	Rural	6	6	0
2	Hermleigh	Scurry	Rural	6	6	0
2	Holliday	Archer	Rural	4	4	0
2	Impact	Taylor	Urban	4	4	0
2	Iowa Park	Wichita	Rural	6	6	0
2	Jacksboro	Jack	Rural	6	6	0
2	Jayton	Kent	Rural	4	4	0
2	Jolly	Clay	Rural	7	7	0
2	Knox City	Knox	Rural	5	5	0
2	Lake Brownwood	Brown	Rural	7	7	0
2	Lakeside City	Archer	Urban	5	5	0
2	Lawn	Taylor	Rural	4	4	0
2	Loraine	Mitchell	Rural	6	6	0
2	Lueders	Jones	Rural	5	5	0
2	Megargel	Archer	Rural	4	4	0
2	Merkel	Taylor	Rural	6	6	0
2	Miles	Runnels	Rural	5	6	1
2	Moran	Shackelford	Rural	5	5	0
2	Munday	Knox	Rural	4	4	0
2	Newcastle	Young	Rural	6	6	0
2	Nocona	Montague	Rural	5	5	0
2	Novice	Coleman	Rural	4	4	0
2	O'Brien	Haskell	Rural	4	4	0
2	Olney	Young	Rural	5	5	0
2	Paducah	Cottle	Rural	5	5	0
2	Petrolia	Clay	Rural	7	7	0
2	Pleasant Valley	Wichita	Urban	7	7	0
2	Potosi	Taylor	Urban	7	7	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
2	Putnam	Callahan	Rural	7	7	0
2	Quanah	Hardeman	Rural	7	7	0
2	Ranger	Eastland	Rural	5	5	0
2	Rising Star	Eastland	Rural	5	5	0
2	Roby	Fisher	Rural	6	6	0
2	Rochester	Haskell	Rural	5	5	0
2	Roscoe	Nolan	Rural	5	5	0
2	Rotan	Fisher	Rural	5	5	0
2	Rule	Haskell	Rural	6	6	0
2	Santa Anna	Coleman	Rural	4	4	0
2	Scotland	Archer	Rural	4	4	0
2	Seymour	Baylor	Rural	5	5	0
2	Snyder	Scurry	Rural	5	5	0
2	St. Jo	Montague	Rural	4	4	0
2	Stamford	Jones	Rural	5	5	0
2	Sunset	Montague	Rural	4	4	0
2	Sweetwater	Nolan	Rural	6	6	0
2	Throckmorton	Throckmorton	Rural	5	4	-1
2	Trent	Taylor	Rural	6	7	1
2	Tuscola	Taylor	Rural	4	4	0
2	Tye	Taylor	Urban	7	7	0
2	Vernon	Wilbarger	Rural	4	4	0
2	Weinert	Haskell	Rural	7	7	0
2	Westbrook	Mitchell	Rural	6	6	0
2	Wichita Falls	Wichita	Urban	5	5	0
2	Windthorst	Archer	Rural	4	4	0
2	Winters	Runnels	Rural	4	4	0
2	Woodson	Throckmorton	Rural	5	5	0
3	Addison	Dallas	Rural	5	5	0
3	Aledo	Parker	Rural	6	6	0
3	Allen	Collin	Rural	6	6	0
3	Alma	Ellis	Rural	7	7	0
3	Alvarado	Johnson	Rural	5	5	0
3	Alvord	Wise	Rural	7	7	0
3	Angus	Navarro	Rural	5	6	1
3	Anna	Collin	Rural	7	7	0
3	Annetta	Parker	Rural	7	7	0
3	Annetta North	Parker	Rural	7	7	0
3	Annetta South	Parker	Rural	7	7	0
3	Argyle	Denton	Rural	5	5	0
3	Arlington	Tarrant	Urban	6	6	0
3	Aubrey	Denton	Rural	7	7	0
3	Aurora	Wise	Rural	7	7	0
3	Azle	Tarrant	Rural	5	5	0
3	Bailey	Fannin	Rural	7	7	0
3	Balch Springs	Dallas	Rural	5	4	-1
3	Bardwell	Ellis	Rural	4	4	0
3	Barry	Navarro	Rural	7	7	0
3	Bartonville	Denton	Rural	4	4	0
3	Bedford	Tarrant	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
3	Bells	Grayson	Rural	6	6	0
3	Benbrook	Tarrant	Rural	6	6	0
3	Blooming Grove	Navarro	Rural	5	5	0
3	Blue Mound	Tarrant	Rural	5	5	0
3	Blue Ridge	Collin	Rural	6	6	0
3	Bonham	Fannin	Rural	7	7	0
3	Boyd	Wise	Rural	5	5	0
3	Briar	Tarrant	Rural	4	4	0
3	Briaroaks	Johnson	Rural	4	4	0
3	Bridgeport	Wise	Rural	6	6	0
3	Burleson	Johnson	Rural	4	5	1
3	Caddo Mills	Hunt	Rural	7	7	0
3	Callisburg	Cooke	Rural	5	5	0
3	Campbell	Hunt	Rural	6	6	0
3	Carrollton	Denton	Rural	5	5	0
3	Cedar Hill	Dallas	Rural	6	6	0
3	Celeste	Hunt	Rural	4	5	1
3	Celina	Collin	Rural	5	5	0
3	Chico	Wise	Rural	6	6	0
3	Cleburne	Johnson	Rural	5	4	-1
3	Cockrell Hill	Dallas	Rural	4	4	0
3	Colleyville	Tarrant	Rural	5	5	0
3	Collinsville	Grayson	Rural	4	4	0
3	Combine	Kaufman	Rural	5	5	0
3	Commerce	Hunt	Rural	7	7	0
3	Cool	Parker	Rural	7	7	0
3	Coppell	Dallas	Rural	5	5	0
3	Copper Canyon	Denton	Rural	7	7	0
3	Corinth	Denton	Rural	4	4	0
3	Corral City	Denton	Rural	4	4	0
3	Corsicana	Navarro	Rural	6	6	0
3	Cottonwood	Kaufman	Rural	4	4	0
3	Crandall	Kaufman	Rural	5	5	0
3	Cross Roads	Denton	Rural	4	4	0
3	Cross Timber	Johnson	Rural	7	7	0
3	Crowley	Tarrant	Rural	6	6	0
3	Dallas	Dallas	Urban	5	5	0
3	Dalworthington Gardens	Tarrant	Rural	4	4	0
3	Dawson	Navarro	Rural	4	4	0
3	Decatur	Wise	Rural	6	6	0
3	Denison	Grayson	Rural	5	5	0
3	Denton	Denton	Rural	7	7	0
3	DeSoto	Dallas	Rural	4	5	1
3	Dodd City	Fannin	Rural	7	7	0
3	Dorchester	Grayson	Rural	4	4	0
3	Double Oak	Denton	Rural	7	7	0
3	Dublin	Erath	Rural	5	5	0
3	Duncanville	Dallas	Rural	5	6	1
3	Eagle Mountain	Tarrant	Rural	5	5	0
3	Ector	Fannin	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
3	Edgecliff Village	Tarrant	Rural	7	7	0
3	Emhouse	Navarro	Rural	4	4	0
3	Ennis	Ellis	Rural	4	4	0
3	Euless	Tarrant	Rural	5	5	0
3	Eureka	Navarro	Rural	4	4	0
3	Everman	Tarrant	Rural	6	6	0
3	Fairview	Collin	Rural	7	7	0
3	Farmers Branch	Dallas	Rural	4	4	0
3	Farmersville	Collin	Rural	5	5	0
3	Fate	Rockwall	Rural	7	7	0
3	Ferris	Ellis	Rural	5	5	0
3	Flower Mound	Denton	Rural	5	5	0
3	Forest Hill	Tarrant	Rural	4	4	0
3	Forney	Kaufman	Rural	5	6	1
3	Fort Worth	Tarrant	Urban	5	5	0
3	Frisco	Collin	Rural	6	6	0
3	Frost	Navarro	Rural	6	6	0
3	Gainesville	Cooke	Rural	5	5	0
3	Garland	Dallas	Rural	5	5	0
3	Garrett	Ellis	Rural	7	7	0
3	Glen Rose	Somervell	Rural	5	5	0
3	Glenn Heights	Dallas	Rural	6	6	0
3	Godley	Johnson	Rural	7	7	0
3	Goodlow	Navarro	Rural	4	4	0
3	Gordon	Palo Pinto	Rural	7	7	0
3	Graford	Palo Pinto	Rural	5	5	0
3	Granbury	Hood	Rural	7	6	-1
3	Grand Prairie	Dallas	Rural	5	5	0
3	Grandview	Johnson	Rural	6	6	0
3	Grapevine	Tarrant	Rural	5	5	0
3	Grays Prairie	Kaufman	Rural	7	7	0
3	Greenville	Hunt	Rural	5	5	0
3	Gunter	Grayson	Rural	6	6	0
3	Hackberry	Denton	Rural	7	7	0
3	Haltom City	Tarrant	Rural	6	6	0
3	Haslet	Tarrant	Rural	5	5	0
3	Hawk Cove	Hunt	Rural	4	4	0
3	Heath	Rockwall	Rural	4	4	0
3	Hebron	Denton	Rural	4	4	0
3	Hickory Creek	Denton	Rural	4	5	1
3	Highland Park	Dallas	Rural	4	4	0
3	Highland Village	Denton	Rural	6	6	0
3	Honey Grove	Fannin	Rural	4	4	0
3	Howe	Grayson	Rural	6	6	0
3	Hudson Oaks	Parker	Rural	7	7	0
3	Hurst	Tarrant	Rural	7	6	-1
3	Hutchins	Dallas	Rural	6	6	0
3	Irving	Dallas	Rural	5	5	0
3	Italy	Ellis	Rural	5	5	0
3	Josephine	Collin	Rural	7	7	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
3	Joshua	Johnson	Rural	5	5	0
3	Justin	Denton	Rural	6	6	0
3	Kaufman	Kaufman	Rural	5	4	-1
3	Keene	Johnson	Rural	6	6	0
3	Keller	Tarrant	Rural	4	4	0
3	Kemp	Kaufman	Rural	7	7	0
3	Kennedale	Tarrant	Rural	5	5	0
3	Kerens	Navarro	Rural	6	6	0
3	Knollwood	Grayson	Rural	7	7	0
3	Krugerville	Denton	Rural	7	7	0
3	Krum	Denton	Rural	4	4	0
3	Ladonia	Fannin	Rural	4	4	0
3	Lake Bridgeport	Wise	Rural	4	4	0
3	Lake Dallas	Denton	Rural	6	6	0
3	Lake Kiowa	Cooke	Rural	4	4	0
3	Lake Worth	Tarrant	Rural	6	6	0
3	Lakeside (Tarrant)	Tarrant	Rural	6	7	1
3	Lakewood Village	Denton	Rural	7	7	0
3	Lancaster	Dallas	Rural	4	4	0
3	Lavon	Collin	Rural	4	4	0
3	Leonard	Fannin	Rural	6	6	0
3	Lewisville	Denton	Rural	6	6	0
3	Lincoln Park	Denton	Rural	5	5	0
3	Lindsay (Cooke)	Cooke	Rural	5	5	0
3	Lipan	Hood	Rural	4	4	0
3	Little Elm	Denton	Rural	4	4	0
3	Lone Oak	Hunt	Rural	4	4	0
3	Lowry Crossing	Collin	Rural	7	7	0
3	Lucas	Collin	Rural	7	7	0
3	Mabank	Kaufman	Rural	5	4	-1
3	Mansfield	Tarrant	Rural	4	4	0
3	Marshall Creek	Denton	Rural	7	7	0
3	Maypearl	Ellis	Rural	6	6	0
3	McKinney	Collin	Rural	5	5	0
3	McLendon-Chisholm	Rockwall	Rural	7	7	0
3	Melissa	Collin	Rural	6	6	0
3	Mesquite	Dallas	Rural	5	5	0
3	Midlothian	Ellis	Rural	5	5	0
3	Mildred	Navarro	Rural	7	7	0
3	Milford	Ellis	Rural	4	4	0
3	Millsap	Parker	Rural	4	4	0
3	Mineral Wells	Palo Pinto	Rural	6	6	0
3	Mingus	Palo Pinto	Rural	7	7	0
3	Mobile City	Rockwall	Rural	4	4	0
3	Muenster	Cooke	Rural	6	6	0
3	Murphy	Collin	Rural	7	7	0
3	Mustang	Navarro	Rural	4	4	0
3	Navarro	Navarro	Rural	4	4	0
3	Nevada	Collin	Rural	5	5	0
3	New Fairview	Wise	Rural	5	5	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
3	New Hope	Collin	Rural	4	4	0
3	Newark	Wise	Rural	7	7	0
3	Neylandville	Hunt	Rural	4	4	0
3	North Richland Hills	Tarrant	Rural	6	6	0
3	Northlake	Denton	Rural	6	5	-1
3	Oak Grove	Kaufman	Rural	7	7	0
3	Oak Leaf	Ellis	Rural	7	7	0
3	Oak Point	Denton	Rural	6	6	0
3	Oak Ridge (Cooke)	Cooke	Rural	6	7	1
3	Oak Ridge (Kaufman)	Kaufman	Rural	7	7	0
3	Oak Trail Shores	Hood	Rural	4	4	0
3	Oak Valley	Navarro	Rural	6	6	0
3	Ovilla	Ellis	Rural	7	7	0
3	Palmer	Ellis	Rural	4	4	0
3	Pantego	Tarrant	Rural	4	4	0
3	Paradise	Wise	Rural	7	7	0
3	Parker	Collin	Rural	4	4	0
3	Pecan Acres	Wise	Rural	7	7	0
3	Pecan Hill	Ellis	Rural	6	6	0
3	Pecan Plantation	Hood	Rural	6	6	0
3	Pelican Bay	Tarrant	Rural	6	6	0
3	Pilot Point	Denton	Rural	5	5	0
3	Plano	Collin	Rural	5	5	0
3	Ponder	Denton	Rural	5	5	0
3	Post Oak Bend City	Kaufman	Rural	5	5	0
3	Pottsboro	Grayson	Rural	5	5	0
3	Powell	Navarro	Rural	4	4	0
3	Princeton	Collin	Rural	6	6	0
3	Prosper	Collin	Rural	5	5	0
3	Quinlan	Hunt	Rural	7	7	0
3	Ravenna	Fannin	Rural	4	4	0
3	Red Oak	Ellis	Rural	6	6	0
3	Rendon	Tarrant	Rural	4	4	0
3	Reno (Parker)	Parker	Rural	6	6	0
3	Retreat	Navarro	Rural	5	5	0
3	Rhome	Wise	Rural	6	6	0
3	Rice	Navarro	Rural	6	6	0
3	Richardson	Dallas	Rural	5	5	0
3	Richland	Navarro	Rural	7	7	0
3	Richland Hills	Tarrant	Rural	6	6	0
3	Rio Vista	Johnson	Rural	5	4	-1
3	River Oaks	Tarrant	Rural	6	6	0
3	Roanoke	Denton	Rural	6	6	0
3	Rockwall	Rockwall	Rural	4	4	0
3	Rosser	Kaufman	Rural	7	7	0
3	Rowlett	Dallas	Rural	6	6	0
3	Royse City	Rockwall	Rural	5	5	0
3	Runaway Bay	Wise	Rural	6	6	0
3	Sachse	Dallas	Rural	4	4	0
3	Sadler	Grayson	Rural	7	7	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
3	Saginaw	Tarrant	Rural	6	6	0
3	Sanctuary	Parker	Rural	7	7	0
3	Sanger	Denton	Rural	4	4	0
3	Sansom Park	Tarrant	Rural	6	6	0
3	Savoy	Fannin	Rural	7	7	0
3	Seagoville	Dallas	Rural	4	4	0
3	Shady Shores	Denton	Rural	4	4	0
3	Sherman	Grayson	Rural	6	6	0
3	Southlake	Tarrant	Rural	5	5	0
3	Southmayd	Grayson	Rural	5	5	0
3	Springtown	Parker	Rural	4	4	0
3	St. Paul (Collin)	Collin	Rural	4	4	0
3	Stephenville	Erath	Rural	7	7	0
3	Strawn	Palo Pinto	Rural	6	5	-1
3	Sunnyvale	Dallas	Rural	4	4	0
3	Talty	Kaufman	Rural	4	4	0
3	Terrell	Kaufman	Rural	6	6	0
3	The Colony	Denton	Rural	5	5	0
3	Tioga	Grayson	Rural	4	4	0
3	Tolar	Hood	Rural	5	5	0
3	Tom Bean	Grayson	Rural	4	4	0
3	Trenton	Fannin	Rural	5	5	0
3	Trophy Club	Denton	Rural	5	5	0
3	University Park	Dallas	Rural	5	5	0
3	Valley View	Cooke	Rural	5	5	0
3	Van Alstyne	Grayson	Rural	4	4	0
3	Venus	Johnson	Rural	4	4	0
3	Watauga	Tarrant	Rural	5	5	0
3	Waxahachie	Ellis	Rural	4	4	0
3	Weatherford	Parker	Rural	5	5	0
3	West Tawakoni	Hunt	Rural	7	7	0
3	Westlake	Tarrant	Rural	4	4	0
3	Westminster	Collin	Rural	4	4	0
3	Weston	Collin	Rural	5	5	0
3	Westover Hills	Tarrant	Rural	4	4	0
3	Westworth Village	Tarrant	Rural	5	5	0
3	White Settlement	Tarrant	Rural	5	5	0
3	Whitesboro	Grayson	Rural	6	6	0
3	Whitewright	Grayson	Rural	7	7	0
3	Willow Park	Parker	Rural	4	4	0
3	Wilmer	Dallas	Rural	5	5	0
3	Windom	Fannin	Rural	4	4	0
3	Wolfe City	Hunt	Rural	6	6	0
3	Wylie	Collin	Rural	4	4	0
4	Alba	Wood	Rural	7	7	0
4	Alto	Cherokee	Rural	5	5	0
4	Annona	Red River	Rural	7	7	0
4	Arp	Smith	Rural	4	4	0
4	Athens	Henderson	Rural	5	5	0
4	Atlanta	Cass	Rural	5	5	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
4	Avery	Red River	Rural	6	6	0
4	Avinger	Cass	Rural	7	7	0
4	Beckville	Panola	Rural	7	6	-1
4	Berryville	Henderson	Rural	5	5	0
4	Big Sandy	Upshur	Rural	4	4	0
4	Bloomburg	Cass	Rural	4	4	0
4	Blossom	Lamar	Rural	5	5	0
4	Bogata	Red River	Rural	4	4	0
4	Brownsboro	Henderson	Rural	7	7	0
4	Bullard	Smith	Rural	6	6	0
4	Caney City	Henderson	Rural	7	7	0
4	Canton	Van Zandt	Rural	5	5	0
4	Carthage	Panola	Rural	6	6	0
4	Chandler	Henderson	Rural	5	5	0
4	Clarksville	Red River	Rural	6	6	0
4	Clarksville City	Gregg	Rural	5	5	0
4	Coffee City	Henderson	Rural	4	4	0
4	Como	Hopkins	Rural	5	5	0
4	Cooper	Delta	Rural	7	7	0
4	Cumby	Hopkins	Rural	6	6	0
4	Cuney	Cherokee	Rural	5	5	0
4	Daingerfield	Morris	Rural	7	7	0
4	De Kalb	Bowie	Rural	7	7	0
4	Deport	Lamar	Rural	5	5	0
4	Detroit	Red River	Rural	5	5	0
4	Domino	Cass	Rural	4	4	0
4	Douglassville	Cass	Rural	4	4	0
4	East Mountain	Upshur	Rural	5	5	0
4	East Tawakoni	Rains	Rural	7	7	0
4	Easton	Gregg	Rural	4	4	0
4	Edgewood	Van Zandt	Rural	6	6	0
4	Edom	Van Zandt	Rural	7	7	0
4	Elkhart	Anderson	Rural	7	6	-1
4	Emory	Rains	Rural	7	7	0
4	Enchanted Oaks	Henderson	Rural	7	7	0
4	Eustace	Henderson	Rural	4	4	0
4	Frankston	Anderson	Rural	5	5	0
4	Fruitvale	Van Zandt	Rural	5	5	0
4	Gallatin	Cherokee	Rural	5	5	0
4	Gary City	Panola	Rural	4	4	0
4	Gilmer	Upshur	Rural	7	7	0
4	Gladewater	Gregg	Rural	7	6	-1
4	Grand Saline	Van Zandt	Rural	4	4	0
4	Gun Barrel City	Henderson	Rural	6	6	0
4	Hallsville	Harrison	Rural	4	4	0
4	Hawkins	Wood	Rural	7	7	0
4	Henderson	Rusk	Rural	4	4	0
4	Hooks	Bowie	Rural	5	5	0
4	Hughes Springs	Cass	Rural	5	5	0
4	Jacksonville	Cherokee	Rural	5	5	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
4	Jefferson	Marion	Rural	7	7	0
4	Kilgore	Gregg	Rural	5	5	0
4	Lakeport	Gregg	Rural	5	5	0
4	Leary	Bowie	Rural	4	4	0
4	Liberty City	Gregg	Rural	5	5	0
4	Lindale	Smith	Rural	6	6	0
4	Linden	Cass	Rural	5	5	0
4	Log Cabin	Henderson	Rural	7	7	0
4	Lone Star	Morris	Rural	5	5	0
4	Longview	Gregg	Urban	6	6	0
4	Malakoff	Henderson	Rural	6	6	0
4	Marietta	Cass	Rural	4	4	0
4	Marshall	Harrison	Rural	5	5	0
4	Maud	Bowie	Rural	7	7	0
4	Miller's Cove	Titus	Rural	6	6	0
4	Mineola	Wood	Rural	6	6	0
4	Moore Station	Henderson	Rural	7	7	0
4	Mount Enterprise	Rusk	Rural	5	5	0
4	Mount Pleasant	Titus	Rural	5	5	0
4	Mount Vernon	Franklin	Rural	4	4	0
4	Murchison	Henderson	Rural	4	4	0
4	Naples	Morris	Rural	7	7	0
4	Nash	Bowie	Urban	6	6	0
4	Nesbitt	Harrison	Rural	4	4	0
4	New Boston	Bowie	Rural	7	7	0
4	New Chapel Hill	Smith	Rural	4	4	0
4	New London	Rusk	Rural	6	6	0
4	New Summerfield	Cherokee	Rural	5	5	0
4	Noonday	Smith	Rural	5	5	0
4	Omaha	Morris	Rural	7	7	0
4	Ore City	Upshur	Rural	7	7	0
4	Overton	Rusk	Rural	7	7	0
4	Palestine	Anderson	Rural	6	6	0
4	Paris	Lamar	Rural	6	6	0
4	Payne Springs	Henderson	Rural	4	4	0
4	Pecan Gap	Delta	Rural	6	6	0
4	Pittsburg	Camp	Rural	4	4	0
4	Point	Rains	Rural	7	7	0
4	Poynor	Henderson	Rural	7	7	0
4	Queen City	Cass	Rural	7	7	0
4	Quitman	Wood	Rural	5	5	0
4	Red Lick	Bowie	Rural	7	7	0
4	Redwater	Bowie	Rural	6	5	-1
4	Reklaw	Cherokee	Rural	4	4	0
4	Reno (Lamar)	Lamar	Rural	4	4	0
4	Rocky Mound	Camp	Rural	4	4	0
4	Roxton	Lamar	Rural	6	6	0
4	Rusk	Cherokee	Rural	6	6	0
4	Scottsville	Harrison	Rural	5	5	0
4	Seven Points	Henderson	Rural	4	4	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
4	Star Harbor	Henderson	Rural	4	4	0
4	Sulphur Springs	Hopkins	Rural	6	6	0
4	Sun Valley	Lamar	Rural	4	4	0
4	Talco	Titus	Rural	6	6	0
4	Tatum	Rusk	Rural	6	6	0
4	Texarkana	Bowie	Urban	5	5	0
4	Tira	Hopkins	Rural	4	4	0
4	Toco	Lamar	Rural	7	7	0
4	Tool	Henderson	Rural	4	4	0
4	Trinidad	Henderson	Rural	6	6	0
4	Troup	Smith	Rural	6	6	0
4	Tyler	Smith	Urban	6	6	0
4	Uncertain	Harrison	Rural	6	7	1
4	Union Grove	Upshur	Rural	4	4	0
4	Van	Van Zandt	Rural	7	7	0
4	Wake Village	Bowie	Urban	5	5	0
4	Warren City	Gregg	Rural	7	7	0
4	Waskom	Harrison	Rural	5	5	0
4	Wells	Cherokee	Rural	6	6	0
4	White Oak	Gregg	Urban	6	6	0
4	Whitehouse	Smith	Rural	4	4	0
4	Wills Point	Van Zandt	Rural	5	5	0
4	Winfield	Titus	Rural	5	5	0
4	Winnsboro	Wood	Rural	6	6	0
4	Winona	Smith	Rural	4	4	0
4	Yantis	Wood	Rural	4	4	0
5	Appleby	Nacogdoches	Rural	6	6	0
5	Beaumont	Jefferson	Urban	6	5	-1
5	Bevil Oaks	Jefferson	Rural	4	4	0
5	Bridge City	Orange	Rural	6	6	0
5	Broaddus	San Augustine	Rural	7	7	0
5	Browndell	Jasper	Rural	4	4	0
5	Buna	Jasper	Rural	4	4	0
5	Burke	Angelina	Rural	7	7	0
5	Center	Shelby	Rural	5	5	0
5	Central Gardens	Jefferson	Rural	4	4	0
5	Chester	Tyler	Rural	5	5	0
5	China	Jefferson	Rural	5	5	0
5	Chireno	Nacogdoches	Rural	5	5	0
5	Coldspring	San Jacinto	Rural	5	5	0
5	Colmesneil	Tyler	Rural	6	6	0
5	Corrigan	Polk	Rural	7	7	0
5	Crockett	Houston	Rural	5	5	0
5	Cushing	Nacogdoches	Rural	6	6	0
5	Deweyville	Newton	Rural	5	6	1
5	Diboll	Angelina	Rural	5	5	0
5	Evadale	Jasper	Rural	4	4	0
5	Garrison	Nacogdoches	Rural	5	5	0
5	Goodrich	Polk	Rural	4	4	0
5	Grapeland	Houston	Rural	7	7	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
5	Groves	Jefferson	Urban	5	5	0
5	Groveton	Trinity	Rural	6	6	0
5	Hemphill	Sabine	Rural	4	4	0
5	Hudson	Angelina	Rural	5	5	0
5	Huntington	Angelina	Rural	6	6	0
5	Huxley	Shelby	Rural	4	4	0
5	Jasper	Jasper	Rural	5	5	0
5	Joaquin	Shelby	Rural	4	4	0
5	Kennard	Houston	Rural	7	7	0
5	Kirbyville	Jasper	Rural	6	6	0
5	Kountze	Hardin	Rural	6	6	0
5	Latexo	Houston	Rural	4	4	0
5	Livingston	Polk	Rural	6	6	0
5	Lovelady	Houston	Rural	7	7	0
5	Lufkin	Angelina	Rural	6	6	0
5	Lumberton	Hardin	Rural	4	4	0
5	Mauriceville	Orange	Rural	5	6	1
5	Milam	Sabine	Rural	4	4	0
5	Nacogdoches	Nacogdoches	Rural	7	7	0
5	Nederland	Jefferson	Urban	5	5	0
5	Newton	Newton	Rural	7	7	0
5	Nome	Jefferson	Rural	6	6	0
5	Oakhurst	San Jacinto	Rural	5	5	0
5	Onalaska	Polk	Rural	7	7	0
5	Orange	Orange	Rural	6	6	0
5	Pine Forest	Orange	Rural	6	6	0
5	Pinehurst (Orange)	Orange	Rural	4	4	0
5	Pineland	Sabine	Rural	7	7	0
5	Pinewood Estates	Hardin	Rural	4	4	0
5	Point Blank	San Jacinto	Rural	5	5	0
5	Port Arthur	Jefferson	Urban	4	4	0
5	Port Neches	Jefferson	Urban	5	5	0
5	Rose City	Orange	Rural	6	6	0
5	Rose Hill Acres	Hardin	Urban	7	7	0
5	San Augustine	San Augustine	Rural	6	6	0
5	Seven Oaks	Polk	Rural	4	4	0
5	Shepherd	San Jacinto	Rural	5	5	0
5	Silsbee	Hardin	Rural	6	6	0
5	Sour Lake	Hardin	Rural	4	4	0
5	South Toledo Bend	Newton	Rural	4	4	0
5	Tenaha	Shelby	Rural	6	6	0
5	Timpson	Shelby	Rural	7	7	0
5	Trinity	Trinity	Rural	6	6	0
5	Vidor	Orange	Rural	5	5	0
5	West Livingston	Polk	Rural	6	5	-1
5	West Orange	Orange	Rural	5	5	0
5	Woodville	Tyler	Rural	7	7	0
5	Zavalla	Angelina	Rural	7	7	0
6	Aldine	Harris	Rural	4	4	0
6	Alvin	Brazoria	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
6	Ames	Liberty	Rural	5	5	0
6	Anahuac	Chambers	Rural	6	6	0
6	Angleton	Brazoria	Rural	6	4	-2
6	Arcola	Fort Bend	Rural	6	6	0
6	Atascocita	Harris	Rural	6	5	-1
6	Bacliff	Galveston	Rural	7	7	0
6	Bailey's Prairie	Brazoria	Rural	4	4	0
6	Barrett	Harris	Rural	7	7	0
6	Bay City	Matagorda	Rural	6	6	0
6	Bayou Vista	Galveston	Rural	5	5	0
6	Baytown	Harris	Rural	4	4	0
6	Beach City	Chambers	Rural	5	5	0
6	Beasley	Fort Bend	Rural	5	5	0
6	Bellaire	Harris	Rural	5	5	0
6	Bellville	Austin	Rural	4	4	0
6	Blessing	Matagorda	Rural	4	4	0
6	Boling-Iago	Wharton	Rural	4	4	0
6	Bolivar Peninsula	Galveston	Rural	7	7	0
6	Bonney	Brazoria	Rural	4	4	0
6	Brazoria	Brazoria	Rural	6	6	0
6	Brookshire	Waller	Rural	7	7	0
6	Brookside Village	Brazoria	Rural	5	5	0
6	Bunker Hill Village	Harris	Rural	7	7	0
6	Channelview	Harris	Rural	6	6	0
6	Cinco Ranch	Fort Bend	Rural	6	6	0
6	Clear Lake Shores	Galveston	Rural	5	5	0
6	Cleveland	Liberty	Rural	7	7	0
6	Cloverleaf	Harris	Rural	7	7	0
6	Clute	Brazoria	Rural	5	4	-1
6	Columbus	Colorado	Rural	5	5	0
6	Conroe	Montgomery	Rural	4	5	1
6	Cove	Chambers	Rural	7	7	0
6	Crosby	Harris	Rural	5	6	1
6	Cumings	Fort Bend	Rural	4	5	1
6	Cut and Shoot	Montgomery	Rural	7	7	0
6	Daisetta	Liberty	Rural	6	6	0
6	Damon	Brazoria	Rural	7	7	0
6	Danbury	Brazoria	Rural	7	7	0
6	Dayton	Liberty	Rural	6	6	0
6	Dayton Lakes	Liberty	Rural	4	4	0
6	Deer Park	Harris	Rural	6	5	-1
6	Devers	Liberty	Rural	7	7	0
6	Dickinson	Galveston	Rural	7	6	-1
6	Eagle Lake	Colorado	Rural	6	6	0
6	East Bernard	Wharton	Rural	5	5	0
6	El Campo	Wharton	Rural	5	5	0
6	El Lago	Harris	Rural	5	5	0
6	Fairchilds	Fort Bend	Rural	5	5	0
6	Fifth Street	Fort Bend	Rural	5	5	0
6	Four Corners	Fort Bend	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
6	Freeport	Brazoria	Rural	6	6	0
6	Fresno	Fort Bend	Rural	6	6	0
6	Friendswood	Galveston	Rural	6	6	0
6	Fulshear	Fort Bend	Rural	7	7	0
6	Galena Park	Harris	Rural	5	5	0
6	Galveston	Galveston	Rural	7	7	0
6	Greatwood	Fort Bend	Rural	6	6	0
6	Hardin	Liberty	Rural	4	4	0
6	Hedwig Village	Harris	Rural	6	6	0
6	Hempstead	Waller	Rural	4	4	0
6	Highlands	Harris	Rural	5	5	0
6	Hillcrest	Brazoria	Rural	7	7	0
6	Hilshire Village	Harris	Rural	7	7	0
6	Hitchcock	Galveston	Rural	4	4	0
6	Holiday Lakes	Brazoria	Rural	7	7	0
6	Houston	Harris	Urban	5	5	0
6	Humble	Harris	Rural	4	4	0
6	Hungerford	Wharton	Rural	4	4	0
6	Hunters Creek Village	Harris	Rural	4	4	0
6	Huntsville	Walker	Rural	7	7	0
6	Industry	Austin	Rural	4	4	0
6	Iowa Colony	Brazoria	Rural	6	6	0
6	Jacinto City	Harris	Rural	4	4	0
6	Jamaica Beach	Galveston	Rural	7	7	0
6	Jersey Village	Harris	Rural	4	4	0
6	Jones Creek	Brazoria	Rural	5	5	0
6	Katy	Harris	Rural	4	4	0
6	Kemah	Galveston	Rural	7	7	0
6	Kendleton	Fort Bend	Rural	5	5	0
6	Kenefick	Liberty	Rural	5	5	0
6	La Marque	Galveston	Rural	6	6	0
6	La Porte	Harris	Rural	4	4	0
6	Lake Jackson	Brazoria	Rural	6	5	-1
6	League City	Galveston	Rural	4	4	0
6	Liberty	Liberty	Rural	7	5	-2
6	Liverpool	Brazoria	Rural	7	7	0
6	Louise	Wharton	Rural	5	5	0
6	Magnolia	Montgomery	Rural	7	7	0
6	Manvel	Brazoria	Rural	4	4	0
6	Markham	Matagorda	Rural	4	4	0
6	Meadows Place	Fort Bend	Rural	4	4	0
6	Mission Bend	Fort Bend	Rural	6	6	0
6	Missouri City	Fort Bend	Rural	6	5	-1
6	Mont Belvieu	Chambers	Rural	5	5	0
6	Montgomery	Montgomery	Rural	7	7	0
6	Morgan's Point	Harris	Rural	6	6	0
6	Nassau Bay	Harris	Rural	7	7	0
6	Needville	Fort Bend	Rural	4	4	0
6	New Territory	Fort Bend	Rural	5	5	0
6	New Waverly	Walker	Rural	7	7	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
6	North Cleveland	Liberty	Rural	4	4	0
6	Oak Ridge North	Montgomery	Rural	6	6	0
6	Old River-Winfree	Chambers	Rural	7	7	0
6	Orchard	Fort Bend	Rural	4	4	0
6	Oyster Creek	Brazoria	Rural	5	5	0
6	Palacios	Matagorda	Rural	5	5	0
6	Panorama Village	Montgomery	Rural	6	6	0
6	Pasadena	Harris	Rural	6	6	0
6	Pattison	Waller	Rural	5	5	0
6	Patton Village	Montgomery	Rural	6	6	0
6	Pearland	Brazoria	Rural	5	5	0
6	Pecan Grove	Fort Bend	Rural	5	5	0
6	Pine Island	Waller	Rural	5	5	0
6	Pinehurst (Montgomery)	Montgomery	Rural	5	5	0
6	Piney Point Village	Harris	Rural	5	5	0
6	Pleak	Fort Bend	Rural	7	7	0
6	Plum Grove	Liberty	Rural	4	4	0
6	Porter Heights	Montgomery	Rural	4	4	0
6	Prairie View	Waller	Rural	4	4	0
6	Quintana	Brazoria	Rural	4	4	0
6	Richmond	Fort Bend	Rural	6	6	0
6	Richwood	Brazoria	Rural	5	5	0
6	Riverside	Walker	Rural	7	7	0
6	Roman Forest	Montgomery	Rural	5	5	0
6	Rosenberg	Fort Bend	Rural	5	6	1
6	San Felipe	Austin	Rural	7	7	0
6	San Leon	Galveston	Rural	7	7	0
6	Santa Fe	Galveston	Rural	5	5	0
6	Seabrook	Harris	Rural	5	5	0
6	Sealy	Austin	Rural	4	4	0
6	Sheldon	Harris	Rural	4	4	0
6	Shenandoah	Montgomery	Rural	7	7	0
6	Shoreacres	Harris	Rural	7	7	0
6	Sienna Plantation	Fort Bend	Rural	5	6	1
6	Simonton	Fort Bend	Rural	7	7	0
6	South Houston	Harris	Rural	5	5	0
6	Southside Place	Harris	Rural	7	7	0
6	Splendora	Montgomery	Rural	7	7	0
6	Spring	Harris	Rural	5	5	0
6	Spring Valley	Harris	Rural	5	5	0
6	Stafford	Fort Bend	Rural	6	6	0
6	Stagecoach	Montgomery	Rural	4	4	0
6	Stowell	Chambers	Rural	5	5	0
6	Sugar Land	Fort Bend	Rural	6	6	0
6	Surfside Beach	Brazoria	Rural	5	5	0
6	Sweeny	Brazoria	Rural	5	5	0
6	Taylor Lake Village	Harris	Rural	4	4	0
6	Texas City	Galveston	Rural	7	7	0
6	The Woodlands	Montgomery	Rural	5	5	0
6	Thompsons	Fort Bend	Rural	5	5	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
6	Tiki Island	Galveston	Rural	4	4	0
6	Tomball	Harris	Rural	6	7	1
6	Van Vleck	Matagorda	Rural	4	4	0
6	Waller	Waller	Rural	5	5	0
6	Wallis	Austin	Rural	4	4	0
6	Webster	Harris	Rural	4	4	0
6	Weimar	Colorado	Rural	6	6	0
6	West Columbia	Brazoria	Rural	7	7	0
6	West University Place	Harris	Rural	4	4	0
6	Wharton	Wharton	Rural	6	6	0
6	Wild Peach Village	Brazoria	Rural	4	4	0
6	Willis	Montgomery	Rural	4	4	0
6	Winnie	Chambers	Rural	5	5	0
6	Woodbranch	Montgomery	Rural	5	5	0
6	Woodloch	Montgomery	Rural	7	7	0
7	Anderson Mill	Williamson	Rural	6	6	0
7	Austin	Travis	Urban	6	6	0
7	Bartlett	Williamson	Rural	7	7	0
7	Barton Creek	Travis	Rural	7	7	0
7	Bastrop	Bastrop	Rural	4	6	2
7	Bear Creek	Hays	Rural	4	4	0
7	Bee Cave	Travis	Rural	5	5	0
7	Bertram	Burnet	Rural	5	5	0
7	Blanco	Blanco	Rural	6	6	0
7	Briarcliff	Travis	Rural	5	5	0
7	Brushy Creek	Williamson	Rural	5	5	0
7	Buchanan Dam	Llano	Rural	6	6	0
7	Buda	Hays	Rural	5	4	-1
7	Burnet	Burnet	Rural	5	5	0
7	Camp Swift	Bastrop	Rural	4	4	0
7	Carmine	Fayette	Rural	7	7	0
7	Cedar Park	Williamson	Rural	4	4	0
7	Circle D-KC Estates	Bastrop	Rural	4	4	0
7	Cottonwood Shores	Burnet	Rural	7	7	0
7	Creedmoor	Travis	Rural	4	4	0
7	Dripping Springs	Hays	Rural	4	4	0
7	Elgin	Bastrop	Rural	5	5	0
7	Fayetteville	Fayette	Rural	5	5	0
7	Flatonia	Fayette	Rural	6	6	0
7	Florence	Williamson	Rural	7	7	0
7	Garfield	Travis	Rural	5	5	0
7	Georgetown	Williamson	Rural	4	4	0
7	Giddings	Lee	Rural	4	4	0
7	Granger	Williamson	Rural	6	6	0
7	Granite Shoals	Burnet	Rural	6	6	0
7	Hays	Hays	Rural	4	4	0
7	Highland Haven	Burnet	Rural	7	7	0
7	Horseshoe Bay	Llano	Rural	5	5	0
7	Hudson Bend	Travis	Rural	6	6	0
7	Hutto	Williamson	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
7	Johnson City	Blanco	Rural	4	4	0
7	Jollyville	Williamson	Rural	6	6	0
7	Jonestown	Travis	Rural	7	7	0
7	Kingsland	Llano	Rural	4	4	0
7	Kyle	Hays	Rural	4	4	0
7	La Grange	Fayette	Rural	6	6	0
7	Lago Vista	Travis	Rural	7	7	0
7	Lakeway	Travis	Rural	5	5	0
7	Leander	Williamson	Rural	7	7	0
7	Lexington	Lee	Rural	5	5	0
7	Liberty Hill	Williamson	Rural	4	4	0
7	Llano	Llano	Rural	5	5	0
7	Lockhart	Caldwell	Rural	6	6	0
7	Lost Creek	Travis	Rural	5	5	0
7	Luling	Caldwell	Rural	5	5	0
7	Manor	Travis	Rural	4	4	0
7	Marble Falls	Burnet	Rural	5	5	0
7	Martindale	Caldwell	Rural	6	6	0
7	Meadowlakes	Burnet	Rural	7	7	0
7	Mountain City	Hays	Rural	7	7	0
7	Mustang Ridge	Caldwell	Rural	4	4	0
7	Niederwald	Hays	Rural	5	5	0
7	Onion Creek	Travis	Rural	5	4	-1
7	Pflugerville	Travis	Rural	4	4	0
7	Rollingwood	Travis	Rural	7	6	-1
7	Round Mountain	Blanco	Rural	4	4	0
7	Round Rock	Williamson	Rural	6	6	0
7	Round Top	Fayette	Rural	4	4	0
7	San Leanna	Travis	Rural	7	7	0
7	San Marcos	Hays	Rural	7	7	0
7	Schulenburg	Fayette	Rural	6	6	0
7	Serenada	Williamson	Rural	7	7	0
7	Shady Hollow	Travis	Rural	5	5	0
7	Smithville	Bastrop	Rural	7	7	0
7	Sunrise Beach Village	Llano	Rural	7	7	0
7	Sunset Valley	Travis	Rural	6	6	0
7	Taylor	Williamson	Rural	6	6	0
7	The Hills	Travis	Rural	4	4	0
7	Thrall	Williamson	Rural	6	6	0
7	Uhland	Hays	Rural	7	7	0
7	Weir	Williamson	Rural	5	5	0
7	Wells Branch	Travis	Rural	6	6	0
7	West Lake Hills	Travis	Rural	4	4	0
7	Wimberley	Hays	Rural	6	6	0
7	Windemere	Travis	Rural	6	6	0
7	Woodcreek	Hays	Rural	6	6	0
7	Wyldwood	Bastrop	Rural	4	4	0
8	Abbott	Hill	Rural	5	6	1
8	Anderson	Grimes	Rural	4	4	0
8	Aquilla	Hill	Rural	7	7	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
8	Bellmead	McLennan	Urban	5	5	0
8	Belton	Bell	Urban	5	5	0
8	Beverly Hills	McLennan	Urban	6	6	0
8	Blum	Hill	Rural	7	7	0
8	Bremond	Robertson	Rural	5	5	0
8	Brenham	Washington	Rural	5	5	0
8	Bruceville-Eddy	McLennan	Rural	6	6	0
8	Bryan	Brazos	Urban	7	7	0
8	Buckholts	Milam	Rural	7	7	0
8	Buffalo	Leon	Rural	7	7	0
8	Burton	Washington	Rural	5	5	0
8	Bynum	Hill	Rural	7	7	0
8	Caldwell	Burleson	Rural	5	5	0
8	Calvert	Robertson	Rural	4	4	0
8	Cameron	Milam	Rural	4	4	0
8	Carl's Corner	Hill	Rural	7	7	0
8	Centerville	Leon	Rural	6	5	-1
8	Clifton	Bosque	Rural	4	4	0
8	College Station	Brazos	Urban	7	7	0
8	Coolidge	Limestone	Rural	6	6	0
8	Copperas Cove	Coryell	Urban	5	5	0
8	Covington	Hill	Rural	4	4	0
8	Cranfills Gap	Bosque	Rural	5	5	0
8	Crawford	McLennan	Rural	5	5	0
8	Evant	Coryell	Rural	7	7	0
8	Fairfield	Freestone	Rural	6	6	0
8	Fort Hood	Bell	Urban	4	4	0
8	Franklin	Robertson	Rural	5	5	0
8	Gatesville	Coryell	Rural	4	5	1
8	Gholson	McLennan	Rural	4	4	0
8	Goldthwaite	Mills	Rural	6	6	0
8	Golinda	Falls	Rural	6	6	0
8	Groesbeck	Limestone	Rural	5	5	0
8	Hallsburg	McLennan	Rural	6	6	0
8	Hamilton	Hamilton	Rural	4	4	0
8	Harker Heights	Bell	Urban	5	5	0
8	Hearne	Robertson	Rural	6	6	0
8	Hewitt	McLennan	Urban	5	5	0
8	Hico	Hamilton	Rural	5	5	0
8	Hillsboro	Hill	Rural	6	6	0
8	Holland	Bell	Rural	5	4	-1
8	Hubbard	Hill	Rural	4	4	0
8	Iredell	Bosque	Rural	5	6	1
8	Itasca	Hill	Rural	4	4	0
8	Jewett	Leon	Rural	7	7	0
8	Kempner	Lampasas	Rural	6	6	0
8	Killeen	Bell	Urban	5	5	0
8	Kirvin	Freestone	Rural	4	4	0
8	Kosse	Limestone	Rural	7	7	0
8	Lacy-Lakeview	McLennan	Urban	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
8	Lampasas	Lampasas	Rural	5	5	0
8	Leona	Leon	Rural	7	7	0
8	Leroy	McLennan	Rural	4	4	0
8	Little River-Academy	Bell	Rural	7	7	0
8	Lometa	Lampasas	Rural	5	5	0
8	Lorena	McLennan	Rural	4	4	0
8	Lott	Falls	Rural	6	6	0
8	Madisonville	Madison	Rural	5	5	0
8	Malone	Hill	Rural	4	4	0
8	Marlin	Falls	Rural	6	6	0
8	Marquez	Leon	Rural	6	5	-1
8	Mart	McLennan	Rural	7	7	0
8	McGregor	McLennan	Urban	6	6	0
8	Meridian	Bosque	Rural	4	4	0
8	Mertens	Hill	Rural	7	7	0
8	Mexia	Limestone	Rural	7	7	0
8	Midway	Madison	Rural	4	4	0
8	Milano	Milam	Rural	5	5	0
8	Millican	Brazos	Rural	4	4	0
8	Moody	McLennan	Rural	7	7	0
8	Morgan	Bosque	Rural	4	4	0
8	Morgan's Point Resort	Bell	Rural	5	5	0
8	Mount Calm	Hill	Rural	5	5	0
8	Mullin	Mills	Rural	6	6	0
8	Navasota	Grimes	Rural	6	6	0
8	Nolanville	Bell	Rural	6	6	0
8	Normangee	Leon	Rural	4	4	0
8	Oakwood	Leon	Rural	5	5	0
8	Oglesby	Coryell	Rural	7	7	0
8	Penelope	Hill	Rural	7	7	0
8	Richland Springs	San Saba	Rural	4	4	0
8	Riesel	McLennan	Rural	7	7	0
8	Robinson	McLennan	Urban	5	5	0
8	Rockdale	Milam	Rural	6	6	0
8	Rogers	Bell	Rural	5	5	0
8	Rosebud	Falls	Rural	5	5	0
8	Ross	McLennan	Rural	4	4	0
8	Salado	Bell	Rural	4	5	1
8	San Saba	San Saba	Rural	5	5	0
8	Snook	Burleson	Rural	7	7	0
8	Somerville	Burleson	Rural	6	6	0
8	South Mountain	Coryell	Rural	5	5	0
8	Streetman	Freestone	Rural	4	4	0
8	Teague	Freestone	Rural	5	5	0
8	Tehuacana	Limestone	Rural	5	5	0
8	Temple	Bell	Urban	5	5	0
8	Thorndale	Milam	Rural	6	6	0
8	Thornton	Limestone	Rural	5	5	0
8	Todd Mission	Grimes	Rural	4	4	0
8	Troy	Bell	Rural	6	7	1

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
8	Valley Mills	Bosque	Rural	4	4	0
8	Waco	McLennan	Urban	7	7	0
8	Walnut Springs	Bosque	Rural	4	4	0
8	West	McLennan	Rural	5	5	0
8	Whitney	Hill	Rural	7	7	0
8	Wixon Valley	Brazos	Rural	7	7	0
8	Woodway	McLennan	Urban	4	4	0
8	Wortham	Freestone	Rural	7	7	0
9	Alamo Heights	Bexar	Rural	5	5	0
9	Balcones Heights	Bexar	Rural	7	7	0
9	Bandera	Bandera	Rural	4	4	0
9	Bigfoot	Frio	Rural	4	4	0
9	Boerne	Kendall	Rural	6	4	-2
9	Bulverde	Comal	Rural	4	4	0
9	Canyon Lake	Comal	Rural	5	5	0
9	Castle Hills	Bexar	Rural	7	7	0
9	Castroville	Medina	Rural	6	6	0
9	Charlotte	Atascosa	Rural	4	4	0
9	China Grove	Bexar	Rural	4	4	0
9	Christine	Atascosa	Rural	4	4	0
9	Cibolo	Guadalupe	Rural	7	7	0
9	Comfort	Kendall	Rural	5	5	0
9	Converse	Bexar	Rural	6	4	-2
9	Cross Mountain	Bexar	Rural	4	4	0
9	Devine	Medina	Rural	6	6	0
9	Dilley	Frio	Rural	7	7	0
9	Elmendorf	Bexar	Rural	5	6	1
9	Fair Oaks Ranch	Bexar	Rural	5	5	0
9	Falls City	Karnes	Rural	5	5	0
9	Floresville	Wilson	Rural	4	4	0
9	Fredericksburg	Gillespie	Rural	4	4	0
9	Garden Ridge	Comal	Rural	7	7	0
9	Geronimo	Guadalupe	Rural	4	4	0
9	Grey Forest	Bexar	Rural	5	5	0
9	Harper	Gillespie	Rural	5	5	0
9	Helotes	Bexar	Rural	5	5	0
9	Hill Country Village	Bexar	Rural	4	4	0
9	Hilltop	Frio	Rural	4	4	0
9	Hollywood Park	Bexar	Rural	7	7	0
9	Hondo	Medina	Rural	4	4	0
9	Ingram	Kerr	Rural	7	7	0
9	Jourdanton	Atascosa	Rural	7	7	0
9	Karnes City	Karnes	Rural	6	6	0
9	Kenedy	Karnes	Rural	5	5	0
9	Kerrville	Kerr	Rural	7	7	0
9	Kingsbury	Guadalupe	Rural	4	4	0
9	Kirby	Bexar	Rural	6	6	0
9	La Vernia	Wilson	Rural	7	7	0
9	Lackland AFB	Bexar	Rural	4	4	0
9	LaCoste	Medina	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
9	Lakehills	Bandera	Rural	7	7	0
9	Leon Valley	Bexar	Rural	5	5	0
9	Live Oak	Bexar	Rural	5	5	0
9	Lytle	Atascosa	Rural	4	4	0
9	Marion	Guadalupe	Rural	6	6	0
9	McQueeney	Guadalupe	Rural	5	5	0
9	Moore	Frio	Rural	5	5	0
9	Natalia	Medina	Rural	7	7	0
9	New Berlin	Guadalupe	Rural	4	4	0
9	New Braunfels	Comal	Rural	6	6	0
9	North Pearsall	Frio	Rural	5	5	0
9	Northcliff	Guadalupe	Rural	5	5	0
9	Olmos Park	Bexar	Rural	5	5	0
9	Pearsall	Frio	Rural	5	5	0
9	Pleasanton	Atascosa	Rural	7	7	0
9	Poteet	Atascosa	Rural	5	5	0
9	Poth	Wilson	Rural	5	6	1
9	Redwood	Guadalupe	Rural	6	6	0
9	Runge	Karnes	Rural	7	7	0
9	San Antonio	Bexar	Urban	6	6	0
9	Santa Clara	Guadalupe	Rural	7	7	0
9	Scenic Oaks	Bexar	Rural	4	4	0
9	Schertz	Guadalupe	Rural	6	6	0
9	Seguin	Guadalupe	Rural	6	5	-1
9	Selma	Bexar	Rural	7	7	0
9	Shavano Park	Bexar	Rural	4	4	0
9	Somerset	Bexar	Rural	7	7	0
9	St. Hedwig	Bexar	Rural	6	7	1
9	Stockdale	Wilson	Rural	6	6	0
9	Stonewall	Gillespie	Rural	6	6	0
9	Terrell Hills	Bexar	Rural	5	5	0
9	Universal City	Bexar	Rural	6	6	0
9	West Pearsall	Frio	Rural	7	7	0
9	Windcrest	Bexar	Rural	7	7	0
9	Zuehl	Guadalupe	Rural	4	4	0
10	Agua Dulce (Nueces)	Nueces	Rural	6	6	0
10	Airport Road Addition	Brooks	Rural	4	4	0
10	Alfred-South La Paloma	Jim Wells	Rural	4	4	0
10	Alice	Jim Wells	Rural	5	5	0
10	Alice Acres	Jim Wells	Rural	4	4	0
10	Aransas Pass	San Patricio	Rural	5	5	0
10	Austwell	Refugio	Rural	7	7	0
10	Bayside	Refugio	Rural	7	7	0
10	Beeville	Bee	Rural	6	5	-1
10	Benavides	Duval	Rural	6	6	0
10	Bishop	Nueces	Rural	6	6	0
10	Bloomington	Victoria	Rural	7	7	0
10	Blue Berry Hill	Bee	Rural	4	4	0
10	Cantu Addition	Brooks	Rural	4	4	0
10	Concepcion	Duval	Rural	4	4	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
10	Corpus Christi	Nueces	Urban	6	6	0
10	Coyote Acres	Jim Wells	Rural	4	4	0
10	Cuero	DeWitt	Rural	7	7	0
10	Del Sol-Loma Linda	San Patricio	Rural	4	4	0
10	Doyle	San Patricio	Urban	4	4	0
10	Driscoll	Nueces	Rural	7	7	0
10	Edgewater-Paisano	San Patricio	Rural	7	7	0
10	Edna	Jackson	Rural	6	6	0
10	Edroy	San Patricio	Rural	4	4	0
10	Encino	Brooks	Rural	4	4	0
10	Falfurrias	Brooks	Rural	7	7	0
10	Falman-County Acres	San Patricio	Rural	7	7	0
10	Flowella	Brooks	Rural	4	4	0
10	Freer	Duval	Rural	5	5	0
10	Fulton	Aransas	Rural	6	6	0
10	Ganado	Jackson	Rural	5	5	0
10	George West	Live Oak	Rural	5	5	0
10	Goliad	Goliad	Rural	5	4	-1
10	Gonzales	Gonzales	Rural	6	5	-1
10	Gregory	San Patricio	Rural	5	5	0
10	Hallettsville	Lavaca	Rural	6	6	0
10	Inez	Victoria	Rural	5	5	0
10	Ingleside	San Patricio	Urban	5	5	0
10	Ingleside on the Bay	San Patricio	Urban	7	7	0
10	K-Bar Ranch	Jim Wells	Rural	7	7	0
10	Kingsville	Kleberg	Rural	7	6	-1
10	La Paloma-Lost Creek	Nueces	Rural	7	7	0
10	La Ward	Jackson	Rural	7	6	-1
10	Lake City	San Patricio	Rural	5	5	0
10	Lakeshore Gardens-Hidden Acres	San Patricio	Rural	4	4	0
10	Lakeside (San Patricio)	San Patricio	Rural	4	4	0
10	Lolita	Jackson	Rural	4	4	0
10	Loma Linda East	Jim Wells	Rural	4	4	0
10	Mathis	San Patricio	Rural	7	7	0
10	Morgan Farm Area	San Patricio	Rural	7	7	0
10	Moulton	Lavaca	Rural	5	5	0
10	Nixon	Gonzales	Rural	6	5	-1
10	Nordheim	DeWitt	Rural	5	5	0
10	Normanna	Bee	Rural	4	4	0
10	North San Pedro	Nueces	Rural	5	5	0
10	Odem	San Patricio	Rural	6	6	0
10	Orange Grove	Jim Wells	Rural	7	7	0
10	Owl Ranch-Amargosa	Jim Wells	Rural	7	7	0
10	Pawnee	Bee	Rural	4	4	0
10	Pernitas Point	Live Oak	Rural	7	7	0
10	Petronila	Nueces	Rural	4	4	0
10	Pettus	Bee	Rural	5	5	0
10	Point Comfort	Calhoun	Rural	6	6	0
10	Port Aransas	Nueces	Urban	7	7	0
10	Port Lavaca	Calhoun	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
10	Portland	San Patricio	Urban	6	6	0
10	Premont	Jim Wells	Rural	6	6	0
10	Rancho Alegre	Jim Wells	Rural	6	7	1
10	Rancho Banquete	Nueces	Rural	4	4	0
10	Rancho Chico	San Patricio	Rural	7	7	0
10	Realitos	Duval	Rural	4	4	0
10	Refugio	Refugio	Rural	5	5	0
10	Robstown	Nueces	Rural	5	5	0
10	Rockport	Aransas	Rural	5	5	0
10	San Diego	Duval	Rural	6	6	0
10	San Patricio	San Patricio	Rural	7	7	0
10	Sandia	Jim Wells	Rural	4	4	0
10	Sandy Hollow-Escondidas	Nueces	Rural	5	5	0
10	Seadrift	Calhoun	Rural	6	6	0
10	Shiner	Lavaca	Rural	6	6	0
10	Sinton	San Patricio	Rural	6	6	0
10	Skidmore	Bee	Rural	7	7	0
10	Smiley	Gonzales	Rural	6	6	0
10	Spring Garden-Terra Verde	Nueces	Rural	4	4	0
10	St. Paul (San Patricio)	San Patricio	Rural	4	4	0
10	Taft	San Patricio	Rural	6	6	0
10	Taft Southwest	San Patricio	Rural	5	5	0
10	Three Rivers	Live Oak	Rural	6	6	0
10	Tierra Grande	Nueces	Rural	5	5	0
10	Tradewinds	San Patricio	Rural	4	4	0
10	Tuleta	Bee	Rural	4	4	0
10	Tulsita	Bee	Rural	4	4	0
10	Tynan	Bee	Rural	6	6	0
10	Vanderbilt	Jackson	Rural	4	4	0
10	Victoria	Victoria	Urban	6	6	0
10	Waelder	Gonzales	Rural	5	5	0
10	Westdale	Jim Wells	Rural	4	4	0
10	Woodsboro	Refugio	Rural	6	6	0
10	Yoakum	Lavaca	Rural	7	7	0
10	Yorktown	DeWitt	Rural	6	6	0
11	Abram-Perezville	Hidalgo	Rural	7	7	0
11	Alamo	Hidalgo	Urban	4	4	0
11	Alto Bonito	Starr	Rural	4	4	0
11	Alton	Hidalgo	Rural	4	4	0
11	Alton North	Hidalgo	Rural	6	6	0
11	Arroyo Alto	Cameron	Rural	4	4	0
11	Arroyo Colorado Estates	Cameron	Rural	7	7	0
11	Arroyo Gardens-La Tina Ranch	Cameron	Rural	4	4	0
11	Asherton	Dimmit	Rural	7	7	0
11	Batesville	Zavala	Rural	6	6	0
11	Bausell and Ellis	Willacy	Rural	4	4	0
11	Bayview	Cameron	Rural	7	7	0
11	Big Wells	Dimmit	Rural	7	7	0
11	Bixby	Cameron	Rural	4	4	0
11	Bluetown-Iglesia Antigua	Cameron	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
11	Botines	Webb	Rural	7	7	0
11	Box Canyon-Amistad	Val Verde	Rural	4	4	0
11	Brackettville	Kinney	Rural	7	7	0
11	Brownsville	Cameron	Urban	6	6	0
11	Brundage	Dimmit	Rural	4	4	0
11	Bruni	Webb	Rural	4	4	0
11	Cameron Park	Cameron	Urban	5	5	0
11	Camp Wood	Real	Rural	7	7	0
11	Carrizo Hill	Dimmit	Rural	7	7	0
11	Carrizo Springs	Dimmit	Rural	7	7	0
11	Catarina	Dimmit	Rural	4	4	0
11	Cesar Chavez	Hidalgo	Urban	6	6	0
11	Chula Vista-Orason	Cameron	Rural	7	7	0
11	Chula Vista-River Spur	Zavala	Rural	4	4	0
11	Cienegas Terrace	Val Verde	Rural	7	7	0
11	Citrus City	Hidalgo	Rural	4	4	0
11	Combes	Cameron	Urban	6	6	0
11	Cotulla	La Salle	Rural	4	4	0
11	Crystal City	Zavala	Rural	6	6	0
11	Cuevitas	Hidalgo	Rural	4	4	0
11	Del Mar Heights	Cameron	Rural	4	4	0
11	Del Rio	Val Verde	Rural	6	6	0
11	Doffing	Hidalgo	Rural	6	6	0
11	Donna	Hidalgo	Rural	4	4	0
11	Doolittle	Hidalgo	Urban	5	5	0
11	Eagle Pass	Maverick	Rural	7	7	0
11	Edcouch	Hidalgo	Rural	4	4	0
11	Edinburg	Hidalgo	Urban	6	6	0
11	Eidson Road	Maverick	Rural	5	5	0
11	El Camino Angosto	Cameron	Rural	4	4	0
11	El Cenizo	Webb	Rural	5	5	0
11	El Indio	Maverick	Rural	7	7	0
11	El Refugio	Starr	Rural	7	7	0
11	Elm Creek	Maverick	Rural	4	4	0
11	Elsa	Hidalgo	Rural	7	7	0
11	Encantada-Ranchito El Calaboz	Cameron	Rural	4	4	0
11	Encinal	La Salle	Rural	7	7	0
11	Escobares	Starr	Rural	6	6	0
11	Falcon Heights	Starr	Rural	4	4	0
11	Falcon Lake Estates	Zapata	Rural	6	6	0
11	Falcon Mesa	Zapata	Rural	4	4	0
11	Falcon Village	Starr	Rural	7	7	0
11	Faysville	Hidalgo	Urban	7	7	0
11	Fowlerton	La Salle	Rural	4	4	0
11	Fronton	Starr	Rural	4	4	0
11	Garceno	Starr	Rural	7	7	0
11	Grand Acres	Cameron	Rural	4	4	0
11	Granjeno	Hidalgo	Urban	4	4	0
11	Green Valley Farms	Cameron	Rural	4	4	0
11	Guerra	Jim Hogg	Rural	4	4	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
11	Harlingen	Cameron	Urban	6	6	0
11	Havana	Hidalgo	Rural	6	6	0
11	Hebbronville	Jim Hogg	Rural	6	6	0
11	Heidelberg	Hidalgo	Rural	7	7	0
11	Hidalgo	Hidalgo	Rural	6	6	0
11	Indian Hills	Hidalgo	Rural	5	5	0
11	Indian Lake	Cameron	Rural	7	7	0
11	Knippa	Uvalde	Rural	5	5	0
11	La Blanca	Hidalgo	Rural	7	7	0
11	La Casita-Garciasville	Starr	Rural	5	5	0
11	La Feria	Cameron	Rural	7	7	0
11	La Feria North	Cameron	Rural	7	7	0
11	La Grulla	Starr	Rural	5	5	0
11	La Homa	Hidalgo	Urban	6	6	0
11	La Joya	Hidalgo	Rural	7	5	-2
11	La Paloma	Cameron	Rural	7	7	0
11	La Presa	Webb	Rural	4	4	0
11	La Pryor	Zavala	Rural	6	6	0
11	La Puerta	Starr	Rural	4	4	0
11	La Rosita	Starr	Rural	6	6	0
11	La Victoria	Starr	Rural	4	4	0
11	La Villa	Hidalgo	Rural	4	4	0
11	Lago	Cameron	Rural	7	7	0
11	Laguna Heights	Cameron	Rural	5	5	0
11	Laguna Seca	Hidalgo	Rural	4	4	0
11	Laguna Vista	Cameron	Rural	4	4	0
11	Lake View	Val Verde	Rural	4	4	0
11	Laredo	Webb	Urban	6	6	0
11	Laredo Ranchettes	Webb	Rural	4	4	0
11	Larga Vista	Webb	Urban	7	7	0
11	Las Colonias	Zavala	Rural	7	7	0
11	Las Lomas	Starr	Rural	7	7	0
11	Las Lomitas	Jim Hogg	Rural	4	4	0
11	Las Palmas-Juarez	Cameron	Rural	5	5	0
11	Las Quintas Fronterizas	Maverick	Rural	5	5	0
11	Lasana	Cameron	Urban	4	4	0
11	Lasara	Willacy	Rural	5	5	0
11	Laughlin AFB	Val Verde	Rural	5	5	0
11	Laureles	Cameron	Rural	6	6	0
11	Leakey	Real	Rural	7	7	0
11	Llano Grande	Hidalgo	Urban	6	6	0
11	Lopeno	Zapata	Rural	4	4	0
11	Lopezville	Hidalgo	Urban	5	5	0
11	Los Alvarez	Starr	Rural	5	5	0
11	Los Angeles Subdivision	Willacy	Rural	7	7	0
11	Los Ebanos	Hidalgo	Rural	6	6	0
11	Los Fresnos	Cameron	Rural	5	5	0
11	Los Indios	Cameron	Rural	4	4	0
11	Los Villareales	Starr	Rural	4	4	0
11	Lozano	Cameron	Rural	4	4	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
11	Lyford	Willacy	Rural	6	6	0
11	Lyford South	Willacy	Rural	7	7	0
11	McAllen	Hidalgo	Urban	6	6	0
11	Medina	Zapata	Rural	5	5	0
11	Mercedes	Hidalgo	Rural	6	5	-1
11	Midway North	Hidalgo	Urban	4	4	0
11	Midway South	Hidalgo	Urban	6	6	0
11	Mila Doce	Hidalgo	Rural	5	5	0
11	Mirando City	Webb	Rural	7	7	0
11	Mission	Hidalgo	Urban	5	5	0
11	Monte Alto	Hidalgo	Rural	6	6	0
11	Morales-Sanchez	Zapata	Rural	4	4	0
11	Muniz	Hidalgo	Rural	7	7	0
11	New Falcon	Zapata	Rural	4	4	0
11	North Alamo	Hidalgo	Urban	5	5	0
11	North Escobares	Starr	Rural	7	7	0
11	Nurillo	Hidalgo	Urban	6	6	0
11	Oilton	Webb	Rural	4	4	0
11	Olivarez	Hidalgo	Rural	6	6	0
11	Olmito	Cameron	Urban	6	6	0
11	Palm Valley	Cameron	Urban	5	5	0
11	Palmhurst	Hidalgo	Urban	6	6	0
11	Palmview	Hidalgo	Urban	6	6	0
11	Palmview South	Hidalgo	Urban	6	6	0
11	Penitas	Hidalgo	Rural	6	6	0
11	Pharr	Hidalgo	Urban	5	5	0
11	Port Isabel	Cameron	Rural	6	5	-1
11	Port Mansfield	Willacy	Rural	6	6	0
11	Primera	Cameron	Urban	6	6	0
11	Progreso	Hidalgo	Rural	6	6	0
11	Progreso Lakes	Hidalgo	Rural	4	4	0
11	Quemado	Maverick	Rural	4	4	0
11	Radar Base	Maverick	Rural	4	4	0
11	Ranchette Estates	Willacy	Rural	4	4	0
11	Ranchitos Las Lomas	Webb	Rural	4	4	0
11	Rancho Viejo	Cameron	Urban	6	6	0
11	Ranchos Penitas West	Webb	Urban	4	4	0
11	Rangerville	Cameron	Rural	4	4	0
11	Ratamosa	Cameron	Rural	4	4	0
11	Raymondville	Willacy	Rural	5	5	0
11	Reid Hope King	Cameron	Urban	7	7	0
11	Relampago	Hidalgo	Rural	4	4	0
11	Rio Bravo	Webb	Urban	5	5	0
11	Rio Grande City	Starr	Rural	5	5	0
11	Rio Hondo	Cameron	Rural	6	6	0
11	Rocksprings	Edwards	Rural	6	6	0
11	Roma	Starr	Rural	7	7	0
11	Roma Creek	Starr	Rural	4	4	0
11	Rosita North	Maverick	Rural	5	5	0
11	Rosita South	Maverick	Rural	6	6	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
11	Sabinal	Uvalde	Rural	7	7	0
11	Salineno	Starr	Rural	4	4	0
11	San Benito	Cameron	Urban	6	6	0
11	San Carlos	Hidalgo	Rural	7	7	0
11	San Ignacio	Zapata	Rural	4	4	0
11	San Isidro	Starr	Rural	6	6	0
11	San Juan	Hidalgo	Urban	6	6	0
11	San Manuel-Linn	Hidalgo	Rural	4	4	0
11	San Pedro	Cameron	Rural	4	4	0
11	San Perlita	Willacy	Rural	7	7	0
11	Santa Cruz	Starr	Rural	7	7	0
11	Santa Maria	Cameron	Rural	5	5	0
11	Santa Monica	Willacy	Rural	4	4	0
11	Santa Rosa	Cameron	Rural	4	4	0
11	Scissors	Hidalgo	Rural	4	4	0
11	Sebastian	Willacy	Rural	4	4	0
11	Siesta Shores	Zapata	Rural	4	4	0
11	Solis	Cameron	Rural	7	7	0
11	South Alamo	Hidalgo	Rural	6	6	0
11	South Fork Estates	Jim Hogg	Rural	4	4	0
11	South Padre Island	Cameron	Rural	7	7	0
11	South Point	Cameron	Rural	7	7	0
11	Spofford	Kinney	Rural	4	4	0
11	Sullivan City	Hidalgo	Rural	6	6	0
11	Tierra Bonita	Cameron	Rural	4	4	0
11	Utopia	Uvalde	Rural	6	6	0
11	Uvalde	Uvalde	Rural	7	7	0
11	Uvalde Estates	Uvalde	Rural	6	6	0
11	Val Verde Park	Val Verde	Rural	6	6	0
11	Villa del Sol	Cameron	Rural	4	4	0
11	Villa Pancho	Cameron	Urban	7	7	0
11	Villa Verde	Hidalgo	Urban	4	4	0
11	Weslaco	Hidalgo	Urban	5	5	0
11	West Sharyland	Hidalgo	Rural	5	5	0
11	Willamar	Willacy	Rural	4	4	0
11	Yznaga	Cameron	Rural	4	4	0
11	Zapata	Zapata	Rural	5	5	0
11	Zapata Ranch	Willacy	Rural	4	4	0
12	Ackerly	Dawson	Rural	5	5	0
12	Andrews	Andrews	Rural	6	6	0
12	Balmorhea	Reeves	Rural	4	5	1
12	Barstow	Ward	Rural	7	7	0
12	Big Lake	Reagan	Rural	6	6	0
12	Big Spring	Howard	Rural	6	6	0
12	Brady	McCulloch	Rural	5	5	0
12	Bronte	Coke	Rural	7	7	0
12	Christoval	Tom Green	Rural	7	6	-1
12	Coahoma	Howard	Rural	5	5	0
12	Coyanosa	Pecos	Rural	4	4	0
12	Crane	Crane	Rural	7	7	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
12	Eden	Concho	Rural	7	7	0
12	Eldorado	Schleicher	Rural	4	4	0
12	Forsan	Howard	Rural	5	5	0
12	Fort Stockton	Pecos	Rural	4	4	0
12	Gardendale	Ector	Rural	4	4	0
12	Goldsmith	Ector	Rural	5	5	0
12	Grandfalls	Ward	Rural	6	6	0
12	Grape Creek	Tom Green	Rural	6	6	0
12	Imperial	Pecos	Rural	4	4	0
12	Iraan	Pecos	Rural	4	4	0
12	Junction	Kimble	Rural	6	6	0
12	Kermit	Winkler	Rural	5	5	0
12	Lamesa	Dawson	Rural	6	6	0
12	Lindsay (Reeves)	Reeves	Rural	4	4	0
12	Los Ybanez	Dawson	Rural	4	4	0
12	Mason	Mason	Rural	6	6	0
12	McCamey	Upton	Rural	5	5	0
12	Melvin	McCulloch	Rural	7	7	0
12	Menard	Menard	Rural	6	6	0
12	Mertzon	Irion	Rural	4	4	0
12	Midland	Midland	Urban	6	6	0
12	Monahans	Ward	Rural	7	7	0
12	Odessa	Ector	Urban	6	6	0
12	Ozona	Crockett	Rural	5	5	0
12	Paint Rock	Concho	Rural	7	7	0
12	Pecos	Reeves	Rural	4	4	0
12	Pyote	Ward	Rural	4	4	0
12	Rankin	Upton	Rural	4	4	0
12	Robert Lee	Coke	Rural	7	7	0
12	San Angelo	Tom Green	Urban	7	7	0
12	Sanderson	Terrell	Rural	7	6	-1
12	Seagraves	Gaines	Rural	6	6	0
12	Seminole	Gaines	Rural	5	5	0
12	Sonora	Sutton	Rural	4	4	0
12	Stanton	Martin	Rural	6	6	0
12	Sterling City	Sterling	Rural	5	5	0
12	Thorntonville	Ward	Rural	4	4	0
12	Toyah	Reeves	Rural	4	4	0
12	West Odessa	Ector	Urban	6	6	0
12	Wickett	Ward	Rural	7	7	0
12	Wink	Winkler	Rural	5	5	0
13	Agua Dulce (El Paso)	El Paso	Rural	4	4	0
13	Alpine	Brewster	Rural	7	7	0
13	Anthony	El Paso	Urban	4	4	0
13	Butterfield	El Paso	Rural	4	4	0
13	Canutillo	El Paso	Urban	5	5	0
13	Clint	El Paso	Rural	4	4	0
13	Dell City	Hudspeth	Rural	6	6	0
13	El Paso	El Paso	Urban	7	7	0
13	Fabens	El Paso	Rural	7	7	0

Region	Area Name	County Name	Area Type	AHNS 06	AHNS 07	Change in AHNS 07 - 06
13	Fort Bliss	El Paso	Urban	5	5	0
13	Fort Davis	Jeff Davis	Rural	5	5	0
13	Fort Hancock	Hudspeth	Rural	6	6	0
13	Homestead Meadows North	El Paso	Rural	6	6	0
13	Homestead Meadows South	El Paso	Rural	7	7	0
13	Horizon City	El Paso	Rural	4	4	0
13	Marathon	Brewster	Rural	5	5	0
13	Marfa	Presidio	Rural	5	5	0
13	Morning Glory	El Paso	Rural	4	4	0
13	Prado Verde	El Paso	Urban	4	4	0
13	Presidio	Presidio	Rural	6	6	0
13	Redford	Presidio	Rural	4	4	0
13	San Elizario	El Paso	Urban	4	5	1
13	Sierra Blanca	Hudspeth	Rural	5	5	0
13	Socorro	El Paso	Urban	6	6	0
13	Sparks	El Paso	Rural	6	6	0
13	Study Butte-Terlingua	Brewster	Rural	5	5	0
13	Tornillo	El Paso	Rural	7	7	0
13	Valentine	Jeff Davis	Rural	6	6	0
13	Van Horn	Culberson	Rural	7	7	0
13	Vinton	El Paso	Rural	7	7	0
13	Westway	El Paso	Urban	7	7	0

Draft 2008 HOME Affordable Housing Need Scores (AHNS) Place Level

(Sorted by Region then Place.)

Instructions:
Use this table to determine the AHNS of an application that will serve a **single** place.
Special Circumstances
(1) Rental Development activities that are not located within a place's jurisdiction will utilize the score of closest place.
(2) Participating Jurisdictions (PJ) recieve a score of zero and are not included in the table.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sandy Garcia via facsimile at (512) 475-4798 or by email at sandy.garcia@tdhca.state.tx.us.

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Abernathy	Hale	2,839	Rural	6	6	5
1	Adrian	Oldham	159	Rural	7	7	7
1	Amherst	Lamb	791	Rural	5	5	7
1	Anton	Hockley	1,200	Rural	4	4	6
1	Bishop Hills	Potter	210	Rural	4	4	7
1	Booker	Lipscomb	1,315	Rural	6	6	4
1	Borger	Hutchinson	14,302	Rural	5	6	4
1	Bovina	Parmer	1,874	Rural	5	4	4
1	Brownfield	Terry	9,488	Rural	7	7	5
1	Buffalo Springs	Lubbock	493	Rural	5	5	5
1	Cactus	Moore	2,538	Rural	4	4	5
1	Canadian	Hemphill	2,233	Rural	6	6	5
1	Canyon	Randall	12,875	Rural	7	7	4
1	Channing	Hartley	356	Rural	7	7	5
1	Childress	Childress	6,778	Rural	5	6	4
1	Clarendon	Donley	1,974	Rural	6	6	4
1	Claude	Armstrong	1,313	Rural	7	7	5
1	Crosbyton	Crosby	1,874	Rural	6	6	4
1	Dalhart	Dallam	7,237	Rural	7	7	5
1	Darrouzett	Lipscomb	303	Rural	7	7	7
1	Denver City	Yoakum	3,985	Rural	5	5	7
1	Dickens	Dickens	332	Rural	7	7	7
1	Dimmitt	Castro	4,375	Rural	6	5	6
1	Dodson	Collingsworth	115	Rural	7	7	7
1	Dumas	Moore	13,747	Rural	5	5	4
1	Earth	Lamb	1,109	Rural	5	5	6
1	Edmonson	Hale	123	Rural	4	4	6
1	Estelline	Hall	168	Rural	7	7	7
1	Farwell	Parmer	1,364	Rural	7	7	5
1	Floydada	Floyd	3,676	Rural	6	6	4
1	Follett	Lipscomb	412	Rural	4	4	7
1	Friona	Parmer	3,854	Rural	6	6	4
1	Fritch	Hutchinson	2,235	Rural	6	6	5
1	Groom	Carson	587	Rural	7	7	7
1	Gruver	Hansford	1,162	Rural	6	6	5
1	Hale Center	Hale	2,263	Rural	6	6	5
1	Happy	Swisher	647	Rural	5	5	6
1	Hart	Castro	1,198	Rural	5	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Hartley	Hartley	441	Rural	6	6	6
1	Hedley	Donley	379	Rural	7	7	7
1	Hereford	Deaf Smith	14,597	Rural	4	5	5
1	Higgins	Lipscomb	425	Rural	4	4	7
1	Howardwick	Donley	437	Rural	7	7	5
1	Idalou	Lubbock	2,157	Rural	4	4	4
1	Kress	Swisher	826	Rural	6	6	5
1	Lake Tanglewood	Randall	825	Rural	7	7	4
1	Lakeview	Hall	152	Rural	7	7	4
1	Lefors	Gray	559	Rural	4	4	6
1	Levelland	Hockley	12,866	Rural	6	7	6
1	Lipscomb	Lipscomb	44	Rural	4	4	4
1	Littlefield	Lamb	6,507	Rural	7	7	5
1	Lockney	Floyd	2,056	Rural	5	4	5
1	Lorenzo	Crosby	1,372	Rural	5	5	5
1	Matador	Motley	740	Rural	5	5	4
1	McLean	Gray	830	Rural	6	6	7
1	Meadow	Terry	658	Rural	4	4	5
1	Memphis	Hall	2,479	Rural	6	6	4
1	Miami	Roberts	588	Rural	7	7	5
1	Mobeetie	Wheeler	107	Rural	4	4	4
1	Morse	Hansford	172	Rural	5	5	7
1	Morton	Cochran	2,249	Rural	5	4	4
1	Muleshoe	Bailey	4,530	Rural	4	4	5
1	Nazareth	Castro	356	Rural	5	5	5
1	New Deal	Lubbock	708	Rural	6	6	4
1	New Home	Lynn	320	Rural	5	5	4
1	O'Donnell	Lynn	1,011	Rural	4	4	4
1	Olton	Lamb	2,288	Rural	5	5	5
1	Opdyke West	Hockley	188	Rural	5	5	7
1	Palisades	Randall	352	Rural	6	6	5
1	Pampa	Gray	17,887	Rural	6	6	5
1	Panhandle	Carson	2,589	Rural	5	5	4
1	Perryton	Ochiltree	7,774	Rural	4	5	4
1	Petersburg	Hale	1,262	Rural	4	4	4
1	Plains	Yoakum	1,450	Rural	6	6	4
1	Plainview	Hale	22,336	Rural	6	6	5
1	Post	Garza	3,708	Rural	7	7	7
1	Quail	Collingsworth	33	Rural	4	4	4
1	Quitaque	Briscoe	432	Rural	7	7	6
1	Ralls	Crosby	2,252	Rural	6	6	7
1	Ransom Canyon	Lubbock	1,011	Rural	5	5	4
1	Reese Center	Lubbock	42	Urban	4	4	7
1	Roaring Springs	Motley	265	Rural	4	4	4
1	Ropesville	Hockley	517	Rural	4	4	4
1	Samnorwood	Collingsworth	39	Rural	4	4	4
1	Sanford	Hutchinson	203	Rural	6	6	5
1	Seth Ward	Hale	1,926	Rural	6	6	7
1	Shallowater	Lubbock	2,086	Rural	7	7	6
1	Shamrock	Wheeler	2,029	Rural	6	6	7
1	Silverton	Briscoe	771	Rural	6	6	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Skellytown	Carson	610	Rural	4	4	7
1	Slaton	Lubbock	6,109	Rural	6	6	7
1	Smyer	Hockley	480	Rural	5	5	7
1	Spade	Lamb	100	Rural	6	6	4
1	Spearman	Hansford	3,021	Rural	4	4	5
1	Springlake	Lamb	135	Rural	7	7	4
1	Spur	Dickens	1,088	Rural	5	5	6
1	Stinnett	Hutchinson	1,936	Rural	6	6	5
1	Stratford	Sherman	1,991	Rural	4	4	4
1	Sudan	Lamb	1,039	Rural	6	5	4
1	Sundown	Hockley	1,505	Rural	5	5	5
1	Sunray	Moore	1,950	Rural	5	5	4
1	Tahoka	Lynn	2,910	Rural	5	4	7
1	Texhoma	Sherman	371	Rural	7	7	7
1	Texline	Dallam	511	Rural	5	5	6
1	Timbercreek Canyon	Randall	406	Rural	4	4	4
1	Tulia	Swisher	5,117	Rural	5	5	5
1	Turkey	Hall	494	Rural	4	4	7
1	Vega	Oldham	936	Rural	6	6	7
1	Wellington	Collingsworth	2,275	Rural	5	5	6
1	Wellman	Terry	203	Rural	5	4	7
1	Wheeler	Wheeler	1,378	Rural	5	5	4
1	White Deer	Carson	1,060	Rural	6	6	4
1	Whiteface	Cochran	465	Rural	4	4	7
1	Wilson	Lynn	532	Rural	4	4	5
1	Wolfforth	Lubbock	2,554	Rural	6	6	7
2	Albany	Shackelford	1,921	Rural	6	6	4
2	Anson	Jones	2,556	Rural	4	4	6
2	Archer City	Archer	1,848	Rural	5	5	4
2	Aspermont	Stonewall	1,021	Rural	5	5	6
2	Baird	Callahan	1,623	Rural	4	6	5
2	Ballinger	Runnels	4,243	Rural	7	7	7
2	Bangs	Brown	1,620	Rural	6	6	7
2	Bellevue	Clay	386	Rural	6	6	6
2	Benjamin	Knox	264	Rural	4	4	7
2	Blackwell	Nolan	360	Rural	6	6	4
2	Blanket	Brown	402	Rural	7	7	6
2	Bowie	Montague	5,219	Rural	6	7	7
2	Breckenridge	Stephens	5,868	Rural	6	5	4
2	Brownwood	Brown	18,813	Rural	5	7	5
2	Bryson	Jack	528	Rural	6	6	7
2	Buffalo Gap	Taylor	463	Rural	5	5	4
2	Burkburnett	Wichita	10,927	Rural	6	6	4
2	Byers	Clay	517	Rural	7	7	6
2	Carbon	Eastland	224	Rural	4	4	4
2	Chillicothe	Hardeman	798	Rural	7	7	4
2	Cisco	Eastland	3,851	Rural	7	7	5
2	Clyde	Callahan	3,345	Rural	6	6	5
2	Coleman	Coleman	5,127	Rural	6	6	7
2	Colorado City	Mitchell	4,281	Rural	7	6	7
2	Comanche	Comanche	4,482	Rural	7	7	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Cross Plains	Callahan	1,068	Rural	4	6	7
2	Crowell	Foard	1,141	Rural	6	6	6
2	De Leon	Comanche	2,433	Rural	6	6	6
2	Dean	Clay	341	Rural	7	7	6
2	Early	Brown	2,588	Rural	5	5	5
2	Eastland	Eastland	3,769	Rural	4	7	7
2	Elbert	Throckmorton	56	Rural	7	7	4
2	Electra	Wichita	3,168	Rural	6	6	6
2	Girard	Kent	62	Rural	4	4	7
2	Goree	Knox	321	Rural	4	4	7
2	Gorman	Eastland	1,236	Rural	4	4	4
2	Graham	Young	8,716	Rural	5	5	5
2	Gustine	Comanche	457	Rural	7	7	7
2	Hamlin	Jones	2,248	Rural	5	5	7
2	Haskell	Haskell	3,106	Rural	6	6	7
2	Hawley	Jones	646	Rural	7	7	5
2	Henrietta	Clay	3,264	Rural	6	6	5
2	Hermleigh	Scurry	393	Rural	6	6	7
2	Holliday	Archer	1,632	Rural	4	4	6
2	Impact	Taylor	39	Urban	4	4	4
2	Iowa Park	Wichita	6,431	Rural	6	6	4
2	Jacksboro	Jack	4,533	Rural	6	6	6
2	Jayton	Kent	513	Rural	4	4	4
2	Jolly	Clay	188	Rural	7	7	7
2	Knox City	Knox	1,219	Rural	5	5	7
2	Lake Brownwood	Brown	1,694	Rural	7	7	7
2	Lakeside City	Archer	984	Urban	5	5	4
2	Lawn	Taylor	353	Rural	4	4	5
2	Loraine	Mitchell	656	Rural	6	6	4
2	Lueders	Jones	300	Rural	5	5	7
2	Megargel	Archer	248	Rural	4	4	4
2	Merkel	Taylor	2,637	Rural	6	6	4
2	Miles	Runnels	850	Rural	6	6	6
2	Moran	Shackelford	233	Rural	5	5	6
2	Munday	Knox	1,527	Rural	4	4	4
2	Newcastle	Young	575	Rural	6	6	5
2	Nocona	Montague	3,198	Rural	5	4	4
2	Novice	Coleman	142	Rural	4	4	4
2	O'Brien	Haskell	132	Rural	4	4	7
2	Olney	Young	3,396	Rural	5	5	6
2	Paducah	Cottle	1,498	Rural	5	5	4
2	Petrolia	Clay	782	Rural	7	7	4
2	Pleasant Valley	Wichita	408	Urban	7	7	6
2	Potosi	Taylor	1,664	Urban	7	7	4
2	Putnam	Callahan	88	Rural	7	7	5
2	Quanah	Hardeman	3,022	Rural	7	7	4
2	Ranger	Eastland	2,584	Rural	5	4	7
2	Rising Star	Eastland	835	Rural	5	5	7
2	Roby	Fisher	673	Rural	6	6	4
2	Rochester	Haskell	378	Rural	5	5	5
2	Roscoe	Nolan	1,378	Rural	5	4	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Rotan	Fisher	1,611	Rural	5	5	4
2	Rule	Haskell	698	Rural	6	6	6
2	Santa Anna	Coleman	1,081	Rural	4	5	5
2	Scotland	Archer	438	Rural	4	4	6
2	Seymour	Baylor	2,908	Rural	5	5	4
2	Snyder	Scurry	10,783	Rural	5	5	5
2	St. Jo	Montague	977	Rural	4	4	6
2	Stamford	Jones	3,636	Rural	5	5	5
2	Sunset	Montague	339	Rural	4	4	7
2	Sweetwater	Nolan	11,415	Rural	6	6	5
2	Throckmorton	Throckmorton	905	Rural	4	4	4
2	Trent	Taylor	318	Rural	7	7	4
2	Tuscola	Taylor	714	Rural	4	4	4
2	Tye	Taylor	1,158	Urban	7	7	5
2	Vernon	Wilbarger	11,660	Rural	4	5	5
2	Weinert	Haskell	177	Rural	7	7	5
2	Westbrook	Mitchell	203	Rural	6	6	5
2	Windthorst	Archer	440	Rural	4	4	7
2	Winters	Runnels	2,880	Rural	4	4	5
2	Woodson	Throckmorton	296	Rural	5	5	5
3	Addison	Dallas	14,166	Urban	5	5	4
3	Aledo	Parker	1,726	Rural	6	6	6
3	Allen	Collin	43,554	Urban	6	6	4
3	Alma	Ellis	302	Rural	7	7	7
3	Alvarado	Johnson	3,288	Rural	5	4	6
3	Alvord	Wise	1,007	Rural	6	6	4
3	Angus	Navarro	334	Rural	6	6	6
3	Anna	Collin	1,225	Rural	6	5	4
3	Annetta	Parker	1,108	Rural	7	7	4
3	Annetta North	Parker	467	Rural	7	7	4
3	Annetta South	Parker	555	Rural	7	7	4
3	Argyle	Denton	2,365	Urban	5	5	4
3	Aubrey	Denton	1,500	Rural	7	6	6
3	Aurora	Wise	853	Rural	7	7	7
3	Bailey	Fannin	213	Rural	7	7	4
3	Bardwell	Ellis	583	Rural	4	4	7
3	Barry	Navarro	209	Rural	7	7	5
3	Bartonville	Denton	1,093	Rural	4	4	4
3	Bells	Grayson	1,190	Rural	6	6	6
3	Blooming Grove	Navarro	833	Rural	5	5	6
3	Blue Ridge	Collin	672	Rural	6	6	7
3	Bonham	Fannin	9,990	Rural	7	6	6
3	Boyd	Wise	1,099	Rural	5	5	6
3	Briar	Tarrant	5,350	Rural	4	4	6
3	Briaroaks	Johnson	493	Rural	4	4	5
3	Bridgeport	Wise	4,309	Rural	4	6	6
3	Caddo Mills	Hunt	1,149	Rural	7	6	6
3	Callisburg	Cooke	365	Rural	5	5	7
3	Campbell	Hunt	734	Rural	6	6	7
3	Carrollton	Denton	109,576	Urban	5	5	4
3	Celeste	Hunt	817	Rural	5	4	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Celina	Collin	1,861	Urban	5	4	6
3	Chico	Wise	947	Rural	6	6	6
3	Cleburne	Johnson	26,005	Urban	4	6	6
3	Colleyville	Tarrant	19,636	Urban	5	5	4
3	Collinsville	Grayson	1,235	Rural	4	4	5
3	Commerce	Hunt	7,669	Rural	7	7	4
3	Cool	Parker	162	Rural	7	7	7
3	Copper Canyon	Denton	1,216	Urban	7	7	4
3	Corinth	Denton	11,325	Urban	4	5	4
3	Corral City	Denton	89	Rural	4	4	7
3	Corsicana	Navarro	24,485	Rural	6	6	6
3	Cottonwood	Kaufman	181	Rural	4	4	6
3	Crandall	Kaufman	2,774	Rural	5	5	5
3	Cross Roads	Denton	603	Rural	4	4	7
3	Cross Timber	Johnson	277	Rural	7	7	5
3	Dawson	Navarro	852	Rural	4	4	5
3	Decatur	Wise	5,201	Rural	5	5	6
3	Denison	Grayson	22,773	Urban	5	6	6
3	DeSoto	Dallas	37,646	Urban	4	7	5
3	Dodd City	Fannin	419	Rural	7	7	6
3	Dorchester	Grayson	109	Urban	4	4	7
3	Double Oak	Denton	2,179	Urban	7	7	4
3	Dublin	Erath	3,754	Rural	5	5	6
3	Eagle Mountain	Tarrant	6,599	Urban	5	5	5
3	Ector	Fannin	600	Rural	6	6	4
3	Edgecliff Village	Tarrant	2,550	Urban	7	6	5
3	Emhouse	Navarro	159	Rural	4	4	4
3	Ennis	Ellis	16,045	Rural	4	5	6
3	Euless	Tarrant	46,005	Urban	5	5	4
3	Eureka	Navarro	340	Rural	4	4	6
3	Fairview	Collin	2,644	Urban	7	7	4
3	Farmersville	Collin	3,118	Rural	5	4	4
3	Fate	Rockwall	497	Rural	7	7	5
3	Ferris	Ellis	2,175	Rural	5	5	4
3	Flower Mound	Denton	50,702	Urban	5	5	4
3	Forney	Kaufman	5,588	Rural	6	6	6
3	Frisco	Collin	33,714	Urban	6	6	4
3	Frost	Navarro	648	Rural	6	6	7
3	Gainesville	Cooke	15,538	Rural	5	6	5
3	Garrett	Ellis	448	Rural	7	7	7
3	Glen Rose	Somervell	2,122	Rural	5	5	6
3	Godley	Johnson	879	Rural	7	7	5
3	Goodlow	Navarro	264	Rural	4	4	7
3	Gordon	Palo Pinto	451	Rural	7	7	5
3	Graford	Palo Pinto	578	Rural	5	5	5
3	Granbury	Hood	5,718	Rural	6	7	5
3	Grandview	Johnson	1,358	Rural	6	6	7
3	Grays Prairie	Kaufman	296	Rural	7	7	4
3	Greenville	Hunt	23,960	Rural	5	6	6
3	Gunter	Grayson	1,230	Rural	6	5	4
3	Hackberry	Denton	544	Urban	7	7	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Hawk Cove	Hunt	457	Rural	4	4	6
3	Heath	Rockwall	4,149	Urban	4	4	4
3	Hebron	Denton	874	Urban	4	4	4
3	Hickory Creek	Denton	2,078	Urban	5	5	5
3	Highland Village	Denton	12,173	Urban	6	6	4
3	Honey Grove	Fannin	1,746	Rural	4	6	5
3	Howe	Grayson	2,478	Urban	6	6	7
3	Hudson Oaks	Parker	1,637	Rural	7	7	4
3	Italy	Ellis	1,993	Rural	5	5	5
3	Josephine	Collin	594	Rural	7	7	4
3	Joshua	Johnson	4,528	Urban	5	5	5
3	Justin	Denton	1,891	Rural	6	6	5
3	Kaufman	Kaufman	6,490	Rural	4	5	7
3	Keene	Johnson	5,003	Rural	6	6	7
3	Kemp	Kaufman	1,133	Rural	7	7	6
3	Kerens	Navarro	1,681	Rural	6	6	6
3	Knollwood	Grayson	375	Urban	7	7	7
3	Krugerville	Denton	903	Rural	7	7	6
3	Krum	Denton	1,979	Rural	4	4	5
3	Ladonia	Fannin	667	Rural	4	4	7
3	Lake Bridgeport	Wise	372	Rural	4	4	5
3	Lake Dallas	Denton	6,166	Rural	6	5	5
3	Lake Kiowa	Cooke	1,883	Rural	4	4	4
3	Lakewood Village	Denton	342	Rural	7	7	6
3	Lavon	Collin	387	Rural	4	4	5
3	Leonard	Fannin	1,846	Rural	6	6	5
3	Lewisville	Denton	77,737	Urban	6	6	4
3	Lincoln Park	Denton	517	Rural	5	5	7
3	Lindsay (Cooke)	Cooke	788	Rural	5	5	4
3	Lipan	Hood	425	Rural	4	4	6
3	Little Elm	Denton	3,646	Urban	4	5	6
3	Lone Oak	Hunt	521	Rural	4	4	7
3	Lowry Crossing	Collin	1,229	Urban	7	7	4
3	Lucas	Collin	2,890	Urban	7	7	4
3	Mabank	Kaufman	2,151	Rural	4	7	6
3	Marshall Creek	Denton	431	Rural	7	7	7
3	Maypearl	Ellis	746	Rural	6	5	6
3	McKinney	Collin	54,369	Urban	5	6	4
3	McLendon-Chisholm	Rockwall	914	Rural	7	7	4
3	Melissa	Collin	1,350	Urban	6	6	5
3	Mesquite	Dallas	124,523	Urban	5	6	5
3	Midlothian	Ellis	7,480	Urban	5	5	5
3	Mildred	Navarro	405	Rural	7	7	6
3	Milford	Ellis	685	Rural	4	4	7
3	Millsap	Parker	353	Rural	4	4	5
3	Mineral Wells	Palo Pinto	16,946	Rural	6	6	6
3	Mingus	Palo Pinto	246	Rural	7	7	4
3	Mobile City	Rockwall	196	Rural	4	4	7
3	Muenster	Cooke	1,556	Rural	6	6	6
3	Murphy	Collin	3,099	Urban	7	6	4
3	Mustang	Navarro	47	Rural	4	4	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Navarro	Navarro	191	Rural	4	4	4
3	Nevada	Collin	563	Rural	5	5	4
3	New Fairview	Wise	877	Rural	5	5	7
3	New Hope	Collin	662	Rural	4	4	4
3	Newark	Wise	887	Rural	6	6	6
3	Neylandville	Hunt	56	Rural	4	4	7
3	Northlake	Denton	921	Urban	5	5	7
3	Oak Grove	Kaufman	710	Rural	7	7	4
3	Oak Leaf	Ellis	1,209	Rural	7	7	4
3	Oak Point	Denton	1,747	Rural	6	5	5
3	Oak Ridge (Cooke)	Cooke	224	Rural	6	6	7
3	Oak Ridge (Kaufman)	Kaufman	400	Rural	7	7	7
3	Oak Trail Shores	Hood	2,475	Rural	4	4	7
3	Oak Valley	Navarro	401	Rural	6	6	6
3	Ovilla	Ellis	3,405	Urban	7	7	5
3	Palmer	Ellis	1,774	Rural	4	4	7
3	Paradise	Wise	459	Rural	7	7	7
3	Parker	Collin	1,379	Urban	4	4	4
3	Pecan Acres	Wise	2,289	Rural	7	7	5
3	Pecan Hill	Ellis	672	Rural	6	6	5
3	Pecan Plantation	Hood	3,544	Rural	6	5	4
3	Pelican Bay	Tarrant	1,505	Rural	6	6	7
3	Pilot Point	Denton	3,538	Rural	5	5	6
3	Ponder	Denton	507	Rural	5	4	4
3	Post Oak Bend City	Kaufman	404	Rural	5	5	6
3	Pottsboro	Grayson	1,579	Rural	5	5	4
3	Powell	Navarro	105	Rural	4	4	7
3	Princeton	Collin	3,477	Urban	6	5	6
3	Prosper	Collin	2,097	Urban	5	5	5
3	Quinlan	Hunt	1,370	Rural	7	7	5
3	Ravenna	Fannin	215	Rural	4	4	7
3	Red Oak	Ellis	4,301	Urban	6	6	6
3	Rendon	Tarrant	9,022	Urban	4	4	6
3	Reno (Parker)	Parker	2,441	Rural	6	6	6
3	Retreat	Navarro	339	Rural	5	5	7
3	Rhome	Wise	551	Rural	6	5	7
3	Rice	Navarro	798	Rural	6	6	5
3	Richardson	Dallas	91,802	Urban	5	5	4
3	Richland	Navarro	291	Rural	7	7	7
3	Rio Vista	Johnson	656	Rural	4	4	7
3	Roanoke	Denton	2,810	Urban	6	5	6
3	Rockwall	Rockwall	17,976	Urban	4	5	5
3	Rosser	Kaufman	379	Rural	7	7	4
3	Rowlett	Dallas	44,503	Urban	6	5	4
3	Royse City	Rockwall	2,957	Rural	5	5	7
3	Runaway Bay	Wise	1,104	Rural	6	6	6
3	Sadler	Grayson	404	Rural	7	7	6
3	Sanctuary	Parker	256	Rural	7	7	6
3	Sanger	Denton	4,534	Rural	4	5	6
3	Savoy	Fannin	850	Rural	6	6	4
3	Shady Shores	Denton	1,461	Urban	4	4	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Sherman	Grayson	35,082	Urban	6	6	6
3	Southmayd	Grayson	992	Rural	5	5	5
3	Springtown	Parker	2,062	Rural	4	6	6
3	St. Paul (Collin)	Collin	630	Rural	4	4	4
3	Stephenville	Erath	14,921	Rural	7	7	6
3	Strawn	Palo Pinto	739	Rural	5	5	7
3	Sunnyvale	Dallas	2,693	Urban	4	4	6
3	Talty	Kaufman	1,028	Rural	4	4	4
3	Terrell	Kaufman	13,606	Rural	6	7	6
3	The Colony	Denton	26,531	Urban	5	5	4
3	Tioga	Grayson	754	Rural	4	4	5
3	Tolar	Hood	504	Rural	5	5	4
3	Tom Bean	Grayson	941	Rural	4	4	6
3	Trenton	Fannin	662	Rural	5	5	4
3	Trophy Club	Denton	6,350	Rural	5	5	4
3	Valley View	Cooke	737	Rural	5	5	4
3	Van Alstyne	Grayson	2,502	Rural	4	4	4
3	Venus	Johnson	910	Rural	4	4	5
3	Waxahachie	Ellis	21,426	Rural	4	6	6
3	Weatherford	Parker	19,000	Rural	5	6	5
3	West Tawakoni	Hunt	1,462	Rural	7	6	6
3	Westminster	Collin	390	Rural	4	4	6
3	Weston	Collin	635	Urban	5	5	4
3	Westover Hills	Tarrant	658	Urban	4	4	4
3	Whitesboro	Grayson	3,760	Rural	6	6	5
3	Whitewright	Grayson	1,740	Rural	6	6	6
3	Willow Park	Parker	2,849	Rural	4	4	4
3	Windom	Fannin	245	Rural	4	4	6
3	Wolfe City	Hunt	1,566	Rural	6	6	5
3	Wylie	Collin	15,132	Rural	4	5	6
4	Alba	Wood	430	Rural	7	7	7
4	Alto	Cherokee	1,190	Rural	5	5	5
4	Annona	Red River	282	Rural	7	7	7
4	Arp	Smith	901	Rural	4	4	5
4	Athens	Henderson	11,297	Rural	5	6	5
4	Atlanta	Cass	5,745	Rural	5	5	6
4	Avery	Red River	462	Rural	6	6	4
4	Avinger	Cass	464	Rural	7	7	6
4	Beckville	Panola	752	Rural	6	6	5
4	Berryville	Henderson	891	Rural	5	5	7
4	Big Sandy	Upshur	1,288	Rural	4	4	7
4	Bloomburg	Cass	375	Rural	4	4	7
4	Blossom	Lamar	1,439	Rural	5	5	4
4	Bogata	Red River	1,396	Rural	4	4	5
4	Brownsboro	Henderson	796	Rural	7	7	6
4	Bullard	Smith	1,150	Rural	6	6	5
4	Caney City	Henderson	236	Rural	7	7	7
4	Canton	Van Zandt	3,292	Rural	5	5	5
4	Carthage	Panola	6,664	Rural	6	6	5
4	Chandler	Henderson	2,099	Rural	5	5	4
4	Clarksville	Red River	3,883	Rural	6	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Clarksville City	Gregg	806	Rural	5	5	6
4	Coffee City	Henderson	193	Rural	4	4	7
4	Como	Hopkins	621	Rural	5	5	6
4	Cooper	Delta	2,150	Rural	7	7	6
4	Cumby	Hopkins	616	Rural	6	6	5
4	Cuney	Cherokee	145	Rural	5	5	7
4	Daingerfield	Morris	2,517	Rural	7	7	4
4	De Kalb	Bowie	1,769	Rural	7	6	5
4	Deport	Lamar	718	Rural	5	5	4
4	Detroit	Red River	776	Rural	5	5	5
4	Domino	Cass	52	Rural	4	4	4
4	Douglassville	Cass	175	Rural	4	4	4
4	East Mountain	Upshur	580	Rural	5	5	5
4	East Tawakoni	Rains	775	Rural	7	7	4
4	Easton	Gregg	524	Rural	4	4	6
4	Edgewood	Van Zandt	1,348	Rural	6	6	6
4	Edom	Van Zandt	322	Rural	7	7	6
4	Elkhart	Anderson	1,215	Rural	6	6	6
4	Emory	Rains	1,021	Rural	7	7	5
4	Enchanted Oaks	Henderson	357	Rural	7	7	5
4	Eustace	Henderson	798	Rural	4	4	4
4	Frankston	Anderson	1,209	Rural	5	5	5
4	Fruitvale	Van Zandt	418	Rural	5	5	4
4	Gallatin	Cherokee	378	Rural	5	5	6
4	Gary City	Panola	303	Rural	4	4	4
4	Gilmer	Upshur	4,799	Rural	7	7	5
4	Gladewater	Gregg	6,078	Rural	6	7	5
4	Grand Saline	Van Zandt	3,028	Rural	4	4	5
4	Gun Barrel City	Henderson	5,145	Rural	6	5	6
4	Hallsville	Harrison	2,772	Rural	4	4	4
4	Hawkins	Wood	1,331	Rural	7	7	6
4	Henderson	Rusk	11,273	Rural	4	4	4
4	Hooks	Bowie	2,973	Rural	5	5	5
4	Hughes Springs	Cass	1,856	Rural	5	4	4
4	Jacksonville	Cherokee	13,868	Rural	5	6	5
4	Jefferson	Marion	2,024	Rural	7	7	6
4	Kilgore	Gregg	11,301	Rural	5	5	5
4	Lakeport	Gregg	861	Rural	5	5	6
4	Leary	Bowie	555	Rural	4	4	6
4	Liberty City	Gregg	1,935	Rural	5	4	4
4	Lindale	Smith	2,954	Rural	6	5	5
4	Linden	Cass	2,256	Rural	5	5	4
4	Log Cabin	Henderson	733	Rural	7	7	4
4	Lone Star	Morris	1,631	Rural	5	6	4
4	Malakoff	Henderson	2,257	Rural	6	6	6
4	Marietta	Cass	112	Rural	4	4	7
4	Marshall	Harrison	23,935	Rural	5	5	5
4	Maud	Bowie	1,028	Rural	7	7	4
4	Miller's Cove	Titus	120	Rural	6	6	7
4	Mineola	Wood	4,550	Rural	6	6	4
4	Moore Station	Henderson	184	Rural	7	7	7

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4	Mount Enterprise	Rusk	525	Rural	5	4	6
4	Mount Pleasant	Titus	13,935	Rural	5	5	5
4	Mount Vernon	Franklin	2,286	Rural	4	6	6
4	Murchison	Henderson	592	Rural	4	4	5
4	Naples	Morris	1,410	Rural	7	7	6
4	Nash	Bowie	2,169	Urban	6	5	6
4	Nesbitt	Harrison	302	Rural	4	4	7
4	New Boston	Bowie	4,808	Rural	7	7	5
4	New Chapel Hill	Smith	553	Rural	4	4	7
4	New London	Rusk	987	Rural	6	6	5
4	New Summerfield	Cherokee	998	Rural	5	4	4
4	Noonday	Smith	515	Rural	5	5	4
4	Omaha	Morris	999	Rural	7	7	4
4	Ore City	Upshur	1,106	Rural	7	7	6
4	Overton	Rusk	2,350	Rural	7	7	6
4	Palestine	Anderson	17,598	Rural	6	6	6
4	Paris	Lamar	25,898	Rural	6	7	5
4	Payne Springs	Henderson	683	Rural	4	4	4
4	Pecan Gap	Delta	214	Rural	6	6	7
4	Pittsburg	Camp	4,347	Rural	4	5	5
4	Point	Rains	792	Rural	7	7	7
4	Poynor	Henderson	314	Rural	7	7	5
4	Queen City	Cass	1,613	Rural	7	6	5
4	Quitman	Wood	2,030	Rural	5	5	6
4	Red Lick	Bowie	853	Rural	7	7	4
4	Redwater	Bowie	872	Rural	5	5	7
4	Reklaw	Cherokee	327	Rural	4	4	7
4	Reno (Lamar)	Lamar	2,767	Rural	4	4	4
4	Rocky Mound	Camp	93	Rural	4	4	7
4	Roxton	Lamar	694	Rural	6	6	6
4	Rusk	Cherokee	5,085	Rural	6	6	4
4	Scottsville	Harrison	263	Rural	5	5	7
4	Seven Points	Henderson	1,145	Rural	4	7	7
4	Star Harbor	Henderson	416	Rural	4	4	4
4	Sulphur Springs	Hopkins	14,551	Rural	6	6	5
4	Sun Valley	Lamar	51	Rural	4	4	7
4	Talco	Titus	570	Rural	6	6	7
4	Tatum	Rusk	1,175	Rural	6	6	5
4	Texarkana	Bowie	34,782	Urban	5	6	4
4	Tira	Hopkins	248	Rural	4	4	7
4	Toco	Lamar	89	Rural	7	7	7
4	Tool	Henderson	2,275	Rural	4	4	5
4	Trinidad	Henderson	1,091	Rural	6	6	4
4	Troup	Smith	1,949	Rural	6	5	6
4	Uncertain	Harrison	150	Rural	7	7	7
4	Union Grove	Upshur	346	Rural	4	4	7
4	Van	Van Zandt	2,362	Rural	7	6	5
4	Wake Village	Bowie	5,129	Urban	5	5	4
4	Warren City	Gregg	343	Rural	7	7	6
4	Waskom	Harrison	2,068	Rural	5	5	5
4	Wells	Cherokee	769	Rural	6	6	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	White Oak	Gregg	5,624	Urban	6	6	5
4	Whitehouse	Smith	5,346	Rural	4	5	4
4	Wills Point	Van Zandt	3,496	Rural	5	5	6
4	Winfield	Titus	499	Rural	5	5	6
4	Winnsboro	Wood	3,584	Rural	6	6	5
4	Winona	Smith	582	Rural	4	4	4
4	Yantis	Wood	321	Rural	4	4	7
5	Appleby	Nacogdoches	444	Rural	6	6	6
5	Bevil Oaks	Jefferson	1,346	Rural	4	4	5
5	Broaddus	San Augustine	189	Rural	7	7	7
5	Browndell	Jasper	219	Rural	4	4	7
5	Buna	Jasper	2,269	Rural	4	4	6
5	Burke	Angelina	315	Rural	7	7	6
5	Center	Shelby	5,678	Rural	5	6	5
5	Central Gardens	Jefferson	4,106	Rural	4	4	4
5	Chester	Tyler	265	Rural	5	4	7
5	Chireno	Nacogdoches	405	Rural	5	5	5
5	Coldspring	San Jacinto	691	Rural	5	5	6
5	Colmesneil	Tyler	638	Rural	6	5	6
5	Corrigan	Polk	1,721	Rural	7	7	5
5	Crockett	Houston	7,141	Rural	5	5	7
5	Cushing	Nacogdoches	637	Rural	5	5	4
5	Deweyville	Newton	1,190	Rural	6	5	4
5	Diboll	Angelina	5,470	Rural	4	4	5
5	Evadale	Jasper	1,430	Rural	4	4	6
5	Garrison	Nacogdoches	844	Rural	5	5	5
5	Goodrich	Polk	243	Rural	4	4	7
5	Grapeland	Houston	1,451	Rural	7	7	7
5	Groves	Jefferson	15,733	Urban	5	5	4
5	Groveton	Trinity	1,107	Rural	6	6	7
5	Hemphill	Sabine	1,106	Rural	4	5	6
5	Hudson	Angelina	3,792	Rural	5	5	5
5	Huntington	Angelina	2,068	Rural	6	6	6
5	Huxley	Shelby	298	Rural	4	4	4
5	Jasper	Jasper	8,247	Rural	4	6	7
5	Joaquin	Shelby	925	Rural	4	5	7
5	Kennard	Houston	317	Rural	7	7	7
5	Kirbyville	Jasper	2,085	Rural	6	6	5
5	Latexo	Houston	272	Rural	4	4	7
5	Livingston	Polk	5,433	Rural	6	6	6
5	Lovelady	Houston	608	Rural	7	7	4
5	Lufkin	Angelina	32,709	Rural	5	7	5
5	Lumberton	Hardin	8,731	Rural	4	4	5
5	Mauriceville	Orange	2,743	Rural	6	5	5
5	Milam	Sabine	1,329	Rural	4	4	4
5	Nacogdoches	Nacogdoches	29,914	Rural	7	7	5
5	Nederland	Jefferson	17,422	Urban	5	5	4
5	Newton	Newton	2,459	Rural	7	7	5
5	Nome	Jefferson	515	Rural	6	6	6
5	Oakhurst	San Jacinto	230	Rural	5	5	6
5	Onalaska	Polk	1,174	Rural	7	7	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
5	Pine Forest	Orange	632	Rural	6	6	5
5	Pineland	Sabine	980	Rural	7	7	5
5	Pinewood Estates	Hardin	1,633	Rural	4	4	4
5	Point Blank	San Jacinto	559	Rural	5	5	7
5	Port Neches	Jefferson	13,601	Urban	5	4	4
5	Rose City	Orange	519	Rural	6	6	7
5	Rose Hill Acres	Hardin	480	Urban	7	7	4
5	San Augustine	San Augustine	2,475	Rural	6	5	4
5	Seven Oaks	Polk	131	Rural	4	4	4
5	Shepherd	San Jacinto	2,029	Rural	5	4	6
5	South Toledo Bend	Newton	576	Rural	4	4	5
5	Tenaha	Shelby	1,046	Rural	5	5	6
5	Timpson	Shelby	1,094	Rural	7	7	7
5	Trinity	Trinity	2,721	Rural	6	6	7
5	West Livingston	Polk	6,612	Rural	5	5	7
5	Woodville	Tyler	2,415	Rural	7	7	5
5	Zavalla	Angelina	647	Rural	7	7	4
6	Aldine	Harris	13,979	Urban	4	4	7
6	Ames	Liberty	1,079	Rural	5	5	7
6	Anahuac	Chambers	2,210	Rural	6	6	6
6	Angleton	Brazoria	18,130	Rural	4	6	5
6	Atascocita	Harris	35,757	Urban	5	5	5
6	Bacliff	Galveston	6,962	Urban	7	7	7
6	Barrett	Harris	2,872	Rural	7	7	7
6	Bay City	Matagorda	18,667	Rural	6	5	4
6	Bayou Vista	Galveston	1,644	Rural	5	5	6
6	Baytown	Harris	66,430	Urban	4	5	6
6	Beach City	Chambers	1,645	Urban	5	5	5
6	Bellville	Austin	3,794	Rural	4	4	5
6	Blessing	Matagorda	861	Rural	4	4	7
6	Boling-Iago	Wharton	1,271	Rural	4	4	5
6	Bolivar Peninsula	Galveston	3,853	Rural	7	7	6
6	Brookshire	Waller	3,450	Rural	7	7	7
6	Bunker Hill Village	Harris	3,654	Urban	7	7	5
6	Channelview	Harris	29,685	Urban	6	6	6
6	Cinco Ranch	Fort Bend	11,196	Urban	6	6	4
6	Clear Lake Shores	Galveston	1,205	Urban	5	5	5
6	Cleveland	Liberty	7,605	Rural	7	7	7
6	Cloverleaf	Harris	23,508	Urban	6	6	5
6	Columbus	Colorado	3,916	Rural	5	4	5
6	Conroe	Montgomery	36,811	Urban	5	6	6
6	Cove	Chambers	323	Rural	7	7	4
6	Crosby	Harris	1,714	Rural	5	5	7
6	Cumings	Fort Bend	683	Rural	5	4	4
6	Cut and Shoot	Montgomery	1,158	Urban	7	7	6
6	Daisetta	Liberty	1,034	Rural	6	6	6
6	Damon	Brazoria	535	Rural	7	7	7
6	Dayton Lakes	Liberty	101	Rural	4	4	4
6	Devers	Liberty	416	Rural	7	7	7
6	Dickinson	Galveston	17,093	Urban	6	6	5
6	Eagle Lake	Colorado	3,664	Rural	6	5	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	East Bernard	Wharton	1,729	Rural	5	5	6
6	El Campo	Wharton	10,945	Rural	5	6	5
6	El Lago	Harris	3,075	Urban	5	5	4
6	Fifth Street	Fort Bend	2,059	Urban	5	5	7
6	Four Corners	Fort Bend	2,954	Urban	6	6	6
6	Fresno	Fort Bend	6,603	Urban	6	5	5
6	Friendswood	Galveston	29,037	Urban	6	6	5
6	Greatwood	Fort Bend	6,640	Urban	6	6	4
6	Hardin	Liberty	755	Rural	4	4	6
6	Hedwig Village	Harris	2,334	Urban	6	5	4
6	Hempstead	Waller	4,691	Rural	4	6	7
6	Highlands	Harris	7,089	Urban	5	5	6
6	Hillcrest	Brazoria	722	Rural	7	7	5
6	Hilshire Village	Harris	720	Urban	7	7	4
6	Hitchcock	Galveston	6,386	Rural	4	7	7
6	Hungerford	Wharton	645	Rural	4	4	6
6	Hunters Creek Village	Harris	4,374	Urban	4	4	4
6	Huntsville	Walker	35,078	Rural	7	7	5
6	Industry	Austin	304	Rural	4	4	7
6	Jamaica Beach	Galveston	1,075	Urban	7	7	6
6	Jersey Village	Harris	6,880	Urban	4	5	4
6	Kemah	Galveston	2,330	Urban	7	7	6
6	Kenefick	Liberty	667	Rural	5	5	7
6	La Marque	Galveston	13,682	Urban	6	6	7
6	League City	Galveston	45,444	Urban	4	5	5
6	Liverpool	Brazoria	404	Rural	7	7	5
6	Louise	Wharton	977	Rural	5	4	5
6	Magnolia	Montgomery	1,111	Rural	6	6	7
6	Markham	Matagorda	1,138	Rural	4	4	4
6	Mission Bend	Fort Bend	30,831	Urban	6	5	6
6	Missouri City	Fort Bend	52,913	Urban	5	5	5
6	Mont Belvieu	Chambers	2,324	Rural	5	5	4
6	Montgomery	Montgomery	489	Rural	7	7	7
6	Nassau Bay	Harris	4,170	Urban	7	7	4
6	New Territory	Fort Bend	13,861	Urban	5	4	4
6	New Waverly	Walker	950	Rural	7	6	6
6	North Cleveland	Liberty	263	Rural	4	4	7
6	Oak Ridge North	Montgomery	2,991	Urban	6	6	4
6	Old River-Winfree	Chambers	1,364	Rural	6	6	6
6	Palacios	Matagorda	5,153	Rural	5	6	5
6	Panorama Village	Montgomery	1,965	Urban	6	5	5
6	Pattison	Waller	447	Rural	5	5	6
6	Patton Village	Montgomery	1,391	Rural	6	6	6
6	Pecan Grove	Fort Bend	13,551	Rural	5	5	4
6	Pine Island	Waller	849	Rural	5	5	4
6	Pinehurst (Montgomery)	Montgomery	4,266	Rural	5	4	5
6	Piney Point Village	Harris	3,380	Urban	5	4	5
6	Plum Grove	Liberty	930	Rural	4	4	7
6	Porter Heights	Montgomery	1,490	Rural	4	4	7
6	Prairie View	Waller	4,410	Rural	4	7	7
6	Quintana	Brazoria	38	Rural	4	4	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Riverside	Walker	425	Rural	7	7	7
6	Roman Forest	Montgomery	1,279	Rural	5	4	4
6	San Felipe	Austin	868	Rural	7	7	4
6	San Leon	Galveston	4,365	Urban	6	6	6
6	Santa Fe	Galveston	9,548	Urban	5	5	5
6	Sealy	Austin	5,248	Rural	4	5	6
6	Sheldon	Harris	1,831	Rural	4	4	5
6	Shenandoah	Montgomery	1,503	Urban	6	6	5
6	Sienna Plantation	Fort Bend	1,896	Urban	6	6	4
6	Southside Place	Harris	1,546	Urban	7	7	4
6	Splendora	Montgomery	1,275	Rural	7	7	6
6	Spring	Harris	36,385	Urban	5	5	5
6	Spring Valley	Harris	3,611	Urban	5	4	4
6	Stagecoach	Montgomery	455	Rural	4	4	4
6	Stowell	Chambers	1,572	Rural	5	4	7
6	Sugar Land	Fort Bend	63,328	Urban	6	5	5
6	Taylor Lake Village	Harris	3,694	Urban	4	4	4
6	Texas City	Galveston	41,521	Urban	6	7	6
6	The Woodlands	Montgomery	55,649	Urban	5	6	4
6	Tiki Island	Galveston	1,016	Urban	4	4	5
6	Van Vleck	Matagorda	1,411	Rural	4	4	6
6	Wallis	Austin	1,172	Rural	4	4	6
6	Weimar	Colorado	1,981	Rural	6	5	6
6	Wharton	Wharton	9,237	Rural	6	6	7
6	Wild Peach Village	Brazoria	2,498	Rural	4	4	5
6	Willis	Montgomery	3,985	Rural	4	5	7
6	Winnie	Chambers	2,914	Rural	5	4	6
6	Woodbranch	Montgomery	1,305	Rural	5	4	5
6	Woodloch	Montgomery	247	Rural	7	7	4
7	Anderson Mill	Williamson	8,953	Urban	6	6	5
7	Bartlett	Williamson	1,675	Rural	7	7	6
7	Barton Creek	Travis	1,589	Urban	7	7	4
7	Bastrop	Bastrop	5,340	Rural	5	5	6
7	Bear Creek	Hays	360	Rural	4	4	4
7	Bee Cave	Travis	656	Rural	5	5	4
7	Bertram	Burnet	1,122	Rural	6	5	6
7	Blanco	Blanco	1,505	Rural	6	6	7
7	Briarcliff	Travis	895	Rural	5	5	5
7	Brushy Creek	Williamson	15,371	Urban	5	5	4
7	Buchanan Dam	Llano	1,688	Rural	6	5	6
7	Buda	Hays	2,404	Urban	4	4	6
7	Burnet	Burnet	4,735	Rural	5	6	7
7	Camp Swift	Bastrop	4,731	Rural	4	4	7
7	Carmine	Fayette	228	Rural	7	7	7
7	Cedar Park	Williamson	26,049	Urban	4	6	5
7	Circle D-KC Estates	Bastrop	2,010	Rural	4	4	6
7	Cottonwood Shores	Burnet	877	Rural	7	6	6
7	Creedmoor	Travis	211	Rural	4	4	6
7	Dripping Springs	Hays	1,548	Rural	4	6	7
7	Elgin	Bastrop	5,700	Rural	5	6	6
7	Fayetteville	Fayette	261	Rural	5	5	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Flatonia	Fayette	1,377	Rural	6	6	5
7	Florence	Williamson	1,054	Rural	7	7	7
7	Garfield	Travis	1,660	Rural	5	4	7
7	Georgetown	Williamson	28,339	Urban	4	6	6
7	Giddings	Lee	5,105	Rural	4	5	4
7	Granger	Williamson	1,299	Rural	6	6	7
7	Granite Shoals	Burnet	2,040	Rural	6	6	7
7	Hays	Hays	233	Rural	4	4	5
7	Highland Haven	Burnet	450	Rural	7	7	4
7	Horseshoe Bay	Llano	3,337	Rural	5	5	5
7	Hudson Bend	Travis	2,369	Urban	6	6	5
7	Hutto	Williamson	1,250	Rural	6	4	6
7	Johnson City	Blanco	1,191	Rural	4	5	5
7	Jollyville	Williamson	15,813	Urban	6	6	4
7	Jonestown	Travis	1,681	Rural	7	7	6
7	Kingsland	Llano	4,584	Rural	4	7	6
7	Kyle	Hays	5,314	Rural	4	4	6
7	La Grange	Fayette	4,478	Rural	6	5	4
7	Lago Vista	Travis	4,507	Rural	7	7	6
7	Lakeway	Travis	8,002	Rural	5	5	5
7	Leander	Williamson	7,596	Urban	6	4	6
7	Lexington	Lee	1,178	Rural	5	5	4
7	Liberty Hill	Williamson	1,409	Rural	4	4	7
7	Llano	Llano	3,325	Rural	5	6	4
7	Lockhart	Caldwell	11,615	Rural	6	6	7
7	Lost Creek	Travis	4,729	Urban	5	4	4
7	Luling	Caldwell	5,080	Rural	5	5	5
7	Manor	Travis	1,204	Urban	4	4	5
7	Marble Falls	Burnet	4,959	Rural	5	7	6
7	Martindale	Caldwell	953	Rural	6	6	5
7	Meadowlakes	Burnet	1,293	Rural	7	7	4
7	Mountain City	Hays	671	Rural	7	7	5
7	Mustang Ridge	Caldwell	785	Rural	4	4	7
7	Niederwald	Hays	584	Rural	5	5	5
7	Onion Creek	Travis	2,116	Urban	4	4	4
7	Pflugerville	Travis	16,335	Urban	4	4	5
7	Rollingwood	Travis	1,403	Urban	6	6	4
7	Round Mountain	Blanco	111	Rural	4	4	4
7	Round Rock	Williamson	61,136	Urban	6	6	4
7	Round Top	Fayette	77	Rural	4	4	7
7	San Leanna	Travis	384	Urban	7	7	4
7	San Marcos	Hays	34,733	Urban	7	7	7
7	Schulenburg	Fayette	2,699	Rural	6	6	6
7	Serenada	Williamson	1,847	Urban	7	7	4
7	Shady Hollow	Travis	5,140	Urban	5	5	4
7	Smithville	Bastrop	3,901	Rural	6	6	7
7	Sunrise Beach Village	Llano	704	Rural	7	7	5
7	Sunset Valley	Travis	365	Urban	6	6	6
7	Taylor	Williamson	13,575	Rural	6	5	5
7	The Hills	Travis	1,492	Rural	4	4	4
7	Thrall	Williamson	710	Rural	6	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Uhland	Hays	386	Rural	7	7	6
7	Weir	Williamson	591	Rural	5	5	7
7	Wells Branch	Travis	11,271	Urban	6	6	5
7	West Lake Hills	Travis	3,116	Urban	4	4	4
7	Wimberley	Hays	3,797	Rural	6	5	7
7	Windemere	Travis	6,868	Urban	6	6	5
7	Woodcreek	Hays	1,274	Rural	6	6	6
7	Wyldwood	Bastrop	2,310	Rural	4	4	5
8	Abbott	Hill	300	Rural	6	6	6
8	Aquilla	Hill	136	Rural	7	7	4
8	Bellmead	McLennan	9,214	Urban	5	5	6
8	Belton	Bell	14,623	Urban	5	6	4
8	Beverly Hills	McLennan	2,113	Urban	6	6	7
8	Blum	Hill	399	Rural	7	7	4
8	Bruceville-Eddy	McLennan	1,490	Rural	6	6	5
8	Buckholts	Milam	387	Rural	7	7	4
8	Bynum	Hill	225	Rural	7	7	7
8	Cameron	Milam	5,634	Rural	4	5	6
8	Carl's Corner	Hill	134	Rural	7	7	7
8	Clifton	Bosque	3,542	Rural	4	5	6
8	Coolidge	Limestone	848	Rural	6	6	5
8	Copperas Cove	Coryell	29,592	Urban	5	5	5
8	Covington	Hill	282	Rural	4	4	5
8	Cranfills Gap	Bosque	335	Rural	5	5	6
8	Crawford	McLennan	705	Rural	5	4	5
8	Evant	Coryell	393	Rural	7	7	7
8	Fairfield	Freestone	3,094	Rural	6	6	7
8	Fort Hood	Bell	33,711	Urban	4	4	4
8	Gatesville	Coryell	15,591	Rural	5	6	5
8	Gholson	McLennan	922	Rural	4	4	5
8	Goldthwaite	Mills	1,802	Rural	6	6	6
8	Golinda	Falls	423	Rural	6	6	5
8	Groesbeck	Limestone	4,291	Rural	5	7	6
8	Hallsburg	McLennan	518	Rural	6	6	4
8	Hamilton	Hamilton	2,977	Rural	4	5	5
8	Harker Heights	Bell	17,308	Urban	5	5	4
8	Hewitt	McLennan	11,085	Urban	5	4	4
8	Hico	Hamilton	1,341	Rural	5	5	7
8	Hillsboro	Hill	8,232	Rural	6	7	5
8	Holland	Bell	1,102	Rural	4	5	5
8	Hubbard	Hill	1,586	Rural	4	5	6
8	Iredell	Bosque	360	Rural	6	6	6
8	Itasca	Hill	1,503	Rural	4	4	4
8	Kempner	Lampasas	1,004	Rural	6	6	6
8	Kirvin	Freestone	122	Rural	4	4	5
8	Kosse	Limestone	497	Rural	7	7	7
8	Lacy-Lakeview	McLennan	5,764	Urban	6	6	6
8	Lampasas	Lampasas	6,786	Rural	5	5	6
8	Leroy	McLennan	335	Rural	4	4	6
8	Little River-Academy	Bell	1,645	Rural	7	7	4
8	Lometa	Lampasas	782	Rural	5	5	4

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8	Lorena	McLennan	1,433	Rural	4	4	4
8	Lott	Falls	724	Rural	6	5	4
8	Malone	Hill	278	Rural	4	4	7
8	Marlin	Falls	6,628	Rural	6	6	7
8	Marquez	Leon	220	Rural	5	5	7
8	Mart	McLennan	2,273	Rural	7	7	5
8	McGregor	McLennan	4,727	Urban	6	6	5
8	Meridian	Bosque	1,491	Rural	4	6	6
8	Mertens	Hill	146	Rural	7	7	7
8	Mexia	Limestone	6,563	Rural	7	7	6
8	Milano	Milam	400	Rural	5	4	7
8	Millican	Brazos	108	Rural	4	4	7
8	Moody	McLennan	1,400	Rural	7	7	6
8	Morgan	Bosque	485	Rural	4	4	7
8	Morgan's Point Resort	Bell	2,989	Rural	5	5	4
8	Mount Calm	Hill	310	Rural	5	5	4
8	Mullin	Mills	175	Rural	6	5	7
8	Nolanville	Bell	2,150	Rural	6	6	5
8	Normangee	Leon	719	Rural	4	4	7
8	Oglesby	Coryell	458	Rural	7	7	5
8	Penelope	Hill	211	Rural	7	7	6
8	Richland Springs	San Saba	350	Rural	4	4	4
8	Riesel	McLennan	973	Rural	7	7	4
8	Robinson	McLennan	7,845	Urban	5	4	4
8	Rockdale	Milam	5,439	Rural	6	6	4
8	Rogers	Bell	1,117	Rural	5	5	5
8	Rosebud	Falls	1,493	Rural	5	5	5
8	Ross	McLennan	228	Rural	4	4	7
8	Salado	Bell	3,475	Rural	5	4	4
8	San Saba	San Saba	2,637	Rural	5	5	4
8	South Mountain	Coryell	412	Rural	5	5	4
8	Streetman	Freestone	203	Rural	4	4	7
8	Teague	Freestone	4,557	Rural	5	5	6
8	Tehuacana	Limestone	307	Rural	5	4	4
8	Temple	Bell	54,514	Urban	5	6	4
8	Thorndale	Milam	1,278	Rural	6	6	5
8	Thornton	Limestone	525	Rural	5	5	6
8	Todd Mission	Grimes	146	Rural	4	4	7
8	Troy	Bell	1,378	Rural	7	5	4
8	Valley Mills	Bosque	1,123	Rural	4	4	6
8	Walnut Springs	Bosque	755	Rural	4	4	5
8	West	McLennan	2,692	Rural	5	5	4
8	Whitney	Hill	1,833	Rural	7	7	6
8	Wixon Valley	Brazos	235	Rural	7	7	4
8	Woodway	McLennan	8,733	Urban	4	4	4
8	Wortham	Freestone	1,082	Rural	7	7	6
9	Alamo Heights	Bexar	7,319	Urban	5	5	5
9	Bandera	Bandera	957	Rural	4	6	7
9	Bigfoot	Frio	304	Rural	4	4	5
9	Boerne	Kendall	6,178	Rural	5	7	7
9	Bulverde	Comal	3,761	Rural	4	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Canyon Lake	Comal	16,870	Rural	5	5	6
9	Castle Hills	Bexar	4,202	Urban	7	7	5
9	Castroville	Medina	2,664	Rural	6	5	5
9	Charlotte	Atascosa	1,637	Rural	4	4	6
9	Christine	Atascosa	436	Rural	4	4	7
9	Cibolo	Guadalupe	3,035	Rural	7	7	5
9	Comfort	Kendall	2,358	Rural	5	5	7
9	Cross Mountain	Bexar	1,524	Urban	4	4	4
9	Devine	Medina	4,140	Rural	6	6	6
9	Dilley	Frio	3,674	Rural	7	7	7
9	Fair Oaks Ranch	Bexar	4,695	Urban	6	5	4
9	Falls City	Karnes	591	Rural	5	5	4
9	Floresville	Wilson	5,868	Rural	4	6	6
9	Fredericksburg	Gillespie	8,911	Rural	4	6	6
9	Garden Ridge	Comal	1,882	Rural	7	7	4
9	Geronimo	Guadalupe	619	Rural	4	4	6
9	Harper	Gillespie	1,006	Rural	6	5	7
9	Hill Country Village	Bexar	1,028	Urban	4	4	4
9	Hilltop	Frio	300	Rural	4	4	6
9	Hollywood Park	Bexar	2,983	Urban	7	7	4
9	Hondo	Medina	7,897	Rural	5	6	5
9	Ingram	Kerr	1,740	Rural	7	6	7
9	Jourdanton	Atascosa	3,732	Rural	7	7	6
9	Karnes City	Karnes	3,457	Rural	6	5	6
9	Kenedy	Karnes	3,487	Rural	5	5	6
9	Kerrville	Kerr	20,425	Rural	7	7	6
9	Kingsbury	Guadalupe	652	Rural	4	4	5
9	La Vernia	Wilson	931	Rural	7	7	6
9	Lackland AFB	Bexar	7,123	Urban	4	4	7
9	LaCoste	Medina	1,255	Rural	6	5	5
9	Lakehills	Bandera	4,668	Rural	7	7	6
9	Lytle	Atascosa	2,383	Rural	5	5	7
9	Marion	Guadalupe	1,099	Rural	6	5	6
9	McQueeney	Guadalupe	2,527	Rural	5	5	6
9	Moore	Frio	644	Rural	5	4	4
9	Natalia	Medina	1,663	Rural	7	7	7
9	New Berlin	Guadalupe	467	Rural	4	4	5
9	New Braunfels	Comal	36,494	Urban	6	6	5
9	North Pearsall	Frio	561	Rural	5	5	6
9	Northcliff	Guadalupe	1,819	Rural	5	5	5
9	Olmos Park	Bexar	2,343	Urban	5	4	4
9	Pearsall	Frio	7,157	Rural	5	5	7
9	Pleasanton	Atascosa	8,266	Rural	7	7	6
9	Poteet	Atascosa	3,305	Rural	5	6	6
9	Poth	Wilson	1,850	Rural	6	5	5
9	Redwood	Guadalupe	3,586	Rural	6	6	7
9	Runge	Karnes	1,080	Rural	7	6	5
9	Santa Clara	Guadalupe	889	Rural	7	7	6
9	Scenic Oaks	Bexar	3,279	Urban	4	4	4
9	Schertz	Guadalupe	18,694	Urban	6	5	5
9	Seguin	Guadalupe	22,011	Rural	6	6	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	St. Hedwig	Bexar	1,875	Rural	7	6	4
9	Stockdale	Wilson	1,398	Rural	6	6	5
9	Stonewall	Gillespie	469	Rural	6	6	6
9	Terrell Hills	Bexar	5,019	Urban	5	5	4
9	West Pearsall	Frio	349	Rural	7	7	4
9	Windcrest	Bexar	5,105	Urban	7	7	4
9	Zuehl	Guadalupe	346	Rural	4	4	6
10	Agua Dulce (Nueces)	Nueces	737	Rural	6	5	5
10	Airport Road Addition	Brooks	132	Rural	4	4	5
10	Alfred-South La Paloma	Jim Wells	451	Rural	4	4	5
10	Alice	Jim Wells	19,010	Rural	5	5	5
10	Alice Acres	Jim Wells	491	Rural	4	4	4
10	Aransas Pass	San Patricio	8,138	Rural	5	6	7
10	Austwell	Refugio	192	Rural	7	7	7
10	Bayside	Refugio	360	Rural	7	7	7
10	Beeville	Bee	13,129	Rural	5	6	5
10	Benavides	Duval	1,686	Rural	6	6	5
10	Bishop	Nueces	3,305	Rural	6	6	5
10	Bloomington	Victoria	2,562	Rural	7	7	5
10	Blue Berry Hill	Bee	982	Rural	4	4	7
10	Cantu Addition	Brooks	217	Rural	4	4	7
10	Concepcion	Duval	61	Rural	4	4	4
10	Coyote Acres	Jim Wells	389	Rural	4	4	7
10	Cuero	DeWitt	6,571	Rural	7	7	5
10	Del Sol-Loma Linda	San Patricio	726	Rural	4	4	6
10	Doyle	San Patricio	285	Urban	4	4	4
10	Driscoll	Nueces	825	Rural	6	7	4
10	Edgewater-Paisano	San Patricio	182	Rural	7	7	4
10	Edna	Jackson	5,899	Rural	6	7	6
10	Edroy	San Patricio	420	Rural	4	4	7
10	Encino	Brooks	177	Rural	4	4	4
10	Falfurrias	Brooks	5,297	Rural	7	6	7
10	Falman-County Acres	San Patricio	289	Rural	7	7	4
10	Flowella	Brooks	134	Rural	4	4	7
10	Freer	Duval	3,241	Rural	5	5	5
10	Fulton	Aransas	1,553	Rural	6	5	7
10	Ganado	Jackson	1,915	Rural	5	5	5
10	George West	Live Oak	2,524	Rural	5	5	6
10	Goliad	Goliad	1,975	Rural	4	5	7
10	Gonzales	Gonzales	7,202	Rural	5	5	6
10	Gregory	San Patricio	2,318	Rural	5	5	4
10	Hallettsville	Lavaca	2,345	Rural	6	5	4
10	Inez	Victoria	1,787	Rural	5	5	4
10	Ingleside	San Patricio	9,388	Urban	5	7	5
10	Ingleside on the Bay	San Patricio	659	Urban	7	7	7
10	K-Bar Ranch	Jim Wells	350	Rural	7	7	4
10	Kingsville	Kleberg	25,575	Rural	6	7	6
10	La Paloma-Lost Creek	Nueces	323	Rural	7	7	5
10	La Ward	Jackson	200	Rural	6	6	7
10	Lake City	San Patricio	526	Rural	5	5	7
10	Lakeshore Gardens-Hidden A	San Patricio	720	Rural	4	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Lakeside (San Patricio)	San Patricio	333	Rural	4	4	5
10	Lolita	Jackson	548	Rural	4	4	4
10	Loma Linda East	Jim Wells	214	Rural	4	4	4
10	Mathis	San Patricio	5,034	Rural	7	7	5
10	Morgan Farm Area	San Patricio	484	Rural	7	7	4
10	Moulton	Lavaca	944	Rural	5	5	5
10	Nixon	Gonzales	2,186	Rural	5	6	7
10	Nordheim	DeWitt	323	Rural	5	5	7
10	Normanna	Bee	121	Rural	4	4	7
10	North San Pedro	Nueces	920	Rural	5	5	4
10	Odem	San Patricio	2,499	Rural	6	5	5
10	Orange Grove	Jim Wells	1,288	Rural	7	7	4
10	Owl Ranch-Amargosa	Jim Wells	527	Rural	7	7	5
10	Pawnee	Bee	201	Rural	4	4	5
10	Pernitas Point	Live Oak	269	Rural	7	7	5
10	Petronila	Nueces	83	Rural	4	4	4
10	Pettus	Bee	608	Rural	5	5	5
10	Point Comfort	Calhoun	781	Rural	6	5	4
10	Port Aransas	Nueces	3,370	Urban	7	7	6
10	Port Lavaca	Calhoun	12,035	Rural	6	6	5
10	Portland	San Patricio	14,827	Urban	6	6	4
10	Premont	Jim Wells	2,772	Rural	6	6	7
10	Rancho Alegre	Jim Wells	1,775	Rural	7	6	6
10	Rancho Banquete	Nueces	469	Rural	4	4	7
10	Rancho Chico	San Patricio	309	Rural	7	7	4
10	Realitos	Duval	209	Rural	4	4	4
10	Refugio	Refugio	2,941	Rural	5	5	6
10	Robstown	Nueces	12,727	Rural	5	5	6
10	Rockport	Aransas	7,385	Rural	5	6	6
10	San Diego	Duval	4,753	Rural	6	5	6
10	San Patricio	San Patricio	318	Rural	7	7	5
10	Sandia	Jim Wells	431	Rural	4	4	5
10	Sandy Hollow-Escondidas	Nueces	433	Rural	5	5	5
10	Seadrift	Calhoun	1,352	Rural	6	6	5
10	Shiner	Lavaca	2,070	Rural	6	6	7
10	Sinton	San Patricio	5,676	Rural	6	6	5
10	Skidmore	Bee	1,013	Rural	7	6	5
10	Smiley	Gonzales	453	Rural	6	6	7
10	Spring Garden-Terra Verde	Nueces	693	Rural	4	4	6
10	St. Paul (San Patricio)	San Patricio	542	Rural	4	4	5
10	Taft	San Patricio	3,396	Rural	6	6	7
10	Taft Southwest	San Patricio	1,721	Rural	5	5	7
10	Three Rivers	Live Oak	1,878	Rural	6	5	5
10	Tierra Grande	Nueces	362	Rural	5	5	5
10	Tradewinds	San Patricio	163	Rural	4	4	7
10	Tuleta	Bee	292	Rural	4	4	7
10	Tulsita	Bee	20	Rural	4	4	4
10	Tynan	Bee	301	Rural	6	6	4
10	Vanderbilt	Jackson	411	Rural	4	4	4
10	Victoria	Victoria	60,603	Urban	6	6	5
10	Waelder	Gonzales	947	Rural	5	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Westdale	Jim Wells	295	Rural	4	4	7
10	Woodsboro	Refugio	1,685	Rural	6	6	5
10	Yoakum	Lavaca	5,731	Rural	7	7	4
10	Yorktown	DeWitt	2,271	Rural	6	5	5
11	Abram-Perezville	Hidalgo	5,444	Rural	7	7	5
11	Alto Bonito	Starr	569	Rural	4	4	4
11	Alton North	Hidalgo	5,051	Rural	6	6	5
11	Arroyo Alto	Cameron	320	Rural	4	4	6
11	Arroyo Colorado Estates	Cameron	755	Rural	7	7	4
11	Arroyo Gardens-La Tina Ran	Cameron	732	Rural	4	4	4
11	Asherton	Dimmit	1,342	Rural	7	6	5
11	Batesville	Zavala	1,298	Rural	6	6	4
11	Bausell and Ellis	Willacy	112	Rural	4	4	4
11	Bayview	Cameron	323	Rural	7	7	7
11	Big Wells	Dimmit	704	Rural	6	6	4
11	Bixby	Cameron	356	Rural	4	4	7
11	Bluetown-Iglesia Antigua	Cameron	692	Rural	6	6	4
11	Botines	Webb	132	Rural	7	7	4
11	Box Canyon-Amistad	Val Verde	76	Rural	4	4	7
11	Brackettville	Kinney	1,876	Rural	7	7	6
11	Brundage	Dimmit	31	Rural	4	4	7
11	Bruni	Webb	412	Rural	4	4	7
11	Cameron Park	Cameron	5,961	Urban	6	5	5
11	Camp Wood	Real	822	Rural	7	7	7
11	Carrizo Hill	Dimmit	548	Rural	7	7	7
11	Carrizo Springs	Dimmit	5,655	Rural	7	7	6
11	Catarina	Dimmit	135	Rural	4	4	5
11	Cesar Chavez	Hidalgo	1,469	Urban	6	6	7
11	Chula Vista-Orason	Cameron	394	Rural	7	7	5
11	Chula Vista-River Spur	Zavala	400	Rural	4	4	6
11	Cienegas Terrace	Val Verde	2,878	Rural	7	7	6
11	Citrus City	Hidalgo	941	Rural	4	4	6
11	Combes	Cameron	2,553	Urban	6	6	6
11	Cotulla	La Salle	3,614	Rural	4	6	5
11	Crystal City	Zavala	7,190	Rural	6	6	6
11	Cuevitas	Hidalgo	37	Rural	4	4	7
11	Del Mar Heights	Cameron	259	Rural	4	4	4
11	Del Rio	Val Verde	33,867	Rural	6	6	5
11	Doffing	Hidalgo	4,256	Rural	6	6	5
11	Doolittle	Hidalgo	2,358	Urban	5	5	4
11	Eagle Pass	Maverick	22,413	Rural	7	7	6
11	Edinburg	Hidalgo	48,465	Urban	6	6	6
11	Eidson Road	Maverick	9,348	Rural	5	5	6
11	El Camino Angosto	Cameron	254	Rural	4	4	4
11	El Cenizo	Webb	3,545	Rural	5	5	5
11	El Indio	Maverick	263	Rural	7	7	4
11	El Refugio	Starr	221	Rural	7	7	7
11	Elm Creek	Maverick	1,928	Rural	4	4	7
11	Encantada-Ranchito El Cala	Cameron	2,100	Rural	4	4	5
11	Encinal	La Salle	629	Rural	7	7	4
11	Escobares	Starr	1,954	Rural	6	6	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Falcon Heights	Starr	335	Rural	4	4	5
11	Falcon Lake Estates	Zapata	830	Rural	6	6	4
11	Falcon Mesa	Zapata	506	Rural	4	4	6
11	Falcon Village	Starr	78	Rural	7	7	7
11	Faysville	Hidalgo	348	Urban	7	7	4
11	Fowlerton	La Salle	62	Rural	4	4	4
11	Fronton	Starr	599	Rural	4	4	6
11	Garceno	Starr	1,438	Rural	7	7	7
11	Grand Acres	Cameron	203	Rural	4	4	5
11	Green Valley Farms	Cameron	720	Rural	4	4	5
11	Guerra	Jim Hogg	8	Rural	4	4	4
11	Havana	Hidalgo	452	Rural	6	6	6
11	Hebbronville	Jim Hogg	4,498	Rural	6	6	6
11	Heidelberg	Hidalgo	1,586	Rural	7	7	7
11	Indian Hills	Hidalgo	2,036	Rural	5	5	7
11	Indian Lake	Cameron	541	Rural	7	7	6
11	Knippa	Uvalde	739	Rural	5	5	5
11	La Blanca	Hidalgo	2,351	Rural	7	7	4
11	La Casita-Garciasville	Starr	2,177	Rural	5	7	5
11	La Feria	Cameron	6,115	Rural	7	6	5
11	La Feria North	Cameron	168	Rural	7	7	4
11	La Grulla	Starr	1,211	Rural	5	5	5
11	La Homa	Hidalgo	10,433	Urban	6	6	6
11	La Paloma	Cameron	354	Rural	7	7	4
11	La Presa	Webb	508	Rural	4	4	4
11	La Pryor	Zavala	1,491	Rural	6	6	5
11	La Puerta	Starr	1,636	Rural	4	4	6
11	La Rosita	Starr	1,729	Rural	6	6	7
11	La Victoria	Starr	1,683	Rural	4	4	4
11	Lago	Cameron	246	Rural	7	7	4
11	Laguna Heights	Cameron	1,990	Rural	5	5	5
11	Laguna Seca	Hidalgo	251	Rural	4	4	7
11	Laguna Vista	Cameron	1,658	Rural	4	6	5
11	Lake View	Val Verde	167	Rural	4	4	6
11	Laredo Ranchettes	Webb	1,845	Rural	4	4	4
11	Larga Vista	Webb	742	Urban	7	7	7
11	Las Colonias	Zavala	283	Rural	7	7	7
11	Las Lomas	Starr	2,684	Rural	7	7	5
11	Las Lomitas	Jim Hogg	267	Rural	4	4	7
11	Las Palmas-Juarez	Cameron	1,666	Rural	5	5	6
11	Las Quintas Fronterizas	Maverick	2,030	Rural	5	5	4
11	Lasana	Cameron	135	Urban	4	4	4
11	Lasara	Willacy	1,024	Rural	5	5	6
11	Laughlin AFB	Val Verde	2,225	Rural	5	5	4
11	Laureles	Cameron	3,285	Rural	6	6	6
11	Leakey	Real	387	Rural	7	7	7
11	Llano Grande	Hidalgo	3,333	Urban	6	6	4
11	Lopeno	Zapata	140	Rural	4	4	7
11	Lopezville	Hidalgo	4,476	Urban	5	5	5
11	Los Alvarez	Starr	1,434	Rural	5	5	7
11	Los Angeles Subdivision	Willacy	86	Rural	7	7	4

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11	Los Ebanos	Hidalgo	403	Rural	6	6	6
11	Los Fresnos	Cameron	4,512	Rural	6	4	7
11	Los Indios	Cameron	1,149	Rural	4	4	5
11	Los Villareales	Starr	930	Rural	4	4	5
11	Lozano	Cameron	324	Rural	4	4	4
11	Lyford	Willacy	1,973	Rural	6	6	6
11	Lyford South	Willacy	172	Rural	7	7	5
11	Medina	Zapata	2,960	Rural	5	5	5
11	Midway North	Hidalgo	3,946	Urban	4	4	6
11	Midway South	Hidalgo	1,711	Urban	6	6	7
11	Mila Doce	Hidalgo	4,907	Rural	5	5	6
11	Mirando City	Webb	493	Rural	7	7	7
11	Mission	Hidalgo	45,408	Urban	5	6	6
11	Monte Alto	Hidalgo	1,611	Rural	6	6	5
11	Morales-Sanchez	Zapata	95	Rural	4	4	4
11	Muniz	Hidalgo	1,106	Rural	7	7	6
11	New Falcon	Zapata	184	Rural	4	4	4
11	North Alamo	Hidalgo	2,061	Urban	5	5	5
11	North Escobares	Starr	1,692	Rural	7	7	5
11	Nurillo	Hidalgo	5,056	Urban	6	6	7
11	Oilton	Webb	310	Rural	4	4	7
11	Olivarez	Hidalgo	2,445	Rural	6	6	4
11	Olmito	Cameron	1,198	Urban	6	6	5
11	Palm Valley	Cameron	1,298	Urban	6	5	4
11	Palmview South	Hidalgo	6,219	Urban	6	6	5
11	Pharr	Hidalgo	46,660	Urban	5	6	5
11	Port Isabel	Cameron	4,865	Rural	6	5	6
11	Port Mansfield	Willacy	415	Rural	6	6	7
11	Primera	Cameron	2,723	Urban	6	6	6
11	Quemado	Maverick	243	Rural	4	4	4
11	Radar Base	Maverick	162	Rural	4	4	7
11	Ranchette Estates	Willacy	133	Rural	4	4	4
11	Ranchitos Las Lomas	Webb	334	Rural	4	4	5
11	Rancho Viejo	Cameron	1,754	Urban	6	6	4
11	Ranchos Penitas West	Webb	520	Urban	4	4	5
11	Rangerville	Cameron	203	Rural	4	4	7
11	Ratamosa	Cameron	218	Rural	4	4	4
11	Raymondville	Willacy	9,733	Rural	5	6	7
11	Reid Hope King	Cameron	802	Urban	7	7	4
11	Relampago	Hidalgo	104	Rural	4	4	7
11	Rio Bravo	Webb	5,553	Urban	5	4	5
11	Rio Grande City	Starr	11,923	Rural	6	5	5
11	Rio Hondo	Cameron	1,942	Rural	6	5	6
11	Rocksprings	Edwards	1,285	Rural	6	5	6
11	Roma	Starr	9,617	Rural	7	7	6
11	Roma Creek	Starr	610	Rural	4	4	4
11	Rosita North	Maverick	3,400	Rural	5	5	6
11	Rosita South	Maverick	2,574	Rural	6	6	4
11	Sabinal	Uvalde	1,586	Rural	7	7	6
11	Salineno	Starr	304	Rural	4	4	6
11	San Benito	Cameron	23,444	Urban	6	6	5

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11	San Carlos	Hidalgo	2,650	Rural	7	7	7
11	San Ignacio	Zapata	853	Rural	4	4	7
11	San Isidro	Starr	270	Rural	6	6	5
11	San Manuel-Linn	Hidalgo	958	Rural	4	4	4
11	San Pedro	Cameron	668	Rural	4	4	4
11	San Perlita	Willacy	680	Rural	7	7	7
11	Santa Cruz	Starr	630	Rural	7	7	6
11	Santa Maria	Cameron	846	Rural	5	5	4
11	Santa Monica	Willacy	78	Rural	4	4	7
11	Santa Rosa	Cameron	2,833	Rural	4	6	5
11	Scissors	Hidalgo	2,805	Rural	4	4	5
11	Sebastian	Willacy	1,864	Rural	4	4	7
11	Siesta Shores	Zapata	890	Rural	4	4	6
11	Solis	Cameron	545	Rural	7	7	4
11	South Alamo	Hidalgo	3,101	Rural	6	6	5
11	South Fork Estates	Jim Hogg	47	Rural	4	4	4
11	South Padre Island	Cameron	2,422	Rural	7	7	5
11	South Point	Cameron	1,118	Rural	7	7	5
11	Spofford	Kinney	75	Rural	4	4	4
11	Tierra Bonita	Cameron	160	Rural	4	4	5
11	Utopia	Uvalde	241	Rural	6	6	7
11	Uvalde	Uvalde	14,929	Rural	7	6	6
11	Uvalde Estates	Uvalde	1,972	Rural	6	6	6
11	Val Verde Park	Val Verde	1,945	Rural	6	6	5
11	Villa del Sol	Cameron	132	Rural	4	4	6
11	Villa Pancho	Cameron	386	Urban	7	7	7
11	Villa Verde	Hidalgo	891	Urban	4	4	6
11	West Sharyland	Hidalgo	2,947	Rural	5	5	4
11	Willamar	Willacy	15	Rural	4	4	4
11	Yznaga	Cameron	103	Rural	4	4	7
11	Zapata	Zapata	4,856	Rural	5	7	5
11	Zapata Ranch	Willacy	88	Rural	4	4	6
12	Ackerly	Dawson	245	Rural	5	5	7
12	Andrews	Andrews	9,652	Rural	6	5	5
12	Balmorhea	Reeves	527	Rural	5	4	5
12	Barstow	Ward	406	Rural	7	7	6
12	Big Lake	Reagan	2,885	Rural	6	6	5
12	Big Spring	Howard	25,233	Rural	6	7	5
12	Brady	McCulloch	5,523	Rural	6	7	6
12	Bronte	Coke	1,076	Rural	7	7	6
12	Christoval	Tom Green	422	Rural	7	6	6
12	Coahoma	Howard	932	Rural	5	5	4
12	Coyanosa	Pecos	138	Rural	4	4	5
12	Crane	Crane	3,191	Rural	7	7	5
12	Eden	Concho	2,561	Rural	7	7	6
12	Eldorado	Schleicher	1,951	Rural	4	4	7
12	Forsan	Howard	226	Rural	5	5	7
12	Fort Stockton	Pecos	7,846	Rural	4	5	6
12	Gardendale	Ector	1,197	Rural	4	4	4
12	Goldsmith	Ector	253	Rural	5	5	4
12	Grandfalls	Ward	391	Rural	6	5	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Grape Creek	Tom Green	3,138	Rural	6	6	6
12	Imperial	Pecos	428	Rural	4	4	4
12	Iraan	Pecos	1,238	Rural	4	4	4
12	Junction	Kimble	2,618	Rural	6	6	6
12	Kermit	Winkler	5,714	Rural	5	5	4
12	Lamesa	Dawson	9,952	Rural	6	6	5
12	Lindsay (Reeves)	Reeves	394	Rural	4	4	7
12	Los Ybanez	Dawson	32	Rural	4	4	4
12	Mason	Mason	2,134	Rural	7	6	6
12	McCamey	Upton	1,805	Rural	5	5	5
12	Melvin	McCulloch	155	Rural	7	7	7
12	Menard	Menard	1,653	Rural	6	6	7
12	Mertzon	Irion	839	Rural	4	4	6
12	Midland	Midland	94,996	Urban	6	6	5
12	Monahans	Ward	6,821	Rural	7	7	4
12	Ozona	Crockett	3,436	Rural	5	5	5
12	Paint Rock	Concho	320	Rural	7	7	6
12	Pecos	Reeves	9,501	Rural	4	5	6
12	Pyote	Ward	131	Rural	4	4	7
12	Rankin	Upton	800	Rural	5	4	6
12	Robert Lee	Coke	1,171	Rural	7	7	6
12	Sanderson	Terrell	861	Rural	7	6	6
12	Seagraves	Gaines	2,334	Rural	7	6	4
12	Seminole	Gaines	5,910	Rural	5	5	6
12	Sonora	Sutton	2,924	Rural	4	5	5
12	Stanton	Martin	2,556	Rural	6	6	4
12	Sterling City	Sterling	1,081	Rural	5	5	6
12	Thorntonville	Ward	442	Rural	4	4	5
12	Toyah	Reeves	100	Rural	4	4	4
12	West Odessa	Ector	17,799	Urban	6	6	6
12	Wickett	Ward	455	Rural	7	7	4
12	Wink	Winkler	919	Rural	5	5	4
13	Agua Dulce (El Paso)	El Paso	738	Rural	4	4	7
13	Alpine	Brewster	5,786	Rural	7	7	4
13	Anthony	El Paso	3,850	Urban	4	7	5
13	Butterfield	El Paso	61	Rural	4	4	4
13	Canutillo	El Paso	5,129	Urban	5	5	5
13	Clint	El Paso	980	Rural	4	7	5
13	Dell City	Hudspeth	413	Rural	6	6	6
13	Fabens	El Paso	8,043	Rural	7	7	4
13	Fort Bliss	El Paso	8,264	Urban	5	4	4
13	Fort Davis	Jeff Davis	1,050	Rural	5	5	7
13	Fort Hancock	Hudspeth	1,713	Rural	6	6	6
13	Homestead Meadows North	El Paso	4,232	Rural	6	6	7
13	Homestead Meadows South	El Paso	6,807	Rural	7	7	6
13	Horizon City	El Paso	5,233	Rural	4	4	5
13	Marathon	Brewster	455	Rural	5	4	6
13	Marfa	Presidio	2,121	Rural	5	6	6
13	Morning Glory	El Paso	627	Rural	4	4	4
13	Prado Verde	El Paso	200	Urban	4	4	7
13	Presidio	Presidio	4,167	Rural	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
13	Redford	Presidio	132	Rural	4	4	7
13	San Elizario	El Paso	11,046	Urban	5	4	6
13	Sierra Blanca	Hudspeth	533	Rural	5	4	7
13	Socorro	El Paso	27,152	Urban	6	4	7
13	Sparks	El Paso	2,974	Rural	6	6	6
13	Study Butte-Terlingua	Brewster	267	Rural	5	4	4
13	Tornillo	El Paso	1,609	Rural	7	4	5
13	Valentine	Jeff Davis	187	Rural	6	5	4
13	Van Horn	Culberson	2,435	Rural	7	7	5
13	Vinton	El Paso	1,892	Rural	7	7	6
13	Westway	El Paso	3,829	Urban	7	7	6

Draft 2008 HOME Affordable Housing Need Scores (AHNS) County Level

(Sorted by Region then County.)

Instructions:
Use this table to determine an AHNS for an application that will serve an entire county, multiple counties, or multiple places within a county or counties.
Special Circumstances
(1) If multiple counties or places in multiple counties will be served by the application, then the county scores should be averaged.
(2) Participating Jurisdictions (PJ) recieve a score of zero and are not included in the table.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sandy Garcia via facsimile at (512) 475-4798 or by email at sandy.garcia@tdhca.state.tx.us.

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Armstrong	7	7	5
1	Bailey	4	4	5
1	Briscoe	6	6	5
1	Carson	6	6	6
1	Castro	5	5	5
1	Childress	5	6	4
1	Cochran	4	4	6
1	Collingsworth	5	5	5
1	Crosby	6	6	5
1	Dallam	6	6	6
1	Deaf Smith	4	5	5
1	Dickens	6	6	6
1	Donley	7	7	5
1	Floyd	6	5	4
1	Garza	7	7	7
1	Gray	5	5	6
1	Hale	5	5	5
1	Hall	6	6	6
1	Hansford	5	5	6
1	Hartley	6	6	6
1	Hemphill	6	6	5
1	Hockley	5	5	6
1	Hutchinson	6	6	5
1	Lamb	6	6	5
1	Lipscomb	5	5	6
1	Lubbock	5	5	6
1	Lynn	4	4	5
1	Moore	5	5	4
1	Motley	4	4	4
1	Ochiltree	4	5	4
1	Oldham	6	6	7
1	Parmer	6	6	4
1	Potter	4	4	7
1	Randall	6	6	4
1	Roberts	7	7	5

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Sherman	6	6	6
1	Swisher	5	5	5
1	Terry	5	5	6
1	Wheeler	5	5	5
1	Yoakum	6	6	6
2	Archer	4	4	5
2	Baylor	5	5	4
2	Brown	6	6	6
2	Callahan	5	6	6
2	Clay	7	7	6
2	Coleman	5	5	5
2	Comanche	7	7	6
2	Cottle	5	5	4
2	Eastland	5	5	6
2	Fisher	6	6	4
2	Foard	6	6	6
2	Hardeman	7	7	4
2	Haskell	6	6	6
2	Jack	6	6	6
2	Jones	5	5	6
2	Kent	4	4	6
2	Knox	4	4	6
2	Mitchell	6	6	5
2	Montague	5	5	6
2	Nolan	6	5	5
2	Runnels	6	6	6
2	Scurry	6	6	6
2	Shackelford	6	6	5
2	Stephens	6	5	4
2	Stonewall	5	5	6
2	Taylor	6	6	4
2	Throckmorton	5	5	4
2	Wichita	6	6	5
2	Wilbarger	4	5	5
2	Young	5	5	5
3	Collin	5	5	5
3	Cooke	5	5	5
3	Dallas	5	5	5
3	Denton	5	5	5
3	Ellis	5	6	6
3	Erath	6	6	6
3	Fannin	5	6	5
3	Grayson	5	5	6
3	Hood	5	5	5
3	Hunt	6	5	6
3	Johnson	5	5	6
3	Kaufman	6	6	5
3	Navarro	5	5	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Palo Pinto	6	6	5
3	Parker	6	6	5
3	Rockwall	5	5	5
3	Somervell	5	5	6
3	Tarrant	5	5	5
3	Wise	6	6	6
4	Anderson	6	6	6
4	Bowie	6	6	5
4	Camp	4	4	6
4	Cass	5	5	5
4	Cherokee	5	5	6
4	Delta	6	6	6
4	Franklin	4	6	6
4	Gregg	5	5	5
4	Harrison	5	5	6
4	Henderson	5	6	5
4	Hopkins	5	5	6
4	Lamar	5	5	5
4	Marion	7	7	6
4	Morris	6	7	4
4	Panola	5	5	5
4	Rains	7	7	5
4	Red River	6	5	5
4	Rusk	6	5	5
4	Smith	5	5	5
4	Titus	6	6	6
4	Upshur	5	5	6
4	Van Zandt	6	5	5
4	Wood	6	6	6
5	Angelina	6	6	5
5	Hardin	5	5	4
5	Houston	6	6	6
5	Jasper	4	5	6
5	Jefferson	5	5	4
5	Nacogdoches	6	6	5
5	Newton	6	5	5
5	Orange	6	6	6
5	Polk	6	6	6
5	Sabine	5	5	5
5	San Augustine	6	6	6
5	San Jacinto	5	5	6
5	Shelby	5	5	6
5	Trinity	6	6	7
5	Tyler	6	5	6
6	Austin	5	5	6
6	Brazoria	6	6	6
6	Chambers	6	5	5
6	Colorado	6	5	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Fort Bend	6	5	5
6	Galveston	6	6	6
6	Harris	5	5	5
6	Liberty	5	5	6
6	Matagorda	5	5	5
6	Montgomery	6	6	5
6	Walker	7	7	6
6	Waller	5	6	6
6	Wharton	5	5	6
7	Bastrop	5	5	6
7	Blanco	5	5	5
7	Burnet	6	6	6
7	Caldwell	5	5	6
7	Fayette	6	6	6
7	Hays	5	5	6
7	Lee	4	5	4
7	Llano	5	6	5
7	Travis	5	5	5
7	Williamson	6	6	6
8	Bell	5	5	4
8	Bosque	4	5	6
8	Brazos	6	6	6
8	Coryell	6	6	5
8	Falls	6	6	5
8	Freestone	5	5	6
8	Grimes	4	4	7
8	Hamilton	4	5	6
8	Hill	6	6	6
8	Lampasas	5	5	5
8	Leon	4	4	7
8	Limestone	6	6	6
8	McLennan	5	5	5
8	Milam	6	6	5
8	Mills	6	6	6
8	San Saba	4	4	4
9	Atascosa	5	6	6
9	Bandera	6	6	6
9	Bexar	5	5	4
9	Comal	6	6	5
9	Frio	5	5	6
9	Gillespie	5	6	6
9	Guadalupe	5	5	6
9	Karnes	6	5	5
9	Kendall	5	6	7
9	Kerr	7	6	6
9	Medina	6	6	6
9	Wilson	6	6	6
10	Aransas	6	6	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Bee	5	5	5
10	Brooks	5	4	6
10	Calhoun	6	6	5
10	DeWitt	6	6	6
10	Duval	5	5	5
10	Goliad	4	5	7
10	Gonzales	5	6	6
10	Jackson	5	5	5
10	Jim Wells	5	5	5
10	Kleberg	6	7	6
10	Lavaca	6	6	5
10	Live Oak	6	6	5
10	Nueces	5	5	5
10	Refugio	6	6	6
10	San Patricio	5	6	5
10	Victoria	6	6	5
11	Cameron	5	5	5
11	Dimmit	6	6	6
11	Edwards	6	5	6
11	Hidalgo	6	6	6
11	Jim Hogg	4	4	5
11	Kinney	6	6	5
11	La Salle	5	6	4
11	Maverick	5	5	5
11	Real	7	7	7
11	Starr	5	6	6
11	Uvalde	6	6	6
11	Val Verde	5	5	6
11	Webb	5	5	5
11	Willacy	5	5	6
11	Zapata	4	5	5
11	Zavala	6	6	6
12	Andrews	6	5	5
12	Coke	7	7	6
12	Concho	7	7	6
12	Crane	7	7	5
12	Crockett	5	5	5
12	Dawson	5	5	5
12	Ector	5	5	5
12	Gaines	6	6	5
12	Howard	5	6	5
12	Irion	4	4	6
12	Kimble	6	6	6
12	Martin	6	6	4
12	Mason	7	6	6
12	McCulloch	6	7	6
12	Menard	6	6	7
12	Midland	6	6	5

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Pecos	4	4	5
12	Reagan	6	6	5
12	Reeves	4	4	6
12	Schleicher	4	4	7
12	Sterling	5	5	6
12	Sutton	4	5	5
12	Terrell	7	6	6
12	Tom Green	6	6	6
12	Upton	5	4	6
12	Ward	6	6	6
12	Winkler	5	5	4
13	Brewster	6	5	5
13	Culberson	7	7	5
13	El Paso	5	5	6
13	Hudspeth	6	5	6
13	Jeff Davis	6	5	6
13	Presidio	5	5	6

Draft 2008 HTF Affordable Housing Need Scores (AHNS)
Place Level

(Sorted by Region then Place.)

Instructions:
Use this table to determine the AHNS of an application that will serve a **single** place.
Special Circumstances
(1) Rental Development activities that are not located within a place's jurisdiction will utilize the score of closest place.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sandy Garcia via facsimile at (512) 475-4798 or by email at sandy.garcia@tdhca.state.tx.us.

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Abernathy	Hale	2,839	Rural	6	6	5
1	Adrian	Oldham	159	Rural	7	7	7
1	Amarillo	Potter	173,627	Urban	6	7	5
1	Amherst	Lamb	791	Rural	5	5	7
1	Anton	Hockley	1,200	Rural	4	4	6
1	Bishop Hills	Potter	210	Rural	4	4	7
1	Booker	Lipscomb	1,315	Rural	6	6	4
1	Borger	Hutchinson	14,302	Rural	5	6	4
1	Bovina	Parmer	1,874	Rural	5	4	4
1	Brownfield	Terry	9,488	Rural	7	7	5
1	Buffalo Springs	Lubbock	493	Rural	5	5	5
1	Cactus	Moore	2,538	Rural	4	4	5
1	Canadian	Hemphill	2,233	Rural	6	6	5
1	Canyon	Randall	12,875	Rural	7	7	4
1	Channing	Hartley	356	Rural	7	7	5
1	Childress	Childress	6,778	Rural	5	6	4
1	Clarendon	Donley	1,974	Rural	6	6	4
1	Claude	Armstrong	1,313	Rural	7	7	5
1	Crosbyton	Crosby	1,874	Rural	6	6	4
1	Dalhart	Dallam	7,237	Rural	7	7	5
1	Darrouzett	Lipscomb	303	Rural	7	7	7
1	Denver City	Yoakum	3,985	Rural	5	5	7
1	Dickens	Dickens	332	Rural	7	7	7
1	Dimmitt	Castro	4,375	Rural	6	5	6
1	Dodson	Collingsworth	115	Rural	7	7	7
1	Dumas	Moore	13,747	Rural	5	5	4
1	Earth	Lamb	1,109	Rural	5	5	6
1	Edmonson	Hale	123	Rural	4	4	6
1	Estelline	Hall	168	Rural	7	7	7
1	Farwell	Parmer	1,364	Rural	7	7	5
1	Floydada	Floyd	3,676	Rural	6	6	4
1	Follett	Lipscomb	412	Rural	4	4	7
1	Friona	Parmer	3,854	Rural	6	6	4
1	Fritch	Hutchinson	2,235	Rural	6	6	5
1	Groom	Carson	587	Rural	7	7	7
1	Gruver	Hansford	1,162	Rural	6	6	5
1	Hale Center	Hale	2,263	Rural	6	6	5
1	Happy	Swisher	647	Rural	5	5	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Hart	Castro	1,198	Rural	5	5	5
1	Hartley	Hartley	441	Rural	6	6	6
1	Hedley	Donley	379	Rural	7	7	7
1	Hereford	Deaf Smith	14,597	Rural	4	5	5
1	Higgins	Lipscomb	425	Rural	4	4	7
1	Howardwick	Donley	437	Rural	7	7	5
1	Idalou	Lubbock	2,157	Rural	4	4	4
1	Kress	Swisher	826	Rural	6	6	5
1	Lake Tanglewood	Randall	825	Rural	7	7	4
1	Lakeview	Hall	152	Rural	7	7	4
1	Lefors	Gray	559	Rural	4	4	6
1	Levelland	Hockley	12,866	Rural	6	7	6
1	Lipscomb	Lipscomb	44	Rural	4	4	4
1	Littlefield	Lamb	6,507	Rural	7	7	5
1	Lockney	Floyd	2,056	Rural	5	4	5
1	Lorenzo	Crosby	1,372	Rural	5	5	5
1	Lubbock	Lubbock	199,564	Urban	7	7	5
1	Matador	Motley	740	Rural	5	5	4
1	McLean	Gray	830	Rural	6	6	7
1	Meadow	Terry	658	Rural	4	4	5
1	Memphis	Hall	2,479	Rural	6	6	4
1	Miami	Roberts	588	Rural	7	7	5
1	Mobeetie	Wheeler	107	Rural	4	4	4
1	Morse	Hansford	172	Rural	5	5	7
1	Morton	Cochran	2,249	Rural	5	4	4
1	Muleshoe	Bailey	4,530	Rural	4	4	5
1	Nazareth	Castro	356	Rural	5	5	5
1	New Deal	Lubbock	708	Rural	6	6	4
1	New Home	Lynn	320	Rural	5	5	4
1	O'Donnell	Lynn	1,011	Rural	4	4	4
1	Olton	Lamb	2,288	Rural	5	5	5
1	Opdyke West	Hockley	188	Rural	5	5	7
1	Palisades	Randall	352	Rural	6	6	5
1	Pampa	Gray	17,887	Rural	6	6	5
1	Panhandle	Carson	2,589	Rural	5	5	4
1	Perryton	Ochiltree	7,774	Rural	4	5	4
1	Petersburg	Hale	1,262	Rural	4	4	4
1	Plains	Yoakum	1,450	Rural	6	6	4
1	Plainview	Hale	22,336	Rural	6	6	5
1	Post	Garza	3,708	Rural	7	7	7
1	Quail	Collingsworth	33	Rural	4	4	4
1	Quitaque	Briscoe	432	Rural	7	7	6
1	Ralls	Crosby	2,252	Rural	6	6	7
1	Ransom Canyon	Lubbock	1,011	Rural	5	5	4
1	Reese Center	Lubbock	42	Urban	4	4	7
1	Roaring Springs	Motley	265	Rural	4	4	4
1	Ropesville	Hockley	517	Rural	4	4	4
1	Samnorwood	Collingsworth	39	Rural	4	4	4
1	Sanford	Hutchinson	203	Rural	6	6	5
1	Seth Ward	Hale	1,926	Rural	6	6	7
1	Shallowater	Lubbock	2,086	Rural	7	7	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Shamrock	Wheeler	2,029	Rural	6	6	7
1	Silverton	Briscoe	771	Rural	6	6	4
1	Skellytown	Carson	610	Rural	4	4	7
1	Slaton	Lubbock	6,109	Rural	6	6	7
1	Smyer	Hockley	480	Rural	5	5	7
1	Spade	Lamb	100	Rural	6	6	4
1	Spearman	Hansford	3,021	Rural	4	4	5
1	Springlake	Lamb	135	Rural	7	7	4
1	Spur	Dickens	1,088	Rural	5	5	6
1	Stinnett	Hutchinson	1,936	Rural	6	6	5
1	Stratford	Sherman	1,991	Rural	4	4	4
1	Sudan	Lamb	1,039	Rural	6	5	4
1	Sundown	Hockley	1,505	Rural	5	5	5
1	Sunray	Moore	1,950	Rural	5	5	4
1	Tahoka	Lynn	2,910	Rural	5	4	7
1	Texhoma	Sherman	371	Rural	7	7	7
1	Texline	Dallam	511	Rural	5	5	6
1	Timbercreek Canyon	Randall	406	Rural	4	4	4
1	Tulia	Swisher	5,117	Rural	5	5	5
1	Turkey	Hall	494	Rural	4	4	7
1	Vega	Oldham	936	Rural	6	6	7
1	Wellington	Collingsworth	2,275	Rural	5	5	6
1	Wellman	Terry	203	Rural	5	4	7
1	Wheeler	Wheeler	1,378	Rural	5	5	4
1	White Deer	Carson	1,060	Rural	6	6	4
1	Whiteface	Cochran	465	Rural	4	4	7
1	Wilson	Lynn	532	Rural	4	4	5
1	Wolfforth	Lubbock	2,554	Rural	6	6	7
2	Abilene	Taylor	115,930	Urban	6	6	4
2	Albany	Shackelford	1,921	Rural	6	6	4
2	Anson	Jones	2,556	Rural	4	4	6
2	Archer City	Archer	1,848	Rural	5	5	4
2	Aspermont	Stonewall	1,021	Rural	5	5	6
2	Baird	Callahan	1,623	Rural	4	6	5
2	Ballinger	Runnels	4,243	Rural	7	7	7
2	Bangs	Brown	1,620	Rural	6	6	7
2	Bellevue	Clay	386	Rural	6	6	6
2	Benjamin	Knox	264	Rural	4	4	7
2	Blackwell	Nolan	360	Rural	6	6	4
2	Blanket	Brown	402	Rural	7	7	6
2	Bowie	Montague	5,219	Rural	6	7	7
2	Breckenridge	Stephens	5,868	Rural	6	5	4
2	Brownwood	Brown	18,813	Rural	5	7	5
2	Bryson	Jack	528	Rural	6	6	7
2	Buffalo Gap	Taylor	463	Rural	5	5	4
2	Burkburnett	Wichita	10,927	Rural	6	6	4
2	Byers	Clay	517	Rural	7	7	6
2	Carbon	Eastland	224	Rural	4	4	4
2	Chillicothe	Hardeman	798	Rural	7	7	4
2	Cisco	Eastland	3,851	Rural	7	7	5
2	Clyde	Callahan	3,345	Rural	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Coleman	Coleman	5,127	Rural	6	6	7
2	Colorado City	Mitchell	4,281	Rural	7	6	7
2	Comanche	Comanche	4,482	Rural	7	7	5
2	Cross Plains	Callahan	1,068	Rural	4	6	7
2	Crowell	Foard	1,141	Rural	6	6	6
2	De Leon	Comanche	2,433	Rural	6	6	6
2	Dean	Clay	341	Rural	7	7	6
2	Early	Brown	2,588	Rural	5	5	5
2	Eastland	Eastland	3,769	Rural	4	7	7
2	Elbert	Throckmorton	56	Rural	7	7	4
2	Electra	Wichita	3,168	Rural	6	6	6
2	Girard	Kent	62	Rural	4	4	7
2	Goree	Knox	321	Rural	4	4	7
2	Gorman	Eastland	1,236	Rural	4	4	4
2	Graham	Young	8,716	Rural	5	5	5
2	Gustine	Comanche	457	Rural	7	7	7
2	Hamlin	Jones	2,248	Rural	5	5	7
2	Haskell	Haskell	3,106	Rural	6	6	7
2	Hawley	Jones	646	Rural	7	7	5
2	Henrietta	Clay	3,264	Rural	6	6	5
2	Hermleigh	Scurry	393	Rural	6	6	7
2	Holliday	Archer	1,632	Rural	4	4	6
2	Impact	Taylor	39	Urban	4	4	4
2	Iowa Park	Wichita	6,431	Rural	6	6	4
2	Jacksboro	Jack	4,533	Rural	6	6	6
2	Jayton	Kent	513	Rural	4	4	4
2	Jolly	Clay	188	Rural	7	7	7
2	Knox City	Knox	1,219	Rural	5	5	7
2	Lake Brownwood	Brown	1,694	Rural	7	7	7
2	Lakeside City	Archer	984	Urban	5	5	4
2	Lawn	Taylor	353	Rural	4	4	5
2	Loraine	Mitchell	656	Rural	6	6	4
2	Lueders	Jones	300	Rural	5	5	7
2	Megargel	Archer	248	Rural	4	4	4
2	Merkel	Taylor	2,637	Rural	6	6	4
2	Miles	Runnels	850	Rural	6	6	6
2	Moran	Shackelford	233	Rural	5	5	6
2	Munday	Knox	1,527	Rural	4	4	4
2	Newcastle	Young	575	Rural	6	6	5
2	Nocona	Montague	3,198	Rural	5	4	4
2	Novice	Coleman	142	Rural	4	4	4
2	O'Brien	Haskell	132	Rural	4	4	7
2	Olney	Young	3,396	Rural	5	5	6
2	Paducah	Cottle	1,498	Rural	5	5	4
2	Petrolia	Clay	782	Rural	7	7	4
2	Pleasant Valley	Wichita	408	Urban	7	7	6
2	Potosi	Taylor	1,664	Urban	7	7	4
2	Putnam	Callahan	88	Rural	7	7	5
2	Quanah	Hardeman	3,022	Rural	7	7	4
2	Ranger	Eastland	2,584	Rural	5	4	7
2	Rising Star	Eastland	835	Rural	5	5	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
2	Roby	Fisher	673	Rural	6	6	4
2	Rochester	Haskell	378	Rural	5	5	5
2	Roscoe	Nolan	1,378	Rural	5	4	5
2	Rotan	Fisher	1,611	Rural	5	5	4
2	Rule	Haskell	698	Rural	6	6	6
2	Santa Anna	Coleman	1,081	Rural	4	5	5
2	Scotland	Archer	438	Rural	4	4	6
2	Seymour	Baylor	2,908	Rural	5	5	4
2	Snyder	Scurry	10,783	Rural	5	5	5
2	St. Jo	Montague	977	Rural	4	4	6
2	Stamford	Jones	3,636	Rural	5	5	5
2	Sunset	Montague	339	Rural	4	4	7
2	Sweetwater	Nolan	11,415	Rural	6	6	5
2	Throckmorton	Throckmorton	905	Rural	4	4	4
2	Trent	Taylor	318	Rural	7	7	4
2	Tuscola	Taylor	714	Rural	4	4	4
2	Tye	Taylor	1,158	Urban	7	7	5
2	Vernon	Wilbarger	11,660	Rural	4	5	5
2	Weinert	Haskell	177	Rural	7	7	5
2	Westbrook	Mitchell	203	Rural	6	6	5
2	Wichita Falls	Wichita	104,197	Urban	5	6	4
2	Windthorst	Archer	440	Rural	4	4	7
2	Winters	Runnels	2,880	Rural	4	4	5
2	Woodson	Throckmorton	296	Rural	5	5	5
3	Addison	Dallas	14,166	Urban	5	5	4
3	Aledo	Parker	1,726	Rural	6	6	6
3	Allen	Collin	43,554	Urban	6	6	4
3	Alma	Ellis	302	Rural	7	7	7
3	Alvarado	Johnson	3,288	Rural	5	4	6
3	Alvord	Wise	1,007	Rural	6	6	4
3	Angus	Navarro	334	Rural	6	6	6
3	Anna	Collin	1,225	Rural	6	5	4
3	Annetta	Parker	1,108	Rural	7	7	4
3	Annetta North	Parker	467	Rural	7	7	4
3	Annetta South	Parker	555	Rural	7	7	4
3	Argyle	Denton	2,365	Urban	5	5	4
3	Arlington	Tarrant	332,969	Urban	6	6	4
3	Aubrey	Denton	1,500	Rural	7	6	6
3	Aurora	Wise	853	Rural	7	7	7
3	Azle	Tarrant	9,600	Urban	5	5	6
3	Bailey	Fannin	213	Rural	7	7	4
3	Balch Springs	Dallas	19,375	Urban	4	6	7
3	Bardwell	Ellis	583	Rural	4	4	7
3	Barry	Navarro	209	Rural	7	7	5
3	Bartonville	Denton	1,093	Rural	4	4	4
3	Bedford	Tarrant	47,152	Urban	6	6	4
3	Bells	Grayson	1,190	Rural	6	6	6
3	Benbrook	Tarrant	20,208	Urban	6	6	5
3	Blooming Grove	Navarro	833	Rural	5	5	6
3	Blue Mound	Tarrant	2,388	Urban	5	5	5
3	Blue Ridge	Collin	672	Rural	6	6	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Bonham	Fannin	9,990	Rural	7	6	6
3	Boyd	Wise	1,099	Rural	5	5	6
3	Briar	Tarrant	5,350	Rural	4	4	6
3	Briaroaks	Johnson	493	Rural	4	4	5
3	Bridgeport	Wise	4,309	Rural	4	6	6
3	Burleson	Johnson	20,976	Urban	5	5	4
3	Caddo Mills	Hunt	1,149	Rural	7	6	6
3	Callisburg	Cooke	365	Rural	5	5	7
3	Campbell	Hunt	734	Rural	6	6	7
3	Carrollton	Denton	109,576	Urban	5	5	4
3	Cedar Hill	Dallas	32,093	Urban	6	6	5
3	Celeste	Hunt	817	Rural	5	4	6
3	Celina	Collin	1,861	Urban	5	4	6
3	Chico	Wise	947	Rural	6	6	6
3	Cleburne	Johnson	26,005	Urban	4	6	6
3	Cockrell Hill	Dallas	4,443	Urban	4	4	5
3	Colleyville	Tarrant	19,636	Urban	5	5	4
3	Collinsville	Grayson	1,235	Rural	4	4	5
3	Combine	Kaufman	1,788	Rural	5	5	5
3	Commerce	Hunt	7,669	Rural	7	7	4
3	Cool	Parker	162	Rural	7	7	7
3	Coppell	Dallas	35,958	Urban	5	5	4
3	Copper Canyon	Denton	1,216	Urban	7	7	4
3	Corinth	Denton	11,325	Urban	4	5	4
3	Corral City	Denton	89	Rural	4	4	7
3	Corsicana	Navarro	24,485	Rural	6	6	6
3	Cottonwood	Kaufman	181	Rural	4	4	6
3	Crandall	Kaufman	2,774	Rural	5	5	5
3	Cross Roads	Denton	603	Rural	4	4	7
3	Cross Timber	Johnson	277	Rural	7	7	5
3	Crowley	Tarrant	7,467	Urban	6	6	5
3	Dallas	Dallas	1,188,580	Urban	5	6	6
3	Dalworthington Gardens	Tarrant	2,186	Urban	4	4	4
3	Dawson	Navarro	852	Rural	4	4	5
3	Decatur	Wise	5,201	Rural	5	5	6
3	Denison	Grayson	22,773	Urban	5	6	6
3	Denton	Denton	80,537	Urban	7	7	6
3	DeSoto	Dallas	37,646	Urban	4	7	5
3	Dodd City	Fannin	419	Rural	7	7	6
3	Dorchester	Grayson	109	Urban	4	4	7
3	Double Oak	Denton	2,179	Urban	7	7	4
3	Dublin	Erath	3,754	Rural	5	5	6
3	Duncanville	Dallas	36,081	Urban	6	6	6
3	Eagle Mountain	Tarrant	6,599	Urban	5	5	5
3	Ector	Fannin	600	Rural	6	6	4
3	Edgecliff Village	Tarrant	2,550	Urban	7	6	5
3	Emhouse	Navarro	159	Rural	4	4	4
3	Ennis	Ellis	16,045	Rural	4	5	6
3	Euless	Tarrant	46,005	Urban	5	5	4
3	Eureka	Navarro	340	Rural	4	4	6
3	Everman	Tarrant	5,836	Urban	6	6	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Fairview	Collin	2,644	Urban	7	7	4
3	Farmers Branch	Dallas	27,508	Urban	4	4	5
3	Farmersville	Collin	3,118	Rural	5	4	4
3	Fate	Rockwall	497	Rural	7	7	5
3	Ferris	Ellis	2,175	Rural	5	5	4
3	Flower Mound	Denton	50,702	Urban	5	5	4
3	Forest Hill	Tarrant	12,949	Urban	4	6	7
3	Forney	Kaufman	5,588	Rural	6	6	6
3	Fort Worth	Tarrant	534,694	Urban	5	6	6
3	Frisco	Collin	33,714	Urban	6	6	4
3	Frost	Navarro	648	Rural	6	6	7
3	Gainesville	Cooke	15,538	Rural	5	6	5
3	Garland	Dallas	215,768	Urban	5	5	5
3	Garrett	Ellis	448	Rural	7	7	7
3	Glen Rose	Somervell	2,122	Rural	5	5	6
3	Glenn Heights	Dallas	7,224	Urban	6	6	6
3	Godley	Johnson	879	Rural	7	7	5
3	Goodlow	Navarro	264	Rural	4	4	7
3	Gordon	Palo Pinto	451	Rural	7	7	5
3	Graford	Palo Pinto	578	Rural	5	5	5
3	Granbury	Hood	5,718	Rural	6	7	5
3	Grand Prairie	Dallas	127,427	Urban	5	6	5
3	Grandview	Johnson	1,358	Rural	6	6	7
3	Grapevine	Tarrant	42,059	Urban	5	5	4
3	Grays Prairie	Kaufman	296	Rural	7	7	4
3	Greenville	Hunt	23,960	Rural	5	6	6
3	Gunter	Grayson	1,230	Rural	6	5	4
3	Hackberry	Denton	544	Urban	7	7	7
3	Haltom City	Tarrant	39,018	Urban	6	5	6
3	Haslet	Tarrant	1,134	Urban	5	5	4
3	Hawk Cove	Hunt	457	Rural	4	4	6
3	Heath	Rockwall	4,149	Urban	4	4	4
3	Hebron	Denton	874	Urban	4	4	4
3	Hickory Creek	Denton	2,078	Urban	5	5	5
3	Highland Park	Dallas	8,842	Urban	4	4	4
3	Highland Village	Denton	12,173	Urban	6	6	4
3	Honey Grove	Fannin	1,746	Rural	4	6	5
3	Howe	Grayson	2,478	Urban	6	6	7
3	Hudson Oaks	Parker	1,637	Rural	7	7	4
3	Hurst	Tarrant	36,273	Urban	6	6	4
3	Hutchins	Dallas	2,805	Urban	6	6	6
3	Irving	Dallas	191,615	Urban	5	5	4
3	Italy	Ellis	1,993	Rural	5	5	5
3	Josephine	Collin	594	Rural	7	7	4
3	Joshua	Johnson	4,528	Urban	5	5	5
3	Justin	Denton	1,891	Rural	6	6	5
3	Kaufman	Kaufman	6,490	Rural	4	5	7
3	Keene	Johnson	5,003	Rural	6	6	7
3	Keller	Tarrant	27,345	Urban	4	6	4
3	Kemp	Kaufman	1,133	Rural	7	7	6
3	Kennedale	Tarrant	5,850	Urban	5	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Kerens	Navarro	1,681	Rural	6	6	6
3	Knollwood	Grayson	375	Urban	7	7	7
3	Krugerville	Denton	903	Rural	7	7	6
3	Krum	Denton	1,979	Rural	4	4	5
3	Ladonia	Fannin	667	Rural	4	4	7
3	Lake Bridgeport	Wise	372	Rural	4	4	5
3	Lake Dallas	Denton	6,166	Rural	6	5	5
3	Lake Kiowa	Cooke	1,883	Rural	4	4	4
3	Lake Worth	Tarrant	4,618	Urban	6	5	6
3	Lakeside (Tarrant)	Tarrant	1,040	Urban	7	7	4
3	Lakewood Village	Denton	342	Rural	7	7	6
3	Lancaster	Dallas	25,894	Urban	4	5	7
3	Lavon	Collin	387	Rural	4	4	5
3	Leonard	Fannin	1,846	Rural	6	6	5
3	Lewisville	Denton	77,737	Urban	6	6	4
3	Lincoln Park	Denton	517	Rural	5	5	7
3	Lindsay (Cooke)	Cooke	788	Rural	5	5	4
3	Lipan	Hood	425	Rural	4	4	6
3	Little Elm	Denton	3,646	Urban	4	5	6
3	Lone Oak	Hunt	521	Rural	4	4	7
3	Lowry Crossing	Collin	1,229	Urban	7	7	4
3	Lucas	Collin	2,890	Urban	7	7	4
3	Mabank	Kaufman	2,151	Rural	4	7	6
3	Mansfield	Tarrant	28,031	Urban	4	5	4
3	Marshall Creek	Denton	431	Rural	7	7	7
3	Maypearl	Ellis	746	Rural	6	5	6
3	McKinney	Collin	54,369	Urban	5	6	4
3	McLendon-Chisholm	Rockwall	914	Rural	7	7	4
3	Melissa	Collin	1,350	Urban	6	6	5
3	Mesquite	Dallas	124,523	Urban	5	6	5
3	Midlothian	Ellis	7,480	Urban	5	5	5
3	Mildred	Navarro	405	Rural	7	7	6
3	Milford	Ellis	685	Rural	4	4	7
3	Millsap	Parker	353	Rural	4	4	5
3	Mineral Wells	Palo Pinto	16,946	Rural	6	6	6
3	Mingus	Palo Pinto	246	Rural	7	7	4
3	Mobile City	Rockwall	196	Rural	4	4	7
3	Muenster	Cooke	1,556	Rural	6	6	6
3	Murphy	Collin	3,099	Urban	7	6	4
3	Mustang	Navarro	47	Rural	4	4	7
3	Navarro	Navarro	191	Rural	4	4	4
3	Nevada	Collin	563	Rural	5	5	4
3	New Fairview	Wise	877	Rural	5	5	7
3	New Hope	Collin	662	Rural	4	4	4
3	Newark	Wise	887	Rural	6	6	6
3	Neylandville	Hunt	56	Rural	4	4	7
3	North Richland Hills	Tarrant	55,635	Urban	6	6	4
3	Northlake	Denton	921	Urban	5	5	7
3	Oak Grove	Kaufman	710	Rural	7	7	4
3	Oak Leaf	Ellis	1,209	Rural	7	7	4
3	Oak Point	Denton	1,747	Rural	6	5	5

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3	Oak Ridge (Cooke)	Cooke	224	Rural	6	6	7
3	Oak Ridge (Kaufman)	Kaufman	400	Rural	7	7	7
3	Oak Trail Shores	Hood	2,475	Rural	4	4	7
3	Oak Valley	Navarro	401	Rural	6	6	6
3	Ovilla	Ellis	3,405	Urban	7	7	5
3	Palmer	Ellis	1,774	Rural	4	4	7
3	Pantego	Tarrant	2,318	Urban	4	4	4
3	Paradise	Wise	459	Rural	7	7	7
3	Parker	Collin	1,379	Urban	4	4	4
3	Pecan Acres	Wise	2,289	Rural	7	7	5
3	Pecan Hill	Ellis	672	Rural	6	6	5
3	Pecan Plantation	Hood	3,544	Rural	6	5	4
3	Pelican Bay	Tarrant	1,505	Rural	6	6	7
3	Pilot Point	Denton	3,538	Rural	5	5	6
3	Plano	Collin	222,030	Urban	5	5	4
3	Ponder	Denton	507	Rural	5	4	4
3	Post Oak Bend City	Kaufman	404	Rural	5	5	6
3	Pottsboro	Grayson	1,579	Rural	5	5	4
3	Powell	Navarro	105	Rural	4	4	7
3	Princeton	Collin	3,477	Urban	6	5	6
3	Prosper	Collin	2,097	Urban	5	5	5
3	Quinlan	Hunt	1,370	Rural	7	7	5
3	Ravenna	Fannin	215	Rural	4	4	7
3	Red Oak	Ellis	4,301	Urban	6	6	6
3	Rendon	Tarrant	9,022	Urban	4	4	6
3	Reno (Parker)	Parker	2,441	Rural	6	6	6
3	Retreat	Navarro	339	Rural	5	5	7
3	Rhome	Wise	551	Rural	6	5	7
3	Rice	Navarro	798	Rural	6	6	5
3	Richardson	Dallas	91,802	Urban	5	5	4
3	Richland	Navarro	291	Rural	7	7	7
3	Richland Hills	Tarrant	8,132	Urban	6	6	5
3	Rio Vista	Johnson	656	Rural	4	4	7
3	River Oaks	Tarrant	6,985	Urban	6	6	6
3	Roanoke	Denton	2,810	Urban	6	5	6
3	Rockwall	Rockwall	17,976	Urban	4	5	5
3	Rosser	Kaufman	379	Rural	7	7	4
3	Rowlett	Dallas	44,503	Urban	6	5	4
3	Royse City	Rockwall	2,957	Rural	5	5	7
3	Runaway Bay	Wise	1,104	Rural	6	6	6
3	Sachse	Dallas	9,751	Urban	4	4	5
3	Sadler	Grayson	404	Rural	7	7	6
3	Saginaw	Tarrant	12,374	Urban	6	5	4
3	Sanctuary	Parker	256	Rural	7	7	6
3	Sanger	Denton	4,534	Rural	4	5	6
3	Sansom Park	Tarrant	4,181	Urban	6	6	7
3	Savoy	Fannin	850	Rural	6	6	4
3	Seagoville	Dallas	10,823	Urban	4	5	7
3	Shady Shores	Denton	1,461	Urban	4	4	6
3	Sherman	Grayson	35,082	Urban	6	6	6
3	Southlake	Tarrant	21,519	Urban	5	5	4

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3	Southmayd	Grayson	992	Rural	5	5	5
3	Springtown	Parker	2,062	Rural	4	6	6
3	St. Paul (Collin)	Collin	630	Rural	4	4	4
3	Stephenville	Erath	14,921	Rural	7	7	6
3	Strawn	Palo Pinto	739	Rural	5	5	7
3	Sunnyvale	Dallas	2,693	Urban	4	4	6
3	Talty	Kaufman	1,028	Rural	4	4	4
3	Terrell	Kaufman	13,606	Rural	6	7	6
3	The Colony	Denton	26,531	Urban	5	5	4
3	Tioga	Grayson	754	Rural	4	4	5
3	Tolar	Hood	504	Rural	5	5	4
3	Tom Bean	Grayson	941	Rural	4	4	6
3	Trenton	Fannin	662	Rural	5	5	4
3	Trophy Club	Denton	6,350	Rural	5	5	4
3	University Park	Dallas	23,324	Urban	5	5	4
3	Valley View	Cooke	737	Rural	5	5	4
3	Van Alstyne	Grayson	2,502	Rural	4	4	4
3	Venus	Johnson	910	Rural	4	4	5
3	Watauga	Tarrant	21,908	Urban	5	5	5
3	Waxahachie	Ellis	21,426	Rural	4	6	6
3	Weatherford	Parker	19,000	Rural	5	6	5
3	West Tawakoni	Hunt	1,462	Rural	7	6	6
3	Westlake	Tarrant	207	Urban	4	4	7
3	Westminster	Collin	390	Rural	4	4	6
3	Weston	Collin	635	Urban	5	5	4
3	Westover Hills	Tarrant	658	Urban	4	4	4
3	Westworth Village	Tarrant	2,124	Urban	5	5	5
3	White Settlement	Tarrant	14,831	Urban	5	6	6
3	Whitesboro	Grayson	3,760	Rural	6	6	5
3	Whitewright	Grayson	1,740	Rural	6	6	6
3	Willow Park	Parker	2,849	Rural	4	4	4
3	Wilmer	Dallas	3,393	Rural	5	5	7
3	Windom	Fannin	245	Rural	4	4	6
3	Wolfe City	Hunt	1,566	Rural	6	6	5
3	Wylie	Collin	15,132	Rural	4	5	6
4	Alba	Wood	430	Rural	7	7	7
4	Alto	Cherokee	1,190	Rural	5	5	5
4	Annona	Red River	282	Rural	7	7	7
4	Arp	Smith	901	Rural	4	4	5
4	Athens	Henderson	11,297	Rural	5	6	5
4	Atlanta	Cass	5,745	Rural	5	5	6
4	Avery	Red River	462	Rural	6	6	4
4	Avinger	Cass	464	Rural	7	7	6
4	Beckville	Panola	752	Rural	6	6	5
4	Berryville	Henderson	891	Rural	5	5	7
4	Big Sandy	Upshur	1,288	Rural	4	4	7
4	Bloomburg	Cass	375	Rural	4	4	7
4	Blossom	Lamar	1,439	Rural	5	5	4
4	Bogata	Red River	1,396	Rural	4	4	5
4	Brownsboro	Henderson	796	Rural	7	7	6
4	Bullard	Smith	1,150	Rural	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Caney City	Henderson	236	Rural	7	7	7
4	Canton	Van Zandt	3,292	Rural	5	5	5
4	Carthage	Panola	6,664	Rural	6	6	5
4	Chandler	Henderson	2,099	Rural	5	5	4
4	Clarksville	Red River	3,883	Rural	6	5	4
4	Clarksville City	Gregg	806	Rural	5	5	6
4	Coffee City	Henderson	193	Rural	4	4	7
4	Como	Hopkins	621	Rural	5	5	6
4	Cooper	Delta	2,150	Rural	7	7	6
4	Cumby	Hopkins	616	Rural	6	6	5
4	Cuney	Cherokee	145	Rural	5	5	7
4	Daingerfield	Morris	2,517	Rural	7	7	4
4	De Kalb	Bowie	1,769	Rural	7	6	5
4	Deport	Lamar	718	Rural	5	5	4
4	Detroit	Red River	776	Rural	5	5	5
4	Domino	Cass	52	Rural	4	4	4
4	Douglassville	Cass	175	Rural	4	4	4
4	East Mountain	Upshur	580	Rural	5	5	5
4	East Tawakoni	Rains	775	Rural	7	7	4
4	Easton	Gregg	524	Rural	4	4	6
4	Edgewood	Van Zandt	1,348	Rural	6	6	6
4	Edom	Van Zandt	322	Rural	7	7	6
4	Elkhart	Anderson	1,215	Rural	6	6	6
4	Emory	Rains	1,021	Rural	7	7	5
4	Enchanted Oaks	Henderson	357	Rural	7	7	5
4	Eustace	Henderson	798	Rural	4	4	4
4	Frankston	Anderson	1,209	Rural	5	5	5
4	Fruitvale	Van Zandt	418	Rural	5	5	4
4	Gallatin	Cherokee	378	Rural	5	5	6
4	Gary City	Panola	303	Rural	4	4	4
4	Gilmer	Upshur	4,799	Rural	7	7	5
4	Gladewater	Gregg	6,078	Rural	6	7	5
4	Grand Saline	Van Zandt	3,028	Rural	4	4	5
4	Gun Barrel City	Henderson	5,145	Rural	6	5	6
4	Hallsville	Harrison	2,772	Rural	4	4	4
4	Hawkins	Wood	1,331	Rural	7	7	6
4	Henderson	Rusk	11,273	Rural	4	4	4
4	Hooks	Bowie	2,973	Rural	5	5	5
4	Hughes Springs	Cass	1,856	Rural	5	4	4
4	Jacksonville	Cherokee	13,868	Rural	5	6	5
4	Jefferson	Marion	2,024	Rural	7	7	6
4	Kilgore	Gregg	11,301	Rural	5	5	5
4	Lakeport	Gregg	861	Rural	5	5	6
4	Leary	Bowie	555	Rural	4	4	6
4	Liberty City	Gregg	1,935	Rural	5	4	4
4	Lindale	Smith	2,954	Rural	6	5	5
4	Linden	Cass	2,256	Rural	5	5	4
4	Log Cabin	Henderson	733	Rural	7	7	4
4	Lone Star	Morris	1,631	Rural	5	6	4
4	Longview	Gregg	73,344	Urban	5	6	4
4	Malakoff	Henderson	2,257	Rural	6	6	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Marietta	Cass	112	Rural	4	4	7
4	Marshall	Harrison	23,935	Rural	5	5	5
4	Maud	Bowie	1,028	Rural	7	7	4
4	Miller's Cove	Titus	120	Rural	6	6	7
4	Mineola	Wood	4,550	Rural	6	6	4
4	Moore Station	Henderson	184	Rural	7	7	7
4	Mount Enterprise	Rusk	525	Rural	5	4	6
4	Mount Pleasant	Titus	13,935	Rural	5	5	5
4	Mount Vernon	Franklin	2,286	Rural	4	6	6
4	Murchison	Henderson	592	Rural	4	4	5
4	Naples	Morris	1,410	Rural	7	7	6
4	Nash	Bowie	2,169	Urban	6	5	6
4	Nesbitt	Harrison	302	Rural	4	4	7
4	New Boston	Bowie	4,808	Rural	7	7	5
4	New Chapel Hill	Smith	553	Rural	4	4	7
4	New London	Rusk	987	Rural	6	6	5
4	New Summerfield	Cherokee	998	Rural	5	4	4
4	Noonday	Smith	515	Rural	5	5	4
4	Omaha	Morris	999	Rural	7	7	4
4	Ore City	Upshur	1,106	Rural	7	7	6
4	Overton	Rusk	2,350	Rural	7	7	6
4	Palestine	Anderson	17,598	Rural	6	6	6
4	Paris	Lamar	25,898	Rural	6	7	5
4	Payne Springs	Henderson	683	Rural	4	4	4
4	Pecan Gap	Delta	214	Rural	6	6	7
4	Pittsburg	Camp	4,347	Rural	4	5	5
4	Point	Rains	792	Rural	7	7	7
4	Poynor	Henderson	314	Rural	7	7	5
4	Queen City	Cass	1,613	Rural	7	6	5
4	Quitman	Wood	2,030	Rural	5	5	6
4	Red Lick	Bowie	853	Rural	7	7	4
4	Redwater	Bowie	872	Rural	5	5	7
4	Reklaw	Cherokee	327	Rural	4	4	7
4	Reno (Lamar)	Lamar	2,767	Rural	4	4	4
4	Rocky Mound	Camp	93	Rural	4	4	7
4	Roxton	Lamar	694	Rural	6	6	6
4	Rusk	Cherokee	5,085	Rural	6	6	4
4	Scottsville	Harrison	263	Rural	5	5	7
4	Seven Points	Henderson	1,145	Rural	4	7	7
4	Star Harbor	Henderson	416	Rural	4	4	4
4	Sulphur Springs	Hopkins	14,551	Rural	6	6	5
4	Sun Valley	Lamar	51	Rural	4	4	7
4	Talco	Titus	570	Rural	6	6	7
4	Tatum	Rusk	1,175	Rural	6	6	5
4	Texarkana	Bowie	34,782	Urban	5	6	4
4	Tira	Hopkins	248	Rural	4	4	7
4	Toco	Lamar	89	Rural	7	7	7
4	Tool	Henderson	2,275	Rural	4	4	5
4	Trinidad	Henderson	1,091	Rural	6	6	4
4	Troup	Smith	1,949	Rural	6	5	6
4	Tyler	Smith	83,650	Urban	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
4	Uncertain	Harrison	150	Rural	7	7	7
4	Union Grove	Upshur	346	Rural	4	4	7
4	Van	Van Zandt	2,362	Rural	7	6	5
4	Wake Village	Bowie	5,129	Urban	5	5	4
4	Warren City	Gregg	343	Rural	7	7	6
4	Waskom	Harrison	2,068	Rural	5	5	5
4	Wells	Cherokee	769	Rural	6	6	7
4	White Oak	Gregg	5,624	Urban	6	6	5
4	Whitehouse	Smith	5,346	Rural	4	5	4
4	Wills Point	Van Zandt	3,496	Rural	5	5	6
4	Winfield	Titus	499	Rural	5	5	6
4	Winnsboro	Wood	3,584	Rural	6	6	5
4	Winona	Smith	582	Rural	4	4	4
4	Yantis	Wood	321	Rural	4	4	7
5	Appleby	Nacogdoches	444	Rural	6	6	6
5	Beaumont	Jefferson	113,866	Urban	5	6	5
5	Bevil Oaks	Jefferson	1,346	Rural	4	4	5
5	Bridge City	Orange	8,651	Rural	6	6	5
5	Broaddus	San Augustine	189	Rural	7	7	7
5	Browndell	Jasper	219	Rural	4	4	7
5	Buna	Jasper	2,269	Rural	4	4	6
5	Burke	Angelina	315	Rural	7	7	6
5	Center	Shelby	5,678	Rural	5	6	5
5	Central Gardens	Jefferson	4,106	Rural	4	4	4
5	Chester	Tyler	265	Rural	5	4	7
5	China	Jefferson	1,112	Rural	5	5	4
5	Chireno	Nacogdoches	405	Rural	5	5	5
5	Coldspring	San Jacinto	691	Rural	5	5	6
5	Colmesneil	Tyler	638	Rural	6	5	6
5	Corrigan	Polk	1,721	Rural	7	7	5
5	Crockett	Houston	7,141	Rural	5	5	7
5	Cushing	Nacogdoches	637	Rural	5	5	4
5	Deweyville	Newton	1,190	Rural	6	5	4
5	Diboll	Angelina	5,470	Rural	4	4	5
5	Evadale	Jasper	1,430	Rural	4	4	6
5	Garrison	Nacogdoches	844	Rural	5	5	5
5	Goodrich	Polk	243	Rural	4	4	7
5	Grapeland	Houston	1,451	Rural	7	7	7
5	Groves	Jefferson	15,733	Urban	5	5	4
5	Groveton	Trinity	1,107	Rural	6	6	7
5	Hemphill	Sabine	1,106	Rural	4	5	6
5	Hudson	Angelina	3,792	Rural	5	5	5
5	Huntington	Angelina	2,068	Rural	6	6	6
5	Huxley	Shelby	298	Rural	4	4	4
5	Jasper	Jasper	8,247	Rural	4	6	7
5	Joaquin	Shelby	925	Rural	4	5	7
5	Kennard	Houston	317	Rural	7	7	7
5	Kirbyville	Jasper	2,085	Rural	6	6	5
5	Kountze	Hardin	2,115	Rural	6	6	7
5	Latexo	Houston	272	Rural	4	4	7
5	Livingston	Polk	5,433	Rural	6	6	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
5	Lovelady	Houston	608	Rural	7	7	4
5	Lufkin	Angelina	32,709	Rural	5	7	5
5	Lumberton	Hardin	8,731	Rural	4	4	5
5	Mauriceville	Orange	2,743	Rural	6	5	5
5	Milam	Sabine	1,329	Rural	4	4	4
5	Nacogdoches	Nacogdoches	29,914	Rural	7	7	5
5	Nederland	Jefferson	17,422	Urban	5	5	4
5	Newton	Newton	2,459	Rural	7	7	5
5	Nome	Jefferson	515	Rural	6	6	6
5	Oakhurst	San Jacinto	230	Rural	5	5	6
5	Onalaska	Polk	1,174	Rural	7	7	6
5	Orange	Orange	18,643	Rural	5	6	5
5	Pine Forest	Orange	632	Rural	6	6	5
5	Pinehurst (Orange)	Orange	2,274	Rural	4	4	4
5	Pineland	Sabine	980	Rural	7	7	5
5	Pinewood Estates	Hardin	1,633	Rural	4	4	4
5	Point Blank	San Jacinto	559	Rural	5	5	7
5	Port Arthur	Jefferson	57,755	Urban	4	5	5
5	Port Neches	Jefferson	13,601	Urban	5	4	4
5	Rose City	Orange	519	Rural	6	6	7
5	Rose Hill Acres	Hardin	480	Urban	7	7	4
5	San Augustine	San Augustine	2,475	Rural	6	5	4
5	Seven Oaks	Polk	131	Rural	4	4	4
5	Shepherd	San Jacinto	2,029	Rural	5	4	6
5	Silsbee	Hardin	6,393	Rural	6	5	5
5	Sour Lake	Hardin	1,667	Rural	4	6	5
5	South Toledo Bend	Newton	576	Rural	4	4	5
5	Tenaha	Shelby	1,046	Rural	5	5	6
5	Timpson	Shelby	1,094	Rural	7	7	7
5	Trinity	Trinity	2,721	Rural	6	6	7
5	Vidor	Orange	11,440	Rural	4	5	5
5	West Livingston	Polk	6,612	Rural	5	5	7
5	West Orange	Orange	4,111	Rural	5	5	5
5	Woodville	Tyler	2,415	Rural	7	7	5
5	Zavalla	Angelina	647	Rural	7	7	4
6	Aldine	Harris	13,979	Urban	4	4	7
6	Alvin	Brazoria	21,413	Urban	6	6	6
6	Ames	Liberty	1,079	Rural	5	5	7
6	Anahuac	Chambers	2,210	Rural	6	6	6
6	Angleton	Brazoria	18,130	Rural	4	6	5
6	Arcola	Fort Bend	1,048	Rural	6	6	6
6	Atascocita	Harris	35,757	Urban	5	5	5
6	Bacliff	Galveston	6,962	Urban	7	7	7
6	Bailey's Prairie	Brazoria	694	Rural	4	4	6
6	Barrett	Harris	2,872	Rural	7	7	7
6	Bay City	Matagorda	18,667	Rural	6	5	4
6	Bayou Vista	Galveston	1,644	Rural	5	5	6
6	Baytown	Harris	66,430	Urban	4	5	6
6	Beach City	Chambers	1,645	Urban	5	5	5
6	Beasley	Fort Bend	590	Rural	5	4	7
6	Bellaire	Harris	15,642	Urban	5	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Bellville	Austin	3,794	Rural	4	4	5
6	Blessing	Matagorda	861	Rural	4	4	7
6	Boling-Iago	Wharton	1,271	Rural	4	4	5
6	Bolivar Peninsula	Galveston	3,853	Rural	7	7	6
6	Bonney	Brazoria	384	Rural	4	4	4
6	Brazoria	Brazoria	2,787	Rural	6	6	6
6	Brookshire	Waller	3,450	Rural	7	7	7
6	Brookside Village	Brazoria	1,960	Urban	5	5	5
6	Bunker Hill Village	Harris	3,654	Urban	7	7	5
6	Channelview	Harris	29,685	Urban	6	6	6
6	Cinco Ranch	Fort Bend	11,196	Urban	6	6	4
6	Clear Lake Shores	Galveston	1,205	Urban	5	5	5
6	Cleveland	Liberty	7,605	Rural	7	7	7
6	Cloverleaf	Harris	23,508	Urban	6	6	5
6	Clute	Brazoria	10,424	Urban	4	5	5
6	Columbus	Colorado	3,916	Rural	5	4	5
6	Conroe	Montgomery	36,811	Urban	5	6	6
6	Cove	Chambers	323	Rural	7	7	4
6	Crosby	Harris	1,714	Rural	5	5	7
6	Cumings	Fort Bend	683	Rural	5	4	4
6	Cut and Shoot	Montgomery	1,158	Urban	7	7	6
6	Daisetta	Liberty	1,034	Rural	6	6	6
6	Damon	Brazoria	535	Rural	7	7	7
6	Danbury	Brazoria	1,611	Rural	6	6	5
6	Dayton	Liberty	5,709	Rural	6	6	6
6	Dayton Lakes	Liberty	101	Rural	4	4	4
6	Deer Park	Harris	28,520	Urban	5	5	5
6	Devers	Liberty	416	Rural	7	7	7
6	Dickinson	Galveston	17,093	Urban	6	6	5
6	Eagle Lake	Colorado	3,664	Rural	6	5	6
6	East Bernard	Wharton	1,729	Rural	5	5	6
6	El Campo	Wharton	10,945	Rural	5	6	5
6	El Lago	Harris	3,075	Urban	5	5	4
6	Fairchilds	Fort Bend	678	Rural	5	5	5
6	Fifth Street	Fort Bend	2,059	Urban	5	5	7
6	Four Corners	Fort Bend	2,954	Urban	6	6	6
6	Freeport	Brazoria	12,708	Urban	6	7	6
6	Fresno	Fort Bend	6,603	Urban	6	5	5
6	Friendswood	Galveston	29,037	Urban	6	6	5
6	Fulshear	Fort Bend	716	Rural	7	7	7
6	Galena Park	Harris	10,592	Urban	5	5	7
6	Galveston	Galveston	57,247	Urban	7	7	7
6	Greatwood	Fort Bend	6,640	Urban	6	6	4
6	Hardin	Liberty	755	Rural	4	4	6
6	Hedwig Village	Harris	2,334	Urban	6	5	4
6	Hempstead	Waller	4,691	Rural	4	6	7
6	Highlands	Harris	7,089	Urban	5	5	6
6	Hillcrest	Brazoria	722	Rural	7	7	5
6	Hilshire Village	Harris	720	Urban	7	7	4
6	Hitchcock	Galveston	6,386	Rural	4	7	7
6	Holiday Lakes	Brazoria	1,095	Rural	7	7	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Houston	Harris	1,953,631	Urban	5	6	6
6	Humble	Harris	14,579	Urban	4	6	6
6	Hungerford	Wharton	645	Rural	4	4	6
6	Hunters Creek Village	Harris	4,374	Urban	4	4	4
6	Huntsville	Walker	35,078	Rural	7	7	5
6	Industry	Austin	304	Rural	4	4	7
6	Iowa Colony	Brazoria	804	Urban	6	6	6
6	Jacinto City	Harris	10,302	Urban	4	5	4
6	Jamaica Beach	Galveston	1,075	Urban	7	7	6
6	Jersey Village	Harris	6,880	Urban	4	5	4
6	Jones Creek	Brazoria	2,130	Rural	5	5	5
6	Katy	Harris	11,775	Urban	4	4	6
6	Kemah	Galveston	2,330	Urban	7	7	6
6	Kendleton	Fort Bend	466	Rural	5	5	7
6	Kenefick	Liberty	667	Rural	5	5	7
6	La Marque	Galveston	13,682	Urban	6	6	7
6	La Porte	Harris	31,880	Urban	4	5	5
6	Lake Jackson	Brazoria	26,386	Urban	5	6	4
6	League City	Galveston	45,444	Urban	4	5	5
6	Liberty	Liberty	8,033	Rural	5	6	7
6	Liverpool	Brazoria	404	Rural	7	7	5
6	Louise	Wharton	977	Rural	5	4	5
6	Magnolia	Montgomery	1,111	Rural	6	6	7
6	Manvel	Brazoria	3,046	Urban	4	4	4
6	Markham	Matagorda	1,138	Rural	4	4	4
6	Meadows Place	Fort Bend	4,912	Urban	4	5	5
6	Mission Bend	Fort Bend	30,831	Urban	6	5	6
6	Missouri City	Fort Bend	52,913	Urban	5	5	5
6	Mont Belvieu	Chambers	2,324	Rural	5	5	4
6	Montgomery	Montgomery	489	Rural	7	7	7
6	Morgan's Point	Harris	336	Urban	6	5	5
6	Nassau Bay	Harris	4,170	Urban	7	7	4
6	Needville	Fort Bend	2,609	Rural	4	4	5
6	New Territory	Fort Bend	13,861	Urban	5	4	4
6	New Waverly	Walker	950	Rural	7	6	6
6	North Cleveland	Liberty	263	Rural	4	4	7
6	Oak Ridge North	Montgomery	2,991	Urban	6	6	4
6	Old River-Winfree	Chambers	1,364	Rural	6	6	6
6	Orchard	Fort Bend	408	Rural	4	4	4
6	Oyster Creek	Brazoria	1,192	Rural	5	5	5
6	Palacios	Matagorda	5,153	Rural	5	6	5
6	Panorama Village	Montgomery	1,965	Urban	6	5	5
6	Pasadena	Harris	141,674	Urban	6	6	6
6	Pattison	Waller	447	Rural	5	5	6
6	Patton Village	Montgomery	1,391	Rural	6	6	6
6	Pearland	Brazoria	37,640	Urban	5	6	5
6	Pecan Grove	Fort Bend	13,551	Rural	5	5	4
6	Pine Island	Waller	849	Rural	5	5	4
6	Pinehurst (Montgomery)	Montgomery	4,266	Rural	5	4	5
6	Piney Point Village	Harris	3,380	Urban	5	4	5
6	Pleak	Fort Bend	947	Rural	7	7	7

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Plum Grove	Liberty	930	Rural	4	4	7
6	Porter Heights	Montgomery	1,490	Rural	4	4	7
6	Prairie View	Waller	4,410	Rural	4	7	7
6	Quintana	Brazoria	38	Rural	4	4	7
6	Richmond	Fort Bend	11,081	Rural	6	6	5
6	Richwood	Brazoria	3,012	Urban	5	5	5
6	Riverside	Walker	425	Rural	7	7	7
6	Roman Forest	Montgomery	1,279	Rural	5	4	4
6	Rosenberg	Fort Bend	24,043	Rural	5	6	6
6	San Felipe	Austin	868	Rural	7	7	4
6	San Leon	Galveston	4,365	Urban	6	6	6
6	Santa Fe	Galveston	9,548	Urban	5	5	5
6	Seabrook	Harris	9,443	Urban	5	4	4
6	Sealy	Austin	5,248	Rural	4	5	6
6	Sheldon	Harris	1,831	Rural	4	4	5
6	Shenandoah	Montgomery	1,503	Urban	6	6	5
6	Shoreacres	Harris	1,488	Urban	7	7	5
6	Sienna Plantation	Fort Bend	1,896	Urban	6	6	4
6	Simonton	Fort Bend	718	Rural	7	7	5
6	South Houston	Harris	15,833	Urban	5	5	7
6	Southside Place	Harris	1,546	Urban	7	7	4
6	Splendora	Montgomery	1,275	Rural	7	7	6
6	Spring	Harris	36,385	Urban	5	5	5
6	Spring Valley	Harris	3,611	Urban	5	4	4
6	Stafford	Fort Bend	15,681	Urban	6	6	6
6	Stagecoach	Montgomery	455	Rural	4	4	4
6	Stowell	Chambers	1,572	Rural	5	4	7
6	Sugar Land	Fort Bend	63,328	Urban	6	5	5
6	Surfside Beach	Brazoria	763	Rural	5	5	5
6	Sweeny	Brazoria	3,624	Rural	5	5	6
6	Taylor Lake Village	Harris	3,694	Urban	4	4	4
6	Texas City	Galveston	41,521	Urban	6	7	6
6	The Woodlands	Montgomery	55,649	Urban	5	6	4
6	Thompsons	Fort Bend	236	Urban	5	5	7
6	Tiki Island	Galveston	1,016	Urban	4	4	5
6	Tomball	Harris	9,089	Rural	7	7	6
6	Van Vleck	Matagorda	1,411	Rural	4	4	6
6	Waller	Waller	2,092	Rural	5	7	7
6	Wallis	Austin	1,172	Rural	4	4	6
6	Webster	Harris	9,083	Urban	4	5	5
6	Weimar	Colorado	1,981	Rural	6	5	6
6	West Columbia	Brazoria	4,255	Rural	7	7	6
6	West University Place	Harris	14,211	Urban	4	4	4
6	Wharton	Wharton	9,237	Rural	6	6	7
6	Wild Peach Village	Brazoria	2,498	Rural	4	4	5
6	Willis	Montgomery	3,985	Rural	4	5	7
6	Winnie	Chambers	2,914	Rural	5	4	6
6	Woodbranch	Montgomery	1,305	Rural	5	4	5
6	Woodloch	Montgomery	247	Rural	7	7	4
7	Anderson Mill	Williamson	8,953	Urban	6	6	5
7	Austin	Travis	656,562	Urban	6	7	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Bartlett	Williamson	1,675	Rural	7	7	6
7	Barton Creek	Travis	1,589	Urban	7	7	4
7	Bastrop	Bastrop	5,340	Rural	5	5	6
7	Bear Creek	Hays	360	Rural	4	4	4
7	Bee Cave	Travis	656	Rural	5	5	4
7	Bertram	Burnet	1,122	Rural	6	5	6
7	Blanco	Blanco	1,505	Rural	6	6	7
7	Briarcliff	Travis	895	Rural	5	5	5
7	Brushy Creek	Williamson	15,371	Urban	5	5	4
7	Buchanan Dam	Llano	1,688	Rural	6	5	6
7	Buda	Hays	2,404	Urban	4	4	6
7	Burnet	Burnet	4,735	Rural	5	6	7
7	Camp Swift	Bastrop	4,731	Rural	4	4	7
7	Carmine	Fayette	228	Rural	7	7	7
7	Cedar Park	Williamson	26,049	Urban	4	6	5
7	Circle D-KC Estates	Bastrop	2,010	Rural	4	4	6
7	Cottonwood Shores	Burnet	877	Rural	7	6	6
7	Creedmoor	Travis	211	Rural	4	4	6
7	Dripping Springs	Hays	1,548	Rural	4	6	7
7	Elgin	Bastrop	5,700	Rural	5	6	6
7	Fayetteville	Fayette	261	Rural	5	5	7
7	Flatonia	Fayette	1,377	Rural	6	6	5
7	Florence	Williamson	1,054	Rural	7	7	7
7	Garfield	Travis	1,660	Rural	5	4	7
7	Georgetown	Williamson	28,339	Urban	4	6	6
7	Giddings	Lee	5,105	Rural	4	5	4
7	Granger	Williamson	1,299	Rural	6	6	7
7	Granite Shoals	Burnet	2,040	Rural	6	6	7
7	Hays	Hays	233	Rural	4	4	5
7	Highland Haven	Burnet	450	Rural	7	7	4
7	Horseshoe Bay	Llano	3,337	Rural	5	5	5
7	Hudson Bend	Travis	2,369	Urban	6	6	5
7	Hutto	Williamson	1,250	Rural	6	4	6
7	Johnson City	Blanco	1,191	Rural	4	5	5
7	Jollyville	Williamson	15,813	Urban	6	6	4
7	Jonestown	Travis	1,681	Rural	7	7	6
7	Kingsland	Llano	4,584	Rural	4	7	6
7	Kyle	Hays	5,314	Rural	4	4	6
7	La Grange	Fayette	4,478	Rural	6	5	4
7	Lago Vista	Travis	4,507	Rural	7	7	6
7	Lakeway	Travis	8,002	Rural	5	5	5
7	Leander	Williamson	7,596	Urban	6	4	6
7	Lexington	Lee	1,178	Rural	5	5	4
7	Liberty Hill	Williamson	1,409	Rural	4	4	7
7	Llano	Llano	3,325	Rural	5	6	4
7	Lockhart	Caldwell	11,615	Rural	6	6	7
7	Lost Creek	Travis	4,729	Urban	5	4	4
7	Luling	Caldwell	5,080	Rural	5	5	5
7	Manor	Travis	1,204	Urban	4	4	5
7	Marble Falls	Burnet	4,959	Rural	5	7	6
7	Martindale	Caldwell	953	Rural	6	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
7	Meadowlakes	Burnet	1,293	Rural	7	7	4
7	Mountain City	Hays	671	Rural	7	7	5
7	Mustang Ridge	Caldwell	785	Rural	4	4	7
7	Niederwald	Hays	584	Rural	5	5	5
7	Onion Creek	Travis	2,116	Urban	4	4	4
7	Pflugerville	Travis	16,335	Urban	4	4	5
7	Rollingwood	Travis	1,403	Urban	6	6	4
7	Round Mountain	Blanco	111	Rural	4	4	4
7	Round Rock	Williamson	61,136	Urban	6	6	4
7	Round Top	Fayette	77	Rural	4	4	7
7	San Leanna	Travis	384	Urban	7	7	4
7	San Marcos	Hays	34,733	Urban	7	7	7
7	Schulenburg	Fayette	2,699	Rural	6	6	6
7	Serenada	Williamson	1,847	Urban	7	7	4
7	Shady Hollow	Travis	5,140	Urban	5	5	4
7	Smithville	Bastrop	3,901	Rural	6	6	7
7	Sunrise Beach Village	Llano	704	Rural	7	7	5
7	Sunset Valley	Travis	365	Urban	6	6	6
7	Taylor	Williamson	13,575	Rural	6	5	5
7	The Hills	Travis	1,492	Rural	4	4	4
7	Thrall	Williamson	710	Rural	6	5	5
7	Uhland	Hays	386	Rural	7	7	6
7	Weir	Williamson	591	Rural	5	5	7
7	Wells Branch	Travis	11,271	Urban	6	6	5
7	West Lake Hills	Travis	3,116	Urban	4	4	4
7	Wimberley	Hays	3,797	Rural	6	5	7
7	Windemere	Travis	6,868	Urban	6	6	5
7	Woodcreek	Hays	1,274	Rural	6	6	6
7	Wyldwood	Bastrop	2,310	Rural	4	4	5
8	Abbott	Hill	300	Rural	6	6	6
8	Anderson	Grimes	257	Rural	4	4	7
8	Aquilla	Hill	136	Rural	7	7	4
8	Bellmead	McLennan	9,214	Urban	5	5	6
8	Belton	Bell	14,623	Urban	5	6	4
8	Beverly Hills	McLennan	2,113	Urban	6	6	7
8	Blum	Hill	399	Rural	7	7	4
8	Bremond	Robertson	876	Rural	5	4	5
8	Brenham	Washington	13,507	Rural	5	7	6
8	Bruceville-Eddy	McLennan	1,490	Rural	6	6	5
8	Bryan	Brazos	65,660	Urban	7	7	6
8	Buckholts	Milam	387	Rural	7	7	4
8	Buffalo	Leon	1,804	Rural	7	7	7
8	Burton	Washington	359	Rural	5	5	7
8	Bynum	Hill	225	Rural	7	7	7
8	Caldwell	Burleson	3,449	Rural	5	5	4
8	Calvert	Robertson	1,426	Rural	4	4	7
8	Cameron	Milam	5,634	Rural	4	5	6
8	Carl's Corner	Hill	134	Rural	7	7	7
8	Centerville	Leon	903	Rural	5	5	7
8	Clifton	Bosque	3,542	Rural	4	5	6
8	College Station	Brazos	67,890	Urban	7	7	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
8	Coolidge	Limestone	848	Rural	6	6	5
8	Copperas Cove	Coryell	29,592	Urban	5	5	5
8	Covington	Hill	282	Rural	4	4	5
8	Cranfills Gap	Bosque	335	Rural	5	5	6
8	Crawford	McLennan	705	Rural	5	4	5
8	Evant	Coryell	393	Rural	7	7	7
8	Fairfield	Freestone	3,094	Rural	6	6	7
8	Fort Hood	Bell	33,711	Urban	4	4	4
8	Franklin	Robertson	1,470	Rural	5	5	7
8	Gatesville	Coryell	15,591	Rural	5	6	5
8	Gholson	McLennan	922	Rural	4	4	5
8	Goldthwaite	Mills	1,802	Rural	6	6	6
8	Golinda	Falls	423	Rural	6	6	5
8	Groesbeck	Limestone	4,291	Rural	5	7	6
8	Hallsburg	McLennan	518	Rural	6	6	4
8	Hamilton	Hamilton	2,977	Rural	4	5	5
8	Harker Heights	Bell	17,308	Urban	5	5	4
8	Hearne	Robertson	4,690	Rural	6	6	6
8	Hewitt	McLennan	11,085	Urban	5	4	4
8	Hico	Hamilton	1,341	Rural	5	5	7
8	Hillsboro	Hill	8,232	Rural	6	7	5
8	Holland	Bell	1,102	Rural	4	5	5
8	Hubbard	Hill	1,586	Rural	4	5	6
8	Iredell	Bosque	360	Rural	6	6	6
8	Itasca	Hill	1,503	Rural	4	4	4
8	Jewett	Leon	861	Rural	7	7	7
8	Kempner	Lampasas	1,004	Rural	6	6	6
8	Killeen	Bell	86,911	Urban	5	5	5
8	Kirvin	Freestone	122	Rural	4	4	5
8	Kosse	Limestone	497	Rural	7	7	7
8	Lacy-Lakeview	McLennan	5,764	Urban	6	6	6
8	Lampasas	Lampasas	6,786	Rural	5	5	6
8	Leona	Leon	181	Rural	7	7	4
8	Leroy	McLennan	335	Rural	4	4	6
8	Little River-Academy	Bell	1,645	Rural	7	7	4
8	Lometa	Lampasas	782	Rural	5	5	4
8	Lorena	McLennan	1,433	Rural	4	4	4
8	Lott	Falls	724	Rural	6	5	4
8	Madisonville	Madison	4,159	Rural	5	4	6
8	Malone	Hill	278	Rural	4	4	7
8	Marlin	Falls	6,628	Rural	6	6	7
8	Marquez	Leon	220	Rural	5	5	7
8	Mart	McLennan	2,273	Rural	7	7	5
8	McGregor	McLennan	4,727	Urban	6	6	5
8	Meridian	Bosque	1,491	Rural	4	6	6
8	Mertens	Hill	146	Rural	7	7	7
8	Mexia	Limestone	6,563	Rural	7	7	6
8	Midway	Madison	288	Rural	4	4	5
8	Milano	Milam	400	Rural	5	4	7
8	Millican	Brazos	108	Rural	4	4	7
8	Moody	McLennan	1,400	Rural	7	7	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
8	Morgan	Bosque	485	Rural	4	4	7
8	Morgan's Point Resort	Bell	2,989	Rural	5	5	4
8	Mount Calm	Hill	310	Rural	5	5	4
8	Mullin	Mills	175	Rural	6	5	7
8	Navasota	Grimes	6,789	Rural	6	6	6
8	Nolanville	Bell	2,150	Rural	6	6	5
8	Normangee	Leon	719	Rural	4	4	7
8	Oakwood	Leon	471	Rural	5	5	7
8	Oglesby	Coryell	458	Rural	7	7	5
8	Penelope	Hill	211	Rural	7	7	6
8	Richland Springs	San Saba	350	Rural	4	4	4
8	Riesel	McLennan	973	Rural	7	7	4
8	Robinson	McLennan	7,845	Urban	5	4	4
8	Rockdale	Milam	5,439	Rural	6	6	4
8	Rogers	Bell	1,117	Rural	5	5	5
8	Rosebud	Falls	1,493	Rural	5	5	5
8	Ross	McLennan	228	Rural	4	4	7
8	Salado	Bell	3,475	Rural	5	4	4
8	San Saba	San Saba	2,637	Rural	5	5	4
8	Snook	Burleson	568	Rural	7	7	6
8	Somerville	Burleson	1,704	Rural	6	6	6
8	South Mountain	Coryell	412	Rural	5	5	4
8	Streetman	Freestone	203	Rural	4	4	7
8	Teague	Freestone	4,557	Rural	5	5	6
8	Tehuacana	Limestone	307	Rural	5	4	4
8	Temple	Bell	54,514	Urban	5	6	4
8	Thorndale	Milam	1,278	Rural	6	6	5
8	Thornton	Limestone	525	Rural	5	5	6
8	Todd Mission	Grimes	146	Rural	4	4	7
8	Troy	Bell	1,378	Rural	7	5	4
8	Valley Mills	Bosque	1,123	Rural	4	4	6
8	Waco	McLennan	113,726	Urban	7	7	5
8	Walnut Springs	Bosque	755	Rural	4	4	5
8	West	McLennan	2,692	Rural	5	5	4
8	Whitney	Hill	1,833	Rural	7	7	6
8	Wixon Valley	Brazos	235	Rural	7	7	4
8	Woodway	McLennan	8,733	Urban	4	4	4
8	Wortham	Freestone	1,082	Rural	7	7	6
9	Alamo Heights	Bexar	7,319	Urban	5	5	5
9	Balcones Heights	Bexar	3,016	Urban	7	7	4
9	Bandera	Bandera	957	Rural	4	6	7
9	Bigfoot	Frio	304	Rural	4	4	5
9	Boerne	Kendall	6,178	Rural	5	7	7
9	Bulverde	Comal	3,761	Rural	4	4	4
9	Canyon Lake	Comal	16,870	Rural	5	5	6
9	Castle Hills	Bexar	4,202	Urban	7	7	5
9	Castroville	Medina	2,664	Rural	6	5	5
9	Charlotte	Atascosa	1,637	Rural	4	4	6
9	China Grove	Bexar	1,247	Rural	4	4	4
9	Christine	Atascosa	436	Rural	4	4	7
9	Cibolo	Guadalupe	3,035	Rural	7	7	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Comfort	Kendall	2,358	Rural	5	5	7
9	Converse	Bexar	11,508	Urban	4	5	6
9	Cross Mountain	Bexar	1,524	Urban	4	4	4
9	Devine	Medina	4,140	Rural	6	6	6
9	Dilley	Frio	3,674	Rural	7	7	7
9	Elmendorf	Bexar	664	Rural	6	5	6
9	Fair Oaks Ranch	Bexar	4,695	Urban	6	5	4
9	Falls City	Karnes	591	Rural	5	5	4
9	Floresville	Wilson	5,868	Rural	4	6	6
9	Fredericksburg	Gillespie	8,911	Rural	4	6	6
9	Garden Ridge	Comal	1,882	Rural	7	7	4
9	Geronimo	Guadalupe	619	Rural	4	4	6
9	Grey Forest	Bexar	418	Rural	5	5	5
9	Harper	Gillespie	1,006	Rural	6	5	7
9	Helotes	Bexar	4,285	Urban	5	5	4
9	Hill Country Village	Bexar	1,028	Urban	4	4	4
9	Hilltop	Frio	300	Rural	4	4	6
9	Hollywood Park	Bexar	2,983	Urban	7	7	4
9	Hondo	Medina	7,897	Rural	5	6	5
9	Ingram	Kerr	1,740	Rural	7	6	7
9	Jourdanton	Atascosa	3,732	Rural	7	7	6
9	Karnes City	Karnes	3,457	Rural	6	5	6
9	Kenedy	Karnes	3,487	Rural	5	5	6
9	Kerrville	Kerr	20,425	Rural	7	7	6
9	Kingsbury	Guadalupe	652	Rural	4	4	5
9	Kirby	Bexar	8,673	Urban	6	6	6
9	La Vernia	Wilson	931	Rural	7	7	6
9	Lackland AFB	Bexar	7,123	Urban	4	4	7
9	LaCoste	Medina	1,255	Rural	6	5	5
9	Lakehills	Bandera	4,668	Rural	7	7	6
9	Leon Valley	Bexar	9,239	Urban	5	6	5
9	Live Oak	Bexar	9,156	Urban	6	5	6
9	Lytle	Atascosa	2,383	Rural	5	5	7
9	Marion	Guadalupe	1,099	Rural	6	5	6
9	McQueeney	Guadalupe	2,527	Rural	5	5	6
9	Moore	Frio	644	Rural	5	4	4
9	Natalia	Medina	1,663	Rural	7	7	7
9	New Berlin	Guadalupe	467	Rural	4	4	5
9	New Braunfels	Comal	36,494	Urban	6	6	5
9	North Pearsall	Frio	561	Rural	5	5	6
9	Northcliff	Guadalupe	1,819	Rural	5	5	5
9	Olmos Park	Bexar	2,343	Urban	5	4	4
9	Pearsall	Frio	7,157	Rural	5	5	7
9	Pleasanton	Atascosa	8,266	Rural	7	7	6
9	Poteet	Atascosa	3,305	Rural	5	6	6
9	Poth	Wilson	1,850	Rural	6	5	5
9	Redwood	Guadalupe	3,586	Rural	6	6	7
9	Runge	Karnes	1,080	Rural	7	6	5
9	San Antonio	Bexar	1,144,646	Urban	6	6	6
9	Santa Clara	Guadalupe	889	Rural	7	7	6
9	Scenic Oaks	Bexar	3,279	Urban	4	4	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Schertz	Guadalupe	18,694	Urban	6	5	5
9	Seguin	Guadalupe	22,011	Rural	6	6	6
9	Selma	Bexar	788	Urban	7	7	5
9	Shavano Park	Bexar	1,754	Urban	4	4	4
9	Somerset	Bexar	1,550	Rural	7	7	7
9	St. Hedwig	Bexar	1,875	Rural	7	6	4
9	Stockdale	Wilson	1,398	Rural	6	6	5
9	Stonewall	Gillespie	469	Rural	6	6	6
9	Terrell Hills	Bexar	5,019	Urban	5	5	4
9	Universal City	Bexar	14,849	Rural	6	6	4
9	West Pearsall	Frio	349	Rural	7	7	4
9	Windcrest	Bexar	5,105	Urban	7	7	4
9	Zuehl	Guadalupe	346	Rural	4	4	6
10	Agua Dulce (Nueces)	Nueces	737	Rural	6	5	5
10	Airport Road Addition	Brooks	132	Rural	4	4	5
10	Alfred-South La Paloma	Jim Wells	451	Rural	4	4	5
10	Alice	Jim Wells	19,010	Rural	5	5	5
10	Alice Acres	Jim Wells	491	Rural	4	4	4
10	Aransas Pass	San Patricio	8,138	Rural	5	6	7
10	Austwell	Refugio	192	Rural	7	7	7
10	Bayside	Refugio	360	Rural	7	7	7
10	Beeville	Bee	13,129	Rural	5	6	5
10	Benavides	Duval	1,686	Rural	6	6	5
10	Bishop	Nueces	3,305	Rural	6	6	5
10	Bloomington	Victoria	2,562	Rural	7	7	5
10	Blue Berry Hill	Bee	982	Rural	4	4	7
10	Cantu Addition	Brooks	217	Rural	4	4	7
10	Concepcion	Duval	61	Rural	4	4	4
10	Corpus Christi	Nueces	277,454	Urban	6	6	6
10	Coyote Acres	Jim Wells	389	Rural	4	4	7
10	Cuero	DeWitt	6,571	Rural	7	7	5
10	Del Sol-Loma Linda	San Patricio	726	Rural	4	4	6
10	Doyle	San Patricio	285	Urban	4	4	4
10	Driscoll	Nueces	825	Rural	6	7	4
10	Edgewater-Paisano	San Patricio	182	Rural	7	7	4
10	Edna	Jackson	5,899	Rural	6	7	6
10	Edroy	San Patricio	420	Rural	4	4	7
10	Encino	Brooks	177	Rural	4	4	4
10	Falfurrias	Brooks	5,297	Rural	7	6	7
10	Falman-County Acres	San Patricio	289	Rural	7	7	4
10	Flowella	Brooks	134	Rural	4	4	7
10	Freer	Duval	3,241	Rural	5	5	5
10	Fulton	Aransas	1,553	Rural	6	5	7
10	Ganado	Jackson	1,915	Rural	5	5	5
10	George West	Live Oak	2,524	Rural	5	5	6
10	Goliad	Goliad	1,975	Rural	4	5	7
10	Gonzales	Gonzales	7,202	Rural	5	5	6
10	Gregory	San Patricio	2,318	Rural	5	5	4
10	Hallettsville	Lavaca	2,345	Rural	6	5	4
10	Inez	Victoria	1,787	Rural	5	5	4
10	Ingleside	San Patricio	9,388	Urban	5	7	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Ingleside on the Bay	San Patricio	659	Urban	7	7	7
10	K-Bar Ranch	Jim Wells	350	Rural	7	7	4
10	Kingsville	Kleberg	25,575	Rural	6	7	6
10	La Paloma-Lost Creek	Nueces	323	Rural	7	7	5
10	La Ward	Jackson	200	Rural	6	6	7
10	Lake City	San Patricio	526	Rural	5	5	7
10	Lakeshore Gardens-Hidden A	San Patricio	720	Rural	4	4	4
10	Lakeside (San Patricio)	San Patricio	333	Rural	4	4	5
10	Lolita	Jackson	548	Rural	4	4	4
10	Loma Linda East	Jim Wells	214	Rural	4	4	4
10	Mathis	San Patricio	5,034	Rural	7	7	5
10	Morgan Farm Area	San Patricio	484	Rural	7	7	4
10	Moulton	Lavaca	944	Rural	5	5	5
10	Nixon	Gonzales	2,186	Rural	5	6	7
10	Nordheim	DeWitt	323	Rural	5	5	7
10	Normanna	Bee	121	Rural	4	4	7
10	North San Pedro	Nueces	920	Rural	5	5	4
10	Odem	San Patricio	2,499	Rural	6	5	5
10	Orange Grove	Jim Wells	1,288	Rural	7	7	4
10	Owl Ranch-Amargosa	Jim Wells	527	Rural	7	7	5
10	Pawnee	Bee	201	Rural	4	4	5
10	Pernitas Point	Live Oak	269	Rural	7	7	5
10	Petronila	Nueces	83	Rural	4	4	4
10	Pettus	Bee	608	Rural	5	5	5
10	Point Comfort	Calhoun	781	Rural	6	5	4
10	Port Aransas	Nueces	3,370	Urban	7	7	6
10	Port Lavaca	Calhoun	12,035	Rural	6	6	5
10	Portland	San Patricio	14,827	Urban	6	6	4
10	Premont	Jim Wells	2,772	Rural	6	6	7
10	Rancho Alegre	Jim Wells	1,775	Rural	7	6	6
10	Rancho Banquete	Nueces	469	Rural	4	4	7
10	Rancho Chico	San Patricio	309	Rural	7	7	4
10	Realitos	Duval	209	Rural	4	4	4
10	Refugio	Refugio	2,941	Rural	5	5	6
10	Robstown	Nueces	12,727	Rural	5	5	6
10	Rockport	Aransas	7,385	Rural	5	6	6
10	San Diego	Duval	4,753	Rural	6	5	6
10	San Patricio	San Patricio	318	Rural	7	7	5
10	Sandia	Jim Wells	431	Rural	4	4	5
10	Sandy Hollow-Escondidas	Nueces	433	Rural	5	5	5
10	Seadrift	Calhoun	1,352	Rural	6	6	5
10	Shiner	Lavaca	2,070	Rural	6	6	7
10	Sinton	San Patricio	5,676	Rural	6	6	5
10	Skidmore	Bee	1,013	Rural	7	6	5
10	Smiley	Gonzales	453	Rural	6	6	7
10	Spring Garden-Terra Verde	Nueces	693	Rural	4	4	6
10	St. Paul (San Patricio)	San Patricio	542	Rural	4	4	5
10	Taft	San Patricio	3,396	Rural	6	6	7
10	Taft Southwest	San Patricio	1,721	Rural	5	5	7
10	Three Rivers	Live Oak	1,878	Rural	6	5	5
10	Tierra Grande	Nueces	362	Rural	5	5	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
10	Tradewinds	San Patricio	163	Rural	4	4	7
10	Tuleta	Bee	292	Rural	4	4	7
10	Tulsita	Bee	20	Rural	4	4	4
10	Tynan	Bee	301	Rural	6	6	4
10	Vanderbilt	Jackson	411	Rural	4	4	4
10	Victoria	Victoria	60,603	Urban	6	6	5
10	Waelder	Gonzales	947	Rural	5	5	5
10	Westdale	Jim Wells	295	Rural	4	4	7
10	Woodsboro	Refugio	1,685	Rural	6	6	5
10	Yoakum	Lavaca	5,731	Rural	7	7	4
10	Yorktown	DeWitt	2,271	Rural	6	5	5
11	Abram-Perezville	Hidalgo	5,444	Rural	7	7	5
11	Alamo	Hidalgo	14,760	Urban	4	5	5
11	Alto Bonito	Starr	569	Rural	4	4	4
11	Alton	Hidalgo	4,384	Rural	4	6	5
11	Alton North	Hidalgo	5,051	Rural	6	6	5
11	Arroyo Alto	Cameron	320	Rural	4	4	6
11	Arroyo Colorado Estates	Cameron	755	Rural	7	7	4
11	Arroyo Gardens-La Tina Ran	Cameron	732	Rural	4	4	4
11	Asherton	Dimmit	1,342	Rural	7	6	5
11	Batesville	Zavala	1,298	Rural	6	6	4
11	Bausell and Ellis	Willacy	112	Rural	4	4	4
11	Bayview	Cameron	323	Rural	7	7	7
11	Big Wells	Dimmit	704	Rural	6	6	4
11	Bixby	Cameron	356	Rural	4	4	7
11	Bluetown-Iglesia Antigua	Cameron	692	Rural	6	6	4
11	Botines	Webb	132	Rural	7	7	4
11	Box Canyon-Amistad	Val Verde	76	Rural	4	4	7
11	Brackettville	Kinney	1,876	Rural	7	7	6
11	Brownsville	Cameron	139,722	Urban	6	6	6
11	Brundage	Dimmit	31	Rural	4	4	7
11	Bruni	Webb	412	Rural	4	4	7
11	Cameron Park	Cameron	5,961	Urban	6	5	5
11	Camp Wood	Real	822	Rural	7	7	7
11	Carrizo Hill	Dimmit	548	Rural	7	7	7
11	Carrizo Springs	Dimmit	5,655	Rural	7	7	6
11	Catarina	Dimmit	135	Rural	4	4	5
11	Cesar Chavez	Hidalgo	1,469	Urban	6	6	7
11	Chula Vista-Orason	Cameron	394	Rural	7	7	5
11	Chula Vista-River Spur	Zavala	400	Rural	4	4	6
11	Cienegas Terrace	Val Verde	2,878	Rural	7	7	6
11	Citrus City	Hidalgo	941	Rural	4	4	6
11	Combes	Cameron	2,553	Urban	6	6	6
11	Cotulla	La Salle	3,614	Rural	4	6	5
11	Crystal City	Zavala	7,190	Rural	6	6	6
11	Cuevitas	Hidalgo	37	Rural	4	4	7
11	Del Mar Heights	Cameron	259	Rural	4	4	4
11	Del Rio	Val Verde	33,867	Rural	6	6	5
11	Doffing	Hidalgo	4,256	Rural	6	6	5
11	Donna	Hidalgo	14,768	Rural	4	6	5
11	Doolittle	Hidalgo	2,358	Urban	5	5	4

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Eagle Pass	Maverick	22,413	Rural	7	7	6
11	Edcouch	Hidalgo	3,342	Rural	4	6	6
11	Edinburg	Hidalgo	48,465	Urban	6	6	6
11	Eidson Road	Maverick	9,348	Rural	5	5	6
11	El Camino Angosto	Cameron	254	Rural	4	4	4
11	El Cenizo	Webb	3,545	Rural	5	5	5
11	El Indio	Maverick	263	Rural	7	7	4
11	El Refugio	Starr	221	Rural	7	7	7
11	Elm Creek	Maverick	1,928	Rural	4	4	7
11	Elsa	Hidalgo	5,549	Rural	7	7	5
11	Encantada-Ranchito El Calal	Cameron	2,100	Rural	4	4	5
11	Encinal	La Salle	629	Rural	7	7	4
11	Escobares	Starr	1,954	Rural	6	6	6
11	Falcon Heights	Starr	335	Rural	4	4	5
11	Falcon Lake Estates	Zapata	830	Rural	6	6	4
11	Falcon Mesa	Zapata	506	Rural	4	4	6
11	Falcon Village	Starr	78	Rural	7	7	7
11	Faysville	Hidalgo	348	Urban	7	7	4
11	Fowlerton	La Salle	62	Rural	4	4	4
11	Fronton	Starr	599	Rural	4	4	6
11	Garceno	Starr	1,438	Rural	7	7	7
11	Grand Acres	Cameron	203	Rural	4	4	5
11	Granjeno	Hidalgo	313	Urban	4	4	7
11	Green Valley Farms	Cameron	720	Rural	4	4	5
11	Guerra	Jim Hogg	8	Rural	4	4	4
11	Harlingen	Cameron	57,564	Urban	6	6	5
11	Havana	Hidalgo	452	Rural	6	6	6
11	Hebbronville	Jim Hogg	4,498	Rural	6	6	6
11	Heidelberg	Hidalgo	1,586	Rural	7	7	7
11	Hidalgo	Hidalgo	7,322	Rural	6	6	7
11	Indian Hills	Hidalgo	2,036	Rural	5	5	7
11	Indian Lake	Cameron	541	Rural	7	7	6
11	Knippa	Uvalde	739	Rural	5	5	5
11	La Blanca	Hidalgo	2,351	Rural	7	7	4
11	La Casita-Garciasville	Starr	2,177	Rural	5	7	5
11	La Feria	Cameron	6,115	Rural	7	6	5
11	La Feria North	Cameron	168	Rural	7	7	4
11	La Grulla	Starr	1,211	Rural	5	5	5
11	La Homa	Hidalgo	10,433	Urban	6	6	6
11	La Joya	Hidalgo	3,303	Rural	5	6	6
11	La Paloma	Cameron	354	Rural	7	7	4
11	La Presa	Webb	508	Rural	4	4	4
11	La Pryor	Zavala	1,491	Rural	6	6	5
11	La Puerta	Starr	1,636	Rural	4	4	6
11	La Rosita	Starr	1,729	Rural	6	6	7
11	La Victoria	Starr	1,683	Rural	4	4	4
11	La Villa	Hidalgo	1,305	Rural	4	6	6
11	Lago	Cameron	246	Rural	7	7	4
11	Laguna Heights	Cameron	1,990	Rural	5	5	5
11	Laguna Seca	Hidalgo	251	Rural	4	4	7
11	Laguna Vista	Cameron	1,658	Rural	4	6	5

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Lake View	Val Verde	167	Rural	4	4	6
11	Laredo	Webb	176,576	Urban	6	6	6
11	Laredo Ranchettes	Webb	1,845	Rural	4	4	4
11	Larga Vista	Webb	742	Urban	7	7	7
11	Las Colonias	Zavala	283	Rural	7	7	7
11	Las Lomas	Starr	2,684	Rural	7	7	5
11	Las Lomitas	Jim Hogg	267	Rural	4	4	7
11	Las Palmas-Juarez	Cameron	1,666	Rural	5	5	6
11	Las Quintas Fronterizas	Maverick	2,030	Rural	5	5	4
11	Lasana	Cameron	135	Urban	4	4	4
11	Lasara	Willacy	1,024	Rural	5	5	6
11	Laughlin AFB	Val Verde	2,225	Rural	5	5	4
11	Laureles	Cameron	3,285	Rural	6	6	6
11	Leakey	Real	387	Rural	7	7	7
11	Llano Grande	Hidalgo	3,333	Urban	6	6	4
11	Lopeno	Zapata	140	Rural	4	4	7
11	Lopezville	Hidalgo	4,476	Urban	5	5	5
11	Los Alvarez	Starr	1,434	Rural	5	5	7
11	Los Angeles Subdivision	Willacy	86	Rural	7	7	4
11	Los Ebanos	Hidalgo	403	Rural	6	6	6
11	Los Fresnos	Cameron	4,512	Rural	6	4	7
11	Los Indios	Cameron	1,149	Rural	4	4	5
11	Los Villareales	Starr	930	Rural	4	4	5
11	Lozano	Cameron	324	Rural	4	4	4
11	Lyford	Willacy	1,973	Rural	6	6	6
11	Lyford South	Willacy	172	Rural	7	7	5
11	McAllen	Hidalgo	106,414	Urban	6	6	6
11	Medina	Zapata	2,960	Rural	5	5	5
11	Mercedes	Hidalgo	13,649	Rural	5	7	6
11	Midway North	Hidalgo	3,946	Urban	4	4	6
11	Midway South	Hidalgo	1,711	Urban	6	6	7
11	Mila Doce	Hidalgo	4,907	Rural	5	5	6
11	Mirando City	Webb	493	Rural	7	7	7
11	Mission	Hidalgo	45,408	Urban	5	6	6
11	Monte Alto	Hidalgo	1,611	Rural	6	6	5
11	Morales-Sanchez	Zapata	95	Rural	4	4	4
11	Muniz	Hidalgo	1,106	Rural	7	7	6
11	New Falcon	Zapata	184	Rural	4	4	4
11	North Alamo	Hidalgo	2,061	Urban	5	5	5
11	North Escobares	Starr	1,692	Rural	7	7	5
11	Nurillo	Hidalgo	5,056	Urban	6	6	7
11	Oilton	Webb	310	Rural	4	4	7
11	Olivarez	Hidalgo	2,445	Rural	6	6	4
11	Olmito	Cameron	1,198	Urban	6	6	5
11	Palm Valley	Cameron	1,298	Urban	6	5	4
11	Palmhurst	Hidalgo	4,872	Urban	6	6	5
11	Palmview	Hidalgo	4,107	Urban	6	6	6
11	Palmview South	Hidalgo	6,219	Urban	6	6	5
11	Penitas	Hidalgo	1,167	Rural	6	5	5
11	Pharr	Hidalgo	46,660	Urban	5	6	5
11	Port Isabel	Cameron	4,865	Rural	6	5	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Port Mansfield	Willacy	415	Rural	6	6	7
11	Primera	Cameron	2,723	Urban	6	6	6
11	Progreso	Hidalgo	4,851	Rural	6	6	5
11	Progreso Lakes	Hidalgo	234	Rural	4	4	5
11	Quemado	Maverick	243	Rural	4	4	4
11	Radar Base	Maverick	162	Rural	4	4	7
11	Ranchette Estates	Willacy	133	Rural	4	4	4
11	Ranchitos Las Lomas	Webb	334	Rural	4	4	5
11	Rancho Viejo	Cameron	1,754	Urban	6	6	4
11	Ranchos Penitas West	Webb	520	Urban	4	4	5
11	Rangerville	Cameron	203	Rural	4	4	7
11	Ratamosa	Cameron	218	Rural	4	4	4
11	Raymondville	Willacy	9,733	Rural	5	6	7
11	Reid Hope King	Cameron	802	Urban	7	7	4
11	Relampago	Hidalgo	104	Rural	4	4	7
11	Rio Bravo	Webb	5,553	Urban	5	4	5
11	Rio Grande City	Starr	11,923	Rural	6	5	5
11	Rio Hondo	Cameron	1,942	Rural	6	5	6
11	Rocksprings	Edwards	1,285	Rural	6	5	6
11	Roma	Starr	9,617	Rural	7	7	6
11	Roma Creek	Starr	610	Rural	4	4	4
11	Rosita North	Maverick	3,400	Rural	5	5	6
11	Rosita South	Maverick	2,574	Rural	6	6	4
11	Sabinal	Uvalde	1,586	Rural	7	7	6
11	Salineno	Starr	304	Rural	4	4	6
11	San Benito	Cameron	23,444	Urban	6	6	5
11	San Carlos	Hidalgo	2,650	Rural	7	7	7
11	San Ignacio	Zapata	853	Rural	4	4	7
11	San Isidro	Starr	270	Rural	6	6	5
11	San Juan	Hidalgo	26,229	Urban	6	6	6
11	San Manuel-Linn	Hidalgo	958	Rural	4	4	4
11	San Pedro	Cameron	668	Rural	4	4	4
11	San Perlita	Willacy	680	Rural	7	7	7
11	Santa Cruz	Starr	630	Rural	7	7	6
11	Santa Maria	Cameron	846	Rural	5	5	4
11	Santa Monica	Willacy	78	Rural	4	4	7
11	Santa Rosa	Cameron	2,833	Rural	4	6	5
11	Scissors	Hidalgo	2,805	Rural	4	4	5
11	Sebastian	Willacy	1,864	Rural	4	4	7
11	Siesta Shores	Zapata	890	Rural	4	4	6
11	Solis	Cameron	545	Rural	7	7	4
11	South Alamo	Hidalgo	3,101	Rural	6	6	5
11	South Fork Estates	Jim Hogg	47	Rural	4	4	4
11	South Padre Island	Cameron	2,422	Rural	7	7	5
11	South Point	Cameron	1,118	Rural	7	7	5
11	Spofford	Kinney	75	Rural	4	4	4
11	Sullivan City	Hidalgo	3,998	Rural	6	6	5
11	Tierra Bonita	Cameron	160	Rural	4	4	5
11	Utopia	Uvalde	241	Rural	6	6	7
11	Uvalde	Uvalde	14,929	Rural	7	6	6
11	Uvalde Estates	Uvalde	1,972	Rural	6	6	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
11	Val Verde Park	Val Verde	1,945	Rural	6	6	5
11	Villa del Sol	Cameron	132	Rural	4	4	6
11	Villa Pancho	Cameron	386	Urban	7	7	7
11	Villa Verde	Hidalgo	891	Urban	4	4	6
11	Weslaco	Hidalgo	26,935	Urban	6	6	5
11	West Sharyland	Hidalgo	2,947	Rural	5	5	4
11	Willamar	Willacy	15	Rural	4	4	4
11	Yznaga	Cameron	103	Rural	4	4	7
11	Zapata	Zapata	4,856	Rural	5	7	5
11	Zapata Ranch	Willacy	88	Rural	4	4	6
12	Ackerly	Dawson	245	Rural	5	5	7
12	Andrews	Andrews	9,652	Rural	6	5	5
12	Balmorhea	Reeves	527	Rural	5	4	5
12	Barstow	Ward	406	Rural	7	7	6
12	Big Lake	Reagan	2,885	Rural	6	6	5
12	Big Spring	Howard	25,233	Rural	6	7	5
12	Brady	McCulloch	5,523	Rural	6	7	6
12	Bronte	Coke	1,076	Rural	7	7	6
12	Christoval	Tom Green	422	Rural	7	6	6
12	Coahoma	Howard	932	Rural	5	5	4
12	Coyanosa	Pecos	138	Rural	4	4	5
12	Crane	Crane	3,191	Rural	7	7	5
12	Eden	Concho	2,561	Rural	7	7	6
12	Eldorado	Schleicher	1,951	Rural	4	4	7
12	Forsan	Howard	226	Rural	5	5	7
12	Fort Stockton	Pecos	7,846	Rural	4	5	6
12	Gardendale	Ector	1,197	Rural	4	4	4
12	Goldsmith	Ector	253	Rural	5	5	4
12	Grandfalls	Ward	391	Rural	6	5	7
12	Grape Creek	Tom Green	3,138	Rural	6	6	6
12	Imperial	Pecos	428	Rural	4	4	4
12	Iraan	Pecos	1,238	Rural	4	4	4
12	Junction	Kimble	2,618	Rural	6	6	6
12	Kermit	Winkler	5,714	Rural	5	5	4
12	Lamesa	Dawson	9,952	Rural	6	6	5
12	Lindsay (Reeves)	Reeves	394	Rural	4	4	7
12	Los Ybanez	Dawson	32	Rural	4	4	4
12	Mason	Mason	2,134	Rural	7	6	6
12	McCamey	Upton	1,805	Rural	5	5	5
12	Melvin	McCulloch	155	Rural	7	7	7
12	Menard	Menard	1,653	Rural	6	6	7
12	Mertzon	Irion	839	Rural	4	4	6
12	Midland	Midland	94,996	Urban	6	6	5
12	Monahans	Ward	6,821	Rural	7	7	4
12	Odessa	Ector	90,943	Urban	6	6	5
12	Ozona	Crockett	3,436	Rural	5	5	5
12	Paint Rock	Concho	320	Rural	7	7	6
12	Pecos	Reeves	9,501	Rural	4	5	6
12	Pyote	Ward	131	Rural	4	4	7
12	Rankin	Upton	800	Rural	5	4	6
12	Robert Lee	Coke	1,171	Rural	7	7	6

Region	Place Name	County	2000 Census Population	Area Type	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	San Angelo	Tom Green	88,439	Urban	7	7	5
12	Sanderson	Terrell	861	Rural	7	6	6
12	Seagraves	Gaines	2,334	Rural	7	6	4
12	Seminole	Gaines	5,910	Rural	5	5	6
12	Sonora	Sutton	2,924	Rural	4	5	5
12	Stanton	Martin	2,556	Rural	6	6	4
12	Sterling City	Sterling	1,081	Rural	5	5	6
12	Thorntonville	Ward	442	Rural	4	4	5
12	Toyah	Reeves	100	Rural	4	4	4
12	West Odessa	Ector	17,799	Urban	6	6	6
12	Wickett	Ward	455	Rural	7	7	4
12	Wink	Winkler	919	Rural	5	5	4
13	Agua Dulce (El Paso)	El Paso	738	Rural	4	4	7
13	Alpine	Brewster	5,786	Rural	7	7	4
13	Anthony	El Paso	3,850	Urban	4	7	5
13	Butterfield	El Paso	61	Rural	4	4	4
13	Canutillo	El Paso	5,129	Urban	5	5	5
13	Clint	El Paso	980	Rural	4	7	5
13	Dell City	Hudspeth	413	Rural	6	6	6
13	El Paso	El Paso	563,662	Urban	7	7	5
13	Fabens	El Paso	8,043	Rural	7	7	4
13	Fort Bliss	El Paso	8,264	Urban	5	4	4
13	Fort Davis	Jeff Davis	1,050	Rural	5	5	7
13	Fort Hancock	Hudspeth	1,713	Rural	6	6	6
13	Homestead Meadows North	El Paso	4,232	Rural	6	6	7
13	Homestead Meadows South	El Paso	6,807	Rural	7	7	6
13	Horizon City	El Paso	5,233	Rural	4	4	5
13	Marathon	Brewster	455	Rural	5	4	6
13	Marfa	Presidio	2,121	Rural	5	6	6
13	Morning Glory	El Paso	627	Rural	4	4	4
13	Prado Verde	El Paso	200	Urban	4	4	7
13	Presidio	Presidio	4,167	Rural	6	6	5
13	Redford	Presidio	132	Rural	4	4	7
13	San Elizario	El Paso	11,046	Urban	5	4	6
13	Sierra Blanca	Hudspeth	533	Rural	5	4	7
13	Socorro	El Paso	27,152	Urban	6	4	7
13	Sparks	El Paso	2,974	Rural	6	6	6
13	Study Butte-Terlingua	Brewster	267	Rural	5	4	4
13	Tornillo	El Paso	1,609	Rural	7	4	5
13	Valentine	Jeff Davis	187	Rural	6	5	4
13	Van Horn	Culberson	2,435	Rural	7	7	5
13	Vinton	El Paso	1,892	Rural	7	7	6
13	Westway	El Paso	3,829	Urban	7	7	6

Draft 2008 HTF Affordable Housing Need Scores (AHNS) County Level

(Sorted by Region then County.)

Instructions:
Use this table to determine an AHNS for an application that will serve an entire county, multiple counties, or multiple places within a county or counties.
Special Circumstances
(1) If multiple counties or places in multiple counties will be served by the application, then the county scores should be averaged.
All questions relating to scoring an application under the AHN Scoring Component should be submitted in writing to Sandy Garcia via facsimile at (512) 475-4798 or by email at sandy.garcia@tdhca.state.tx.us.

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Armstrong	7	7	5
1	Bailey	4	4	5
1	Briscoe	6	6	5
1	Carson	6	6	6
1	Castro	5	5	5
1	Childress	5	6	4
1	Cochran	4	4	6
1	Collingsworth	5	5	5
1	Crosby	6	6	5
1	Dallam	6	6	6
1	Deaf Smith	4	5	5
1	Dickens	6	6	6
1	Donley	7	7	5
1	Floyd	6	5	4
1	Garza	7	7	7
1	Gray	5	5	6
1	Hale	5	5	5
1	Hall	6	6	6
1	Hansford	5	5	6
1	Hartley	6	6	6
1	Hemphill	6	6	5
1	Hockley	5	5	6
1	Hutchinson	6	6	5
1	Lamb	6	6	5
1	Lipscomb	5	5	6
1	Lubbock	6	6	5
1	Lynn	4	4	5
1	Moore	5	5	4
1	Motley	4	4	4
1	Ochiltree	4	5	4
1	Oldham	6	6	7
1	Parmer	6	6	4
1	Potter	5	6	6
1	Randall	6	6	4
1	Roberts	7	7	5

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
1	Sherman	6	6	6
1	Swisher	5	5	5
1	Terry	5	5	6
1	Wheeler	5	5	5
1	Yoakum	6	6	6
2	Archer	4	4	5
2	Baylor	5	5	4
2	Brown	6	6	6
2	Callahan	5	6	6
2	Clay	7	7	6
2	Coleman	5	5	5
2	Comanche	7	7	6
2	Cottle	5	5	4
2	Eastland	5	5	6
2	Fisher	6	6	4
2	Foard	6	6	6
2	Hardeman	7	7	4
2	Haskell	6	6	6
2	Jack	6	6	6
2	Jones	5	5	6
2	Kent	4	4	6
2	Knox	4	4	6
2	Mitchell	6	6	5
2	Montague	5	5	6
2	Nolan	6	5	5
2	Runnels	6	6	6
2	Scurry	6	6	6
2	Shackelford	6	6	5
2	Stephens	6	5	4
2	Stonewall	5	5	6
2	Taylor	6	6	4
2	Throckmorton	5	5	4
2	Wichita	6	6	5
2	Wilbarger	4	5	5
2	Young	5	5	5
3	Collin	5	5	5
3	Cooke	5	5	5
3	Dallas	5	5	5
3	Denton	5	5	5
3	Ellis	5	6	6
3	Erath	6	6	6
3	Fannin	5	6	5
3	Grayson	5	5	6
3	Hood	5	5	5
3	Hunt	6	5	6
3	Johnson	5	5	6
3	Kaufman	6	6	5
3	Navarro	5	5	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
3	Palo Pinto	6	6	5
3	Parker	6	6	5
3	Rockwall	5	5	5
3	Somervell	5	5	6
3	Tarrant	5	5	5
3	Wise	6	6	6
4	Anderson	6	6	6
4	Bowie	6	6	5
4	Camp	4	4	6
4	Cass	5	5	5
4	Cherokee	5	5	6
4	Delta	6	6	6
4	Franklin	4	6	6
4	Gregg	5	5	5
4	Harrison	5	5	6
4	Henderson	5	6	5
4	Hopkins	5	5	6
4	Lamar	5	5	5
4	Marion	7	7	6
4	Morris	6	7	4
4	Panola	5	5	5
4	Rains	7	7	5
4	Red River	6	5	5
4	Rusk	6	5	5
4	Smith	5	5	5
4	Titus	6	6	6
4	Upshur	5	5	6
4	Van Zandt	6	5	5
4	Wood	6	6	6
5	Angelina	6	6	5
5	Hardin	5	5	5
5	Houston	6	6	6
5	Jasper	4	5	6
5	Jefferson	5	5	5
5	Nacogdoches	6	6	5
5	Newton	6	5	5
5	Orange	5	5	5
5	Polk	6	6	6
5	Sabine	5	5	5
5	San Augustine	6	6	6
5	San Jacinto	5	5	6
5	Shelby	5	5	6
5	Trinity	6	6	7
5	Tyler	6	5	6
6	Austin	5	5	6
6	Brazoria	5	6	5
6	Chambers	6	5	5
6	Colorado	6	5	6

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
6	Fort Bend	6	5	5
6	Galveston	6	6	6
6	Harris	5	5	5
6	Liberty	5	5	6
6	Matagorda	5	5	5
6	Montgomery	6	6	5
6	Walker	7	7	6
6	Waller	5	6	6
6	Wharton	5	5	6
7	Bastrop	5	5	6
7	Blanco	5	5	5
7	Burnet	6	6	6
7	Caldwell	5	5	6
7	Fayette	6	6	6
7	Hays	5	5	6
7	Lee	4	5	4
7	Llano	5	6	5
7	Travis	5	5	5
7	Williamson	6	6	6
8	Bell	5	5	4
8	Bosque	4	5	6
8	Brazos	6	6	6
8	Burleson	6	6	5
8	Coryell	6	6	5
8	Falls	6	6	5
8	Freestone	5	5	6
8	Grimes	5	5	7
8	Hamilton	4	5	6
8	Hill	6	6	6
8	Lampasas	5	5	5
8	Leon	6	6	7
8	Limestone	6	6	6
8	Madison	4	4	6
8	McLennan	5	5	5
8	Milam	6	6	5
8	Mills	6	6	6
8	Robertson	5	5	6
8	San Saba	4	4	4
8	Washington	5	6	6
9	Atascosa	5	6	6
9	Bandera	6	6	6
9	Bexar	6	5	5
9	Comal	6	6	5
9	Frio	5	5	6
9	Gillespie	5	6	6
9	Guadalupe	5	5	6
9	Karnes	6	5	5
9	Kendall	5	6	7

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
9	Kerr	7	6	6
9	Medina	6	6	6
9	Wilson	6	6	6
10	Aransas	6	6	6
10	Bee	5	5	5
10	Brooks	5	4	6
10	Calhoun	6	6	5
10	DeWitt	6	6	6
10	Duval	5	5	5
10	Goliad	4	5	7
10	Gonzales	5	6	6
10	Jackson	5	5	5
10	Jim Wells	5	5	5
10	Kleberg	6	7	6
10	Lavaca	6	6	5
10	Live Oak	6	6	5
10	Nueces	5	5	5
10	Refugio	6	6	6
10	San Patricio	5	6	5
10	Victoria	6	6	5
11	Cameron	5	5	5
11	Dimmit	6	6	6
11	Edwards	6	5	6
11	Hidalgo	5	6	6
11	Jim Hogg	4	4	5
11	Kinney	6	6	5
11	La Salle	5	6	4
11	Maverick	5	5	5
11	Real	7	7	7
11	Starr	5	6	6
11	Uvalde	6	6	6
11	Val Verde	5	5	6
11	Webb	5	5	6
11	Willacy	5	5	6
11	Zapata	4	5	5
11	Zavala	6	6	6
12	Andrews	6	5	5
12	Coke	7	7	6
12	Concho	7	7	6
12	Crane	7	7	5
12	Crockett	5	5	5
12	Dawson	5	5	5
12	Ector	5	5	5
12	Gaines	6	6	5
12	Howard	5	6	5
12	Irion	4	4	6
12	Kimble	6	6	6
12	Martin	6	6	4

Region	County	Rental Development & Tenant Based Rental Assistance	Homebuyer Assistance	Owner Occupied Rehabilitation
12	Mason	7	6	6
12	McCulloch	6	7	6
12	Menard	6	6	7
12	Midland	6	6	5
12	Pecos	4	4	5
12	Reagan	6	6	5
12	Reeves	4	4	6
12	Schleicher	4	4	7
12	Sterling	5	5	6
12	Sutton	4	5	5
12	Terrell	7	6	6
12	Tom Green	7	6	6
12	Upton	5	4	6
12	Ward	6	6	6
12	Winkler	5	5	4
13	Brewster	6	5	5
13	Culberson	7	7	5
13	El Paso	5	5	5
13	Hudspeth	6	5	6
13	Jeff Davis	6	5	6
13	Presidio	5	5	6

None at this time

Housing Tax Credit Program
Board Action Request
August 23, 2007

Action Item

Request review and board determination of fifteen (15) four percent (4%) tax credit application with another issuer for tax exempt bond transaction.

Recommendation

Staff is recommending that the board review and approve the issuance of fifteen (15) four percent (4%) Tax Credit Determination Notice with **another issuer** for the tax exempt bond transaction known as:

TDHCA No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
07422	Salem Village	Victoria	TSAHC	105	105	$7,440,693	$2,950,000	$190,092	$181,840
07423	Garden Apartments	Lubbock	TSAHC	62	62	$3,282,140	$1,555,000	$96,005	$95,477
07424	Los Ebanos Apartments	Brownsville	TSAHC	65	65	$4,384,883	$2,090,000	$128,432	$127,723
07425	Chaparral Village	Odessa	TSAHC	80	80	$7,772,222	$4,025,000	$284,676	$283,179
07426	River Park Village East Apartments	Lampasas	TSAHC	50	50	$1,911,353	$1,250,000	$48,377	$45,612

07427	High Plains Apartments	Lubbock	TSAHC	50	50	$3,979,518	$2,120,000	$118,490	$114,601
07428	El Nido Apartments	El Paso	TSAHC	104	104	$9,578,874	$4,900,000	$304,653	$296,404
07429	Win Lin Apartments	Amarillo	TSAHC	50	50	$2,641,889	$1,375,000	$67,507	$67,136
07430	Spring Terrace Apartments	Amarillo	TSAHC	50	50	$3,775,278	$1,915,000	$103,295	$102,726
07431	Cove Village Apartments	Copperas Cove	TSAHC	50	50	$3,067,410	$1,425,000	$84,597	$84,133
07432	Sierra Vista Apartments	El Paso	TSAHC	106	106	$6,910,693	$3,360,000	$201,501	$198,490
07433	Peppertree Acres Apartments	Ft. Worth	TSAHC	148	148	$8,560,865	$4,035,000	$239,452	$238,533
07434	Jose Antonio	El Paso	TSAHC	100	100	$8,179,245	$3,900,000	$269,941	$252,781
07444	HomeTowne on Bellfort	Houston	Houston HFC	210	210	$21,578,821	$10,300,000	$781,100	$781,100
07435	Villas at Shaver	Pasadena	Southeast Texas HFC	240	240	$26,595,644	$15,000,000	$1,138,094	$1,138,094

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 23, 2007

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for the Rainbow Housing Assistance Corporation – Texas Bond Portfolio, #07422-07434

Summary of the Transaction

Background and General Information: The applications were received on April 30, 2007. The Issuer for this transaction is the Texas State Affordable Housing Corporation (TSAHC) with a reservation of allocation that expires on November 10, 2007. This transaction represents 13 properties that are all acquisition/rehabilitation and will consist of a total of 1,014 units targeting the general population, with all units affordable. All thirteen sites are currently zoned for such developments.

Organizational Structure and Compliance: As noted, this transaction consists of thirteen (13) properties that will be pooled into one (1) bond transaction. Rainbow Housing Assistance Corporation – Texas, Inc. is the General Partner, which is solely owned by Texas Council of Foundation for Social Resources, Inc. with Special Limited Partners of GungHo Partners and Rainbow Housing Assistance Corporation. The President of Rainbow Housing Assistance Corporation is Mr. Joseph Sherman. The Compliance Status Summary completed on August 10, 2007 reveals that the principals of the general partner do not have any properties that have been monitored by the Department. The bond priority for this transaction is:

☒ **Priority 3:** Any qualified residential rental development

Two of the properties in the portfolio, Salem Village Apartments (07422) and Jose Antonio Escajeda Apartments (07434), have a potential fair housing concern with regard to preexisting age-restricted units in an otherwise non-age-restricted property. Therefore, it is a condition of the underwriting report that by cost certification the applicant obtains evidence that HUD has approved a permanent waiver releasing all age-restrictions or documentation from HUD or the US Department of Justice regarding acceptable compliance with fair housing.

Chaparral Apartments - The proposed 80-unit acquisition and rehabilitation development will be located at 1411 South Grant Avenue, Odessa, Ector County. Demographics for the census tract (19.00) include AMFI of $26,717; the percent of the population that is below the poverty line is 31.02%; the total population is 5,370; the percent of the population that is minority is 97.71%; the number of owner occupied units is 1,231; number of renter occupied units is 403; and the number of vacant units is 279. (*)

Public Comment: The Department has received no letters of support or opposition.

Cove Village Apartments - The proposed 50-unit acquisition and rehabilitation development is to be located at 1102 Golf Course Road in Copperas Cove. Demographics for the census tract (106.01) include AMFI of $43,295; the total population is 5,064; the percent of population that is minority is 46.72%; the percent of population that is below the poverty line is 11.31%; the number of owner occupied units is 609; the number of renter units is 1,239 and the number of vacant units is 140. (*)

Public Comment: The Department has received no letters of support or opposition.

El Nido Apartments - The proposed 104-unit acquisition and rehabilitation development is to be located at 204 Alicia Drive in El Paso. Demographics for the census tract (31.00) include AMFI of $27,642; the total population is 3,873; the percent of population that is minority is 97.24%; the percent of population that is below the poverty line is 31.22%; the number of owner occupied units is 709; the number of renter units is 524 and the number of vacant units is 7. (*)

Public Comment: The Department has received no letters of support or opposition.

Garden Apartments - The proposed 62-unit acquisition and rehabilitation development will be located at 1340 65th Drive, Lubbock, Lubbock County. Demographics for the census tract (22.04) include AMFI of $36,651; the percent of the population that is below the poverty line is 20.28%; the total population is 4,548; the percent of the population that is minority is 52.77%; the number of owner occupied units is 916; number of renter occupied units is 861; and the number of vacant units is 77. (*)

Public Comment: The Department has received no letters of support or opposition.

High Plains Apartments - The proposed 50-unit acquisition and rehabilitation development will be located at 1607 Iola Avenue, Lubbock, Lubbock County. Demographics for the census tract (4.04) include AMFI of $55,391; the percent of the population that is below the poverty line is 17.30%; the total population is 4,666; the percent of the population that is minority is 25.23%; the number of owner occupied units is 1,138; number of renter occupied units is 606; and the number of vacant units is 87. (*)

Public Comment: The Department has received no letters of support or opposition.

Jose Antonio Escajeda Apartments - The proposed 94-unit acquisition and rehabilitation development will be located on six (6) scattered sites in El Paso, El Paso County. The sites are located in two (2) different census tracts, 19.00 and 20.00. Demographics for census tract 19.00 include AMFI of $13,102; the percent of the population that is below the poverty line is 72.34%; the total population is 3,400; the percent of the population that is minority is 97.74%; the number of owner occupied units is 102; number of renter occupied units is 919; and the number of vacant units is 81. Demographics for census tract 20.00 include AMFI of $15,460; the percent of the population that is below the poverty line is 55.27%; the total population is 3,141; the percent of the population that is minority is 98.25%; the number of owner occupied units is 179; number of renter occupied units is 826; and the number of vacant units is 67. (*)

Public Comment: The Department has received no letters of support or opposition.

Los Ebanos Apartments - The proposed 65-unit acquisition and rehabilitation development will be located at 2133 Barnard Road in Brownsville, Cameron County. Demographics for the census tract (130.03) include AMFI of $29,782; the percent of the population that is below the poverty line is 41.49%; the total population is 2,158; the percent of the population that is minority is 91.94%; the number of owner occupied units is 192; number of renter occupied units is 471; and the number of vacant units is 7. (*)

Public Comment: The Department has received no letters of support or opposition.

Peppertree Acres Apartments - The proposed 148-unit acquisition and rehabilitation development will be located on four (4) scattered sites in Fort Worth, Tarrant County. The sites are located in four (4) different census tracts, 1005.02, 1058.00, 1059.00, and 1060.01. Demographics for census tract 1005.02 include AMFI of $40,907; the total population is 7,600; the percent of population that is minority is 76.08%; the percent of population that is below the poverty line is 20.25%; the number of owner occupied units is 1,262; the number of renter units is 858 and the number of vacant units is 125. Demographics for census tract 1058.00 include AMFI of $35,910; the total population is 3,920; the percent of population that is minority is 56.53%; the percent of population that is below the poverty line is 17.83%; the number of owner occupied units is 821; the number of renter units is 442 and the number of vacant units is 60. Demographics for census tract 1059.00 include AMFI of $30,269; the total population is 7,524; the percent of population that is minority is 90.91%; the percent of population that is below the poverty line is 28.01%; the number of owner occupied units is 783; the number of renter units is 1,357 and the number of vacant units is 198. Demographics for census tract 1060.01 include AMFI of $59,175; the total population is 6,804; the percent of population that is minority is 51.57%; the percent of population that is below the poverty line is 9.63%; the number of owner occupied units is 1,643; the number of renter units is 808 and the number of vacant units is 69. (*)

Public Comment: The Department has received no letters of support or opposition.

River Park Village East Apartments - The proposed 50-unit acquisition and rehabilitation development will be located at 1309 Central Texas Expressway, Lampasas, Lampasas County. Demographics for the census tract (9504.00) include AMFI of $32,095; the percent of the population that is below the poverty line is 20.53%; the total population is 3,897; the percent of the population that is minority is 29.89%; the number of owner occupied units is 775; number of renter occupied units is 583; and the number of vacant units is 165. (*)

Public Comment: The Department has received no letters of support or opposition.

Salem Village Apartments - The proposed 105-unit acquisition and rehabilitation development will be located at 5201 John Stockbauer Drive in Victoria, Victoria County. Demographics for the census tract (0007.00) include AMFI of $48,102; the total population is 3,603; the percent of population that is minority is 51.12%; the percent of population that is below the poverty line is 12.66%; the number of owner occupied units is 965; the number of renter units is 242 and the number of vacant units is 125. (*)

Public Comment: The Department has received no letters of support or opposition.

Sierra Vista Apartments - The proposed 106-unit acquisition and rehabilitation development will be located at 10501 Montwood in El Paso. Demographics for the census tract (103.07) include AMFI of $43,260; the total population is 7,002; the percent of population that is minority is 85.16%; the percent of population that is below the poverty line is 22.25%; the number of owner occupied units is 1,313; the number of renter units is 889 and the number of vacant units is 69. (*)

Public Comment: The Department has received no letters of support or opposition.

Spring Terrace Apartments - The proposed 50-unit acquisition and rehabilitation development will be located at 2600 S. Spring Street in Amarillo. Demographics for the census tract (145.00) include AMFI

of $36,741; the total population is 5,649; the percent of population that is minority is 61.21%; the percent of population that is below the poverty line is 20.40%; the number of owner occupied units is 1,215; the number of renter units is 646 and the number of vacant units is 191.

Public Comment: The Department has received one letter of support from Mayor Debra McCartt from the City of Amarillo and no letters of opposition.

Win-Lin Apartments - The proposed 50-unit acquisition and rehabilitation development will be located at 5700 Wabash Street in Amarillo. Demographics for the census tract (213.00) include AMFI of $65,982; the total population is 5,577; the percent of population that is minority is 13.30%; the percent of population that is below the poverty line is 13.30%; the number of owner occupied units is 1,481; the number of renter units is 884 and the number of vacant units is 66. (*)

Public Comment: The Department has received one letter of support from Mayor Debra McCartt of the City of Amarillo and no letters of opposition.

(*) Census information from FFIEC Geocoding for 2007

Recommendation

Staff recommends the Board approve the issuance of a Determination Notice of $1,985,907 in Housing Tax Credits for the Rainbow Housing Assistance Corporation – Texas Bond Portfolio.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report Cover Memo

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBERS: **07422-07434**

This cover memo provides a summary of the Rainbow/Hunt portfolio transaction and should be read in conjunction with the 13 underwriting reports completed for each individual Texas property (TDHCA file #07422 through #07434). Each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. The allocation recommendations have been made on an individual basis and each allocation has been conditioned upon Board approval of all 13 applications and satisfaction of the conditions of all thirteen underwriting reports. As such, this memo does not constitute a recommendation.

PORTFOLIO COVER MEMO

Rainbow/Hunt Portfolio, 4% HTC #07422-#07434

ALLOCATION

	TOTAL REQUEST			**TOTAL RECOMMENDATION***		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$2,033,723			**$1,985,907**		

* The above recommendation is the combined total for applications #07422-#07434 and does constitute a recommendation to the TDHCA Board. Each application has been underwritten individually and has individual recommendations for consideration.

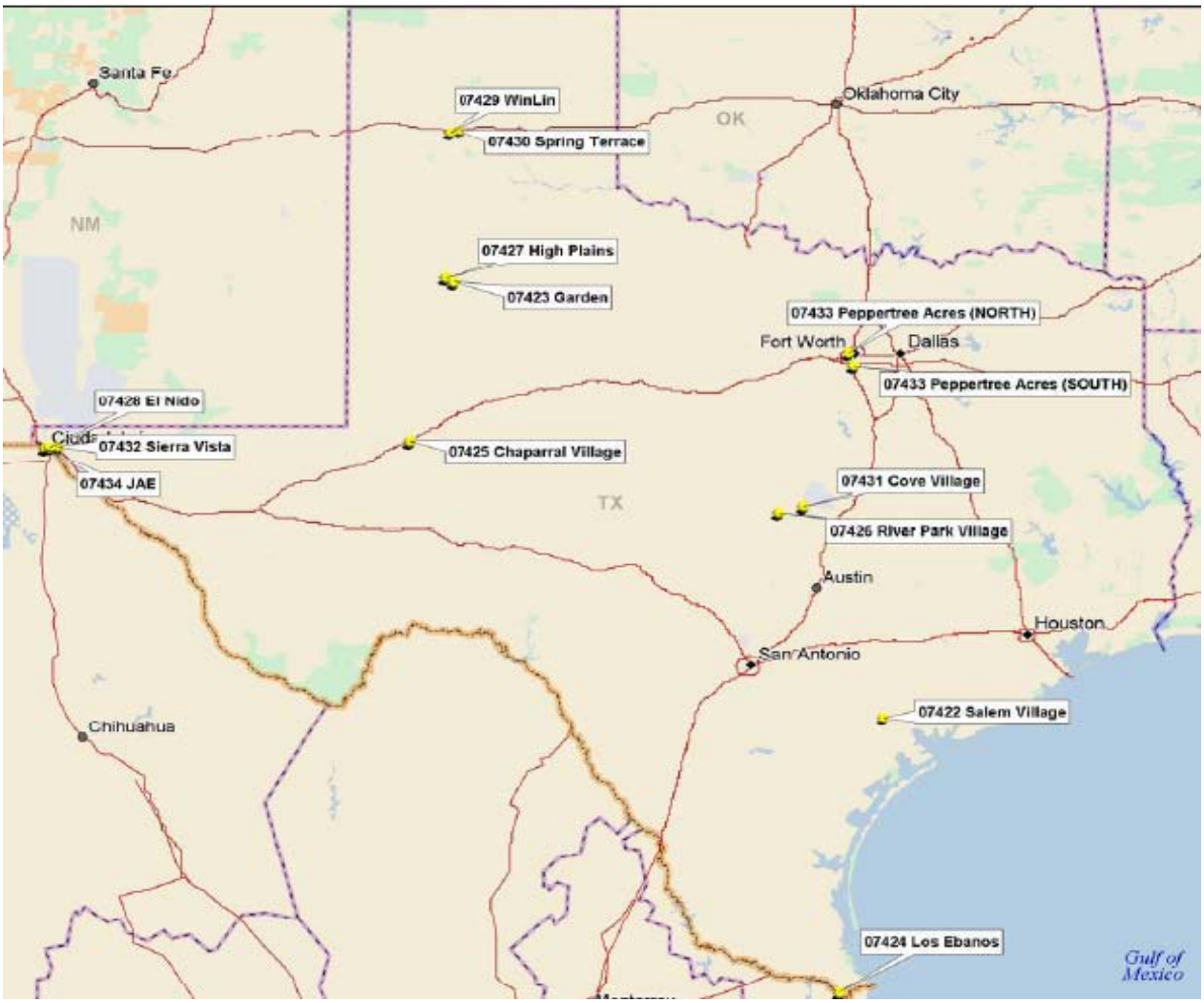
GENERAL DESCRIPTION

As indicated above, the development team has made application to the Department for the above referenced thirteen individual properties. The development team has requested a separate allocation of 4% housing tax credits based on the eligible basis of each development and each development will accordingly be restricted under separate Land Use Restriction Agreements. The Real Estate Analysis division has underwritten each transaction individually as is typical for HTC developments. However, the individual properties are being acquired as a portfolio under one purchase contract and common financing structure and the viability of each individual property is tied to the viability of the portfolio as a whole.

Key financial features of the proposal discussed in greater detail in this report are: The issuance of $34.9M of Private Activity Bonds (PAB) through the Texas State Affordable Housing Corporation (TSAHC); The maintenance of $10.1M in recently restructured subordinate Marked to Market (M2M) HUD debt (the consolidated HUD debt) and transfer of the lien to a qualified non-profit entity (in this case the GP); The maintenance of the HUD Housing Assistance Payment (HAP) contract which provides ongoing operating assistance but which is subject to future congressional appropriations and therefore causes the lender to require separation of $1.9M of the PABs with a reduced term of 20 years; A new $500,000 subordinate loan from TSAHC; A seller note for $245,000 to cover the purchase and anticipated future donation of 6 units in the JAE property (#07434), and; $19.3M in projected tax credit syndication proceeds.

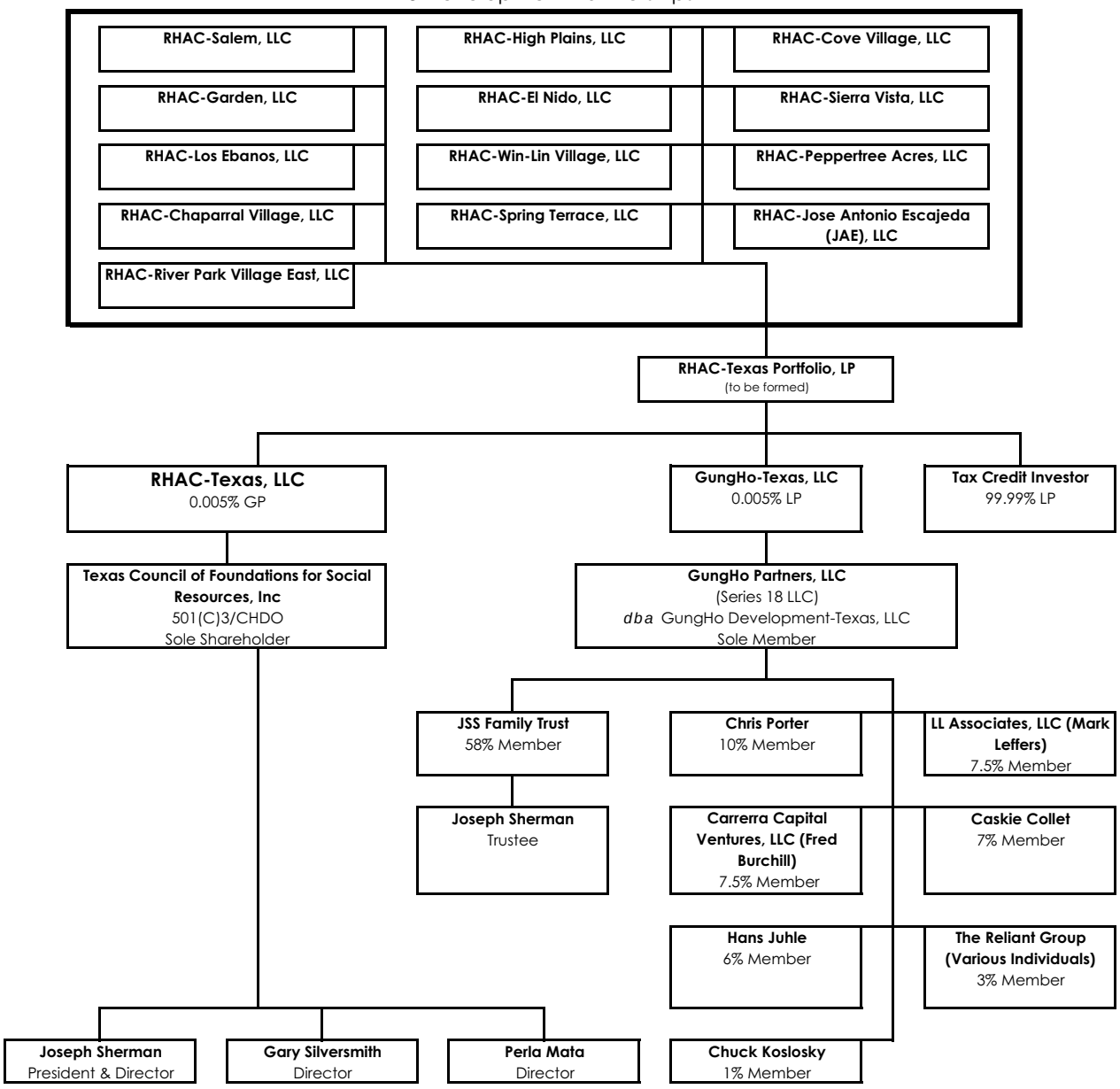
The purchase contact also encompasses seven properties located in New Mexico. However, the New Mexico properties are under a separate financing structure and have not been evaluated by the TDHCA.

Property Summary Table				
File #	Name	City	# Units	Comments
07422	Salem Village	Victoria	105	26 Yrs. Old, Has 21 age restricted units
07423	Garden Apts	Lubbock	62	26 Yrs. Old in 2 sites, still in M2M
07424	Los Ebanos	Brownsville	65	26 Yrs. Old, mod rehab, below 1.15 DCR
07425	Chaparral Vill.	Odessa	80	26 Yrs. Old, includes TSAHC loan
07426	River Park Vill.E.	Lampasas	50	25 Yrs. Old, ltd rehab, no consl. HUD debt
07427	High Plains	Lubbock	50	25 Yrs. Old
07428	El Nido	El Paso	104	27 Yrs. Old
07429	Win-Lin Village	Amarillo	50	26 Yrs. Old
07430	Spring Terrace	Amarillo	50	26 Yrs. Old, includes TSAHC loan
07431	Cove Village	Copperas Cove	50	23 Yrs. Old, Incl. TSAHC loan over 1.35 DCR
07432	Sierra Vista	El Paso	106	26 Yrs. Old
07433	Peppertree Acres	Fort Worth	148	23 Yrs. Old, in 4 separate sites part in QCT
07434	Jose Antonio Escajeda (JAE)	El Paso	88	26 Yrs. Old, in 7 sites, 18 age restrict. units, 6 excluded units to be donated
TOTALS			1,008	



OWNERSHIP STRUCTURE

13 Development Partnerships



IDENTITIES of INTEREST

The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members.

Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit entities in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern for these two main benefits of the integration with the non-profit entities appears to be mitigated.

OPERATING PROFORMA ANALYSIS

Income:

As indicated above, each transaction has been evaluated on an individual basis. The subject evaluation is derived from the sum of the thirteen individual operating proformas with income and expense adjustments made on an individual basis. Therefore, the underwriting report for each individual property should be referenced for details.

Generally, for 12 of the 13 properties the Applicant has determined rents based upon the existing post Mark-to-Market (M2M) restructuring HAP contract rents plus an increase of 5% over the current HAP contract rents based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The Applicant's rents for the 6 market rate units at JAE (07434) and 1 employee occupied (EO) unit at Garden Apartments (07423) have been set equal to the proposed HAP contract rent levels (these units appear to be encumbered by the existing HAP contracts). The remaining property of the 13, Salem Village (07422), is currently undergoing the M2M restructuring with HUD and the Applicant has projected rents based upon the rent levels HUD will be likely to accept.

The Underwriter has assumed that the projected rent increase of 5% and that the Applicant's anticipated rents will be approved by HUD. However, each report has been individually conditioned upon HUD approval of the contract rents.

Expense:

Overall, the Applicant's total operating expense estimate of $3,743 per unit is not within 5% of the Underwriter's total expense estimate of $4,028 per unit derived from the actual 2006 operating expenses of each property, the TDHCA operating expense database, IREM data, and other sources. The Underwriter has evaluated expenses on each property individually in order to account for regional and local factors and unique development characteristics. The Underwriter has relied heavily on the actual 2006 expenses of each property. Accounting for reserve for replacements of $300 and TDHCA compliance fees, the actual 2006 expense for all 13 properties combined is $4,185 per unit.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on all properties in the portfolio. The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual audited financial statements indicate combined actual 2006 property taxes of $502K. The Underwriter has determined property taxes of $760K based upon income derived tax assessed values consistent with state statute.

As discussed in each individual report, the Underwriter has evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 102% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 102% increase over 2006 property taxes would result in a DCR of 1.09. While below the minimum underwriting guideline of 1.15, the portfolio's Year One cashflow would remain positive if the property taxes increased based on the sale price of the properties. If a 50% exemption were secured at this point, the property taxes would still be slightly higher than 2006 taxes.

However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based exclusively on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has evaluated potential property taxes using the income approach and county appraisal district cap rates ranging from 7.5% to 10% in accordance with Texas Property Tax Code (if the district cap rate was unavailable the Underwriter used 10% in line with Department guidelines).

The Underwriter has estimated property taxes of $760K which is 51% higher than 2006 levels and 23% higher than the 2007 tax assessment derived values. Based on this evaluation, the portfolio may be able to maintain a viable debt coverage ratio even with substantial increases in property taxes. Moreover, the Underwriter's proforma indicates that the portfolio can sustain a 72% increase in property taxes over 2006 levels before the portfolio's debt coverage ratio falls below the Department's minimum.

Based on the Underwriter's proforma, if the Applicant pursues a 50% CHDO exemption on the sales price value in Year One, the portfolio's DCR would increase to a 1.35, which is within the Department's 1.15 to 1.35 guideline.

The table below provides the 2006 actual property taxes by property and the Underwriter's estimates, 2007 tax assessment derived taxes, the Sales Price derived taxes, and the Sales Price derived taxes assuming a 50% exemption. It should be noted that several of the 2007 assessments are being challenged.

Property Tax Comparison Table						
File #	2006 Actual*	2007 Tax Assessment Derived	Sales Price Derived	Sales Price w/50% Exemption	TDHCA Estimated	TDHCA Increase Over 2006
07422	$40,118	$39,640	$80,515	$40,257	$72,143	80%
07423	$26,289	$46,182	$33,534	$16,767	$30,197	15%
07424	$24,262	$24,184	$60,517	$30,258	$44,112	82%
07425	$17,340	$18,869	$122,107	$61,054	$64,214	270%
07426	$12,153	$15,115	$14,866	$7,433	$23,608	94%
07427	$28,710	$44,961	$52,701	$26,350	$36,526	27%
07428	$38,803	$60,346	$158,208	$79,104	$90,299	133%
07429	$17,502	$17,124	$26,082	$13,041	$26,893	54%
07430	$17,179	$16,749	$49,744	$24,872	$37,969	121%
07431	$30,805	$47,452	$43,519	$21,760	$41,266	34%
07432	$85,961	$114,888	$108,205	$54,102	$81,145	-6%
07433	$114,234	$111,315	$133,769	$66,885	$130,489	14%
07434	$49,019	$63,918	$131,273	$65,636	$81,617	67%
TOTALS	$502,375	$620,741	$1,015,041	$507,520	$760,478	51%

* The 2006 actual property taxes are based on the audited 2006 financial statements provided and includes nominal "other" taxes identified in the financial statements. This accounts for some differences between the actual 2006 taxes and 2007 tax assessment derived values where the 2006 taxes are higher than the 2007 assessment derived values.

According to the current Texas Property Tax Code, the Underwriter believes the Applicant will be eligible for a 50% exemption on the TDHCA estimated taxes in the chart above. This would reduce taxes by $122,136 from 2006 levels. While such an exemption would free up an equal amount of debt service capacity to cause the primary DCR to rise above a 1.35, the debt service with the subordinate debt would still be well below the 1.35 maximum.

Conclusion:

The proposed financing structure and the Underwriter's proforma yields a debt coverage ratio of 1.19, which is within the Department's 1.15 to 1.35 guideline.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income result in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

EVIDENCE of PROPERTY CONTROL

Type: Purchase and Sale Agreement Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $51,995,976 Other: Plus other transaction costs / consideration fee

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

The contract includes the purchase of 20 properties, including 7 properties located in New Mexico and 13 properties located in Texas. The 13 properties located in Texas are the subject of the this analysis and are considered the "portfolio."

The Buyer and Seller have agreed upon the allocation of the total purchase price among each property with a total price of $36,760,086 for the Texas portfolio, not including $245,000 for 6 units that will be re-purchased by the Seller upon expiration of the HAP contract. The contract indicates that the Buyer will pay one-half of the transaction costs related to potential prepayment penalties for the first lien debt on El Nido Apartments (07428) and one-half of potential defeasance premiums and transactions costs related to Jose Antonio Escajeda (JAE) Apartments (07434). The Buyer and Seller have estimated total defeasance and transaction costs of $165,000 which have been embedded in the individual acquisition costs attributed to the subject properties. Additionally, a non-refundable independent consideration fee of $15K has been delivered to the Seller. This fee is also embedded in the acquisition cost attributed to each property.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE

Acquisition Value:

The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition cost reflected in the Applicant's cost schedule is net of the existing reserves that will be transferred with the properties and which totals $4,492,195. The Underwriter has left the reserves and in the contract price but has also reflected them as a source of funds. Additionally, the Applicant has not included the purchase of the 6 JAE (07434) units to be donated ($245,000). The Underwriter has added the $245,000 for these units in the acquisition cost and included $245,000 in carry-back seller financing as a source of funds.

The Underwriter has determined eligible building basis for each individual property based on the seller agreed sale price breakdown and has valuated the underlying land in accordance with the Department's guidelines. The eligible building basis determination is discussed in each individual report.

Sitework Cost:

The Applicant has included sitework costs totaling $826,210 or $815 per unit which is less than the estimated sitework costs in the Property Condition Assessments (PCAs). For several of the properties the Applicant consolidated direct construction costs and sitework costs and the Applicant's total sitework and direct cost estimate is equal to the combined PCA cost estimate. The Underwriter has used the sitework costs documented in the PCAs which averaged $1,918 per unit.

Direct Construction Cost:

As indicated above, the Applicant did not break out sitework costs for several of the properties, which results in an overstatement of direct construction costs. However, when the sitework costs and the direct construction costs are combined, the total cost estimate is equal to the total combined PCA estimate. The Underwriter has broken out sitework from direct costs and has reflected the PCA direct construction cost estimate in the development cost schedule. Overall, the Underwriter has estimated hard costs, including contingency and contractor fees, of $17,812 per unit on average, which is above the Department minimum of $12,000 per unit.

Contingency & Fees:

The Applicant has overstated various fees in several of the individual reports. Adjustments to eligible basis have been made accordingly on an individual basis. The difference between the Applicant's total developer fee and the Underwriter's total developer fee is primarily the result of reductions made on an individual basis as a result of differences in the eligible building basis attributed to each property.

Conclusion:

The Underwriter's cost schedule was derived from the PCAs and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedules merely reflect corrections of the Applicant's costs and, as such, were used in each report to determine the need for permanent funds and to calculate eligible basis. Please refer to individual reports for eligible basis calculations. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES

Source: Seller (no documentation) Type: **Carry-back Financing**

Principal: $245,000 Interest Rate: ____ [ ] Fixed Term: ____ months

Comments:

As described in report #07434 for JAE, the Applicant has indicated that the 6 units located at 510 S Florence will be re-purchased by the current owner upon expiration of the HAP contract and donated to the adjacent school for expansion. The Applicant has indicated that a carry-back note will be provided for the amount of the purchase price attributed to these 6 units ($245,000). The carry-back financing will be provided by the seller. However, a commitment for the said financing was not provided with the application, and it is unclear how the note, or lack thereof, may affect the closing.

Due to the relative small amount of the note and the size of the entire portfolio, the carry-back note will likely have little affect on the overall viability. However, report #07434 has been conditioned upon receipt, review, and acceptance of a commitment with terms for the carry-back financing to be provided by the seller for the purchase of the 6 units at 510 S Florence.

Source: Texas State Affordable Housing Corp. Loan Type: **Interim to Permanent Financing**

Principal: $500,000 Interest Rate: 4.0% [x] Fixed Term: 180 months

Comments:

TSAHC has provided a commitment for a $500,000 loan to TCFSR, owner of the GP. The loan has been allocated among three of the portfolio properties by the Applicant. The loan will carry an interest rate of 4% and a 15 year term. The commitment indicates that payments will be made quarterly from available cashflow after issuer fees, syndicator fees, senior bond debt service, and supportive service fees ($3 per unit). Moreover, the payments will be calculated on a prorata basis dependent upon the amount of developer fee deferred and will begin on the earlier of the place in service date or 18 months from the closing date.

It is unclear how the allocation of the loan among the properties was determined by the Applicant but is likely based upon the cash flow capacity of the properties.

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Issuer: TSAHC

Source: Charter Mac Capital Solutions (Centerpointe) Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1):	$33,000,000	Interest Rate:	5.83%	x	Amort:	420	months
Tax-Exempt (2):	$1,900,000	Interest Rate:	5.83%	x	Amort:	240	months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for JAE, #07434) in Texas (TDHCA File #07422-#07434).

The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required by the lender.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents.

The amount of each tranche was determined by the lender. The Underwriter has also evaluated the portfolio assuming the properties did not have HAP contracts. The Underwriter used the lesser of the net tax credit rents or the achievable market rents to determine the amount of potential gross rent that would be lost if no HAP contracts were in place. The Underwriter has estimated that the total potential gross rent loss would be approximately $87K which represents less than $1.3M in amortized debt. Based upon the Underwriter's evaluation, the loss of the HAP contract, based upon the present market and HTC rent limits, would have a minimal effect on the viability of the transaction. Therefore, reason for the HAP bonds is unclear. Nevertheless, the viability of the transaction and the tax credit recommendation does not appear to be affected by the sizing of the HAP debt.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal:	$10,100,449	Interest Rate:	2.6%	x Fixed	Term:	600	months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-07434).

The Applicant has indicated that the US Department of Housing and Urban Development (HUD) will assign its second and third HUD-held notes to Texas Council of Foundation for Social Resources (TCFSR). The ninth amendment of the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark 2 Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a believed to be qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgage to the TCFSR, as a qualified nonprofit. TCFSR is also the proposed owner of the GP of the owner of the Applicant.

TCFSR has provided a term sheet for the HUD-assumed secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20 year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates. The loan will be subordinate to the Senior and Subordinate Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the portfolio properties.

The total consolidated HUD debt has been allocated among the 13 portfolio properties by the Applicant and does not necessarily correspond with the existing HUD secondary debt on each property.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation in exchange for the provision of supportive services at no additional cost.

Source: Charter Mac Capital LLC Type: **Syndication**

Proceeds: $19,410,944 Syndication Rate: 97% Anticipated HTC: $ 2,001,128

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-07434). Total capital contribution to owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development. The Applicant has used a syndication price that is slightly lower than committed to estimate the syndication proceeds identified in the sources and uses of funds.

Amount: $1,695,827 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's recommended financing structure reflects the combined totals of the individual underwriting evaluations. The Underwriter's total combined development cost estimate less senior bond amount of $34,900,000, TSAHC loan of $500,000, HUD-assumed note of $10,100,449, existing reserves of $4,492,197, and carry-back financing of $245,000 indicates the need for $21,492,417 in gap funds. The sum of the individual HTC recommendations of $1,985,907 results in syndication proceeds of 19,261,375 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $1,986,042 in additional permanent funds. Deferred developer in this amount appear to be repayable from development cash flow within five years of stabilized operation.

Underwriter:	*Cameron Dorsey*	Date:	August 6, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Rainbow/Hunt Portfolio, 4% HTC #07422-#07434

Type of Unit	Number	Bedrooms
TC 60%	82	1
MR	6	1
TC 60%	648	2
EO	1	2
TC 60%	247	3
TC 60%	30	4
TOTAL:	1,014	

INCOME	Total Net Rentable Sq Ft: 335,119			TDHCA	APPLICANT			
POTENTIAL GROSS RENT				$7,134,571	$7,137,072			
Secondary Income	Per Unit Per Month:		$12.12	$147,420	$147,420	$12.12	Per Unit Per Month	
Other Support Income:				$0	$0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$7,281,991	$7,284,492			
Vacancy & Collection Loss	% of Potential Gross Income:		-5.00%	($364,100)	($364,222)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				$0	$0			
EFFECTIVE GROSS INCOME				$6,917,891	$6,920,270			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.33%	$295	$0.89	$299,506	$137,650	$0.41	$136	1.99%
Management	4.12%	281	$0.85	$284,895	$243,433	0.73	240	3.52%
Payroll & Payroll Tax	13.75%	938	$2.84	$951,484	$1,061,590	3.17	1,047	15.34%
Repairs & Maintenance	7.13%	487	$1.47	$493,399	$541,725	1.62	534	7.83%
Utilities	1.59%	108	$0.33	$109,939	$121,800	0.36	120	1.76%
Water, Sewer, & Trash	8.39%	573	$1.73	$580,748	$582,582	1.74	575	8.42%
Property Insurance	3.10%	211	$0.64	$214,280	$215,210	0.64	212	3.11%
Property Tax	10.99%	750	$2.27	$760,478	$501,702	1.50	495	7.25%
Reserve for Replacements	4.40%	300	$0.91	$304,200	$304,200	0.91	300	4.40%
TDHCA Compliance Fees	0.58%	40	$0.12	$40,320	$40,320	0.12	40	0.58%
Other: TSAHC Fees	0.66%	45	$0.14	$45,360	$45,360	0.14	45	0.66%
TOTAL EXPENSES	59.04%	$4,028	$12.19	$4,084,609	$3,795,572	$11.33	$3,743	54.85%
NET OPERATING INC	40.96%	$2,794	$8.45	$2,833,282	$3,124,698	$9.32	$3,082	45.15%
DEBT SERVICE								
Tax-Exempt Bond (35-year amort)	31.99%	$2,182	$6.60	$2,212,924	$2,340,336	$6.98	$2,308	33.82%
Tax-Exempt Bond (20-year amort)	2.33%	$159	$0.48	161,118	$0	$0.00	$0	0.00%
TSAHC Loan	0.00%	$0	$0.00	0	$44,970	$0.13	$44	0.65%
NET CASH FLOW	6.64%	$453	$1.37	$459,239	$739,392	$2.21	$729	10.68%
AGGREGATE DEBT COVERAGE RATIO				1.19	1.31			
RECOMMENDED DEBT COVERAGE RATIO				1.19				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		51.90%	$36,590	$110.71	$37,101,788	$32,364,591	$96.58	$31,918	48.47%
Off-Sites		0.00%	0	0.00	$0	$0	0.00	0	0.00%
Sitework		2.72%	1,918	5.80	$1,944,525	$826,210	2.47	815	1.24%
Direct Construction		18.00%	12,687	38.39	$12,864,371	$13,982,686	41.72	13,790	20.94%
Contingency	7.96%	1.65%	1,163	3.52	$1,178,946	$1,178,946	3.52	1,163	1.77%
Contractor's Fees	14.00%	2.90%	2,045	6.19	$2,073,243	$2,073,244	6.19	2,045	3.10%
Indirect Construction		2.47%	1,740	5.27	$1,764,448	$1,764,448	5.27	1,740	2.64%
Ineligible Costs		4.22%	2,977	9.01	$3,018,959	$3,018,959	9.01	2,977	4.52%
Developer's Fees	14.48%	10.33%	7,281	22.03	$7,383,137	$7,413,400	22.12	7,311	11.10%
Interim Financing		3.52%	2,480	7.50	$2,514,783	$2,514,783	7.50	2,480	3.77%
Reserves		2.30%	1,618	4.90	$1,640,864	$1,640,864	4.90	1,618	2.46%
TOTAL COST		100.00%	$70,498	$213.31	$71,485,063	$66,778,131	$199.27	$65,856	100.00%
Construction Cost Recap		*25.27%*	***$17,812***	***$53.89***	***$18,061,085***	***$18,061,086***	***$53.89***	***$17,812***	*27.05%*

SOURCES OF FUNDS

						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	46.16%	$32,544	$98.47	$33,000,000	$33,000,000	$33,000,000	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.66%	$1,874	$5.67	$1,900,000	$1,900,000	1,900,000	$7,383,137
TSAHC Loan	0.70%	$493	$1.49	$500,000	$500,000	500,000	
TCFSR Sub. Unsecured Notes	14.13%	$9,961	$30.14	$10,100,449	$10,100,449	10,100,449	% of Dev. Fee Deferred
Reserve Balance	6.28%	$4,430	$13.40	$4,492,197	$0	4,492,197	27%
Carry-back Financing for #07434	0.34%	$242	$0.73	$245,000	$0	245,000	
HTC Syndication Proceeds	27.39%	$19,311	$58.43	$19,581,856	$19,581,856	19,261,375	
Deferred Developer Fees	2.37%	$1,672	$5.06	$1,695,827	$1,695,827	1,986,042	15-Yr Cumulative Cash Flow
Additional (Excess) Funds Req'd	-0.04%	($30)	($0.09)	(30,266)	(1)	0	$11,439,984
TOTAL SOURCES				$71,485,063	$66,778,131	$71,485,063	

PAYMENT COMPUTATION

Primary	$33,000,000	Amort	420
Int Rate	5.83%	DCR	1.28

Secondary	$1,900,000	Amort	240
Int Rate	5.83%	Subtotal DCR	1.19

Additional	$10,100,449	Amort	
Int Rate	2.60%	Aggregate DCR	1.19

RECOMMENDED FINANCING STRUCTURE

Primary Debt Service	$2,212,924
Secondary Debt Service	161,118
Additional Debt Service	0
NET CASH FLOW	$459,239

Primary	$33,000,000	Amort	420
Int Rate	5.83%	DCR	1.28

Secondary	$1,900,000	Amort	240
Int Rate	5.83%	Subtotal DCR	1.19

Additional	$10,100,449	Amort	
Int Rate	2.60%	Aggregate DCR	1.19

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$7,134,571	$7,348,608	$7,569,066	$7,796,138	$8,030,022	$9,308,996	$10,791,678	$12,510,513	$16,813,083
Secondary Income	147,420	151,843	156,398	161,090	165,923	192,350	222,986	258,502	347,405
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	7,281,991	7,500,450	7,725,464	7,957,228	8,195,945	9,501,346	11,014,664	12,769,015	17,160,488
Vacancy & Collection Loss	(364,100)	(375,023)	(386,273)	(397,861)	(409,797)	(475,067)	(550,733)	(638,451)	(858,024)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$6,917,891	$7,125,428	$7,339,191	$7,559,366	$7,786,147	$9,026,279	$10,463,931	$12,130,564	$16,302,463
EXPENSES at 4.00%									
General & Administrative	$299,506	$311,486	$323,946	$336,904	$350,380	$426,291	$518,648	$631,014	$934,055
Management	284,895	293,442	302,245	311,312	320,652	371,723	430,929	499,565	671,373
Payroll & Payroll Tax	951,484	989,543	1,029,125	1,070,290	1,113,101	1,354,258	1,647,662	2,004,633	2,967,346
Repairs & Maintenance	493,399	513,135	533,661	555,007	577,207	702,261	854,408	1,039,518	1,538,741
Utilities	109,939	114,337	118,910	123,666	128,613	156,477	190,379	231,625	342,861
Water, Sewer & Trash	580,748	603,977	628,137	653,262	679,392	826,585	1,005,667	1,223,547	1,811,149
Insurance	214,280	222,852	231,766	241,036	250,678	304,988	371,064	451,456	668,266
Property Tax	760,478	790,897	822,533	855,435	889,652	1,082,398	1,316,902	1,602,213	2,371,667
Reserve for Replacements	304,200	316,368	329,023	342,184	355,871	432,971	526,776	640,904	948,694
Other	85,680	89,107	92,671	96,378	100,233	121,949	148,370	180,515	267,206
TOTAL EXPENSES	$4,084,609	$4,245,145	$4,412,016	$4,585,474	$4,765,780	$5,779,901	$7,010,805	$8,504,990	$12,521,358
NET OPERATING INCOME	$2,833,282	$2,880,283	$2,927,175	$2,973,892	$3,020,367	$3,246,377	$3,453,126	$3,625,574	$3,781,106
DEBT SERVICE									
First Lien Financing	$2,212,924	$2,212,924	$2,212,924	$2,212,924	$2,212,924	$2,212,924	$2,212,924	$2,212,924	$2,212,924
Second Lien	161,118	161,118	161,118	161,118	161,118	161,118	161,118	161,118	161,118
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$459,239	$506,241	$553,132	$599,850	$646,325	$872,335	$1,079,084	$1,251,532	$1,407,063
DEBT COVERAGE RATIO	1.19	1.21	1.23	1.25	1.27	1.37	1.45	1.53	1.59

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Salem Village Apartments, TDHCA Number 07422

BASIC DEVELOPMENT INFORMATION

Site Address:	5201 John Stockbauer Drive			Development #:	07422
City:	Victoria	Region:	10	Population Served:	Family
County:	Victoria	Zip Code:	79904	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC- SALEM, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	105	0	40	46	17	2	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☑ Townhome

Total Restricted Units:	105
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	105
Total Development Cost:	$7,440,693
Number of Residential Buildings:	28
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$190,092	$181,840	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Salem Village Apartments, TDHCA Number 07422

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Hegar, District 18 NC

US Representative: Paul, District 14, NC

TX Representative: Morrison, District 30 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Will Armstrong, Mayor, City of Victoria - NC

Resolution of Support from Local Government ☐

John K. Kaminski, Director of Planning, City of Lubbock - The property fulfills a need for additional affordable rental housing as evidenced in the City of Victoria's 2005-2010 Consolidated Plan & Strategy. The property fulfills a need for additional affordable rental housing as evidenced in the City of Victoria's 2005-2010 Consolidated Plan & Strategy.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review, and acceptance, by cost certification, of evidence that HUD has approved a permanent waiver releasing all age-restrictions or documentation from HUD or the US Department of Justice regarding acceptable compliance with fair housing.

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Salem Village Apartments, TDHCA Number 07422

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$181,840
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $181,840 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07422**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

Salem Village

Location: 5201 John Stockbauer Drive Region: 10

City: Victoria County: Victoria Zip: 77904 ☐ QCT ☐ DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$190,092			**$181,840**		

** The Applicant originally requested $197,095.

CONDITIONS

1 Receipt, review, and acceptance, by cost certification, of evidence that HUD has approved a permanent waiver releasing all age-restrictions or documentation from HUD or the US Department of Justice regarding acceptable compliance with fair housing.

2 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

3 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

4 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

5 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

6 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.
7 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	105

Comments:

The HAP contract submitted at application indicates that 21of the 105 units are HUD designated elderly units. These units appear to be dispersed throughout the property and share leasing and other community facilities with the non-elderly units. The presence of both elderly and non-elderly designated units within the same property causes a Fair Housing and general use concern unless the development satisfies the QAP requirements for intergenerational housing § 49.3(53). Based on the information submitted by the Applicant, correspondence with the Applicant, and conversations HUD staff, the development does not currently meet the Department's intergenerational guidelines at § 49.3(53), which requires that the development:

- Have separate and specific buildings exclusively for the age restricted units;
- Have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;
- Have separate and specific entrances, and other appropriate security measures for the age restricted units;
- Provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;
- Meet the QAP guidelines for Qualified Elderly Development for the age restricted units; and
- Meet the requirements of the federal Fair Housing Act.

Staff is currently unaware of an exception to Fair Housing requirements for certain HUD supported properties. Moreover, even with such an exception the development may not meet the Department's intergenerational guidelines. Therefore, receipt, review, and acceptance, by cost certification, of evidence that the HUD has approved a permanent waiver releasing all age-restrictions or documentation from HUD or the US Department of Justice that the age-restricted units do not constitute a fair housing violation is a condition of this report.

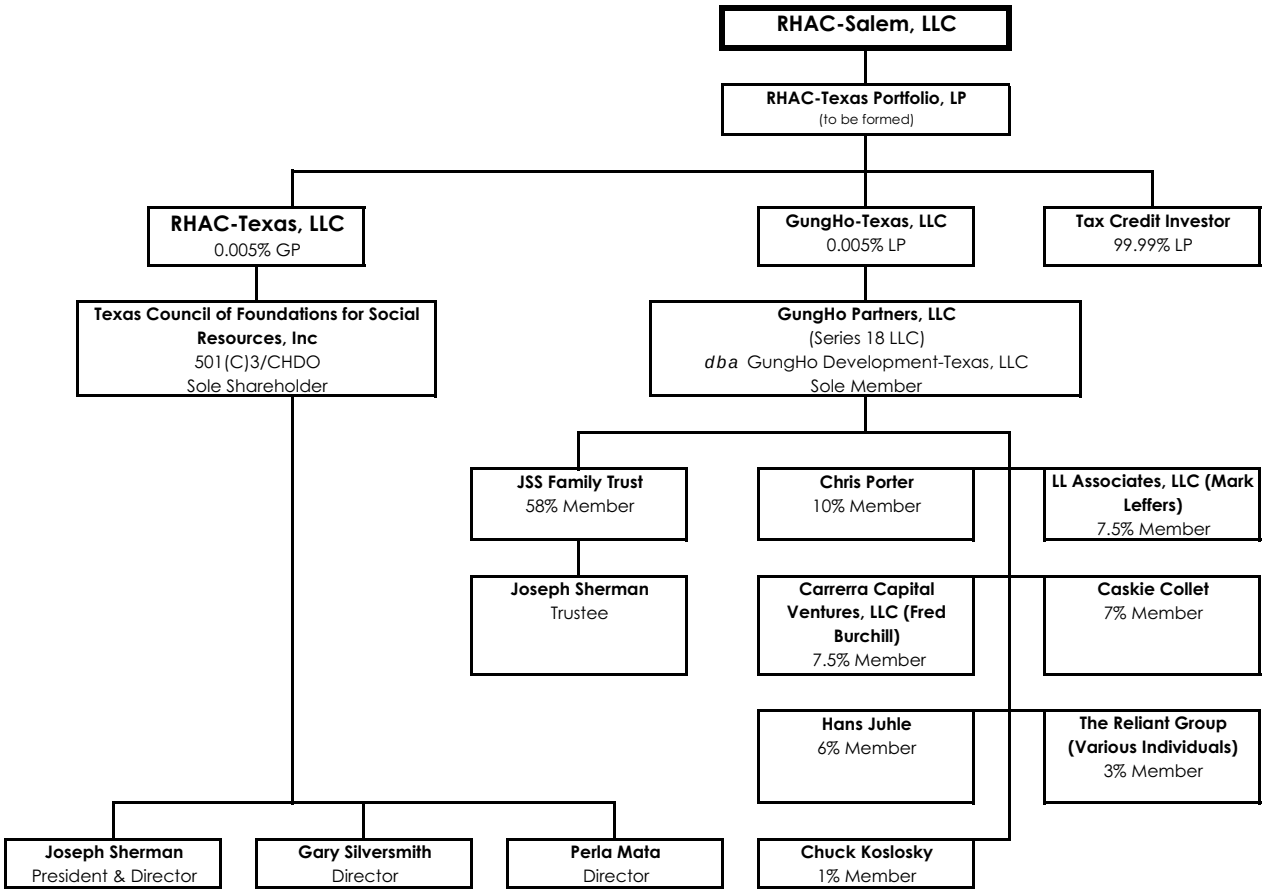
PROS	CONS
▫ The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.	▫ The subject has a potential fair housing concern with regard to the preexisting age-restricted units in an otherwise non-age-restricted property.
▫ The proposed rehabilitation will refresh a 26 year old property.	▫ The subject has unresolved environmental concerns with regard to asbestos and noise.
▫ The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.	▫ The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Chris Porter Phone: (415) 788-0700 Fax: (415) 788-0435

Email: cporter@reliantgroup.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

  The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

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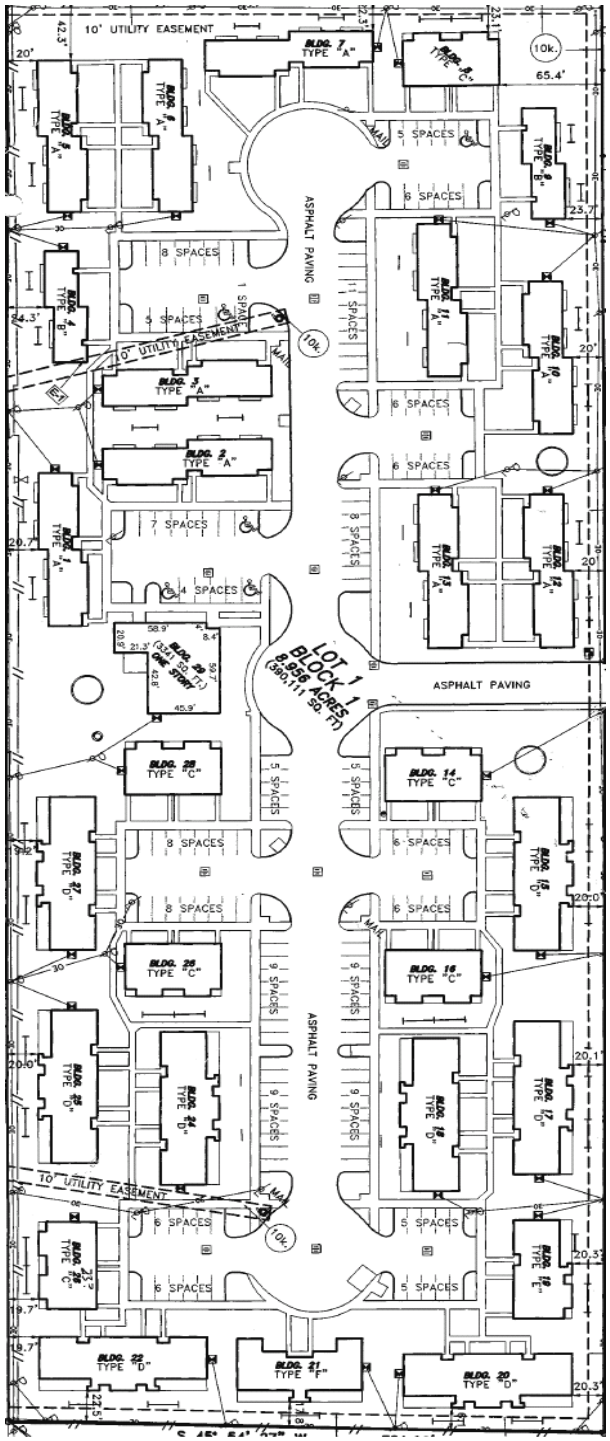
PROPOSED SITE
SITE PLAN



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BUILDING CONFIGURATION

Building Type	A	B	C	D	E	F					Total Buildings
Floors/Stories	1	2	2	1	2	1					
Number	10	8	6	2	1	1					**28**

BR/BA	SF	Units										Total Units	Total SF
1/1	603	4										40	24,120
2/1	769				2							4	3,076
2/1	982		2	4		2						42	41,244
3/1	1,076		2			1						17	18,292
4/2	1,167						2					2	2,334
Units per Building		4	4	4	2	3	2					**105**	**89,066**

Rehabilitation Recommendations of Property Condition Assessment:

Pavement seal coating and re-striping; Removal and pruning of some trees located too close to buildings; Replacement of dumpster enclosures; Repair/modernization of site lighting and signage; Repairs to playground; Re-shingling and re-sloping roofs at some buildings; Complete replacement of siding with new paint; Replacement of damaged trim; Installation of double glazed windows; Replacement of damaged exterior doors; Replacement of vinyl flooring; Replacement of cabinets and countertops; Replacement of all bathtubs; Replacement of kitchen appliances; Replacement of 30 water heaters; Replacement of all remaining original condensers with pad-mounted condensers; Replacement of approximately 100 furnaces; Installation of GFCI outlets; Installation of ADA compliant handrails and ramp at office.

SITE ISSUES

Total Size:	8.95 acres	Scattered site?	[ ]	Yes	[x]	No	
Flood Zone:	X	Within 100-yr floodplain?	[ ]	Yes	[x]	No	
Zoning:	None	Needs to be re-zoned?	[ ]	Yes	[ ]	No	[x] N/A

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 6/6/2007

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

Northwest: vacant land and a single family mobile home

Northeast: commercial development along John Stockbauer Drive

Southeast: vacant land, a dentist office, and retail businesses

Southwest: Dairy Road followed by a single family residential subdivision

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 4/30/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- Asbestos – Asbestos has been identified at the property in the form of vinyl flooring. These materials were identified to be in good condition. According to the EPA, asbestos containing materials can, in general, be managed safely in-place under an Operations and Maintenance program until removal is dictated by renovation, demolition, or deteriorating material condition. (See pg. 20)

Comments:

The underwriting report is conditioned upon receipt, review and acceptance of documentation that the "non-friable" suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company LLP Date: 4/6/2007

Contact: Rachel Barnes Phone: (913) 262-3500 Fax: (913) 262-3501

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA): 32.9 square miles (≈3.25-mile radius)

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is the city of Victoria. This area was defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 12).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units (25%)
None				N/A			

INCOME LIMITS						
Victoria						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$22,260	$25,440	$28,620	$31,800	$34,320	$36,900

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/ 60% Rent Limit				1,249	18		1.44%
2 BR/ 60% Rent Limit				1,074	42		3.91%
3 BR/ 60% Rent Limit				731	17		2.32%
4 BR/ 60% Rent Limit				287	2		0.70%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

OVERALL DEMAND											
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 103	100%	22,709	100%	22,709	40%	9,015	37%	3,354	30%	1,006
Underwriter	100%	22,801	98%	22,356	42%	9,282	36%	3,307	30%	992

PMA DEMAND from HOUSEHOLD GROWTH								
Market Analyst p. 103		100%	78	40%	31	37%	12	100%	12
Underwriter		98%	72	42%	29	36%	10	100%	10

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 103	105	0	0	105	1,018	10.3%
Underwriter	105	0	0	105	1,003	10.47%

Primary Market Occupancy Rates:

"The Subject property is currently operating as a Project-Based Section 8 property that restricts 26 of the 105 units to disabled and senior households. The remaining units are not age-restricted. At the time of the property inspection, the property was 100 percent occupied. According to the property manager, historical occupancy is typically 100 percent. The property maintains a waiting list that contains 47 applicants" (p. 6).

"Two LIHTC properties were able to provide absorption information. Both Pinnacle Pointe and Caney Run were completed in August 2005 and both have recently reached 95 percent occupancy during March 2007" (p. 60).

"Occupancy rates reported at the...comparable properties ranged from 95.1 to 100 percent, with a weighted average occupancy rate of 97.5 percent. The LIHTC properties average occupancy was 96.5 percent, which is lower than the comparable market properties average of 98.5 percent" (p. 61).

Absorption Projections:

"Both Pinnacle Pointe and Caney Run Estates were new construction developments. The Subject is an existing Section 8 project based development that is 100 percent occupied. The Section 8 subsidy contract will remain in effect post renovation and no tenant relocation will be necessary during renovations. As such, it will not be necessary for the Subject to re-lease units post renovation. However, providing the Subject needed to re-lease units post renovation, we estimate an absorption period of approximately eight to ten months. This absorption rate equates to a pace of approximately 11 to 13 units per month" (p. 60).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 603 SF (60%)	$455	$521	$490	$455	$35
2 BR 769 SF (60%)	$577	$626	$605	$577	$28
2 BR 982 SF (60%)	$577	$620	$605	$577	$28
3 BR 1,076 SF (60%)	$645	$719	$710	$645	$65
4 BR 1,167 SF (60%)	$730	$786	$775	$730	$45

Market Impact:

"Since the Subject is a fully occupied Section 8 development that offers subsidized rents, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 97).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA (0 units) resulting in an acceptable inclusive capture rate of 10.47%. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 105 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the HAP contract but below the current Housing Tax Credit net rent limits and market rents.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $6.38 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and appears to be consistent with historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 97% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $4,077 per unit is within 5% of the Underwriter's estimate of $4,001 derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly: general & administrative ($27K lower); payroll and payroll taxes ($21K higher); repairs and maintenance ($47K higher); and property tax ($32K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($40K) appear to have been based on an assessed value of $14K per unit. The Underwriter has underwritten the transaction based on an assessed value of $25K per unit which results in a 80% increase over 2006 and is consistent with the TDHCA database and state statute.

The Underwriter has evaluated the impact of property taxes derived based on the seller approved sales price of the property and has determined that property taxes would increase by 101% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 101% increase over 2006 property taxes would result in a still healthy DCR of 1.15. If a 50% exemption were secured at this point, the property taxes would be equivalent to 2006 taxes. However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has used the income approach and the appraisal district's cap rate of 9% to derive the estimated property taxes of $72K based on an assessed value of $25K per unit which is 80% higher than 2006 taxes.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

The Applicant's effective gross income, total operating expense and net operating income estimates are each within 5% of the Underwriter's estimates. Therefore, the Applicant's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio within the current TDHCA guideline of 1.15 to 1.35. The Applicant's and Underwriter's expense to income ratios are each just slightly below the Department's 65% maximum but are still acceptable. Moreover, the HAP contract further mitigates concerns regarding the expense to income ratio.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 4/10/2007

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Land Only: 8.95 acres	$230,000	As of:	3/27/2007
Existing Buildings: (as-is)	$2,170,000	As of:	3/27/2007
Total Development: (as-is)	$2,400,000	As of:	3/27/2007

Comments:

Although the summary letter dated 4/4/2007 indicates the "as-is" value of the property assumes market rate operation, a closer look at the rents used in the income capitalization approach to valuation indicates the "as-is" value assumes the HAP contract is in place. Therefore, the values provided are acceptable.

ASSESSED VALUE

Land Only:	$296,090	Tax Year:	2006
Existing Buildings:	$1,146,260	Valuation by:	Victoria County TAC
Total Assessed Value:	$1,442,350	Tax Rate:	2.7483

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $2,929,619 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties in Texas for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $2,929,619; however, reserves of $1,525,133 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $1,174,486 based upon the contract price less the appraised land value, closing costs, and existing reserves. The Underwriter determined the building basis ($1,108,396) as the contract price less closing costs, reserves, and the tax assessed land value, which is greater than the appraised land value.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant has estimated sitework of $1,110 per unit, which is slightly lower than the Property Condition Assessment estimate. The underwriting analysis assumes the estimate of $1,127 per unit provided in the PCA.

Direct Construction Cost:

The Applicant has provided no break-out of direct construction costs, but indicated total sitework and direct construction costs of $2,240,371, which combined with the sitework estimate is equal to the combined PCA estimates of sitework and direct costs. The underwriting analysis assumes the estimate for direct construction costs of $2,238,521provided in the PCA. The total hard cost estimate including contingency and contractor fees is estimated to be $27,834 per unit, which is well above the Department's minimum of $12,000 reflecting a moderate level of rehabilitation.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $5,153,981 supports annual tax credits of $186,574. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1):	$2,789,398	Interest Rate:	5.83%	x	Fixed	Term:	420	months
Tax-Exempt (2):	$160,602	Interest Rate:	5.83%	x	Fixed	Term:	240	months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434).

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The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since as a whole for the portfolio the proposed Contract rents are greater than HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $2,950,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation, though it conforms to the DCR standards of the Department.

The Applicant did, however, allocate a portion of the HAP bonds to the subject property even though there appears to be no risk of lost revenue associated with the HAP contract for this property at this time.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal: $1,201,893 Interest Rate: 2.6% [x] Fixed Term: 600 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

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TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $1,201,893 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services, as discussed above.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $1,706,092 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $59,818 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the total senior bond amount attributed to the subject of $2,950,000, HUD assumed note of 1,201,893, and existing reserves of $1,525,113 indicates the need for $1,763,667 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $181,840 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($190,092), the gap-driven amount ($181,840), and eligible basis-derived estimate ($186,574), the gap-driven amount of $181,840 is recommended resulting in proceeds of $1,763,667 based on a syndication rate of 97%. Of note, the Applicant appears to have understated the proceeds amount in the sources and uses of funds.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter: *Cameron Dorsey* Date: August 6, 2007

Director of Real Estate Analysis: *Tom Gouris* Date: August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Salem Village, Victoria, 4% HTC #07422

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	40	1	1	603	$596	$455	$18,200	$0.75	$75.00	$45.00
TC 60%	4	2	1	769	$715	577	2,308	0.75	89.00	49.50
TC 60%	42	2	1	982	$715	577	24,234	0.59	95.00	49.50
TC 60%	17	3	1	1,076	$826	645	10,965	0.60	107.00	52.00
TC 60%	2	4	2	1,167	$922	730	1,460	0.63	136.00	55.50
TOTAL:	105		**AVERAGE:**	848		$544	$57,167	$0.64	$89.88	$48.30

INCOME	Total Net Rentable Sq Ft: 89,066			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$686,004	$686,004	Victoria		10
Secondary Income	Per Unit Per Month:	$6.38		8,040	8,040	$6.38	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$694,044	$694,044			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(34,702)	(34,704)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$659,342	$659,340			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.74%	$423	0.50	$44,413	$17,000	$0.19	$162	2.58%
Management		3.88%	244	0.29	25,594	23,077	0.26	220	3.50%
Payroll & Payroll Tax		14.26%	896	1.06	94,033	115,000	1.29	1,095	17.44%
Repairs & Maintenance		7.59%	477	0.56	50,076	96,889	1.09	923	14.69%
Utilities		2.78%	175	0.21	18,327	18,325	0.21	175	2.78%
Water, Sewer, & Trash		8.29%	520	0.61	54,641	54,637	0.61	520	8.29%
Property Insurance		3.11%	195	0.23	20,505	22,575	0.25	215	3.42%
Property Tax	2.7483	10.94%	687	0.81	72,143	40,118	0.45	382	6.08%
Reserve for Replacements		4.78%	300	0.35	31,500	31,500	0.35	300	4.78%
TDHCA Compliance Fees		0.64%	40	0.05	4,200	4,200	0.05	40	0.64%
Other:TSAHC Fees		0.72%	45	0.05	4,725	4,725	0.05	45	0.72%
TOTAL EXPENSES		63.72%	$4,001	$4.72	$420,157	$428,046	$4.81	$4,077	64.92%
NET OPERATING INC		36.28%	$2,278	$2.69	$239,184	$231,294	$2.60	$2,203	35.08%
DEBT SERVICE									
Tax-Exempt Bond (35-year amort)		28.37%	$1,781	$2.10	$187,052	$197,822	$2.22	$1,884	30.00%
Tax-Exempt Bond (20-year amort)		2.07%	$130	$0.15	$13,619	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		5.84%	$367	$0.43	$38,513	$33,472	$0.38	$319	5.08%
AGGREGATE DEBT COVERAGE RATIO					1.19	1.17			
RECOMMENDED DEBT COVERAGE RATIO						1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		39.51%	$27,996	$33.00	$2,939,619	$1,414,486	$15.88	$13,471	23.90%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		1.59%	1,127	1.33	118,350	116,500	1.31	1,110	1.97%
Direct Construction		30.08%	21,319	25.13	2,238,521	2,240,371	25.15	21,337	37.86%
Contingency	10.00%	3.17%	2,245	2.65	235,687	235,687	2.65	2,245	3.98%
Contractor's Fees	14.00%	4.43%	3,142	3.70	329,961	329,961	3.70	3,142	5.58%
Indirect Construction		3.39%	2,403	2.83	252,308	252,308	2.83	2,403	4.26%
Ineligible Costs		2.76%	1,957	2.31	205,489	205,489	2.31	1,957	3.47%
Developer's Fees	15.00%	9.03%	6,402	7.55	672,258	674,500	7.57	6,424	11.40%
Interim Financing		2.67%	1,890	2.23	198,500	198,500	2.23	1,890	3.35%
Reserves		3.36%	2,381	2.81	250,000	250,000	2.81	2,381	4.22%
TOTAL COST		100.00%	$70,864	$83.54	$7,440,693	$5,917,802	$66.44	$56,360	100.00%
Construction Cost Recap		*39.28%*	***$27,834***	***$32.81***	***$2,922,519***	***$2,922,519***	***$32.81***	***$27,834***	*49.39%*

SOURCES OF FUNDS						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	37.49%	$26,566	$31.32	$2,789,398	$2,789,398	$2,789,398	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.16%	$1,530	$1.80	160,602	$160,602	160,602	$672,258
TSAHC Loan	0.00%	$0	$0.00	0	0	0	
TCFSR Sub. Unsecured Notes	16.15%	$11,447	$13.49	1,201,893	1,201,893	1,201,893	% of Dev. Fee Deferred
Reserve Balance	20.50%	$14,525	$17.12	1,525,133	0	1,525,133	0%
HTC Syndication Proceeds	22.93%	$16,248	$19.16	1,706,092	1,706,092	1,763,667	
Deferred Developer Fees	0.80%	$570	$0.67	59,818	59,818	0	15-Yr Cumulative Cash Flow
Additional (Excess) Funds Req'd	-0.03%	($21)	($0.03)	(2,243)	(1)	0	$861,677
TOTAL SOURCES				$7,440,693	$5,917,802	$7,440,693	

Salem Village, Victoria, 4% HTC #07422

PAYMENT COMPUTATION

Primary	$2,789,398	Amort	420
Int Rate	5.83%	DCR	1.28

Secondary	$160,602	Amort	240
Int Rate	5.83%	Subtotal DCR	1.19

Additional	$1,201,893	Amort	0
Int Rate	2.60%	Aggregate DCR	1.19

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NC

Primary Debt Service	$187,052
Secondary Debt Service	13,619
Additional Debt Service	0
NET CASH FLOW	$30,623

Primary	$2,789,398	Amort	420
Int Rate	5.83%	DCR	1.24

Secondary	$160,602	Amort	240
Int Rate	5.83%	Subtotal DCR	1.15

Additional	$1,201,893	Amort	0
Int Rate	2.60%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$686,004	$706,584	$727,782	$749,615	$772,104	$895,080	$1,037,643	$1,202,912	$1,616,613
Secondary Income	8,040	8,281	8,530	8,786	9,049	10,490	12,161	14,098	18,947
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	694,044	714,865	736,311	758,401	781,153	905,570	1,049,804	1,217,010	1,635,560
Vacancy & Collection Loss	(34,704)	(35,743)	(36,816)	(37,920)	(39,058)	(45,278)	(52,490)	(60,851)	(81,778)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$659,340	$679,122	$699,496	$720,481	$742,095	$860,291	$997,314	$1,156,160	$1,553,782
EXPENSES at 4.00%									
General & Administrative	$17,000	$17,680	$18,387	$19,123	$19,888	$24,196	$29,438	$35,816	$53,017
Management	23,077	23,769	24,482	25,217	25,973	30,110	34,906	40,466	54,383
Payroll & Payroll Tax	115,000	119,600	124,384	129,359	134,534	163,681	199,143	242,288	358,645
Repairs & Maintenance	96,889	100,765	104,795	108,987	113,346	137,903	167,780	204,131	302,163
Utilities	18,325	19,058	19,820	20,613	21,438	26,082	31,733	38,608	57,149
Water, Sewer & Trash	54,637	56,822	59,095	61,459	63,918	77,765	94,614	115,112	170,394
Insurance	22,575	23,478	24,417	25,394	26,410	32,131	39,093	47,562	70,404
Property Tax	40,118	41,723	43,392	45,127	46,932	57,100	69,471	84,523	125,114
Reserve for Replacements	31,500	32,760	34,070	35,433	36,851	44,834	54,548	66,366	98,238
Other	8,925	9,282	9,653	10,039	10,441	12,703	15,455	18,804	27,834
TOTAL EXPENSES	$428,046	$444,937	$462,497	$480,752	$499,730	$606,507	$736,181	$893,674	$1,317,340
NET OPERATING INCOME	$231,294	$234,185	$236,999	$239,729	$242,365	$253,784	$261,132	$262,486	$236,442
DEBT SERVICE									
First Lien Financing	$187,052	$187,052	$187,052	$187,052	$187,052	$187,052	$187,052	$187,052	$187,052
Second Lien	13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,619	13,619
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$30,623	$33,514	$36,328	$39,057	$41,694	$53,113	$60,461	$61,814	$35,771
DEBT COVERAGE RATIO	1.15	1.17	1.18	1.19	1.21	1.26	1.30	1.31	1.18

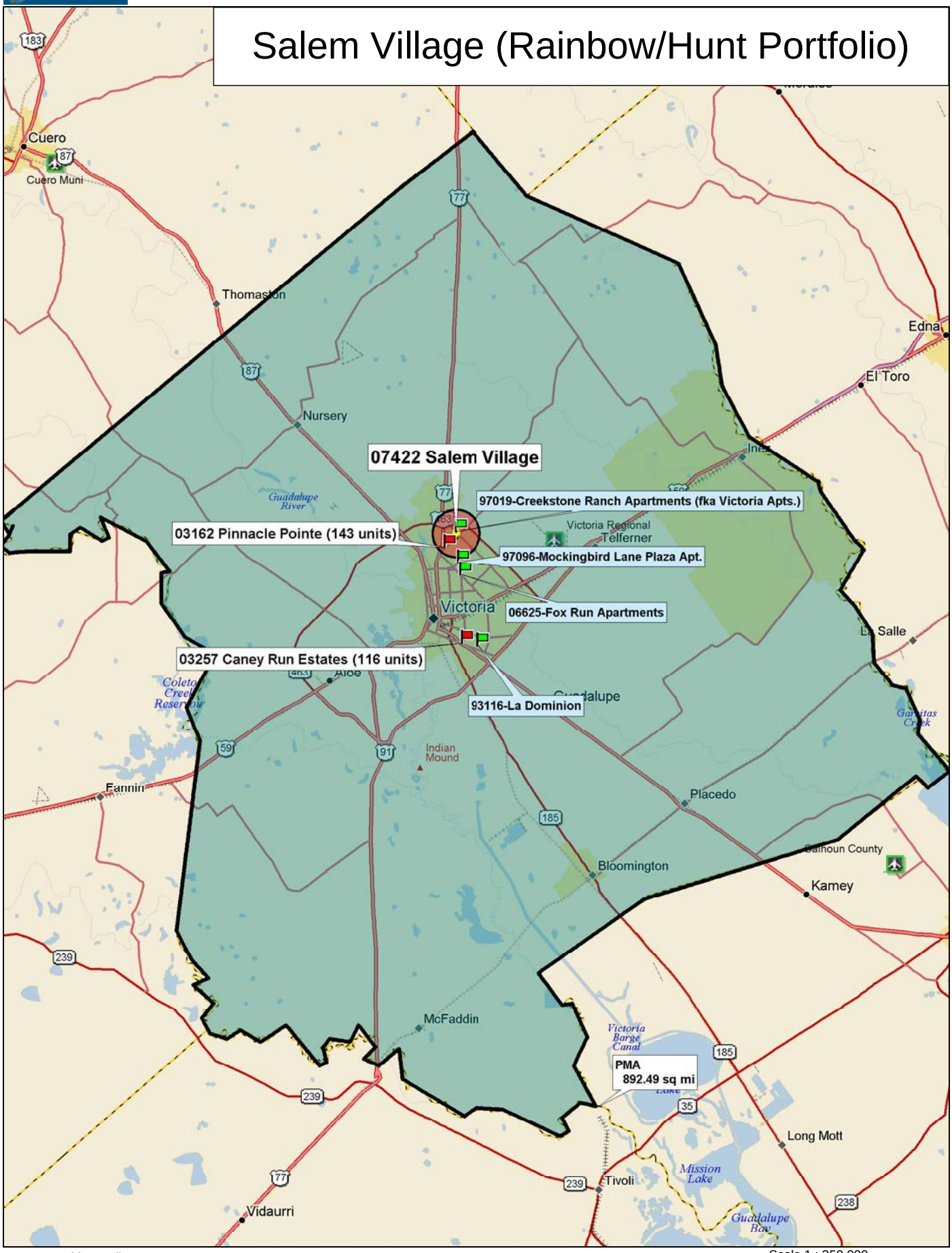
HTC ALLOCATION ANALYSIS -Salem Village, Victoria, 4% HTC #07422

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$240,000	$1,831,223				
Purchase of buildings	$1,174,486	$1,108,396	$1,174,486	$1,108,396		
Off-Site Improvements						
Sitework	$116,500	$118,350			$116,500	$118,350
Construction Hard Costs	$2,240,371	$2,238,521			$2,240,371	$2,238,521
Contractor Fees	$329,961	$329,961			$329,961	$329,961
Contingencies	$235,687	$235,687			$235,687	$235,687
Eligible Indirect Fees	$252,308	$252,308			$252,308	$252,308
Eligible Financing Fees	$198,500	$198,500			$198,500	$198,500
All Ineligible Costs	$205,489	$205,489				
Developer Fees				$166,259		$505,999
Developer Fees	$674,500	$672,258	$174,192		$500,308	
Development Reserves	$250,000	$250,000				
TOTAL DEVELOPMENT COSTS	$5,917,802	$7,440,693	$1,348,678	$1,274,655	$3,873,635	$3,879,326

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS	$1,348,678	$1,274,655	$3,873,635	$3,879,326	
High Cost Area Adjustment			100%	100%	
TOTAL ADJUSTED BASIS	$1,348,678	$1,274,655	$3,873,635	$3,879,326	
Applicable Fraction	100%	100%	100%	100%	
TOTAL QUALIFIED BASIS	$1,348,678	$1,274,655	$3,873,635	$3,879,326	
Applicable Percentage	3.62%	3.62%	3.62%	3.62%	
TOTAL AMOUNT OF TAX CREDITS	$48,822	$46,143	$140,226	$140,432	
Syndication Proceeds	**0.9699**	**$473,527**	**$447,538**	**$1,360,052**	**$1,362,050**

Total Tax Credits (Eligible Basis Method)	**$189,048**	**$186,574**
Syndication Proceeds	**$1,833,580**	**$1,809,588**
Requested Tax Credits	**$190,092**	
Syndication Proceeds	**$1,843,708**	
Gap of Syndication Proceeds Needed	**$1,765,909**	**$1,763,667**
Total Tax Credits (Gap Method)	**$182,071**	**$181,840**

Salem Village (Rainbow/Hunt Portfolio)



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MN (4.6°E)

Scale 1 : 350,000

1" = 5.52 mi

Data Zoom 9-2

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Garden Apartments, TDHCA Number 07423

BASIC DEVELOPMENT INFORMATION

Site Address:	1340 65th Dr.& 6516 Avenue T			Development #:	07423
City:	Lubbock	Region:	1	Population Served:	Family
County:	Lubbock	Zip Code:	79412	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC- Garden, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	62	0	4	56	2	0	0

Type of Building:

☐ Duplex
☐ Triplex
☑ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	62
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	62
Total Development Cost:	$3,282,140
Number of Residential Buildings:	10
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$96,005	$95,477	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Garden Apartments, TDHCA Number 07423

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Duncan, District 28 NC

US Representative: Neugebauer, District 19, NC

TX Representative: Isett, District 84 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: David Miller, Mayor, City of Lubbock - NC Resolution of Support from Local Government ☐

Goals of the City of Lubbock FY 2004-2009 Consolidated Plan indicate the need to increase the availability of decent, safe and affordable housing.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Garden Apartments, TDHCA Number 07423

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$95,477
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $95,477 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07423**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

Garden

Location: 1340 65th Drive & 6516 Avenue T Region: 1

City: Lubbock County: Lubbock Zip: 79412 ☐ QCT ☐ DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$96,005			**$95,477**		

** The Applicant originally requested $93,192.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

3 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

4 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	62

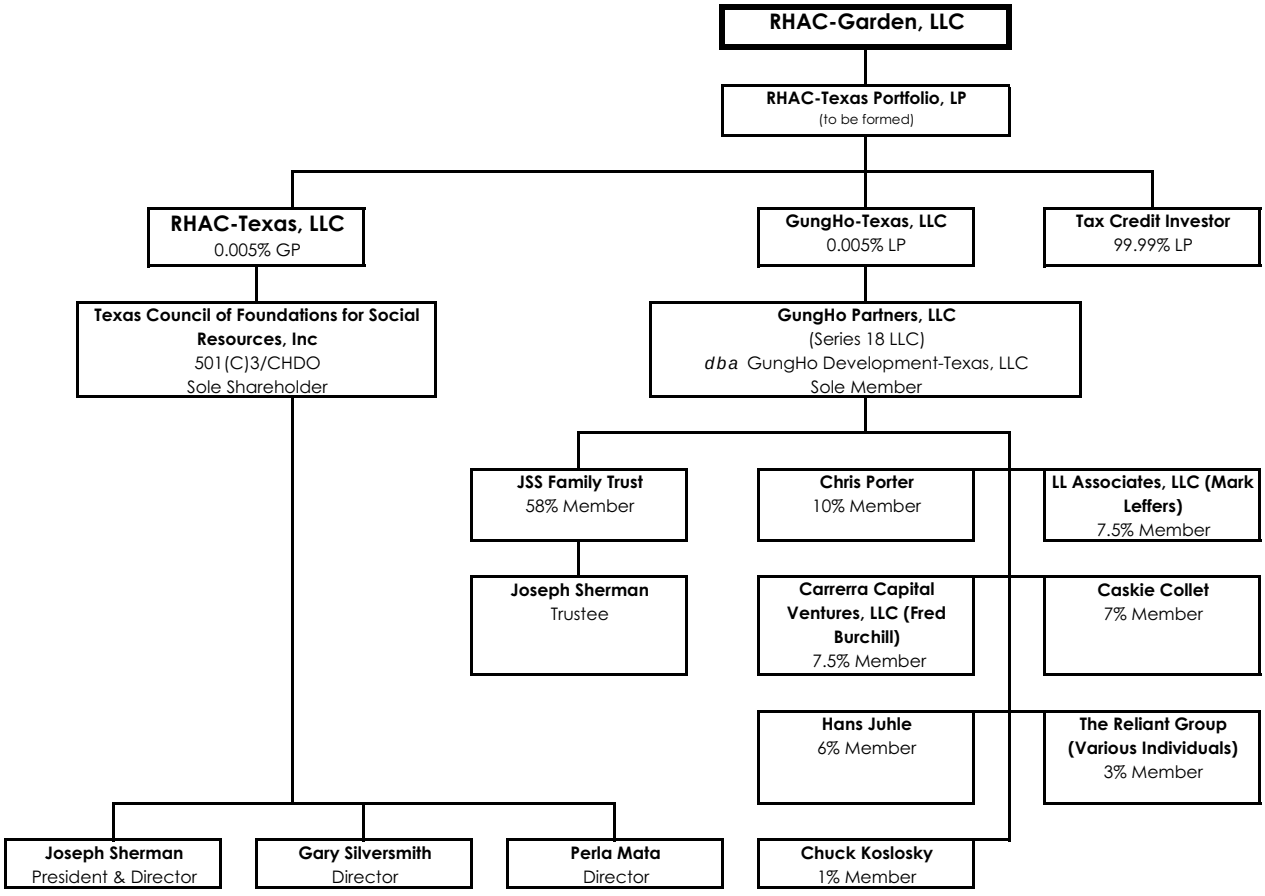
PROS	CONS
▫ The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.	▫ HUD has not yet approved the M2M transfer and it is not clear what the ultimate impact on rents, and thus income, will be.
▫ The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.	▫ The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.
▫ The proposed rehabilitation will refresh a 26 year old property .	▫ The Applicant's expense to income ratio exceeds 65% but is mitigated by the ongoing operating subsidy support through the HAP contract

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Chris Porter Phone: (415) 788-0700 Fax: (415) 788-0435
Email: cporter@reliantgroup.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

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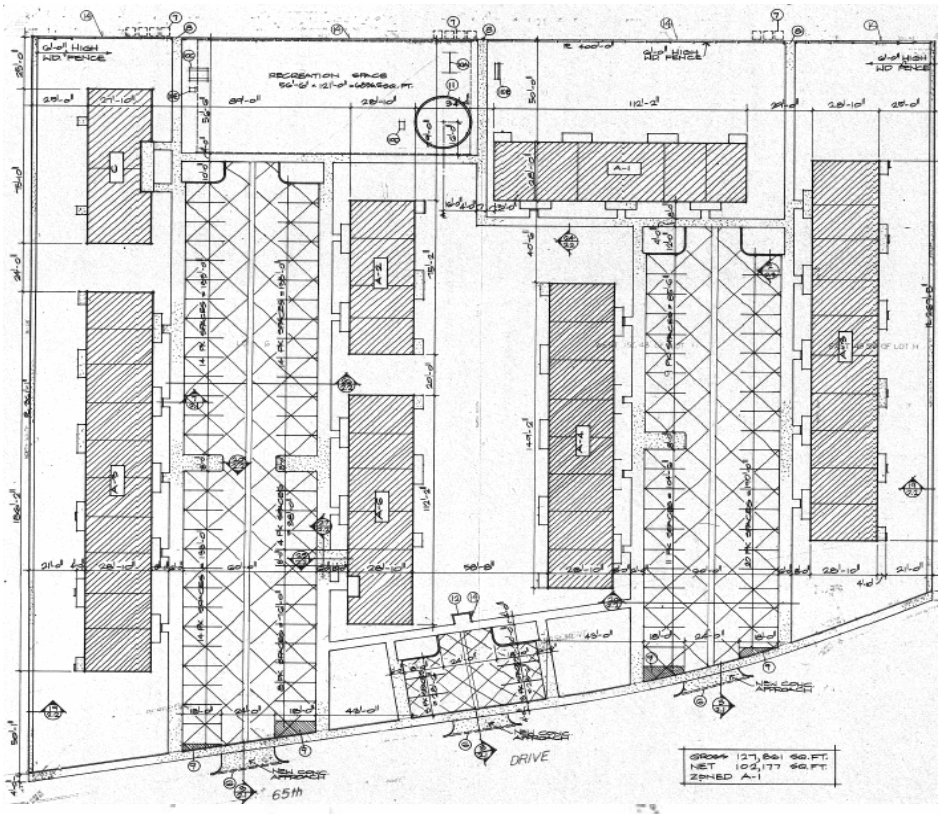
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D	E	F					Total Buildings
Floors/Stories	2	2	2	2	1	1					
Number	2	2	2	2	1	1					**10**

BR/BA	SF	Units										Total Units	Total SF
1/1	871						4					4	3,484
2/1	970	10	6	8	4							56	54,320
3/2	880					2						2	1,760
Units per Building		10	6	8	4	2	4					**62**	**59,564**

Rehabilitation Recommendations of Property Condition Assessment:

An asphalt overlay; Repairs to lawns, irrigation, and planting areas; Installation of a playground; Installation of dumpster enclosures; Modernization of site lighting and signage; Replacement of roofing; Installation of double glazed windows and new frames; Paint building exteriors; Replacement of damaged trim and siding; Replacement of damaged exterior doors; Replacement of vinyl flooring; Repairs to ceiling drywall; Replacement of light fixtures; Installation of ceiling fans; Installation of low flow toilets; Replacement of kitchen appliances; Installation of water supply shut off and shower valves; Replacement of evaporative coolers; Replacement of furnaces.

SITE ISSUES

Total Size:	4.43 acres	Scattered site?	[X]	Yes	[ ]	No	
Flood Zone:	X	Within 100-yr floodplain?	[ ]	Yes	[x]	No	
Zoning:	A-1 & A-2	Needs to be re-zoned?	[ ]	Yes	[x]	No	[ ] N/A

Comments:

The development is located on two sites approximately one-half of a mile apart.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/16/2007

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

Site at 1340 65th Street

North: alleyway followed by residences

East: multifamily housing

South: 65th Street followed by multifamily housing

West: vacant land

Site at 6516 Avenue T

North: single family residential followed by 65th Street

East: Avenue T followed by multifamily housing

South: multifamily housing

West: single family and multifamily housing

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 4/4/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- None

Comments:

However, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company LLP Date: 4/10/2007

Contact: Brad Weinberg Phone: (913) 262-3500 Fax: (913) 262-3501

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA): 28.4 square miles (≈3-mile radius)

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is the area bound by Highway 62 to the north, State Highway 289 Loop and Frankford Avenue to the west, 82nd Street to the south, and Martin Luther King Boulevard to the east. This area was defined based on conversations with local property managers, city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 12).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units (25%)
Greenfair Park	060058	120	120	N/A			

INCOME LIMITS						
Lubbock						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$20,520	$23,460	$26,400	$29,340	$31,680	$34,020

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/ 60% Rent Limit				4,309	60		1.39%
3 BR/ 60% Rent Limit				2,323	2		0.93%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 86	100%	43,122	100%	43,122	34%	14,532	46%	6,656	30%	1,997
Underwriter	100%	43,520	60%	26,222	41%	10,841	47%	5,047	30%	1,514
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 86			100%	318	34%	107	46%	49	100%	49
Underwriter			60%	291	41%	72	47%	34	100%	34

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 86	62	120	0	182	2,046	8.90%
Underwriter	62	120	0	182	1,548	11.76%

Primary Market Occupancy Rates:

"Occupancy rates reported at the comparable properties ranged from 86.5 to 100.0 percent, with a weighted average occupancy rate of 95.5 percent. The LIHTC properties average occupancy was 97.7 percent, which is higher than the comparable market properties average of 93.6 percent. As a Section 8 property, the Subject is currently 100 percent occupied and maintains a waiting list" (p. 89).

Absorption Projections:

"Three of the LIHTC properties were built within the past three years. We were able to obtain absorption information from Park Meadows Villas and South Plains Apartments. Park Meadows Villas is a 112-unit property offering one, two, and three-bedroom units at the 40, 50, and 60 percent AMI levels, as well as market rate units. Management at the property indicated they began leasing units in May 2005 and were completely occupied by October 2005, which equates to an absorption pace of 22 units per month. South Plains Apartments was constructed in 2006 and offers 144 one, two, and three-bedroom units at the 60 percent AMI level. According to management, this property reached 100 percent occupancy within six months, which equates to an absorption pace of 24 units per month."

"It should be noted that much of the demand for the Subject is expected to originate with tenants already living at the property, since it will retain its Section 8 subsidy contract and has a current occupancy rate of 100 percent. Thus, if we conservatively assume an absorption rate of 15 units per month overall, the absorption period is estimated to be approximately four months to reach stabilization of 100 percent occupancy" (p. 61).

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
2 BR 871 SF (60%)	$508	$584	$600	$508	$92
2 BR 970 SF (60%)	$508	$581	$600	$508	$92
3 BR 880 SF (60%)	$649	$673	$700	$649	$51
2 BR 970 SF EO	$508		$600	$508	$92

Market Impact:

"Since the current LIHTC properties are operating at a stabilized occupancy and the Subject is fully occupied, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 81).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an acceptable inclusive capture rate of 11.76% for a development targeting family households. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 62 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The development is currently undergoing a Mark to Market (M2M) restructuring through HUD which may result in an adjustment on the existing HAP contract rents. However, it is unclear what the ultimate contract rent levels will be. The Applicant has proposed rent levels that are below the market rents and below the HTC program rent limits. However, the anticipated restructured contract rents are 13% to 24% higher than the existing contract rent levels.

The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review, and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $15 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and appears to be consistent with historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 98% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

The Applicant's original rent schedule reflected that 100% of the units would be restricted HTC units; however, during underwriting, the Applicant revised the rent schedule to reflect one of the units as an employee occupied unit. The Applicant has indicated that the current manager currently lives on site and would not income qualify for a 60% unit. Based on the revised rent schedule, the EO unit is covered by the HAP contract and will have rent equal to the HAP contract rent. This change has no effect on the applicable fraction.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $3,926 per unit is within 5% of the Underwriter's estimate of $4,001, derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly: general & administrative ($8K lower); repairs and maintenance ($8K higher); and property tax ($4K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($26K) appear to have been based on an assessed value of $17K per unit. The Underwriter has underwritten the transaction based on an assessed value of $20K per unit which results in an increase of 15% over 2006 taxes and is consistent with state statute. The Underwriter has evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 28% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 28% increase over 2006 property taxes would result in a DCR of 1.15. If a 50% exemption were secured at this point, the property taxes decrease to 36% less than the 2006 taxes.
However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based exclusively on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has used the income approach and a standard cap rate of 10% to derive the estimated property taxes of $30K based on an assessed value of $20K per unit which is 15% higher than 2006 taxes. It should be noted, the county appraisal district's cap rate was not available online; therefore, the Underwriter used a cap rate of 10% in line with Department guidelines.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

The Applicant's estimates of potential gross income, total operating expense, and net operating income are each within 5% of the Underwriter's estimates. Therefore, the Applicant's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio within the current TDHCA guideline of 1.15 to 1.35.

The Applicant's (and Underwriter's) expense to income ratio is slightly above the Department's 65% maximum. However, the subject property is encumbered by a HAP contract providing a rental subsidy for 100% of the units. Properties with a HAP rental subsidy are exempt from meeting the 65% expense to income ratio guideline. Rental subsidies generally can be increased during periods of rising expenses and flat program rent limits, which mitigates risk associated with a high expense to income ratio.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 4/11/2007

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Land Only: 4.46 acres	$240,000	As of:	3/27/2007
Existing Buildings: (as-is)	$1,260,000	As of:	3/27/2007
Total Development: (as-is)	$1,500,000	As of:	3/27/2007

Comments:

The "as-is" value of property assumes operations as a Section 8 property. Therefore, the values provided are acceptable.

ASSESSED VALUE

Land Only:	$120,615	Tax Year:	2006
Existing Buildings:	$727,831	Valuation by:	Lubbock CAD
Total Assessed Value:	$848,446	Tax Rate:	2.435253

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $1,377,021 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

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CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties in Texas for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $1,377,021; however, reserves of $156,761 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $978,260 based upon the contract price less the appraised land value, closing costs, and existing reserves. The Underwriter determined the same building basis also using the appraised land value, which is greater than the assessed land value.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant has provided no break-out of site work costs. The underwriting analysis assumes the estimate of $2,387 per unit provided in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant has provided no break-out of direct construction costs, but indicated total sitework and direct construction costs of $877,100, which is equal to the combined PCA estimates of sitework and direct costs. The underwriting analysis assumes the estimate for direct construction costs of $729,100 provided in the PCA. The total hard cost estimate including contingency and contractor fees is estimated to be $17,542 per unit, which is well above the Department's minimum of $12,000 reflecting a minimum to moderate level of rehabilitation.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $2,637,492 supports annual tax credits of $95,477. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 1/2/1900 Date of Last Applicant Revision: 7/21/2007

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1):	$1,470,344	Interest Rate:	5.83%	x	Fixed	Term:	420	months
Tax-Exempt (2):	$84,656	Interest Rate:	5.83%	x	Fixed	Term:	240	months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since as a whole for the portfolio the proposed Contract rents are greater than HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $1,555,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation though it conforms to the Department's DCR standards.

The Applicant did, however, allocate a portion of the HAP bonds to the subject property even though there appears to be no risk of lost revenue associated with the HAP contract for this property at this time.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal: $626,667 Interest Rate: 2.6% [x] Fixed Term: 600 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of some properties to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The subject property has not completed the M2M process to-date. However, the Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR once M2M restructuring is completed because the entity is believed to be a qualified nonprofit. However, receipt, review, and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $626,667 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services, as discussed above.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $845,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $96,712 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the total senior bond amount attributed to the subject of $1,555,000, the HUD assumed note of $626,667, and the existing reserves of $158,761 indicates the need for $941,712 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $97,093 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's revised request ($96,005), the gap-driven amount ($97,093), and eligible basis-derived estimate ($95,477), the eligible basis-derived estimate of $95,477 is recommended resulting in proceeds of $926,036 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $15,676 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter: *Cameron Dorsey* Date: August 6, 2007

Director of Real Estate Analysis: *Tom Gouris* Date: August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Garden, Lubbock, 4% HTC #07423

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	4	2	1	871	$660	$508	$2,033	$0.58	$76.00	$56.00
TC 60%	55	2	1	970	$660	508	27,951	0.52	79.00	56.00
TC 60%	2	3	2	880	$762	649	1,298	0.74	89.00	63.00
EO	1	2	1	970		508	508	0.52	79.00	56.00
TOTAL:	62		**AVERAGE:**	961		$513	$31,790	$0.53	$79.13	$56.23

INCOME	Total Net Rentable Sq Ft: 59,564			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$381,478	$381,336	Lubbock		1
Secondary Income	Per Unit Per Month:	$15.00		11,160	11,160	$15.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$392,638	$392,496			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(19,632)	(19,625)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$373,006	$372,871			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.57%	$275	0.29	$17,061	$9,300	$0.16	$150	2.49%
Management		3.88%	234	0.24	14,479	13,050	0.22	210	3.50%
Payroll & Payroll Tax		15.90%	956	1.00	59,290	62,000	1.04	1,000	16.63%
Repairs & Maintenance		10.64%	640	0.67	39,683	48,050	0.81	775	12.89%
Utilities		3.77%	227	0.24	14,055	11,958	0.20	193	3.21%
Water, Sewer, & Trash		10.05%	605	0.63	37,487	35,549	0.60	573	9.53%
Property Insurance		3.19%	192	0.20	11,913	13,330	0.22	215	3.57%
Property Tax	2.435253	8.10%	487	0.51	30,197	26,290	0.44	424	7.05%
Reserve for Replacements		4.99%	300	0.31	18,600	18,600	0.31	300	4.99%
TDHCA Compliance Fees		0.66%	40	0.04	2,480	2,480	0.04	40	0.67%
Other: TSAHC Fees		0.75%	45	0.05	2,790	2,790	0.05	45	0.75%
TOTAL EXPENSES		66.50%	$4,001	$4.16	$248,034	$243,397	$4.09	$3,926	65.28%
NET OPERATING INC		33.50%	$2,016	$2.10	$124,971	$129,474	$2.17	$2,088	34.72%
DEBT SERVICE									
Tax-Exempt Bond (35-year amort)		26.43%	$1,590	$1.66	$98,599	$104,276	$1.75	$1,682	27.97%
Tax-Exempt Bond (20-year amort)		1.92%	$116	$0.12	7,179	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		5.15%	$310	$0.32	$19,194	$25,198	$0.42	$406	6.76%
AGGREGATE DEBT COVERAGE RATIO					1.18	1.24			
RECOMMENDED DEBT COVERAGE RATIO						1.22			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		42.14%	$22,310	$23.22	$1,383,221	$1,224,460	$20.56	$19,749	39.20%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		4.51%	2,387	2.48	148,000	0	0.00	0	0.00%
Direct Construction		22.21%	11,760	12.24	729,100	877,100	14.73	14,147	28.08%
Contingency	10.00%	2.67%	1,415	1.47	87,710	87,710	1.47	1,415	2.81%
Contractor's Fees	14.00%	3.74%	1,981	2.06	122,794	122,794	2.06	1,981	3.93%
Indirect Construction		3.28%	1,737	1.81	107,686	107,686	1.81	1,737	3.45%
Ineligible Costs		4.65%	2,464	2.56	152,769	152,769	2.56	2,464	4.89%
Developer's Fees	15.00%	10.48%	5,548	5.78	344,000	344,000	5.78	5,548	11.01%
Interim Financing		3.65%	1,935	2.01	119,942	119,942	2.01	1,935	3.84%
Reserves		2.65%	1,402	1.46	86,918	86,918	1.46	1,402	2.78%
TOTAL COST		100.00%	$52,938	$55.10	$3,282,140	$3,123,379	$52.44	$50,377	100.00%
Construction Cost Recap		*33.14%*	***$17,542***	***$18.26***	***$1,087,604***	***$1,087,604***	***$18.26***	***$17,542***	*34.82%*

SOURCES OF FUNDS						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	44.80%	$23,715	$24.69	$1,470,344	$1,470,344	$1,470,344	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.58%	$1,365	$1.42	84,656	$84,656	84,656	
TSAHC Loan	0.00%	$0	$0.00	0	0	0	$344,000
Assumed Sub. Unsecured Notes	19.09%	$10,108	$10.52	626,667	626,667	626,667	
Reserve Balance	4.84%	$2,561	$2.67	158,761	0	158,761	
HTC Syndication Proceeds	25.75%	$13,629	$14.19	845,000	845,000	926,036	% of Dev. Fee Deferred
Deferred Developer Fees	2.95%	$1,560	$1.62	96,712	96,712	15,676	5%
Additional (Excess) Funds Req'd	0.00%	$0	$0.00	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$3,282,140	$3,123,379	$3,282,140	$399,061

PAYMENT COMPUTATION

Primary	$1,470,344	Amort	420
Int Rate	5.83%	DCR	1.27

Secondary	$84,656	Amort	240
Int Rate	5.83%	Subtotal DCR	1.18

Additional	$626,667	Amort	0
Int Rate	2.60%	Aggregate DCR	1.18

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NO

Primary Debt Service	$98,599
Secondary Debt Service	7,179
Additional Debt Service	0
NET CASH FLOW	$23,696

Primary	$1,470,344	Amort	420
Int Rate	5.83%	DCR	1.31

Secondary	$84,656	Amort	240
Int Rate	5.83%	Subtotal DCR	1.22

Additional	$626,667	Amort	0
Int Rate	2.60%	Aggregate DCR	1.22

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$381,336	$392,776	$404,559	$416,696	$429,197	$497,557	$576,805	$668,675	$898,643
Secondary Income	11,160	11,495	11,840	12,195	12,561	14,561	16,881	19,569	26,299
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	392,496	404,271	416,399	428,891	441,758	512,118	593,685	688,244	924,943
Vacancy & Collection Loss	(19,625)	(20,214)	(20,820)	(21,445)	(22,088)	(25,606)	(29,684)	(34,412)	(46,247)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$372,871	$384,057	$395,579	$407,446	$419,670	$486,512	$564,001	$653,832	$878,695
EXPENSES at 4.00%									
General & Administrative	$9,300	$9,672	$10,059	$10,461	$10,880	$13,237	$16,105	$19,594	$29,003
Management	13,050	13,442	13,845	14,261	14,688	17,028	19,740	22,884	30,754
Payroll & Payroll Tax	62,000	64,480	67,059	69,742	72,531	88,245	107,364	130,625	193,356
Repairs & Maintenance	48,050	49,972	51,971	54,050	56,212	68,390	83,207	101,234	149,851
Utilities	11,958	12,436	12,934	13,451	13,989	17,020	20,707	25,194	37,293
Water, Sewer & Trash	35,549	36,971	38,450	39,988	41,587	50,597	61,559	74,896	110,865
Insurance	13,330	13,863	14,418	14,994	15,594	18,973	23,083	28,084	41,572
Property Tax	26,290	27,342	28,435	29,573	30,756	37,419	45,526	55,389	81,989
Reserve for Replacements	18,600	19,344	20,118	20,922	21,759	26,474	32,209	39,187	58,007
Other	5,270	5,481	5,700	5,928	6,165	7,501	9,126	11,103	16,435
TOTAL EXPENSES	$243,397	$253,003	$262,989	$273,370	$284,162	$344,884	$418,627	$508,191	$749,126
NET OPERATING INCOME	$129,474	$131,054	$132,590	$134,077	$135,508	$141,629	$145,375	$145,641	$129,569
DEBT SERVICE									
First Lien Financing	$98,599	$98,599	$98,599	$98,599	$98,599	$98,599	$98,599	$98,599	$98,599
Second Lien	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179	7,179
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$23,696	$25,277	$26,813	$28,299	$29,730	$35,851	$39,597	$39,864	$23,792
DEBT COVERAGE RATIO	1.22	1.24	1.25	1.27	1.28	1.34	1.37	1.38	1.22

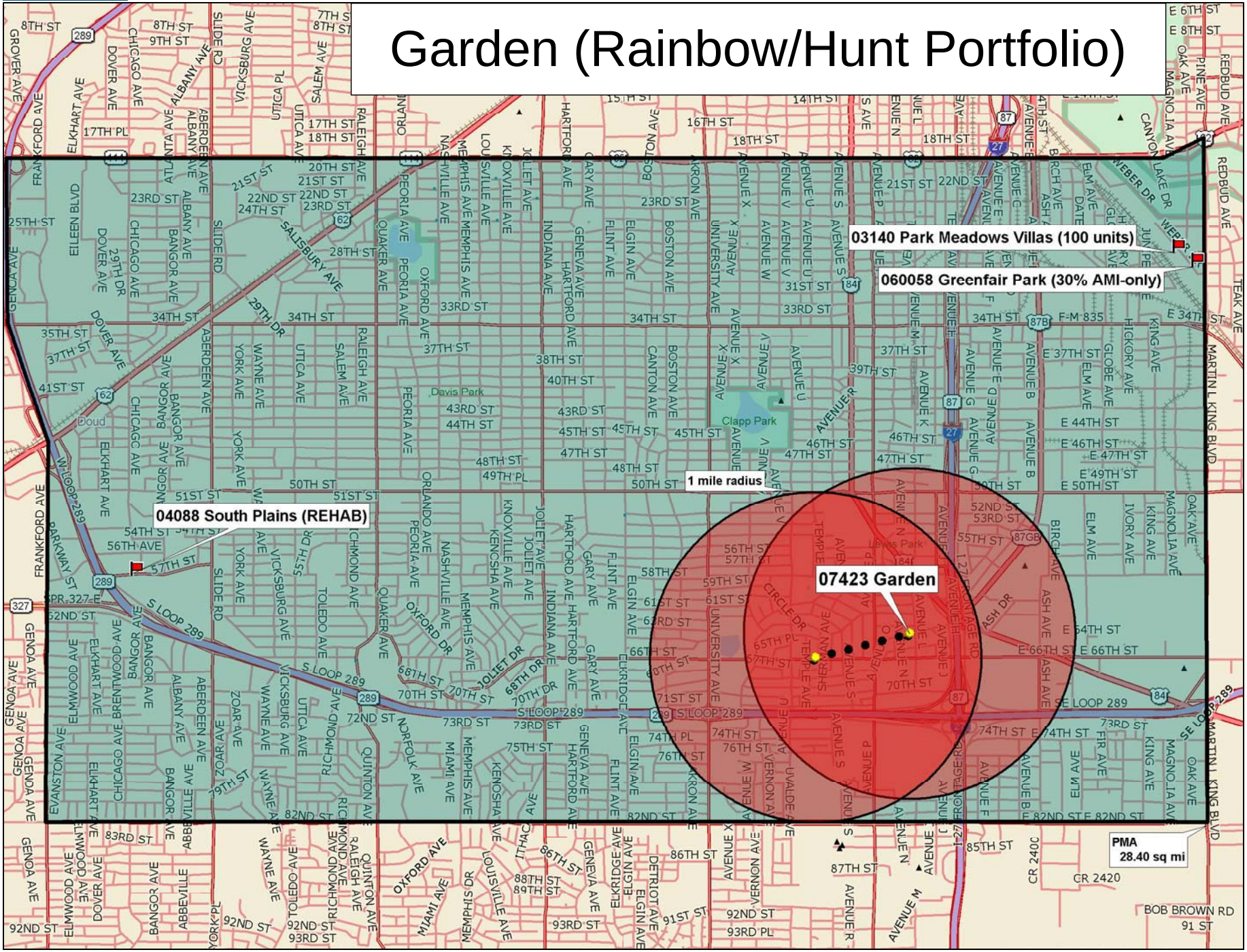
HTC ALLOCATION ANALYSIS -Garden, Lubbock, 4% HTC #07423

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$246,200	$404,961				
Purchase of buildings	$978,260	$978,260	$978,260	$978,260		
Off-Site Improvements						
Sitework		$148,000				$148,000
Construction Hard Costs	$877,100	$729,100			$877,100	$729,100
Contractor Fees	$122,794	$122,794			$122,794	$122,794
Contingencies	$87,710	$87,710			$87,710	$87,710
Eligible Indirect Fees	$107,686	$107,686			$107,686	$107,686
Eligible Financing Fees	$119,942	$119,942			$119,942	$119,942
All Ineligible Costs	$152,769	$152,769				
Developer Fees						
Developer Fees	$344,000	$344,000	$146,729	$146,729	$197,271	$197,271
Development Reserves	$86,918	$86,918				
TOTAL DEVELOPMENT COSTS	$3,123,379	$3,282,140	$1,124,989	$1,124,989	$1,512,503	$1,512,503

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS		$1,124,989	$1,124,989	$1,512,503	$1,512,503
High Cost Area Adjustment				100%	100%
TOTAL ADJUSTED BASIS		$1,124,989	$1,124,989	$1,512,503	$1,512,503
Applicable Fraction		100%	100%	100%	100%
TOTAL QUALIFIED BASIS		$1,124,989	$1,124,989	$1,512,503	$1,512,503
Applicable Percentage		3.62%	3.62%	3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS		$40,725	$40,725	$54,753	$54,753
Syndication Proceeds	**0.9699**	**$394,989**	**$394,989**	**$531,047**	**$531,047**

Total Tax Credits (Eligible Basis Method)	**$95,477**	**$95,477**
Syndication Proceeds	**$926,036**	**$926,036**
Requested Tax Credits	**$96,005**	
Syndication Proceeds	**$931,155**	
Gap of Syndication Proceeds Needed	**$941,712**	**$941,712**
Total Tax Credits (Gap Method)	**$97,093**	**$97,093**

Garden (Rainbow/Hunt Portfolio)



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TN
MN (7.3°E)

Scale 1 : 50,000
1" = 4,166.7 ft
Data Zoom 12-0

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Los Ebanos Apartments, TDHCA Number 07424

BASIC DEVELOPMENT INFORMATION

Site Address:	2133 Barnard Road			Development #:	07424
City:	Brownsville	Region:	11	Population Served:	Family
County:	Cameron	Zip Code:	78520	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC- EBANOS, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	65	0	4	32	23	6	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☑ Townhome

Total Restricted Units:	65
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	65
Total Development Cost:	$4,384,883
Number of Residential Buildings:	11
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$128,432	$127,723	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Los Ebanos Apartments, TDHCA Number 07424

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Lucio, District 27 NC

US Representative: Ortiz, District 27, NC

TX Representative: Oliveira, District 37 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Eddie Trevino, Jr., Mayor, City of Brownsville - NC

Resolution of Support from Local Government ☐

Ben Medina, Jr., Director of Planning & Community Development, City of Brownsville - The property fulfills a need for additional affordable rental housing as evidenced in The Rio Grande Entitlement Community Consolidated Plan and Strategy Fiscal Years 2005-2006 to 2009-2010.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Los Ebanos Apartments, TDHCA Number 07424

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$127,723
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $127,723 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07424**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

Los Ebanos

Location: 2133 Barnard Road Region: 11

City: Brownsville County: Cameron Zip: 78520 ☐ QCT ☐ DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$128,432			**$127,723**		

** The Applicant originally requested $129,852.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

3 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

4 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

5 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	65

PROS

- The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.
- The proposed rehabilitation will refresh a 26 year old property .

CONS

- This development is projected to have a DCR of less than 1.15. However, the allocation of debt on this pooled transaction is somewhat arbitrary and therefore as long as the whole portfolio is over a 1.15 each of its parts could be made to appear to be over a 1.15 DCR.
- The current collected and proposed rents are well above the maximum tax credit and tax exempt bond limit rents and will continue to be supported by a Section 8 contract.
- The subject has unresolved environmental concerns with regard to asbestos and noise.
- This development is projected to run at a higher than 65% expense to income ratio but is mitigated by the HAP contract rents.
- The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.

PREVIOUS UNDERWRITING REPORTS

None.

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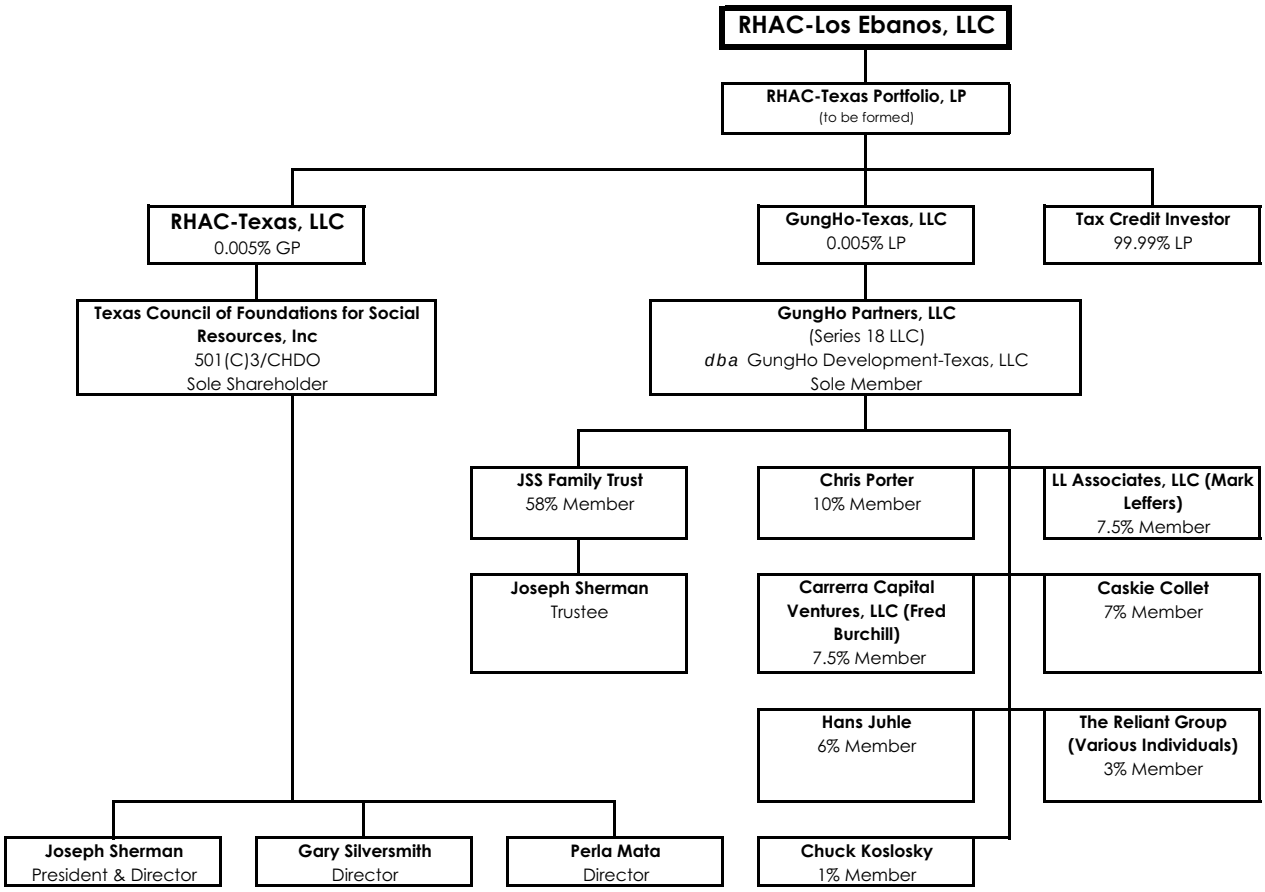
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Chris Porter Phone: (415) 788-0700 Fax: (415) 788-0435

Email: cporter@reliantgroup.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

This section intentionally left blank.

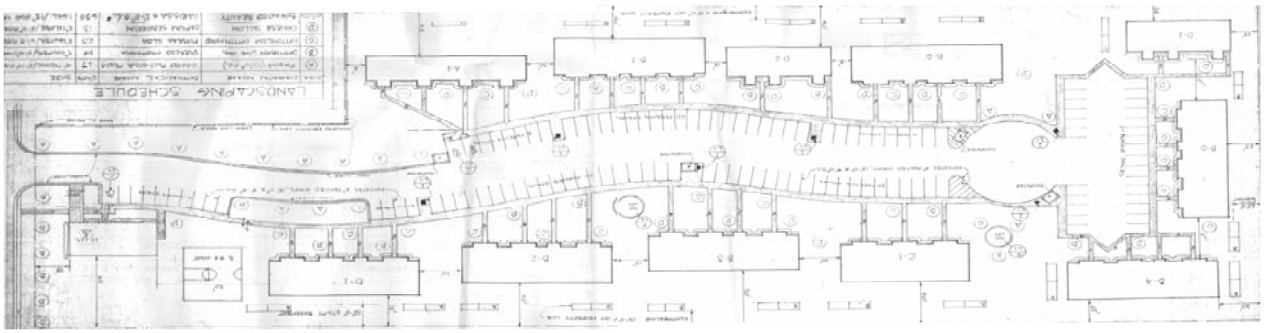
IDENTITIES of INTEREST

- The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

  The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D							Total Buildings
Floors/Stories	1	2	2	2							
Number	1	7	1	2							**11**

BR/BA	SF	Units										Total Units	Total SF
1/1	657	4										4	2,628
2/1	966		4	4								32	30,912
3/1.5	1,125		3	2								23	25,875
4/2	1,207				3							6	7,242
Units per Building		4	7	6	3							**65**	**66,657**

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Rehabilitation Recommendations of the Property Condition Assessment (PCA):

Drainage improvements to correct the areas of ponding behind Building #1; A Pavement overlay, seal coating and re-striping; Replacement of some sidewalks; Landscape repairs; Upgrades to the site lighting and signage; Installation of property line fencing; Installation of dumpster enclosures; Replace leasing office finishes; Installation of new playground equipment; Replacement of the damaged siding, doors, and painting; Replacement of the windows with new double glazed windows; Replacement of damaged and original vinyl flooring; Replacement of cabinetry in some kitchens; Some replacements of kitchen appliances; Installation of water supply shut off valves at each building; Repair of piping leaks; Install low flow toilets; Replacement of some of the air condensers; Replacement of some of the furnaces; Interior lighting upgrades to save energy; Install smoke detectors at all sleeping rooms and hallways.

All the roofs were replaced 7 years ago, and therefore will not be replaced at this time. New air condenser units were installed in 2002 in some units and those also will not be replaced. Parking lot repairs were made in 2002 which included sealing and re-striping parking spaces. Over the years many appliances have been replaced and therefore appliances will be replaced as needed. Similarly, many of the cabinets and counter tops have been replaced over time.

Other planned capital improvements include replacing and repairing wood trim, all exterior doors and windows, and exterior repairs and paint.

SITE ISSUES

Total Size:	5.56 acres	Scattered site?	[ ]	Yes	[x]	No		
Flood Zone:	C, B & AH	Within 100-yr floodplain?	[x]	Yes	[ ]	No		
Zoning:	Apartment "H"	Needs to be re-zoned?	[ ]	Yes	[x]	No	[ ]	N/A

Comments:

Although the Environmental Site Assessment indicates the development is outside of the 100-year floodplain, the survey confirms that a small portion of the northeast corner of the subject site is within Zone AH. Zone AH is defined as, "Areas with a 1% annual chance of shallow flooding, usually in the form of a pond, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones." It is also clear from the survey that no buildings or drives and parking are currently located within this flood zone.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/23/2007

Overall Assessment:

[ ] Excellent [x] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: a multi-tenant office building and single-family residences on Mananitas St.

East: Kid's Corner, a day care center and Stell Middle School

South: single-family residences on Lantana Street and Esperanza Lane

West: single-family residences on Mananitas Street

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 3/30/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- "LAC conducted a limited asbestos survey at the Property as part of a prior Phase I ESA (LAC Project Number 06-38873.11). The following suspect materials were sampled and analyzed for the presence of asbestos. None of the samples analyzed contained asbestos. No other friable materials suspected of containing asbestos, such as sprayed-on fireproofing, textured surfacing materials or thermal systems insulation were identified. Some suspect non-friable materials, such as a wide variety of vinyl flooring and roofing materials were noted. These materials should be sampled prior to renovation, repair or demolition" (p. 19).

Comments:

"Based on the conclusions of this assessment, LAC does not recommend further investigation of the Property at this time" (p. 23).

However, the underwriting report is conditioned upon receipt, review and acceptance of documentation that the "non-friable" suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company Date: 4/8/2007

Contact: Brad Wienberg Phone: (913) 262-3500 Fax: (913) 262-3501

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA): 20.45 square miles (≈2.5 miles radius)

"The Subject's Primary Market Area (PMA) is the area bound by Ruben Torres Boulevard on the north, East Avenue on the south, Central Avenue on the east, and the US/Mexico border on the west…It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p.11).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS								
PMA				SMA				
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25%	Comp Units
Cunningham Manor	060024	104	104	None				
La Villita II	05125	80	80					
La Villita	03029	128	0					
Providence, Boca Chica	04191	158	151					

INCOME LIMITS						
Cameron						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$18,120	$20,700	$23,280	$25,860	$27,900	$30,000

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/ 60% Rent Limit				1,556	4		0.30%
2 BR/ 60% Rent Limit				2,882	32		1.10%
3 BR/ 60% Rent Limit				2,302	23		1.00%
4 BR/ 60% Rent Limit				739	6		0.80%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

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OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 93	100%	25,205	100%	25,205	64%	16,190	46%	7,480	30%	2,244
Underwriter	100%	26,911	93%	25,145	55%	13,840	46%	6,374	30%	1,912
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 93			100%	569	64%	366	46%	169	100%	169
Underwriter			93%	551	55%	284	46%	131	100%	131

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 93	65	104	0	169	2,413	7.00%
Underwriter	65	335	0	400	2,043	19.58%

Primary Market Occupancy Rates:

"Occupancy rates reported at the comparable properties ranged from 89.4 to 100 percent, with a weighted average occupancy rate of 95.2 percent. The LIHTC properties average occupancy was 97.9 percent, which is higher than the comparable market properties average of 91.6 percent...we have estimated the Subject's stabilized occupancy rate after renovation to be 95 percent or higher" (p.58).

Absorption Projections:

"...providing the Subject needed to re-lease units post renovation, we estimate an absorption period of approximately six months. This absorption rate equates to a pace of approximately 11 units per month" (p.57).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 657 SF (60%)	$471	$448	$465	$471	($6)
2 BR 966 SF (60%)	$555	$504	$565	$555	$10
3 BR 1,125 SF (60%)	$555	$504	$650	$602	$48
4 BR 1,207 SF (60%)	$471	$448	$710	$695	$15

Market Impact:

"The high occupancy rates among affordable and market rate developments in the PMA indicates a strong rental market. Since the Subject is a fully occupied Section 8 development, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 87).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an acceptable inclusive capture rate of 19.58% for a development targeting family households. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 65 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the HAP contract, effective May 1, 2006 and 5% to 10% higher than the current Housing Tax Credit net rent limit. This results in $31K more annual potential gross income than a comparable tax credit/tax exempt bond transaction, with no project-based rental assistance could achieve.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $11.85 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and appears to be consistent with historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 100% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $3,949 per unit is not within 5% of the Underwriter's estimate of $4,438, derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly: general & administrative ($15K lower); payroll and payroll taxes ($15K higher); repairs and maintenance ($8K lower); and property tax ($20K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($24K) appear to have been based on an assessed value of $14K per unit. The Underwriter has underwritten the transaction based on an assessed value of $25.5K per unit which results in an 82% increase over 2006 taxes and is consistent with state statute.

The Underwriter has evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 149% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 149% increase over 2006 property taxes would result in a DCR of 0.95 and negative cashflow. If a 50% exemption were secured at this point, the property taxes would still be 24% higher than 2006 taxes. However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has used the income approach and the appraisal district's cap rate of 9% to derive the estimated property taxes of $44K based on an assessed value of $25.5K per unit which is 82% higher than 2006 taxes.

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The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

Although the Applicant's effective gross income figure is within 5% of the Underwriter's estimate, their total expense and net operating income estimates are not. Therefore, the Underwriter's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio below the current TDHCA minimum guideline of 1.15.

As discussed below in the "Recommended Financing Structure" section, because the subject property is part of a portfolio of properties, the overall portfolio will be evaluated to determine if a decrease in the total debt is necessary; however, it is likely that other transactions in the portfolio will have the capacity to service additional debt. Therefore, the Underwriter has not adjusted the permanent debt for the subject property.

The Underwriter's expense to income ratio is slightly above the Department's 65% maximum. However, the subject property is encumbered by a HAP contract providing a rental subsidy for 100% of the units. Properties with a HAP rental subsidy are exempt from meeting the 65% expense to income ratio guideline. Rental subsidies generally can be increased during periods of rising expenses and flat program rent limits, which mitigates risk associated with operating with a high expense to income ratio.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that rises to 1.15 in year 10 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 4/4/2007

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Land Only:	5.53 acres	$300,000	As of:	3/26/2007
Existing Buildings: (as-is)		$1,700,000	As of:	3/26/2007
Total Development: (as-is)		$2,000,000	As of:	3/26/2007

Comments:

Although the summary letter dated 4/4/2007 indicates the "as-is" value of the property assumes market rate operation, a closer look at the rents used in the income capitalization approach to valuation indicates the "as-is" value assumes the HAP contract is in place. Therefore, the values provided are acceptable.

ASSESSED VALUE

Land Only:	$154,170	Tax Year:	2006
Existing Buildings:	$753,851	Valuation by:	Cameron CAD
Total Assessed Value:	$908,021	Tax Rate:	2.661355

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $2,280,408 Other:

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties in Texas for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $2,273,908; however, reserves of $288,452 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $1,685,456 based upon the contract price less the appraised land value, closing costs, and existing reserves. The Underwriter determined the same building basis also using the appraised land value, which is greater than the assessed land value.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant has provided no break-out of site work costs. The underwriting analysis assumes the estimate of $2,551 per unit provided in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant has provided no break-out of direct construction costs, but indicated total sitework and direct construction costs of $907,863, which is equal to the combined PCA estimates of sitework and direct costs. The underwriting analysis assumes the estimate for direct construction costs of $742,038 provided in the PCA. The total hard cost estimate including contingency and contractor fees is estimated to be $17,319 per unit, which is well above the Department's minimum of $12,000 reflecting a minimum to moderate level of rehabilitation.

Contingency & Fees:

The Applicant has overstated the eligible portion of contractor fees and developer fees by a total of $14,688. Therefore, the Applicant's total eligible basis for purposes of calculating tax credits is adjusted down by an equal amount.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $3,528,260 supports annual tax credits of $127,723. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1):	$1,976,218	Interest Rate:	5.83%	x	Fixed	Term:	420 months
Tax-Exempt (2):	$113,782	Interest Rate:	5.83%	x	Fixed	Term:	240 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since as a whole for the portfolio the proposed Contract rents are greater than HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $2,090,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal:	$712,481	Interest Rate:	2.6%	x	Fixed	Term:	600 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $712,481 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services, as discussed above.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $1,189,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $105,042 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio below the Department's minimum guideline of 1.15. However, the portfolio as a whole indicates a DCR within current TDHCA guidelines, and it is likely that the decreased debt capacity of the subject property could be effectively shifted it another property with excess debt capacity. The overall debt sizing will be discussed in the portfolio summary. Therefore, the underwriting analysis reflects no change in the permanent debt.

The Underwriter's total development cost estimate less the senior bonds of $2,090,000, assumed HUD debt of $712,481, and existing reserve balance of $288,452 indicates the need for $1,976,218 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $133,410 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's revised request ($128,432), the gap-driven amount ($133,410), and eligible basis-derived estimate ($127,723), the eligible basis-derived estimate of $127,723 is recommended resulting in proceeds of $1,238,789 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $55,160 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within six years of stabilized operation.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such, the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter:	*Cameron Dorsey*	Date:	August 6, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Los Ebanos, Brownsville, 4% HTC #07424

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	4	1	1	657	$485	$471	$1,886	$0.72	$37.00	$61.00
TC 60%	32	2	1	966	$582	555	17,774	0.58	78.00	66.00
TC 60%	23	3	2	1,125	$672	602	13,838	0.53	89.00	74.00
TC 60%	6	4	2	1,207	$750	695	4,171	0.58	118.00	83.00
TOTAL:	65		**AVERAGE:**	1,025		$580	$37,669	$0.57	$83.06	$70.09

INCOME	Total Net Rentable Sq Ft: 66,657			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$452,025	$452,028	Cameron		11
Secondary Income	Per Unit Per Month:	$11.85		9,240	9,240	$11.85	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$461,265	$461,268			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(23,063)	(23,064)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$438,202	$438,204			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.15%	$347	0.34	$22,575	$7,150	$0.11	$110	1.63%
Management		3.88%	262	0.26	17,010	15,337	0.23	236	3.50%
Payroll & Payroll Tax		14.26%	961	0.94	62,486	78,000	1.17	1,200	17.80%
Repairs & Maintenance		9.25%	624	0.61	40,544	32,500	0.49	500	7.42%
Utilities		2.31%	156	0.15	10,134	10,134	0.15	156	2.31%
Water, Sewer, & Trash		12.15%	819	0.80	53,255	53,255	0.80	819	12.15%
Property Insurance		3.04%	205	0.20	13,331	13,975	0.21	215	3.19%
Property Tax	2.661355	10.07%	679	0.66	44,112	24,262	0.36	373	5.54%
Reserve for Replacements		4.45%	300	0.29	19,500	19,500	0.29	300	4.45%
TDHCA Compliance Fees		0.59%	40	0.04	2,600	2,600	0.04	40	0.59%
Other:		0.67%	45	0.04	2,925	2,925	0.04	45	0.67%
TOTAL EXPENSES		65.83%	$4,438	$4.33	$288,472	$259,638	$3.90	$3,994	59.25%
NET OPERATING INC		34.17%	$2,304	$2.25	$149,730	$178,566	$2.68	$2,747	40.75%
DEBT SERVICE									
Tax-Exempt Bond (35-year amort)		30.24%	$2,039	$1.99	$132,522	$140,152	$2.10	$2,156	31.98%
Tax-Exempt Bond (20-year amort)		2.20%	$148	$0.14	9,649	0	$0.00	$0	0.00%
TSAHC Loan		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		1.73%	$116	$0.11	$7,559	$38,414	$0.58	$591	8.77%
AGGREGATE DEBT COVERAGE RATIO					1.05	1.27			
RECOMMENDED DEBT COVERAGE RATIO					1.05				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		52.01%	$35,083	$34.21	$2,280,408	$1,991,956	$29.88	$30,645	48.63%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		3.78%	2,551	2.49	165,825	0	0.00	0	0.00%
Direct Construction		16.92%	11,416	11.13	742,038	907,863	13.62	13,967	22.16%
Contingency	10.00%	2.07%	1,397	1.36	90,786	90,786	1.36	1,397	2.22%
Contractor's Fees	14.00%	2.90%	1,955	1.91	127,101	127,101	1.91	1,955	3.10%
Indirect Construction		2.59%	1,746	1.70	113,472	113,472	1.70	1,746	2.77%
Ineligible Costs		3.69%	2,488	2.43	161,723	161,723	2.43	2,488	3.95%
Developer's Fees	15.00%	10.50%	7,080	6.90	460,208	460,300	6.91	7,082	11.24%
Interim Financing		3.27%	2,206	2.15	143,374	143,374	2.15	2,206	3.50%
Reserves		2.28%	1,538	1.50	99,948	99,948	1.50	1,538	2.44%
TOTAL COST		100.00%	$67,460	$65.78	$4,384,883	$4,096,523	$61.46	$63,023	100.00%
Construction Cost Recap		*25.67%*	***$17,319***	***$16.89***	***$1,125,750***	***$1,125,750***	***$16.89***	***$17,319***	*27.48%*

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
Tax-Exempt Bond (35-year amort)	45.07%	$30,403	$29.65	$1,976,218	$1,976,218	$1,976,218	
Tax-Exempt Bond (20-year amort)	2.59%	$1,750	$1.71	113,782	$113,782	113,782	Developer Fee Available
TSAHC Loan	0.00%	$0	$0.00	0	0	0	$460,208
Assumed Sub. Unsecured Notes	16.25%	$10,961	$10.69	712,481	712,481	712,481	
Reserve Balance	6.58%	$4,438	$4.33	288,452	0	288,452	
HTC Syndication Proceeds	27.12%	$18,292	$17.84	1,189,000	1,189,000	1,238,789	% of Dev. Fee Deferred
Deferred Developer Fees	2.40%	$1,616	$1.58	105,042	105,042	55,160	12%
Additional (Excess) Funds Req'd	0.00%	($1)	($0.00)	(92)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$4,384,883	$4,096,523	$4,384,883	$257,924

PAYMENT COMPUTATION

Primary	$1,976,218	Amort	420
Int Rate	5.83%	DCR	1.13

Secondary	$113,782	Amort	240
Int Rate	5.83%	Subtotal DCR	1.05

Additional	$712,481	Amort	
Int Rate	2.60%	Aggregate DCR	1.05

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$132,522
Secondary Debt Service	9,649
Additional Debt Service	0
NET CASH FLOW	$7,559

Primary	$1,976,218	Amort	420
Int Rate	5.83%	DCR	1.13

Secondary	$113,782	Amort	240
Int Rate	5.83%	Subtotal DCR	1.05

Additional	$712,481	Amort	0
Int Rate	2.60%	Aggregate DCR	1.05

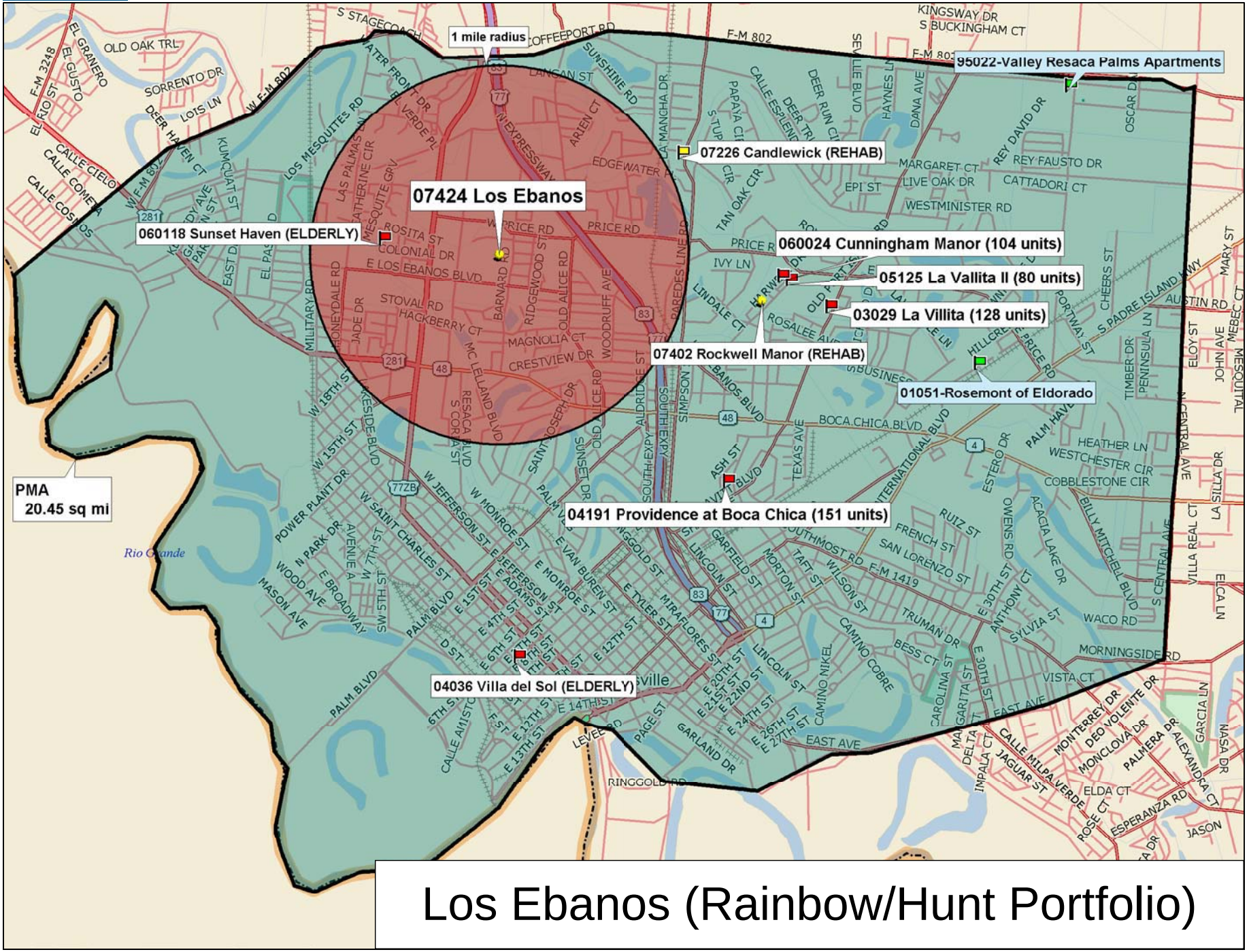
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$452,025	$465,586	$479,553	$493,940	$508,758	$589,790	$683,728	$792,629	$1,065,227
Secondary Income	9,240	9,517	9,803	10,097	10,400	12,056	13,976	16,202	21,775
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	461,265	475,103	489,356	504,037	519,158	601,846	697,705	808,831	1,087,001
Vacancy & Collection Loss	(23,063)	(23,755)	(24,468)	(25,202)	(25,958)	(30,092)	(34,885)	(40,442)	(54,350)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$438,202	$451,348	$464,888	$478,835	$493,200	$571,754	$662,819	$768,389	$1,032,651
EXPENSES at 4.00%									
General & Administrative	$22,575	$23,478	$24,417	$25,393	$26,409	$32,131	$39,092	$47,561	$70,402
Management	17,010	17,520	18,046	18,587	19,145	22,194	25,729	29,827	40,085
Payroll & Payroll Tax	62,486	64,986	67,585	70,288	73,100	88,937	108,206	131,649	194,873
Repairs & Maintenance	40,544	42,166	43,852	45,607	47,431	57,707	70,209	85,420	126,443
Utilities	10,134	10,539	10,961	11,399	11,855	14,424	17,549	21,351	31,604
Water, Sewer & Trash	53,255	55,385	57,601	59,905	62,301	75,798	92,220	112,200	166,084
Insurance	13,331	13,865	14,419	14,996	15,596	18,975	23,086	28,087	41,576
Property Tax	44,112	45,876	47,711	49,620	51,605	62,785	76,388	92,937	137,570
Reserve for Replacements	19,500	20,280	21,091	21,935	22,812	27,755	33,768	41,084	60,814
Other	5,525	5,746	5,976	6,215	6,463	7,864	9,568	11,640	17,231
TOTAL EXPENSES	$288,472	$299,841	$311,659	$323,945	$336,717	$408,569	$495,814	$601,757	$886,681
NET OPERATING INCOME	$149,730	$151,507	$153,229	$154,890	$156,483	$163,184	$167,006	$166,632	$145,970
DEBT SERVICE									
First Lien Financing	$132,522	$132,522	$132,522	$132,522	$132,522	$132,522	$132,522	$132,522	$132,522
Second Lien	9,649	9,649	9,649	9,649	9,649	9,649	9,649	9,649	9,649
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$7,559	$9,336	$11,058	$12,719	$14,312	$21,014	$24,835	$24,462	$3,800
DEBT COVERAGE RATIO	1.05	1.07	1.08	1.09	1.10	1.15	1.17	1.17	1.03

HTC ALLOCATION ANALYSIS -Los Ebanos, Brownsville, 4% HTC #07424

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$306,500	$594,952				
Purchase of buildings	$1,685,456	$1,685,456	$1,685,456	$1,685,456		
Off-Site Improvements						
Sitework		$165,825				$165,825
Construction Hard Costs	$907,863	$742,038			$907,863	$742,038
Contractor Fees	$127,101	$127,101			$127,101	$127,101
Contingencies	$90,786	$90,786			$90,786	$90,786
Eligible Indirect Fees	$113,472	$113,472			$113,472	$113,472
Eligible Financing Fees	$143,374	$143,374			$143,374	$143,374
All Ineligible Costs	$161,723	$161,723				
Developer Fees			$252,818	$252,818	$207,389	$207,389
Developer Fees	$460,300	$460,208				
Development Reserves	$99,948	$99,948				
TOTAL DEVELOPMENT COSTS	$4,096,523	$4,384,883	$1,938,274	$1,938,274	$1,589,985	$1,589,985
Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
TOTAL ELIGIBLE BASIS			$1,938,274	$1,938,274	$1,589,985	$1,589,985
High Cost Area Adjustment					100%	100%
TOTAL ADJUSTED BASIS			$1,938,274	$1,938,274	$1,589,985	$1,589,985
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$1,938,274	$1,938,274	$1,589,985	$1,589,985
Applicable Percentage			3.62%	3.62%	3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS			$70,166	$70,166	$57,557	$57,557
	Syndication Proceeds	**0.9699**	**$680,538**	**$680,538**	**$558,252**	**$558,252**

Total Tax Credits (Eligible Basis Method)	**$127,723**	**$127,723**
Syndication Proceeds	**$1,238,789**	**$1,238,789**
Requested Tax Credits	**$128,432**	
Syndication Proceeds	**$1,245,666**	
Gap of Syndication Proceeds Needed	**$1,294,042**	**$1,293,950**
Total Tax Credits (Gap Method)	**$133,420**	**$133,410**



Los Ebanos (Rainbow/Hunt Portfolio)

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TN

MN (5.0°E)

Scale 1 : 43,750

1" = 3,645.8 ft

Data Zoom 12-2

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Chaparral Village Apartments, TDHCA Number 07425

BASIC DEVELOPMENT INFORMATION

Site Address:	1411 S. Grant Avenue			Development #:	07425
City:	Odessa	Region:	12	Population Served:	Family
County:	Ector	Zip Code:	79761	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC- Chaparral Village, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	80	0	0	70	8	2	0

Type of Building:

- ☑ 4 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☐ Townhome

☑ Duplex
☐ Triplex
☑ Fourplex

Total Restricted Units:	80
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	80
Total Development Cost:	$7,772,222
Number of Residential Buildings:	17
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$284,676	$283,179	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Chaparral Village Apartments, TDHCA Number 07425

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Seliger, District 31 NC

US Representative: Conaway, District 11, NC

TX Representative: West, District 81 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Larry Melton, Mayor, City of Odessa - NC Resolution of Support from Local Government ☐

Michael Marrero, Director of Community Development, City of Odessa - The property fulfills a need for additional affordable rental housing as evidenced in the 2005-2009 City of Odessa Consolidated Plan.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Chaparral Village Apartments, TDHCA Number 07425

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$283,179
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $283,179 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07425**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

Chaparral Village

Location: 1411 S Grant Avenue Region: 12

City: Odessa County: Ector Zip: 79761 [x] QCT [ ] DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$284,676			**$283,179**		

** The Applicant originally requested $285,472.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

3 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

4 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

5 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	80

PROS

- The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.
- The proposed rehabilitation will refresh a 26 year old property .
- The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.

CONS

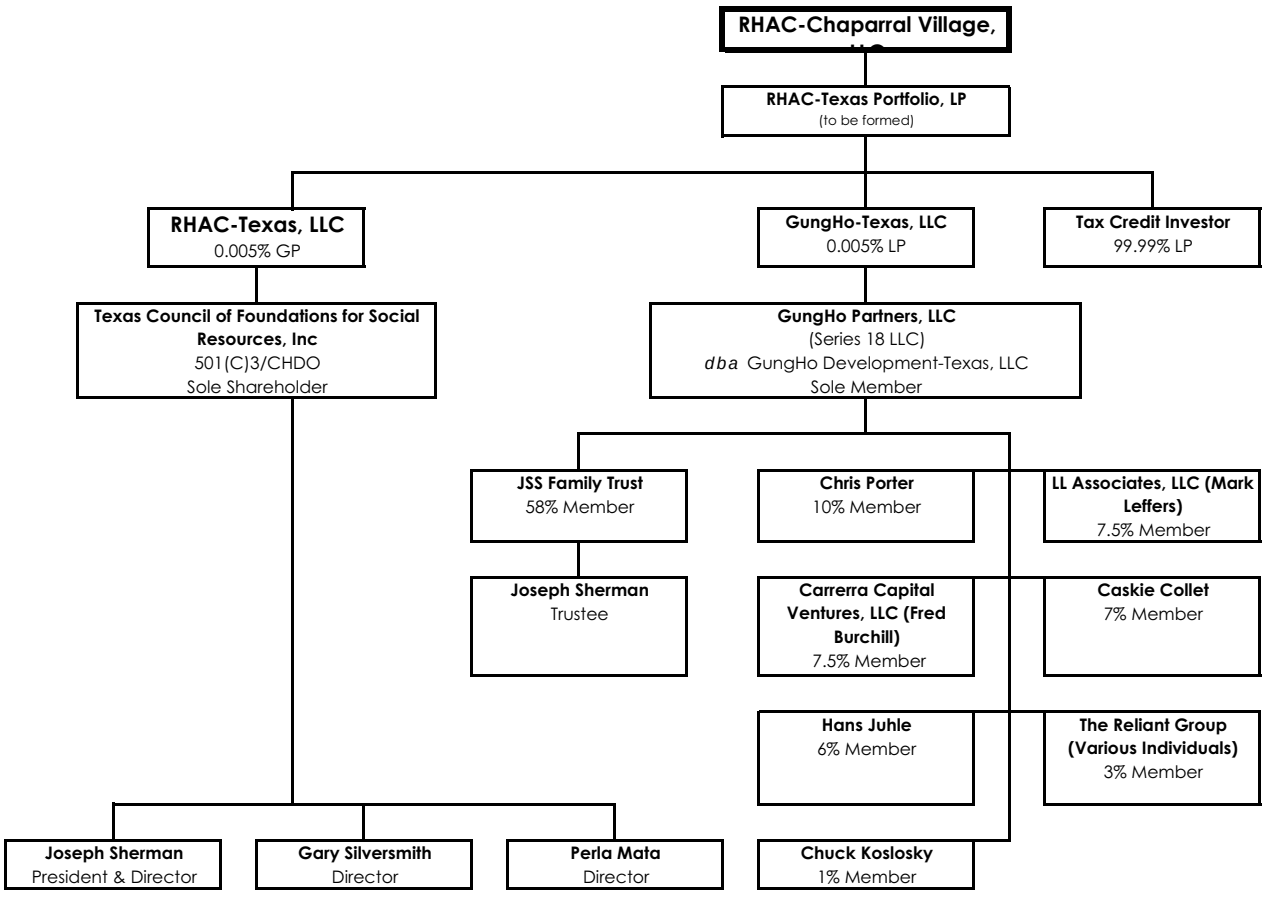
- The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.
- The subject has unresolved environmental concerns with regard to asbestos and noise.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact:	Chris Porter	Phone:	(415) 788-0700	Fax:	(415) 788-0435
Email:	cporter@reliantgroup.com				

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

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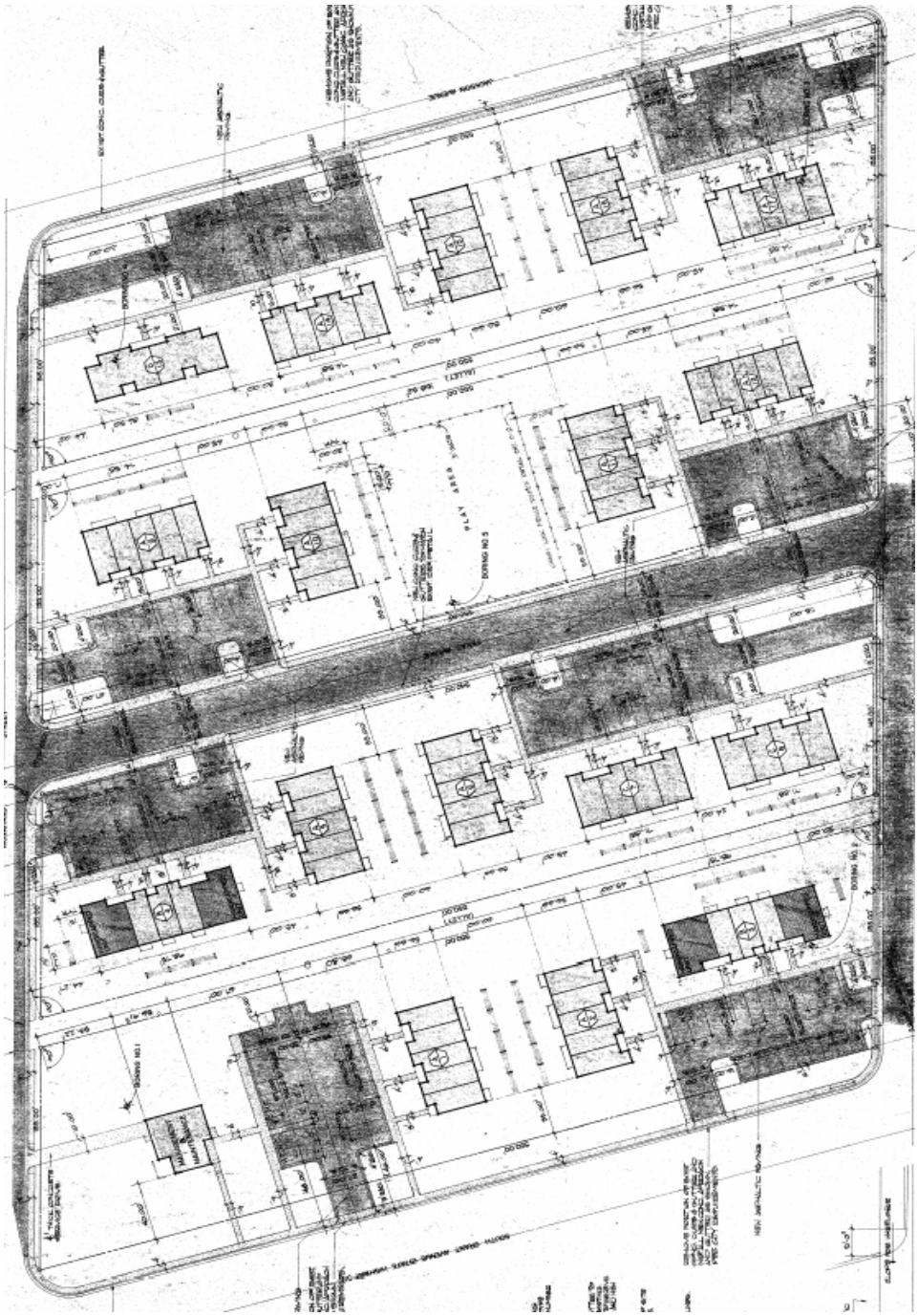
PROPOSED SITE
SITE PLAN



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BUILDING CONFIGURATION

Building Type	A	B	C	D							Total Buildings
Floors/Stories	1	2	1	1							
Number	12	2	2	1							**17**

BR/BA	SF	Units										Total Units	Total SF
2/1	940	5										60	56,400
2/1	990		5									10	9,900
3/1	1,190			4								8	9,520
4/1	1,156				2							2	2,312
Units per Building		5	5	4	2							**80**	**78,132**

Rehabilitation Recommendations of Property Condition Assessment:

Overlay parking areas and repair of potholes; Infill of soil and restoration of vegetation; Upgrades to site lighting and signage; Installation of property line fencing; Replacement of office/laundry room finishes; Installation of new playground; Replacement of roof shingles; Repainting of facades; Replacement of damaged wood trim and stucco; Replacement of windows and framing; Replacement of exterior doors; Replacement of blinds and vinyl flooring; Replacement of some cabinets; Installation of low flow toilets; Replacement of older kitchen appliances; Replacement of water heaters and older plumbing fixtures; Installation of water main shut off valves at buildings; Replacement of furnaces; Installation of GFCI receptacles; Replacement of some light fixtures.

SITE ISSUES

Total Size:	7.504 acres	Scattered site?	☐	Yes	☒	No	
Flood Zone:	X	Within 100-yr floodplain?	☐	Yes	☒	No	
Zoning:	LC-Light Commerc	Needs to be re-zoned?	☐	Yes	☒	No	☐ N/A

Comments:

The site is bisected by Texas Avenue, which has a 50 foot public right-of-way. The Applicant's site acreage is slightly less than indicated by the Appraiser but consistent with the survey. The small discrepancy is likely the result of estimation differences and due to the completion of the survey subsequent to the appraisal.

TDHCA SITE INSPECTION

Inspector: Bradlee Dansbee Date: 5/18/2007

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: Monahans Street and single family residential

East: Jackson Street and single family residential

South: Odessa Street, vacant gas station, residential

West: Grant Avenue and commercial/retail development

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 3/30/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- Asbestos - None of the samples analyzed detected the presence of asbestos. However, some suspect non-friable materials, such as vinyl flooring and roofing materials were noted. (20)

Comments:

However, the underwriting report is conditioned upon receipt, review and acceptance of documentation that the "non-friable" suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company LLP Date: 4/8/2007

Contact: Brad Weinberg Phone: (913) 262-3500 Fax: (913) 262-3501

Number of Revisions: 1/1/1900 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA): 23.8 square miles (≈2.75-mile radius)

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is the area bound by State Highway191 to the north, State Highway 338 to the east, Interstate 20 to the south, and again by State Highway 338 to the west. This area was defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 12).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units 25%
Sedona Springs	04120	100	85	N/A			
Key West Village	07151	36	36				

INCOME LIMITS						
Ector						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$20,400	$23,280	$26,220	$29,100	$31,440	$33,780

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/ 60% Rent Limit				1,979	70		3.54%
3 BR/ 60% Rent Limit				1,196	8		0.67%
4 BR/ 60% Rent Limit				305	2		0.66%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 86	100%	25,785	100%	25,785	34%	8,870	32%	2,865	25%	712
Underwriter	100%	25,987	62%	16,048	47%	7,494	32%	2,420	25%	605
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 86			100%	173	34%	60	32%	19	100%	19
Underwriter			62%	163	47%	47	32%	15	100%	15

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 86	80	37	0	117	731	16.00%
Underwriter	80	121	0	201	620	32.41%

Primary Market Occupancy Rates:

"The LIHTC properties' average occupancy rate is 93.6 percent, which is lower than the comparable market properties' average of 99.6 percent. The Subject is expected to maintain an occupancy rate higher than the LIHTC comparables based on its condition, unit mix, and past performance. It is also important to note that Sedona Springs Village is currently 100 percent occupied. Additionally, the only vacant unit at the Subject is pre-leased, and management reported that there is a lengthy waiting list for all unit types. Based on the above factors, we have estimated the Subject's stabilized occupancy rate after renovation to be 95 percent or higher" (p. 56).

Absorption Projections:

"Two of the three LIHTC properties were built within the past three years. However, only Sedona Springs Village was able to provide information on absorption. Sedona Springs Village was constructed in 2006 and offers a total of 100 one, two, and three-bedroom units. This property began leasing in March 2006 and reached full occupancy in June 2006, which equates to an absorption rate of approximately 33 units per month."

"It should be noted that much of the demand for the Subject is expected to originate with tenants already living at the property, since it will retain its Section 8 subsidy contract and has a current occupancy rate of 98.8 percent. Thus, if we conservatively assume an absorption rate of 40 units per month overall, the absorption period is estimated to be approximately two months to reach stabilization of 100 percent occupancy" (p. 55).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
2 BR 940 SF (60%)	$712	$578	$570	$712	($142)
2 BR 990 SF (60%)	$727	$578	$585	$727	($142)
3 BR 1,190 SF (60%)	$870	$672	$715	$870	($155)
4 BR 1,156 SF (60%)	$898	$716	$800	$898	($98)

Market Impact:

"Since there are no new LIHTC properties in the area and the current properties are operating at a stabilized occupancy, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 81).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an inclusive capture rate of 32.41%, which is above the Department's threshold for urban/exurban family properties. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 80 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the HAP contract provided and 23% to 30% higher than the current Housing Tax Credit net rent limits and higher than the market rents. This results in $143K more annual potential gross income than a comparable tax credit/tax exempt bond transaction, with no project-based rental assistance could achieve.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. However, the current contract rents could not be verified because the HAP contract provided appears to identify only the pre-M2M restructuring contract rents as of October 2003. While the underwriting analysis assumes the Applicant's projections will be approved by HUD, it appears that the Applicant's anticipated contract rents are well above the market rents which may ultimately limit any increase of the rental subsidy. Receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $15 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and consistent with historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 99% and the continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $3,509 per unit is not within 5% of the Underwriter's estimate of $4,208, derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly: general & administrative ($14K lower); payroll and payroll taxes ($11K higher); and property tax ($46K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($17K) appear to have been based on an assessed value of $8K per unit which appears to be extremely low. The Underwriter has underwritten the transaction based on an assessed value of $30K per unit which is at the high end of assessments for typical affordable multifamily properties. The Underwriter has evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 604% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 604% increase over 2006 property taxes would result in a DCR of 1.05. If a 50% exemption were secured at this point, the property taxes would still be 252% higher than 2006 taxes.

However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has evaluated potential property taxes using the income approach and a standard cap rate of 10% (the county's cap rate varies from 8.5% to 11.5%). This results in an assessed value well above standard levels based on experience with affordable multifamily properties. The Underwriter has further capped the estimated taxes at an assessed value of $30K per unit (at the high end of typical assessments and in this case would represent a tremendous increase in assessed value) to derive the estimated property taxes of $64K which is 270% higher than 2006 taxes.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

Although the Applicant's effective gross income figure is within 5% of the Underwriter's estimate, their total expense estimate and net operating income are not. Therefore, the Underwriter's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio within the current TDHCA guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 4/10/2007

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Land Only:	7.8 acres	$200,000	As of:	3/27/2007
Existing Buildings: (as-is)		$4,400,000	As of:	3/27/2007
Total Development: (as-is)		$4,600,000	As of:	3/27/2007

Comments:

The "as-is" value of the property assumes operation as a Section 8 property. Therefore, the values provided are acceptable. This value is even higher than the projected updated assessed value.

ASSESSED VALUE

Land Only:	7.83 acres	$129,612	Tax Year:	2006
Existing Buildings:		$518,448	Valuation by:	Ector CAD
Total Assessed Value:		$648,060	Tax Rate:	2.675600607

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EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $4,563,735 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $4,563,735 and no reserves will be transferred to the buyer.

The Applicant determined eligible building basis of $4,363,735 based upon the contract price less the appraised land value and closing costs. The Underwriter determined the same building basis also using the appraised land value, which is greater than the assessed land value.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant has provided no break-out of site work costs. The underwriting analysis assumes the estimate of $2,117 per unit provided in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant has provided no break-out of direct construction costs, but indicated total sitework and direct construction costs of $1,171,257, which is equal to the combined PCA estimates of sitework and direct costs. The underwriting analysis assumes the estimate for direct construction costs of $1,001,882 provided in the PCA. The total hard cost estimate including contingency and contractor fees is estimated to be $18,154 per unit, which is well above the Department's minimum of $12,000 reflecting a moderate level of rehabilitation.

Contingency & Fees:

The Applicant has overstated the eligible portion of contractor fees and developer fees by a total of $70. Therefore, the Applicant's total eligible basis for purposes of calculating tax credits is adjusted down by an equal amount.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $7,175,466 supports annual tax credits of $283,179. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Source: TSAHC Type: **Interim to Permanent Financing**

Principal: $300,000 Interest Rate: 4.0% [x] Fixed Term: 180 months

Comments:

TSAHC has provided a commitment for a $500,000 loan to TCFSR, owner of the GP. The loan has been allocated among three of the portfolio properties by the Applicant. The loan will carry an interest rate of 4% and a 15 year term. The commitment indicates that payments will be made quarterly from available cashflow after issuer fees, syndicator fees, senior bond debt service, and supportive service fees ($3 per unit). Moreover, the payments will be calculated on a prorata basis dependent upon the amount of developer fee deferred and will begin on the earlier of the place in service date or 18 months from the closing date.

The Applicant, not the lender, has allocated $300,000 out of the total $500,000 to this specific development. It is not clear what methodology was used to make this allocation.

The Applicant has included annual debt service for this source (based on a 15 year amortization) in the debt coverage ratio. However, the debt service will be based on available cashflow. Therefore, the Underwriter has not included this source in the DCR calculation. However, the DCR based on the Underwriter's proforma would fall below 1.15 if debt service based on a full 15 year amortization if included in the DCR calculation.

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1): $3,805,874 Interest Rate: 5.83% [x] Fixed Term: 420 months

Tax-Exempt (2): $219,126 Interest Rate: 5.83% [x] Fixed Term: 240 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since as a whole for the portfolio the proposed Contract rents are greater than HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $4,025,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation though it conforms to the DCR standards of the Department.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal: $525,000 Interest Rate: 2.6% [x] Fixed Term: 600 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring on some developments, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $525,000 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services, as discussed above.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $2,605,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $317,292 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the senior bond amount attributed to the subject of $4,025,000, the TSHAC loan of $300,000, and the HUD-assumed note of $525,000 indicates the need for $2,922,222 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $301,290 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($284,676), the gap-driven amount ($301,290), and eligible basis-derived estimate ($283,179), the eligible basis-derived estimate of $283,179 is recommended resulting in proceeds of $2,746,559 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $175,663 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within three years of stabilized operation.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter:	*Cameron Dorsey*	Date:	August 6, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Chaparral Village, Odessa, 4% HTC #07425

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	60	2	1	940	$655	$712	$42,714	$0.76	$77.00	$58.00
TC 60%	10	2	1	990	$655	727	7,266	0.73	77.00	58.00
TC 60%	8	3	1	1,190	$756	870	6,964	0.73	84.00	67.00
TC 60%	2	4	1	1,156	$844	898	1,796	0.78	128.00	80.00
TOTAL:	80		**AVERAGE:**	977		$734	$58,739	$0.75	$78.98	$59.45

INCOME	Total Net Rentable Sq Ft: 78,132			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$704,869	$713,688	Ector		12
Secondary Income	Per Unit Per Month:	$15.00		14,400	14,400	$15.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$719,269	$728,088			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(35,963)	(36,403)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$683,306	$691,685			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.68%	$314	0.32	$25,120	$10,800	$0.14	$135	1.56%
Management	3.88%	332	0.34	26,524	24,209	0.31	303	3.50%
Payroll & Payroll Tax	11.30%	965	0.99	77,191	88,000	1.13	1,100	12.72%
Repairs & Maintenance	5.27%	450	0.46	36,024	33,600	0.43	420	4.86%
Utilities	0.87%	74	0.08	5,938	6,100	0.08	76	0.88%
Water, Sewer, & Trash	8.08%	690	0.71	55,199	55,041	0.70	688	7.96%
Property Insurance	2.29%	195	0.20	15,626	14,400	0.18	180	2.08%
Property Tax 2.67560061	9.40%	803	0.82	64,214	17,756	0.23	222	2.57%
Reserve for Replacements	3.51%	300	0.31	24,000	24,000	0.31	300	3.47%
TDHCA Compliance Fees	0.47%	40	0.04	3,200	3,200	0.04	40	0.46%
Other: TSAHC Fees	0.53%	45	0.05	3,600	3,600	0.05	45	0.52%
TOTAL EXPENSES	49.27%	$4,208	$4.31	$336,638	$280,706	$3.59	$3,509	40.58%
NET OPERATING INC	50.73%	$4,333	$4.44	$346,668	$410,979	$5.26	$5,137	59.42%
DEBT SERVICE								
Tax-Exempt Bond (35-year amort)	37.35%	$3,190	$3.27	$255,215	$269,910	$3.45	$3,374	39.02%
Tax-Exempt Bond (20-year amort)	2.72%	$232	$0.24	18,582	0	$0.00	$0	0.00%
TSAHC Loan	0.00%	$0	$0.00	0	26,982	$0.35	$337	3.90%
NET CASH FLOW	10.66%	$911	$0.93	$72,871	$114,087	$1.46	$1,426	16.49%
AGGREGATE DEBT COVERAGE RATIO				1.27	1.38			
RECOMMENDED DEBT COVERAGE RATIO				1.27				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		58.82%	$57,147	$58.51	$4,571,735	$4,571,735	$58.51	$57,147	58.82%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		2.18%	2,117	2.17	169,375	0	0.00	0	0.00%
Direct Construction		12.89%	12,524	12.82	1,001,882	1,171,257	14.99	14,641	15.07%
Contingency	10.00%	1.51%	1,464	1.50	117,126	117,126	1.50	1,464	1.51%
Contractor's Fees	14.00%	2.11%	2,050	2.10	163,975	163,975	2.10	2,050	2.11%
Indirect Construction		1.46%	1,419	1.45	113,487	113,487	1.45	1,419	1.46%
Ineligible Costs		3.06%	2,970	3.04	237,611	237,611	3.04	2,970	3.06%
Developer's Fees	15.00%	12.04%	11,699	11.98	935,930	936,000	11.98	11,700	12.04%
Interim Financing		3.99%	3,874	3.97	309,956	309,956	3.97	3,874	3.99%
Reserves		1.94%	1,889	1.93	151,145	151,145	1.93	1,889	1.94%
TOTAL COST		100.00%	$97,153	$99.48	$7,772,222	$7,772,292	$99.48	$97,154	100.00%
Construction Cost Recap		*18.69%*	***$18,154***	***$18.59***	***$1,452,358***	***$1,452,358***	***$18.59***	***$18,154***	*18.69%*

SOURCES OF FUNDS

						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	48.97%	$47,573	$48.71	$3,805,874	$3,805,874	$3,805,874	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.82%	$2,739	$2.80	219,126	219,126	219,126	
TSAHC Loan	3.86%	$3,750	$3.84	300,000	300,000	300,000	$935,930
Assumed Sub. Unsecured Notes	6.75%	$6,563	$6.72	525,000	525,000	525,000	
Reserve Balance	0.00%	$0	$0.00	0	0	0	
HTC Syndication Proceeds	33.52%	$32,563	$33.34	2,605,000	2,605,000	2,746,559	% of Dev. Fee Deferred
Deferred Developer Fees	4.08%	$3,966	$4.06	317,292	317,292	175,663	19%
Additional (Excess) Funds Req'd	0.00%	($1)	($0.00)	(70)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$7,772,222	$7,772,292	$7,772,222	$1,860,247

Chaparral Village, Odessa, 4% HTC #07425

PAYMENT COMPUTATION

Primary	$3,805,874	Amort	420
Int Rate	5.83%	DCR	1.36

Secondary	$219,126	Amort	240
Int Rate	5.83%	Subtotal DCR	1.27

Additional	$525,000	Amort	0
Int Rate	2.60%	Aggregate DCR	1.27

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$255,215
Secondary Debt Service	18,582
Additional Debt Service	0
NET CASH FLOW	$72,871

Primary	$3,805,874	Amort	420
Int Rate	5.83%	DCR	1.36

Secondary	$219,126	Amort	240
Int Rate	5.83%	Subtotal DCR	1.27

Additional	$525,000	Amort	0
Int Rate	2.60%	Aggregate DCR	1.27

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$704,869	$726,015	$747,796	$770,230	$793,336	$919,694	$1,066,178	$1,235,992	$1,661,070
Secondary Income	14,400	14,832	15,277	15,735	16,207	18,789	21,781	25,250	33,935
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	719,269	740,847	763,073	785,965	809,544	938,483	1,087,959	1,261,243	1,695,005
Vacancy & Collection Loss	(35,963)	(37,042)	(38,154)	(39,298)	(40,477)	(46,924)	(54,398)	(63,062)	(84,750)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$683,306	$703,805	$724,919	$746,667	$769,067	$891,559	$1,033,561	$1,198,181	$1,610,255
EXPENSES at 4.00%									
General & Administrative	$25,120	$26,125	$27,170	$28,257	$29,387	$35,754	$43,500	$52,925	$78,341
Management	26,524	27,320	28,140	28,984	29,853	34,608	40,120	46,510	62,506
Payroll & Payroll Tax	77,191	80,279	83,490	86,830	90,303	109,867	133,670	162,630	240,733
Repairs & Maintenance	36,024	37,465	38,964	40,522	42,143	51,273	62,382	75,897	112,346
Utilities	5,938	6,176	6,423	6,679	6,947	8,452	10,283	12,510	18,519
Water, Sewer & Trash	55,199	57,407	59,703	62,091	64,575	78,565	95,587	116,296	172,146
Insurance	15,626	16,251	16,902	17,578	18,281	22,241	27,060	32,922	48,733
Property Tax	64,214	66,783	69,454	72,232	75,122	91,397	111,199	135,290	200,262
Reserve for Replacements	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Other	6,800	7,072	7,355	7,649	7,955	9,679	11,775	14,327	21,207
TOTAL EXPENSES	$336,638	$349,838	$363,558	$377,819	$392,642	$475,996	$577,136	$699,873	$1,029,642
NET OPERATING INCOME	$346,668	$353,967	$361,361	$368,847	$376,424	$415,563	$456,425	$498,308	$580,613
DEBT SERVICE									
First Lien Financing	$255,215	$255,215	$255,215	$255,215	$255,215	$255,215	$255,215	$255,215	$255,215
Second Lien	18,582	18,582	18,582	18,582	18,582	18,582	18,582	18,582	18,582
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$72,871	$80,170	$87,564	$95,050	$102,627	$141,766	$182,628	$224,511	$306,816
DEBT COVERAGE RATIO	1.27	1.29	1.32	1.35	1.37	1.52	1.67	1.82	2.12

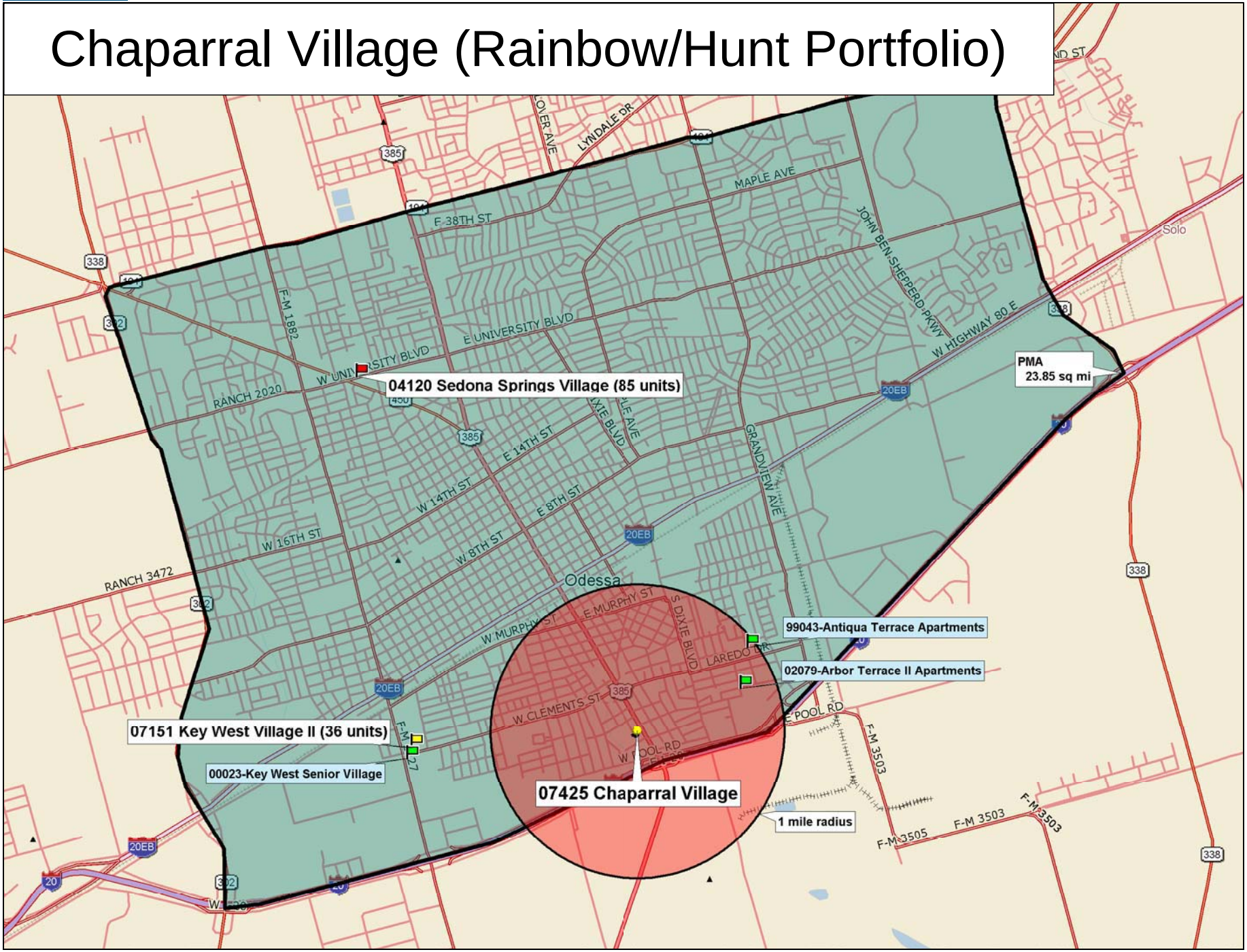
HTC ALLOCATION ANALYSIS -Chaparral Village, Odessa, 4% HTC #07425

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$208,000	$208,000				
Purchase of buildings	$4,363,735	$4,363,735	$4,363,735	$4,363,735		
Off-Site Improvements						
Sitework		$169,375				$169,375
Construction Hard Costs	$1,171,257	$1,001,882			$1,171,257	$1,001,882
Contractor Fees	$163,975	$163,975			$163,975	$163,975
Contingencies	$117,126	$117,126			$117,126	$117,126
Eligible Indirect Fees	$113,487	$113,487			$113,487	$113,487
Eligible Financing Fees	$309,956	$309,956			$309,956	$309,956
All Ineligible Costs	$237,611	$237,611				
Developer Fees			$654,560	$654,560	$281,370	$281,370
Developer Fees	$936,000	$935,930				
Development Reserves	$151,145	$151,145				
TOTAL DEVELOPMENT COSTS	$7,772,292	$7,772,222	$5,018,295	$5,018,295	$2,157,171	$2,157,171

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS	$5,018,295	$5,018,295	$2,157,171	$2,157,171	
High Cost Area Adjustment			130%	130%	
TOTAL ADJUSTED BASIS	$5,018,295	$5,018,295	$2,804,322	$2,804,322	
Applicable Fraction	100%	100%	100%	100%	
TOTAL QUALIFIED BASIS	$5,018,295	$5,018,295	$2,804,322	$2,804,322	
Applicable Percentage	3.62%	3.62%	3.62%	3.62%	
TOTAL AMOUNT OF TAX CREDITS	$181,662	$181,662	$101,516	$101,516	
Syndication Proceeds **0.9699**	**$1,761,948**	**$1,761,948**	**$984,611**	**$984,611**	

Total Tax Credits (Eligible Basis Method)	**$283,179**	**$283,179**
Syndication Proceeds	**$2,746,559**	**$2,746,559**
Requested Tax Credits	**$284,676**	
Syndication Proceeds	**$2,761,081**	
Gap of Syndication Proceeds Needed	**$2,922,292**	**$2,922,222**
Total Tax Credits (Gap Method)	**$301,297**	**$301,290**

Chaparral Village (Rainbow/Hunt Portfolio)



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TN

MN (7.5°E)

Scale 1 : 56,250

1" = 4,687.5 ft

Data Zoom 11-7

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

River Park Village East Apartments, TDHCA Number 07426

BASIC DEVELOPMENT INFORMATION

Site Address:	1309 Central Texas Expressway			Development #:	07426
City:	Lampasas	Region:	8	Population Served:	Family
County:	Lampasas	Zip Code:	76550	Allocation:	Rural
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC - RIVER PARK Village, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	50	0	0	30	20	0	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	50
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	50
Total Development Cost:	$1,911,353
Number of Residential Buildings:	7
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$48,377	$45,612	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

River Park Village East Apartments, TDHCA Number 07426

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Fraser, District 24 NC

US Representative: Conaway, District 11, NC

TX Representative: Aycock, District 54 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Judith Hetherly, Mayor, City of Lampasas - NC

Resolution of Support from Local Government ☐

Lance R. Carlson, Building Official, City of Lampasas - The Lampasas city plan does not address housing; however the property will fulfill a need for additional affordable rental housing in Lampasas.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

River Park Village East Apartments, TDHCA Number 07426

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$45,612
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $45,612 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07426**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

River Park Village East

Location: 1309 Central Texas Expressway Region: 8

City: Lampasas County: Lampasas Zip: 76550 ☐ QCT ☐ DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$48,377			**$45,612**		

** The Applicant originally requested $41,395.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

3 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

4 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

5 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	50

PROS

- The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.
- The proposed rehabilitation will refresh a 25 year old property.
- The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.

CONS

- The proposed rehab costs are slightly above the Department's minimum of $12K per unit indicating that the subject is not in need of substantial immediate repairs.
- The subject has unresolved environmental concerns with regard to asbestos and noise.
- The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.
- The Underwriter's expense to income ratio exceeds 65%, but is mitigated by the ongoing operating subsidy support through the HAP contract.

PREVIOUS UNDERWRITING REPORTS

None

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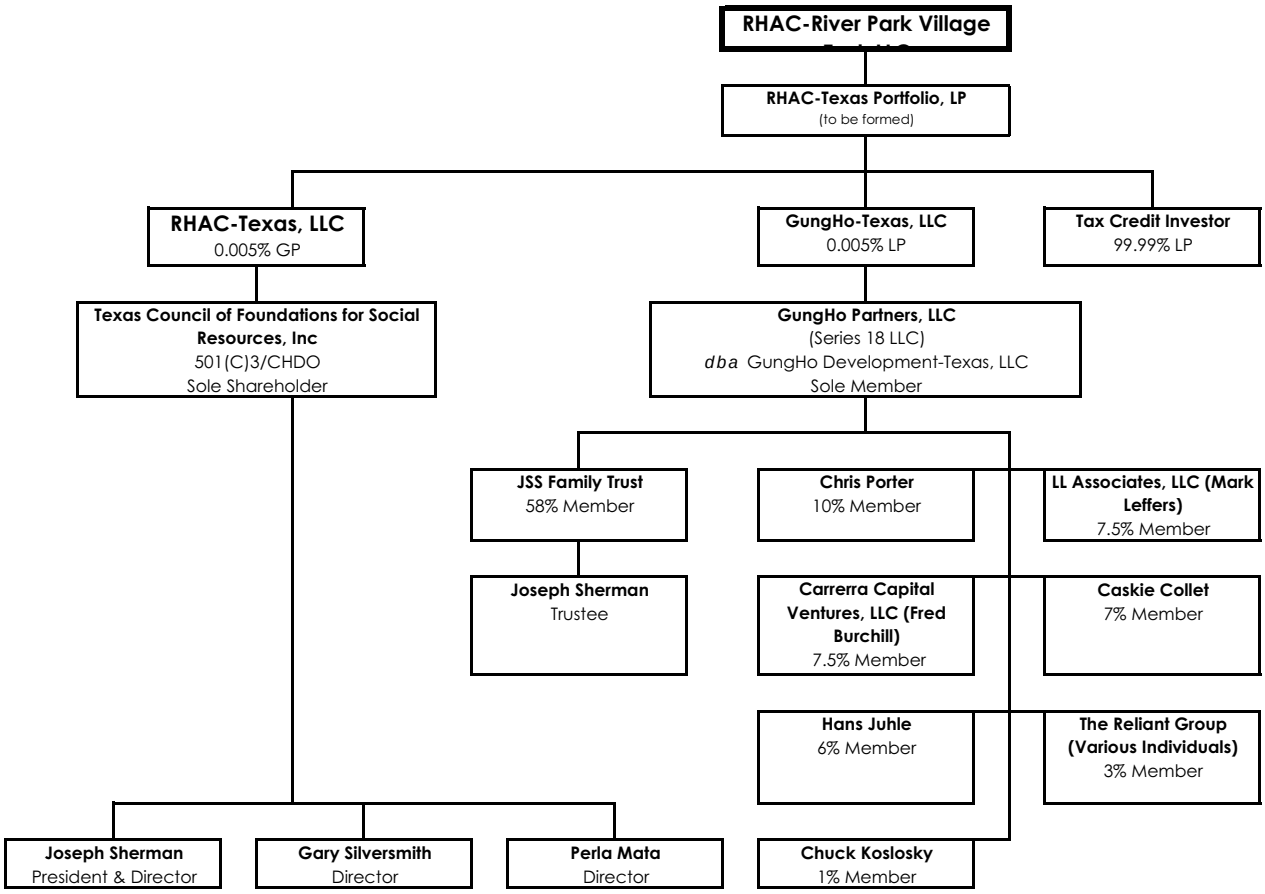
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Chris Porter Phone: (415) 788-0700 Fax: (415) 788-0435

Email: cporter@reliantgroup.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

This section intentionally left blank.

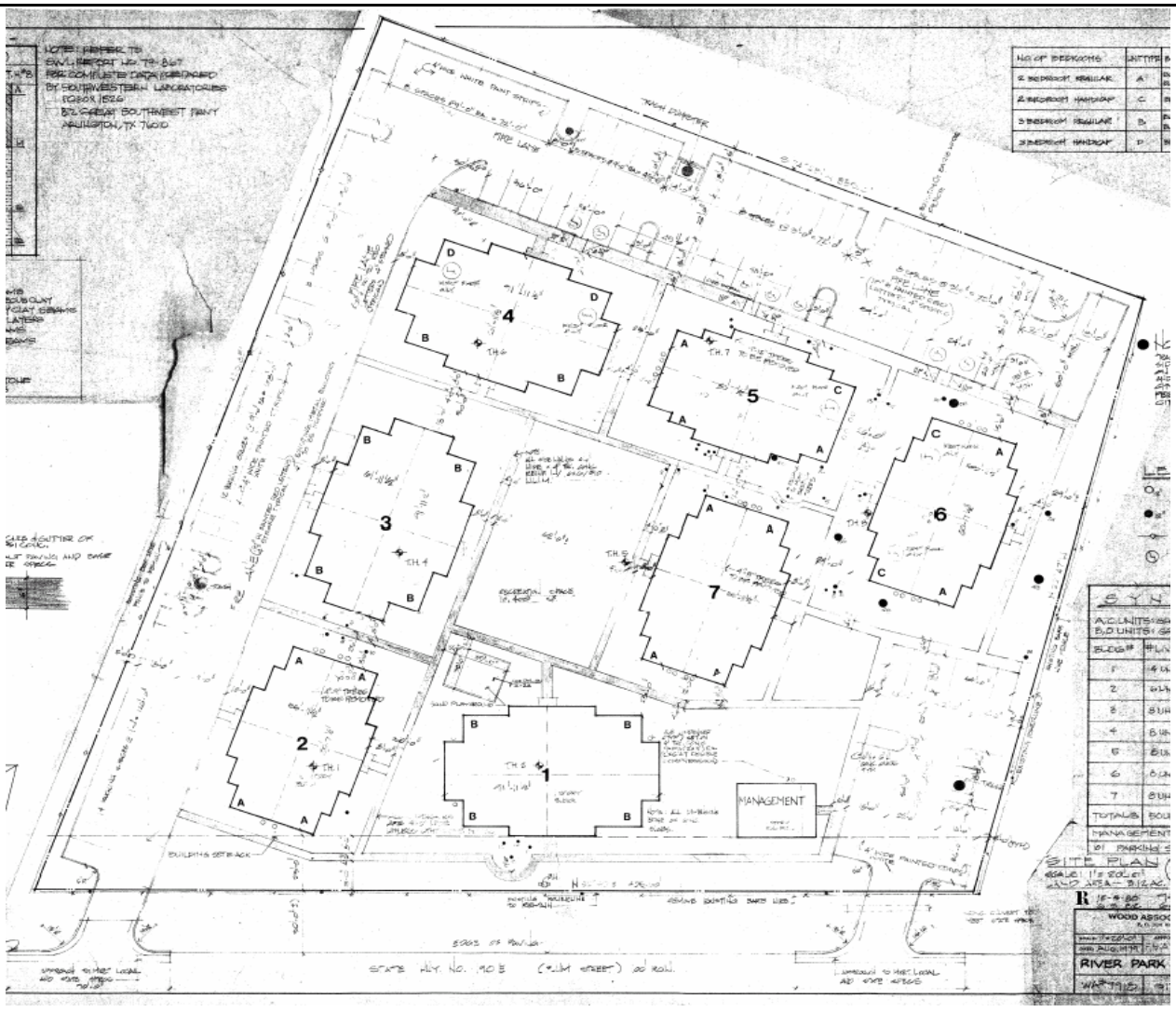
IDENTITIES of INTEREST

The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D							Total Buildings
Floors/Stories	1	2	2	2							
Number	1	1	2	3							**7**

BR/BA	SF	Units										Total Units	Total SF
2/1	750		6		8							30	22,500
3/2	960	4		8								20	19,200
Units per Building		4	6	8	8							**50**	**41,700**

Rehabilitation Recommendations of Property Condition Assessment:

Minor regrading at property entry; Tree trimming and root control; Installation of dumpster enclosures; Replacement of roofs at two buildings; Destructive investigation of exterior wall construction; Installation of solar screens; Resurfacing of bathtubs; Repair/replacement of interior finishes affected by mold and water damage; Replacement of remaining original kitchen and bathroom cabinets; Replacement of some appliances; Replacement of water heaters; Replacement of furnaces and condensers; Installation of ceiling fans.

SITE ISSUES

Total Size:	2.99 acres	Scattered site?	[ ]	Yes	[x]	No	
Flood Zone:	X	Within 100-yr floodplain?	[ ]	Yes	[x]	No	
Zoning:	R / Retail	Needs to be re-zoned?	[ ]	Yes	[x]	No	[ ] N/A

Comments:

The property is currently located in a Retail District. However, the City of Lampasas provided a letter indicating that the property can continue to operate and rehabilitation appears to be permitted to the extent that units are not enlarged or number of units increased. Rezoning for Multifamily Residential-2 District would be required if such plans are pursued. The application does not appear to indicate that there will be a change in the size of the existing units or a change in the number of units. Therefore, the current zoning appears to be sufficient.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 6/14/2007

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: single family residence and vacant land

East: multifamily housing

South: Central Texas Expressway, retail, and residential

West: warehouse and single family residential

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Commercial Services Date: 4/30/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

Asbestos - Asbestos has been identified at the property in the form of floor tile mastic. These materials were identified to be in good condition. According to the EPA, asbestos containing materials can, in general, be managed safely in-place under an Operations and Maintenance program until removal is dictated by renovation, demolition, or deteriorating material condition. None of the remaining samples analyzed contained asbestos. (18)

Comments:

However, the underwriting report is conditioned upon receipt, review and acceptance of documentation that the "non-friable" suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company LLP Date: 3/30/2007

Contact: Brad Weinberg Phone: (512) 340-0420 Fax: (512) 340-0421

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA): 712.62 square miles (≈15-mile radius)

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is defined as the County of Lampasas. It is the area roughly bound by Highway 84 to the north, the Colorado River to the west, FM 1478 to the south, FM 2657 to the east. This area was defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income-qualified demand for the Subject will be generated from within the PMA" (p. 11).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
None				N/A			

INCOME LIMITS						
Lampasas						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$20,520	$23,460	$26,400	$29,340	$31,680	$34,020

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/ 60% Rent Limit				157	30		19.16%
3 BR/ 60% Rent Limit				94	20		21.25%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be below 100%.

OVERALL DEMAND											
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER											
Market Analyst p. 93	100%	2,061			77%	1,020	25%	252	25%	63
Underwriter	100%	8,453	74%	6,289	35%	2,184	25%	538	25%	135
PMA DEMAND from HOUSEHOLD GROWTH											
Market Analyst p. 93				70	77%	54	25%	13	100%	13
Underwriter			74%	289	35%	75	25%	18	100%	18

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 93	50	0	0	50	76	65.5%
Underwriter	50	0	0	50	153	32.70%

Demand Comment:

The Market Analyst's calculation of turnover is inconsistent with the percentages given. Also, their inclusive capture rate conclusion exceeds the TDHCA maximum of 25% for developments targeting families; however, the development plans to keep tenants in place and currently has project-based rental assistance for all units. An inclusive capture rate analysis is not a viable tool for a rehabilitation development with more than 80% occupancy and project-based rental assistance.

Primary Market Occupancy Rates:

"Occupancy rates reported at the comparable properties ranged from 80.3 to 100.0 percent, with a weighted average occupancy rate of 93.0 percent. The LIHTC properties average occupancy was 99.1 percent, which is higher than the comparable market properties average of 89.8 percent. Clear Creek Meadows has the lowest occupancy rate of all the surveyed properties at 80.3 percent."

"The Subject is currently operating at 100 percent occupancy, which is typical. Based on the above factors, we have estimated the Subject's stabilized occupancy rate after renovation to be 95 percent or higher" (p. 66).

Absorption Projections:

"It should be noted that much of the demand for the Subject is expected to originate with tenants already living at the property, since it will retain its Section 8 subsidy contract and has a current occupancy rate of 100 percent. Thus, if we conservatively assume an absorption rate of 25 units per month overall, the absorption period is estimated to be approximately two months to reach stabilization of 100 percent occupancy" (p. 65).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
2 BR 750 SF (60%)	$479	$560	$560	$479	$81
3 BR 960 SF (60%)	$600	$624	$800	$600	$200

Market Impact:

"Since the Subject is currently fully occupied and will retain its Section 8 subsidy contract with little or no turnover as a result of converting to a LIHTC property, it essentially renders this moot. Since there are no LIHTC properties in the County, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 83).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an inclusive capture rate of 32.70% which is above the Department maximum of 25% for a development targeting family households. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 50 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the current HAP contract rents but below net HTC program rents and the market rents.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $15 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and consistent with historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 98% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $3,952 per unit is within 5% of the Underwriter's estimate of $4,100, derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly: general & administrative ($5K lower); payroll and payroll taxes ($6K higher); utilities ($6K higher); and property tax ($10K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($12K) appear to have been based on an assessed value of $10.5K per unit. The Underwriter has underwritten the transaction based on an assessed value of $20.5K per unit which results in a 94% increase over 2006 taxes and is consistent with state statute.

The Underwriter has also evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 22% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 22% increase over 2006 property taxes would result in a DCR of 1.33. If a 50% exemption were secured at this point, the property taxes would be 39% lower than 2006 taxes. However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has used the income approach and a standard cap rate of 10% to derive the estimated property taxes of $24K based on an assessed value of $20.5K per unit which is 94% higher than 2006 taxes. The county appraisal district did not post a cap rate online; therefore, the Underwriter used a cap rate of 10% in line with Department guidelines.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio. Moreover, in this instance none of this subordinate has been assigned to the subject.

Conclusion:

Although the Applicant's effective gross income and total operating expense figures are each within 5% of the Underwriter's estimates, their net operating income is not. Therefore, the Underwriter's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio within the current TDHCA guideline of 1.15 to 1.35.

The Underwriter's expense to income ratio is slightly above the Department's 65% maximum. However, the subject property is encumbered by a HAP contract providing a rental subsidy for 100% of the units. Properties with a HAP rental subsidy are exempt from meeting the 65% expense to income ratio guideline. Rental subsidies generally can be increased during periods of rising expenses and flat program rent limits, which mitigates risk associated with a high expense to income ratio.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 3/30/2007

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Land Only:	3.5 acres	$200,000	As of:	3/22/2007
Existing Buildings: (as-is)		$800,000	As of:	3/22/2007
Total Development: (as-is)		$1,000,000	As of:	3/22/2007

Comments:

The "as-is" value of property assumes continued operations as a Section 8 property. The site acreage used in the appraisal is an approximation. The survey indicates the site is 2.99 acres.

ASSESSED VALUE

Land Only:	3.5 acres	$114,350	Tax Year:	2006
Existing Buildings:		$375,840	Valuation by:	Lampasas CAD
Total Assessed Value:		$490,190	Tax Rate:	2.303188

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $645,468 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

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CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties in Texas for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $645,468; however, reserves of $165,182 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $339,786 based upon the contract price less $140,000 for the land, closing costs, and existing reserves. The Underwriter has determined a building basis of $279,786 based upon the contract price less the appraised value of the land, closing costs and existing reserves. The difference in building basis is due to the Applicant's use of a land value ($140,000) that is well below the appraised value ($200,000).

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant has provided no break-out of site work costs. The underwriting analysis assumes the estimate of $480 per unit provided in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant has provided no break-out of direct construction costs, but indicated total sitework and direct construction costs of $518,650, which is equal to the combined PCA estimates of sitework and direct costs. The underwriting analysis assumes the estimate for direct construction costs of $494,650 provided in the PCA. The Applicant reflected all $51,865 of contingency as ineligible in this instance which amounts to $1,037 per unit in additional direct construction cost. Therefore, the Applicant's total hard costs (including sitework, direct costs, fees and contingency) is $12,862 per unit, $1,037 more than reflected on the comparative analysis portion of this report and only slightly higher than the Department's minimum of $12K per unit.

Contingency & Fees:

The Applicant has overstated the eligible portion of contractor fees and developer fees by a total of $54. Therefore, the Applicant's total eligible basis for purposes of calculating tax credits is adjusted down by an equal amount.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $1,259,988 supports annual tax credits of $45,612. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1):	$1,181,948	Interest Rate:	5.83%	x	Fixed	Term:	420 months
Tax-Exempt (2):	$68,052	Interest Rate:	5.83%	x	Fixed	Term:	240 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since, as a whole for the transaction, the Contract rents are greater than the HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $1,250,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation, though it conforms to the standards of the Department.

The Applicant did, however, allocate a portion of the HAP bonds to the subject property even though there appears to be no risk of lost revenue associated with the HAP contract for this property at this time.

On the other hand, the Applicant did not allocate any of the $10.1M debt from the consolidated HUD notes to the subject which could be a concern for the related non-profit supportive service provider or future assignees of that contract.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $464,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $40,725 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the senior bond amount attributed to the subject of $1,250,000 and reserves of $165,682 indicates the need for $495,671 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $51,105 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's revised request ($48,377), the gap-driven amount ($51,105), and eligible basis-derived estimate ($45,612), the eligible basis-derived estimate of $45,612 is recommended resulting in proceeds of $442,388 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $53,283 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within three years of stabilized operation.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter:	*Cameron Dorsey*	Date:	August 6, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

River Park Village East, Lampasas, 4% HTC #07426

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	30	2	1	750	$660	$479	$14,364	$0.64	$100.00	$56.50
TC 60%	20	3	2	960	$762	600	11,991	0.62	138.00	76.40
TOTAL:	50		**AVERAGE:**	834		$527	$26,355	$0.63	$115.20	$64.46

INCOME	Total Net Rentable Sq Ft: 41,700			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$316,260	$316,440	Lampasas		8
Secondary Income	Per Unit Per Month:	$15.00		9,000	9,000	$15.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$325,260	$325,440			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(16,263)	(16,272)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$308,997	$309,168			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.29%	$265	0.32	$13,260	$8,750	$0.21	$175	2.83%
Management	3.88%	240	0.29	11,995	10,821	0.26	216	3.50%
Payroll & Payroll Tax	14.37%	888	1.06	44,393	50,000	1.20	1,000	16.17%
Repairs & Maintenance	10.80%	668	0.80	33,384	32,500	0.78	650	10.51%
Utilities	1.90%	117	0.14	5,873	11,535	0.28	231	3.73%
Water, Sewer, & Trash	13.86%	857	1.03	42,825	40,817	0.98	816	13.20%
Property Insurance	3.37%	209	0.25	10,425	10,750	0.26	215	3.48%
Property Tax 2.303188	7.64%	472	0.57	23,608	13,182	0.32	264	4.26%
Reserve for Replacements	4.85%	300	0.36	15,000	15,000	0.36	300	4.85%
TDHCA Compliance Fees	0.65%	40	0.05	2,000	2,000	0.05	40	0.65%
Other: TSAHC Fees	0.73%	45	0.05	2,250	2,250	0.05	45	0.73%
TOTAL EXPENSES	66.35%	$4,100	$4.92	$205,012	$197,605	$4.74	$3,952	63.92%
NET OPERATING INC	33.65%	$2,080	$2.49	$103,985	$111,563	$2.68	$2,231	36.08%
DEBT SERVICE								
Tax-Exempt Bond (35-year amort)	25.65%	$1,585	$1.90	$79,259	$83,823	$2.01	$1,676	27.11%
Tax-Exempt Bond (20-year amort)	1.87%	$115	$0.14	5,771	0	$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW	6.13%	$379	$0.45	$18,955	$27,740	$0.67	$555	8.97%
AGGREGATE DEBT COVERAGE RATIO				1.22	1.33			
RECOMMENDED DEBT COVERAGE RATIO				1.22				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		34.08%	$13,029	$15.62	$651,468	$485,786	$11.65	$9,716	27.68%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		1.26%	480	0.58	24,000	0	0.00	0	0.00%
Direct Construction		25.88%	9,893	11.86	494,650	518,650	12.44	10,373	29.56%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Contractor's Fees	14.00%	3.80%	1,452	1.74	72,611	72,611	1.74	1,452	4.14%
Indirect Construction		6.18%	2,364	2.83	118,180	118,180	2.83	2,364	6.73%
Ineligible Costs		10.95%	4,187	5.02	209,326	209,326	5.02	4,187	11.93%
Developer's Fees	15.00%	8.60%	3,287	3.94	164,346	173,400	4.16	3,468	9.88%
Interim Financing		5.57%	2,128	2.55	106,415	106,415	2.55	2,128	6.06%
Reserves		3.68%	1,407	1.69	70,357	70,357	1.69	1,407	4.01%
TOTAL COST		100.00%	$38,227	$45.84	$1,911,353	$1,754,725	$42.08	$35,095	100.00%
Construction Cost Recap		*30.93%*	***$11,825***	***$14.18***	***$591,261***	***$591,261***	***$14.18***	***$11,825***	*33.70%*

SOURCES OF FUNDS		$12,862				RECOMMENDED	
Tax-Exempt Bond (35-year amort)	61.84%	$23,639	$28.34	$1,181,948	$1,181,948	$1,181,948	Developer Fee Available
Tax-Exempt Bond (20-year amort)	3.56%	$1,361	$1.63	68,052	68,052	68,052	$164,346
TSAHC Loan	0.00%	$0	$0.00	0	0	0	
Assumed Sub. Unsecured Notes	0.00%	$0	$0.00	0	0	0	
Reserve Balance	8.67%	$3,314	$3.97	165,682	0	165,682	
HTC Syndication Proceeds	24.28%	$9,280	$11.13	464,000	464,000	442,388	% of Dev. Fee Deferred
Deferred Developer Fees	2.13%	$815	$0.98	40,725	40,725	53,283	32%
Additional (Excess) Funds Req'd	-0.47%	($181)	($0.22)	(9,054)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$1,911,353	$1,754,725	$1,911,353	$378,594

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

River Park Village East, Lampasas, 4% HTC #07426

PAYMENT COMPUTATION

Primary	$1,181,948	Amort	420
Int Rate	5.83%	DCR	1.31

Secondary	$68,052	Amort	240
Int Rate	5.83%	Subtotal DCR	1.22

Additional	$0	Amort	
Int Rate		Aggregate DCR	1.22

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$79,259
Secondary Debt Service	5,771
Additional Debt Service	0
NET CASH FLOW	$18,955

Primary	$1,181,948	Amort	420
Int Rate	5.83%	DCR	1.31

Secondary	$68,052	Amort	240
Int Rate	5.83%	Subtotal DCR	1.22

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$316,260	$325,748	$335,520	$345,586	$355,953	$412,648	$478,372	$554,564	$745,287
Secondary Income	9,000	9,270	9,548	9,835	10,130	11,743	13,613	15,782	21,209
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	325,260	335,018	345,068	355,420	366,083	424,391	491,985	570,345	766,496
Vacancy & Collection Loss	(16,263)	(16,751)	(17,253)	(17,771)	(18,304)	(21,220)	(24,599)	(28,517)	(38,325)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$308,997	$318,267	$327,815	$337,649	$347,779	$403,171	$467,386	$541,828	$728,172
EXPENSES at 4.00%									
General & Administrative	$13,260	$13,790	$14,342	$14,916	$15,512	$18,873	$22,962	$27,937	$41,353
Management	11,995	12,354	12,725	13,107	13,500	15,650	18,143	21,032	28,266
Payroll & Payroll Tax	44,393	46,169	48,015	49,936	51,934	63,185	76,874	93,529	138,446
Repairs & Maintenance	33,384	34,719	36,108	37,553	39,055	47,516	57,811	70,335	104,113
Utilities	5,873	6,108	6,352	6,606	6,871	8,359	10,170	12,374	18,316
Water, Sewer & Trash	42,825	44,538	46,320	48,172	50,099	60,953	74,159	90,226	133,556
Insurance	10,425	10,842	11,276	11,727	12,196	14,838	18,053	21,964	32,512
Property Tax	23,608	24,552	25,534	26,555	27,618	33,601	40,881	49,738	73,624
Reserve for Replacements	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Other	4,250	4,420	4,597	4,781	4,972	6,049	7,360	8,954	13,254
TOTAL EXPENSES	$205,012	$213,093	$221,493	$230,225	$239,303	$290,375	$352,387	$427,692	$630,221
NET OPERATING INCOME	$103,985	$105,174	$106,322	$107,424	$108,475	$112,796	$114,999	$114,136	$97,951
DEBT SERVICE									
First Lien Financing	$79,259	$79,259	$79,259	$79,259	$79,259	$79,259	$79,259	$79,259	$79,259
Second Lien	5,771	5,771	5,771	5,771	5,771	5,771	5,771	5,771	5,771
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$18,955	$20,144	$21,292	$22,394	$23,445	$27,766	$29,968	$29,106	$12,920
DEBT COVERAGE RATIO	1.22	1.24	1.25	1.26	1.28	1.33	1.35	1.34	1.15

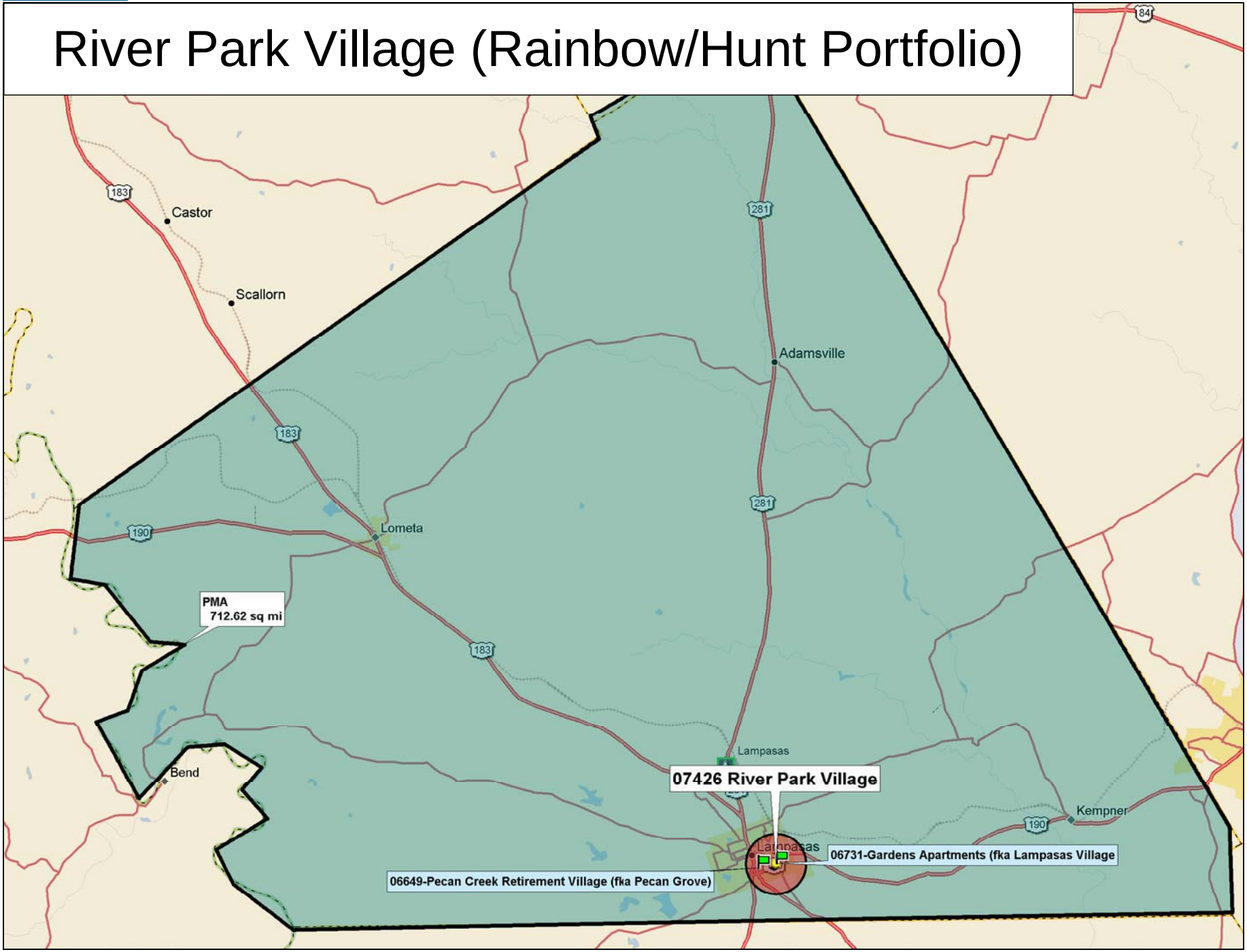
HTC ALLOCATION ANALYSIS -River Park Village East, Lampasas, 4% HTC #07426

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$146,000	$371,682				
Purchase of buildings	$339,786	$279,786	$339,786	$279,786		
Off-Site Improvements						
Sitework		$24,000				$24,000
Construction Hard Costs	$518,650	$494,650			$518,650	$494,650
Contractor Fees	$72,611	$72,611			$72,611	$72,611
Contingencies						
Eligible Indirect Fees	$118,180	$118,180			$118,180	$118,180
Eligible Financing Fees	$106,415	$106,415			$106,415	$106,415
All Ineligible Costs	$209,326	$209,326				
Developer Fees			$50,968	$41,968	$122,378	$122,378
Developer Fees	$173,400	$164,346				
Development Reserves	$70,357	$70,357				
TOTAL DEVELOPMENT COSTS	$1,754,725	$1,911,353	$390,754	$321,754	$938,234	$938,234

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS	$390,754	$321,754	$938,234	$938,234	
High Cost Area Adjustment			100%	100%	
TOTAL ADJUSTED BASIS	$390,754	$321,754	$938,234	$938,234	
Applicable Fraction	100%	100%	100%	100%	
TOTAL QUALIFIED BASIS	$390,754	$321,754	$938,234	$938,234	
Applicable Percentage	3.62%	3.62%	3.62%	3.62%	
TOTAL AMOUNT OF TAX CREDITS	$14,145	$11,647	$33,964	$33,964	
Syndication Proceeds	**0.9699**	**$137,196**	**$112,969**	**$329,419**	**$329,419**

Total Tax Credits (Eligible Basis Method)	**$48,109**	**$45,612**
Syndication Proceeds	**$466,614**	**$442,388**
Requested Tax Credits	**$48,377**	
Syndication Proceeds	**$469,210**	
Gap of Syndication Proceeds Needed	**$504,725**	**$495,671**
Total Tax Credits (Gap Method)	**$52,039**	**$51,105**

River Park Village (Rainbow/Hunt Portfolio)



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TN
MN (5.3°E)

Scale 1 : 275,000
1" = 4.34 mi
Data Zoom 9-5

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

High Plains Apartments, TDHCA Number 07427

BASIC DEVELOPMENT INFORMATION

Site Address:	1607 Iola			Development #:	07427
City:	Lubbock	Region:	1	Population Served:	Family
County:	Lubbock	Zip Code:	79416	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC - High Plains, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	50	0	0	48	2	0	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☑ Townhome

Total Restricted Units:	50
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	50
Total Development Cost:	$3,979,518
Number of Residential Buildings:	8
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$118,490	$114,601	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

High Plains Apartments, TDHCA Number 07427

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Duncan, District 28 NC

US Representative: Neugebauer, District 19, NC

TX Representative: Isett, District 84 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: David Miller, Mayor, City of Lubbock - NC Resolution of Support from Local Government ☐

Goals of the City of Lubbock FY 2004-2009 Consolidated Plan indicate the need to increase the availability of decent, safe and affordable housing.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

High Plains Apartments, TDHCA Number 07427

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$114,601
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $114,601 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07427**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

High Plains

Location: 1607 Iola Region: 1

City: Lubbock County: Lubbock Zip: 79416 ☐ QCT ☐ DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$118,490			**$114,601**		

** The Applicant originally requested $117,204.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

3 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

4 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

5 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	50

PROS

- The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.
- The proposed rehabilitation will refresh a 25 year old property .
- The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.

CONS

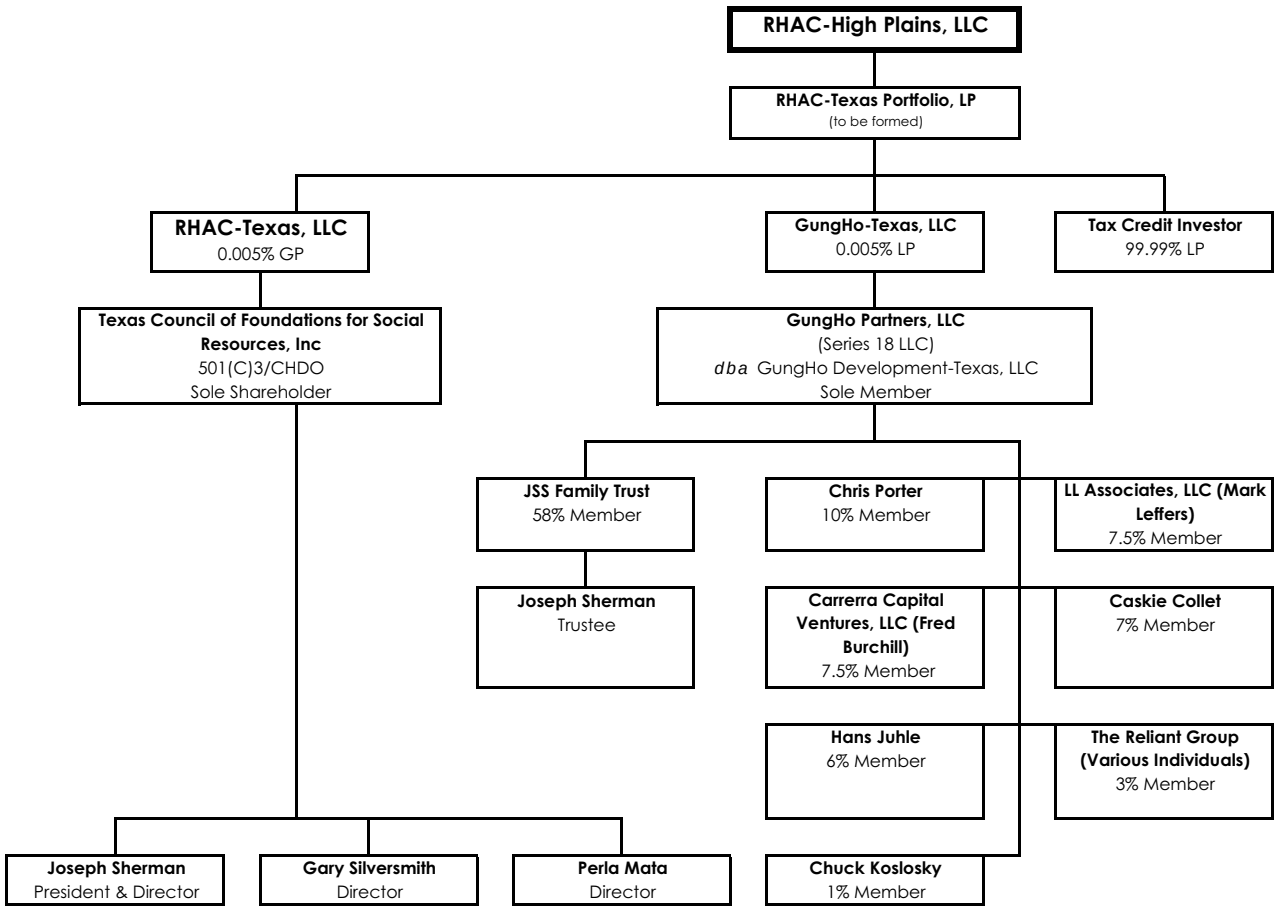
- The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.
- The subject has unresolved environmental concerns with regard to asbestos and noise.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact:	Chris Porter	Phone:	(415) 788-0700	Fax:	(415) 788-0435
Email:	cporter@reliantgroup.com				

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

  The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

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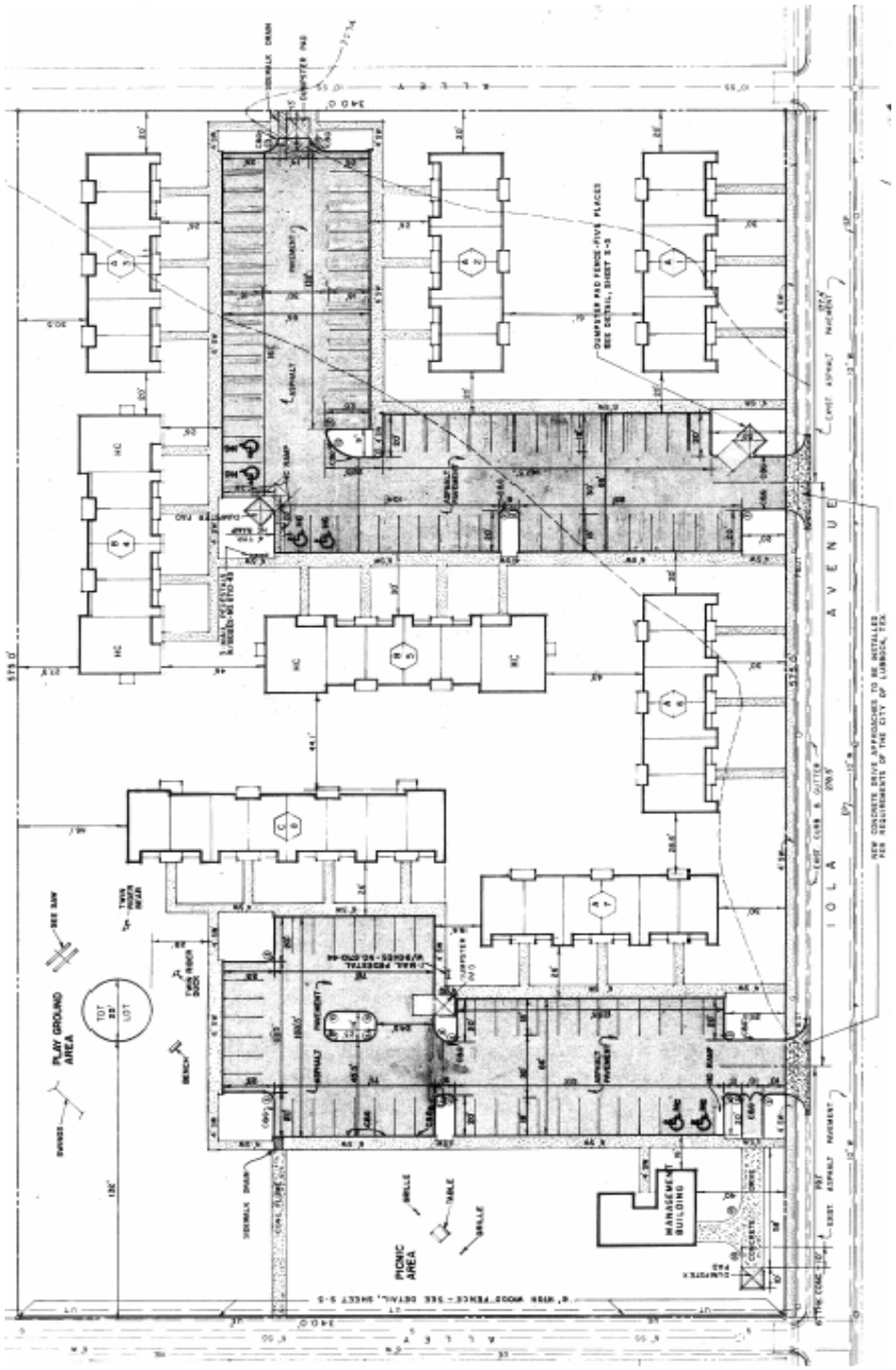
PROPOSED SITE
SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C								Total Buildings
Floors/Stories	2	2	2								
Number	5	2	1								**8**

BR/BA	SF	Units										Total Units	Total SF
2/1	868		2									4	3,472
2/1	939	6	4	6								44	41,316
3/2	1,056			2								2	2,112
Units per Building		6	6	8								**50**	**46,900**

Rehabilitation Recommendations of Property Condition Assessment:

A pavement overlay; Repairs to irrigation system; Additional landscaping; Replacement of dumpster enclosures; Upgrades to playground; Repair and painting of damaged trim and stucco; Installation of double glazed windows; Replacement of damaged exterior doors; Replacement of all furnaces; Replacement of evaporative coolers; Installation of ceiling fans; Installation of water main shut off valves; Installation of low flow toilets; Replacement of older water heaters; Replacement of common area finishes; Replacement of some vinyl flooring in units; Replacement of window blinds; Replacement of old appliances; Installation of disposals and dishwashers; Replacement of damaged cabinets.

SITE ISSUES

Total Size:	4.64 acres	Scattered site?	☐	Yes	☒	No	
Flood Zone:	X	Within 100-yr floodplain?	☐	Yes	☒	No	
Zoning:	A-1 Apartment	Needs to be re-zoned?	☐	Yes	☒	No	☐ N/A

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/16/2007

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: single family residential

East: car dealership and vacant land

South: car dealership

West: Iola Avenue and single family residential

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 3/30/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- Asbestos – None of the samples analyzed detected the presence of asbestos. However, some suspect non-friable materials, such as vinyl flooring and roofing materials were noted. (19)

Comments:

However, the underwriting report is conditioned upon receipt, review and acceptance of documentation that the "non-friable" suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company LLP Date: 10/31/2006

Contact: Brad Weinberg Phone: (913) 262-3500 Fax: (913) 262-3501

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA): 38.96 square miles (≈3.5-mile radius)

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is the area bound by Ursuline Street to the north, University Avenue to the east, 82nd Street to the south, and County Road 1600 and County Road 1700 to the west. This area was defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 11).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
South Plains	04088	144	144	N/A			

INCOME LIMITS						
Lubbock						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$20,520	$23,460	$26,400	$29,340	$31,680	$34,020

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/ 60% Rent Limit				4,918	48		0.98%
3 BR/ 60% Rent Limit				2,414	2		0.08%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

OVERALL DEMAND											
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 103	100%	48,217			34%	16,217	45%	7,330	30%	2,199
Underwriter	100%	48,757	57%	27,966	40%	11,164	46%	5,139	30%	1,542
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 103			100%	432	34%	146	45%	66	100%	66
Underwriter			57%	396	40%	91	46%	42	100%	42

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 103	50	125	0	175	2,265	7.7%
Underwriter	50	144	0	194	1,584	12.25%

Primary Market Occupancy Rates:

"Occupancy rates reported at the comparable properties ranged from 82.0 to 100.0 percent, with a weighted average occupancy rate of 92.4 percent. The LIHTC properties average occupancy was 97.7 percent, which is higher than the comparable market properties average of 90.6 percent. Canyon Crossing has the lowest occupancy rate of all the surveyed properties at 82.0 percent."

"The Subject is currently operating at 100 percent occupancy, which is typical. Based on the above factors, we have estimated the Subject's stabilized occupancy rate after renovation to be 95 percent or higher" (p. 64).

Absorption Projections:

"It should be noted that much of the demand for the Subject is expected to originate with tenants already living at the property, since it will retain its Section 8 subsidy contract and has a current occupancy rate of 100 percent. Thus, if we conservatively assume an absorption rate of 13 units per month overall, the absorption period is estimated to be approximately five months to reach stabilization of 100 percent occupancy" (p. 62).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
2 BR 868 SF (60%)	$643	$590	$615	$643	($28)
2 BR 939 SF (60%)	$643	$590	$630	$643	($13)
3 BR 1,056 SF (60%)	$754	$692	$740	$754	($14)

Market Impact:

"The Subject is a Project-Based Section 8 property that is operating at an occupancy rate of 100 percent, which is typical. The Subject will retain it Section 8 subsidy contract after its conversion to LIHTC, so current contract rents will be achieved. The developer is proposing to renovate the interior and exterior of the property which will improve the overall condition and appeal of the property. Therefore, we do not anticipate significant turnover as a result of the conversion to LIHTC after renovation. Demand for the Subject's vacant units is likely to originate from rent-overburdened households at other market rate properties and Section 8 voucher holders. Because current LIHTC properties are operating at a stabilized occupancy and the Subject is fully occupied, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 87).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an acceptable inclusive capture rate of 12.25%. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 50 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the HAP contract, effective February 1, 2007 and 8% higher than the current Housing Tax Credit net rent limits and higher than market rents. This results in $32K more annual potential gross income than a comparable tax credit/tax exempt bond transaction, with no project-based rental assistance could achieve.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $12 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and consistent with historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 98% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $3,739 per unit is not within 5% of the Underwriter's estimate of $4,069, derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows two line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, including: general & administrative ($6K lower) and property tax ($16K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($29K) appear to have been based on an assessed value of $24K per unit. The Underwriter has underwritten the transaction based on an assessed value of $30K per unit, which is at the high end of typical affordable multifamily tax assessments. The Underwriter has also evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 84% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 84% increase over 2006 property taxes would result in a DCR of 1.08. If a 50% exemption were secured at this point, the property taxes would be 8% lower than 2006 taxes.

However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has evaluated potential property taxes using the income approach and a standard cap rate of 10% (the appraisal district cap rate was not available online; 10% cap rate is Department standard). This results in an assessed value well above standard levels based on experience with affordable multifamily properties. The Underwriter has capped the estimated taxes at an assessed value of $30K per unit (at the high end of typical assessments) to derive the estimated property taxes of $36.5K which is 27% higher than 2006 taxes.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

Although the Applicant's effective gross income is within 5% of the Underwriter's estimate, their estimates of total operating expense and net operating income are not. Therefore, the Underwriter's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio within the current TDHCA guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 4/5/2007

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Land Only: 4.49 acres	$175,000	As of:	3/27/2007
Existing Buildings: (as-is)	$2,025,000	As of:	3/27/2007
Total Development: (as-is)	$2,200,000	As of:	3/27/2007

Comments:

The "as-is" value of property assumes continued operations as a Section 8 property. Therefore, the values are acceptable.

ASSESSED VALUE

Land Only:	$252,871	Tax Year:	2006
Existing Buildings:	$910,269	Valuation by:	Lubbock CAD
Total Assessed Value:	$1,163,140	Tax Rate:	2.435053

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $2,164,258 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

This section intentionally left blank.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties in Texas for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $2,164,258; however, reserves of $164,763 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $1,824,495 based upon the contract price less the appraised land value, closing costs, and existing reserves. The Underwriter determined a building basis of $1,746,624 based upon the contract price less the tax assessed land value, closing costs, and reserves. The difference is the result of the Underwriter's use of the tax assessed land value, which is higher than the appraised value.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant has provided no break-out of site work costs. The underwriting analysis assumes the estimate of $1,980 per unit provided in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant has provided no break-out of direct construction costs, but indicated total sitework and direct construction costs of $653,100, which is equal to the combined PCA estimates of sitework and direct costs. The underwriting analysis assumes the estimate for direct construction costs of $554,100 provided in the PCA. The total hard cost estimate including contractor fees is estimated to be $14,891 per unit, which is above the Department's minimum of $12,000 but still reflecting a minimum level of rehabilitation.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $3,165,761 supports annual tax credits of $114,601. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

This section intentionally left blank.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1): $2,004,585 Interest Rate: 5.83% [x] Fixed Term: 420 months

Tax-Exempt (2): $115,415 Interest Rate: 5.83% [x] Fixed Term: 240 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $2,120,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation, though it conforms to the Department's DCR standards.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal: $485,374 Interest Rate: 2.6% [x] Fixed Term: 600 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $485,374 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $1,116,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $104,956 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the senior bond amount attributed to the subject of $2,120,000, HUD-assumed note of $485,374, and reserves of $164,763 indicates the need for $1,209,381 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $124,691 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's revised request ($118,490), the gap-driven amount ($124,691), and eligible basis-derived estimate ($114,601), the eligible basis-derived estimate of $114,601 is recommended resulting in proceeds of $1,111,514 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $97,867 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within four years of stabilized operation.

This section intentionally left blank.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such, the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter:	*Cameron Dorsey*	Date:	August 6, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

High Plains, Lubbock, 4% HTC #07427

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	4	2	1	868	$660	$643	$2,570	$0.74	$70.00	$56.00
TC 60%	44	2	1	939	$660	643	28,274	0.68	70.00	56.00
TC 60%	2	3	1.5	1,056	$762	754	1,508	0.71	70.00	63.00
TOTAL:	50		**AVERAGE:**	938		$647	$32,353	$0.69	$70.00	$56.28

INCOME	Total Net Rentable Sq Ft: 46,900			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$388,231	$388,236	Lubbock		1
Secondary Income	Per Unit Per Month:	$12.00		7,200	7,200	$12.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$395,431	$395,436			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(19,772)	(19,776)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$375,660	$375,660			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.61%	$271	0.29	$13,569	$7,500	$0.16	$150	2.00%
Management	3.88%	292	0.31	14,582	13,148	0.28	263	3.50%
Payroll & Payroll Tax	12.56%	944	1.01	47,201	50,000	1.07	1,000	13.31%
Repairs & Maintenance	8.40%	631	0.67	31,569	30,000	0.64	600	7.99%
Utilities	1.33%	100	0.11	4,993	4,517	0.10	90	1.20%
Water, Sewer, & Trash	6.40%	481	0.51	24,057	23,088	0.49	462	6.15%
Property Insurance	3.12%	235	0.25	11,725	10,750	0.23	215	2.86%
Property Tax 2.435053	9.72%	731	0.78	36,526	28,710	0.61	574	7.64%
Reserve for Replacements	3.99%	300	0.32	15,000	15,000	0.32	300	3.99%
TDHCA Compliance Fees	0.53%	40	0.04	2,000	2,000	0.04	40	0.53%
Other: TSAHC Fees	0.60%	45	0.05	2,250	2,250	0.05	45	0.60%
TOTAL EXPENSES	54.16%	$4,069	$4.34	$203,472	$186,963	$3.99	$3,739	49.77%
NET OPERATING INC	45.84%	$3,444	$3.67	$172,188	$188,697	$4.02	$3,774	50.23%
DEBT SERVICE								
Tax-Exempt Bond (35-year amort)	35.78%	$2,688	$2.87	$134,424	$142,164	$3.03	$2,843	37.84%
Tax-Exempt Bond (20-year amort)	2.61%	$196	$0.21	9,787	0	$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW	7.45%	$560	$0.60	$27,977	$46,533	$0.99	$931	12.39%
AGGREGATE DEBT COVERAGE RATIO				1.19	1.33			
RECOMMENDED DEBT COVERAGE RATIO				1.19				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		54.51%	$43,385	$46.25	$2,169,258	$2,004,495	$42.74	$40,090	52.39%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		2.49%	1,980	2.11	99,000	0	0.00	0	0.00%
Direct Construction		13.92%	11,082	11.81	554,100	653,100	13.93	13,062	17.07%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Contractor's Fees	14.00%	2.30%	1,829	1.95	91,434	91,434	1.95	1,829	2.39%
Indirect Construction		2.58%	2,057	2.19	102,838	102,838	2.19	2,057	2.69%
Ineligible Costs		7.76%	6,177	6.59	308,841	308,841	6.59	6,177	8.07%
Developer's Fees	15.00%	10.38%	8,259	8.80	412,925	424,500	9.05	8,490	11.09%
Interim Financing		3.99%	3,177	3.39	158,840	158,840	3.39	3,177	4.15%
Reserves		2.07%	1,646	1.75	82,282	82,282	1.75	1,646	2.15%
TOTAL COST		100.00%	$79,590	$84.85	$3,979,518	$3,826,330	$81.58	$76,527	100.00%
Construction Cost Recap		*18.71%*	***$14,891***	***$15.87***	***$744,534***	***$744,534***	***$15.87***	***$14,891***	*19.46%*

SOURCES OF FUNDS

						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	50.37%	$40,092	$42.74	$2,004,585	$2,004,585	$2,004,585	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.90%	$2,308	$2.46	115,415	115,415	115,415	
TSAHC Loan	0.00%	$0	$0.00	0	0	0	$424,500
Assumed Sub. Unsecured Notes	12.20%	$9,707	$10.35	485,374	485,374	485,374	
Reserve Balance	4.14%	$3,295	$3.51	164,763	0	164,763	
HTC Syndication Proceeds	28.04%	$22,320	$23.80	1,116,000	1,116,000	1,111,514	% of Dev. Fee Deferred
Deferred Developer Fees	2.64%	$2,099	$2.24	104,956	104,956	97,867	23%
Additional (Excess) Funds Req'd	-0.29%	($231)	($0.25)	(11,575)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$3,979,518	$3,826,330	$3,979,518	$753,356

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

High Plains, Lubbock, 4% HTC #07427

PAYMENT COMPUTATION

Primary	$2,004,585	Amort	420
Int Rate	5.83%	DCR	1.28

Secondary	$115,415	Amort	240
Int Rate	5.83%	Subtotal DCR	1.19

Additional	$485,374	Amort	0
Int Rate	2.60%	Aggregate DCR	1.19

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$134,424
Secondary Debt Service	9,787
Additional Debt Service	0
NET CASH FLOW	$27,977

Primary	$2,004,585	Amort	420
Int Rate	5.83%	DCR	1.28

Secondary	$115,415	Amort	240
Int Rate	5.83%	Subtotal DCR	1.19

Additional	$485,374	Amort	0
Int Rate	2.60%	Aggregate DCR	1.19

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$388,231	$399,878	$411,874	$424,231	$436,958	$506,554	$587,235	$680,766	$914,892
Secondary Income	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	395,431	407,294	419,513	432,098	445,061	515,948	598,125	693,391	931,860
Vacancy & Collection Loss	(19,772)	(20,365)	(20,976)	(21,605)	(22,253)	(25,797)	(29,906)	(34,670)	(46,593)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$375,660	$386,929	$398,537	$410,493	$422,808	$490,151	$568,219	$658,721	$885,267
EXPENSES at 4.00%									
General & Administrative	$13,569	$14,112	$14,676	$15,263	$15,874	$19,313	$23,497	$28,587	$42,316
Management	14,582	15,020	15,470	15,934	16,412	19,026	22,057	25,570	34,364
Payroll & Payroll Tax	47,201	49,089	51,053	53,095	55,218	67,182	81,737	99,445	147,203
Repairs & Maintenance	31,569	32,832	34,145	35,511	36,931	44,932	54,667	66,511	98,452
Utilities	4,993	5,193	5,400	5,616	5,841	7,107	8,646	10,519	15,571
Water, Sewer & Trash	24,057	25,019	26,020	27,061	28,143	34,241	41,659	50,684	75,025
Insurance	11,725	12,194	12,682	13,189	13,717	16,688	20,304	24,703	36,566
Property Tax	36,526	37,987	39,506	41,087	42,730	51,988	63,251	76,954	113,911
Reserve for Replacements	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Other	4,250	4,420	4,597	4,781	4,972	6,049	7,360	8,954	13,254
TOTAL EXPENSES	$203,472	$211,465	$219,773	$228,409	$237,386	$287,875	$349,152	$423,531	$623,444
NET OPERATING INCOME	$172,188	$175,465	$178,764	$182,084	$185,422	$202,276	$219,067	$235,190	$261,822
DEBT SERVICE									
First Lien Financing	$134,424	$134,424	$134,424	$134,424	$134,424	$134,424	$134,424	$134,424	$134,424
Second Lien	9,787	9,787	9,787	9,787	9,787	9,787	9,787	9,787	9,787
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$27,977	$31,254	$34,553	$37,873	$41,211	$58,064	$74,856	$90,979	$117,611
DEBT COVERAGE RATIO	1.19	1.22	1.24	1.26	1.29	1.40	1.52	1.63	1.82

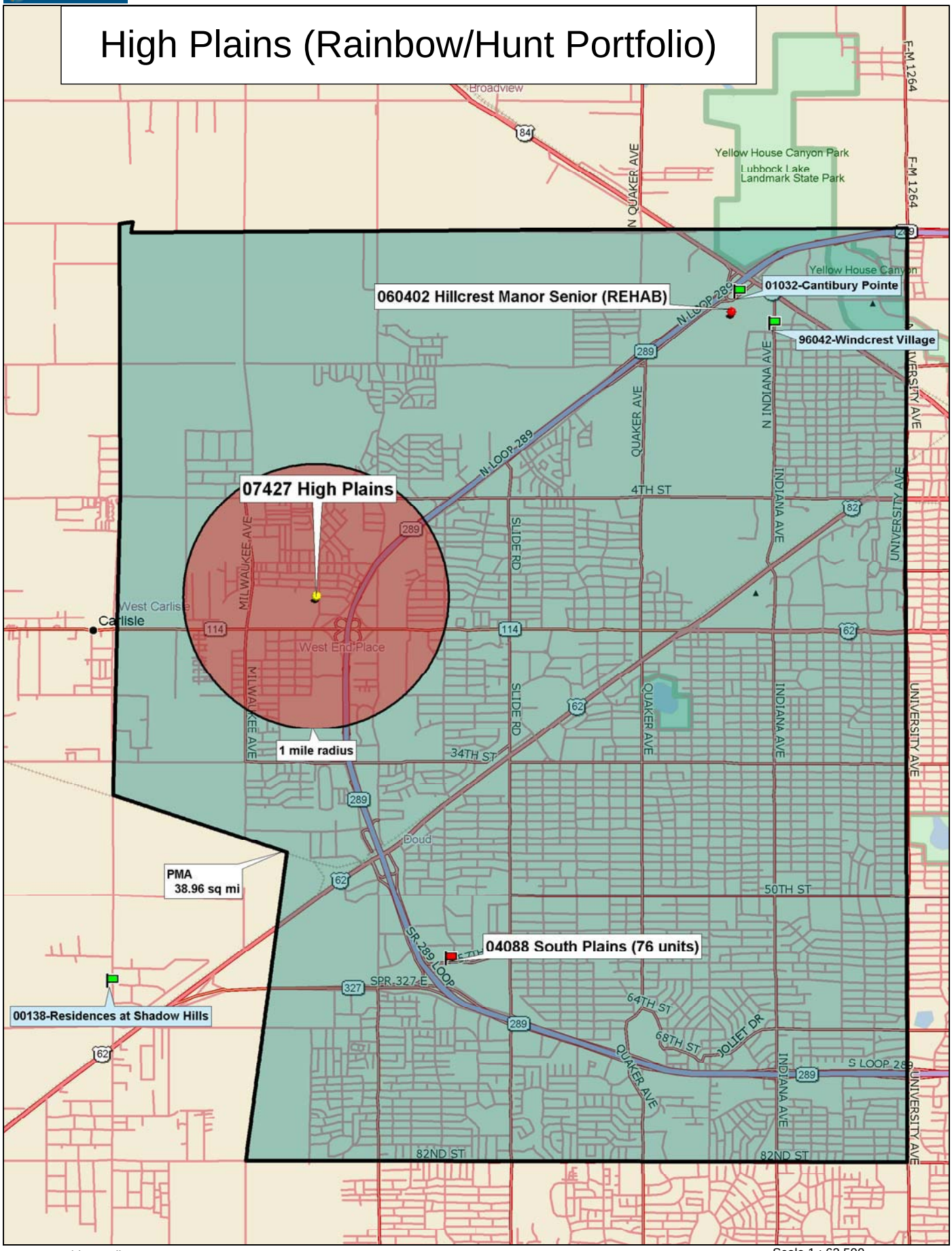
HTC ALLOCATION ANALYSIS -High Plains, Lubbock, 4% HTC #07427

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$180,000	$422,634				
Purchase of buildings	$1,824,495	$1,746,624	$1,824,495	$1,746,624		
Off-Site Improvements						
Sitework		$99,000				$99,000
Construction Hard Costs	$653,100	$554,100			$653,100	$554,100
Contractor Fees	$91,434	$91,434			$91,434	$91,434
Contingencies						
Eligible Indirect Fees	$102,838	$102,838			$102,838	$102,838
Eligible Financing Fees	$158,840	$158,840			$158,840	$158,840
All Ineligible Costs	$308,841	$308,841				
Developer Fees				$261,994		$150,932
Developer Fees	$424,500	$412,925	$273,606		$150,894	
Development Reserves	$82,282	$82,282				
TOTAL DEVELOPMENT COSTS	$3,826,330	$3,979,518	$2,098,101	$2,008,618	$1,157,106	$1,157,144

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS	$2,098,101	$2,008,618	$1,157,106	$1,157,144	
High Cost Area Adjustment			100%	100%	
TOTAL ADJUSTED BASIS	$2,098,101	$2,008,618	$1,157,106	$1,157,144	
Applicable Fraction	100%	100%	100%	100%	
TOTAL QUALIFIED BASIS	$2,098,101	$2,008,618	$1,157,106	$1,157,144	
Applicable Percentage	3.62%	3.62%	3.62%	3.62%	
TOTAL AMOUNT OF TAX CREDITS	$75,951	$72,712	$41,887	$41,889	
Syndication Proceeds	**0.9699**	**$736,653**	**$705,235**	**$406,266**	**$406,279**

Total Tax Credits (Eligible Basis Method)	**$117,838**	**$114,601**
Syndication Proceeds	**$1,142,919**	**$1,111,514**
Requested Tax Credits	**$118,490**	
Syndication Proceeds	**$1,149,238**	
Gap of Syndication Proceeds Needed	**$1,220,956**	**$1,209,381**
Total Tax Credits (Gap Method)	**$125,884**	**$124,691**

High Plains (Rainbow/Hunt Portfolio)



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TN

MN (7.3°E)

Scale 1 : 62,500

1" = 5,208.3 ft

Data Zoom 11-6

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

El Nido Apartments, TDHCA Number 07428

BASIC DEVELOPMENT INFORMATION

Site Address:	204 Alicia Dr.			Development #:	07428
City:	El Paso	Region:	13	Population Served:	Family
County:	El Paso	Zip Code:	79905	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC - El Nido, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	104	0	26	53	25	0	0

Type of Building:

☐ Duplex
☐ Triplex
☑ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	104
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	104
Total Development Cost:	$9,578,874
Number of Residential Buildings:	26
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$304,653	$296,404	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

El Nido Apartments, TDHCA Number 07428

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Shapleigh, District 29 NC

US Representative: Reyes, District 16, NC

TX Representative: Chávez, District 76 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: John Cook, Mayor, City of El Paso - NC

Resolution of Support from Local Government ☐

William Lilly, Director of Community and Human Development, City of El Paso - The property fulfills a need for affordable rental housing as evidenced in the 2007 Comprehensive Plan for El Paso.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

El Nido Apartments, TDHCA Number 07428

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$296,404
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $296,404 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07428**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

El Nido

Location: 204 Alicia Drive Region: 13

City: El Paso County: El Paso Zip: 79905 ☐ QCT ☐ DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$304,653			**$296,404**		

** The Applicant originally requested $307,380.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

3 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

4 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

5 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	104

PROS

- The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.
- The proposed rehabilitation will refresh a 27 year old property .

CONS

- The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.
- The subject has unresolved environmental concerns with regard to asbestos and noise.
- The current collected and proposed rents are well above the maximum tax credit and tax exempt bond limit rents and will continue to be supported by a Section 8 contract.
- This development is projected to have a DCR of less than 1.15. However, the allocation of debt on this pooled transaction is somewhat arbitrary and therefore as long as the whole portfolio is over a 1.15 each of its parts could be made to appear to be over a 1.15 DCR.

PREVIOUS UNDERWRITING REPORTS

None

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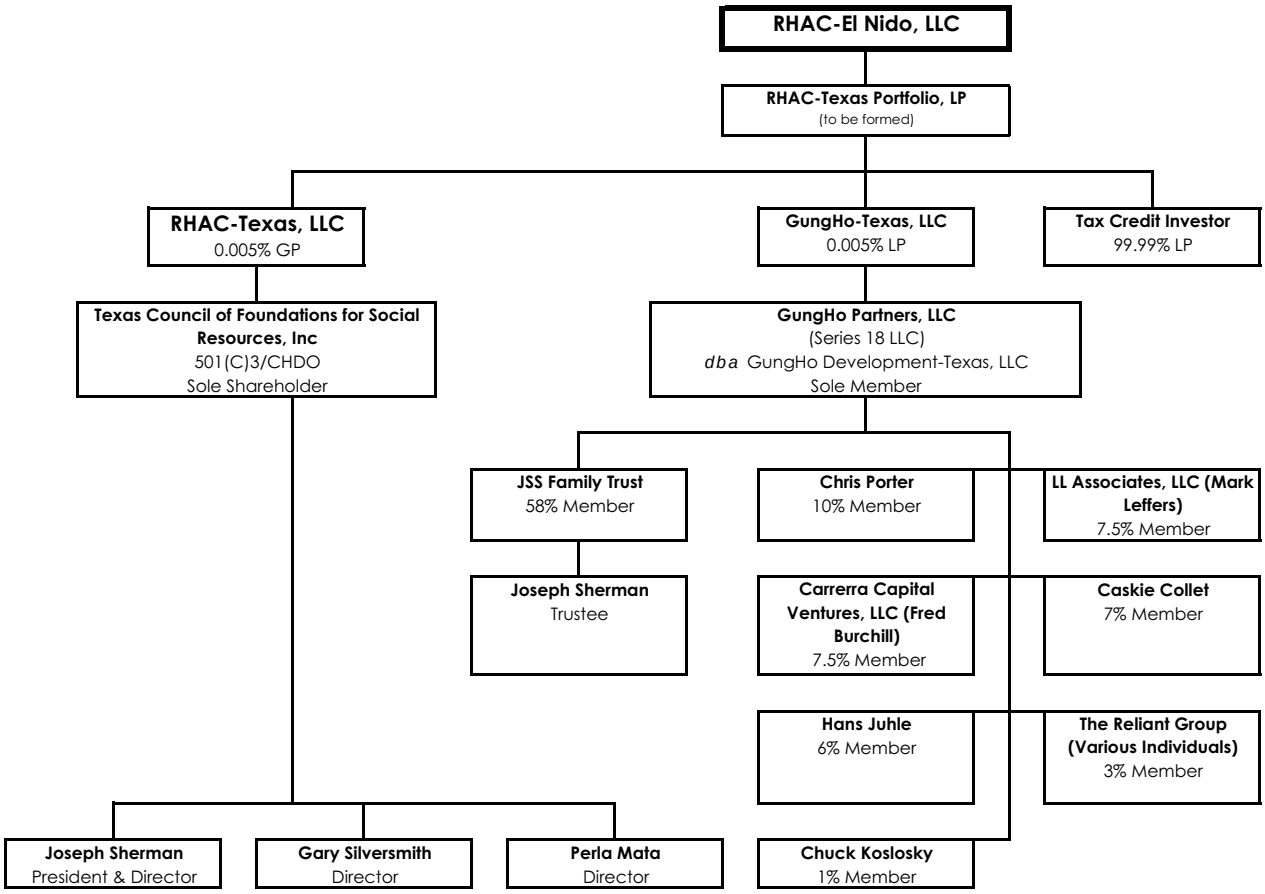
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Chris Porter Phone: (415) 788-0700 Fax: (415) 788-0435

Email: cporter@reliantgroup.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

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IDENTITIES of INTEREST

The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

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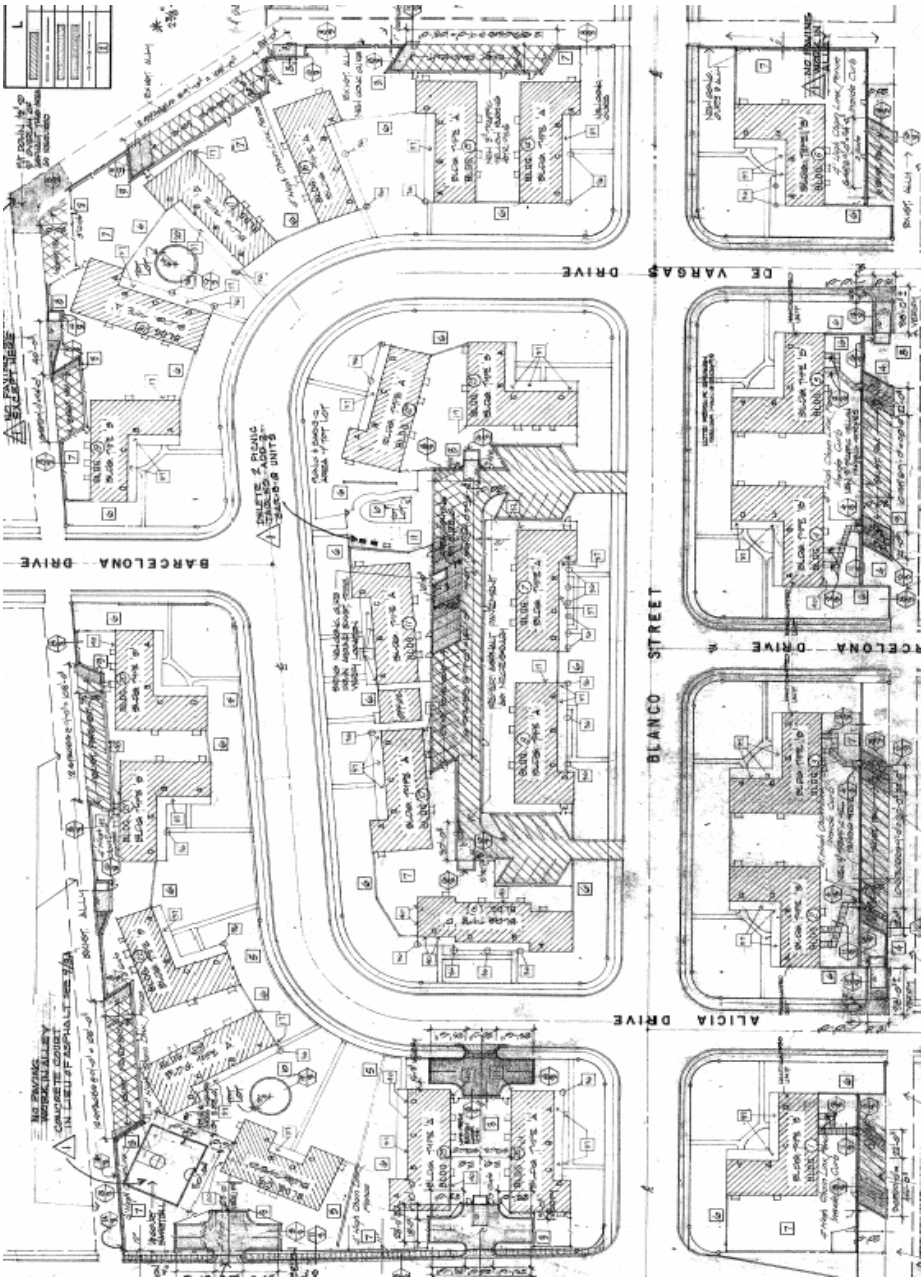
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D							Total Buildings
Floors/Stories	1	1	1	1							
Number	11	13	1	1							**26**

BR/BA	SF	Units										Total Units	Total SF
1/1	760	1	1	2								26	19,760
2/1	945	2	2	2	3							53	50,085
3/1	1,053	1	1		1							25	26,325
Units per Building		4	4	4	4							**104**	**96,170**

Rehabilitation Recommendations of Property Condition Assessment:

Repair of damaged asphalt areas; Replacement of poorly irrigated areas; Repairs to masonry walls; Installation of a playground; Improvements to site lighting; Replacement of finishes in leasing office; Replacement of all porches; Replacement of 25% of roofing; Paint building exteriors; Replacement of entry doors; Installation of double glazed windows; Replacement of all vinyl flooring; Replacement of bathroom/kitchen cabinets and countertops; Replacement of remaining original appliances; Replacement of sewer lines at some buildings; Replacement of 25% of water heaters; Installation of low flow toilets; Replacement of 90% of furnaces; Upgrades to electrical systems; Installation of ceiling fans; Installation of ADA parking signage and door hardware at office.

SITE ISSUES

Total Size:	10.2 acres	Scattered site?	[ ]	Yes	[X]	No		
Flood Zone:	C	Within 100-yr floodplain?	[ ]	Yes	[x]	No		
Zoning:	A-1 Multifamily	Needs to be re-zoned?	[ ]	Yes	[x]	No	[ ]	N/A

Comments:

As indicated in the siteplan above, the site is divided by dedicated roadways and parking to some of the buildings is accessible by alleyways.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/31/2007

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: public alley and single family homes

East: multifamily residential, housing authority offices, and single family homes

South: public alley and single family homes

West: single family homes and Concepcion Street

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 3/30/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- Asbestos – The presence of asbestos containing materials in the form of vinyl floor tiles and mastics was confirmed at the property. These materials were observed to be in fair to good condition. Based on the date of construction, other ACM's may be present. According to the EPA, ACM and PACM that is intact and in good condition can, in general, be managed safely in-place under an Operations and Maintenance program until removal is dictated by renovation, demolition, or deteriorating material condition. (23)

- Lead Based Paint – Lead Based Paint was detected at the property on painted surfaces. Lead levels above the .5 percent by weight threshold were detected on a front door frame and an exterior shutter. These painted surfaces were observed to be in fair condition with minor peeling noted. The property has a lead notification process in place. (25)

Comments:

The underwriting report is conditioned upon receipt, review and acceptance of documentation that the suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit evidence of removal of all lead-based paint or an Operation and Maintenance plan with lead based pain tin place. Finally, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company LLP Date: 3/30/2007

Contact: Brad Weinberg Phone: (913) 262-3500 Fax: (913) 262-3501

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA): 10.88 square miles (≈2-mile radius)

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is the area bound by Arizona Avenue, Border Road, and Highway 180/62 to the north, El Paso Street and Mesa Street to the west, Border Highway to the south, and Airway Blvd, Marlow Road, Trowbridge Drive, and Delta Drive to the east. This area was defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 12).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
None				N/A			

INCOME LIMITS						
El Paso						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$18,120	$20,700	$23,280	$25,860	$27,900	$30,000

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/ 60% Rent Limit				2,339	26		1.10%
2 BR/ 60% Rent Limit				3,401	53		1.60%
3 BR/ 60% Rent Limit				2,420	25		1.00%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 102	100%	21,777			54%	11,699	57%	6,645	20%	1,329
Underwriter	100%	21,994	90%	19,875	63%	12,509	57%	7,112	20%	1,422
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 102			100%	173	54%	93	57%	53	100%	53
Underwriter			90%	150	63%	85	57%	48	100%	48

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 102	104	0	0	104	1,382	7.5%
Underwriter	104	0	0	104	1,471	7.07%

Primary Market Occupancy Rates:

"Vacancy rates reported at the comparable properties ranged from 0.0 to 22.6 percent, with a weighted average vacancy rate of 5.8 percent. The LIHTC properties average occupancy was 98.4 percent, which is higher than the comparable market properties average of 92.0 percent."

"Linda Vista Village has the highest vacancy rate of the surveyed properties at 22.6 percent. According to management, the property recently had several tenants move out due to the deployment by the military. Additionally, management stated that typically the property is between 90 and 100 percent occupied."

"The Subject is currently 100 percent occupied, which is typical. Based on the above factors, we have estimated the Subject's stabilized occupancy rate post renovation to be 5 percent or less" (p. 75).

Absorption Projections:

"The property opened in April 1, 2005 and was completely leased by August 15, 2005, equating to an absorption pace of 25 units per month. It should be noted that much of the demand for the Subject is expected to originate with tenants already living at the property, since it will retain its Section 8 subsidy contract and has a current occupancy rate of 100 percent. However, we estimated a conservative re-absorption rate of 100 percent. Therefore, taking the absorption rates at existing properties in the PMA into consideration, under normal market conditions, we anticipate, upon renovation completion, the Subject will reach re-stabilized occupancy within three to four months" (p. 73)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 760 SF (60%)	$505	$441	$475	$505	($30)
2 BR 945 SF (60%)	$662	$519	$550	$599	($49)
3 BR 1,053 SF (60%)	$760	$586	$600	$674	($74)

Market Impact:

"Since there are no new LIHTC properties in the area and the current properties are operating at a stabilized occupancy and the Subject is fully occupied, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 97).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA (0 units) resulting in an acceptable inclusive capture rate of 7.07% for a development targeting family households. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 65 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the HAP contract, effective September 1, 2006, 15% higher than the current Housing Tax Credit net rent limits, and higher than the market rents. This results in $97K more annual potential gross income than a comparable tax credit/tax exempt bond transaction, with no project-based rental assistance could achieve.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $10 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and consistent with historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 100% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $3,016 per unit is not within 5% of the Underwriter's estimate of $3,434, derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly: general & administrative ($10K lower); utilities ($9K higher); water, sewer, and trash ($11K higher); repairs and maintenance ($9K higher); and property tax ($51K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($39K) appear to have been based on an assessed value of $13K per unit which appears to be extremely low. The Underwriter has underwritten the transaction based on an assessed value of $30K per unit which results in a 133% increase over 2006 taxes and is consistent with state statute.

The Underwriter has also evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 308% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 308% increase over 2006 property taxes would result in a DCR of 0.87 and negative cashflow. If a 50% exemption were secured at this point, the property taxes would still be 104% higher than 2006 taxes. However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has used the income approach and the appraisal district's cap rate of 10% to derive the estimated property taxes of $90K based on an assessed value of $30K per unit which is 133% higher than 2006 taxes.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

Although the Applicant's effective gross income and total operating expense figures are each within 5% of the Underwriter's estimates, their net operating income is not. Therefore, the Underwriter's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio below the current TDHCA minimum guideline of 1.15.

As discussed below in the "Recommended Financing Structure" section, because the subject property is part of a portfolio of properties, the overall portfolio will be evaluated to determine if a decrease in the total debt is necessary; however, it is likely that other transactions in the portfolio will have the capacity to service additional debt. Therefore, the Underwriter has not adjusted the permanent debt.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that rises above 1.15 in year 5 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 3/30/2007

Number of Revisions: none Date of Last Applicant Revision: n/a

Land Only:	7.25 acres	$600,000	As of:	3/26/2007
Existing Buildings: (as-is)		$5,000,000	As of:	3/26/2007
Total Development: (as-is)		$5,600,000	As of:	3/26/2007

Comments:

The "as-is" value of property assumes continued operation as a Section 8 property. Therefore, the values determined are acceptable. This value is even higher than the projected updated assessed value.

ASSESSED VALUE

Land Only:	8.34 acres	$24,824	Tax Year:	2006
Existing Buildings:		$19,368	Valuation by:	El Paso CAD
Total Assessed Value:		$44,192	Tax Rate:	2.894214

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? ☐ Yes ☐ No

Acquisition Cost: $5,466,361 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? ☐ Yes ☒ No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

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CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties in Texas for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $5,466,361; however, reserves of $187,775 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $4,678,586 based upon the contract price less the appraised land value, closing costs, and existing reserves. The Underwriter determined the same building basis also using the appraised land value, which is greater than the assessed land value.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant has estimated sitework costs of $1,095 per unit, which is below the PCA estimate of $1,667 per unit. The underwriting analysis assumes the estimate provided in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant has estimated direct construction costs of $1,619,205. The underwriting analysis assumes the estimate for direct construction costs of $1,558,705 provided in the PCA. The Applicant's combined estimates of sitework and direct construction costs are comparable to the PCA estimate, which indicates the Applicant allocated costs differently among sitework and direct costs. The total hard cost estimate including contingency and contractor fees is estimated to be $20,664 per unit, which is well above the Department's minimum of $12,000 reflecting a moderate level of rehabilitation.

Contingency & Fees:

The Applicant has overstated the eligible portion of contractor fees and developer fees by a total of $362. Therefore, the Applicant's total eligible basis for purposes of calculating tax credits is adjusted down by an equal amount.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $8,369,228 supports annual tax credits of $302,966. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

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FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Issuer: TSAHC

Source: Charter Mac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1):	$4,633,238	Interest Rate:	5.83%	x	Fixed	Term:	420 months
Tax-Exempt (2):	$266,762	Interest Rate:	5.83%	x	Fixed	Term:	240 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since as a whole for the transaction, the proposed Contract rents are greater than HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $4,900,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal:	$1,616,265	Interest Rate:	2.6%	x	Fixed	Term:	600 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $1,616,265 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services, as discussed above.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $2,808,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $67,195 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio below the Department's minimum guideline of 1.15. However, the portfolio as a whole indicates a DCR within current TDHCA guidelines, and it is likely that the decreased debt capacity of the subject property could be effectively shifted it another property with excess debt capacity. The overall debt sizing will be discussed in the portfolio summary. Therefore, the underwriting analysis reflects no change in the permanent debt.

The Underwriter's total development cost estimate less the senior bonds of $4,900,000, assumed HUD debt of $1,616,265, and existing reserve balance of $187,775 indicates the need for $2,874,834 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $296,404 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's revised request ($304,653), the gap-driven amount ($296,404), and eligible basis-derived estimate ($302,966), the gap-derived amount of $296,404 is recommended resulting in proceeds of $2,874,834 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates no need for additional permanent funds. Of note, the Applicant appears to have understated the syndication proceeds amount in the sources and uses of funds.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such, the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter:	*Cameron Dorsey*	Date:	August 6, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

El Nido, El Paso, 4% HTC #07428

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	26	1	1	760	$485	$505	$13,131	$0.66	$44.00	$34.00
TC 60%	53	2	1	945	$582	599	31,721	0.63	63.00	34.00
TC 60%	25	3	1.5	1,053	$672	674	16,853	0.64	86.00	36.00
TOTAL:	104		**AVERAGE:**	925		$593	$61,704	$0.64	$63.78	$34.48

INCOME	Total Net Rentable Sq Ft: 96,170			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$740,452	$740,448	El Paso	El Paso	13
Secondary Income	Per Unit Per Month:	$10.00		12,480	12,480	$10.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$752,932	$752,928			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(37,647)	(37,644)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$715,285	$715,284			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		2.70%	$186	0.20	$19,333	$8,840	$0.09	$85	1.24%
Management		4.77%	328	0.35	34,117	25,035	0.26	241	3.50%
Payroll & Payroll Tax		12.43%	855	0.92	88,913	85,176	0.89	819	11.91%
Repairs & Maintenance		5.01%	344	0.37	35,801	44,660	0.46	429	6.24%
Utilities		0.52%	36	0.04	3,716	12,300	0.13	118	1.72%
Water, Sewer, & Trash		3.51%	241	0.26	25,074	36,451	0.38	350	5.10%
Property Insurance		2.77%	191	0.21	19,849	22,360	0.23	215	3.13%
Property Tax	2.894214	12.62%	868	0.94	90,299	38,804	0.40	373	5.42%
Reserve for Replacements		4.36%	300	0.32	31,200	31,200	0.32	300	4.36%
TDHCA Compliance Fees		0.58%	40	0.04	4,160	4,160	0.04	40	0.58%
Other: TSAHC Fees		0.65%	45	0.05	4,680	4,680	0.05	45	0.65%
TOTAL EXPENSES		49.93%	$3,434	$3.71	$357,142	$313,666	$3.26	$3,016	43.85%
NET OPERATING INC		50.07%	$3,444	$3.72	$358,143	$401,618	$4.18	$3,862	56.15%
DEBT SERVICE									
Tax-Exempt Bond (35-year amort)		43.44%	$2,987	$3.23	$310,697	$328,586	$3.42	$3,159	45.94%
Tax-Exempt Bond (20-year amort)		3.16%	$218	$0.24	22,621	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		3.47%	$239	$0.26	$24,825	$73,032	$0.76	$702	10.21%
AGGREGATE DEBT COVERAGE RATIO					1.07	1.22			
RECOMMENDED DEBT COVERAGE RATIO					1.07				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		57.15%	$52,633	$56.92	$5,473,861	$5,286,086	$54.97	$50,828	56.29%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		1.82%	1,677	1.81	174,425	113,925	1.18	1,095	1.21%
Direct Construction		16.27%	14,988	16.21	1,558,705	1,619,205	16.84	15,569	17.24%
Contingency	10.00%	1.81%	1,666	1.80	173,313	173,313	1.80	1,666	1.85%
Contractor's Fees	14.00%	2.53%	2,333	2.52	242,638	242,639	2.52	2,333	2.58%
Indirect Construction		1.37%	1,259	1.36	130,949	130,949	1.36	1,259	1.39%
Ineligible Costs		2.65%	2,440	2.64	253,808	253,808	2.64	2,440	2.70%
Developer's Fees	15.00%	11.40%	10,497	11.35	1,091,638	1,092,000	11.35	10,500	11.63%
Interim Financing		3.33%	3,067	3.32	318,973	318,973	3.32	3,067	3.40%
Reserves		1.68%	1,544	1.67	160,563	160,563	1.67	1,544	1.71%
TOTAL COST		100.00%	$92,105	$99.60	$9,578,874	$9,391,461	$97.65	$90,303	100.00%
Construction Cost Recap		*22.44%*	***$20,664***	***$22.35***	***$2,149,081***	***$2,149,082***	***$22.35***	***$20,664***	*22.88%*

SOURCES OF FUNDS

						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	48.37%	$44,550	$48.18	$4,633,238	$4,633,238	$4,633,238	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.78%	$2,565	$2.77	266,762	266,762	266,762	
TSAHC Loan	0.00%	$0	$0.00	0	0	0	$1,091,638
Assumed Sub. Unsecured Notes	16.87%	$15,541	$16.81	1,616,265	1,616,265	1,616,265	
Reserve Balance	1.96%	$1,806	$1.95	187,775	0	187,775	
HTC Syndication Proceeds	29.31%	$27,000	$29.20	2,808,000	2,808,000	2,874,834	% of Dev. Fee Deferred
Deferred Developer Fees	0.70%	$646	$0.70	67,195	67,195	0	0%
Additional (Excess) Funds Req'd	0.00%	($3)	($0.00)	(361)	1	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$9,578,874	$9,391,461	$9,578,874	$1,161,362

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

El Nido, El Paso, 4% HTC #07428

PAYMENT COMPUTATION

Primary	$4,633,238	Amort	420
Int Rate	5.83%	DCR	1.15

Secondary	$266,762	Amort	240
Int Rate	5.83%	Subtotal DCR	1.07

Additional	$1,616,265	Amort	0
Int Rate	2.60%	Aggregate DCR	1.07

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$310,697
Secondary Debt Service	22,621
Additional Debt Service	0
NET CASH FLOW	$24,825

Primary	$4,633,238	Amort	420
Int Rate	5.83%	DCR	1.15

Secondary	$266,762	Amort	240
Int Rate	5.83%	Subtotal DCR	1.07

Additional	$1,616,265	Amort	0
Int Rate	2.60%	Aggregate DCR	1.07

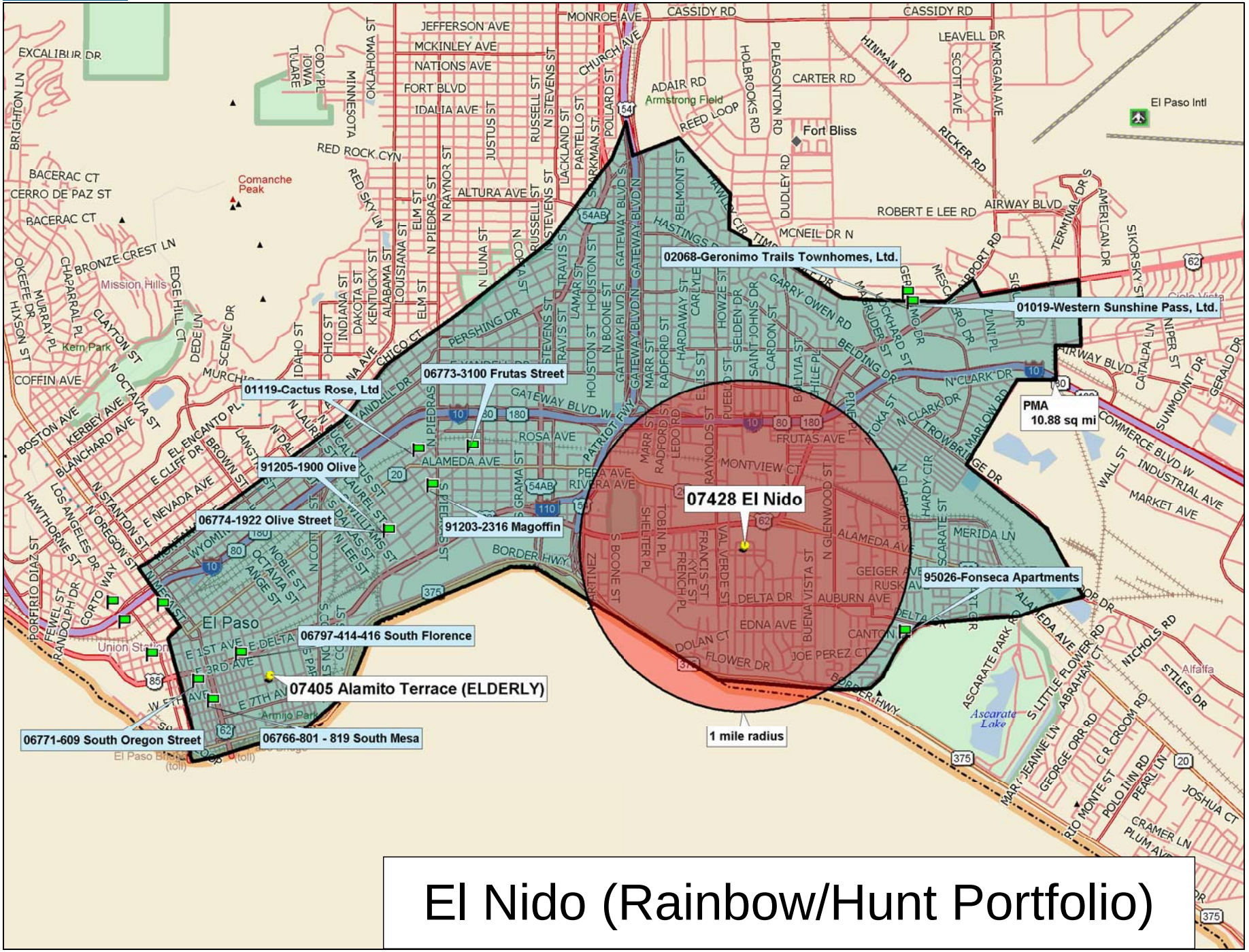
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$740,452	$762,665	$785,545	$809,111	$833,385	$966,121	$1,119,999	$1,298,386	$1,744,923
Secondary Income	12,480	12,854	13,240	13,637	14,046	16,284	18,877	21,884	29,410
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	752,932	775,520	798,785	822,749	847,431	982,405	1,138,877	1,320,270	1,774,333
Vacancy & Collection Loss	(37,647)	(38,776)	(39,939)	(41,137)	(42,372)	(49,120)	(56,944)	(66,014)	(88,717)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$715,285	$736,744	$758,846	$781,611	$805,060	$933,285	$1,081,933	$1,254,257	$1,685,616
EXPENSES at 4.00%									
General & Administrative	$19,333	$20,106	$20,911	$21,747	$22,617	$27,517	$33,479	$40,732	$60,293
Management	34,117	35,141	36,195	37,281	38,399	44,515	51,605	59,824	80,399
Payroll & Payroll Tax	88,913	92,470	96,168	100,015	104,016	126,551	153,969	187,326	277,289
Repairs & Maintenance	35,801	37,233	38,722	40,271	41,882	50,956	61,995	75,427	111,650
Utilities	3,716	3,865	4,019	4,180	4,347	5,289	6,435	7,829	11,589
Water, Sewer & Trash	25,074	26,076	27,120	28,204	29,332	35,687	43,419	52,826	78,196
Insurance	19,849	20,643	21,469	22,327	23,220	28,251	34,372	41,819	61,902
Property Tax	90,299	93,911	97,668	101,575	105,638	128,524	156,369	190,247	281,613
Reserve for Replacements	31,200	32,448	33,746	35,096	36,500	44,407	54,028	65,734	97,302
Other	8,840	9,194	9,561	9,944	10,342	12,582	15,308	18,625	27,569
TOTAL EXPENSES	$357,142	$371,086	$385,578	$400,639	$416,292	$504,280	$610,979	$740,388	$1,087,800
NET OPERATING INCOME	$358,143	$365,657	$373,268	$380,972	$388,768	$429,005	$470,954	$513,868	$597,816
DEBT SERVICE									
First Lien Financing	$310,697	$310,697	$310,697	$310,697	$310,697	$310,697	$310,697	$310,697	$310,697
Second Lien	22,621	22,621	22,621	22,621	22,621	22,621	22,621	22,621	22,621
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$24,825	$32,339	$39,949	$47,654	$55,449	$95,687	$137,635	$180,550	$264,498
DEBT COVERAGE RATIO	1.07	1.10	1.12	1.14	1.17	1.29	1.41	1.54	1.79

HTC ALLOCATION ANALYSIS -El Nido, El Paso, 4% HTC #07428

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$607,500	$795,275				
Purchase of buildings	$4,678,586	$4,678,586	$4,678,586	$4,678,586		
Off-Site Improvements						
Sitework	$113,925	$174,425			$113,925	$174,425
Construction Hard Costs	$1,619,205	$1,558,705			$1,619,205	$1,558,705
Contractor Fees	$242,639	$242,638			$242,638	$242,638
Contingencies	$173,313	$173,313			$173,313	$173,313
Eligible Indirect Fees	$130,949	$130,949			$130,949	$130,949
Eligible Financing Fees	$318,973	$318,973			$318,973	$318,973
All Ineligible Costs	$253,808	$253,808				
Developer Fees			$701,788	$701,788	$389,850	$389,850
Developer Fees	$1,092,000	$1,091,638				
Development Reserves	$160,563	$160,563				
TOTAL DEVELOPMENT COSTS	$9,391,461	$9,578,874	$5,380,374	$5,380,374	$2,988,854	$2,988,854
Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
TOTAL ELIGIBLE BASIS			$5,380,374	$5,380,374	$2,988,854	$2,988,854
High Cost Area Adjustment					100%	100%
TOTAL ADJUSTED BASIS			$5,380,374	$5,380,374	$2,988,854	$2,988,854
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$5,380,374	$5,380,374	$2,988,854	$2,988,854
Applicable Percentage			3.62%	3.62%	3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS			$194,770	$194,770	$108,197	$108,197
	Syndication Proceeds	**0.9699**	**$1,889,076**	**$1,889,076**	**$1,049,401**	**$1,049,401**

Total Tax Credits (Eligible Basis Method)	**$302,966**	**$302,966**
Syndication Proceeds	**$2,938,477**	**$2,938,477**
Requested Tax Credits	**$304,653**	
Syndication Proceeds	**$2,954,839**	
Gap of Syndication Proceeds Needed	**$2,875,196**	**$2,874,834**
Total Tax Credits (Gap Method)	**$296,442**	**$296,404**



El Nido (Rainbow/Hunt Portfolio)

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TN

MN (9.2°E)

Scale 1 : 50,000

1" = 4,166.7 ft

Data Zoom 12-0

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Win-Lin Village Apartments, TDHCA Number 07429

BASIC DEVELOPMENT INFORMATION

Site Address:	5700 Wabash Street			Development #:	07429
City:	Amarillo	Region:	1	Population Served:	Family
County:	Randall	Zip Code:	79109	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC - WIN LIN, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Arshitects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	50	0	0	40	10	0	0

Type of Building:

☐ Duplex
☐ Triplex
☑ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	50
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	50
Total Development Cost:	$2,641,889
Number of Residential Buildings:	10
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$67,507	$67,136	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Win-Lin Village Apartments, TDHCA Number 07429

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Seliger, District 31 NC

US Representative: Thornberry, District 13, NC

TX Representative: Smithee, District 86 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Debra McCartt, Mayor, City of Amarillo - S Resolution of Support from Local Government ☐

Vicki Covey, Community Services Director, City of Amarillo - The development will help fulfill the City's need for quality affordable housing for lower income families as demonstrated in the 2005-2010 Consolidated Plan for Housing and Community Development.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Win-Lin Village Apartments, TDHCA Number 07429

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$67,136
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $67,136 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07429**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

Win-Lin Village

Location: 5700 Wabash Street Region: 1

City: Amarillo County: Randall Zip: 79109 ☐ QCT ☐ DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$67,507			**$67,136**		

** The Applicant originally requested $64,677.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

3 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

4 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

5 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	50

PROS

- The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.
- The proposed rehabilitation will refresh a 26 year old property .
- The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.

CONS

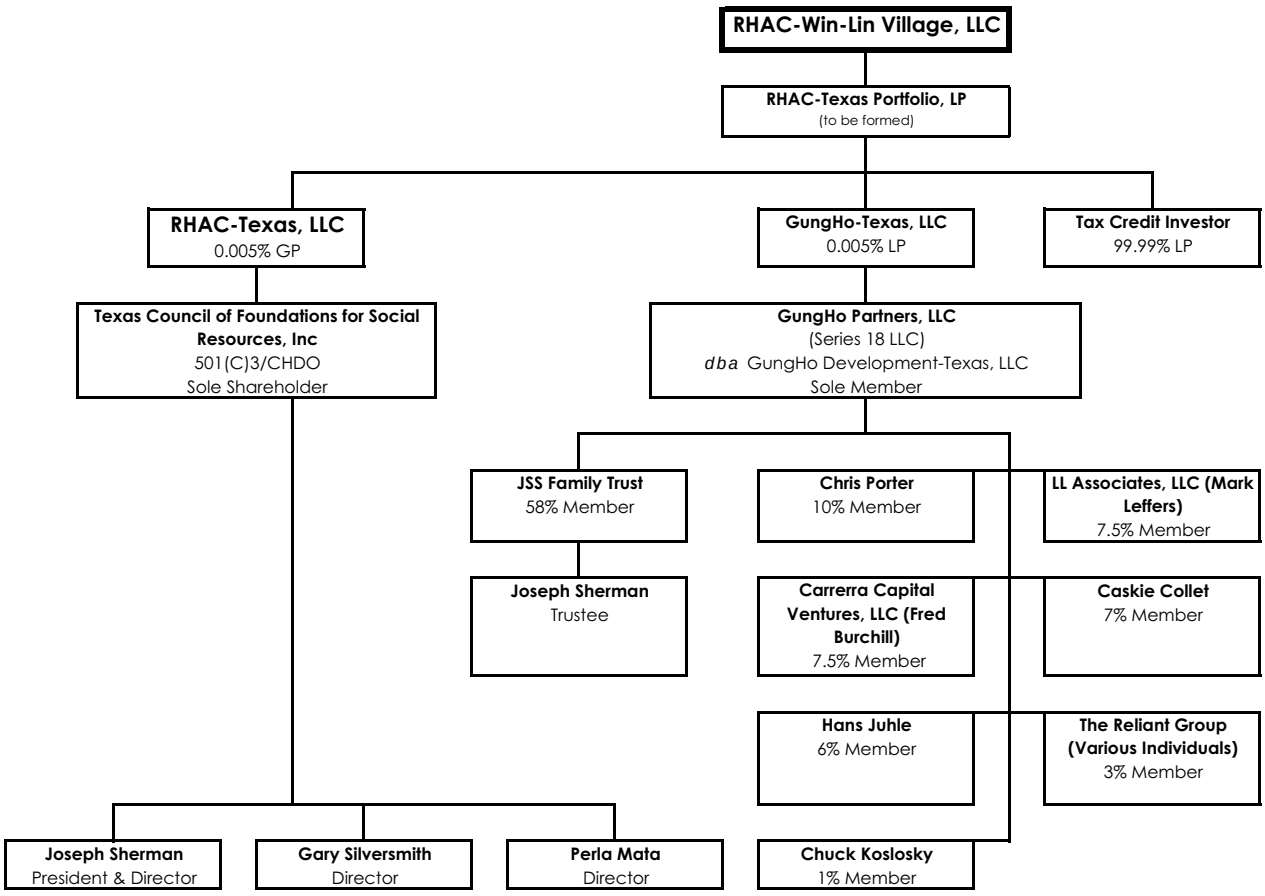
- The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.
- The subject has unresolved environmental concerns with regard to asbestos and noise.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Chris Porter Phone: (415) 788-0700 Fax: (415) 788-0435
Email: cporter@reliantgroup.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

  The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

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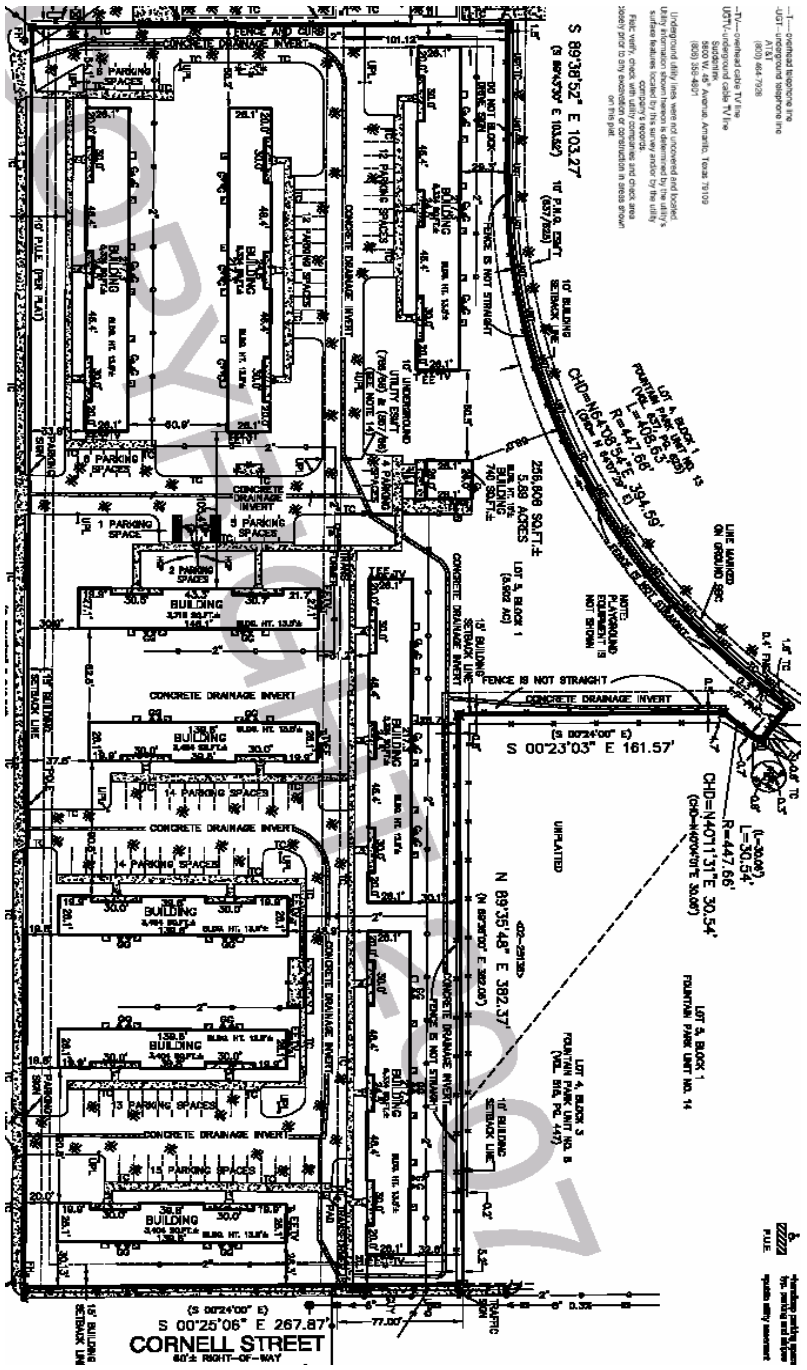
PROPOSED SITE
SITE PLAN



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BUILDING CONFIGURATION

Building Type	A	B	C								Total Buildings
Floors/Stories	1	1	1								
Number	4	1	5								**10**

BR/BA	SF	Units									Total Units	Total SF
2/1	896		3								3	2,688
2/1	815	4	1	4							37	30,155
3/2	926			2							10	9,260
Units per Building		4	4	6							**50**	**42,103**

Rehabilitation Recommendations of Property Condition Assessment:

An asphalt overlay for all parking/drive areas; Replacement of dumpster enclosures; Replacement of damaged fencing; Modernization of site lighting and fencing; Installation of new playground; Replacement of office/laundry room finishes; Replacement of roof shingles; Paint building exteriors; Replacement of damaged exterior doors; Installation of double glazed windows; Replacement of damaged vinyl flooring; Repairs to unit ceilings; Replacement of some kitchen/bathroom cabinets and countertops; Replacement of shower valves; Installation of low flow toilets; Replacement of remaining original appliances; Installation of shut off valves for building water mains; Replacement of some evaporative coolers; Replacement of light fixtures; Installation of ceiling fans; Replacement of fire extinguishers as needed.

SITE ISSUES

Total Size:	5.9 acres	Scattered site?	☐	Yes	☒	No		
Flood Zone:	C	Within 100-yr floodplain?	☐	Yes	☒	No		
Zoning:	MF-1 / Multifamily	Needs to be re-zoned?	☐	Yes	☒	No	☐	N/A

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/17/2007

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: retail businesses
East: Cornell Street and public school
South: Wabash Street and townhomes
West: The Clairmont Retirement Center

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 4/3/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- Asbestos – None of the samples analyzed detected the presence of asbestos. However, some suspect non-friable materials, such as vinyl flooring and roofing materials were noted. (19)

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Comments:

The underwriting report is conditioned upon receipt, review and acceptance of documentation that the "non-friable" suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company, LLP Date: 10/31/2006

Contact: Rachel Barnes Phone: (512) 340-0420 Fax: (512) 340-0421

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA): 26.92 square miles (≈3-mile radius)

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is the area bound by West Amarillo Boulevard, Coulter Drive, 9th Avenue, and Interstate 40 to the north, Interstate 27 and US Highway 87 to the east, West Hollywood Boulevard to the south, and Soncy Road to the west. This area was defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 11).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
TownParc	05124	144	144	N/A			

INCOME LIMITS						
Randall						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$21,780	$24,840	$27,960	$31,080	$33,540	$36,060

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/ 60% Rent Limit				3,395	40	61	2.97%
3 BR/ 60% Rent Limit				1,658	10	43	3.20%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

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OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 93	100%	41,001			12%	5,053	Included in Inc Elig %		40%	2,021
Underwriter	100%	41,392	65%	27,070	36%	9,742	39%	3,836	40%	1,534
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 93				335	12%	41	Included in Inc Elig %		100%	41
Underwriter			65%	329	36%	78	39%	31	100%	31

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 93	50	104	0	154	2,062	7.5%
Underwriter	0	144	0	144	1,565	9.20%

Primary Market Occupancy Rates:

"Occupancy rates reported at the remaining comparable properties ranged from 89.0 to 100 percent, with an average occupancy rate of 94.1 percent. The LIHTC properties average occupancy was 89.9 percent, while the market rate properties averaged 95.8 percent. Astoria Park Apartments is experiencing the lowest occupancy rate at 89 percent. All of the vacant units are in the two-bedroom units; the three-bedroom units are 100 percent occupied."

"As previously noted, the Subject is currently 100 percent occupied. According to the property manager, the historical occupancy rates typically average between 95 and 100 percent. Based on the historical occupancy, we have conservatively estimated the Subject's stabilized occupancy rate after renovation to be 95 percent" (p. 71).

Absorption Projections:

"The Subject will continue to operate as a Section 8 property after renovations are complete. Thus, if we conservatively assume that the property was completely vacant, the absorption period is estimated to be less than five months, or ten units per month, to reach stabilization of 93 percent occupancy. Tenants will not be displaced during the renovation and resident retention is expected to be high" (p. 70).

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
2 BR 896 SF (60%)	$455	$631	$530	$455	$75
2 BR 815 SF (60%)	$455	$616	$540	$455	$85
3 BR 926 SF (60%)	$677	$735	$640	$677	($37)

Market Impact:

"The Subject is a Project-Based Section 8 property that is operating at an occupancy rate of 100 percent with a waiting list. The current HAP contract in place at the Subject expires in 2024. According to the property manager, over the past three years, the average occupancy rate has typically ranged between 95 and 100 percent, which is well above the overall surveyed occupancy rate. The Subject is proposing to renovate the interior and exterior of the property which will improve the overall condition and appeal of the property. Therefore, we do not anticipate significant turnover as a result of the conversion to LIHTC after renovation. Demand for the Subject is likely to persist, particularly with the availability of fully-subsidized rents. Based on the above information, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 88).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an acceptable inclusive capture rate of 9.2% for a development targeting family households. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 50 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the HAP contract, effective September 1, 2006, but well below the maximum tax credit net rents.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $15 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and supported by historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 98% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $3,413 per unit is within 5% of the Underwriter's estimate of $3,491, derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly: general & administrative ($5K lower); payroll and payroll taxes ($10K higher); and property tax ($9K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($17.5K) appear to have been based on a somewhat low assessed value of $15K per unit. The Underwriter has underwritten the transaction based an assessed value of $23.5K per unit which results in a 54% increase over 2006 taxes and is consistent with state statute.

The Underwriter has evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 49% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 49% increase over 2006 property taxes would result in a DCR of 1.28. If a 50% exemption were secured at this point, the property taxes would be 25% lower 2006 taxes. However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has used the income approach and the appraisal district's cap rate of 10% to derive the estimated property taxes of $27K based on an assessed value of $23.5K per unit which is 54% higher than 2006 taxes.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

The Applicant's estimates of effective gross income, total expense, and net operating income are each within 5% of the Underwriter's estimates. Therefore, the Applicant's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio within the current TDHCA guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 3/30/2007

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Land Only: 5.9 acres	$400,000	As of:	3/14/2007
Existing Buildings: (as-is)	$1,100,000	As of:	3/14/2007
Total Development: (as-is)	$1,500,000	As of:	3/14/2007

Comments:

The "as-is" value of the property assumes operation as a Section 8 property. Therefore, the values are acceptable.

ASSESSED VALUE

Land Only:	$321,364	Tax Year:	2006
Existing Buildings:	$426,796	Valuation by:	Randall CAD
Total Assessed Value:	$748,160	Tax Rate:	2.2888

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $1,139,570 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties in Texas for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $1,139,570; however, reserves of $178,962 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $560,608 based upon the contract price less the appraised land value, closing costs, and existing reserves. The Underwriter determined the same building basis also using the appraised land value, which is greater than the assessed land value.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant has provided no break-out of site work costs. The underwriting analysis assumes the estimate of $3,238 per unit provided in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant has provided no break-out of direct construction costs, but indicated total sitework and direct construction costs of $678,000, which is equal to the combined PCA estimates of sitework and direct costs. The underwriting analysis assumes the estimate for direct construction costs of $516,125 provided in the PCA. The total hard cost estimate including contingency and contractor fees is estimated to be $16,814 per unit, which is above the Department's minimum of $12,000 reflecting a minimum to moderate level of rehabilitation.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $1,854,587 supports annual tax credits of $67,136. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1):	$1,300,143	Interest Rate:	5.83%	x	Fixed	Term:	420	months
Tax-Exempt (2):	$74,857	Interest Rate:	5.83%	x	Fixed	Term:	240	months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since as a whole for the transaction, the proposed Contract rents are greater than HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $1,375,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation, though it is consistent with the Department's DCR guidelines.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal: $280,190 Interest Rate: 2.6% [x] Fixed Term: 600 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $280,190 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $620,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $187,737 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the senior bond amount attributed to the subject of $1,375,000, HUD-assumed note of $280,190, and reserves of $178,962 indicates the need for $807,737 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $83,280 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($67,507), the gap-driven amount ($83,280), and eligible basis-derived estimate ($67,136), the eligible basis-derived estimate of $67,136 is recommended resulting in proceeds of $651,155 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $156,582 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within five years of stabilized operation.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such, the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter: *Cameron Dorsey* Date: August 6, 2007

Director of Real Estate Analysis: *Tom Gouris* Date: August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Win-Lin Village, Amarillo, 4% HTC #07429

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	3	2	1	896	$699	$455	$1,364	$0.51	$68.00	$37.00
TC 60%	37	2	1	815	$699	455	16,822	0.56	83.00	37.00
TC 60%	10	3	1	926	$807	677	6,773	0.73	72.00	42.00
TOTAL:	50		**AVERAGE:**	842		$499	$24,959	$0.59	$79.90	$38.00

INCOME	Total Net Rentable Sq Ft: 42,103			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$299,502	$299,508	Randall		1
Secondary Income	Per Unit Per Month:	$15.00		9,000	9,000	$15.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$308,502	$308,508			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(15,425)	(15,420)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$293,077	$293,088			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.36%	$255	0.30	$12,766	$7,500	$0.18	$150	2.56%
Management		3.88%	228	0.27	11,377	10,258	0.24	205	3.50%
Payroll & Payroll Tax		15.22%	892	1.06	44,611	55,000	1.31	1,100	18.77%
Repairs & Maintenance		10.15%	595	0.71	29,738	31,000	0.74	620	10.58%
Utilities		1.34%	79	0.09	3,937	3,938	0.09	79	1.34%
Water, Sewer, & Trash		5.27%	309	0.37	15,434	15,433	0.37	309	5.27%
Property Insurance		3.59%	211	0.25	10,526	10,750	0.26	215	3.67%
Property Tax	2.2888	9.18%	538	0.64	26,893	17,502	0.42	350	5.97%
Reserve for Replacements		5.12%	300	0.36	15,000	15,000	0.36	300	5.12%
TDHCA Compliance Fees		0.68%	40	0.05	2,000	2,000	0.05	40	0.68%
Other: TSAHC Fees		0.77%	45	0.05	2,250	2,250	0.05	45	0.77%
TOTAL EXPENSES		59.55%	$3,491	$4.15	$174,531	$170,631	$4.05	$3,413	58.22%
NET OPERATING INC		40.45%	$2,371	$2.82	$118,546	$122,457	$2.91	$2,449	41.78%
DEBT SERVICE									
Tax-Exempt Bond (35-year amort)		29.75%	$1,744	$2.07	$87,185	$92,205	$2.19	$1,844	31.46%
Tax-Exempt Bond (20-year amort)		2.17%	$127	$0.15	6,348	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		8.53%	$500	$0.59	$25,013	$30,252	$0.72	$605	10.32%
AGGREGATE DEBT COVERAGE RATIO					1.27	1.33			
RECOMMENDED DEBT COVERAGE RATIO						1.31			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		43.32%	$22,891	$27.18	$1,144,570	$965,608	$22.93	$19,312	39.21%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.13%	3,238	3.84	161,875	0	0.00	0	0.00%
Direct Construction		19.54%	10,323	12.26	516,125	678,000	16.10	13,560	27.53%
Contingency	10.00%	2.57%	1,356	1.61	67,800	67,800	1.61	1,356	2.75%
Contractor's Fees	14.00%	3.59%	1,898	2.25	94,920	94,920	2.25	1,898	3.85%
Indirect Construction		3.95%	2,090	2.48	104,476	104,476	2.48	2,090	4.24%
Ineligible Costs		5.21%	2,753	3.27	137,631	137,631	3.27	2,753	5.59%
Developer's Fees	15.00%	9.16%	4,838	5.75	241,900	241,900	5.75	4,838	9.82%
Interim Financing		4.05%	2,138	2.54	106,883	106,883	2.54	2,138	4.34%
Reserves		2.49%	1,314	1.56	65,709	65,709	1.56	1,314	2.67%
TOTAL COST		100.00%	$52,838	$62.75	$2,641,889	$2,462,927	$58.50	$49,259	100.00%
Construction Cost Recap		*31.82%*	***$16,814***	***$19.97***	***$840,720***	***$840,720***	***$19.97***	***$16,814***	*34.13%*

SOURCES OF FUNDS

						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	49.21%	$26,003	$30.88	$1,300,143	$1,300,143	$1,300,143	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.83%	$1,497	$1.78	74,857	74,857	74,857	
TSAHC Loan	0.00%	$0	$0.00	0	0	0	$241,900
Assumed Sub. Unsecured Notes	10.61%	$5,604	$6.65	280,190	280,190	280,190	
Reserve Balance	6.77%	$3,579	$4.25	178,962	0	178,962	
HTC Syndication Proceeds	23.47%	$12,400	$14.73	620,000	620,000	651,155	% of Dev. Fee Deferred
Deferred Developer Fees	7.11%	$3,755	$4.46	187,737	187,737	156,582	65%
Additional (Excess) Funds Req'd	0.00%	$0	$0.00	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$2,641,889	$2,462,927	$2,641,889	$559,957

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Win-Lin Village, Amarillo, 4% HTC #07429

PAYMENT COMPUTATION

Primary	$1,300,143	Amort	420
Int Rate	5.83%	DCR	1.36

Secondary	$74,857	Amort	240
Int Rate	5.83%	Subtotal DCR	1.27

Additional	$280,190	Amort	
Int Rate	2.60%	Aggregate DCR	1.27

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$87,185
Secondary Debt Service	6,348
Additional Debt Service	0
NET CASH FLOW	$28,924

Primary	$1,300,143	Amort	420
Int Rate	5.83%	DCR	1.40

Secondary	$74,857	Amort	240
Int Rate	5.83%	Subtotal DCR	1.31

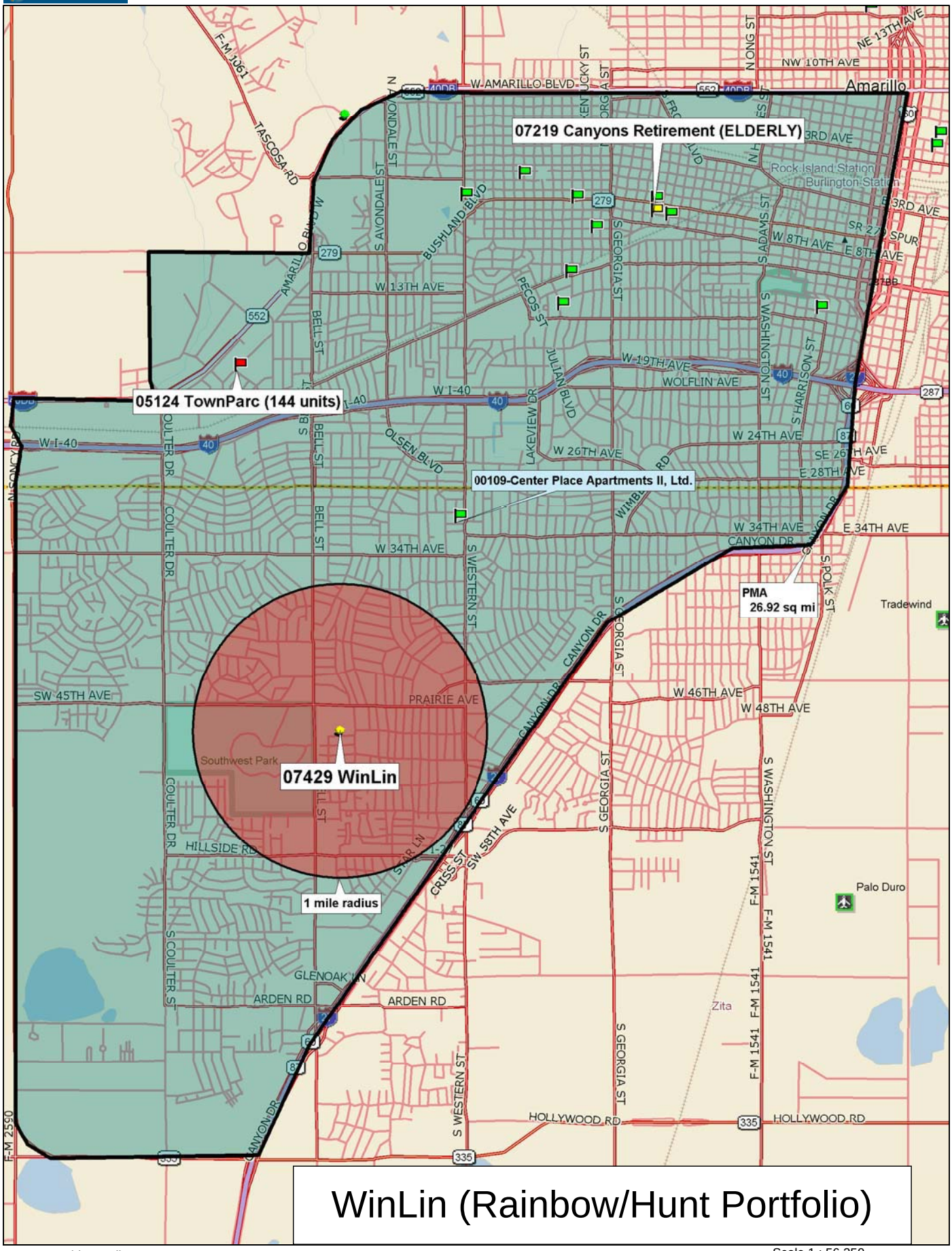
Additional	$280,190	Amort	0
Int Rate	2.60%	Aggregate DCR	1.31

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$299,508	$308,493	$317,748	$327,280	$337,099	$390,790	$453,033	$525,189	$705,810
Secondary Income	9,000	9,270	9,548	9,835	10,130	11,743	13,613	15,782	21,209
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	308,508	317,763	327,296	337,115	347,228	402,533	466,646	540,971	727,019
Vacancy & Collection Loss	(15,420)	(15,888)	(16,365)	(16,856)	(17,361)	(20,127)	(23,332)	(27,049)	(36,351)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$293,088	$301,875	$310,931	$320,259	$329,867	$382,406	$443,314	$513,922	$690,668
EXPENSES at 4.00%									
General & Administrative	$7,500	$7,800	$8,112	$8,436	$8,774	$10,675	$12,988	$15,801	$23,390
Management	10,258	10,565	10,882	11,209	11,545	13,384	15,515	17,987	24,172
Payroll & Payroll Tax	55,000	57,200	59,488	61,868	64,342	78,282	95,242	115,877	171,526
Repairs & Maintenance	31,000	32,240	33,530	34,871	36,266	44,123	53,682	65,312	96,678
Utilities	3,938	4,096	4,259	4,430	4,607	5,605	6,819	8,297	12,281
Water, Sewer & Trash	15,433	16,050	16,692	17,360	18,054	21,966	26,725	32,515	48,130
Insurance	10,750	11,180	11,627	12,092	12,576	15,301	18,616	22,649	33,526
Property Tax	17,502	18,202	18,930	19,687	20,475	24,911	30,308	36,874	54,583
Reserve for Replacements	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Other	4,250	4,420	4,597	4,781	4,972	6,049	7,360	8,954	13,254
TOTAL EXPENSES	$170,631	$177,353	$184,342	$191,606	$199,159	$241,644	$293,230	$355,868	$524,320
NET OPERATING INCOME	$122,457	$124,522	$126,590	$128,653	$130,708	$140,762	$150,084	$158,054	$166,348
DEBT SERVICE									
First Lien Financing	$87,185	$87,185	$87,185	$87,185	$87,185	$87,185	$87,185	$87,185	$87,185
Second Lien	6,348	6,348	6,348	6,348	6,348	6,348	6,348	6,348	6,348
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$28,924	$30,989	$33,057	$35,120	$37,175	$47,229	$56,551	$64,521	$72,815
DEBT COVERAGE RATIO	1.31	1.33	1.35	1.38	1.40	1.50	1.60	1.69	1.78

HTC ALLOCATION ANALYSIS -Win-Lin Village, Amarillo, 4% HTC #07429

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$405,000	$583,962				
Purchase of buildings	$560,608	$560,608	$560,608	$560,608		
Off-Site Improvements						
Sitework		$161,875				$161,875
Construction Hard Costs	$678,000	$516,125			$678,000	$516,125
Contractor Fees	$94,920	$94,920			$94,920	$94,920
Contingencies	$67,800	$67,800			$67,800	$67,800
Eligible Indirect Fees	$104,476	$104,476			$104,476	$104,476
Eligible Financing Fees	$106,883	$106,883			$106,883	$106,883
All Ineligible Costs	$137,631	$137,631				
Developer Fees						
Developer Fees	$241,900	$241,900	$84,090	$84,090	$157,810	$157,810
Development Reserves	$65,709	$65,709				
TOTAL DEVELOPMENT COSTS	$2,462,927	$2,641,889	$644,698	$644,698	$1,209,889	$1,209,889
Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
TOTAL ELIGIBLE BASIS			$644,698	$644,698	$1,209,889	$1,209,889
High Cost Area Adjustment					100%	100%
TOTAL ADJUSTED BASIS			$644,698	$644,698	$1,209,889	$1,209,889
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$644,698	$644,698	$1,209,889	$1,209,889
Applicable Percentage			3.62%	3.62%	3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS			$23,338	$23,338	$43,798	$43,798
	Syndication Proceeds	**0.9699**	**$226,357**	**$226,357**	**$424,798**	**$424,798**
				Total Tax Credits (Eligible Basis Method)	**$67,136**	**$67,136**
				Syndication Proceeds	**$651,155**	**$651,155**
				Requested Tax Credits	**$67,507**	
				Syndication Proceeds	**$654,752**	
				Gap of Syndication Proceeds Needed	**$807,737**	**$807,737**
				Total Tax Credits (Gap Method)	**$83,280**	**$83,280**



WinLin (Rainbow/Hunt Portfolio)

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TN

MN (7.4°E)

Scale 1 : 56,250

1" = 4,687.5 ft

Data Zoom 11-7

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Spring Terrace Apartments, TDHCA Number 07430

BASIC DEVELOPMENT INFORMATION

Site Address:	2600 S. Spring Street			Development #:	07430
City:	Amarillo	Region:	1	Population Served:	Family
County:	Potter	Zip Code:	76134	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC - SPRING, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	50	0	0	40	10	0	0

Type of Building:

- ☐ 4 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☑ Townhome

☑ Duplex
☐ Triplex
☐ Fourplex

Total Restricted Units:	50
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	50
Total Development Cost:	$3,775,278
Number of Residential Buildings:	21
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$103,295	$102,726	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Spring Terrace Apartments, TDHCA Number 07430

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Seliger, District 31 NC

US Representative: Thornberry, District 13, NC

TX Representative: Swinford, District 87 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Debra McCartt, Mayor, City of Amarillo - S Resolution of Support from Local Government ☐

Vicki Covey, Community Services Director, City of Amarillo - The development will help fulfill the City's need for quality affordable housing for lower income families as demonstrated in the 2005-2010 Consolidated Plan for Housing and Community Development.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Spring Terrace Apartments, TDHCA Number 07430

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$102,726
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $102,726 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07430**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

Spring Terrace

Location: 2600 S Spring Street Region: 1

City: Amarillo County: Potter Zip: 76134 ☐ QCT ☐ DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

** The Applicant originally requested $98,020.

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$103,295			**$102,726**		

** The Applicant originally requested $98,020.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

3 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

4 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

5 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	50

PROS

- The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.
- The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.
- The proposed rehabilitation will refresh a 26 year old property.

CONS

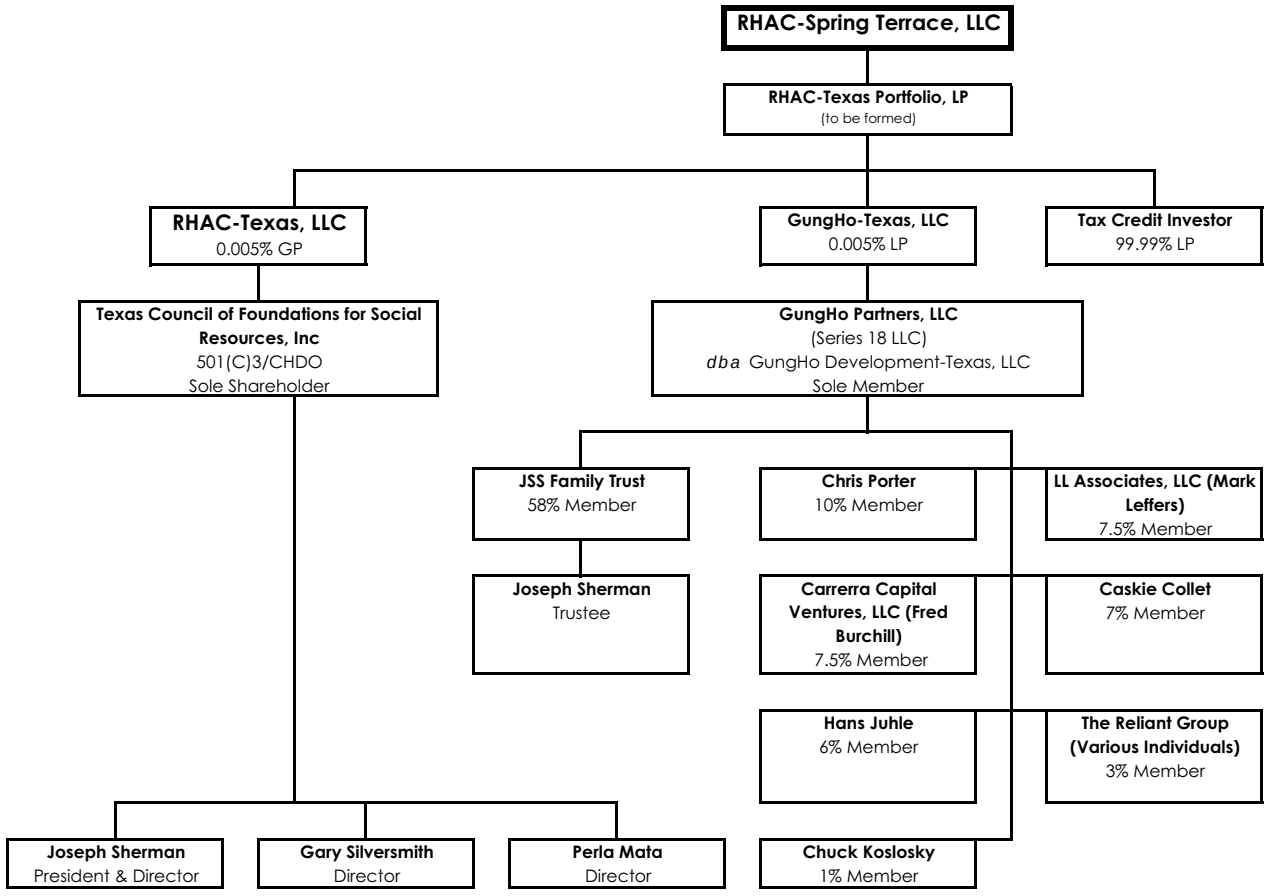
- The current collected and proposed rents are well above the maximum tax credit and tax exempt bond limit rents and will continue to be supported by a Section 8 contract.
- The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.
- The subject has unresolved environmental concerns with regard to asbestos and noise.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact:	Chris Porter	Phone:	(415) 788-0700	Fax:	(415) 788-0435
Email:	cporter@reliantgroup.com				

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

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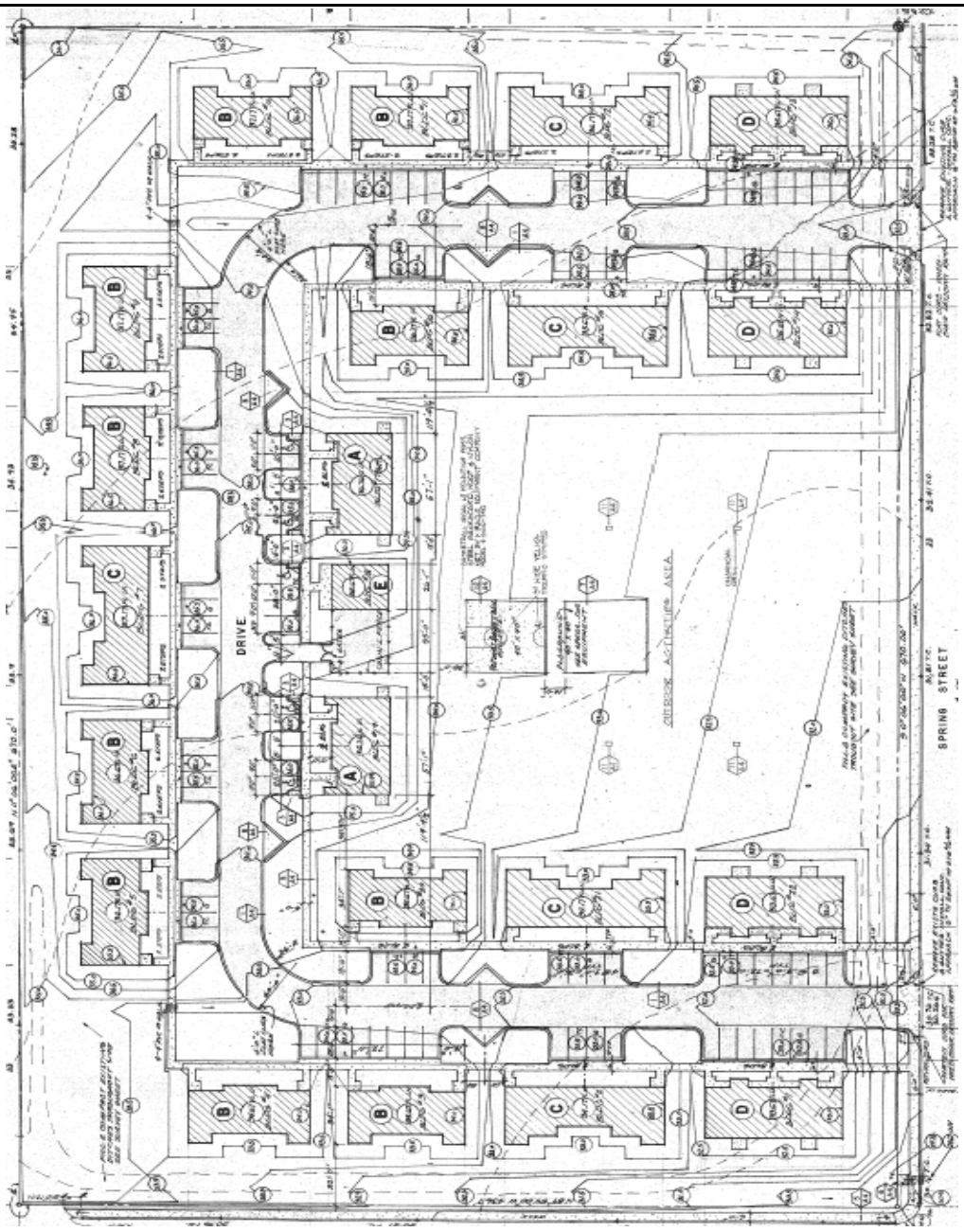
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D							Total Buildings
Floors/Stories	1	1	1	2							
Number	2	10	5	4							**21**

BR/BA	SF	Units										Total Units	Total SF
2/1	788		2									20	15,760
2/1	801	2										4	3,204
2/1	972				4							16	15,552
3/1	1,185			2								10	11,850
Units per Building		2	2	2	4							**50**	**46,366**

Rehabilitation Recommendations of Property Condition Assessment:

Seal coating and re-striping for asphalt pavement; Repairs to irrigation system; Addition of new vegetation; Replacement of dumpster enclosures; Installation of exterior site lighting; Upgrades to playground; Repairs and paint for damaged stucco and trim; Installation of double glazed windows; Replacement of damaged exterior doors; Replacement of roofing; Replacement of furnaces; Replacement of HVAC filters and covers; Installation of ceiling fans; Replacement of shower valves; Installation of low flow toilets; Replacement of some water heaters; Replacement of vinyl flooring; Replacement of window blinds; Replacement of "fair condition" appliances; Installation of garbage disposals and dishwashers; Replacement of "fair condition" cabinets.

SITE ISSUES

Total Size:	6.72 acres	Scattered site?	[ ]	Yes	[x]	No		
Flood Zone:	X	Within 100-yr floodplain?	[ ]	Yes	[x]	No		
Zoning:	LC / MF-1	Needs to be re-zoned?	[ ]	Yes	[x]	No	[ ]	N/A

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/17/2007

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: multifamily residential complex

East: South Spring Street and residential

South: East 27th Street, elementary school and church

West: single family homes and vacant land

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 4/24/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

Asbestos – None of the samples analyzed detected the presence of asbestos. However, some suspect non-friable materials, such as vinyl flooring and roofing materials were noted. (20)

Comments:

The underwriting report is conditioned upon receipt, review and acceptance of documentation that the "non-friable" suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company, LLP Date: 10/31/2006

Contact: Rachel Barnes Phone: (512) 340-0420 Fax: (512) 340-0421

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

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Primary Market Area (PMA): 17.35 square miles (≈2.25-mile radius)

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is the area bound by Plains Boulevard and the Burlington Northern Railroad tracks to the north, Eastern Street to the east, 34th Avenue and 58th Avenue to the south, and Western Street to the west. This area was defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 11).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units (25%)
None				N/A			

INCOME LIMITS						
Potter						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$21,780	$24,840	$27,960	$31,080	$33,540	$36,060

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/ 60% Rent Limit				1,938	40	36	3.92%
3 BR/ 60% Rent Limit				1,064	10	36	4.32%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

OVERALL DEMAND									
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 92	100%	23,057			32%	7,359	41%	3,003	40%	1,201
Underwriter	100%	23,430	64%	15,089	42%	6,281	41%	2,560	40%	1,024
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 92				172	32%	55	41%	22	100%	22
Underwriter			64%	170	42%	46	41%	19	100%	19

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 93	50	72	0	122	1,223	10.0%
Underwriter	50	0	0	50	1,042	4.80%

Primary Market Occupancy Rates:

"Occupancy rates reported at the comparable properties ranged from 89.0 to 100 percent, with an average occupancy rate of 95.0 percent. The LIHTC properties average occupancy was 90.8 percent, while the market rate properties averaged 97.0 percent. Astoria Park Apartments is experiencing the lowest occupancy rate at 89 percent. All of the vacant units are in the two-bedroom units; the three-bedroom units are 100 percent occupied."

"As previously noted, the Subject is currently 96 percent occupied. According to the property manager, the historical occupancy rates typically average between 95 and 100 percent. Based on the historical occupancy, we have conservatively estimated the Subject's stabilized occupancy rate after renovation to be 95 percent" (p. 68).

Absorption Projections:

"The Subject will continue to operate as a Section 8 property after renovations are complete. Thus, if we conservatively assume that the property was completely vacant, the absorption period is estimated to be less than three months, or 16 units per month, to reach stabilization of 95 percent occupancy. Tenants will not be displaced during the renovation and resident retention is expected to be high" (p. 67).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
2 BR 788 SF (60%)	$604	$631	$520	$604	($84)
2 BR 801 SF (60%)	$604	$631	$530	$604	($74)
2 BR 972 SF (60%)	$604	$631	$550	$604	($54)
3 BR 1,185 SF (60%)	$702	$731	$650	$702	($52)

Market Impact:

"The Subject is a Project-Based Section 8 property that is operating at an occupancy rate of 96 percent with a waiting list. The current HAP contract in place at the Subject expires in 2024. According to the property manager, over the past three years, the average occupancy rate has typically ranged between 95 and 100 percent, which is well above the overall surveyed occupancy rate. The Subject is proposing to renovate the interior and exterior of the property which will improve the overall condition and appeal of the property. Therefore, we do not anticipate significant turnover as a result of the conversion to LIHTC after renovation. Demand for the Subject's is likely to persist, particularly with the availability of full-subsidized rents. Despite the competition in the PMA from Amarillo Gardens, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 85).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an acceptable inclusive capture rate of 4.8% for a development targeting family households. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 50 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the current HAP contract and higher than the market rents. The maximum HTC rents remain higher than the proposed Contract rents.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $14.50 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and consistent with historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 98% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $3,500 per unit is not within 5% of the Underwriter's estimate of $3,971, derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly: general & administrative ($6K lower); payroll and payroll taxes ($8K higher); and property tax ($21K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($17K) appear to have been based on an very low assessed value of $13.6K per unit. The Underwriter has underwritten the transaction based on an assessed value of $30K per unit which is at the high end of typical multifamily tax assessed values but is based upon net operating income. The Underwriter has also evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 190% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 190% increase over 2006 property taxes would result in a DCR of 1.18. If a 50% exemption were secured at this point, the property taxes would still be 45% higher than 2006 taxes.

However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has evaluated potential property taxes using the income approach and the appraisal district's cap rate of 10%. This results in an assessed value well above standard levels based on experience with affordable multifamily properties. The Underwriter has capped the estimated taxes at an assessed value of $30K per unit (at the high end of typical assessments) to derive the estimated property taxes of $38K which is 121% higher than 2006 taxes.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

Although the Applicant's effective gross income figure is within 5% of the Underwriter's estimates, their total expense and net operating income estimates are not. Therefore, the Underwriter's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio within the current TDHCA guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 3/30/2007

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Land Only: 6.72 acres	$400,000	As of:	3/14/2007
Existing Buildings: (as-is)	$2,000,000	As of:	3/14/2007
Total Development: (as-is)	$2,400,000	As of:	3/14/2007

Comments:

The "as-is" value of the property assumes operation as a Section 8 property. Therefore, the values determined are acceptable.

ASSESSED VALUE

Land Only:	$73,147	Tax Year:	2006
Existing Buildings:	$587,460	Valuation by:	Potter-Randall CAD
Total Assessed Value:	$660,607	Tax Rate:	2.53127

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $1,965,169 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $1,965,169; however, reserves of $252,010 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $1,313,159 based upon the contract price less the appraised land value, closing costs, and existing reserves. The Underwriter determined the same building basis also using the appraised land value, which is greater than the assessed land value.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant estimated sitework costs of $1,900 per unit, consistent with the Property Condition Assessment (PCA) estimate of $1,900 per unit. The underwriting analysis has used the PCA estimate.

Direct Construction Cost:

The Applicant has estimated direct construction costs of $635,100, consistent with the PCA estimate of $635,100. The underwriting analysis assumes the estimate for direct construction costs provided in the PCA. The total hard cost estimate including contingency and contractor fees is estimated to be $18,106 per unit, which is above the Department's minimum of $12,000 reflecting a minimum to moderate level of rehabilitation.

Contingency & Fees:

The Applicant has overstated the eligible portion of developer fees by a total of $62. Therefore, the Applicant's total eligible basis for purposes of calculating tax credits is adjusted down by an equal amount.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $2,837,722 supports annual tax credits of $102,726. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Source: TSAHC Type: **Interim to Permanent Financing**

Principal: $100,000 Interest Rate: 4.0% [x] Fixed Term: 180 months

Comments:

TSAHC has provided a commitment for a $500,000 loan to TCFSR, owner of the GP. The loan has been allocated among three of the portfolio properties by the Applicant. The loan will carry an interest rate of 4% and a 15 year term. The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment indicates that payments will be made quarterly from available cashflow after issuer fees, syndicator fees, senior bond debt service, and supportive service fees ($3 per unit). Moreover, the payments will be calculated on a prorata basis dependent upon the amount of developer fee deferred and will begin on the earlier of the place in service date or 18 months from the closing date.

The Applicant, not the lender, has allocated $100,000 out of the total $500,000 to this specific development. It is not clear what methodology was used to make this allocation.

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1):	$1,810,745	Interest Rate:	5.83%	x	Fixed	Term:	420	months
Tax-Exempt (2):	$104,255	Interest Rate:	5.83%	x	Fixed	Term:	240	months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since as a whole for the transaction, the proposed Contract rents are greater than HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $1,915,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation, though it appears to conform to the Department's DCR standards.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal:	$328,220	Interest Rate:	2.6%	x	Fixed	Term:	600	months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $328,220 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services, as discussed above.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $949,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $231,110 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the senior bond amount attributed to the subject of $1,915,000, TSHAC loan of $100,000, HUD-assumed note of $328,220, and reserves of $252,010 indicates the need for $1,180,048 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $121,667 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($103,295), the gap-driven amount ($121,667), and eligible basis-derived estimate ($102,726), the eligible basis-derived estimate of $102,726 is recommended resulting in proceeds of $996,338 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $183,710 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within five years of stabilized operation.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such, the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter: *Cameron Dorsey* Date: August 6, 2007

Director of Real Estate Analysis: *Tom Gouris* Date: August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Spring Terrace, Amarillo, 4% HTC #07430

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	20	2	1	788	$699	$604	$12,075	$0.77	$68.00	$37.00
TC 60%	4	2	1	801	$699	604	2,415	0.75	68.00	37.00
TC 60%	16	2	1	972	$699	604	9,660	0.62	68.00	37.00
TC 60%	10	3	1	1,185	$807	702	7,025	0.59	76.00	42.00
TOTAL:	50		**AVERAGE:**	927		$623	$31,175	$0.67	$69.60	$38.00

INCOME	Total Net Rentable Sq Ft: 46,366			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$374,094	$374,040	Potter		1
Secondary Income	Per Unit Per Month:	$14.50		8,700	8,700	$14.50	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$382,794	$382,740			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(19,140)	(19,140)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$363,654	$363,600			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.71%	$270	0.29	$13,479	$7,500	$0.16	$150	2.06%
Management		3.88%	282	0.30	14,116	12,726	0.27	255	3.50%
Payroll & Payroll Tax		12.90%	938	1.01	46,913	55,000	1.19	1,100	15.13%
Repairs & Maintenance		8.62%	627	0.68	31,365	28,750	0.62	575	7.91%
Utilities		0.63%	46	0.05	2,295	2,295	0.05	46	0.63%
Water, Sewer, & Trash		5.93%	431	0.46	21,549	21,554	0.46	431	5.93%
Property Insurance		3.19%	232	0.25	11,592	10,750	0.23	215	2.96%
Property Tax	2.53127	10.44%	759	0.82	37,969	17,179	0.37	344	4.72%
Reserve for Replacements		4.12%	300	0.32	15,000	15,000	0.32	300	4.13%
TDHCA Compliance Fees		0.55%	40	0.04	2,000	2,000	0.04	40	0.55%
Other: TSAHC Fees		0.62%	45	0.05	2,250	2,250	0.05	45	0.62%
TOTAL EXPENSES		54.59%	$3,971	$4.28	$198,528	$175,004	$3.77	$3,500	48.13%
NET OPERATING INC		45.41%	$3,303	$3.56	$165,127	$188,596	$4.07	$3,772	51.87%
DEBT SERVICE									
Tax-Exempt Bond (35-year amort)		33.39%	$2,429	$2.62	$121,426	$128,417	$2.77	$2,568	35.32%
Tax-Exempt Bond (20-year amort)		2.43%	$177	$0.19	8,841	0	$0.00	$0	0.00%
TSAHC Loan		0.00%	$0	$0.00	0	8,994	$0.19	$180	2.47%
NET CASH FLOW		9.59%	$697	$0.75	$34,860	$51,185	$1.10	$1,024	14.08%
AGGREGATE DEBT COVERAGE RATIO					1.27	1.37			
RECOMMENDED DEBT COVERAGE RATIO					1.27				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		52.19%	$39,403	$42.49	$1,970,169	$1,718,159	$37.06	$34,363	48.77%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		2.52%	1,900	2.05	95,000	95,000	2.05	1,900	2.70%
Direct Construction		16.82%	12,702	13.70	635,100	635,100	13.70	12,702	18.03%
Contingency	10.00%	1.93%	1,460	1.57	73,010	73,010	1.57	1,460	2.07%
Contractor's Fees	14.00%	2.71%	2,044	2.20	102,214	102,214	2.20	2,044	2.90%
Indirect Construction		2.63%	1,988	2.14	99,379	99,379	2.14	1,988	2.82%
Ineligible Costs		5.36%	4,049	4.37	202,442	202,442	4.37	4,049	5.75%
Developer's Fees	15.00%	9.80%	7,403	7.98	370,138	370,200	7.98	7,404	10.51%
Interim Financing		3.97%	2,994	3.23	149,722	149,722	3.23	2,994	4.25%
Reserves		2.07%	1,562	1.68	78,104	78,104	1.68	1,562	2.22%
TOTAL COST		100.00%	$75,506	$81.42	$3,775,278	$3,523,330	$75.99	$70,467	100.00%
Construction Cost Recap		*23.98%*	***$18,106***	***$19.53***	***$905,324***	***$905,324***	***$19.53***	***$18,106***	*25.70%*

SOURCES OF FUNDS				TDHCA	APPLICANT	RECOMMENDED	
Tax-Exempt Bond (35-year amort)	47.96%	$36,215	$39.05	$1,810,745	$1,810,745	$1,810,745	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.76%	$2,085	$2.25	104,255	104,255	$104,255	
TSAHC Loan	2.65%	$2,000	$2.16	100,000	100,000	100,000	$370,138
Assumed Sub. Unsecured Notes	8.69%	$6,564	$7.08	328,220	328,220	328,220	
Reserve Balance	6.68%	$5,040	$5.44	252,010	0	252,010	
HTC Syndication Proceeds	25.14%	$18,980	$20.47	949,000	949,000	996,338	% of Dev. Fee Deferred
Deferred Developer Fees	6.12%	$4,622	$4.98	231,110	231,110	183,710	50%
Additional (Excess) Funds Req'd	0.00%	($1)	($0.00)	(62)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$3,775,278	$3,523,330	$3,775,278	$838,482

PAYMENT COMPUTATION

Primary	$1,810,745	Amort	420
Int Rate	5.83%	DCR	1.36

Secondary	$104,255	Amort	240
Int Rate	5.83%	Subtotal DCR	1.27

Additional	$328,220	Amort	
Int Rate	2.60%	Aggregate DCR	1.27

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$121,426
Secondary Debt Service	8,841
Additional Debt Service	0
NET CASH FLOW	$34,860

Primary	$1,810,745	Amort	420
Int Rate	5.83%	DCR	1.36

Secondary	$104,255	Amort	240
Int Rate	5.83%	Subtotal DCR	1.27

Additional	$328,220	Amort	0
Int Rate	2.60%	Aggregate DCR	1.27

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

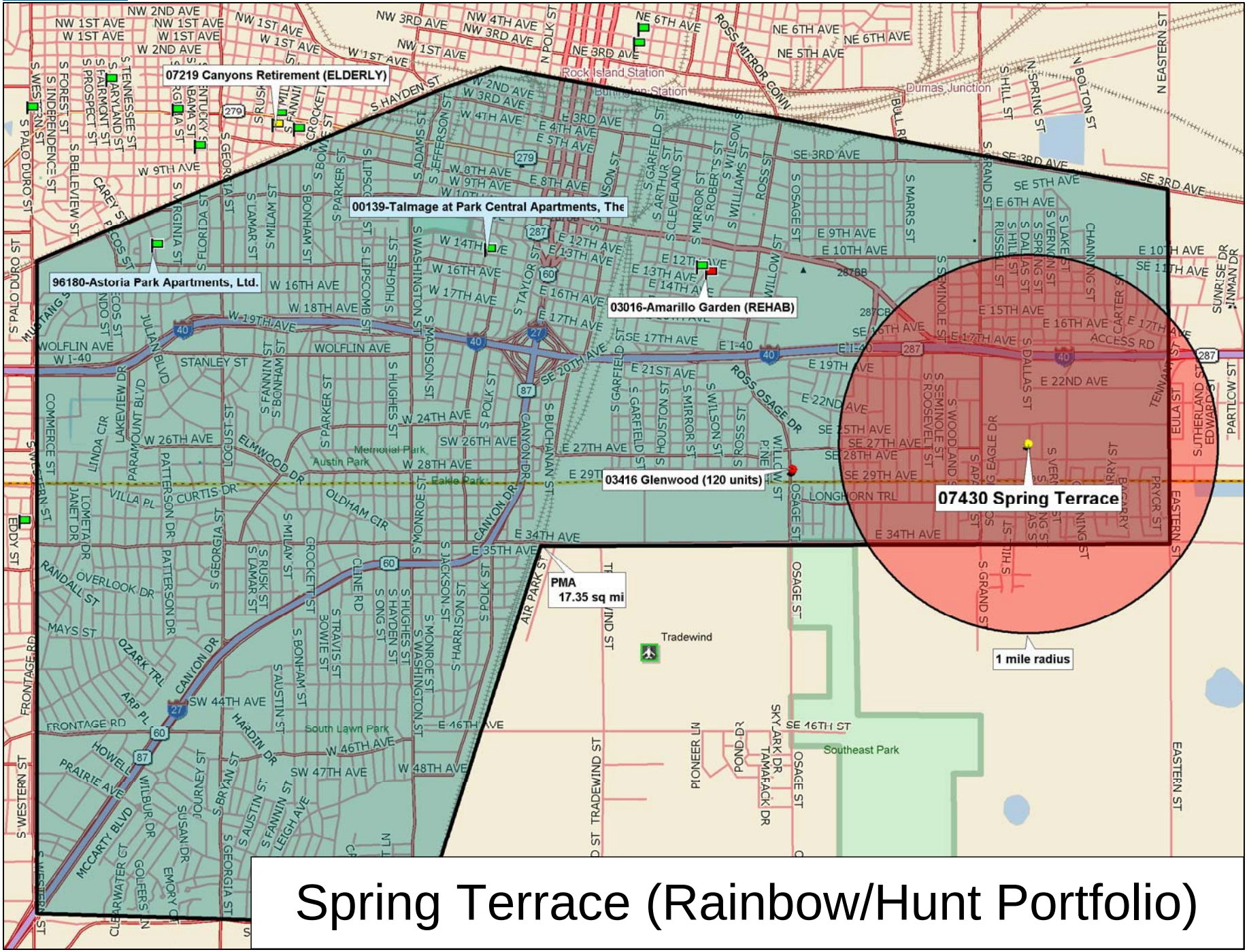
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$374,094	$385,317	$396,876	$408,783	$421,046	$488,108	$565,851	$655,976	$881,577
Secondary Income	8,700	8,961	9,230	9,507	9,792	11,352	13,160	15,256	20,502
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	382,794	394,278	406,106	418,289	430,838	499,459	579,010	671,232	902,079
Vacancy & Collection Loss	(19,140)	(19,714)	(20,305)	(20,914)	(21,542)	(24,973)	(28,951)	(33,562)	(45,104)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$363,654	$374,564	$385,801	$397,375	$409,296	$474,486	$550,060	$637,670	$856,975
EXPENSES at 4.00%									
General & Administrative	$13,479	$14,019	$14,579	$15,163	$15,769	$19,185	$23,342	$28,399	$42,038
Management	14,116	14,540	14,976	15,425	15,888	18,418	21,352	24,753	33,266
Payroll & Payroll Tax	46,913	48,789	50,741	52,770	54,881	66,771	81,238	98,838	146,304
Repairs & Maintenance	31,365	32,620	33,924	35,281	36,693	44,642	54,314	66,081	97,816
Utilities	2,295	2,387	2,482	2,582	2,685	3,267	3,974	4,835	7,157
Water, Sewer & Trash	21,549	22,411	23,307	24,240	25,209	30,671	37,316	45,400	67,204
Insurance	11,592	12,055	12,537	13,039	13,560	16,498	20,073	24,422	36,150
Property Tax	37,969	39,488	41,067	42,710	44,418	54,042	65,750	79,995	118,412
Reserve for Replacements	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Other	4,250	4,420	4,597	4,781	4,972	6,049	7,360	8,954	13,254
TOTAL EXPENSES	$198,528	$206,328	$214,435	$222,863	$231,623	$280,894	$340,693	$413,280	$608,381
NET OPERATING INCOME	$165,127	$168,236	$171,365	$174,512	$177,673	$193,593	$209,367	$224,390	$248,594
DEBT SERVICE									
First Lien Financing	$121,426	$121,426	$121,426	$121,426	$121,426	$121,426	$121,426	$121,426	$121,426
Second Lien	8,841	8,841	8,841	8,841	8,841	8,841	8,841	8,841	8,841
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$34,860	$37,970	$41,099	$44,246	$47,407	$63,327	$79,100	$94,124	$118,328
DEBT COVERAGE RATIO	1.27	1.29	1.32	1.34	1.36	1.49	1.61	1.72	1.91

HTC ALLOCATION ANALYSIS -Spring Terrace, Amarillo, 4% HTC #07430

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$405,000	$657,010				
Purchase of buildings	$1,313,159	$1,313,159	$1,313,159	$1,313,159		
Off-Site Improvements						
Sitework	$95,000	$95,000			$95,000	$95,000
Construction Hard Costs	$635,100	$635,100			$635,100	$635,100
Contractor Fees	$102,214	$102,214			$102,214	$102,214
Contingencies	$73,010	$73,010			$73,010	$73,010
Eligible Indirect Fees	$99,379	$99,379			$99,379	$99,379
Eligible Financing Fees	$149,722	$149,722			$149,722	$149,722
All Ineligible Costs	$202,442	$202,442				
Developer Fees			$196,974	$196,974	$173,164	$173,164
Developer Fees	$370,200	$370,138				
Development Reserves	$78,104	$78,104				
TOTAL DEVELOPMENT COSTS	$3,523,330	$3,775,278	$1,510,133	$1,510,133	$1,327,589	$1,327,589

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS		$1,510,133	$1,510,133	$1,327,589	$1,327,589
High Cost Area Adjustment				100%	100%
TOTAL ADJUSTED BASIS		$1,510,133	$1,510,133	$1,327,589	$1,327,589
Applicable Fraction		100%	100%	100%	100%
TOTAL QUALIFIED BASIS		$1,510,133	$1,510,133	$1,327,589	$1,327,589
Applicable Percentage		3.62%	3.62%	3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS		$54,667	$54,667	$48,059	$48,059
Syndication Proceeds	**0.9699**	**$530,215**	**$530,215**	**$466,123**	**$466,123**

Total Tax Credits (Eligible Basis Method)	**$102,726**	**$102,726**
Syndication Proceeds	**$996,338**	**$996,338**
Requested Tax Credits	**$103,295**	
Syndication Proceeds	**$1,001,861**	
Gap of Syndication Proceeds Needed	**$1,180,110**	**$1,180,048**
Total Tax Credits (Gap Method)	**$121,673**	**$121,667**



Spring Terrace (Rainbow/Hunt Portfolio)

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TN

MN (7.4°E)

Scale 1 : 43,750

1" = 3,645.8 ft

Data Zoom 12-2

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Cove Village Apartments, TDHCA Number 07431

BASIC DEVELOPMENT INFORMATION

Site Address:	1102 Golf Course Road			Development #:	07431
City:	Copperas Cove	Region:	8	Population Served:	Family
County:	Coryell	Zip Code:	76522	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC - Cove, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	50	0	0	28	22	0	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	50
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	50
Total Development Cost:	$3,067,410
Number of Residential Buildings:	6
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$84,597	$84,133	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Cove Village Apartments, TDHCA Number 07431

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Averitt, District 22 NC

US Representative: Carter, District 31, NC

TX Representative: Miller, District 59 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Robert O'Dwyer, Mayor, City of Copperas Cove - NC

Resolution of Support from Local Government ☐

John Adel, City Planner, City of Copperas Cove - The property will help fulfill a need for additional affordable rental housing as evidenced in the 2007 Comprehensive Plan Update.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Cove Village Apartments, TDHCA Number 07431

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$84,133
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $84,133 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07431**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

Cove Village

Location: 1102 Golf Course Road Region: 8

City: Copperas Cove County: Coryell Zip: 76522 ☐ QCT ☐ DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$84,597			**$84,133**		

** The Applicant originally requested $79,269.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

3 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

4 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

5 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	50

PROS

- The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.
- The proposed rehabilitation will refresh a 23 year old property .
- The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.

CONS

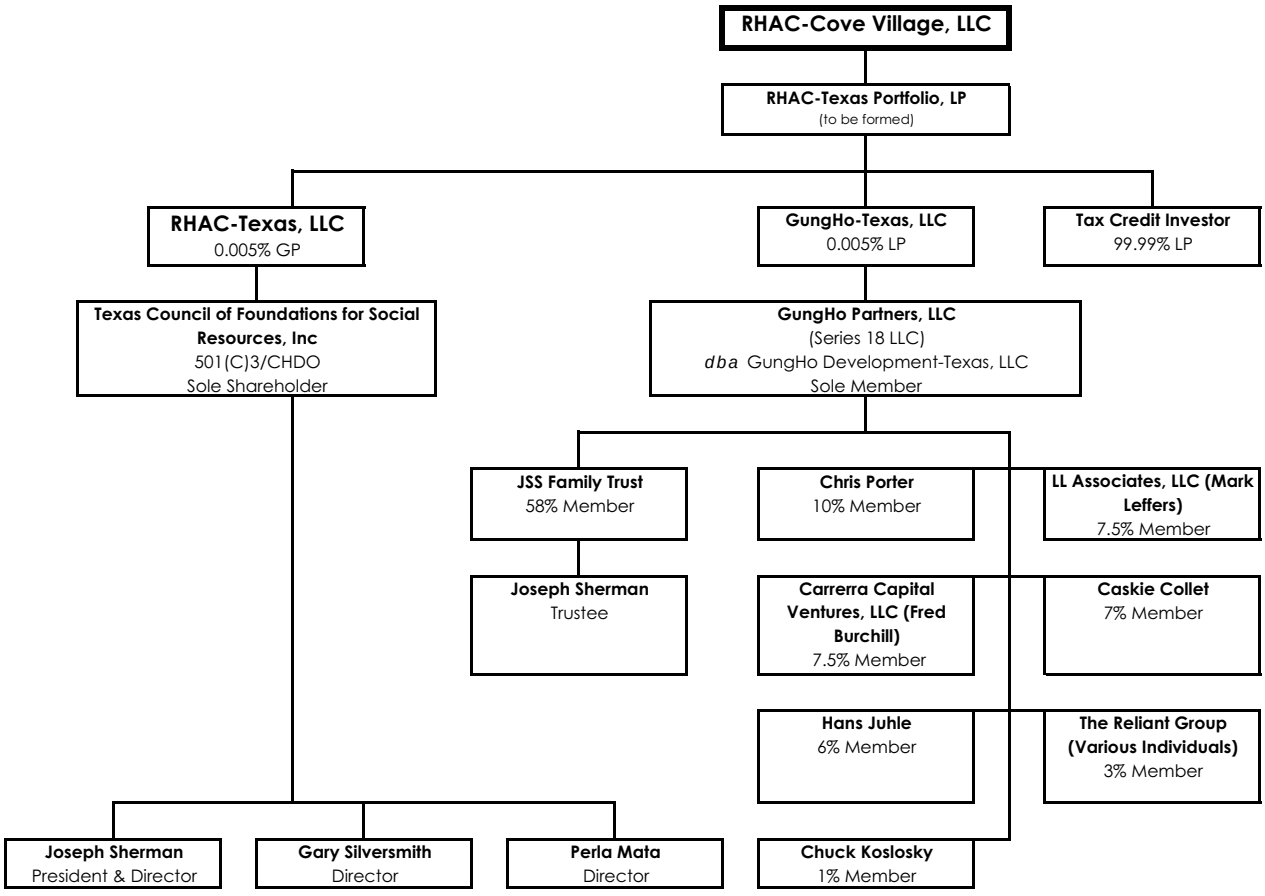
- There is a limited need for significant rehabilitation as reflected by the Applicant's rehab cost being just over the Department's minimum rehabilitation requirement and by the Property Condition Assessment which reflects no immediate repairs.
- The subject has unresolved environmental concerns with regard to asbestos and noise.
- The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact:	Chris Porter	Phone:	(415) 788-0700	Fax:	(415) 788-0435
Email:	cporter@reliantgroup.com				

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

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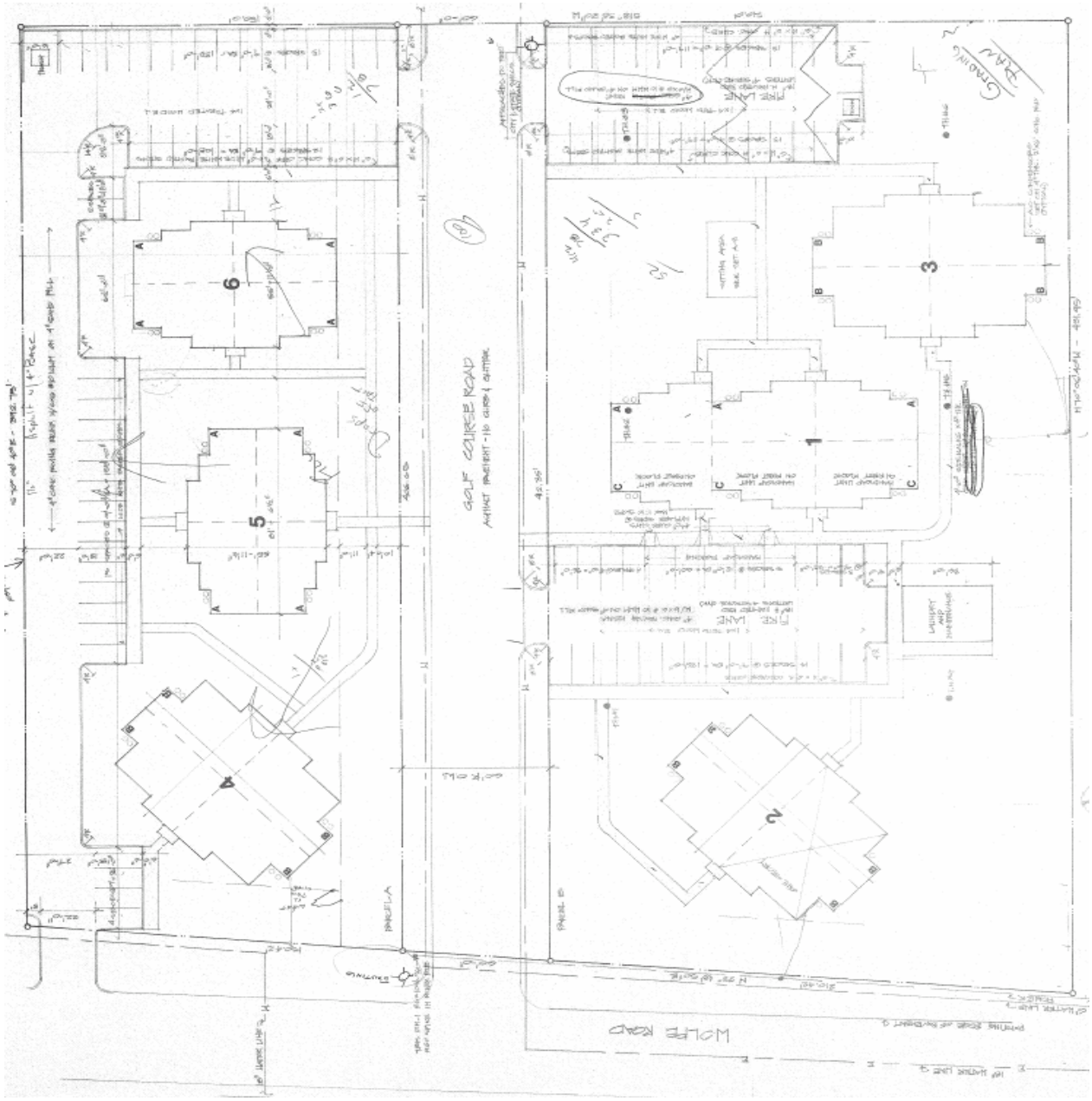
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D							Total Buildings
Floors/Stories	2	2	2	2							
Number	2	2	1	1							**6**

BR/BA	SF	Units										Total Units	Total SF
2/1	755		8	12								28	21,140
3/1	960	8			6							22	21,120
Units per Building		8	8	12	6							**50**	**42,260**

Overlay, seal coating, and re-striping of asphalt pavement; Installation of dumpster enclosures; Modernization of site signage and lighting; Replacement of playground equipment; Replacement of leasing office finishes; Replacement of roofing; Installation of double glazed windows; Replacement of damaged exterior doors; Replacement of damaged vinyl flooring; Replacement of some kitchen/bathroom cabinets; Replacement of remaining older refrigerators; Installation of water supply shut off valves and new shower values; Replacement of water heaters; Replacement of HVAC condensers; Installation of ceiling fans.

SITE ISSUES

Total Size:	3.42 acres	Scattered site?	☐	Yes	☒	No		
Flood Zone:	X	Within 100-yr floodplain?	☐	Yes	☒	No		
Zoning:	R3-Multifamily	Needs to be re-zoned?	☐	Yes	☒	No	☐	N/A

Comments:

The site is bisected by Golf Course Road, a 60 foot public right of way.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 6/20/2007

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: multifamily residential and vacant land

East: single family residential

South: wooded vacant land and residential

West: Wolfe Road followed by single family residential

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 3/30/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

Asbestos – Asbestos was identified in the form of floor tile mastic. None of the remaining samples analyzed contained asbestos. No other friable materials suspected of containing asbestos such as sprayed on fireproofing, textured surfacing materials or thermal systems insulation were identified. Some other suspect non-friable materials such as a wide variety of vinyl flooring and roofing materials were noted. (18)

Comments:

The underwriting report is conditioned upon receipt, review and acceptance of documentation that the "non-friable" suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company Date: 10/31/2006

Contact: Rachel Barnes Phone: (913) 262-3500 Fax: (913) 262-3501

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA): 247.12 square miles (≈9-mile radius)

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is the area bound by FM 1690, the south western boarder of Coryell County, and FM 850 to the north, Fort Hood Military Base to the east, Coryell County southern boarder and Lampasas County southern boarder to the south, and US 281 to the west. This area was defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 12).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Constitution Court	07263	108	108	N/A			

INCOME LIMITS						
Coryell						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$20,820	$23,820	$26,760	$29,760	$32,160	$34,500

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/ 60% Rent Limit				823	28	0	3.40%
3 BR/ 60% Rent Limit				486	22	0	4.52%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

OVERALL DEMAND											
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 92	100%	14,800			18%	2,701	37%	986	35%	345
Underwriter	100%	15,261	79%	12,041	31%	3,755	36%	1,369	35%	479
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 92				213	18%	39	37%	14	100%	14
Underwriter			79%	211	31%	52	36%	19	100%	19

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 92	50	0	0	50	359	13.9%
Underwriter	50	108	0	158	498	31.73%

Primary Market Occupancy Rates:

"The market average is 94.8 percent. Ridge Pointe Apartments and Village at Fox Creek, the two properties offering LIHTC units, have a combined physical occupancy rate of 98.0 percent, which is higher than the average occupancy rate for the market rate properties of 89.7 percent" (p. 70).

"The Subject is an existing Project-Based Section 8 property that is operating at an effective occupancy rate of 100 percent, which is typical according to management. The property is currently in average condition and will improve to above average condition with the proposed renovations. The tenants will not be displaced during the proposed renovations. Since significant turnover is not anticipated based on the proposed renovations and the developer intends to maintain the Section HAP contract enabling the current residents to remain at the property, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p.86).

Absorption Projections:

"We conservatively estimate that the Subject's 50 units would be absorbed on two months for an absorption rate of 25 units per month. It should be noted that the developer intends to retain the Subject's current HAP contract and the current tenants will remain in place post-conversion to LIHTC, effectively rendering this moot" (p. 69).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
2 BR 755 SF (60%)	$562	$569	$760	$562	$198
3 BR 960 SF (60%)	$649	$638	$725	$649	$76

Market Impact:

"The Subject is an existing Project-Based Section 8 property that is operating at an effective occupancy rate of 100 percent, which is typical according to management. The property is currently in average condition and will improve to above average condition with the proposed renovations. The tenants will not be displaced during the proposed renovations. Since significant turnover is not anticipated based on the proposed renovations and the developer intends to maintain the Section HAP contract enabling the current residents to remain at the property, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 86).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an inclusive capture rate of 31.73%, which is above the maximum threshold of 25% for an urban/exurban development targeting family households. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 50 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the HAP contract, effective March 28, 2006, and the three bedroom contract rent is slightly higher than the net 60% tax credit rent limit.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $15 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and is supported by historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 100% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $4,036 per unit is not within 5% of the Underwriter's estimate of $4,292, derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly: general & administrative ($4K higher); payroll and payroll taxes ($10K higher); and property tax ($18K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($31K) appear to have been based on an assessed value of $23K per unit. The Underwriter has underwritten the transaction based on an assessed value of $30K per unit, which is at the high end of tax assessed values for affordable multifamily properties in Texas.

The Underwriter has also evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 41% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 41% increase over 2006 property taxes would result in a DCR of 1.38. If a 50% exemption were secured at this point, the property taxes would be 29% lower than 2006 taxes. However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has used the income approach and the appraisal district's cap rate of 8% to derive the estimated property taxes of $41K based on an assessed value of $30K per unit which is 34% higher than 2006 taxes.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

The Applicant's estimates of total operating expense and net operating income are each not within 5% of the Underwriter's estimates. Therefore, the Underwriter's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio above the current TDHCA maximum of 1.35. However, the subject to 1 of 13 properties under a common financing structure with the debt allocated to each property by the Applicant. While the subject property has the ability to support additional debt, other properties in the portfolio are heavy with debt. The allocation of debt across the each property will be evaluated in the portfolio summary and no adjustment to the debt amount will be recommended as part of the subject report. Moreover, if the $100,000 TSAHC loan amount is fully amortized over its 15 year term, the DCR falls within the TDHCA guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 3/30/2007

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Land Only: 3.42 acres	$200,000	As of:	3/22/2007
Existing Buildings: (as-is)	$1,400,000	As of:	3/22/2007
Total Development: (as-is)	$1,600,000	As of:	3/22/2007

Comments:

The "as-is" value of the property assumes operation as a Section 8 property. Therefore, the values are acceptable.

ASSESSED VALUE

Land Only:	$27,530	Tax Year:	2006
Existing Buildings:	$1,049,500	Valuation by:	Coryell CAD
Total Assessed Value:	$1,077,030	Tax Rate:	2.75107

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $1,581,903 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $1,581,903; however, reserves of $302,168 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $1,079,735 based upon the contract price less the appraised land value, closing costs, and existing reserves. The Underwriter determined the same building basis also using the appraised land value, which is greater than the assessed land value.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant has estimated sitework costs of $1,900 per unit, which is consistent with the Property Condition Assessment (PCA) estimate of $1,900 per unit. The underwriting analysis assumes the PCA estimate.

Direct Construction Cost:

The Applicant has estimated direct construction costs of $476,500, which is consistent with the PCA estimate of $95,000. The underwriting analysis assumes the PCA estimate for direct construction costs. The total hard cost estimate including contingency and contractor fees is estimated to be $14,173 per unit, which is well above the Department's minimum of $12,000 reflecting a minimum to moderate level of rehabilitation.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $2,324,107 supports annual tax credits of $84,133. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Source: TSAHC Type: **Interim to Permanent Financing**

Principal: $100,000 Interest Rate: 4.0% [x] Fixed Term: 180 months

Comments:

TSAHC has provided a commitment for a $500,000 loan to TCFSR, owner of the GP. The loan has been allocated among three of the portfolio properties by the Applicant. The loan will carry an interest rate of 4% and a 15 year term. T he commitment indicates that payments will be made quarterly from available cashflow after issuer fees, syndicator fees, senior bond debt service, and supportive service fees ($3 per unit). Moreover, the payments will be calculated on a prorata basis dependent upon the amount of developer fee deferred and will begin on the earlier of the place in service date or 18 months from the closing date.

The Applicant, not the lender, has allocated $100,000 out of the total $500,000 to this specific development. It is not clear what methodology was used to make this allocation.

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1): $1,347,421 Interest Rate: 5.83% [x] Fixed Term: 420 months

Tax-Exempt (2): $77,579 Interest Rate: 5.83% [x] Fixed Term: 240 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since as a whole for the transaction, the Contract rents are greater than HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $1,425,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal: $395,023 Interest Rate: 2.6% [x] Fixed Term: 600 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $395,023 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services, as discussed above.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $794,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $51,219 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. However, the Underwriter has not assumed an increase in the permanent debt as is typical due to the dynamics of the debt structure and allocation of debt among each property in the portfolio.

The Underwriter's total development cost estimate less the senior bond amount attributed to the subject of $1,425,000, TSAHC loan of $100,000, HUD-assumed note of $395,023, and reserves of $302,168 indicates the need for $845,219 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $87,145 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($84,597), the gap-driven amount ($87,145), and eligible basis-derived estimate ($84,133), the eligible basis-derived estimate of $84,133 is recommended resulting in proceeds of $816,005 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $324,237 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow in less than ten years of stabilized operation.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such, the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter: *Cameron Dorsey* Date: August 6, 2007

Director of Real Estate Analysis: *Tom Gouris* Date: August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Cove Village, Copperas Cove, 4% HTC #07431

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	28	2	1	755	$669	$562	$15,729	$0.74	$100.00	$52.80
TC 60%	22	3	2	960	$774	649	14,276	0.68	136.00	57.50
TOTAL:	50		**AVERAGE:**	845		$600	$30,005	$0.71	$115.84	$54.87

INCOME	Total Net Rentable Sq Ft: 42,260			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$360,058	$360,060	Coryell		8
Secondary Income	Per Unit Per Month:	$15.00		9,000	9,000	$15.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$369,058	$369,060			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(18,453)	(18,456)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$350,605	$350,604			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.81%	$267	0.32	$13,350	$17,500	$0.41	$350	4.99%
Management	3.88%	272	0.32	13,610	12,271	0.29	245	3.50%
Payroll & Payroll Tax	12.75%	894	1.06	44,695	55,000	1.30	1,100	15.69%
Repairs & Maintenance	9.59%	672	0.80	33,609	27,500	0.65	550	7.84%
Utilities	3.08%	216	0.26	10,784	10,785	0.26	216	3.08%
Water, Sewer, & Trash	7.23%	507	0.60	25,365	25,360	0.60	507	7.23%
Property Insurance	3.61%	253	0.30	12,659	10,750	0.25	215	3.07%
Property Tax 2.75107	11.77%	825	0.98	41,266	23,385	0.55	468	6.67%
Reserve for Replacements	4.28%	300	0.35	15,000	15,000	0.35	300	4.28%
TDHCA Compliance Fees	0.57%	40	0.05	2,000	2,000	0.05	40	0.57%
Other: TSAHC Fees	0.64%	45	0.05	2,250	2,250	0.05	45	0.64%
TOTAL EXPENSES	61.21%	$4,292	$5.08	$214,589	$201,801	$4.78	$4,036	57.56%
NET OPERATING INC	38.79%	$2,720	$3.22	$136,016	$148,803	$3.52	$2,976	42.44%
DEBT SERVICE								
Tax-Exempt Bond (35-year amort)	25.77%	$1,807	$2.14	$90,356	$95,558	$2.26	$1,911	27.26%
Tax-Exempt Bond (20-year amort)	1.88%	$132	$0.16	6,579	0	$0.00	$0	0.00%
TSAHC Loan	0.00%	$0	$0.00	0	8,994	$0.21	$180	2.57%
NET CASH FLOW	11.15%	$782	$0.92	$39,081	$44,251	$1.05	$885	12.62%
AGGREGATE DEBT COVERAGE RATIO				1.40	1.42			
RECOMMENDED DEBT COVERAGE RATIO				1.40				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		51.73%	$31,738	$37.55	$1,586,903	$1,284,735	$30.40	$25,695	46.46%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		3.10%	1,900	2.25	95,000	95,000	2.25	1,900	3.44%
Direct Construction		15.53%	9,530	11.28	476,500	476,500	11.28	9,530	17.23%
Contingency	10.00%	1.86%	1,143	1.35	57,150	57,150	1.35	1,143	2.07%
Contractor's Fees	14.00%	2.61%	1,600	1.89	80,010	80,010	1.89	1,600	2.89%
Indirect Construction		3.46%	2,125	2.51	106,241	106,241	2.51	2,125	3.84%
Ineligible Costs		5.20%	3,191	3.78	159,547	159,547	3.78	3,191	5.77%
Developer's Fees	15.00%	9.88%	6,062	7.17	303,100	303,100	7.17	6,062	10.96%
Interim Financing		4.12%	2,527	2.99	126,371	126,371	2.99	2,527	4.57%
Reserves		2.50%	1,532	1.81	76,588	76,588	1.81	1,532	2.77%
TOTAL COST		100.00%	$61,348	$72.58	$3,067,410	$2,765,242	$65.43	$55,305	100.00%
Construction Cost Recap		*23.10%*	***$14,173***	***$16.77***	***$708,660***	***$708,660***	***$16.77***	***$14,173***	*25.63%*

SOURCES OF FUNDS

						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	43.93%	$26,948	$31.88	$1,347,421	$1,347,421	$1,347,421	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.53%	$1,552	$1.84	77,579	77,579	77,579	
TSAHC Loan	3.26%	$2,000	$2.37	100,000	100,000	100,000	$303,100
Assumed Sub. Unsecured Notes	12.88%	$7,900	$9.35	395,023	395,023	100,000	
Reserve Balance	9.85%	$6,043	$7.15	302,168	0	302,168	
HTC Syndication Proceeds	25.89%	$15,880	$18.79	794,000	794,000	816,005	% of Dev. Fee Deferred
Deferred Developer Fees	1.67%	$1,024	$1.21	51,219	51,219	324,237	107%
Additional (Excess) Funds Req'd	0.00%	$0	$0.00	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$3,067,410	$2,765,242	$3,067,410	$779,493

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Cove Village, Copperas Cove, 4% HTC #07431

PAYMENT COMPUTATION

Primary	$1,347,421	Amort	420
Int Rate	5.83%	DCR	1.51

Secondary	$77,579	Amort	240
Int Rate	5.83%	Subtotal DCR	1.40

Additional	$395,023	Amort	0
Int Rate	2.60%	Aggregate DCR	1.40

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$90,356
Secondary Debt Service	6,579
Additional Debt Service	0
NET CASH FLOW	$39,081

Primary	$1,347,421	Amort	420
Int Rate	5.83%	DCR	1.51

Secondary	$77,579	Amort	240
Int Rate	5.83%	Subtotal DCR	1.40

Additional	$100,000	Amort	0
Int Rate	4.00%	Aggregate DCR	1.40

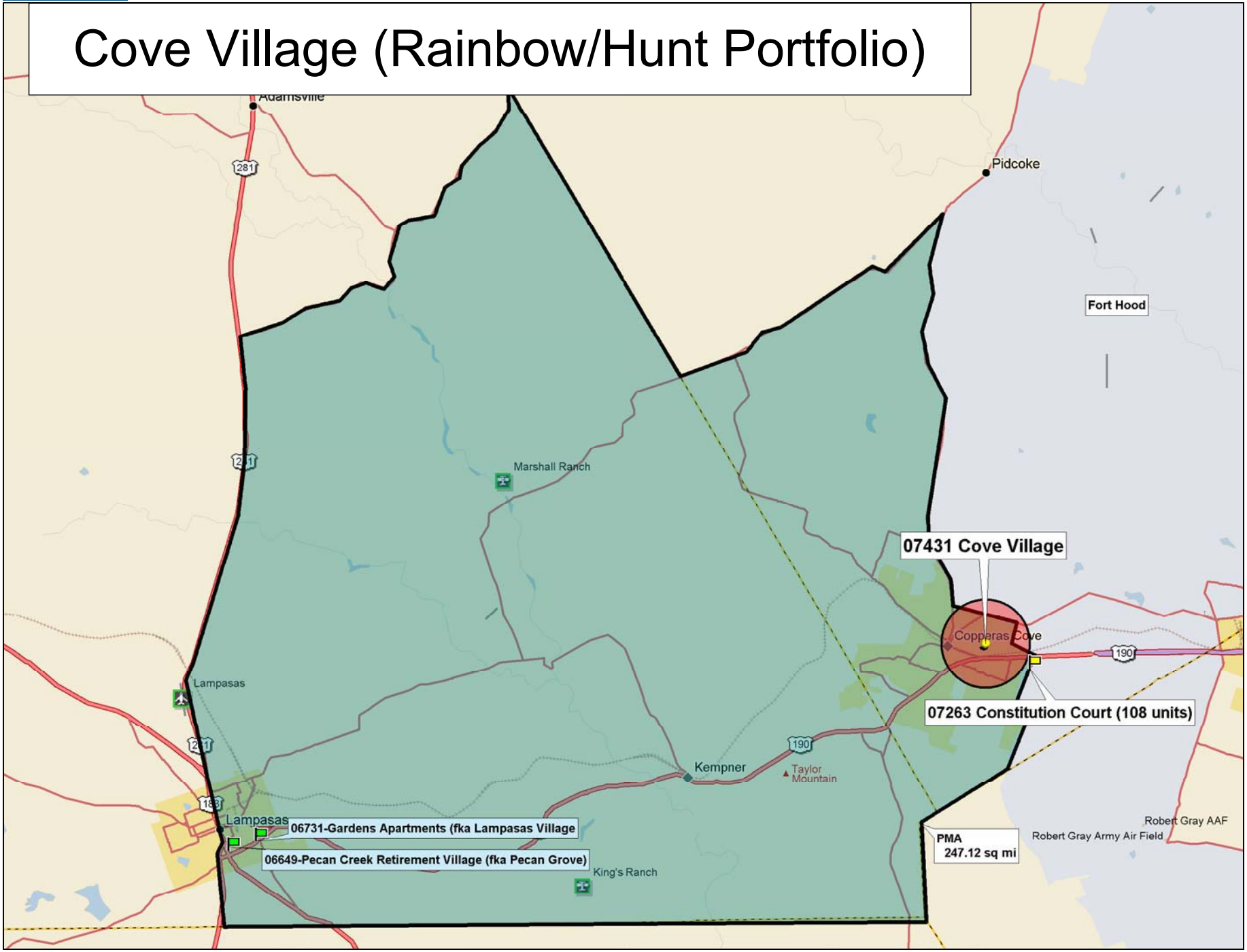
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$360,058	$370,859	$381,985	$393,445	$405,248	$469,794	$544,619	$631,363	$848,499
Secondary Income	9,000	9,270	9,548	9,835	10,130	11,743	13,613	15,782	21,209
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	369,058	380,129	391,533	403,279	415,378	481,536	558,233	647,145	869,708
Vacancy & Collection Loss	(18,453)	(19,006)	(19,577)	(20,164)	(20,769)	(24,077)	(27,912)	(32,357)	(43,485)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$350,605	$361,123	$371,957	$383,115	$394,609	$457,460	$530,321	$614,787	$826,223
EXPENSES at 4.00%									
General & Administrative	$13,350	$13,884	$14,440	$15,017	$15,618	$19,002	$23,118	$28,127	$41,635
Management	13,610	14,018	14,438	14,872	15,318	17,757	20,586	23,865	32,072
Payroll & Payroll Tax	44,695	46,483	48,343	50,276	52,287	63,615	77,398	94,166	139,389
Repairs & Maintenance	33,609	34,954	36,352	37,806	39,318	47,836	58,200	70,810	104,816
Utilities	10,784	11,215	11,664	12,131	12,616	15,349	18,674	22,720	33,632
Water, Sewer & Trash	25,365	26,380	27,435	28,532	29,673	36,102	43,924	53,440	79,105
Insurance	12,659	13,166	13,692	14,240	14,809	18,018	21,922	26,671	39,480
Property Tax	41,266	42,917	44,633	46,419	48,275	58,734	71,459	86,941	128,694
Reserve for Replacements	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Other	4,250	4,420	4,597	4,781	4,972	6,049	7,360	8,954	13,254
TOTAL EXPENSES	$214,589	$223,036	$231,818	$240,946	$250,435	$303,814	$368,617	$447,298	$658,856
NET OPERATING INCOME	$136,016	$138,087	$140,139	$142,169	$144,174	$153,646	$161,704	$167,490	$167,367
DEBT SERVICE									
First Lien Financing	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356
Second Lien	6,579	6,579	6,579	6,579	6,579	6,579	6,579	6,579	6,579
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$39,081	$41,152	$43,205	$45,235	$47,239	$56,712	$64,770	$70,556	$70,432
DEBT COVERAGE RATIO	1.40	1.42	1.45	1.47	1.49	1.59	1.67	1.73	1.73

HTC ALLOCATION ANALYSIS -Cove Village, Copperas Cove, 4% HTC #07431

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$205,000	$507,168				
Purchase of buildings	$1,079,735	$1,079,735	$1,079,735	$1,079,735		
Off-Site Improvements						
Sitework	$95,000	$95,000			$95,000	$95,000
Construction Hard Costs	$476,500	$476,500			$476,500	$476,500
Contractor Fees	$80,010	$80,010			$80,010	$80,010
Contingencies	$57,150	$57,150			$57,150	$57,150
Eligible Indirect Fees	$106,241	$106,241			$106,241	$106,241
Eligible Financing Fees	$126,371	$126,371			$126,371	$126,371
All Ineligible Costs	$159,547	$159,547				
Developer Fees						
Developer Fees	$303,100	$303,100	$161,933	$161,933	$141,167	$141,167
Development Reserves	$76,588	$76,588				
TOTAL DEVELOPMENT COSTS	$2,765,242	$3,067,410	$1,241,668	$1,241,668	$1,082,439	$1,082,439
Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
TOTAL ELIGIBLE BASIS			$1,241,668	$1,241,668	$1,082,439	$1,082,439
High Cost Area Adjustment					100%	100%
TOTAL ADJUSTED BASIS			$1,241,668	$1,241,668	$1,082,439	$1,082,439
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$1,241,668	$1,241,668	$1,082,439	$1,082,439
Applicable Percentage			3.62%	3.62%	3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS			$44,948	$44,948	$39,184	$39,184
	Syndication Proceeds	**0.9699**	**$435,956**	**$435,956**	**$380,050**	**$380,050**
				Total Tax Credits (Eligible Basis Method)	**$84,133**	**$84,133**
				Syndication Proceeds	**$816,005**	**$816,005**
				Requested Tax Credits	**$84,597**	
				Syndication Proceeds	**$820,509**	
				Gap of Syndication Proceeds Needed	**$1,140,242**	**$1,140,242**
				Total Tax Credits (Gap Method)	**$117,562**	**$117,562**

Cove Village (Rainbow/Hunt Portfolio)



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TN
MN (5.2°E)

Scale 1 : 187,500
1" = 2.96 mi
Data Zoom 10-1

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Sierra Vista Apartments, TDHCA Number 07432

BASIC DEVELOPMENT INFORMATION

Site Address:	10501 Montwood			Development #:	07432
City:	El Paso	Region:	13	Population Served:	Family
County:	El Paso	Zip Code:	79935	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC - SIERRA, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	106	0	0	66	40	0	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	106
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	106
Total Development Cost:	$6,910,693
Number of Residential Buildings:	16
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$201,501	$198,490	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Sierra Vista Apartments, TDHCA Number 07432

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Shapleigh, District 29 NC

US Representative: Reyes, District 16, NC

TX Representative: Chávez, District 76 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: John Cook, Mayor, City of El Paso - NC

Resolution of Support from Local Government ☐

William Lilly, Director of Community and Human Development, City of El Paso - The property fulfills a need for affordable rental housing as evidenced in the 2007 Comprehensive Plan for El Paso. Fulfill a need for affordable rental housing as evidenced in the 2007 Comprehensive Plan for El Paso.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Sierra Vista Apartments, TDHCA Number 07432

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$198,490
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $198,490 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07432**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

Sierra Vista

Location: 10501 Montwood Region: 13

City: El Paso County: El Paso Zip: 79935 ☐ QCT ☐ DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$201,501			**$198,490**		

** The Applicant originally requested $204,646.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

3 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

4 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

5 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

6 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	106

PROS

- The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.
- The proposed rehabilitation will refresh a 26 year old property .
- The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.

CONS

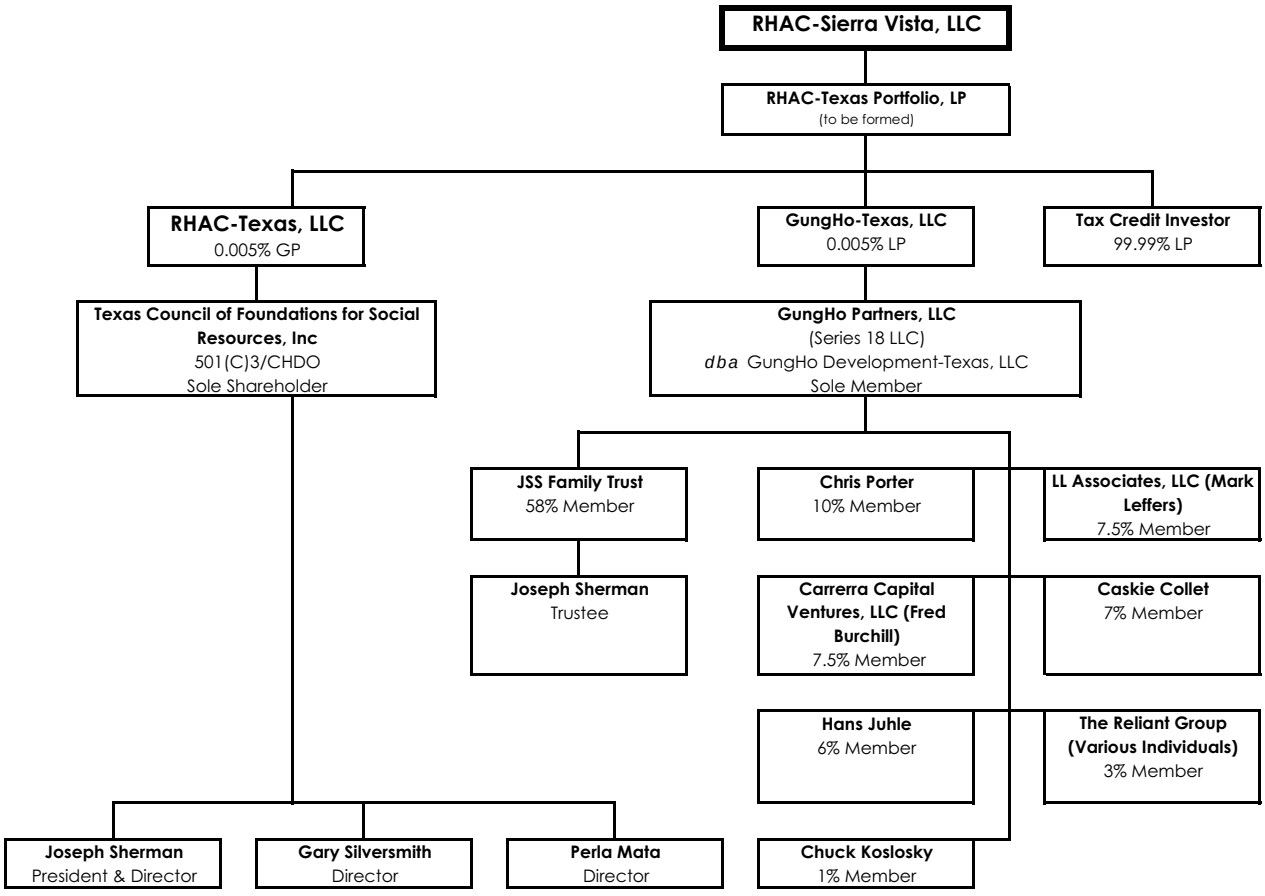
- There is a limited need for significant rehabilitation as reflected by the Applicant's rehab cost being just over the Department's minimum rehabilitation requirement and by the Property Condition Assessment which reflects no immediate repairs.
- The subject has unresolved environmental concerns with regard to asbestos and noise.
- The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact:	Chris Porter	Phone:	(415) 788-0700	Fax:	(415) 788-0435
Email:	cporter@reliantgroup.com				

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

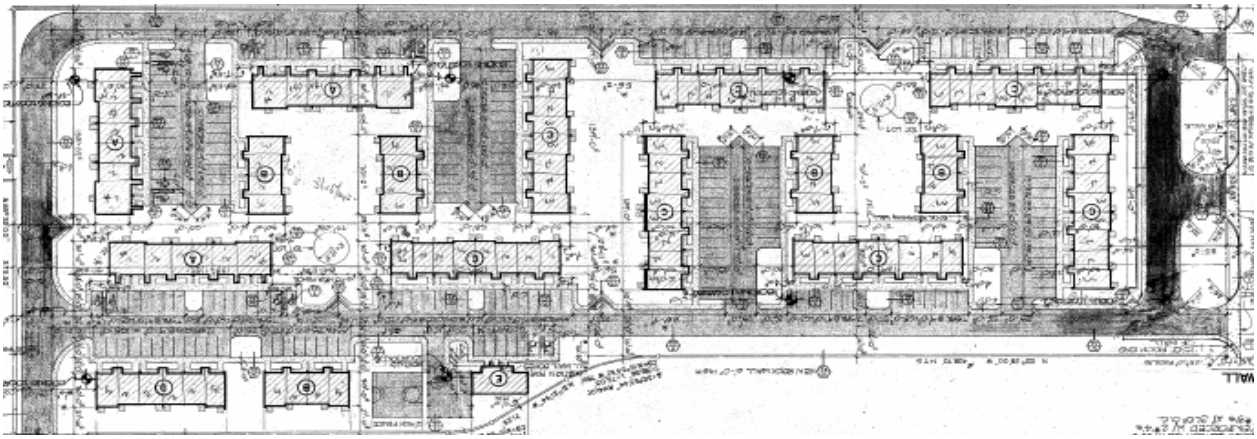
IDENTITIES of INTEREST

The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D							Total Buildings
Floors/Stories	2	2	2	2							
Number	3	5	7	1							**16**

BR/BA	SF	Units										Total Units	Total SF
2/1	907	2										6	5,442
2/1	964	4	2	4	4							54	52,056
2/1	967	2										6	5,802
3/1	1,067		2	4	2							40	42,680
Units per Building		8	4	8	6							**106**	**105,980**

Rehabilitation Recommendations of Property Condition Assessment:

Repairs to damaged asphalt (full replacement in some areas); Landscaping repairs; Installation of a new playground; Repair dumpster enclosures; Repairs and modernization to site lighting and signage; Repair of roof leaks; Replacement of missing clay roof tiles; New paint for building exteriors; Replacement of damaged exterior doors; Installation of double-glazed windows; New blinds; Replacement of vinyl tile flooring; Replacement of some kitchen and bathroom countertops and cabinets; New shower valves and fiberglass tub surrounds; Installation of low flow toilets; Replacement of some ranges and refrigerators; Replacement of 25% of water heaters; Replacement of 26 main water valves; Replacement of 90% of furnaces; Installation of GFCI receptacles; New kitchen light fixtures; Installation of parking signage for persons with disabilities and new lever type door hardware for office.

SITE ISSUES

Total Size:	7.45 acres	Scattered site?	[ ]	Yes	[x]	No	
Flood Zone:	X	Within 100-yr floodplain?	[ ]	Yes	[x]	No	
Zoning:	C-1 / Commercial	Needs to be re-zoned?	[ ]	Yes	[x]	No	[ ] N/A

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/30/2007

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

North: multifamily residential and Ashwood Drive

East: shopping mall

South: Montwood Drive followed by commercial and retail development

West: multifamily residential and Cumbre Negra Street

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 3/30/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

Asbestos – The presence of ACM in the form of vinyl floor tiles and mastics was confirmed at the property. These materials were observed throughout the property in fair to good condition. According to the EPA, asbestos containing materials can, in general, be managed safely in-place under an Operations and Maintenance program until removal is dictated by renovation, demolition, or deteriorating material condition. None of the remaining samples analyzed contained asbestos. (22)

This section intentionally left blank.

Comments:

The underwriting report is conditioned upon receipt, review and acceptance of documentation that the suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company, LLP Date: 10/31/2006

Contact: Rachel Barnes Phone: (913) 262-3500 Fax: (913) 262-3501

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA):

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is the area bound by Highway 180/62 to the north, Airway Boulevard to the west, Gateway Boulevard/Interstate 10 to the south, and George Dieter Drive to the east. This area was defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 11).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Cedar Oak	04070	160	160	N/A			

INCOME LIMITS						
El Paso						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$18,120	$20,700	$23,280	$25,860	$27,900	$30,000

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/ 60% Rent Limit				1,847	66		3.6%
3 BR/ 60% Rent Limit				1,287	40		3.1%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 98	100%	30,297			22%	6,526	39%	2,545	20%	509
Underwriter	100%	30,617	59%	18,205	13%	2,291	39%	894	20%	179
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 98				256	22%	56	39%	22	100%	22
Underwriter			59%	228	13%	17	39%	7	100%	7

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 98	106	0	0	106	531	20.00%
Underwriter	106	160	0	266	185	143.41%

Primary Market Occupancy Rates:

"Vacancy rates reported by bedroom ranged from 0.0 to 6.8 percent with an average of 5.1 percent. The lower vacancy rates in the three-bedroom units is a good indicator for the Subject which offers 40 income restricted three-bedroom units. Studio and four-bedroom units have the lowest vacancy rate in the market at 0.0 percent. While the market rate average vacancy for two bedroom units is the highest at 6.8 percent, the Subject's 66 two-bedroom units are currently completely occupied, which is typical."

"The 60 percent restricted units are each 100 percent occupied, which is a positive indicator for the Subject's two and three-bedroom units" (p. 65).

Absorption Projections:

"It should be noted that much of the demand for the Subject is expected to originate with tenants already living at the property, since it will retain its Section 8 subsidy contract and has a current occupancy rate of 100 percent. However, we estimated a conservative re-absorption rate of 100 percent. Therefore, taking the absorption rates at existing properties in the PMA into consideration, under normal market conditions, we anticipate, upon renovation completion, the Subject will reach re-stabilized occupancy within three to four months. This pace anticipates that the Subject will begin pre-easing at least two months prior to the first renovated units coming on-line" (p. 63).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
2 BR 907 SF (60%)	$523	$522	$600	$523	$77
2 BR 964 SF (60%)	$523	$522	$600	$523	$77
2 BR 967 SF (60%)	$523	$522	$600	$523	$77
3 BR 1,067 SF (60%)	$595	$596	$700	$595	$105

Market Impact:

"The Subject is a Project-Based Section 8 property that is operating at an occupancy rate of 100 percent, which is typical. The Subject will retain its Section 8 subsidy contract after its conversion to LIHTC, so current contract rents will be achieved. The developer is proposing to renovate the interior and exterior of the property which will improve the overall condition and appeal of the property. Therefore, we do not anticipate significant turnover as a result of the conversion to LIHTC after renovation. Since there are no new LIHTC properties in the area and the current properties are operating at a stabilized occupancy and the Subject is fully occupied, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 92).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an inclusive capture rate of 143.41%, which is substantially higher than the Department maximum of 25% for an urban/exurban development targeting family households. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract and 100% occupancy. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 106 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the HAP contract, effective March 1, 2007. The proposed rents are within $1 of current net tax credit rent limits but well below market rents.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $11.79 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and consistent with historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 100% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $3,646 per unit is within 5% of the Underwriter's estimate of $3,775, derived from the actual operating history of the property, the TDHCA database, and third party data sources. However, the Applicant's estimate of general & administrative expense is $13K lower than the Underwriter's. The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($86K) appear to have been based on an assessed value of $28K per unit. The Underwriter has underwritten the transaction based on an assessed value of $26.3K per unit, resulting in taxes that are 6% lower than 2006 taxes and that are consistent with state statute.

The Underwriter has also evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 26% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 26% increase over 2006 property taxes would result in a DCR of 1.10. If a 50% exemption were secured at this point, the property taxes would be 37% lower than 2006 taxes. However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has used the income approach and the appraisal district's cap rate of 10% to derive the estimated property taxes of $81K based on an assessed value of $26.3K per unit which is 6% lower than 2006 taxes.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

The Applicant's estimates of effective gross income, total operating expense, and net operating income are each within 5% of the Underwriter's estimates. Therefore, the Applicant's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio within the current TDHCA guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 4/6/2007

Number of Revisions: 1 Date of Last Applicant Revision: 5/21/2007

Land Only: 7.45 acres	$600,000	As of:	3/26/2007
Existing Buildings: (as-is)	$3,200,000	As of:	3/26/2007
Total Development: (as-is)	$3,800,000	As of:	3/26/2007

Comments:

The "as-is" value of the property assumes operation as a Section 8 property. Therefore, the values are acceptable.

ASSESSED VALUE

Land Only: 7.45 acres	$645,798	Tax Year:	2006
Existing Buildings:	$1,857,965	Valuation by:	El Paso CTA
Total Assessed Value:	$2,503,763	Tax Rate:	2.910714

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $3,717,472 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties in Texas for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $3,717,472; however, reserves of $360,247 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $2,757,225 based upon the contract price less the appraised land value, closing costs, and existing reserves. The Underwriter determined a building basis of 2,711,427 based upon the contract price less the tax assessed land value, closing costs and reserves. The difference is due to the Underwriter's use of the tax assessed land value ($645,798), which is higher than the appraised land value ($600,000), in accordance with Department guidelines.

Sitework Cost:

Since this is a proposed rehabilitation, the associated sitework costs should be minimal. The Applicant has estimated sitework costs of $1,797 per unit, which is slightly higher than the PCA estimate. The underwriting analysis assumes the estimate of $1,795 per unit provided in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant has estimated direct costs of $1,162,540. The Applicant's combined sitework and direct cost estimate is equal to the estimate provided in the PCA. The underwriting analysis assumes the estimate for direct construction costs of $1,162,800 provided in the PCA. The total hard cost estimate including contingency and contractor fees is estimated to be $15,828 per unit, which is above the Department's minimum of $12,000 but still reflecting a minimum level of rehabilitation.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $5,483,141 supports annual tax credits of $198,490. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1):	$3,177,077	Interest Rate:	5.83%	x	Fixed	Term:	420	months
Tax-Exempt (2):	$182,923	Interest Rate:	5.83%	x	Fixed	Term:	240	months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since as a whole for the transaction, the proposed Contract rents are greater than HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $3,360,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation, though it conforms to the Department's DCR standards.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal: $1,186,904 Interest Rate: 2.6% [x] Fixed Term: 600 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $1,186,904 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $1,856,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $154,351 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the senior bond amount attributed to the subject of $3,360,000, HUD-assumed note of $1,186,904 indicates the need for $2,003,542 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $206,542 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($201,501), the gap-driven amount ($206,571), and eligible basis-derived estimate ($198,490), the eligible basis-derived estimate of $198,490 is recommended resulting in proceeds of $1,925,158 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $78,385 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within two years of stabilized operation.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such, the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter: *Cameron Dorsey* Date: August 6, 2007

Director of Real Estate Analysis: *Tom Gouris* Date: August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Sierra Vista, El Paso, 4% HTC #07432

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	6	2	1	907	$582	$523	$3,137	$0.58	$60.00	$34.00
TC 60%	54	2	1	964	$582	523	28,237	0.54	60.00	34.00
TC 60%	6	2	1	967	$582	523	3,137	0.54	60.00	34.00
TC 60%	40	3	2	1,067	$672	595	23,814	0.56	76.00	36.00
TOTAL:	106		**AVERAGE:**	1,000		$550	$58,325	$0.55	$66.04	$34.75

INCOME	Total Net Rentable Sq Ft: 105,980			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$699,905	$699,816	El Paso	El Paso	13
Secondary Income	Per Unit Per Month:	$11.79		15,000	15,000	$11.79	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$714,905	$714,816			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(35,745)	(35,741)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$679,160	$679,075			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.53%	$226	0.23	$23,969	$10,600	$0.10	$100	1.56%
Management		4.77%	306	0.31	32,394	23,768	0.22	224	3.50%
Payroll & Payroll Tax		14.78%	947	0.95	100,402	106,000	1.00	1,000	15.61%
Repairs & Maintenance		5.60%	358	0.36	38,001	36,652	0.35	346	5.40%
Utilities		1.73%	111	0.11	11,740	11,741	0.11	111	1.73%
Water, Sewer, & Trash		7.44%	476	0.48	50,508	48,251	0.46	455	7.11%
Property Insurance		3.12%	200	0.20	21,196	22,790	0.22	215	3.36%
Property Tax	2.910714	11.95%	766	0.77	81,145	85,862	0.81	810	12.64%
Reserve for Replacements		4.68%	300	0.30	31,800	31,800	0.30	300	4.68%
TDHCA Compliance Fees		0.62%	40	0.04	4,240	4,240	0.04	40	0.62%
Other: TSAHC Fees		0.70%	45	0.05	4,770	4,770	0.05	45	0.70%
TOTAL EXPENSES		58.92%	$3,775	$3.78	$400,164	$386,474	$3.65	$3,646	56.91%
NET OPERATING INC		41.08%	$2,632	$2.63	$278,995	$292,602	$2.76	$2,760	43.09%
DEBT SERVICE									
Tax-Exempt Bond (35-year amort)		31.37%	$2,010	$2.01	$213,049	$225,316	$2.13	$2,126	33.18%
Tax-Exempt Bond (20-year amort)		2.28%	$146	$0.15	15,512	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		7.43%	$476	$0.48	$50,434	$67,286	$0.63	$635	9.91%
AGGREGATE DEBT COVERAGE RATIO					1.22	1.30			
RECOMMENDED DEBT COVERAGE RATIO						1.28			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		53.94%	$35,165	$35.17	$3,727,472	$3,367,225	$31.77	$31,766	51.35%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		2.75%	1,795	1.80	190,240	190,500	1.80	1,797	2.91%
Direct Construction		16.83%	10,970	10.97	1,162,800	1,162,540	10.97	10,967	17.73%
Contingency	10.00%	1.96%	1,276	1.28	135,304	135,304	1.28	1,276	2.06%
Contractor's Fees	14.00%	2.74%	1,787	1.79	189,425	189,425	1.79	1,787	2.89%
Indirect Construction		2.18%	1,424	1.42	150,996	150,996	1.42	1,424	2.30%
Ineligible Costs		3.74%	2,439	2.44	258,560	258,560	2.44	2,439	3.94%
Developer's Fees	15.00%	10.35%	6,747	6.75	715,192	722,000	6.81	6,811	11.01%
Interim Financing		3.30%	2,149	2.15	227,757	227,757	2.15	2,149	3.47%
Reserves		2.21%	1,443	1.44	152,947	152,947	1.44	1,443	2.33%
TOTAL COST		100.00%	$65,195	$65.21	$6,910,693	$6,557,254	$61.87	$61,861	100.00%
Construction Cost Recap		*24.28%*	***$15,828***	***$15.83***	***$1,677,769***	***$1,677,769***	***$15.83***	***$15,828***	*25.59%*

SOURCES OF FUNDS						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	45.97%	$29,972	$29.98	$3,177,077	$3,177,077	$3,177,077	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.65%	$1,726	$1.73	182,923	182,923	182,923	
TSAHC Loan	0.00%	$0	$0.00	0	0	0	$715,192
Assumed Sub. Unsecured Notes	17.17%	$11,197	$11.20	1,186,904	1,186,904	1,186,904	
Reserve Balance	5.21%	$3,399	$3.40	360,247	0	360,247	
HTC Syndication Proceeds	26.86%	$17,509	$17.51	1,856,000	1,856,000	1,925,158	% of Dev. Fee Deferred
Deferred Developer Fees	2.23%	$1,456	$1.46	154,351	154,351	78,385	11%
Additional (Excess) Funds Req'd	-0.10%	($64)	($0.06)	(6,809)	(1)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$6,910,693	$6,557,254	$6,910,693	$1,213,368

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Sierra Vista, El Paso, 4% HTC #07432

PAYMENT COMPUTATION

Primary	$3,177,077	Amort	420
Int Rate	5.83%	DCR	1.31

Secondary	$182,923	Amort	240
Int Rate	5.83%	Subtotal DCR	1.22

Additional	$1,186,904	Amort	
Int Rate	2.60%	Aggregate DCR	1.22

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NC

Primary Debt Service	$213,049
Secondary Debt Service	15,512
Additional Debt Service	0
NET CASH FLOW	$64,040

Primary	$3,177,077	Amort	420
Int Rate	5.83%	DCR	1.37

Secondary	$182,923	Amort	240
Int Rate	5.83%	Subtotal DCR	1.28

Additional	$1,186,904	Amort	0
Int Rate	2.60%	Aggregate DCR	1.28

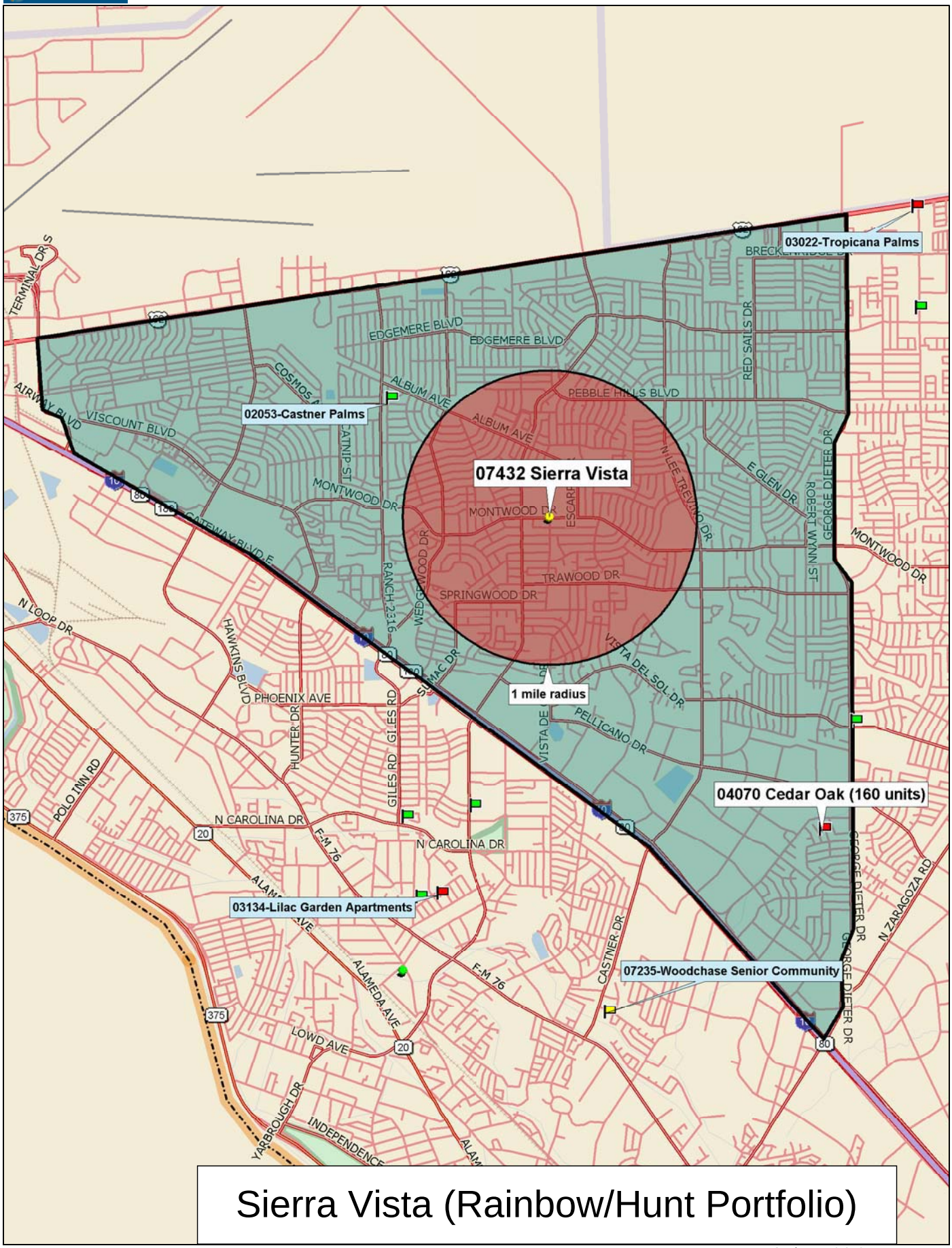
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$699,816	$720,810	$742,435	$764,708	$787,649	$913,101	$1,058,534	$1,227,132	$1,649,162
Secondary Income	15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	35,348
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	714,816	736,260	758,348	781,099	804,532	932,673	1,081,223	1,253,434	1,684,511
Vacancy & Collection Loss	(35,741)	(36,813)	(37,917)	(39,055)	(40,227)	(46,634)	(54,061)	(62,672)	(84,226)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$679,075	$699,447	$720,431	$742,044	$764,305	$886,039	$1,027,162	$1,190,762	$1,600,285
EXPENSES at 4.00%									
General & Administrative	$10,600	$11,024	$11,465	$11,924	$12,401	$15,087	$18,356	$22,333	$33,058
Management	23,768	24,481	25,215	25,972	26,751	31,011	35,951	41,677	56,010
Payroll & Payroll Tax	106,000	110,240	114,650	119,236	124,005	150,871	183,558	223,326	330,577
Repairs & Maintenance	36,652	38,118	39,643	41,229	42,878	52,167	63,469	77,220	114,305
Utilities	11,741	12,211	12,699	13,207	13,735	16,711	20,332	24,737	36,616
Water, Sewer & Trash	48,251	50,181	52,188	54,276	56,447	68,676	83,555	101,658	150,478
Insurance	22,790	23,702	24,650	25,636	26,661	32,437	39,465	48,015	71,074
Property Tax	85,862	89,296	92,868	96,583	100,446	122,208	148,685	180,898	267,774
Reserve for Replacements	31,800	33,072	34,395	35,771	37,202	45,261	55,067	66,998	99,173
Other	9,010	9,370	9,745	10,135	10,540	12,824	15,602	18,983	28,099
TOTAL EXPENSES	$386,474	$401,695	$417,518	$433,966	$451,065	$547,255	$664,040	$805,844	$1,187,164
NET OPERATING INCOME	$292,602	$297,753	$302,913	$308,077	$313,240	$338,784	$363,122	$384,919	$413,122
DEBT SERVICE									
First Lien Financing	$213,049	$213,049	$213,049	$213,049	$213,049	$213,049	$213,049	$213,049	$213,049
Second Lien	15,512	15,512	15,512	15,512	15,512	15,512	15,512	15,512	15,512
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$64,040	$69,191	$74,352	$79,516	$84,679	$110,223	$134,561	$156,358	$184,561
DEBT COVERAGE RATIO	1.28	1.30	1.33	1.35	1.37	1.48	1.59	1.68	1.81

HTC ALLOCATION ANALYSIS -Sierra Vista, El Paso, 4% HTC #07432

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$610,000	$1,016,045				
Purchase of buildings	$2,757,225	$2,711,427	$2,757,225	$2,711,427		
Off-Site Improvements						
Sitework	$190,500	$190,240			$190,500	$190,240
Construction Hard Costs	$1,162,540	$1,162,800			$1,162,540	$1,162,800
Contractor Fees	$189,425	$189,425			$189,425	$189,425
Contingencies	$135,304	$135,304			$135,304	$135,304
Eligible Indirect Fees	$150,996	$150,996			$150,996	$150,996
Eligible Financing Fees	$227,757	$227,757			$227,757	$227,757
All Ineligible Costs	$258,560	$258,560				
Developer Fees				$406,714		$308,478
Developer Fees	$722,000	$715,192	$413,548		$308,452	
Development Reserves	$152,947	$152,947				
TOTAL DEVELOPMENT COSTS	$6,557,254	$6,910,693	$3,170,773	$3,118,141	$2,364,974	$2,365,000
Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
TOTAL ELIGIBLE BASIS			$3,170,773	$3,118,141	$2,364,974	$2,365,000
High Cost Area Adjustment					100%	100%
TOTAL ADJUSTED BASIS			$3,170,773	$3,118,141	$2,364,974	$2,365,000
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			$3,170,773	$3,118,141	$2,364,974	$2,365,000
Applicable Percentage			3.62%	3.62%	3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS			$114,782	$112,877	$85,612	$85,613
	Syndication Proceeds	**0.9699**	**$1,113,274**	**$1,094,795**	**$830,354**	**$830,363**

Total Tax Credits (Eligible Basis Method)	**$200,394**	**$198,490**
Syndication Proceeds	**$1,943,628**	**$1,925,158**
Requested Tax Credits	**$201,501**	
Syndication Proceeds	**$1,954,364**	
Gap of Syndication Proceeds Needed	**$2,010,350**	**$2,003,542**
Total Tax Credits (Gap Method)	**$207,273**	**$206,571**



Sierra Vista (Rainbow/Hunt Portfolio)

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TN

MN (9.2°E)

Scale 1 : 56,250

1" = 4,687.5 ft

Data Zoom 11-7

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Peppertree Acres Apartments, TDHCA Number 07433

BASIC DEVELOPMENT INFORMATION

Site Address:	6555 Sheridan Circle (Including 3 other Scattered Sites)			Development #:	07433
City:	Fort Worth	Region:	3	Population Served:	Family
County:	Tarrant	Zip Code:	76134	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC - PEPPERTREE, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	148	0	0	126	18	4	0

Type of Building:

- ☑ Duplex
- ☐ Triplex
- ☑ Fourplex
- ☑ 4 units or more per building
- ☐ Detached Residence
- ☐ Single Room Occupancy
- ☐ Transitional
- ☑ Townhome

Total Restricted Units:	148
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	148
Total Development Cost:	$8,560,865
Number of Residential Buildings:	40
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$239,452	$238,533	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Peppertree Acres Apartments, TDHCA Number 07433

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Brimer, District 10

US Representative: Burgess, District 26,

TX Representative: Talton, District 144

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Mike Moncrief, Mayor, City of Fort Worth - NC

Resolution of Support from Local Government ☐

Dale Fisseler, Asst. City Manager, City of Fort Worth - Rehabilitation plans for the existing properties are consistent with the City of fort Worth's Consolidated Plan.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Peppertree Acres Apartments, TDHCA Number 07433

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$238,533
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $238,533 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07433**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

Peppertree Acres

	2300-2358 Ephriham Court		QCT
	900-934 Oak Grove Court North & 1000-1034 Oak Grove Court South	x	QCT
	5200-5238 Southcrest Court	x	QCT
Location:	6501-6513, 6541-6551, 6555 Sheridan Circle		QCT

City: Fort Worth County: Tarrant Zip: 76134 Region: 3

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$239,452			**$238,533**		

** The Applicant originally requested $253,354.

CONDITIONS

1 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

2 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

3 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

4 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	148

Qualified Census Tract 30% Boost:

The Applicant has claimed a 30% boost to eligible basis for two of the four sites that are located in a Qualified Census Tract. The total number of units at each site located in QCTs is 74. Therefore, the 30% boost applied to the 74 of 148 units total results in a 15% boost applied to the entire eligible basis. The 15% boost has been applied as reflected in the underwriting analysis.

PROS

- The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.
- The proposed rehabilitation will refresh a 23 year old property .
- The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.

CONS

- There is a limited need for significant rehabilitation as reflected by the Applicant's rehab cost being just over the Department's minimum rehabilitation requirement and by the Property Condition Assessment which reflects no immediate repairs.
- The subject has unresolved environmental concerns with regard to asbestos and noise.
- The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.
- This development is projected to run at a higher than 65% expense to income ratio, but is mitigated by the HAP contract rents

PREVIOUS UNDERWRITING REPORTS

None

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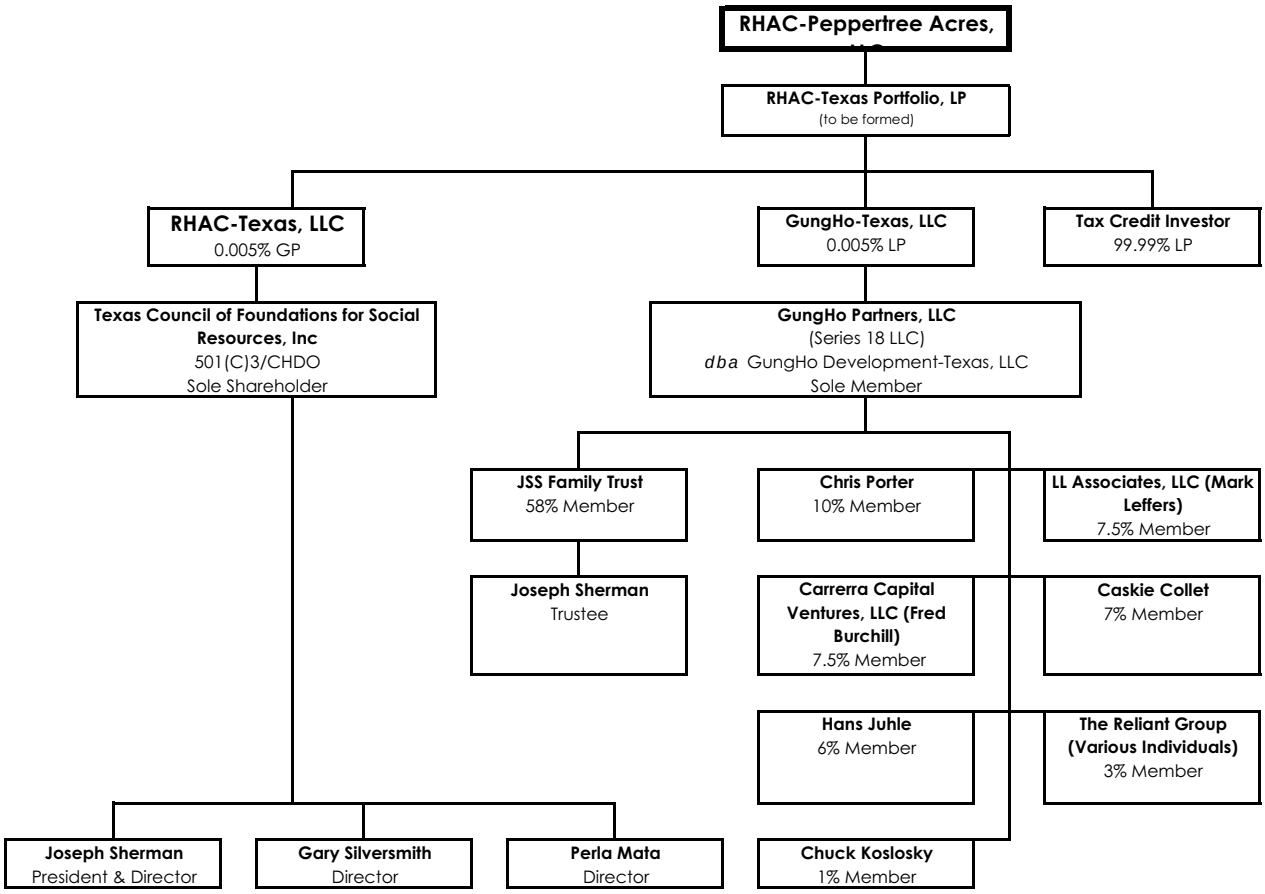
DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Chris Porter Phone: (415) 788-0700 Fax: (415) 788-0435

Email: cporter@reliantgroup.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

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IDENTITIES of INTEREST

The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD.

The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

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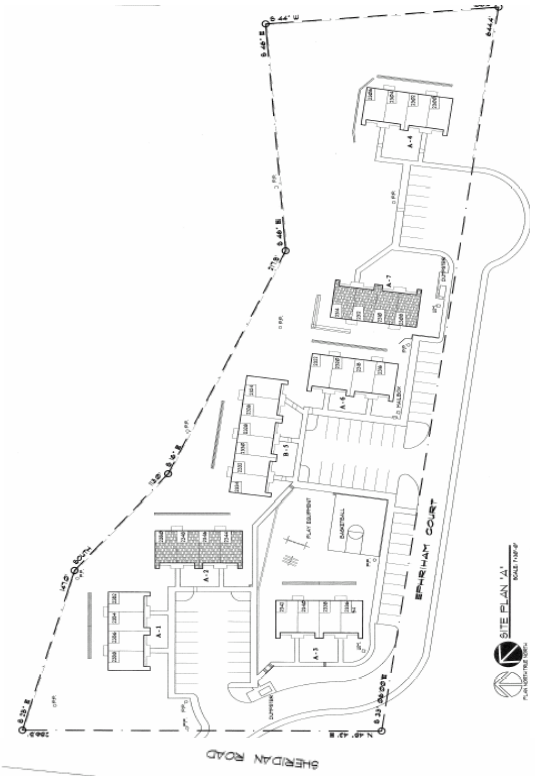
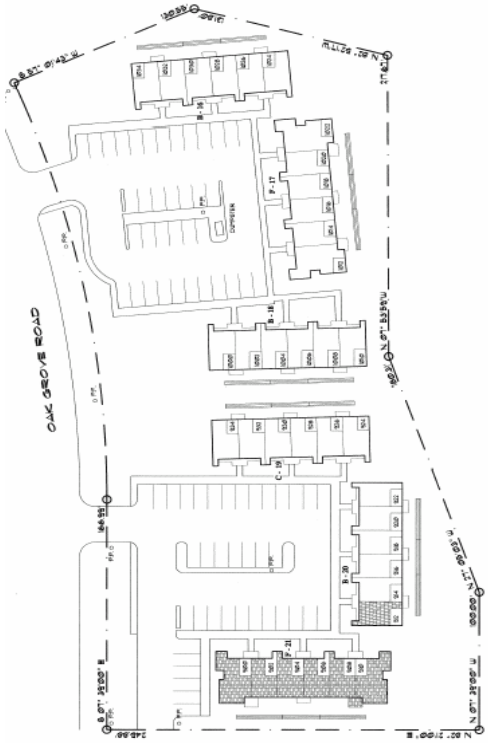
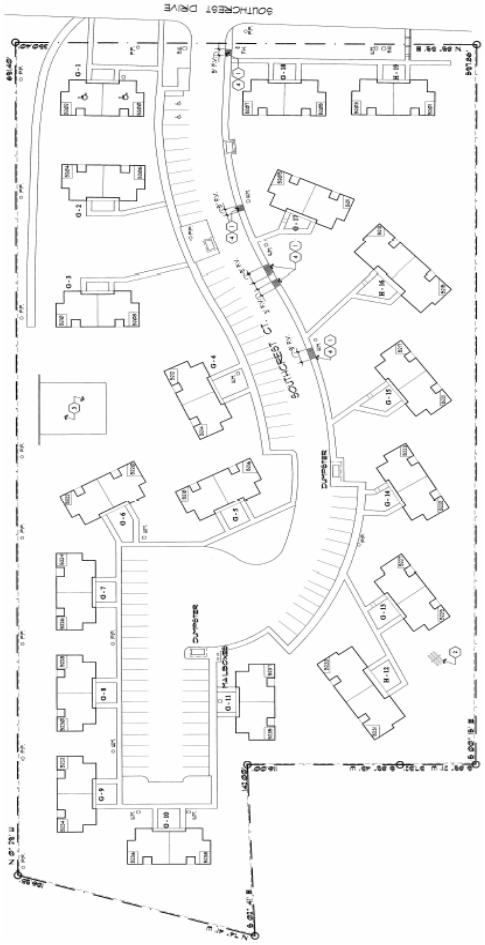
PROPOSED SITE

SITE PLAN







BUILDING CONFIGURATION

Building Type	E1	E2	SC1	SC2	SC3	S1	S2	S3	O1	O2	O3	Total Buildings
Floors/Stories	2	2	1	1	1	2	2	2	2	2	2	
Number	6	1	15	3	1	2	3	3	3	1	2	**40**

BR/BA	SF	Units											Tot. Units	Total SF
2/1	942			2		2							32	30,144
2/1	944								2				6	5,664
2/1	981	4	6				4	4	4	6		4	88	86,328
3/2	1,045				2								6	6,270
3/2	1,164							2			6		12	13,968
4/2	1,213											2	4	4,852
Units per Building		4	6	2	2	2	4	6	6	6	6	6	**148**	**147,226**

Rehabilitation Recommendations of Property Condition Assessment:

A Pavement overlay, seal coating and re-striping; Repair/replacement of some sidewalks and curbs; Retaining wall/fencing repairs; Upgrades to the site lighting; Replacement of dumpster enclosures; Replace leasing office/laundry room finishes; Installation of new playground equipment; Replacement of all roofing; Replacement of damaged and older vinyl flooring; Replacement of some cabinets; Installation of low flow toilets; Replacement of kitchen appliances; Replacement of furnaces and condensers; Installation of new ceiling fans and interior light fixtures.

SITE ISSUES

Total Size:	14.33 acres	Scattered site?	x	Yes		No	
Flood Zone:	X	Within 100-yr floodplain?		Yes	x	No	
Zoning:	Neigh. Commer	Needs to be re-zoned?		Yes	x	No	N/A
	Multifamily (Med)			Yes	x	No	
	Neigh. Commer			Yes	x	No	
	Multifamily (Low)			Yes	x	No	

Comments:

The subject is a scattered sites development with 148 units at four separate sites. Based on the surveys submitted the sites are 3.267 acres, 3.968 acres, 5.271 acres, and 2.565 acres for a total of 15.071 acres. This is slightly more acreage (0.74 acres) than indicated by the Applicant. The reason for the discrepancy is unclear but may be the result of approximation or rounding. Three of the sites are located within 1.5 miles of each other south of Forth Worth's central business district near the intersection of IH 20 and IH 35 West. The fourth site is located north west of the central business district near Highway 183 and Highway 199.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 6/6/2007

Overall Assessment:

[ ] Excellent [X] Acceptable [ ] Questionable [ ] Poor [ ] Unacceptable

Surrounding Uses:

Site at Sheridan Circle

North: vacant land and single family residential

East: Sheridan Road, vacant land and a motel

South: single family residential

West: vacant land

Site at Ephriham Street

North: Ephriham Street, vacant land, 18th Street and nursing home

East: shopping center

South: cellular tower and vacant land

West: U-Stor-It storage center

Site at Oak Grove Road

North: vacant land

East: Oak Grove Road and vacant land

South: a pawn shop and Interstate 20

West: vacant land

Site at Southcrest Drive

North: Southcrest Drive, single family residential, and an elementary school

East: used car dealership and single family homes

South: single family residential

West: single family residential

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 3/30/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- None

Comments:

However, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company Date: 10/31/2006

Contact: Rachel Barnes Phone: (913) 262-3500 Fax: (913) 262-3501

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA):

"For the purpose of this Study, the Subject's scattered sites were divided into two clusters, each with their own PMA and SMA. The northern cluster is comprised of the 30 two-bedroom units at the Ephriham site (Site 1). The northern Primary Market Area (PMA) is the area bound by Interstate 820 to the north, Interstate 35W to the East, Weatherford Street/North Forest Park Boulevard and Interstate 30 to the south, and Roaring Spring Road/Naval Air Station Base to the west."

"The southern cluster is comprised of the 44 two and three-bedroom units at the Sheridan Circle site (Site 2), the 36 two, three, and four-bedroom units at the Oak Grove site (Site 3), and the 38 two and three-bedroom units at the Southcrest site (Site 4). The southern Primary Market Area (PMA) is the area bound by Seminary Drive to the north, Wichita Street to the east, Sycamore School Road/John Burgess Drive to the south, and Granbury Road/S Hulen Street to the west."

"All areas were defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 16).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Samuel's Place	05004	36	36	N/A			

INCOME LIMITS						
Tarrant						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$26,640	$30,420	$34,260	$38,040	$41,100	$44,100

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
2 BR/ 60% Rent Limit				4,409	126		2.86%
3 BR/ 60% Rent Limit				1,109	18		1.62%
4 BR/ 60% Rent Limit				304	4		1.31%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					
Market Analyst p. 169					30% 1,747
Underwriter	100% 31,727	63% 20,081	45% 9,000	42% 3,742	30% 1,122
PMA DEMAND from HOUSEHOLD GROWTH					
Market Analyst p. 169					100% 66
Underwriter		63% 332	45% 94	42% 39	100% 39

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 169	148	204	0	352	1,813	19.70%
Underwriter	148	36	0	184	1,162	15.84%

The inclusive capture rate shown above as the Market Analyst's overall conclusion is a weighted average of both the northern PMA figure and the southern PMA figure.

Primary Market Occupancy Rates:

"Occupancy rates reported at the comparable properties included in the northern analysis ranged from 82.4 to 100.0 percent, with a weighted average occupancy rate of 93.8 percent. The Residences of Diamond Hill, a LIHTC property, reported the lowest occupancy rate of 82.4 percent. Management indicated that the majority of the property's 36 vacancies were in the two bedroom market rate units; however, management was unable to provide an explanation for the increased vacancy rate. When previously surveyed in November 2006, the property was reportedly 94.1 percent occupied. This is a dramatic drop in a short period of time, and we believe the property must have recently undergone special circumstances which adversely affected the property. We do not believe this property's occupancy rate to be reflective of a weakening market."

"Occupancy rates reported at the comparable properties included in the southern analysis ranged from 73.0 to 100.0 percent occupied, with an average occupancy rate of 87.1 percent. Ladera Palms, a 784 unit market rate property, reported the lowest occupancy rate of 73.0 percent. The property recently underwent a change in ownership/management, and the new management is currently in the process of a major renovation. The property was reportedly in very poor condition prior to the sale, and the renovations are also a contributing factor to the increased number of vacancies. Currently 200 of the 212 vacant units are being worked on."

Management indicated that seven to ten units are coming online per week, and that the newly renovated units are leasing-up quickly. In the week we interviewed the property, management had leased 67 units. Cobb Park Apartments, a LIHTC property located outside of the PMA, reported the lowest LIHTC occupancy rate of 77.3 percent. The property manager indicated that the current occupancy rate is below normal due to an increased number of recent evictions. Management believes the current occupancy rate to be temporary; and as a result, we do not believe the increased number of vacancies is reflective of the market. It is important to note that if Ladera Palms is excluded from the analysis, the overall occupancy rate increases to 94 percent" (p. 115).

Absorption Projections:

"It should be noted that much of the demand for the Subject is expected to originate with tenants already living at the property, since it will retain its Section 8 subsidy contract and has a current occupancy rate of 100 percent. Thus, if we conservatively assume an absorption rate of 18 units per month overall, the absorption period is estimated to be approximately ten months to reach stabilization of 100 percent occupancy" (p. 113).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
2 BR 942 SF (60%)	$573	$774	$650	$573	$77
2 BR 944 SF (60%)	$573	$774	$650	$573	$77
2 BR 981 SF (60%)	$573	$774	$650	$573	$77
3 BR 1,045 SF (60%)	$683	$898	$775	$683	$93
3 BR 1,164 SF (60%)	$683	$898	$775	$683	$93
4 BR 1,213 SF (60%)	$719	$997	$800	$719	$81

Market Impact:

"The Subject is a project-based Section 8 property that is operating at an occupancy rate of 100 percent, which is typical. The Subject will retain it Section 8 subsidy contract after its conversion to LIHTC, so current contract rents will be achieved. The developer is proposing to renovate the interior and exterior of the property which will improve the overall condition and appeal of the property. Therefore, we do not anticipate significant turnover as a result of the conversion to LIHTC after renovation."

"Demand for the Subject's vacant units is likely to originate from rent-overburdened households at other properties. Several of the LIHTC properties in both the northern and southern PMAs reported occupancy rates lower than 95 percent. Normally we would conclude that these vacant units would compete directly with the Subject for tenants. However, since the Subject is currently fully occupied and will retain its Section 8 subsidy contract with little or no turnover as a result of converting to a LIHTC property, it essentially renders this moot. Taking this information into account, we believe the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 163).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an acceptable inclusive capture rate of 15.84% for a development targeting family households. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

All 148 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the HAP contract, effective May 1, 2006, but lower than the market rents and HTC net rent limits.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $13.18 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and consistent with historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 98% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $4,390 per unit is not within 5% of the Underwriter's estimate of $4,683, derived from the actual operating history of the property, the TDHCA database, and third party data sources. Additionally, the Applicant's estimate of general and administrative is $43K lower than the Underwriter's estimate and property tax is $11K lower. The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($114K) appear to have been based on an assessed value of $25K per unit. The Underwriter has underwritten the transaction based on an assessed value of $29K per unit resulting in a 14% increase over 2006 taxes and which is consistent with state statute.

The Underwriter has also evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 17% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 17% increase over 2006 property taxes would result in a DCR of 1.17. If a 50% exemption were secured at this point, the property taxes would be 41% lower than 2006 taxes. However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has used the income approach and the appraisal district's cap rate of 7.5% to derive the estimated property taxes of $130K based on an assessed value of $29K per unit which is 14% higher than 2006 taxes.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

Although the Applicant's effective gross income figure is within 5% of the Underwriter's estimate, the Applicant's total expense and net operating income estimates are not. Therefore, the Underwriter's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio within the current TDHCA guideline of 1.15 to 1.35.

The Underwriter's expense to income ratio is slightly above the Department's 65% maximum. However, the subject property is encumbered by a HAP contract providing a rental subsidy for 100% of the units. Properties with a HAP rental subsidy are exempt from meeting the 65% expense to income ratio guideline. Rental subsidies generally can be increased during periods of rising expenses and flat program rent limits, which mitigates risk associated with operating with a high expense to income ratio.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac Date: 4/3/2007

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Land Only: 15.1 acres	$1,050,000	As of:	3/26/2007
Existing Buildings: (as-is)	$3,350,000	As of:	3/26/2007
Total Development: (as-is)	$4,400,000	As of:	3/26/2007

Comments:

The "as-is" value of the property assumes operation as a Section 8 property. Therefore, the values are generally acceptable.

ASSESSED VALUE

Land Only:	$230,999	Tax Year:	2006
Existing Buildings:	$678,623	Valuation by:	Tarrant County TAC
Total Assessed Value:	$909,622	Tax Rate:	3.040277

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EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) Acreage: N/A

Contract Expiration: 10/11/2007 Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $4,399,904 Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd Related to Development Team? [ ] Yes [x] No

Comments:

Purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties in Texas for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $4,399,904; however, reserves of $631,165 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left them in the contract price but has reflected them as a source of funds available for the transaction.

The Applicant determined eligible building basis of $2,718,739 based upon the contract price less the appraised land value, closing costs, and existing reserves. The Underwriter determined the same building basis also using the appraised land value, which is greater than the assessed land value.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs should be minimal. The Applicant has estimated sitework costs of $1,455 per unit, which less than the Property Condition Assessment estimate of $2,232 per unit. The underwriting analysis assumes the estimate of $2,551 per unit provided in the PCA.

Direct Construction Cost:

The Applicant has estimated direct construction costs of $1,632,400. The Applicant's combined sitework and direct cost estimate is equal to the PCA estimate. The underwriting analysis assumes the estimate for direct construction costs of $1,517,400 provided in the PCA. The total hard cost estimate including contingency and contractor fees is estimated to be $14,232 per unit, which is above the Department's minimum of $12,000 but still reflects a minimum level of rehabilitation.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $6,137,633 supports annual tax credits of $238,533, assuming the 30% boost for 74 units as described above.

This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1):	$3,815,329	Interest Rate:	5.83%	x	Fixed	Term: 420	months
Tax-Exempt (2):	$219,671	Interest Rate:	5.83%	x	Fixed	Term: 240	months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents since as a whole for the transaction, the Contract rents are greater than HTC rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $4,035,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation, though it appears to conform to the Department's guidelines.

The Applicant did however allocate a portion of the HAP bonds to the subject property even though there appears to be no risk of lost revenue associated with the HAP contract for this property at this time.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal:	$1,437,000	Interest Rate:	2.6%	x	Fixed	Term: 600	months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

This section intentionally left blank.

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $1,437,000 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $2,285,000 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $172,700 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the senior bond amount allocated to the subject of $4,035,000, HUD-assumed note of $1,437,000, and reserves of $631,165 indicates the need for $2,457,700 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $253,396 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($239,452), the gap-driven amount ($253,396), and eligible basis-derived estimate ($238,533), the eligible basis-derived estimate of $238,533 is recommended resulting in proceeds of $2,313,536 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates the need for $144,164 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within two years of stabilized operation.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such, the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter:	*Cameron Dorsey*	Date:	August 6, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Peppertree Acres, Fort Worth, 4% HTC #07433

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	32	2	1	942	$856	$573	$18,346	$0.61	$82.00	$24.00
TC 60%	6	2	1	944	$856	573	3,440	0.61	82.00	24.00
TC 60%	88	2	1	981	$856	573	50,450	0.58	82.00	24.00
TC 60%	6	3	2	1,045	$989	683	4,095	0.65	91.00	28.00
TC 60%	12	3	2	1,164	$989	683	8,190	0.59	91.00	28.00
TC 60%	4	4	2	1,213	$1,102	719	2,877	0.59	105.00	28.00
TOTAL:	148		**AVERAGE:**	995		$591	$87,398	$0.59	$83.72	$24.59

INCOME	Total Net Rentable Sq Ft: 147,226			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$1,048,774	$1,048,776	Tarrant	Fort Worth	3
Secondary Income	Per Unit Per Month:	$13.18		23,400	23,400	$13.18	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,072,174	$1,072,176			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(53,609)	(53,609)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$1,018,565	$1,018,567			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.96%	$410	0.41	$60,665	$17,690	$0.12	$120	1.74%
Management		3.70%	254	0.26	37,663	35,650	0.24	241	3.50%
Payroll & Payroll Tax		15.22%	1,047	1.05	154,996	170,200	1.16	1,150	16.71%
Repairs & Maintenance		6.92%	476	0.48	70,447	75,184	0.51	508	7.38%
Utilities		1.46%	100	0.10	14,839	14,567	0.10	98	1.43%
Water, Sewer, & Trash		12.78%	880	0.88	130,204	128,000	0.87	865	12.57%
Property Insurance		3.61%	249	0.25	36,807	31,820	0.22	215	3.12%
Property Tax	3.040277	12.81%	882	0.89	130,489	119,634	0.81	808	11.75%
Reserve for Replacements		4.36%	300	0.30	44,400	44,400	0.30	300	4.36%
TDHCA Compliance Fees		0.58%	40	0.04	5,920	5,920	0.04	40	0.58%
Other: TSAHC Fees		0.65%	45	0.05	6,660	6,660	0.05	45	0.65%
TOTAL EXPENSES		68.05%	$4,683	$4.71	$693,089	$649,725	$4.41	$4,390	63.79%
NET OPERATING INC		31.95%	$2,199	$2.21	$325,476	$368,842	$2.51	$2,492	36.21%
DEBT SERVICE									
Tax-Exempt Bond (35-year amort)		25.12%	$1,729	$1.74	$255,850	$270,580	$1.84	$1,828	26.56%
Tax-Exempt Bond (20-year amort)		1.83%	$126	$0.13	18,628	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		5.01%	$345	$0.35	$50,998	$98,262	$0.67	$664	9.65%
AGGREGATE DEBT COVERAGE RATIO					1.19	1.36			
RECOMMENDED DEBT COVERAGE RATIO					1.19				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		51.57%	$29,830	$29.99	$4,414,904	$3,783,739	$25.70	$25,566	47.72%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		3.86%	2,232	2.24	330,285	215,285	1.46	1,455	2.71%
Direct Construction		17.72%	10,253	10.31	1,517,400	1,632,400	11.09	11,030	20.59%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Contractor's Fees	14.00%	3.02%	1,748	1.76	258,676	258,676	1.76	1,748	3.26%
Indirect Construction		2.62%	1,518	1.53	224,636	224,636	1.53	1,518	2.83%
Ineligible Costs		5.81%	3,358	3.38	496,991	496,991	3.38	3,358	6.27%
Developer's Fees	15.00%	9.35%	5,409	5.44	800,500	800,500	5.44	5,409	10.09%
Interim Financing		3.36%	1,942	1.95	287,397	287,397	1.95	1,942	3.62%
Reserves		2.69%	1,555	1.56	230,076	230,076	1.56	1,555	2.90%
TOTAL COST		100.00%	$57,844	$58.15	$8,560,865	$7,929,700	$53.86	$53,579	100.00%
Construction Cost Recap		*24.60%*	***$14,232***	***$14.31***	***$2,106,361***	***$2,106,361***	***$14.31***	***$14,232***	*26.56%*

SOURCES OF FUNDS

						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	44.57%	$25,779	$25.91	$3,815,329	$3,815,329	$3,815,329	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.57%	$1,484	$1.49	219,671	219,671	219,671	
TSAHC Loan	0.00%	$0	$0.00	0	0	0	$800,500
Assumed Sub. Unsecured Notes	16.79%	$9,709	$9.76	1,437,000	1,437,000	1,437,000	
Reserve Balance	7.37%	$4,265	$4.29	631,165	0	631,165	
HTC Syndication Proceeds	26.69%	$15,439	$15.52	2,285,000	2,285,000	2,313,536	% of Dev. Fee Deferred
Deferred Developer Fees	2.02%	$1,167	$1.17	172,700	172,700	144,164	18%
Additional (Excess) Funds Req'd	0.00%	($0)	($0.00)	(0)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$8,560,865	$7,929,700	$8,560,865	$990,407

Peppertree Acres, Fort Worth, 4% HTC #07433

PAYMENT COMPUTATION

Primary	$3,815,329	Amort	420
Int Rate	5.83%	DCR	1.27

Secondary	$219,671	Amort	240
Int Rate	5.83%	Subtotal DCR	1.19

Additional	$1,437,000	Amort	
Int Rate	2.60%	Aggregate DCR	1.19

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$255,850
Secondary Debt Service	18,628
Additional Debt Service	0
NET CASH FLOW	$50,998

Primary	$3,815,329	Amort	420
Int Rate	5.83%	DCR	1.27

Secondary	$219,671	Amort	240
Int Rate	5.83%	Subtotal DCR	1.19

Additional	$1,437,000	Amort	0
Int Rate	2.60%	Aggregate DCR	1.19

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

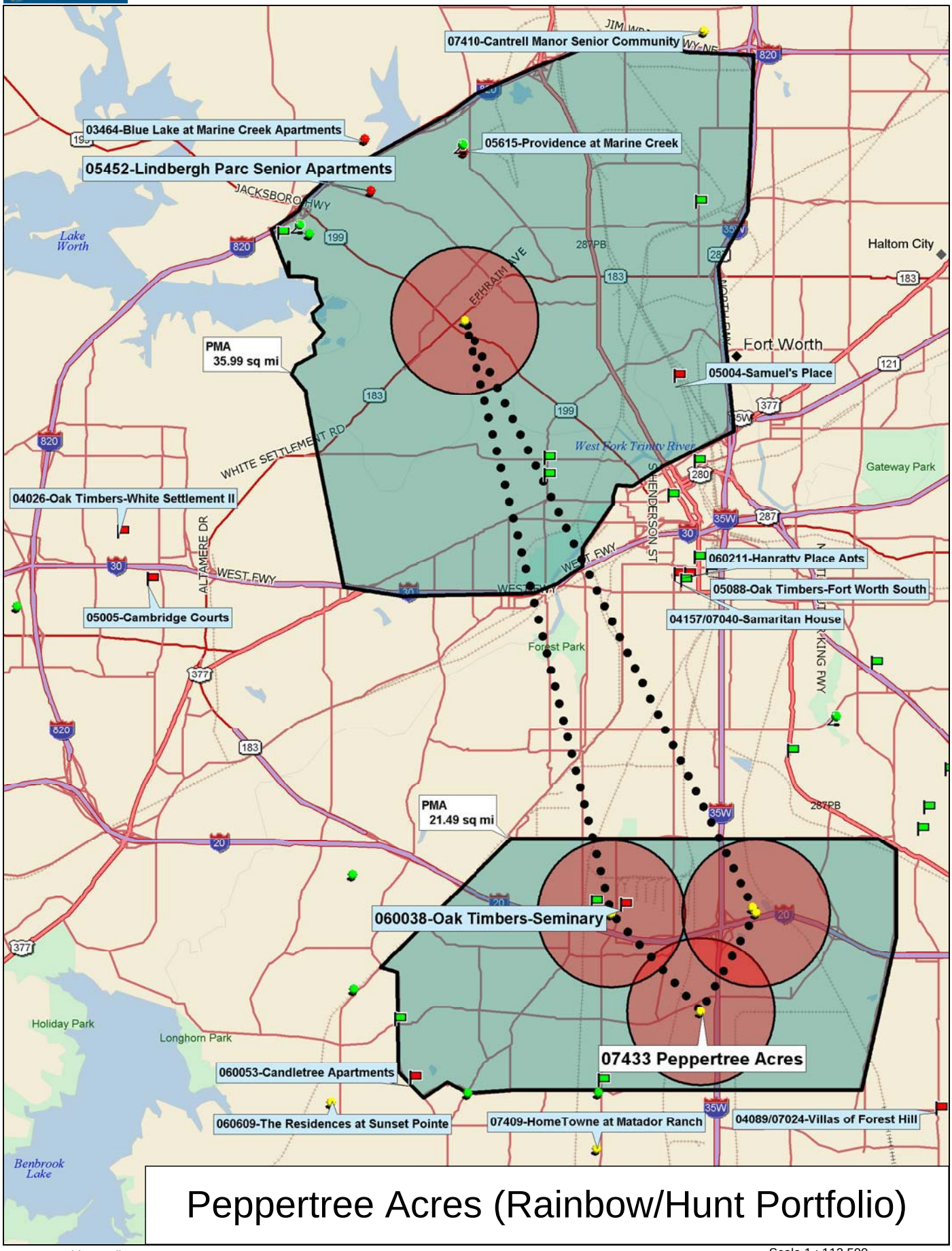
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,048,774	$1,080,237	$1,112,644	$1,146,023	$1,180,404	$1,368,412	$1,586,364	$1,839,031	$2,471,504
Secondary Income	23,400	24,102	24,825	25,570	26,337	30,532	35,395	41,032	55,144
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,072,174	1,104,339	1,137,469	1,171,593	1,206,741	1,398,943	1,621,759	1,880,063	2,526,647
Vacancy & Collection Loss	(53,609)	(55,217)	(56,873)	(58,580)	(60,337)	(69,947)	(81,088)	(94,003)	(126,332)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,018,565	$1,049,122	$1,080,596	$1,113,013	$1,146,404	$1,328,996	$1,540,671	$1,786,060	$2,400,315
EXPENSES at 4.00%									
General & Administrative	$60,665	$63,092	$65,615	$68,240	$70,970	$86,345	$105,052	$127,812	$189,193
Management	37,663	38,793	39,957	41,156	42,391	49,142	56,969	66,043	88,756
Payroll & Payroll Tax	154,996	161,195	167,643	174,349	181,323	220,607	268,402	326,552	483,377
Repairs & Maintenance	70,447	73,265	76,195	79,243	82,413	100,268	121,991	148,421	219,700
Utilities	14,839	15,433	16,050	16,692	17,360	21,121	25,696	31,264	46,278
Water, Sewer & Trash	130,204	135,412	140,829	146,462	152,320	185,321	225,471	274,320	406,061
Insurance	36,807	38,279	39,810	41,402	43,058	52,387	63,737	77,546	114,787
Property Tax	130,489	135,708	141,137	146,782	152,653	185,726	225,964	274,920	406,949
Reserve for Replacements	44,400	46,176	48,023	49,944	51,942	63,195	76,886	93,544	138,468
Other	12,580	13,083	13,607	14,151	14,717	17,905	21,784	26,504	39,233
TOTAL EXPENSES	$693,089	$720,436	$748,866	$778,421	$809,146	$982,018	$1,191,955	$1,446,927	$2,132,801
NET OPERATING INCOME	$325,476	$328,686	$331,730	$334,593	$337,258	$346,979	$348,716	$339,133	$267,514
DEBT SERVICE									
First Lien Financing	$255,850	$255,850	$255,850	$255,850	$255,850	$255,850	$255,850	$255,850	$255,850
Second Lien	18,628	18,628	18,628	18,628	18,628	18,628	18,628	18,628	18,628
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$50,998	$54,208	$57,252	$60,115	$62,780	$72,501	$74,239	$64,656	($6,964)
DEBT COVERAGE RATIO	1.19	1.20	1.21	1.22	1.23	1.26	1.27	1.24	0.97

HTC ALLOCATION ANALYSIS -Peppertree Acres, Fort Worth, 4% HTC #07433

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$1,065,000	$1,696,165				
Purchase of buildings	$2,718,739	$2,718,739	$2,718,739	$2,718,739		
Off-Site Improvements						
Sitework	$215,285	$330,285			$215,285	$330,285
Construction Hard Costs	$1,632,400	$1,517,400			$1,632,400	$1,517,400
Contractor Fees	$258,676	$258,676			$258,676	$258,676
Contingencies						
Eligible Indirect Fees	$224,636	$224,636			$224,636	$224,636
Eligible Financing Fees	$287,397	$287,397			$287,397	$287,397
All Ineligible Costs	$496,991	$496,991				
Developer Fees						
Developer Fees	$800,500	$800,500	$407,775	$407,775	$392,725	$392,725
Development Reserves	$230,076	$230,076				
TOTAL DEVELOPMENT COSTS	$7,929,700	$8,560,865	$3,126,514	$3,126,514	$3,011,119	$3,011,119

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS	$3,126,514	$3,126,514	$3,011,119	$3,011,119	
High Cost Area Adjustment			115%	115%	
TOTAL ADJUSTED BASIS	$3,126,514	$3,126,514	$3,462,786	$3,462,786	
Applicable Fraction	100%	100%	100%	100%	
TOTAL QUALIFIED BASIS	$3,126,514	$3,126,514	$3,462,786	$3,462,786	
Applicable Percentage	3.62%	3.62%	3.62%	3.62%	
TOTAL AMOUNT OF TAX CREDITS	$113,180	$113,180	$125,353	$125,353	
Syndication Proceeds	**0.9699**	**$1,097,734**	**$1,097,734**	**$1,215,801**	**$1,215,801**

Total Tax Credits (Eligible Basis Method)	**$238,533**	**$238,533**
Syndication Proceeds	**$2,313,536**	**$2,313,536**
Requested Tax Credits	**$239,452**	
Syndication Proceeds	**$2,322,452**	
Gap of Syndication Proceeds Needed	**$2,457,700**	**$2,457,700**
Total Tax Credits (Gap Method)	**$253,396**	**$253,396**



Peppertree Acres (Rainbow/Hunt Portfolio)

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TN

MN (4.8°E)

Scale 1 : 112,500

1" = 1.78 mi

Data Zoom 10-7

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Jose Antonio Escajeda Apartments, TDHCA Number 07434

BASIC DEVELOPMENT INFORMATION

Site Address:	710 S. Tays (Including 5 other Scattered Sites)			Development #:	07434
City:	El Paso	Region:	13	Population Served:	Family
County:	El Paso	Zip Code:	79905	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	RH
Bond Issuer:	Texas State Affordable Housing Corporation				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	RHAC - JAE, LLC	
Owner Contact and Phone	Chris Porter	(415) 788-0700
Developer:	Gung Ho Partners, LLC	
Housing General Contractor:	NE Construction	
Architect:	Brossett Architects	
Market Analyst:	Novogradac & Company, LLP	
Syndicator:	CharterMac Capital LLC	
Supportive Services:	Rainbow Housing Assistance Corporation	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	88	0	12	26	34	16	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	88
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	88
Total Development Cost:	$8,179,245
Number of Residential Buildings:	13
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$269,941	$252,781	0	0	0%
TDHCA Bond Allocation Amount:	$0	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Jose Antonio Escajeda Apartments, TDHCA Number 07434

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Shapleigh, District 29 NC

US Representative: Reyes, District 16, NC

TX Representative: Chávez, District 76 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: John Cook, Mayor, City of El Paso - NC

Resolution of Support from Local Government ☐

William Lilly, Director of Community and Human Development, City of El Paso - The property fulfills a need for affordable rental housing as evidenced in the 2007 Comprehensive Plan for El Paso.

Individuals/Businesses: In Support **0** In Opposition **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Per §49.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA")."

Receipt, review, and acceptance, prior to closing, of a letter from the surveyor verifying the appraisal's acreage with a breakdown by site or revision of the appraisal to correspond with the surveyor's determination of site acreage is a condition of this report. Should the appraisal require revision as a result, the appraisal, acquisition eligible basis, and tax credit award should be reevaluated.

Receipt, review, and acceptance, by cost certification, of evidence that HUD has approved a permanent waiver releasing all age-restrictions or documentation from HUD or the US Department of Justice regarding acceptable compliance with fair housing.

Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

Receipt, review, and acceptance, prior to closing, of a commitment with terms for the carry-back financing to be provided by the seller for the purchase of the 6 units at 510 S Florence.

Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit/allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

Jose Antonio Escajeda Apartments, TDHCA Number 07434

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:	Credit Amount:	$252,781
Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed $252,781 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:	Bond Amount:	$0
Recommendation:		
HOME Activity Funds:	Loan Amount:	$0
HOME CHDO Operating Expense Grant:	Grant Amount:	$0
Recommendation:		

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/06/07 PROGRAM: 4% HTC FILE NUMBER: **07434**

The Applicant proposes a 13-development portfolio transaction under one tax-exempt mortgage revenue bond issuance. However, each development has been submitted to the Department under separate application for a tax credit allocation associated with the bond issuance. It is suggested that the following underwriting report be read in conjunction with the underwriting reports for all 13 transactions (TDHCA file #07422 through #07434). Also, a cover memo has been attached to describe the feasibility of the portfolio transaction as a whole.

DEVELOPMENT

Jose Antonio Escajeda (JAE)

Location: 710 S Tays, 1010 S Tays, 510 S Florence, 700 Father Rahm, 710 S Kansas & 710 S Park Region: 13

City: El Paso County: El Paso Zip: 79905 [ ] QCT [x] DDA

Key Attributes: multifamily, family, acquisition/rehabilitation, urban/exurban

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$269,941			**$252,781**		

** The Applicant originally requested $256,638.

CONDITIONS

1 Receipt, review, and acceptance, prior to closing, of a letter from the surveyor verifying the appraisal's acreage with a breakdown by site or revision of the appraisal to correspond with the surveyor's determination of site acreage is a condition of this report. Should the appraisal require revision as a result, the appraisal, acquisition eligible basis, and tax credit award should be reevaluated.

2 Receipt, review, and acceptance, by cost certification, of evidence that HUD has approved a permanent waiver releasing all age-restrictions or documentation from HUD or the US Department of Justice regarding acceptable compliance with fair housing.

3 Receipt, review and acceptance, by cost certification, of documentation from HUD of approval of the proposed contract rents.

4 Receipt, review and acceptance, by cost certification, of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Department of State Health Services Texas Asbestos Health Protection Rules.

5 Receipt, review and acceptance, by cost certification, of a letter signed by the ESA provider stating if a noise study is recommended for the property in accordance with current HUD guidelines and identifying the site's proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

6 Receipt, review and acceptance, prior to closing, of documentation from HUD recognizing their final approval of transfer of their second and third lien notes to Texas Council of Foundations for Social Resources, Inc, as a qualified nonprofit.

7 Receipt, review, and acceptance, prior to closing, of a commitment with terms for the carry-back financing to be provided by the seller for the purchase of the 6 units at 510 S Florence.

8 Should any property in the portfolio of properties (#07422-#07434) be removed from the portfolio prior to cost certification, a reevaluation of the entire portfolio and each individual property may be warranted.

9 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	88

Comments:

The HAP contract submitted at application indicates that 18 of the 94 units (all of the 1 bedroom units) are HUD designated elderly units. These units appear to be 100% of the units at two separate sites but still share leasing and other community facilities with the non-elderly units. It is also unclear if the elderly units are located in buildings with two stories, which may require the addition of elevators. Due to the presence of both elderly and non-elderly designated units within the same property, the development must satisfy the QAP requirements for intergenerational housing requirements § 49.3(53). Based on the information submitted by the Applicant, correspondence with the Applicant, and conversations HUD staff, the development does not currently meet the Department's intergenerational guidelines at § 49.3(53), which dictate that a property that includes specific units that are age restricted and specific units that are not age restricted must:

- Have separate and specific leasing offices and leasing personnel exclusively for the age restricted units;
- Provide shared social service programs that encourage intergenerational activities but also provide separate amenities for each age group;
- Share the same Development site;
- Meet the QAP guidelines for Qualified Elderly Development for the age restricted units; and
- Meet the requirements of the federal Fair Housing Act.

Staff is currently unaware of an exception to Fair Housing requirements for certain HUD supported properties. Moreover, even with such an exception, the development may not meet the Department's intergenerational guidelines. Therefore, receipt, review, and acceptance, by cost certification, of evidence that the HUD has approved a permanent waiver releasing all age-restrictions or documentation from HUD or the US Department of Justice that the age-restricted units do not constitute a fair housing violation is a condition of this report.

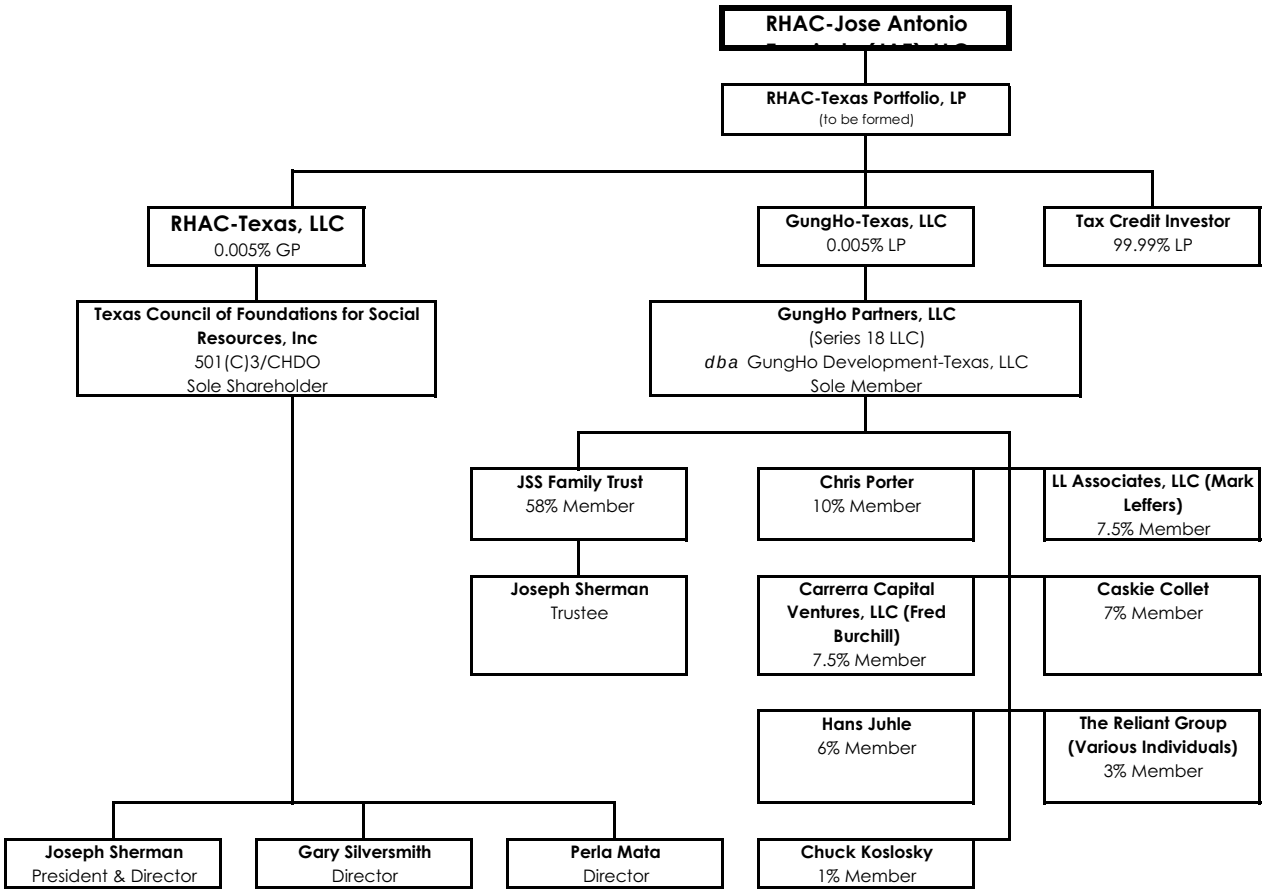
PROS	CONS
▫ The proposed transaction facilitates the transfer of ownership into the control of a nonprofit entity which allows the continuation of the Section 8 contract to serve the lowest income individuals in the community.	▫ The subject has a potential fair housing concern with regard to the preexisting age-restricted units in an otherwise non-age-restricted property.
▫ The proposed rehabilitation will refresh a 26 year old property .	▫ The subject has unresolved environmental concerns with regard to asbestos and noise.
▫ The property does not appear to need the potentially available property tax exemption that would be available as a result of the nonprofit ownership of the General Partner.	▫ The relationship and potential overlapping control between the nonprofit and for-profit entities may jeopardize the nonprofits' ability to maintain their nonprofit status.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Chris Porter Phone: (415) 788-0700 Fax: (415) 788-0435

Email: cporter@reliantgroup.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# of Complete Developments
Texas Council of Foundation for Social Resources	$6,051,772	($400,767)	--
GungHo Partners	$11,389,761	$793,081	--
JSS Family Trust	N/A		--
Joseph L. Sherman	Confidential		0 HTC Developments in TX
Chris Porter	Confidential		0 HTC Developments in TX

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST
The Applicant, Developer, and supportive services provider are related entities. The nonprofit owner of the GP, Texas Council of Foundation for Social Resources (TCFSR), has two overlapping board members (Joseph Sherman, its president, and Gary Silversmith) with the supportive service provider and ultimate holder of the HUD-assumed subordinate cashflow debt, Rainbow Housing Assistance Corporation. Mr. Sherman is also president of Rainbow Housing and with Silversmith, comprise two of five Board members. Joseph Sherman is president of the nonprofit organizations and is a controlling member of GungHo Partners, LLC. GungHo Partners is the Developer, Special Limited Partner, and Guarantor of the bonds. Charles Koslosky, CFO of Rainbow Housing, is also a member of GungHo Partners. The extent of these relationships between the Applicant and Rainbow Housing was not originally disclosed in the application though it appears to be widely known and does not appear to be a concern with any of the financing entities including HUD. The potential for for-profit control of a nonprofit could, under some circumstances, jeopardize the continued nonprofit status of a nonprofit. The benefits of the involvement of the nonprofit organizations in the transaction include the transfer of the existing HUD secondary debt and potential property tax exemption. Since final transfer approval from HUD is a condition of closing and the property tax exemption is not currently necessary for financial feasibility, the concern regarding these two benefits from the nonprofit involvement appears to be mitigated.

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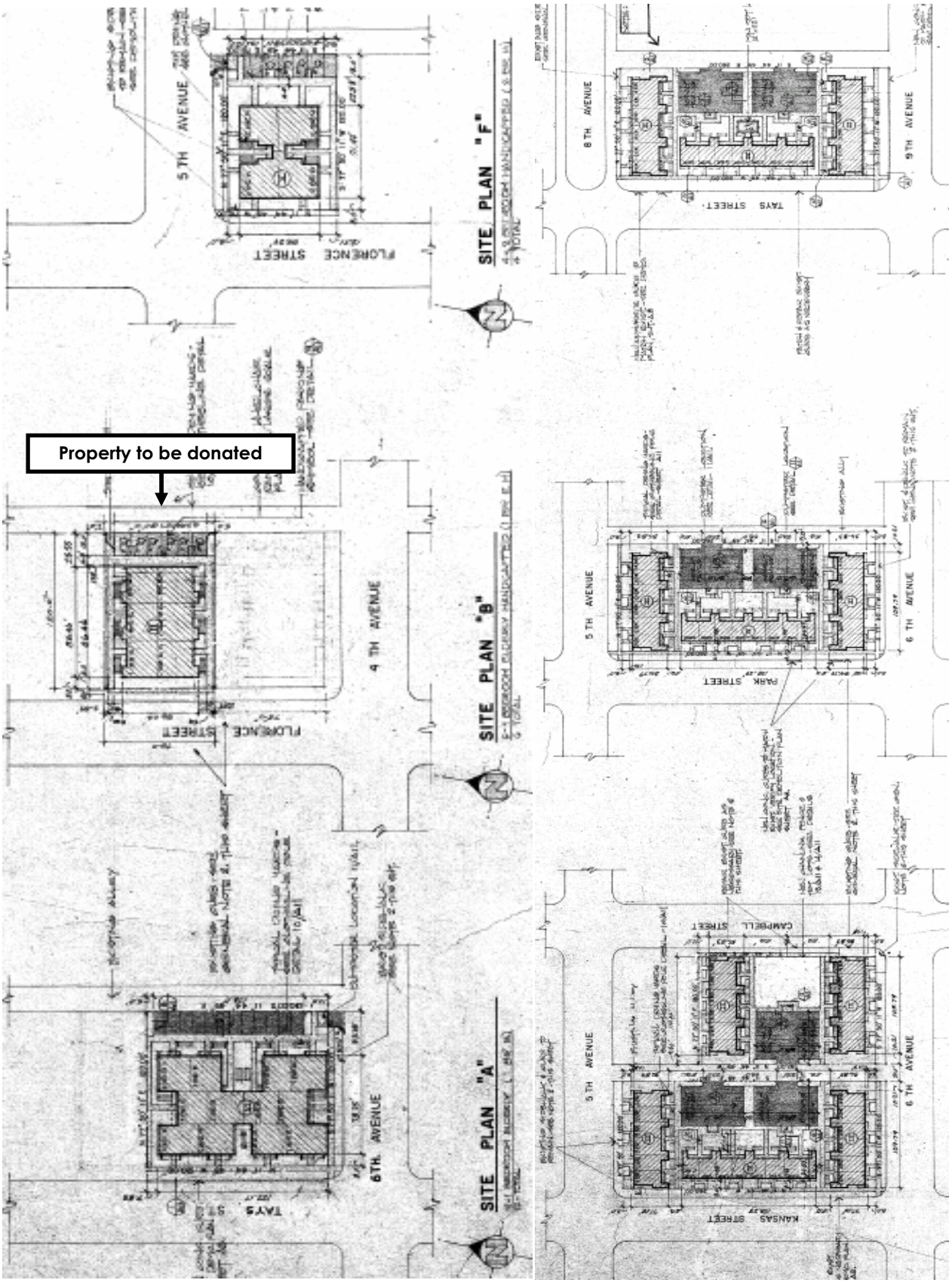
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D	E						Total Buildings
Floors/Stories	One and two story buildings										
Number	1	8	3	1	1						**14**

BR/BA	SF	Units										Total Units	Total SF
1/1	631	6										6	3,786
1/1	655					12						12	7,860
2/1	850				4							4	3,400
2/1	944		2	2								22	20,768
3/1.5	1,013		2	6								34	34,442
4/2	1,154		2									16	18,464
Units per Building		6	6	8	4	12						**94**	**88,720**

Rehabilitation Recommendations of Property Condition Assessment:

Pavement patching, sealing, and overlay; Replacement of defective pavement at limited area; Repair/replacement of damaged sidewalks; Replacement of landscaping in poorly irrigated areas; Installation of a playground; Installation of chain link dumpster enclosures; Repair of sagging second floor plywood decking; Replacement of roofing at some locations; Paint for building exteriors; Repair/replacement of damaged exterior siding and doors; New double-glazed windows; Replacement of vinyl flooring; Replacement of bathroom and kitchen countertops and ceramic tub surrounds; Replacement of appliances in three or four units and older refrigerators; Replacement of 25% of water heaters and 1000 feet of gas lines; Installation of water supply valves and repair of leaks; Installation of low flow toilets; Replacement of 90% of furnaces; New kitchen light fixtures; Installation of GFCI receptacles in kitchens; New ceiling fans.

SITE ISSUES

Total Size:	2 acres	Scattered site?	[x]	Yes	[ ]	No	
Flood Zone:	C	Within 100-yr floodplain?	[ ]	Yes	[x]	No	
Zoning:	A-3 / Apartment*	Needs to be re-zoned?	[ ]	Yes	[x]	No	[ ] N/A
	* applies to all sites						

Comments:

The subject is composed of seven scattered sites totaling approximately 2.0 acres. The purchase contract indicates that all of the seven will be transferred to the partnership; however, the seller will retain the option to re-acquire the six units located at the 510 Florence Street site. Ultimately, the current owner plans to donate the said units to the neighboring school in order to allow for necessary expansion. However, the entire development (including the units at 510 Florence) is currently restricted under one HAP contract and the property cannot at this point be broken into separate projects and sold.

The Applicant has proposed that the said units will be market rate units and that the LURA will not encompass these units in order to allow for their future transfer. The Applicant has indicated that the 510 Florence property will be re-acquired at the time of the current HAP contract's expiration in 2012 and a renewal HAP contract on only the remaining six sites (88 units) will be sought. The seller will provide a separate carry-back note based on a purchase price of $245,000 and no rehabilitation is planned for these six units. As such the market rate units will have no affect on the applicable fraction for the development. The donation of the subject is contingent upon approval from HUD. The additional impacts of the of the market rate units will be discussed throughout this report as applicable.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/31/2007

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

The immediate surrounding uses for each site were not provided with the application. The area generally appears to consist of mixed multifamily residential and single family residential interspersed with commercial and retail uses. A public park is located within walking distance of each site and the sites are located within 1,000 feet of the US/Mexico border to the south. No leasing offices are located at any of the subject sites. Based on the application, the subject shares the El Nido Apartment (one of the 13 Texas properties being acquired and rehabilitated) leasing offices.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Land America Date: 3/30/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- Noise – No concerns stated, however numerous rail lines run near property locations.
- Asbestos – The presence of ACM in the form of vinyl floor tiles and mastics was confirmed at the property. These materials were observed throughout the property in good condition. According to the EPA, asbestos containing materials can, in general, be managed safely in-place under an Operations and Maintenance program until removal is dictated by renovation, demolition, or deteriorating material condition. (23)

Comments:

The underwriting report is conditioned upon receipt, review and acceptance of documentation that the suspect asbestos containing materials were sampled and appropriate actions were taken prior to renovation, repair or demolition. In addition, the ESA provider must submit a signed letter stating if a noise study is recommended for the property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise.

MARKET HIGHLIGHTS

Provider: Novogradac & Company, LLP Date: 10/31/2006

Contact: Rachel Barnes Phone: (913) 262-3500 Fax: (913) 262-3501

Number of Revisions: 1 Date of Last Applicant Revision: 7/2/2007

Primary Market Area (PMA):

"For the purpose of this Study, the Subject's Primary Market Area (PMA) is the area bound by Arizona Avenue, Border Road, and Highway 180/62 to the north, El Paso Street and Mesa Street to the west, Border Highway to the south, and Airway Blvd, Marlow Road, Trowbridge Drive, and Delta Drive to the east. This area was defined based on conversations with local property managers (including the Subject's), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA" (p. 16).

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Alamito Place	07244	58	58	N/A			

INCOME LIMITS						
El Paso						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$18,120	$20,700	$23,280	$25,860	$27,900	$30,000

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/ 60% Rent Limit				1,506	18		1.20%
2 BR/ 60% Rent Limit				3,401	26		0.80%
3 BR/ 60% Rent Limit				2,420	34		1.40%
4 BR/ 60% Rent Limit				746	16		2.10%

The total demand figure by unit type indicated in the above chart is based on all renter households and does not take into account a turnover percentage; therefore, the demand is overstated and the capture rate is overstated by TDHCA standards. Even with a low turnover rate of 40%, however, the unit capture rate would be well below 100%.

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 117	100%	21,777			47%	10,246	57%	5,820	15%	873
Underwriter	100%	21,994	95%	20,933	48%	10,114	57%	5,750	15%	862
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 117				173	47%	82	57%	47	100%	47
Underwriter			95%	150	48%	69	57%	39	100%	39

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 117	94	0	0	94	920	10.22%
Underwriter	88	58	0	146	902	16.19%

Primary Market Occupancy Rates:

"Vacancy rates reported at the comparable properties ranged from 0.0 to 4.1 percent, with a weighted average vacancy rate of 1.5 percent. Each of the LIHTC properties are 100 percent occupied, which is higher than the comparable market properties average of 98.6 percent. The Subject is currently 100 percent occupied, which is typical. Based on the above factors, we have estimated the Subject's stabilized vacancy rate post renovation to be 5 percent or less" (p. 82).

Absorption Projections:

"It should be noted that much of the demand for the Subject is expected to originate with tenants already living at the property, since it will retain its Section 8 subsidy contract and has a current occupancy rate of 100 percent. However, we estimated a conservative re-absorption rate of 100 percent. Therefore, taking the absorption rates at existing properties in the PMA into consideration, under normal market conditions, we anticipate, upon renovation completion, the Subject will reach re-stabilized occupancy within three to four months. This pace anticipates that the Subject will begin pre-easing at least two months prior to the first renovated units coming on-line" (p. 80).

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 655 SF (60%)	$511	$432	$450	$511	($61)
2 BR 850 SF (60%)	$558	$530	$525	565	($40)
2 BR 944 SF (60%)	$582	$530	$525	582	($57)
3 BR 1,013 SF (60%)	$632	$607	$600	642	($42)
4 BR 1,154 SF (60%)	$667	$659	$675	677	($2)
1 BR 631 SF (60%)	$511		$450	511	($61)

Market Impact:

"Demand for the Subject's vacant units is likely to originate from rent-overburdened households at other market rate properties and Section 8 voucher holders. Since there are no new LIHTC properties in the area and the current properties are operating at a stabilized occupancy and the Subject is fully occupied, the potential impact on the existing affordable housing stock is anticipated to be minimal" (p. 109).

Comments:

The Market Study provided sufficient information. The underwriting analysis of demand takes into consideration all unstabilized comparable units in the PMA resulting in an acceptable inclusive capture rate of 16.19%. However, the subject development currently has tenants in place with rental assistance provided through a HAP contract. Therefore, an inclusive capture rate analysis is not a meaningful tool in this instance.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

All 94 units receive project-based rental assistance through a Housing Assistance Payment (HAP) Contract. The Applicant has proposed rents higher than those indicated in the HAP contract, effective March 1, 2007, and 3% to 18% higher than the current Housing Tax Credit net rent limits and higher than market rents. This results in $53K more annual potential gross income than a comparable tax credit/tax exempt bond transaction, with no project-based rental assistance could achieve.

The proposed increase of 5% over the current HAP contract rents is based on the projected HUD Operating Cost Adjustment Factors (OCAF), which was 4.1% for Texas in 2006. The underwriting analysis assumes the Applicant's projections will be approved by HUD. However, receipt, review and acceptance of contract rents approved by HUD is a condition of this report.

The Applicant's secondary income estimate at $9.57 per unit per month is also used in the underwriting analysis as the figure is within current guidelines and supported by historical experience. In addition, the Applicant's vacancy and collection loss assumption of 5% is used in the underwriting analysis as it is supported by the occupancy rate of 100% and continuation of the HAP contract. Overall, the Applicant's effective gross income is comparable to the Underwriter's estimate.

The Underwriter and Applicant has included income and expenses for the 6 units that will be re-purchased by the current owner and donated (as discussed above).

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/21/2007

The Applicant's total annual operating expense projection at $3,212 per unit is not within 5% of the Underwriter's estimate of $3,668, derived from the actual operating history of the property, the TDHCA database, and third party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly: general & administrative ($12K lower); and property tax ($33K lower). The Applicant included TSAHC Fees of $45 per unit in "other" expenses.

The ownership structure with a nonprofit CHDO as the sole member of the General Partner may enable a 50% property tax exemption on the subject property (and all other properties in the portfolio). The Applicant has indicated they have no intention of claiming such an exemption unless increases in property taxes make such an exemption necessary to maintain feasibility. At this point, no formal agreement has been accepted to further restrict the Applicant from pursuing an exemption at any time.

The actual 2006 property taxes ($49K) appear to have been based on an assessed value of $18K per unit. The Underwriter has underwritten the transaction based upon an assessed value of $30K per unit which results in a 67% increase over 2006 taxes. The Underwriter has evaluated the impact of property taxes derived based on the sales price of the property and has determined that property taxes would increase by 168% over 2006 taxes without a 50% CHDO exemption. Based on the Underwriter's proforma, a 168% increase over 2006 property taxes would result in a DCR of 1.00. If a 50% exemption were secured at this point, the property taxes would still be 34% higher than 2006 taxes.

However, Section 11.1285(q) of the Texas Property Tax Code provides that property taxes for LIHTC developments be based on the income method of appraisal and use of a capitalization rate consistent with that used for other rent-restricted properties. The Underwriter has evaluated potential property taxes using the income approach and the appraisal district's cap rate of 10%. This results in an assessed value well above standard levels based on experience with affordable multifamily properties. The Underwriter has capped the estimated taxes at an assessed value of $30K per unit (at the high end of typical assessments) to derive the estimated property taxes of $82K which is 67% higher than 2006 taxes.

The Applicant has provided no regular "above the line" operating expense for the provision of social services. The Applicant anticipates that Rainbow Housing will provide resident and social services in exchange for the assumption of the consolidated HUD note (discussed in detail below). Further, a minimum monthly payment equal to $3 per unit will be elevated in the bond waterfall ahead of deferred developer fees and TSAHC loan in order to ensure sufficient funds will be available for the provision of services.

Should insufficient cashflow remain to satisfy the minimum monthly payments, the Applicant has indicated that Rainbow Housing has agreed to provide social services at their own cost. The Applicant has provided a Social Services Agreement for the provision of services indicating a compensation package based on the consolidated HUD note. The $3 per unit per month service fee will be an interest payment on the consolidated HUD note. Additionally, the services agreement is based on a one year renewable term, which is a concern of the Underwriter. Should Rainbow Housing at any time choose not to renew, the atypical compensation package cannot be offered to another service provider, which could result in an unanticipated expense burden for each property in the portfolio.

Conclusion:

Although the Applicant's effective gross income figure is within 5% of the Underwriter's estimate, their total expense and net operating income estimates are not. Therefore, the Underwriter's Year 1 proforma will be used to determine debt service capacity. The proposed financing structure results in a debt coverage ratio within the current TDHCA guideline of 1.15 to 1.35.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow.

ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Novogradac | Date: 4/12/2007

Number of Revisions: 0 | Date of Last Applicant Revision: N/A

Land Only: 6.7 acres	$700,000	As of:	3/26/2007
Existing Buildings: (as-is)	$4,000,000	As of:	3/26/2007
Total Development: (as-is)	$4,700,000	As of:	3/26/2007

Comments:

The "as-is" value of the property assumes operation as a Section 8 property. For determination of the eligible building basis, the Underwriter has used a prorata value of $600,000 ($700,000/7 sites*6 sites) based upon six of the seven sites being restricted by the LURA. This methodology is the same used by the Applicant. The value could not be determined by a proration of the acreage due to a lack of accurate documentation (the surveys specify metes and bounds but not exact acreage). However, due to the relatively smaller size of the site to be donated, the proration method used is likely a more conservative approach.

The site acreage documented in the appraisal is significantly different than that in the application and tax assessment. Due to the significant discrepancy, receipt, review, and acceptance of a letter from the surveyor verifying the appraisal's acreage with a breakdown by site or revision of the appraisal to correspond with the surveyor's determination of site acreage is a condition of this report. Should the appraisal require revision as a result, the appraisal, acquisition eligible basis, and tax credit award should be reevaluated.

ASSESSED VALUE

Land Only: 3.22 acres	$235,653	Tax Year:	2006
Existing Buildings:	$1,168,056	Valuation by:	El Paso CAD
Total Assessed Value:	$1,403,709	Tax Rate:	2.894214

EVIDENCE of PROPERTY CONTROL

Type: Purchase & Sale Agreement (Seller agreed upon price breakdown) | Acreage: N/A

Contract Expiration: 10/11/2007 | Valid Through Board Date? [x] Yes [ ] No

Acquisition Cost: $4,535,700 | Other: Includes reserve account to be transferred

Seller: Hunt Building Company Ltd | Related to Development Team? [ ] Yes [x] No

Comments:

The purchase of 20 properties for $51,995,976 including seven properties located in New Mexico, which have already closed. The contract price attributed to the subject property ($4,535,700) does not include the acquisition of the 6 donation units, which will be purchased for an additional $245,000.

This section intentionally left blank.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 7/21/2007

Acquisition Value:

The acquisition is part of a larger acquisition of a pool of 13 properties in Texas for $36,760,086. The total acquisition price is assumed to be reasonable because the sale is an arms length transaction. The acquisition price for the subject property was based upon a negotiated and agreed upon determination of prorata value between the Buyer and Seller. The contract price is $4,535,700; however, reserves of $277,079 were netted out by the Applicant because they represent cash that will be transferred to the buyer at the sale. The Underwriter has left the reserves and in the contract price but has reflected them as a source of funds available for the transaction. Additionally, the Applicant has not included the purchase of the 6 donation units for $245,000. The Underwriter has added the $245,000 for these units in the acquisition cost and included $245,000 in carry-back financing as a source of funds.

The Applicant determined eligible building basis of $3,658,621 based upon the contract price (excluding the $245,000 for the donation units) less the estimated land value, closing costs, and existing reserves. The Underwriter determined the same building basis also using the prorata appraised land value (determined as described above), which is greater than the assessed land value.

Sitework Cost:

Since this is a proposed rehabilitation, the associated sitework costs should be minimal. The Applicant has provided no break-out of site work costs. The underwriting analysis assumes the estimate of $1,842 per unit provided in the Property Condition Assessment (PCA).

Direct Construction Cost:

The Applicant has provided no break-out of direct construction costs, but indicated total sitework and direct construction costs of $1,410,600, which is equal to the combined PCA estimates of sitework and direct costs. The underwriting analysis assumes the estimate for direct construction costs of $1,237,450 provided in the PCA. The total hard cost estimate including contingency and contractor fees is estimated to be $18,608 per unit, which is well above the Department's minimum of $12,000 reflecting a moderate level of rehabilitation.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to adherence to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is merely a correction of the Applicant's costs and, as such, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $6,679,218 supports annual tax credits of $268,633. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation. (NOTE: The Applicant has assumed an applicable percentage rate of 3.64%; however, the underwriting applicable percentage rate for April 2007, the month of application submission, is 3.62%.)

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FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 7/21/2007

Source: Unknown Type: **Carry-back Financing**

Principal: $245,000 Interest Rate: ____ ☐ Fixed Term: ____ months

Comments:

As described above, the Applicant has indicated that the 6 units located at 510 S Florence will be re-purchased by the current owner upon expiration of the HAP contract and donated to the adjacent school for expansion. The Applicant has indicated that a carry-back note will be provided for the amount of the purchase price attributed to these 6 units ($245,000). The carry-back financing will be provided by the seller. However, a commitment for the said financing was not provided with the application, and it is unclear how the note may affect the viability of the subject.

Due to the relative small amount of the note and the size of the entire portfolio, the carry-back note will likely have little affect on the overall viability. However, receipt, review, and acceptance of a commitment with terms for the carry-back financing to be provided by the seller for the purchase of the 6 units at 510 S Florence is a condition of this report.

Issuer: TSAHC

Source: CharterMac Capital Solutions Type: **Interim to Permanent Bond Financing**

Tax-Exempt (1): $3,687,680 Interest Rate: 5.83% ☒ Fixed Term: 420 months

Tax-Exempt (2): $212,320 Interest Rate: 5.83% ☒ Fixed Term: 240 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units (1,014 units less 6 units to be donated as described in the report for #07434) in Texas (TDHCA File #07422-#07434). The underwritten interest rate of 5.83% includes issuer fees of 10 basis points and trustee fees of 3 basis points. The commitment requires an up front fee of 0.25%, an ongoing fee of 0.0625%, an origination fee of 1%, and a construction servicing fee of 1%. A minimum $300 per unit in annual replacement reserve deposits is also required.

Two tranches are proposed: (1) "Tax Credit Bonds" totaling $33,000,000 and (2) "HAP Bonds" totaling $1,900,000. The two tranches are proposed in order to limit the risk associated with possible loss of the Housing Assistance Payment Contract at the end of the 20-year commitment. Sizing of the second tranche ("HAP Bonds") is based on the difference between the income anticipated from the HAP Contract Rents and the income limited by the Housing Tax Credit maximum rents.

The Applicant, not the lender, has allocated the mortgage revenue bond financing of $3,900,000 out of the total $34.9M to this specific development. It is not clear what methodology was used to make this allocation, though it conforms to the DCR standards of the Department.

Source: Texas Council of Foundation for Social Resources Type: **Permanent Financing**

Principal: $1,305,432 Interest Rate: 2.6% ☒ Fixed Term: 600 months

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434).

The Applicant has proposed the US Department of Housing and Urban Development (HUD) will assign its second and third lien notes to Texas Council of Foundation for Social Resources (TCFSR), owner of the GP. The ninth amendment to the purchase and sale agreement states, "HUD states that it has preliminarily agreed to allow the assignments of debt referred to in the HUD Correspondence (Letter from Theodore K Toon of HUD, dated 1/26/2007) contingent on, but not limited to:

A release, executed by Seller, which allows HUD to share information relating to the properties with the Purchaser;

Verification that the rehabilitation contemplated during the M2M restructuring has been completed for each property or, if the rehabilitation has not been completed, a copy of the Purchaser's proposed rehabilitation plan addressing uncompleted items;

All Surplus Cash Payments to the Mortgage Restructuring Notes and the Contingent Repayment Notes, as applicable, must be current and year-to-date financials are submitted with each request."

Due to the reduction in the HAP rents during the Mark to Market (M2M) restructuring, HUD often breaks the outstanding HUD-held debt into a first and a second (sometimes even a third) mortgage. The first mortgage is effectively the portion of original debt that remains repayable. Due to the decreased capacity of the property to service debt that comes with a reduction in the HAP rents, the remaining portion of the original HUD-held note is structured as secondary cashflow mortgages at a low interest rate. Additionally, should the property be sold within three years of the restructuring, HUD can choose to assign the secondary notes to a qualified nonprofit.

The Applicant anticipates that HUD will approve an assignment of the secondary mortgages to the TCFSR because the entity is believed to be a qualified nonprofit. However, receipt, review and acceptance of final approval by HUD for transfer of their second and third lien notes to TCFSR is a condition of this report.

TCFSR has provided a term sheet for the assumed HUD secondary mortgages indicating a repayment term of 50 years with a 2% interest rate. The initial 20-year period will be interest-only payments. The entire principal balance will be amortized over the remaining 30-year term. Furthermore, the maximum annual payment will be limited to one-half the Net Cash Flow as defined by TCFSR. The Applicant later clarified that the consolidated note will carry a rate of 2.6%, which is the weighted average of the current interest rates on all second and third lien notes associated with the 13-property portfolio. The loan will be subordinate to the Senior Bonds. Based on the proposed terms, the underwriting analysis assumes the loan will have no effect on the debt coverage ratio of the property.

The Applicant, who is controlled by the lender (TCFSR), has allocated the Unsecured Subordinate loan amount of $1,305,432 out of the total $10,062,724 to this specific development.

The Applicant has indicated that subsequent to TCFSR assuming the secondary mortgages to be structured as indicated above, a second assignment is to occur. TCFSR anticipates assigning the secondary mortgages to Rainbow Housing Assistance Corporation, also a related party, as possible payment for supportive services, as discussed above.

Source: CharterMac Capital LLC Type: **Syndication**

Proceeds: $2,344,764 Syndication Rate: 97% Anticipated HTC: Uncertain

Comments:

A single commitment was provided for all 13 multifamily residential rental properties encompassing 1,008 units in Texas (TDHCA File #07422-#07434). Total capital contribution to the owner of $19,410,944 is anticipated based on an allocation of $2,001,128 in total tax credits to all 13 properties.

The allocation of syndication proceeds reflected in the Applicant's sources and uses is clearly linked to the Applicant's estimate of eligible basis for tax credit purposes specific to this development.

Amount: $106,970 Type: **Deferred Developer Fees**

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CONCLUSIONS

Recommended Financing Structure:

The Underwriter's total development cost estimate less the senior bond amount attributed to the subject of $3,900,000, the HUD-assumed note of $1,305,432, the reserves of $277,079, and carry-back financing of $245,000 indicates the need for $2,436,967 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $252,781 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($269,941), the gap-driven amount ($252,781), and eligible basis-derived estimate ($268,633), the gap-driven amount of $252,781 is recommended resulting in proceeds of $2,451,734 based on a syndication rate of 97%.

The Underwriter's recommended financing structure indicates no need for additional permanent funds. Of note, the Applicant appears to have understated the proceeds amount in the sources and uses of funds.

As indicated above, the subject is one of thirteen properties in a portfolio transaction sharing common financing and secured under one purchase contract. As such, the viability of the subject is dependent upon the performance of the portfolio as a whole and on the approval of an HTC allocation for each application. This report is conditioned upon the continuation of all Hunt/Rainbow applications in the portfolio (TDHCA #07422-#07434) and satisfaction of all of the conditions of said reports. Should any property be removed from the portfolio before cost certification for any reason, reevaluation of the entire portfolio may be warranted.

Underwriter:	*Cameron Dorsey*	Date:	August 6, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	August 6, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

Jose Antonio Escajeda (JAE), El Paso, 4% HTC #07434

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	12	1	1	655	$485	$511	$6,136	$0.78	$53.00	$34.00
TC 60%	4	2	1	850	$582	565	2,260	0.66	52.00	34.00
TC 60%	22	2	1	944	$582	582	12,797	0.62	52.00	34.00
TC 60%	34	3	1.5	1,013	$672	642	21,813	0.63	65.00	36.00
TC 60%	16	4	2	1,154	$750	677	10,836	0.59	91.00	40.00
MR	6	1	1	631		511	3,068	0.81	53.00	34.00
TOTAL:	94		**AVERAGE:**	944		$605	$56,910	$0.64	$63.53	$35.74

INCOME	Total Net Rentable Sq Ft: 88,720			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$682,920	$676,692	El Paso	El Paso	13
Secondary Income	Per Unit Per Month:	$9.57		10,800	10,800	$9.57	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$693,720	$687,492			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%		(34,686)	(34,368)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$659,034	$653,124			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		3.03%	$212	0.22	$19,946	$7,520	$0.08	$80	1.15%
Management		4.77%	334	0.35	31,434	24,083	0.27	256	3.69%
Payroll & Payroll Tax		13.10%	919	0.97	86,360	92,214	1.04	981	14.12%
Repairs & Maintenance		3.51%	246	0.26	23,159	24,440	0.28	260	3.74%
Utilities		0.50%	35	0.04	3,308	3,605	0.04	38	0.55%
Water, Sewer, & Trash		6.85%	480	0.51	45,150	45,146	0.51	480	6.91%
Property Insurance		2.75%	193	0.20	18,126	20,210	0.23	215	3.09%
Property Tax	2.894214	12.38%	868	0.92	81,617	49,018	0.55	521	7.51%
Reserve for Replacements		4.28%	300	0.32	28,200	28,200	0.32	300	4.32%
TDHCA Compliance Fees		0.53%	37	0.04	3,520	3,520	0.04	37	0.54%
Other: TSAHC Fees		0.60%	42	0.04	3,960	3,960	0.04	42	0.61%
TOTAL EXPENSES		52.32%	$3,668	$3.89	$344,781	$301,916	$3.40	$3,212	46.23%
NET OPERATING INC		47.68%	$3,343	$3.54	$314,253	$351,208	$3.96	$3,736	53.77%
DEBT SERVICE									
Tax-Exempt Bond (35-year amort)		37.52%	$2,631	$2.79	$247,290	$261,527	$2.95	$2,782	40.04%
Tax-Exempt Bond (20-year amort)		2.73%	$192	$0.20	18,005	0	$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		7.43%	$521	$0.55	$48,959	$89,681	$1.01	$954	13.73%
AGGREGATE DEBT COVERAGE RATIO					1.18	1.34			
RECOMMENDED DEBT COVERAGE RATIO					1.18				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		58.54%	$50,938	$53.97	$4,788,200	$4,266,121	$48.09	$45,384	55.71%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		2.12%	1,842	1.95	173,150	0	0.00	0	0.00%
Direct Construction		15.13%	13,164	13.95	1,237,450	1,410,600	15.90	15,006	18.42%
Contingency	10.00%	1.72%	1,501	1.59	141,060	141,060	1.59	1,501	1.84%
Contractor's Fees	14.00%	2.41%	2,101	2.23	197,484	197,484	2.23	2,101	2.58%
Indirect Construction		1.71%	1,487	1.58	139,800	139,800	1.58	1,487	1.83%
Ineligible Costs		2.86%	2,492	2.64	234,221	234,221	2.64	2,492	3.06%
Developer's Fees	15.00%	10.65%	9,266	9.82	871,000	871,000	9.82	9,266	11.37%
Interim Financing		3.19%	2,773	2.94	260,653	260,653	2.94	2,773	3.40%
Reserves		1.67%	1,449	1.54	136,227	136,227	1.54	1,449	1.78%
TOTAL COST		100.00%	$87,013	$92.19	$8,179,245	$7,657,166	$86.31	$81,459	100.00%
Construction Cost Recap		*21.39%*	***$18,608***	***$19.72***	***$1,749,144***	***$1,749,144***	***$19.72***	***$18,608***	*22.84%*

SOURCES OF FUNDS

						RECOMMENDED	
Tax-Exempt Bond (35-year amort)	45.09%	$39,231	$41.57	$3,687,680	$3,687,680	$3,687,680	Developer Fee Available
Tax-Exempt Bond (20-year amort)	2.60%	$2,259	$2.39	212,320	212,320	212,320	
TSAHC Loan	0.00%	$0	$0.00	0	0	0	$871,000
Assumed Sub. Unsecured Notes	15.96%	$13,888	$14.71	1,305,432	1,305,432	1,305,432	
Reserve Balance	3.39%	$2,948	$3.12	277,079	0	277,079	
Carryback Financing for 6 units	3.00%	$2,606	$2.76	245,000	0	245,000	
HTC Syndication Proceeds	28.67%	$24,944	$26.43	2,344,764	2,344,764	2,451,734	% of Dev. Fee Deferred
Deferred Developer Fees	1.31%	$1,138	$1.21	106,970	106,970	0	0%
Additional (Excess) Funds Req'd	0.00%	$0	$0.00	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$8,179,245	$7,657,166	$8,179,245	$1,386,055

PAYMENT COMPUTATION

Primary	$3,687,680	Amort	420
Int Rate	5.83%	DCR	1.27

Secondary	$212,320	Amort	240
Int Rate	5.83%	Subtotal DCR	1.18

Additional	$1,305,432	Amort	
Int Rate	2.60%	Aggregate DCR	1.18

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$247,290
Secondary Debt Service	18,005
Additional Debt Service	0
NET CASH FLOW	$48,959

Primary	$3,687,680	Amort	420
Int Rate	5.83%	DCR	1.27

Secondary	$212,320	Amort	240
Int Rate	5.83%	Subtotal DCR	1.18

Additional	$1,305,432	Amort	0
Int Rate	2.60%	Aggregate DCR	1.18

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

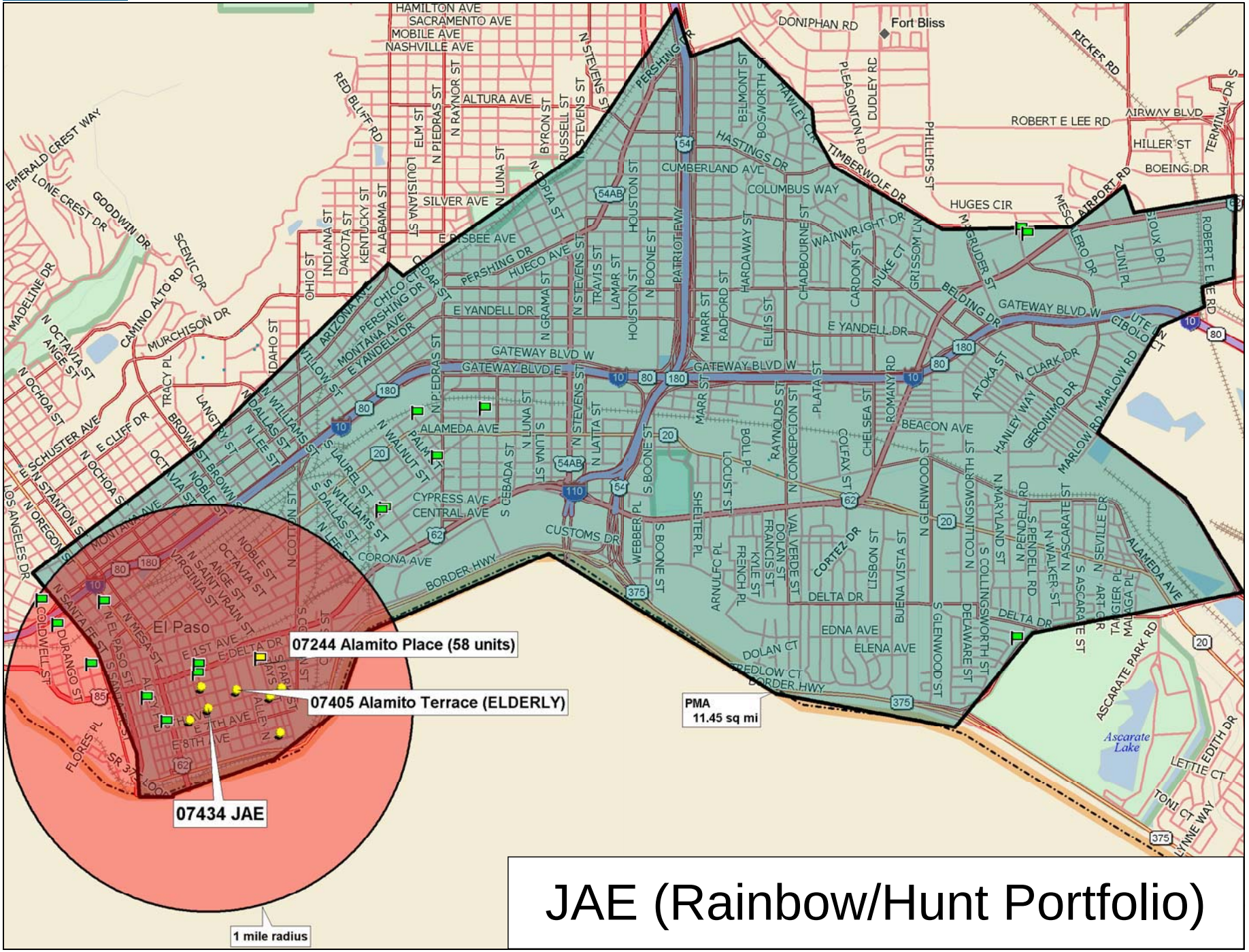
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$682,920	$703,408	$724,510	$746,245	$768,632	$891,056	$1,032,978	$1,197,504	$1,609,346
Secondary Income	10,800	11,124	11,458	11,801	12,155	14,092	16,336	18,938	25,451
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	693,720	714,532	735,968	758,047	780,788	905,147	1,049,314	1,216,442	1,634,797
Vacancy & Collection Loss	(34,686)	(35,727)	(36,798)	(37,902)	(39,039)	(45,257)	(52,466)	(60,822)	(81,740)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$659,034	$678,805	$699,169	$720,144	$741,749	$859,890	$996,848	$1,155,620	$1,553,057
EXPENSES at 4.00%									
General & Administrative	$19,946	$20,744	$21,574	$22,437	$23,334	$28,389	$34,540	$42,023	$62,205
Management	31,434	32,377	33,348	34,349	35,379	41,014	47,547	55,120	74,076
Payroll & Payroll Tax	86,360	89,815	93,407	97,144	101,029	122,918	149,548	181,948	269,328
Repairs & Maintenance	23,159	24,085	25,049	26,051	27,093	32,962	40,104	48,793	72,225
Utilities	3,308	3,440	3,578	3,721	3,870	4,708	5,728	6,969	10,316
Water, Sewer & Trash	45,150	46,956	48,834	50,788	52,819	64,263	78,185	95,124	140,807
Insurance	18,126	18,852	19,606	20,390	21,205	25,800	31,389	38,190	56,530
Property Tax	81,617	84,882	88,277	91,808	95,480	116,166	141,334	171,954	254,534
Reserve for Replacements	28,200	29,328	30,501	31,721	32,990	40,137	48,833	59,413	87,946
Other	7,480	7,779	8,090	8,414	8,751	10,646	12,953	15,759	23,328
TOTAL EXPENSES	$344,781	$358,258	$372,264	$386,821	$401,950	$487,004	$590,162	$715,294	$1,051,295
NET OPERATING INCOME	$314,253	$320,548	$326,905	$333,323	$339,798	$372,886	$406,686	$440,326	$501,762
DEBT SERVICE									
First Lien Financing	$247,290	$247,290	$247,290	$247,290	$247,290	$247,290	$247,290	$247,290	$247,290
Second Lien	18,005	18,005	18,005	18,005	18,005	18,005	18,005	18,005	18,005
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$48,959	$55,253	$61,611	$68,029	$74,504	$107,592	$141,392	$175,032	$236,468
DEBT COVERAGE RATIO	1.18	1.21	1.23	1.26	1.28	1.41	1.53	1.66	1.89

HTC ALLOCATION ANALYSIS -Jose Antonio Escajeda (JAE), El Paso, 4% HTC #07434

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost						
Purchase of land	$607,500	$1,129,579				
Purchase of buildings	$3,658,621	$3,658,621	$3,658,621	$3,658,621		
Off-Site Improvements						
Sitework		$173,150				$173,150
Construction Hard Costs	$1,410,600	$1,237,450			$1,410,600	$1,237,450
Contractor Fees	$197,484	$197,484			$197,484	$197,484
Contingencies	$141,060	$141,060			$141,060	$141,060
Eligible Indirect Fees	$139,800	$139,800			$139,800	$139,800
Eligible Financing Fees	$260,653	$260,653			$260,653	$260,653
All Ineligible Costs	$234,221	$234,221				
Developer Fees						
Developer Fees	$871,000	$871,000	$548,647	$548,647	$322,353	$322,353
Development Reserves	$136,227	$136,227				
TOTAL DEVELOPMENT COSTS	$7,657,166	$8,179,245	$4,207,268	$4,207,268	$2,471,950	$2,471,950

Deduct from Basis:					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
TOTAL ELIGIBLE BASIS		$4,207,268	$4,207,268	$2,471,950	$2,471,950
High Cost Area Adjustment				130%	130%
TOTAL ADJUSTED BASIS		$4,207,268	$4,207,268	$3,213,536	$3,213,536
Applicable Fraction		100%	100%	100%	100%
TOTAL QUALIFIED BASIS		$4,207,268	$4,207,268	$3,213,536	$3,213,536
Applicable Percentage		3.62%	3.62%	3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS		$152,303	$152,303	$116,330	$116,330
Syndication Proceeds	**0.9699**	**$1,477,192**	**$1,477,192**	**$1,128,288**	**$1,128,288**

Total Tax Credits (Eligible Basis Method)	**$268,633**	**$268,633**
Syndication Proceeds	**$2,605,480**	**$2,605,480**
Requested Tax Credits	**$269,941**	
Syndication Proceeds	**$2,618,166**	
Gap of Syndication Proceeds Needed	**$2,451,734**	**$2,451,734**
Total Tax Credits (Gap Method)	**$252,781**	**$252,781**



JAE (Rainbow/Hunt Portfolio)

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MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 23, 2007

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for Hometowne on Bellfort, #07444.

Summary of the Transaction

Background and General Information: The application was received on June 15, 2007. The Issuer for this transaction is the Houston Housing Finance Corporation with a reservation of allocation that expires on October 29, 2007. The development proposes the new construction of 210 total units targeting the elderly population. The development is proposed for the City of Houston, Fort Bend County and 100% of the units are proposed to be restricted. There is no zoning required for the Houston area.

Organizational Structure and Compliance: The Borrower is HomeTowne on Bellfort, LP and the General Partner is Comunidad Bellfort GP, LLC, of which Comunidad Corporation has 100% ownership interest. The Compliance Status Summary completed on August 10, 2007 reveals that the principals of the general partner have a total of ten (10) properties that have been monitored with no material non-compliance. The bond priority for this transaction is:

☒ **Priority 3:** Any qualified residential rental development

Census Demographics: The development will be located at approximately the 13000 block of West Bellfort in Houston. Demographics for the census tract (6720.00) include AMFI of $68,994; the total population is 11,437; the percent of population that is minority is 61.41%; the percent of population that is below the poverty line is 6.92%; the number of owner occupied units is 1,972; the number of renter units is 2,253 and the number of vacant units is 422. The percentage of population that is minority for the entire City of Houston is 69% (Census information from FFIEC Geocoding for 2007).

Public Comment: The Department has received no letters of support or opposition.

Recommendation

Staff recommends the Board approve the issuance of a Determination Notice of $781,100 in Housing Tax Credits for Hometowne on Bellfort.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

HomeTowne on Bellfort, TDHCA Number 07444

BASIC DEVELOPMENT INFORMATION

Site Address:	13000 Block of West Bellfort			Development #:	07444
City:	Houston	Region:	6	Population Served:	Elderly
County:	Fort Bend	Zip Code:	77099	Allocation:	Urban/Exurban

HOME Set Asides: ☐ CHDO ☐ Preservation ☐ General

Purpose/Activity:

Bond Issuer: Houston HFC

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	HomeTowne on Bellfort, LP	
Owner Contact and Phone	Kenneth W. Fambro	(817) 742-1851
Developer:	Integrated Bellfort Development, LLC	
Housing General Contractor:	Integrated Construction and Development, LP	
Architect:	Gailor.Tolson.French Design Associates	
Market Analyst:	O' Connor & Associates	
Syndicator:	Red Capital Markets, Inc.	
Supportive Services:	Comunidad Corporation	
Consultant:	N/A	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	210	0	84	126	0	0	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	210
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	210
Total Development Cost:	$21,578,821
Number of Residential Buildings:	7
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$781,100	$781,100	0	0	0%
TDHCA Bond Allocation Amount:	$15,000,000	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

HomeTowne on Bellfort, TDHCA Number 07444

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Janek, District 17 NC

US Representative: Lampson, District 22, NC

TX Representative: Howard, District 26 NC

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Bill White, Mayor, City of Houston - NC

Resolution of Support from Local Government ☐

Individuals/Businesses: In Support: **0** In Opposition: **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Receipt, review, and acceptance, before Cost Certification, of certification by a qualified third party architect or engineer, that the development complies with QAP rules with regard to new construction within the 100-year floodplain.

Receipt, review, and acceptance, before closing, of a final commitment from Houston Housing and Community Development specifying terms of the HOME grant and the number and rent limits of any units subject to HOME restrictions.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

HomeTowne on Bellfort, TDHCA Number 07444

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:	Credit Amount:	$781,100
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $781,100 annually for ten years, subject to conditions.	
TDHCA Bond Issuance:	Bond Amount:	$0
Recommendation:		
HOME Activity Funds:	Loan Amount:	$0
HOME CHDO Operating Expense Grant:	Grant Amount:	$0
Recommendation:		

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/15/07 PROGRAM: HTC 4% FILE NUMBER: **07444**

DEVELOPMENT

HomeTowne on Bellfort

Location: 13000 block of West Bellfort Region: 6

City: Houston County: Fort Bend Zip: 77099 [ ] QCT [X] DDA

Key Attributes: Multifamily, New Construction, Urban/Exurban, Elderly

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$781,100			**$781,100**		

CONDITIONS

1 Receipt, review, and acceptance, before Cost Certification, of certification by a qualified third party architect or engineer, that the development complies with QAP rules with regard to new construction within the 100-year floodplain.

2 Receipt, review, and acceptance, before closing, of a final commitment from Houston Housing and Community Development specifying terms of the HOME grant and the number and rent limits of any units subject to HOME restrictions.

3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	210

PROS

- Local HOME funds will be used to target 8 units to Low HOME households.

CONS

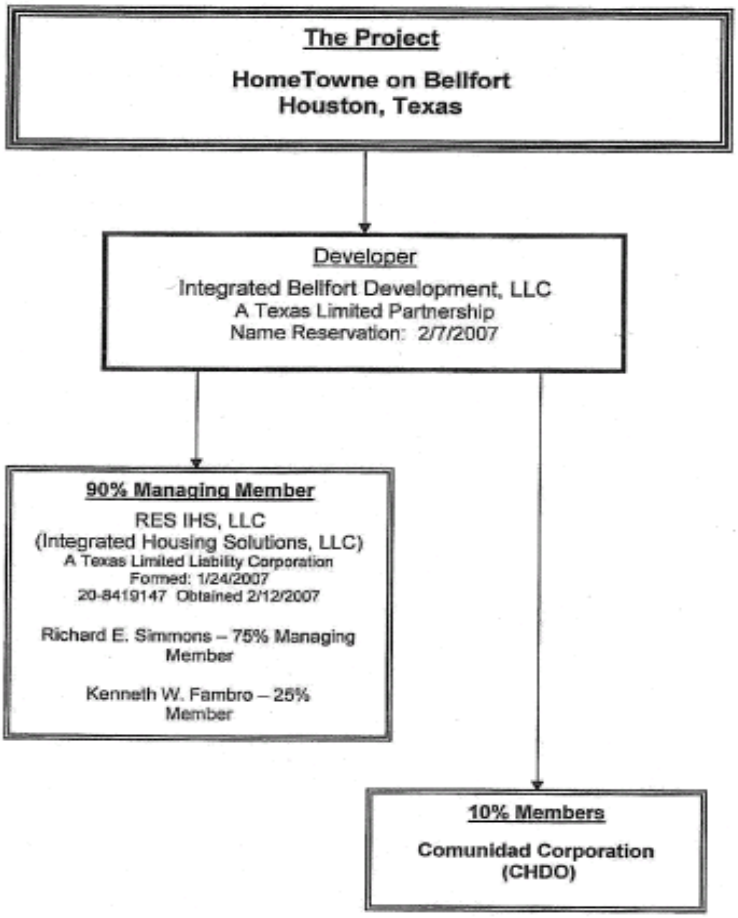
- A significant majority of the site is currently within the 100 year flood plain however the Applicant plans to conform to the Department's mitigation of flood plain requirements by raising the finished floor of the buildings one foot above the base flood elevation.
- The number of units targeting 60% households may be more than needed based upon the unit capture rate calculated by the Market Analyst.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Kenneth W. Fambro Phone: (817) 742-1851 Fax: (817) 742-1852

Email: kfambro@integratedreg.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# Completed Developments
Integrated Housing Solutions			
Integrated Construction and Development, LP	$6,607,534	$6,271,956	
Richard E. Simmons	confidential		8 completed developments
Kenneth W. Fambro	confidential		1 complete development
Communidad Corporation (CHDO)	($9,540,833)	($4,559,327)	

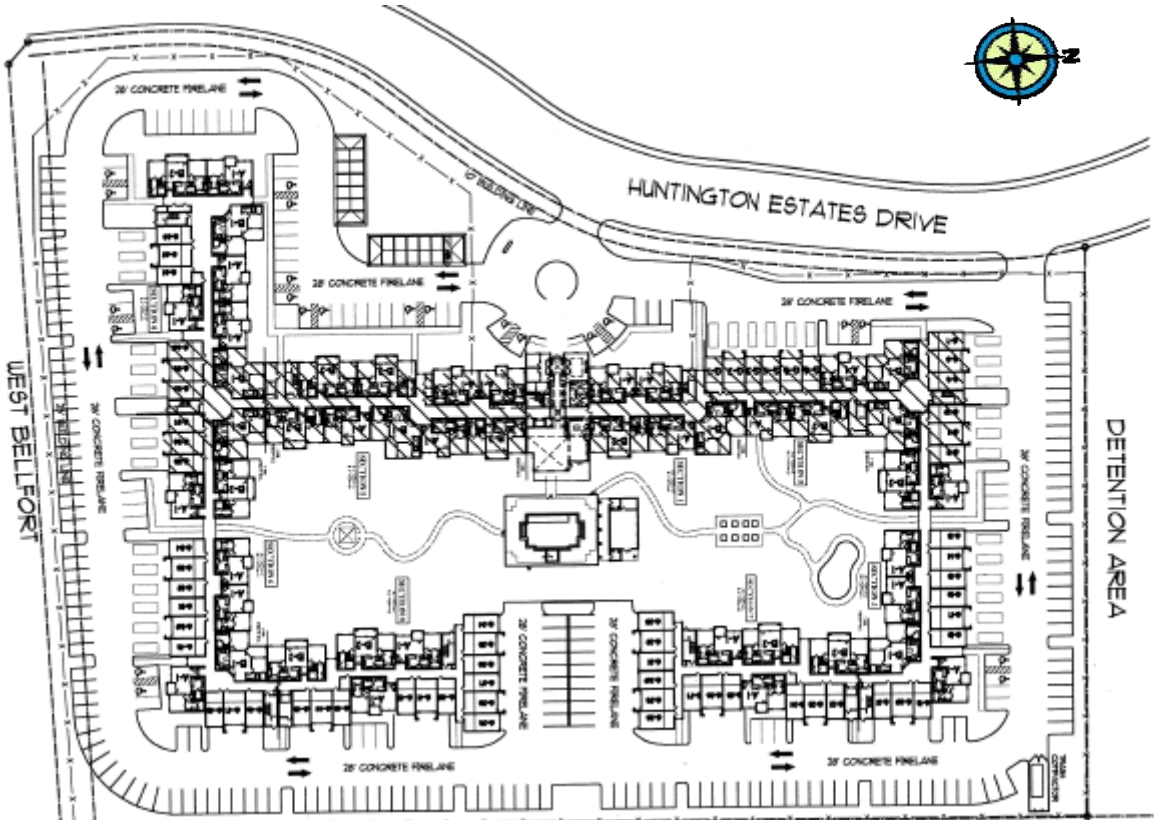
[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

The Applicant, General Contractor, Property Manager, and Supportive Services Provider are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Section	1	2	3	4	5	6	7	8			Total Buildings
Floors/Stories	4	4	4	3	3	3	3	3			
Number	1	1	1	1	1	1	1	1			**8**

BR/BA	SF	Units										Total Units	Total SF
1/1	780	12	16	8	12	12	12	6	6			84	65,520
2/2	1,028	8	20	24	22	12	12	14	14			126	129,528
Units per Building		20	36	32	34	24	24	20	20			**210**	**195,048**

SITE ISSUES

Total Size:	8.388 acres	Scattered site?	[ ]	Yes	[X]	No		
Flood Zone:	X and AE	Within 100-yr floodplain?	[X]	Yes	[ ]	No		
Zoning:	NA	Needs to be re-zoned?	[ ]	Yes	[ ]	No	[X]	N/A

Comments:

The Application indicates that the site is within a Flood Hazard Area and the development is designed as required by program rules. An existing Detention Pond is adjacent to the site to the north; the purchase contract calls for the Seller (who also owns the adjacent property) to assign to the Applicant "rights to drain into the existing pond at the rear of the property for detention." This is described in more detail below under the Title section of this report.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Date: 6/27/2007

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: Open Property East: Church, Commercial

South: W. Bellfort Ave, Single Family Residential West: Huntington Estates Dr, Multifamily

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Professional Service Industries, Inc. Date: 4/16/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- None

Comments:

"According to the April 20, 2000 FEMA map, the subject property is located in Zone AE and Zone X. Zone AE is described as areas inundated by 100-year flood, with base flood elevations determined." (p. 3)

The 2007 QAP states that "Any Development proposing New Construction located within the 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site so that all finished ground floor elevations are at least one foot above the flood plain and parking and drive areas are no lower than six inches below the floodplain". Receipt, review, and acceptance, before Cost Certification, of certification by a qualified third party architect or engineer, that the development complies with QAP rules with regard to new construction within the 100-year floodplain, will be a condition of this report.

MARKET HIGHLIGHTS

Provider: O'Connor and Associates Date: 3/25/2007

Contact: Robert O. Coe Phone: (713) 686-9955 Fax: (713) 686-8336

Number of Revisions: Date of Last Applicant Revision:

Primary Market Area (PMA): 53 square miles (4.1 miles radius)

"For the purposes of this analysis, the subject's neighborhood is generally defined as being bound by Zip Codes 77072, 77083, 77099, and 77478: Alief Clodine Road to the north; Beltway 8, Dairy Ashford Road, and Dulles Road to the east; Highways 6 and 90 to the south; and FM 1464 to the west." (p. 25) "The neighborhood is mature in nature and is experiencing generally stable property values ... Although in most instances, rental rates and occupancy levels have increased over the past decade, near future projections are for minimal increases." (p.29) "There were 7 HTC projects within the subject's primary market. The closest HTC project (Meadows Place Seniors) is located outside the PMA, and outside a two-mile radius of the subject." (p. 32) The Underwriter contacted the property manager for Meadows Place and confirmed that the property leased-up quickly in the wake of the hurricanes in 2005, and has maintained an occupancy of at least 90% throughout 2006.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS								
PMA				SMA				
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25%	Comp Units
Pinnacle on Wilcrest	04453	250	250	0	0		0	0

INCOME LIMITS						
Fort Bend						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR LH	51	12		63	5	0	8%
1BR HH	82	21		103	68	53	117%
1BR 60% AMI	119	31		150	117	53	113%
2 BR LH	20	5		25	3	0	12%
2BR HH	65	16		81	87	72	196%
2 BR 60% AMI	107	26		133	180	72	189%

It should be noted that the income band for the High HOME units with the 60% tax credit overlay is slightly larger than the pure 60% tax credit unit because the maximum rent for such units is more restrictive in this instance because the HUD fair market rent is less than the calculated rent for a High HOME unit.

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 74	21%	14,837	100%	14,837	11%	1,601	included in income-eligible		65%	1,041
Underwriter	21%	15,875	100%	15,875	18%	2,797	61%	1,713	48%	822
Underwriter HISTA alternative	21%	19,280	100%	19,280		990	included in income-eligible		48%	475
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 74	21%	517	100%	517	11%	56	included in income-eligible		100%	56
Underwriter	21%	555	100%	555	18%	74	61%	45	100%	60
Underwriter HISTA alternative		1,156		1,156		65	included in income-eligible		100%	65
DEMAND from OTHER SOURCES (Section 8 choice Vouchers)										
Market Analyst p. 73										65
Underwriter										48
Underwriter HISTA alternative										75

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 75	210	250	0	460	1,162	39.6%
Underwriter	210	250	0	460	930	49.4%
Underwriter HISTA alternative	210	250	0	460	615	74.8%

Primary Market Occupancy Rates:

There were 84 projects in the submarkets which contain the primary market area, which contained a total of 21,051 units. There are several projects within the PMA which, for property-specific reasons (such as under-construction, under-renovation, in bankruptcy, etc.) have low occupancies. The average occupancy is skewed downward due to a number of older, inferior complexes with low occupancy ... excluding the older (built pre-1985) and those mentioned above, the average occupancy was 93.92% and pre-leased to 95.63%. The overall occupancy for projects in this primary market area was 85.68% as of March 2007. Occupancy for Class B projects was higher at 88.43%." (p. 38)

Absorption Projections:

"Absorption in the subjects PMA over the past twelve quarters ending December 2006 totals 1,403 units. Absorption over the past three years has averaged +/- 117 units per quarter. Absorption has been limited due to the moderate recent construction, the high existing occupancy, and renters opting for home purchases due to the low current interest rates. Additionally, the older average age and relatively poor condition of a signifcant portion of the existing inventory has resulted in the negative absorption ... Eight complexes have been constructed in the subject's neighborhood since the end of 1999. Pinnacle on Wilcrest is a 250-unit Seniors HTC project with 50% of the units rent-restricted at 50% AMI and 50% at 60% AMI. Pinnacle ... was completed in July 2006, and is currently 73% occupied, which equates to an average absorption of 23 units per month. Manor at Jersey Villlage was reportedly completed in April 2006, and is currently 75% occupied, which equates to an average absorption of 15 units per month.

Pinnacle Apartments is a 248-unit Family PAB project reportedly completed in January 2006, and currently 92% occupied, which equates to an average absorption of 18 units per month. Meadows Place Seniors Apartments is a 182-unit Seniors HTC project reportedly completed in May 2005 and attained stabilized occupancy in December 2005, which equates to an average absorption of 24 units per month. The limited amount of new product that entered the market in 2000 through 2006 has been, or are being readily absorbed. Based on our research, most projects that are constructed in the Greater Houston area typically lease up within 12 months." (pp. 39-40) "Considering the strong absorption history of similar properties and the lack of available quality affordable units in this market, we project that the subject property will lease an average of 15-25 units per month until achieving stabilized occupancy. We anticipate that the subject property will achieve stabilized occupancy within two to three months following completion". (p. 87)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	780 SF	LH	$485	$485	$755	$485	$270
1 BR	780 SF	HH	$547	$547	$755	$547	$208
1 BR	780 SF	60%	$600	$600	$755	$600	$155
2 BR	1,028 SF	LH	$582	$582	$975	$582	$393
2 BR	1,028 SF	HH	$664	$664	$975	$664	$311
2 BR	1,028 SF	60%	$719	$719	$975	$719	$256

Market Impact:

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration." (p. 87)

Comments:

The Market Analyst calculated an inclusive capture rate of 39.6%, including the 250 units at Pinnacle on Wilcrest in the unstabilized supply. The Analyst's calculation is also based on a turnover rate of 65%, which is the IREM-reported rate for all garden-style multi-family projects in the Houston MSA. This rate undoubtedly overstates the turnover for senior projects. The Underwriter reviewed the turnover reported to TDHCA by fourteen HTC projects in the vicinity of the subject PMA, and determined an average rate of 48%. The Market Analyst's calculations are based on demographic data sourced from Claritas. Applying the lower turnover rate to the Claritas demographics yields an inclusive capture rate of 49.4%, which meets the guideline maximum of 75% for a senior development.

This section intentionally left blank.

A separate underwriting analysis was performed using HISTA Data, a second set of demographic information also provided by the Market Analyst. HISTA Data provides a report specifically designed for affordable housing analysis by providing a more detailed breakdown of households by age, income, and tenure. For the subject PMA, the HISTA Data indicated a lower number of income-eligible senior renter households, yielding a higher inclusive capture rate of 74.8%. While this rate is higher, it still meets the underwriting guideline of 75%. Both analyses indicate sufficient demand to consider the project feasible.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 7/9/2007

The Applicant's projected income is based on the maximum HTC program rents adjusted for utility allowances provided by the Houston Housing Authority. The Applicant included $20 per unit per month in secondary income from vending, late fees, forfeited deposits, etc.; underwriting guidelines allow up to $15 per unit per month for such non-rental income. The Applicant also included additional income of $50 per month rental income from 77 garages, and $15 per month from 18 carport spaces. The Underwriter requested data to support that this income would be achievable. The Market Analyst provided a list of 13 "comparable properties in the general area" that collect rent for garage space, at rates ranging from $55 per month to $85 per month (with one outlier at $125 per month).

The list does not appear to include any HTC properties, but it does include the Milan Apartments. The Milan is a family project located across the street from the subject, and it was included by the Market Analyst as a comparable property in the rent analysis. The Milan charges $65 per month per garage space. The average rate for the list (excluding the one at $125) is $72.90 per month. Based on this information, the Underwriter believes it is reasonable to expect that the Applicant can achieve $50 per space which is only 76% of the rate being achieved across the street and provides a reasonable discount for vacancy and income target. The Underwriter excluded income from the carports. Overall, the Applicant's projected effective gross income is within 1% of the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/9/2007

The Applicant's projected total annual operating expenses, at $4,153 per unit, is within 2% of the underwriting estimate of $4,243. There are, however, a number of line items that vary significantly. These include general & administrative (the Applicant's projection is $26K less than the underwriting estimate); payroll & payroll tax (the Applicant's projection is $32K higher); and property tax (the Applicant's projection is $8K higher).

Conclusion:

The Applicant's projected effective gross income, total annual operating expenses, and net operating income (NOI) are all within 5% of the underwriting estimates; therefore, the Applicant's figures will be used to determine debt capacity. The Applicant's first year NOI provides a debt coverage ratio of 1.15 based on the Applicant's projected debt service expense; this level of debt coverage is the minimum of the underwriting guideline range of 1.15 to 1.35.

Feasibility:

The Applicant's projected income, expenses, and debt service are used to create a 30-year proforma, applying a 3% growth factor to income and 4% to expenses. This underwriting analysis indicates continued positive cash flow and a debt coverage ratio that remains above 1.15; the development can therefore be considered financially feasible.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only: 8.39 acres	$314,230	Tax Year:	2007
Existing Buildings:	N / A	Valuation by:	Harris / Fort Bend CADs
Total Assessed Value:	$314,230	Tax Rate:	2.70174

EVIDENCE of PROPERTY CONTROL

Type: Commercial Contract - Unimproved Property | Acreage: 8.388

Contract Expiration: 9/3/2007 | Valid Through Board Date? [X] Yes [ ] No

Acquisition Cost: $1,553,240 | Other:

Seller: Fairfield Eldridge LP | Related to Development Team? [ ] Yes [X] No

TITLE

Comments:

Paragraph 5 of Exhibit B to the Contract states "Detention Pond: At Closing, Seller shall assign to Buyer all of Seller's right, title, and interest in and to the Drainage Easement dated October 30, 2005 … pertaining to rights to drain into the existing pond at the rear of the property for detention." It is anticipated that this will relieve some of the flooding concerns with regard tot he site though the development must still meet the floodplain mitigation guidelines of the Department.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 0 Date of Last Applicant Revision: N/A

Acquisition Value:

The acquisition cost of $1,553,240, or $185K per acre or $7,396 per unit, is assumed to be reasonable as the purchase is an arm's length transaction.

Sitework Cost:

The Applicant's projected sitework cost of $7,500 per unit does not exceed the underwriting limit of $9,000; therefore no further substantiation of this cost is required.

Direct Construction Cost:

The Applicant's projected direct construction cost of $9.4 million is 12% lower than the underwriting estimate of $10.7 million suggesting that the development cost may be significantly understated.

Ineligible Costs:

The Applicant projected a total cost of $277K for construction of garages and carports and as a result of the additional fee that is planed for these spaces correctly included this amount as an ineligible cost. The underwriting estimate for this cost is $4,700 less but is also included under ineligible costs.

Contingency & Fees:

The Applicant's projected developer fee exceeds the eligible limit by $36K; this amount was deducted and included with the Applicant's ineligible cost.

Conclusion:

The Applicant projected a total development cost of $20,320,998. The underwriting estimate of $22,004,856 is more than 5% greater; therefore, the underwriting estimate will be used to determine the need for permanent financing. The Underwriter recalculated the Applicant's eligible basis to be $17,033, 908 compared tot he Underwriter's $18,332,020. Eligible basis is increased by 30% because Fort Bend County is a costal county that has been designated a Difficult Development Area. The resulting adjusted basis supports an annual tax credit allocation of $812,688 using the Applicant recalculated basis and $874,621 using the underwriter's costs. These amounts are higher than the requested amount which will be compared to the allocation amount determined by the gap in financing to determine the recommended amount.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 6/22/2007

Issuer: Houston Housing Finance Corporation
Source: Key Bank Real Estate Capital Type: **Interim to Permanent Bond Financing**

Taxable:		Interest Rate:			Fixed	Amort:	months
Tax-Exempt:	$10,300,000	Interest Rate:	5.20%	X	Fixed	Amort: 480	months

Comments:
Term Letter from Key Bank, subject to Lender's obtaining from HUD a firm commitment for Insurance of a Mortgage Loan; terms indicate MIP premium of 0.45% in addition to loan rate of 5.2%

Source: Houston Housing and Community Development Type: **Grant**

Principal: $1,500,000 Conditions:

Comments:
Documentation provided of application for funding from HHCD only

Source: Red Capital Type: **Syndication**

Proceeds: $7,264,230 Syndication Rate: 93% Anticipated HTC: $ 781,100

Amount: $1,256,768 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:
The Underwriter's total development cost estimate less the permanent loan of $10,300,000 and a grant of $1,500,000 indicates the need for $9,778,821 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,051,486 annually would be required to fill this gap in financing. The three possible allocation amounts are:

Applicant's Requested Allocation	**$781,100**
Tax Credit Allocation Determined by Eligible Basis	$874,621
Tax Credit Allocation Determined by Gap in Financing	$1,051,486

The Applicant's requested allocation of $781,100 is recommended. An annual allocation in this amount for ten years results in total proceeds of $7,264,230 at a syndication rate of 93%. The recommended financing structure indicates the need for an additional $2,514,591 in permanent financing. Deferred Developer Fees in this amount appear to be repayable from operating cash flow in more than ten but less than fifteen years. The local HOME funds are a critical component of this development since without them the development would not be financially feasible. Therefore receipt, review, and acceptance, before closing, of a final commitment from Houston Housing and Community Development specifying terms of the HOME grant and the number and rent limits of any units subject to HOME restrictions is a condition of this report.

Underwriter: *Thomas Cavanagh* Date: August 15, 2007

Director of Real Estate Analysis: *Tom Gouris* Date: August 15, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

HomeTowne on Bellfort, Houston, HTC 4% #07444

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC60%LH	5	1	1	780	$571	$485	$2,425	$0.62	$86.00	$38.00
TC60%HH	15	1	1	780	$633	547	8,205	0.70	86.00	38.00
TC 60%	64	1	1	780	$686	600	38,400	0.77	86.00	38.00
TC60%LH	3	2	2	1,028	$686	582	1,746	0.57	104.00	41.00
TC60%HH	15	2	2	1,028	$768	664	9,960	0.65	104.00	41.00
TC 60%	108	2	2	1,028	$823	719	77,652	0.70	104.00	41.00
TOTAL:	210		**AVERAGE:**	929		$659	$138,388	$0.71	$96.80	$39.80

INCOME	Total Net Rentable Sq Ft: 195,048			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$1,660,656	$1,660,656	Fort Bend	Houston	6
2nd Income: vending, late fees, deposits	Per Unit Per Month:	$15.00		37,800	50,400	$20.00	Per Unit Per Month	
Other Income: 14 carports & 63 garages				46,200	49,440	$19.62	Per Unit Per Month	
POTENTIAL GROSS INCOME				$1,744,656	$1,760,496			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(130,849)	(132,036)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$1,613,807	$1,628,460			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.22%	$401	0.43	$84,298	$57,900	$0.30	$276	3.56%
Management	4.00%	307	0.33	64,552	65,138	0.33	310	4.00%
Payroll & Payroll Tax	12.70%	976	1.05	205,002	237,010	1.22	1,129	14.55%
Repairs & Maintenance	5.47%	420	0.45	88,216	88,380	0.45	421	5.43%
Utilities	3.78%	290	0.31	60,984	46,200	0.24	220	2.84%
Water, Sewer, & Trash	4.37%	336	0.36	70,563	59,100	0.30	281	3.63%
Property Insurance	3.60%	277	0.30	58,117	55,350	0.28	264	3.40%
Property Tax 2.70174	11.60%	892	0.96	187,231	182,818	0.94	871	11.23%
Reserve for Replacements	3.25%	250	0.27	52,500	60,690	0.31	289	3.73%
TDHCA Compliance Fees	0.52%	40	0.04	8,400	8,400	0.04	40	0.52%
Other: supportive services	0.68%	53	0.06	11,050	11,050	0.06	53	0.68%
TOTAL EXPENSES	55.21%	$4,242	$4.57	$890,913	$872,036	$4.47	$4,153	53.55%
NET OPERATING INC	44.79%	$3,442	$3.71	$722,894	$756,424	$3.88	$3,602	46.45%
DEBT SERVICE								
KeyBank	37.95%	$2,916	$3.14	$612,459	$658,809	$3.38	$3,137	40.46%
Houston HCD	0.00%	$0	$0.00	0		$0.00	$0	0.00%
MIP	2.87%	$221	$0.24	46,350		$0.00	$0	0.00%
NET CASH FLOW	3.97%	$305	$0.33	$64,084	$97,615	$0.50	$465	5.99%
AGGREGATE DEBT COVERAGE RATIO				1.10	1.15			
RECOMMENDED DEBT COVERAGE RATIO					1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		7.20%	$7,396	$7.96	$1,553,240	$1,553,240	$7.96	$7,396	7.64%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.30%	7,500	8.07	1,575,000	1,575,000	8.07	7,500	7.75%
Direct Construction		49.48%	50,842	54.74	10,676,851	9,414,328	48.27	44,830	46.33%
Contingency	4.48%	2.55%	2,615	2.82	549,200	549,200	2.82	2,615	2.70%
Contractor's Fees	12.55%	7.13%	7,323	7.88	1,537,760	1,537,760	7.88	7,323	7.57%
Indirect Construction		3.90%	4,007	4.31	841,483	841,483	4.31	4,007	4.14%
Ineligible Costs		5.34%	5,485	5.91	1,151,923	1,156,623	5.93	5,508	5.69%
Developer's Fees	14.04%	10.46%	10,750	11.57	2,257,403	2,257,403	11.57	10,750	11.11%
Interim Financing		4.14%	4,259	4.59	894,323	894,323	4.59	4,259	4.40%
Reserves		2.51%	2,579	2.78	541,638	541,638	2.78	2,579	2.67%
TOTAL COST		100.00%	$102,756	$110.63	$21,578,821	$20,320,998	$104.18	$96,767	100.00%
Construction Cost Recap		*66.45%*	***$68,280***	***$73.51***	***$14,338,811***	***$13,076,288***	***$67.04***	***$62,268***	*64.35%*

SOURCES OF FUNDS						RECOMMENDED	
KeyBank	47.73%	$49,048	$52.81	$10,300,000	$10,300,000	$10,300,000	Developer Fee Available
Houston HCD	6.95%	$7,143	$7.69	1,500,000	1,500,000	1,500,000	$2,257,403
Red Capital	33.66%	$34,592	$37.24	7,264,230	7,264,230	7,264,230	% of Dev. Fee Deferred
Deferred Developer Fees	5.82%	$5,985	$6.44	1,256,768	1,256,768	2,514,591	111%
Additional (Excess) Funds Req'd	5.83%	$5,990	$6.45	1,257,823	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$21,578,821	$20,320,998	$21,578,821	$3,006,910

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

HomeTowne on Bellfort, Houston, HTC 4% #07444

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$53.73	$10,479,004
Adjustments				
Exterior Wall Finish	5.20%		$2.79	$544,908
Elderly	3.00%		1.61	314,370
9-Ft. Ceilings	3.65%		1.96	382,484
Carports	10.15	2,700	0.14	27,405
Subfloor			(0.73)	(141,697)
Floor Cover			2.43	473,967
Breezeways/Balconies	$22.32	59,037	6.76	1,317,795
Plumbing Fixtures	$805	378	1.56	304,290
Rough-ins	$400	126	0.26	50,400
Built-In Appliances	$1,850	210	1.99	388,500
Exterior Stairs	$1,800	23	0.21	41,400
Elevators	$54,600	5	1.40	273,000
Heating/Cooling			1.90	370,591
Garages	$23.18	15,400	1.83	356,958
Comm &/or Aux Bldgs	$53.73	5,787	1.59	310,908
Other: fire sprinkler	$0.00	195,048	0.00	0
SUBTOTAL			79.44	15,494,283
Current Cost Multiplier	0.98		(1.59)	(309,886)
Local Multiplier	0.89		(8.74)	(1,704,371)
TOTAL DIRECT CONSTRUCTION COSTS			$69.11	$13,480,026
Plans, specs, survy, bld prm	3.90%		($2.70)	($525,721)
Interim Construction Interes	3.38%		(2.33)	(454,951)
Contractor's OH & Profit	11.50%		(7.95)	(1,550,203)
NET DIRECT CONSTRUCTION COSTS			$56.14	$10,949,151

PAYMENT COMPUTATION

Primary	$10,300,000	Amort	480
Int Rate	5.20%	DCR	1.18
Secondary	$1,500,000	Amort	
Int Rate		Subtotal DCR	1.18
Additional		Amort	
Int Rate		Aggregate DCR	1.10

RECOMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	$612,459
Secondary Debt Service	0
Mortgage Ins Premium (0.45%)	46,350
NET CASH FLOW	$97,615

Primary	$10,300,000	Amort	480
Int Rate	5.20%	DCR	1.24
Secondary	$1,500,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.24
Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$1,660,656	$1,710,476	$1,761,790	$1,814,644	$1,869,083	$2,166,779	$2,511,891	$2,911,970	$3,913,445
Secondary Income	50,400	51,912	53,469	55,073	56,726	65,761	76,235	88,377	118,771
Other Income: 14 carports & 63	49,440	50,923	52,451	54,024	55,645	64,508	74,782	86,693	116,509
POTENTIAL GROSS INCOME	1,760,496	1,813,311	1,867,710	1,923,742	1,981,454	2,297,048	2,662,908	3,087,040	4,148,724
Vacancy & Collection Loss	(132,036)	(135,998)	(140,078)	(144,281)	(148,609)	(172,279)	(199,718)	(231,528)	(311,154)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$1,628,460	$1,677,313	$1,727,632	$1,779,461	$1,832,845	$2,124,769	$2,463,190	$2,855,512	$3,837,570
EXPENSES at 4.00%									
General & Administrative	$57,900	$60,216	$62,625	$65,130	$67,735	$82,410	$100,264	$121,987	$180,570
Management	65,138	67,092	69,105	71,178	73,313	84,990	98,527	114,220	153,502
Payroll & Payroll Tax	237,010	246,490	256,350	266,604	277,268	337,339	410,425	499,344	739,152
Repairs & Maintenance	88,380	91,915	95,592	99,415	103,392	125,792	153,046	186,203	275,626
Utilities	46,200	48,048	49,970	51,969	54,047	65,757	80,003	97,336	144,082
Water, Sewer & Trash	59,100	61,464	63,923	66,479	69,139	84,118	102,342	124,515	184,312
Insurance	55,350	57,564	59,867	62,261	64,752	78,780	95,848	116,614	172,617
Property Tax	182,818	190,131	197,736	205,645	213,871	260,207	316,582	385,170	570,146
Reserve for Replacements	60,690	63,118	65,642	68,268	70,999	86,381	105,095	127,865	189,271
Other	19,450	20,228	21,037	21,879	22,754	27,683	33,681	40,978	60,658
TOTAL EXPENSES	$872,036	$906,266	$941,846	$978,829	$1,017,270	$1,233,458	$1,495,813	$1,814,232	$2,669,935
NET OPERATING INCOME	$756,424	$771,047	$785,786	$800,632	$815,575	$891,312	$967,377	$1,041,280	$1,167,634
DEBT SERVICE									
First Lien Financing	$612,459	$612,459	$612,459	$612,459	$612,459	$612,459	$612,459	$612,459	$612,459
Second Lien	0	0	0	0	0	0	0	0	0
MIP Premium	46,350	45,996	45,623	45,230	44,816	42,345	39,129	34,942	29,492
NET CASH FLOW	$97,615	$112,592	$127,704	$142,943	$158,300	$236,507	$315,788	$393,879	$525,683
DEBT COVERAGE RATIO	1.15	1.17	1.19	1.22	1.24	1.36	1.48	1.61	1.82

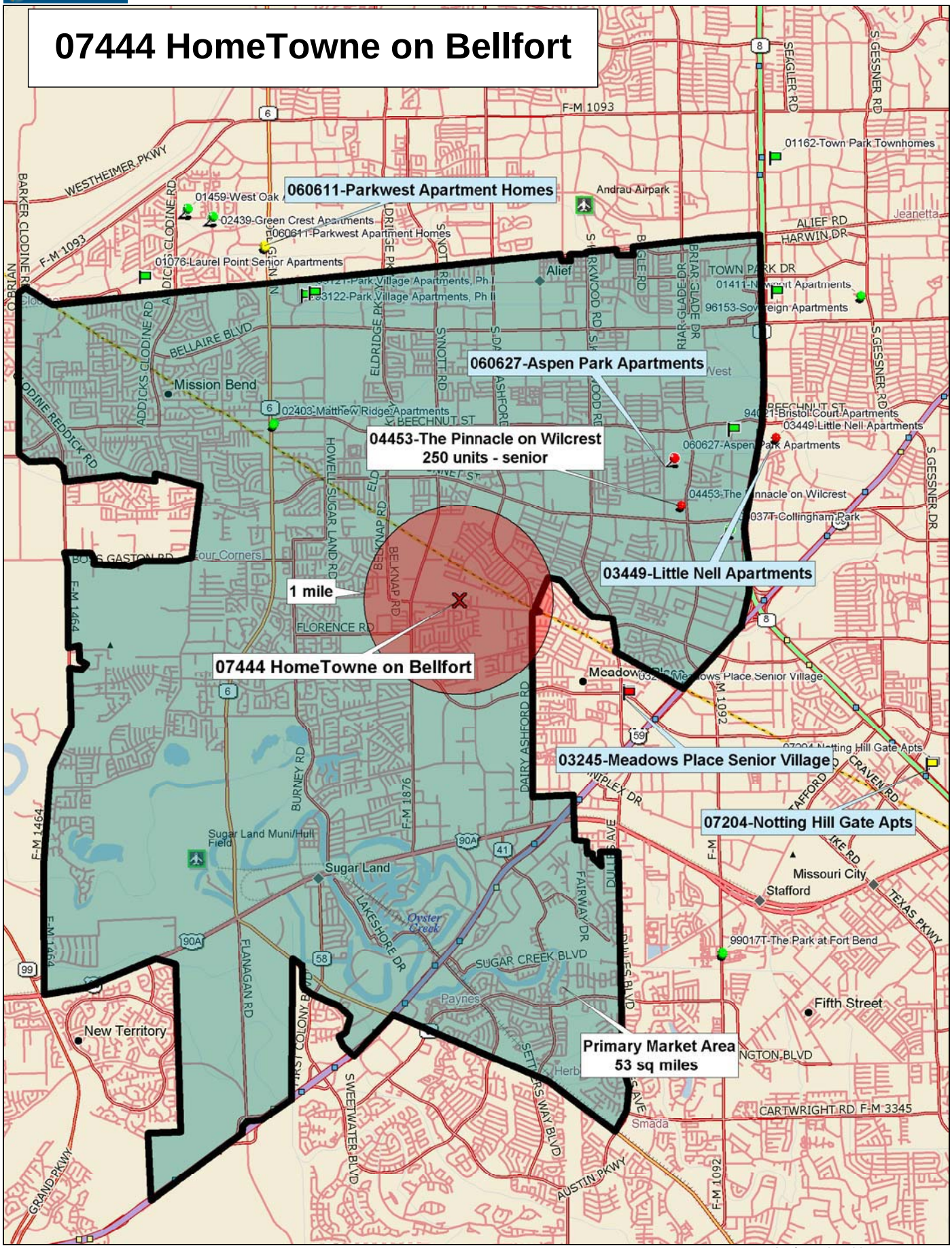
HTC ALLOCATION ANALYSIS -HomeTowne on Bellfort, Houston, HTC 4% #07444

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,553,240	$1,553,240		
Purchase of buildings				
Off-Site Improvements				
Sitework	$1,575,000	$1,575,000	$1,575,000	$1,575,000
Construction Hard Costs	$9,414,328	$10,676,851	$9,414,328	$10,676,851
Contractor Fees	$1,537,760	$1,537,760	$1,537,760	$1,537,760
Contingencies	$549,200	$549,200	$549,200	$549,200
Eligible Indirect Fees	$841,483	$841,483	$841,483	$841,483
Eligible Financing Fees	$894,323	$894,323	$894,323	$894,323
All Ineligible Costs	$1,156,623	$1,151,923		
Developer Fees			$2,221,814	
Developer Fees	$2,257,403	$2,257,403		$2,257,403
Development Reserves	$541,638	$541,638		
TOTAL DEVELOPMENT COSTS	$20,320,998	$21,578,821	$17,033,908	$18,332,020

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$17,033,908	$18,332,020
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$22,144,081	$23,831,627
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$22,144,081	$23,831,627
Applicable Percentage		3.67%	3.67%
TOTAL AMOUNT OF TAX CREDITS		$812,688	$874,621

Syndication Proceeds	**0.9300**	**$7,557,996**	**$8,133,972**
Total Tax Credits (Eligible Basis Method)		**$812,688**	**$874,621**
Syndication Proceeds		**$7,557,996**	**$8,133,972**
Requested Tax Credits		**$781,100**	
Syndication Proceeds		**$7,264,230**	
Gap of Syndication Proceeds Needed			**$9,778,821**
Total Tax Credits (Gap Method)			**$1,051,486**

07444 HomeTowne on Bellfort



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1" = 1.38 mi

Data Zoom 11-2

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
August 23, 2007

Action Item

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits associated with Mortgage Revenue Bond Transactions with other Issuers.

Requested Action

Approve, Amend or Deny the staff recommendation for The Villas at Shaver, #07435.

Summary of the Transaction

Background and General Information: The application was received on May 2, 2007. The Issuer for this transaction is Southeast Texas HFC with a reservation of allocation that expires on September 28, 2007. The development proposes the new construction of 240 total units targeting the general population. The development is proposed for the City of Pasadena, Harris County and 100% of the units are proposed to be restricted. There is no zoning required for the City of Pasadena.

Organizational Structure and Compliance: The Borrower is The Villas at Shaver, LP and the General Partner is The Villas at Shaver GP, LLC, of which Terra Marquis, LLC has 100% ownership interest. The Compliance Status Summary completed on August 10, 2007 reveals that the principals of the general partner have no properties that have been monitored by the Department. The bond priority for this transaction is:

☒ **Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits

Census Demographics: The development is to be located at approximately 3301 S. Shaver Rd. in Pasadena. Demographics for the census tract (3235) include AMFI of $34,816; the total population is 4,965; the percent of population that is minority is 61.31%; the percent of population that is below the poverty line is 32.75%; the number of owner occupied units is 485; the number of renter units is 1,144 and the number of vacant units is 238. The percentage of population that is minority for the entire City of Pasadena is 53% (Census information from FFIEC Geocoding for 2007).

Public Comment: The Department has received no letters of support or opposition.

Recommendation

Staff recommends the Board approve the issuance of a Determination Notice of $1,138,094 in Housing Tax Credits for The Villas at Shaver.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

The Villas at Shaver, TDHCA Number 07435

BASIC DEVELOPMENT INFORMATION

Site Address:	3301 S. Shaver Road			Development #:	07435
City:	Pasadena	Region:	6	Population Served:	Family
County:	Harris	Zip Code:	77504	Allocation:	Urban/Exurban
HOME Set Asides:	☐ CHDO ☐ Preservation ☐ General			Purpose/Activity:	NC
Bond Issuer:	Southeast Texas HFC				

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner:	The Villas at Shaver, LP	
Owner Contact and Phone	Uwe Nahuina	(512) 963-1363
Developer:	The Villas at Shaver, LP	
Housing General Contractor:	Xpert Design & Construction	
Architect:	Weber Group, Inc.	
Market Analyst:	Apartment Market Data Research Services, Inc.	
Syndicator:	MMA Financial	
Supportive Services:	Capstone	
Consultant:	Not Utilized	

UNIT/BUILDING INFORMATION

30%	40%	50%	60%	Eff	1 BR	2 BR	3 BR	4 BR	5 BR
0	0	0	240	0	12	132	96	0	0

Type of Building:

☐ Duplex
☐ Triplex
☐ Fourplex
☑ 4 units or more per building
☐ Detached Residence
☐ Single Room Occupancy
☐ Transitional
☐ Townhome

Total Restricted Units:	240
Market Rate Units:	0
Owner/Employee Units:	0
Total Development Units:	240
Total Development Cost:	$27,644,460
Number of Residential Buildings:	10
HOME High Total Units:	0
HOME Low Total Units:	0

Note: If Development Cost =$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	Applicant Request	Department Analysis	Amort	Term	Rate
4% Housing Tax Credits with Bonds:	$1,138,094	$1,138,094	0	0	0%
TDHCA Bond Allocation Amount:	$15,000,000	$0	0	0	0%
HOME Activity Fund Amount:	$0	$0	0	0	0%
HOME CHDO Operating Grant Amount:	$0	$0			

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

The Villas at Shaver, TDHCA Number 07435

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Gallegos, District 6

US Representative: Green, District 29,

TX Representative: Eiland, District 23

US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: John Manlove, Mayor, City of Pasadena - NC

Resolution of Support from Local Government ☐

Individuals/Businesses: In Support: **0** In Opposition: **0**

Neighborhood Input:

General Summary of Comment:

The Department has received no letters of support and no letters of opposition.

CONDITIONS OF COMMITMENT

Receipt review and acceptance of a properly completed off-sitework cost breakdown.

Receipt review and acceptance of a properly completed sitework cost breakdown and revised CPA certification referencing such a more detailed cost estimate.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit and or allocation amount may be warranted.

MULTIFAMILY FINANCE PRODUCTION DIVISION

August 23, 2007

Development Information, Public Input and Board Summary

The Villas at Shaver, TDHCA Number 07435

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

4% Housing Tax Credits:		Credit Amount:	$1,138,094
Recommendation:	Recommend approval of a Housing Tax Credit Allocation not to exceed $1,138,094 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:		Bond Amount:	$0
Recommendation:			
HOME Activity Funds:		Loan Amount:	$0
HOME CHDO Operating Expense Grant:		Grant Amount:	$0
Recommendation:			

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Real Estate Analysis Division
Underwriting Report

REPORT DATE: 08/15/07 PROGRAM: 4% HTC FILE NUMBER: **07435**

DEVELOPMENT

The Villas at Shaver

Location: 3301 South Shaver Road Region: 6

City: Pasadena County: Harris Zip: 77504 [X] QCT [ ] DDA

Key Attributes: Multifamily, Family, Urban/Exurban, New Construction

ALLOCATION

	REQUEST			**RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Tax Credit (Annual)	$1,138,094			**$1,138,094**		

CONDITIONS

1 Receipt review and acceptance of a properly completed off-sitework cost breakdown.
2 Receipt review and acceptance of a properly completed sitework cost breakdown and revised CPA certification referencing such a more detailed cost estimate.
3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	240

PROS

* The development will provide 240 new affordable units in the Southeast Houston MSA.

CONS

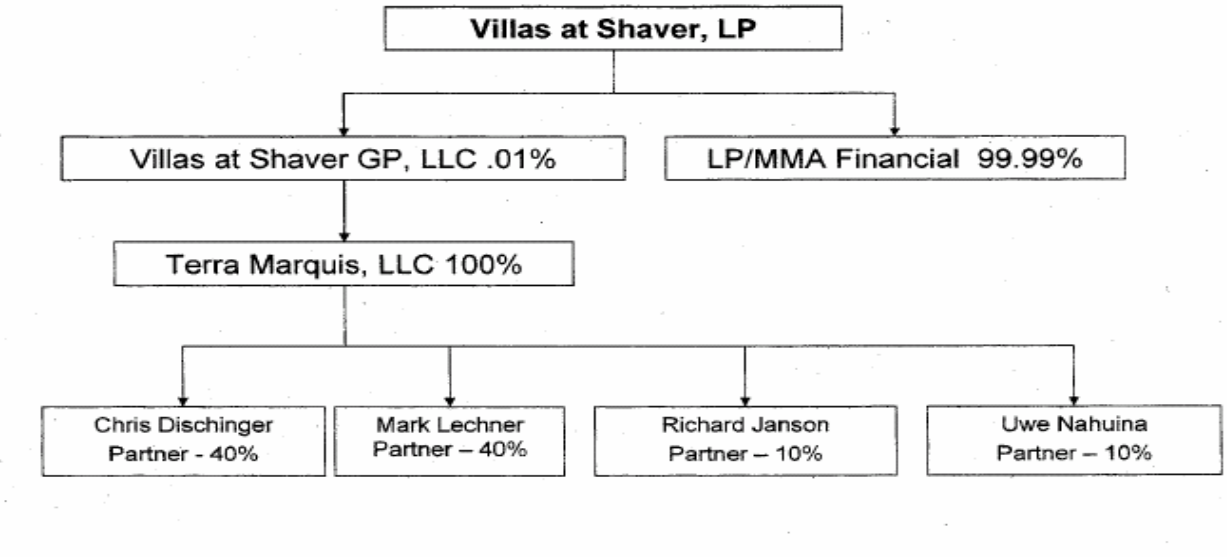
- Repayment of developer fee is projected by the Underwriter to exceed 10 years but be within 15 years.
- The Underwriter's projected debt service would result in the reduction of bonds in the amount of $716,490.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Uwe Nahuina Phone: (512) 963-1363 Fax: (512) 260-8855
Email: akamaitexas@austin.rr.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity[1]	# Completed Developments
Chris Dischinger	Confidential	Confidential	2
Mark Lechner	Confidential	Confidential	2
Richard Janson	Confidential	Confidential	2
Uwe Nahuina	Confidential	Confidential	2

[1] Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- The Applicant, Developer, and General Contractor are related entities. These are common relationships for HTC-funded developments.

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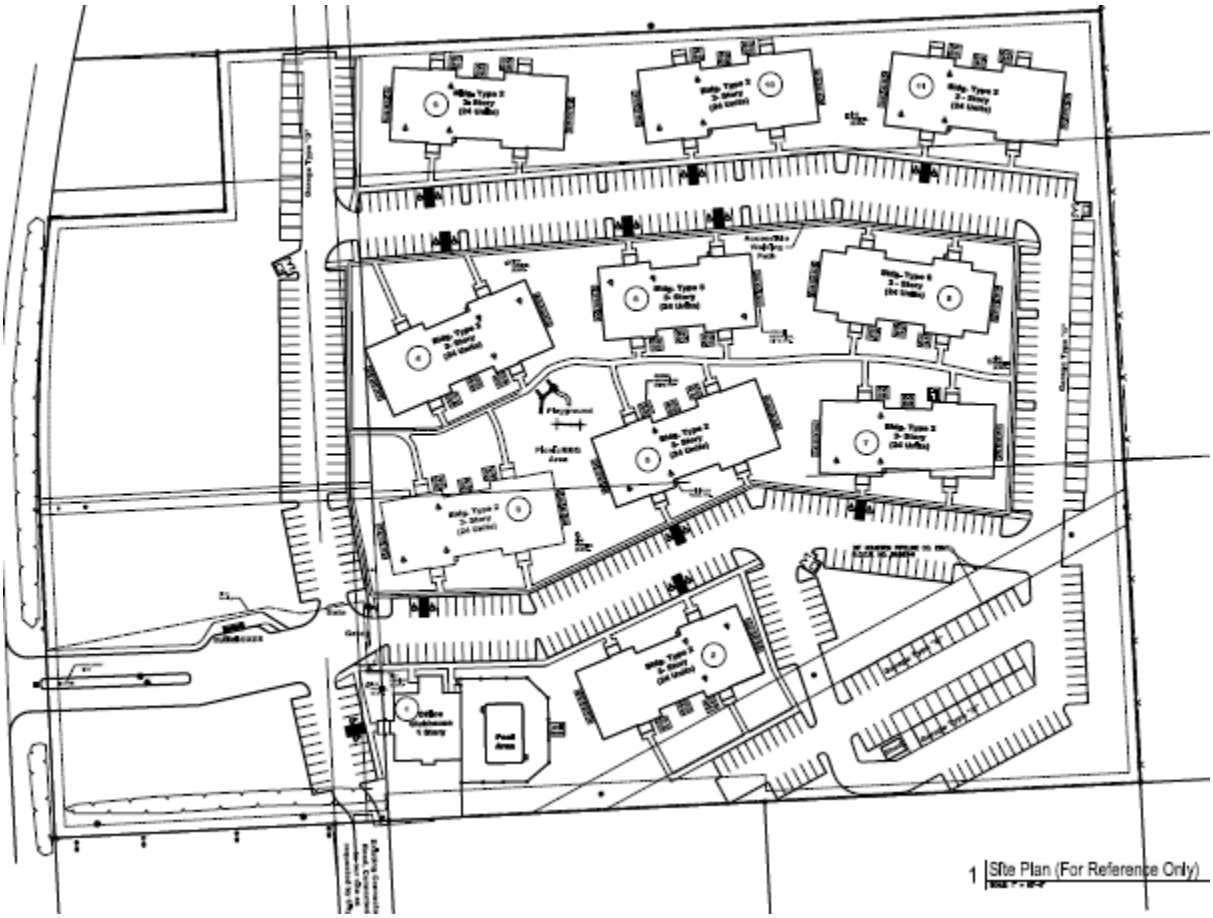
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	2	5	6								Total Buildings
Floors/Stories	3	3	3								
Number	8	1	1								**10**

BR/BA	SF	Units									Total Units	Total SF
1/1	786		12								12	9,432
2/2	1,007	12	12	24							132	132,924
3/2	1,106	12									96	106,176
Units per Building		24	24	24							**240**	**248,532**

SITE ISSUES

Total Size:	15.99 acres	Scattered site?	[ ] Yes	[X] No		
Flood Zone:	X	Within 100-yr floodplain?	[ ] Yes	[X] No		
Zoning:	No Zoning	Needs to be re-zoned?	[ ] Yes	[ ] No	[X] N/A	

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 2/23/2007

Overall Assessment:

☐ Excellent ☒ Acceptable ☐ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: retail business immediately adjacent and a warehouse building beyond

South: apartment development immediately adjacent and Vista Road beyond

East: residential housing and self-storage warehouse immediately adjacent and Westside Drive beyond

West: Shaver Street immediately adjacent and shopping center beyond

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: ECS - TEXAS, LLP Date: 1/19/2007

Recognized Environmental Concerns (RECs) and Other Concerns:

- "This assessment has revealed no evidence of recognized environmental conditions in connection with the property except:
  The documented release from the former Hi Lo located on adjacent property southwest of the site across Vista Road. Groundwater has been impacted and the responsible party has been identified Assessment activities have not been conducted since 1998 and remedial efforts have been abandoned." (p. 27)
- On March 12, 2007 a Phase II Environmental Site Assessment was performed and provided the following information.

  "ECS collected four soil samples and three groundwater samples to determine if the site has been impacted by a former leaking underground storage tank (LUST) located southwest of site. Total Inductively Coupled Plasma (ICP) Metals were identified however, were not above action levels or the quantitative identification criteria. Laboratory analysis of the soil and groundwater samples did not detect targeted compounds above laboratory quantitation limits. No further assessment is required at this time." (p.4)

MARKET HIGHLIGHTS

Provider: Apartment MarketData, LLC Date: 1/20/2007

Contact: Darrell G. Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 20.5 square feet (2.6 miles radius)

"The boundaries of the PMA are Southmore Avenue to the north, Beltway 8 to the east and south, and Galveston Road to the west." (p. 30)

Secondary Market Area (SMA):

A secondary market was not identified in the Market Study.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units 25%
None	0		0	N/A			

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	$25,620	$29,280	$32,940	$36,600	$39,540	$42,480

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/ 60% Rent Limit	329	1	0	330	12	0	3.6%
2 BR/ 60% Rent Limit	242	-2	0	240	132	0	55.0%
3 BR/ 60% Rent Limit	243	0	0	243	96	0	39.5%

OVERALL DEMAND										
	Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER										
Market Analyst p. 55	100%	33,051	92%	30,456	included in Tenure%		12%	3,761	64%	2,422
Underwriter	100%	32,746	92%	30,176	20%	5,981	57%	3,433	64%	2,211
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 55			92%	1,526	included in Tenure%		12%	188	100%	47
Underwriter			92%	77	20%	14	57%	8	100%	8

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 56	240	0	0	240	2,466	9.73%
Underwriter	240	0	0	240	2,219	10.82%

Primary Market Occupancy Rates:

"Existing affordable housing projects have an overall occupancy of 91.7%. The only affordable project built in the last three decades, Windsor Gardens (2003), is 97.9% occupied. This demonstrates that the demand for new affordable rental housing is high, and that there is a shortage of affordable housing in this market." (p. 99)

Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction." (p. 99)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 786 SF 60%	$605	621	$685	621	$64
1 BR 1,007 SF 60%	$709	725	$850	725	$125
1 BR 1,106 SF 60%	$804	820	$1,040	820	$220

Market Impact:

"The Villas at Shaver, in comparison to its proposed competition, is well positioned in regards to unit types, sizes, and rental rates. The "base rent" (street asking rate) for each unit type is significantly lower than comparable market projects. It is thus identified as affordable when compared to the overall market. Additionally, the subject property would be newer than many of the competing projects, and because it would be much more desirable to prospective renters, it would have a much greater perceived value in the eyes of prospective renters who would be comparing it with existing competitors." (p. 99)

Comments:

The Department commissioned a market study for the Houston-Baytown-Sugar Land Metropolitan Statistical Area (MSA). The proposed development is located in the Pasadena/Deer Park submarket within the Houston MSA. According to the Department market study; there are -55 units of demand for one-bedroom units at the 60% income level; -76 units of demand for two-bedroom units at the 60% income level; and -39 units of demand for three-bedroom units at the 60% income level (p. III-824) This information is inconsistent with the demand conclusions of the market study submitted with the Application.

The market analyst submitted additional information within the Market Study to support the original demand conclusions which are as follows: "The first issue the reader of this market study must understand is that the Vogt, Williams & Bowen report does not conform to the TDHCA's - 2006 Real Estate Analysis Rules and Guidelines for a market study in either size of the Primary Trade Area or Demand Methodology. The "Pasadena/Deer Park" submarket of the Vogt report contains a reported 216,749 people. This is 2.16 times the maximum population allowable for a market study (100,000 max. population); and encompasses an area of 109 square miles.

This makes the conclusions of the Vogt report too general for a specific site within the study area. Additionally, the demand methodology of the Vogt report only uses two components of demand. Per the report, it only assesses "new income-appropriate household growth and replacement or renovation of existing product" (page III-582). The demand justification for an "affordable" project relies largely upon income qualified households already living within the Primary Trade Area. When underwriting, TDHCA uses as much as 98% of the demand from income qualified households already living within the study area. Applying the demographic information provided in the Vogt report to the TDHCA's capture rate analysis, we come to a similar conclusion.

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 7/10/2007

The Applicant's rent projections are significantly lower than the maximum rents allowed under HTC guidelines, reflecting the Applicant's desire to maintain the affordability of the units. The Underwriter's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of August 2002, maintained by the City of Pasadena Housing Assistance Office, from the 2007 program gross rent limits. Tenants will be required to pay for electricity.

In addition to secondary income from normal operation, the Applicant projects income from garages and carports at $100 per garage per month for 65 garages and $25 per carport for 50 carports. While the Applicant did deduct the cost for construction of these optional amenities from eligible basis, they did not provide support for rent for such additional rent in a somewhat soft rental market. Traditionally the Department has not accepted carport income and has heavily discounted garage rental income. Given that the Applicant maximized other secondary income and provided no support for garage rental income, the underwriting analysis assumes only the maximum of $20 per unit per month in secondary income from normal operation.

The Applicant's vacancy and collection loss assumption is in line with 2007 underwriting guidelines and their effective gross income assumption is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: 1 Date of Last Applicant Revision: 7/10/2007

The Applicant's total annual operating expense projection at $4,084 per unit is within 5% of the Underwriter's estimate of $4,227, derived from the TDHCA database. However, the Applicant's budget shows a line item estimate that differs significantly from the Underwriter's estimate; particularly: general & administrative (the Applicant's estimate is $31.9K lower than the Underwriter's).

Conclusion:

The Applicant's estimated effective gross income is within 5% of the Underwriter's estimates, but the estimate for total net operating income differ by more than 5%. Therefore, the Underwriter's NOI estimate will be used to determine the project's debt capacity. The first year proforma and annual debt service of $965,406 indicate a debt coverage ratio (DCR) of 1.09. The proforma and estimated debt service result in a debt coverage ratio (DCR) below the current underwriting minimum guideline of 1.15. Therefore, the recommended financing structure reflects a decrease in the permanent mortgage based on the interest rate and amortization period indicated in the permanent financing documentation submitted at application. This is discussed in more detail in the conclusion to the "Financing Structure Analysis" section (below).

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land:	15.99 acres	$435,501	Tax Year:	2007
Tax Rate:		3.048635	Valuation by:	Harris CAD

EVIDENCE of PROPERTY CONTROL

Type: Unimproved commercial property contract Acreage: 15.99

Contract Expiration: 8/28/2007 Valid Through Board Date? [X] Yes [ ] No

Acquisition Cost: $1,943,725 Other:

Seller: Quincy A. James Related to Development Team? [ ] Yes [X] No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 Date of Last Applicant Revision: 5/2/2007

Acquisition Value:

The site cost of $121,559 per acre or $8,099 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Cost:

The Applicant claimed off-site costs of $131,858 for off site utilities and provided sufficient third party certification by Donald J. Weber, a registered architect, to justify these costs. It is not clear, however, what exactly these costs are based upon since there is only one lump sum amount listed on the certification and instead of itemizing the costs estimate the architect simply included a single label of "off Site Utilities". Receipt review and acceptance of a properly completed offsite cost breakdown is a condition of this report.

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Sitework Cost:

The Applicant claimed sitework costs over the Department's maximum guideline of $9,000 per unit and provided a certification from the architect of the limited breakdown of numbers included in the development cost budget. The applicant further provided a certification from the Applicant's CPA, Dauby O'Connor & Zaleski, LLC, to preliminarily opine that all of the total $2,629,363 will be considered eligible. The CPA has not indicated that this opinion of eligibility has taken into account the effect of the IRS Technical Advisory Memorandums on the eligibility of sitework costs. Moreover, the letter was attached to the architects certification estimate which included no details of the line item estimates and general labels such as the $1,110,388 for "Excavation & roadway work".

While it is far from clear as to what exactly this item is trying to describe, roadways are typically not part of eligible basis because they are ultimately turned over to local authorities for maintenance. Even if the intention for this line item is driveways and parking within the site, it should be split out from excavation and the estimated measurement of each along with more detailed measures of all of the other sitework costs are required when the sitework cost estimate exceeds the safe harbor threshold. Receipt review and acceptance of a properly completed sitework cost breakdown and revised CPA certification referencing such a more detailed cost estimate is a condition of this report.

Direct Construction Cost:

The Applicant's direct construction cost estimate is $842K or 6.7% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of $24,385,987 supports annual tax credits of $1,147,605. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 5/2/2007

Issuer:	Southeast Texas HFC						
Source:	MMA Financial			Type:	**Interim to Permanent Bond Financing**		
Taxable:	$15,000,000	Interest Rate:	5.80%	[X] Fixed	Amort:	480	months
Source:	MMA Financial			Type:	**Syndication**		
Proceeds:	$10,931,515	Syndication Rate:	98%	Anticipated HTC:	$	1,138,813	
Amount:	$1,712,946			Type:	**Deferred Developer Fees**		

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio of 1.09 which is below the Department's minimum guideline of 1.15. Moreover, the Lenders commitment reflects a minimum DCR of 1.12. Therefore it is likely based upon the underwriter's analysis that the ultimate tax-exempt bond debt will be reduced. The current underwriting analysis assumes a decrease in the permanent loan amount to $14,283,510 based on the terms reflected in the application materials.

The Applicant's total development cost estimate less the permanent loan of $14,283,510 indicates the need for $13,360,950 in gap funds. Based on the submitted syndication terms, a tax credit allocation of $1,391,904 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request ($1,138,094), the gap-driven amount ($1,391,904), and eligible basis-derived estimate ($1,147,605), the Applicant's request of $1,138,094 is recommended resulting in proceeds of $10,924,613 based on a syndication rate of 96%.

The Underwriter's recommended financing structure indicates the need for $2,436,337 (77% of the total fee) in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within fifteen years of stabilized operation.

Underwriter:	*Carl Hoover*	Date:	August 15, 2007
Director of Real Estate Analysis:	*Tom Gouris*	Date:	August 15, 2007

MULTIFAMILY COMPARATIVE ANALYSIS

The Villas at Shaver, Pasadena, 4% HTC #07435

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	12	1	1	786	$686	$621	$7,453	$0.79	$64.89	$38.42
TC 60%	132	2	2	1,007	$823	$725	95,637	0.72	$98.48	$41.95
TC 60%	96	3	2	1,106	$951	$820	78,735	0.74	$130.84	$49.01
TOTAL:	240		**AVERAGE:**	1,036		$758	$181,825	$0.73	$109.74	$44.60

INCOME	Total Net Rentable Sq Ft: 248,532			TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$2,181,904	$2,136,384	Harris	Houston	6
Secondary Income	Per Unit Per Month:	$20.00		57,600	57,600	$20.00	Per Unit Per Month	
Other Support Income: Garages & Carports				0	93,000	$32.29	Per Unit Per Month	
POTENTIAL GROSS INCOME				$2,239,504	$2,286,984			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(167,963)	(171,528)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
EFFECTIVE GROSS INCOME				$2,071,541	$2,115,456			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.92%	$425	0.41	$101,889	$70,000	$0.28	$292	3.31%
Management		3.60%	311	0.30	74,602	84,127	0.34	351	3.98%
Payroll & Payroll Tax		11.08%	956	0.92	229,557	209,000	0.84	871	9.88%
Repairs & Maintenance		5.16%	446	0.43	106,979	116,000	0.47	483	5.48%
Utilities		3.68%	317	0.31	76,161	80,000	0.32	333	3.78%
Water, Sewer, & Trash		4.12%	356	0.34	85,328	80,000	0.32	333	3.78%
Property Insurance		3.39%	293	0.28	70,284	81,880	0.33	341	3.87%
Property Tax	3.048635	8.55%	738	0.71	177,040	170,000	0.68	708	8.04%
Reserve for Replacements		2.90%	250	0.24	60,000	56,160	0.23	234	2.65%
TDHCA Compliance Fees		0.46%	40	0.04	9,600	10,000	0.04	42	0.47%
Other: Supp. Serv.		1.11%	96	0.09	23,000	23,000	0.09	96	1.09%
TOTAL EXPENSES		48.97%	$4,227	$4.08	$1,014,439	$980,167	$3.94	$4,084	46.33%
NET OPERATING INC		51.03%	$4,405	$4.25	$1,057,102	$1,135,289	$4.57	$4,730	53.67%
DEBT SERVICE									
MMA Financial		46.60%	$4,023	$3.88	$965,406	$965,397	$3.88	$4,022	45.64%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		4.43%	$382	$0.37	$91,696	$169,892	$0.68	$708	8.03%
AGGREGATE DEBT COVERAGE RATIO					1.09	1.18			
RECOMMENDED DEBT COVERAGE RATIO					1.15				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		7.31%	$8,099	$7.82	$1,943,725	$1,943,725	$7.82	$8,099	7.03%
Off-Sites		0.50%	549	0.53	131,858	131,858	0.53	549	0.48%
Sitework		9.89%	10,956	10.58	2,629,362	2,629,362	10.58	10,956	9.51%
Direct Construction		47.11%	52,204	50.41	12,528,952	13,370,616	53.80	55,711	48.37%
Contingency	5.00%	2.85%	3,158	3.05	757,916	800,000	3.22	3,333	2.89%
Contractor's Fees	14.00%	7.98%	8,842	8.54	2,122,164	2,240,000	9.01	9,333	8.10%
Indirect Construction		2.94%	3,256	3.14	781,500	781,500	3.14	3,256	2.83%
Ineligible Costs		3.70%	4,095	3.95	982,886	982,886	3.95	4,095	3.56%
Developer's Fees	15.00%	11.40%	12,628	12.19	3,030,661	3,180,000	12.80	13,250	11.50%
Interim Financing		5.21%	5,769	5.57	1,384,513	1,384,513	5.57	5,769	5.01%
Reserves		1.14%	1,259	1.22	302,107	200,000	0.80	833	0.72%
TOTAL COST		100.00%	$110,815	$107.01	$26,595,644	$27,644,460	$111.23	$115,185	100.00%
Construction Cost Recap		*67.82%*	***$75,160***	***$72.58***	***$18,038,394***	***$19,039,978***	***$76.61***	***$79,333***	*68.87%*

SOURCES OF FUNDS						RECOMMENDED	
MMA Financial	56.40%	$62,500	$60.35	$15,000,000	$15,000,000	$14,283,510	Developer Fee Available
Additional Financing	0.00%	$0	$0.00	0		0	$3,180,000
HTC Syndication Proceeds	41.10%	$45,548	$43.98	10,931,515	10,931,515	10,924,613	% of Dev. Fee Deferred
Deferred Developer Fees	6.44%	$7,137	$6.89	1,712,946	1,712,946	2,436,337	77%
Additional (Excess) Funds Req'd	-3.94%	($4,370)	($4.22)	(1,048,817)	(1)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$26,595,644	$27,644,460	$27,644,460	$4,414,414

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

The Villas at Shaver, Pasadena, 4% HTC #07435

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$53.47	$13,289,744
Adjustments				
Exterior Wall Finish	2.40%		$1.28	$318,954
Elderly			0.00	0
9-Ft. Ceilings	3.30%		1.76	438,562
Roofing			0.00	0
Subfloor			(0.82)	(204,625)
Floor Cover			2.43	603,933
Breezeways/Balconies	$22.27	54,312	4.87	1,209,528
Plumbing Fixtures	$805	684	2.22	550,620
Rough-ins	$400	480	0.77	192,000
Built-In Appliances	$1,850	240	1.79	444,000
Exterior Stairs	$2,100	80	0.68	168,000
Enclosed Corridors	$43.55		0.00	0
Heating/Cooling			1.90	472,211
Carports	$10.15	10,000	0.41	101,500
Comm &/or Aux Bldgs	$65.67	3,772	1.00	247,721
Garages	$15.56	13,000	0.81	202,280
SUBTOTAL			72.56	18,034,428
Current Cost Multiplier	0.98		(1.45)	(360,689)
Local Multiplier	0.89		(7.98)	(1,983,787)
TOTAL DIRECT CONSTRUCTION COSTS			$63.13	$15,689,952
Plans, specs, survy, bld prm	3.90%		($2.46)	($611,908)
Interim Construction Interes	3.38%		(2.13)	(529,536)
Contractor's OH & Profit	11.50%		(7.26)	(1,804,344)
NET DIRECT CONSTRUCTION COSTS			$51.28	$12,744,164

PAYMENT COMPUTATION

Primary	$15,000,000	Amort	480
Int Rate	5.80%	DCR	1.09
Secondary	$0	Amort	
Int Rate		Subtotal DCR	1.09
Additional	$10,931,515	Amort	
Int Rate		Aggregate DCR	1.09

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$919,292
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$137,810

Primary	$14,283,510	Amort	480
Int Rate	5.80%	DCR	1.15
Secondary	$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15
Additional	$10,931,515	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

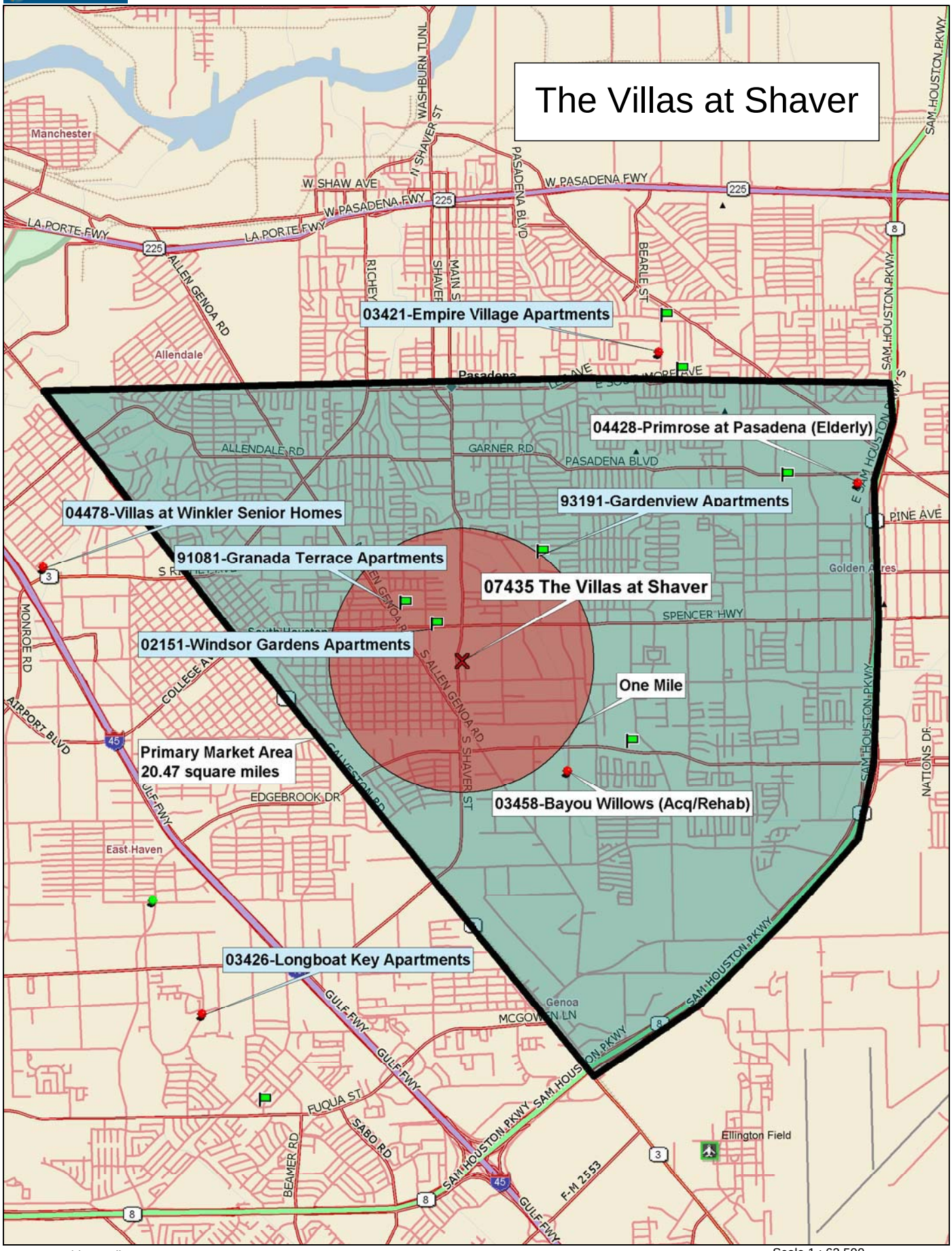
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,181,904	$2,247,361	$2,314,782	$2,384,225	$2,455,752	$2,846,890	$3,300,325	$3,825,982	$5,141,799
Secondary Income	57,600	59,328	61,108	62,941	64,829	75,155	87,125	101,002	135,738
Other Support Income: Garage	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,239,504	2,306,689	2,375,890	2,447,166	2,520,581	2,922,045	3,387,450	3,926,984	5,277,537
Vacancy & Collection Loss	(167,963)	(173,002)	(178,192)	(183,537)	(189,044)	(219,153)	(254,059)	(294,524)	(395,815)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,071,541	$2,133,687	$2,197,698	$2,263,629	$2,331,538	$2,702,891	$3,133,392	$3,632,460	$4,881,722
EXPENSES at 4.00%									
General & Administrative	$101,889	$105,964	$110,203	$114,611	$119,195	$145,019	$176,438	$214,664	$317,755
Management	74,602	76,840	79,145	81,520	83,965	97,339	112,842	130,815	175,804
Payroll & Payroll Tax	229,557	238,739	248,288	258,220	268,549	326,731	397,518	483,641	715,907
Repairs & Maintenance	106,979	111,258	115,708	120,337	125,150	152,264	185,253	225,388	333,630
Utilities	76,161	79,208	82,376	85,671	89,098	108,401	131,887	160,460	237,520
Water, Sewer & Trash	85,328	88,741	92,290	95,982	99,821	121,448	147,760	179,773	266,107
Insurance	70,284	73,095	76,019	79,060	82,222	100,036	121,709	148,078	219,191
Property Tax	177,040	184,122	191,487	199,146	207,112	251,983	306,576	372,997	552,126
Reserve for Replacements	60,000	62,400	64,896	67,492	70,192	85,399	103,901	126,411	187,119
Other	32,600	33,904	35,260	36,671	38,137	46,400	56,453	68,683	101,668
TOTAL EXPENSES	$1,014,439	$1,054,271	$1,095,673	$1,138,709	$1,183,442	$1,435,020	$1,740,336	$2,110,910	$3,106,829
NET OPERATING INCOME	$1,057,102	$1,079,417	$1,102,025	$1,124,920	$1,148,096	$1,267,871	$1,393,056	$1,521,550	$1,774,893
DEBT SERVICE									
First Lien Financing	$919,292	$919,292	$919,292	$919,292	$919,292	$919,292	$919,292	$919,292	$919,292
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$137,810	$160,125	$182,733	$205,628	$228,804	$348,579	$473,764	$602,258	$855,601
DEBT COVERAGE RATIO	1.15	1.17	1.20	1.22	1.25	1.38	1.52	1.66	1.93

HTC ALLOCATION ANALYSIS -The Villas at Shaver, Pasadena, 4% HTC #07435

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	$1,943,725	$1,943,725		
Purchase of buildings				
Off-Site Improvements	$131,858	$131,858		
Sitework	$2,629,362	$2,629,362	$2,629,362	$2,629,362
Construction Hard Costs	$13,370,616	$12,528,952	$13,370,616	$12,528,952
Contractor Fees	$2,240,000	$2,122,164	$2,239,997	$2,122,164
Contingencies	$800,000	$757,916	$799,999	$757,916
Eligible Indirect Fees	$781,500	$781,500	$781,500	$781,500
Eligible Financing Fees	$1,384,513	$1,384,513	$1,384,513	$1,384,513
All Ineligible Costs	$982,886	$982,886		
Developer Fees				
Developer Fees	$3,180,000	$3,030,661	$3,180,000	$3,030,661
Development Reserves	$200,000	$302,107		
TOTAL DEVELOPMENT COSTS	$27,644,460	$26,595,644	$24,385,987	$23,235,068

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$24,385,987	$23,235,068
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$31,701,783	$30,205,588
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$31,701,783	$30,205,588
Applicable Percentage		3.62%	3.62%
TOTAL AMOUNT OF TAX CREDITS		$1,147,605	$1,093,442

Syndication Proceeds	**0.9599**	**$11,015,905**	**$10,496,000**
Total Tax Credits (Eligible Basis Method)		**$1,147,605**	**$1,093,442**
Syndication Proceeds		**$11,015,905**	**$10,496,000**
Requested Tax Credits		**$1,138,094**	
Syndication Proceeds		**$10,924,613**	
Gap of Syndication Proceeds Needed		**$13,360,950**	
Total Tax Credits (Gap Method)		**$1,391,904**	



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TN

MN (3.6°E)

Scale 1 : 62,500

1" = 5,208.3 ft

Data Zoom 11-6

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
August 23, 2007

Action Item

Housing Tax Credit Amendments.

Requested Action

Approve, amend or deny the requests for amendments.

Background and Recommendations

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a "material alteration," would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

The requests and pertinent facts about the affected developments are summarized below. The recommendation of staff is included at the end of each write-up.

Limitations on the Approval of Amendment Requests

The approval of a request to amend an application does not exempt a development from the requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes or other statutory requirements that are not within the Board's purview. Notwithstanding information that the Department may provide as assistance, the development owner retains the ultimate responsibility for determining and implementing the courses of action that will satisfy applicable regulations.

Penalties for Amendment Requests

§49.9(c), 2007 Qualified Allocation Plan and Rules, entitled, "Adherence to Obligations," states in part:

> Effective December 1, 2006, if a Development Owner does not produce the Development as represented in the Application and in any amendments approved by the Department subsequent to the Application, or does not provide the necessary evidence for any points received by the required deadline:
>
> (1) the Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and
>
> (2) the Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:
>
> (A) reduce the score for Applications for tax credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was identified by the Department; and
>
> (B) prohibit eligibility to apply for tax credits for a Tax-Exempt Bond Development that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for 12 months from the date that the non-conforming aspect, or lack of financing, was identified by the Department.

HTC No. 060118, Sunset Haven

Summary of Request: The owner requested approval to change the site plan. The owner stated that code requirements prevented the five buildings proposed in the application from fitting the site. Approval has therefore been requested to build one three-story building, one two-story building and one one-story building. The owner stated the new proposal would increase the net rentable area and the unit mix and amenities would not change. The score of the application would not have been affected by the proposed changes.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the site plan and any other modification considered significant by the board.
Owner:	Sunset Haven, Ltd.
General Partner:	Sunset Haven GP, LLC
Developers:	Sunset Haven GP, LLC; Tekoa Partners, Ltd.
Principals/Interested Parties:	Brownsville Housing Authority (Owner of GP); Vaquillas Development, Ltd.; William Lee; William Skeen; Donna Schubkegel; Howard Tellepson; Others as limited partner
Syndicator:	PNC MultFamily Capital
Construction Lender:	PNC MultFamily Capital
Permanent Lender:	PNC MultFamily Capital
Other Funding:	HOME funds from Brownsville Housing Finance Corporation
City/County:	Brownsville/Cameron
Set-Aside:	General Population
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	100 HTC units
2006 Allocation:	$565,048
Allocation per HTC Unit:	$5,650
Prior Board Actions:	7/06 – Approved award of tax credits
Underwriting Reevaluation:	REA recommendation pending documentation requested as of 7/26/07
Staff Recommendation:	**Staff recommends approving the request so the property may conform to local code and there appears to be no negative affect on the development or scoring.**
Penalty Assessment:	**No penalty assessment is recommended because the amendment is requested in advance of the changes being instituted.**

HTC No. 04118, Churchill at Commerce Apartment Community

Summary of Request: Owner requests approval for a change in the common area, site plan, and in the number of residential buildings from seven to nine. The development's common area was stated in the application as 3,544 square feet, including a 3,208 square foot office and clubhouse and a separate 336 square foot building that was to have contained a laundry room and mailroom. However, only the 3,208 square foot clubhouse was included by the Department in underwriting the development. The clubhouse was reduced in size from the original 3,208 square feet of the preliminary design submitted in the application to 2,834 square feet. The final common area was therefore 11.7% smaller than the common area that was underwritten. The owner stated that the decrease in size was a result of eliminating wasted space to increase energy efficiency and specified that all of the amenities that the common area was originally proposed to contain, were included in the final space.

Regarding the increase in residential buildings from seven to nine, the owner stated that the original seven two-story buildings were replaced by five two-story buildings and four one-story buildings. The owner stated that the change was to create diversity in the design of the development and to increase the convenience of access from parking areas by bringing the parking spaces closer to the buildings. The owner noted that the revised design was more expensive than the original. The final site plan spreads the buildings over 8.206 acres instead of 6.918 of a total site area of 11.135 acres. The final development site included the entire 11.135 acres that were purchased.

In addition, the owner has added a 1.5 acre soccer field, children's playground, microwave ovens and R-15 wall systems and R-30 ceiling systems. The owner stated the cost of the additional amenities as about $45,000.

The owner requests that any penalty that might otherwise result from the changes be waived.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the site plan, reduction of three percent or more in the square footage of the units or common areas, significant modification of the architectural design and any other modification considered significant by the board.
Owner:	Commerce Family Community, L.P.
General Partner:	LifeNet-Commerce G.P., LLC
Developers:	Churchill Residential, Inc. (CRI); LifeNet Community Behavioral Healthcare
Principals/Interested Parties:	LifeNet Community Behavioral Healthcare (NP); Brad Forslund (CRI)
Syndicator:	MMA Financial Bond Warehousing, LLC
Construction Lender:	MMA Financial, LLC
Permanent Lender:	MMA Financial, LLC
Other Funding:	Federal Home Loan Bank of Dallas
City/County:	Commerce/Hunt
Set-Aside:	Nonprofit
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General Population
Units:	90 HTC units and 10 market rate units
2004 Allocation:	$727,212 (Original allocation)
Allocation per HTC Unit:	$8,080
Prior Board Actions:	7/04 – Approved award of tax credits

Underwriting Reevaluation: REA acknowledged that the owner spent more on the development than originally underwritten and recommended no change in the amount of the award of tax credits.

Staff Recommendation: **Staff recommends approving the request because the substitute features and design change appear to be acceptable. The changes would have had no effect on scoring or on the award of tax credits. Staff does not intend this recommendation to be viewed as support for the owner's action in eliminating a part of the development's common area.**

Penalty Assessment: **Staff recommends the penalty assessment because the amendment was requested after the implementation of the changes and the development features substantially changed without prior notice to the Department.**

HTC No. 03176, Artisan at Salado Creek (formerly Binz Ranch)

Summary of Request: The owner requested approval to change the site plan, reduce the number of open parking spaces from 367 to 293 and reduce the number of garages from 48 to 38. The owner stated that the changes resulted from discussions with the City of San Antonio in the process of seeking approval for final development plans and that features of the new site plan compensate for the loss of parking. As a part of the site plan, the detention pond that was originally to have been built near Salado Creek was moved to the interior of the site and built underground. By the owner's account this move allowed the preservation of a large area (approximately 2.5 acres) of green space by the creek and created a long (approximately 1,000 feet) pedestrian boulevard which was landscaped with plants and park benches in six separate sitting areas.

In addition to the increase in green space and the pedestrian walkway, the owner has provided other amenities that were not proposed in the application, including built-in microwave ovens in all units, ice-makers in the refrigerators, designated playground and equipment, and a separate pool area exclusively for children with a sloping entry, play equipment and security fencing. The garages were built to be leased to the development's tenants, not to be available free of charge and were not worth points in the application. The owner noted that the final parking ratio of 2.1 spaces per unit exceeds the city's zoning requirement of 1.5 spaces per unit. The subject amenity was only available to tenants at an additional charge to rent; therefore, the garages were not an amenity whose construction was funded by tax credits.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the site plan and any other modification considered significant by the board.
Owner:	FDCSA Binz, Ltd.
General Partner:	200 FDCSA Binz, LLC
Developers:	Franklin Development Company
Principals/Interested Parties:	Franklin Development Company (99% Owner of GP, Aubra Franklin, principal); Merced Housing Texas (1% Nonprofit Owner of General Partner)
Syndicator:	Paramount Financial Group
Construction Lender:	Malone Mortgage
Permanent Lender:	Malone Mortgage
Other Funding:	City of San Antonio HOME funds
City/County:	San Antonio/Bexar
Set-Aside:	General
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	General Population
Units:	160 HTC units and 40 market rate units
2003 Allocation:	$1,200,000
Allocation per HTC Unit:	$7,500
Prior Board Actions:	7/03 – Approved award of tax credits
Underwriting Reevaluation:	REA acknowledged that the development costs submitted at cost certification appeared reasonable and recommended no change in the amount of the award of tax credits.
Staff Recommendation:	**Staff recommends approving the request. The changes would have had no effect on scoring or on the award of tax credits.**

Penalty Assessment: **Staff recommends the penalty assessment because the amendment was requested after the implementation of the changes and the development features substantially changed without prior notice to the Department.**

HTC No. 02412, Shady Oaks Manor

Summary of Request: The owner requested that the Board acknowledge a correction of the net rentable area of the development. The development was an acquisition and rehabilitation of existing buildings and did not include a change in the size of the original buildings. However, the application contained discrepancies with regard to the net rentable area. The Department's review of the application was based on the net rentable area of 91,544 square feet as stated in the rent schedule, appraisal and market study. However, the plans and the survey should be preferred as indicators of the actual square footage over any other sources that the application contained and both figures agree with the cost certification, thereby resolving the discrepancy that was the reason for this request. According to the calculations from the plans, the development contains 124 one bedroom units of approximately 545 square feet, six one-bedroom units of approximately 597 square feet and eight two-bedroom units of 925 square feet.

Because the development was an acquisition/rehabilitation development, the discrepancy in the size of the rentable area did not affect the estimated rehabilitation cost or the amount of the award of tax credits.

Governing Law:	§2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a reduction of three percent or more in the square footage of the units or common areas or any modification considered significant by the board.
Owner:	PAB Shady Oaks, Ltd.
General Partner:	PAB Shady Oaks, LLC
Developers:	Blunn Developers, Ltd.
Principals/Interested Parties:	Hunt Building Company, Ltd.
Syndicator:	Midland Corporate Tax Credit XVI Limited Partnership
Construction Lender:	MuniMae Midland, LLC
Permanent Lender:	MuniMae Midland, LLC
Other Funding:	Tarrant County Housing Finance Corporation
City/County:	Fort Worth/Tarrant
Set-Aside:	General Population
Type of Area:	Urban
Type of Development:	Acquisition/Rehabilitation
Population Served:	General Population
Units:	138 HTC units
2002 Allocation:	$223,055
Allocation per HTC Unit:	$1,616
Prior Board Actions:	8/02 – Approved award of tax credits
Underwriting Reevaluation:	REA recommendation pending documentation requested as of 7/26/07
Staff Recommendation:	**Staff recommends approving the request because the development has actually not changed from the original proposal.**
Penalty Assessment:	**No penalty appears applicable because there were no changes in the plans, only errors in the application. The corrections would not have affected the Department's review or the amount of the award.**

060118

LOCKE LIDDELL & SAPP PLLC

ATTORNEYS & COUNSELORS

100 CONGRESS
SUITE 300
AUSTIN, TX 78701-4042

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email: cbast@lockeliddell.com

July 10, 2007

VIA HAND DELIVERY

Mr. Ben Sheppard
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Received
JUL 10 2007
submitted at 4:30 pm

Re: **Amendment Request -- Site Plan Change**
Sunset Haven in Brownsville, Texas
TDHCA No. 060118

Dear Ben:

We represent Sunset Haven, Ltd. (the "**Partnership**"), which proposes to construct the Sunset Haven multifamily housing complex in Brownsville, Texas (the "**Property**"). The Partnership received low-income housing tax credits ("**Tax Credits**") for the construction of the Property in the 2006 application round.

Amendment Request

The purpose of this letter is to request approval of an amendment to the Property's site plan. This amendment is being requested in advance, prior to any construction of the Property.

Detailed Description

The Tax Credit application for the Property contemplated that the Property would have five (5) buildings: one (1) building with three stories and four (4) buildings with one story. When the architectural firm began preparing the plans and specifications for the Property, it determined that it could not fit five (5) buildings on the site and meet all of the requisite code requirements. Therefore, the architectural firm recommends revision of the site plan so that the Property will have three (3) buildings: one building with three stories, one building with two stories, and one building with one story.

Please note the following about the proposed amendment of the site plan:

- The total acreage of the site does not change.

060118

- The total net rentable square footage increases by 2.2% from 64,560 SF to 66,000 SF.
- The unit mix remains the same.
- In the original site plan, twenty (20) one-bedroom, one-bathroom units (designated A4) were located in four one -story buildings. Under the new site plan, those same units are now located in one two-story building.
- With the exception of the change in number of buildings, the site plan remains basically the same. There is a circular covered entrance, controlled access, a loop driveway, and perimeter parking on both site plans.
- Although there is less exterior wall area in the revised site plan (due to the deletion of two (2) buildings), the cost to construct the revised site plan is the same or slightly higher due to the increased square footage and inclusion of an elevator in the two (2) story building.
- There is no change in the amenities proposed for the Property.
- There is no change in the scoring of the Tax Credit application.

To assist with your review of this request, the following attachments are provided:

- A spreadsheet that details the change in the number of buildings and the unit configuration for the old site plan versus the revised site plan.
- A copy of the original site plan, submitted with the Tax Credit application.
- A copy of the revised site plan that is proposed.
- A copy of the unit mix exhibit – Volume 1, Tab 2, Part B – from the Tax Credit application.
- A table showing the unit mix for the revised site plan.

Adherence to Obligations

Section 49.9(c) of the 2007 QAP, which addresses changes in applications, should not apply to this request for a change in site plan because the change is being requested in advance.

Conclusion

Please provide approval for the change in site plan for Sunset Haven; approval should be communicated to the Compliance Division for inspection purposes. A check in the amount of $2,500, payable to TDHCA, is enclosed to process this amendment. If this amendment requires Board approval, please include this amendment request for consideration at the next available TDHCA Board meeting. If

you need additional information to process this request, please feel free to contact me or the Property owner. Thank you.

Sincerely,

Cynthia L. Bast

Enclosures

cc: Tekoa Partners, Ltd.
Brownsville Housing Authority
Bill Walter

04118

LIFENET™
Community Behavioral Healthcare

July 11, 2007

TDHCA
Attn: Ben Sheppard
221 East 11th
Austin, TX 78701

RE: **Churchill at Commerce Apartment Community**
TDHCA File No: 04118
Application Amendment Plan

Dear Mr. Sheppard:

This letter requests an amendment to the 9% Housing Tax Credit Application for Churchill at Commerce Apartment Community (the "Community") that was submitted in 2004. The request for an amendment is being made in response to two Cost Certification – Request for Information letters, both dated May 21, 2007. One letter points out that common area square footage decreased in the Community by more than 11 percent from the common area submitted in the Application. The other letter notes that the number of residential buildings in the Community changed from seven to nine.

Decrease in Common Area and Elimination of One Non-Residential Building:

In the Application, Total Common Area as shown on Exhibit 3 – Activity Overview, Part B – Square Footage and Applicable Fraction Calculation was shown as a total of **3,544** square feet, being primarily the community building at **3,208** square feet, plus one additional common area building at **336** square feet which was designated as a mail and laundry building *(Exhibit 1)*. The TDHCA's Multifamily Underwriting Analysis done at the time of the award indicates only 3,208 square feet in common area, (i.e. the clubhouse), and that this community building would include an activity room, management offices, fitness and maintenance facilities, a kitchen, restrooms, and a computer/business center.

The community building, as built, has **2,834** square feet. All of the amenities originally proposed for the community building are included in the building, as built. The difference in the square footage of 374 square feet comes from some value engineering that was done to eliminate unused and awkward space in the original design and in an effort to make the community building more energy-efficient.

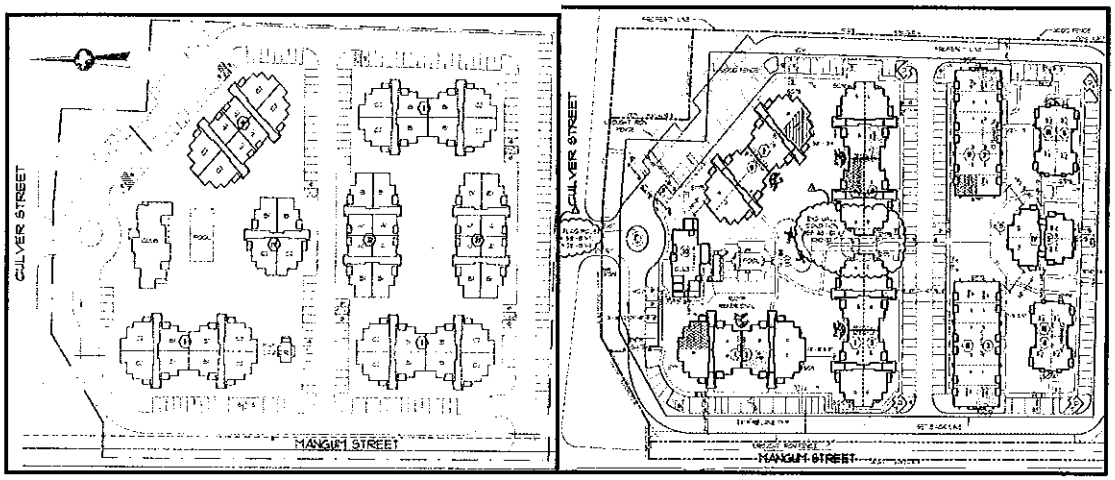
The **336** square foot nonresidential building intended for mail and laundry was eliminated, and that function has been included within the community building. This redesign was for the convenience of our family households, because parents can do laundry while keeping an eye on their children who are using the computers in the computer/business center, or playing on the children's playground. Since all of the anticipated amenities are included in the community building and only wasted space and a small nonresidential building have been eliminated, we request that this change to the original Application be approved.

Increase in Number of Residential Buildings:

The Application originally anticipated seven residential buildings, each being two stories in height. A change was made to take two of the buildings and convert them to four one-story buildings, to provide design diversity and variety in the horizontal lines of the buildings. The change in design did not result

in any change in the number or the size of units, and did not result in any change in net rentable area of the Community. Although the cost of building single-story buildings is higher than for two-story buildings, we feel the change was worth the extra cost. The design modification resulted in a more visually appealing community with enhanced accessibility for handicapped tenants. Perimeter fencing with limited access gates keeps the increased number of first floor apartments safe, and the inconveniences of stacked family apartment housing are reduced.

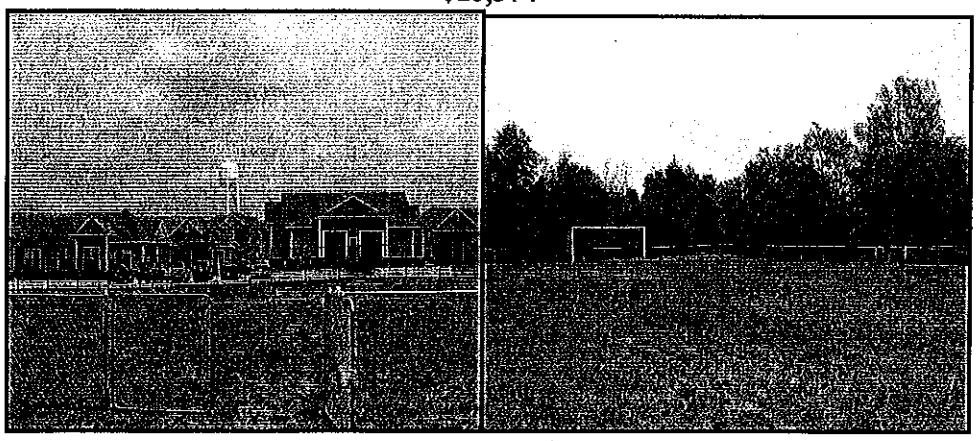
Initial Site Plan **Final Site Plan**



Please note the Application provided 11.135 acres with an original contract purchase price of $400,000 and a final cost at $300,000. The Department's underwriting report only gives credit for 6.918 acres at $248,447.

1.5 acres of the additional land mentioned above was used to construct a fenced soccer field for the tenants' recreational use at a cost of $16,374.

Recreation Facilities – Fenced Soccer Field
$16,374



Additionally, the Community now boasts a children's playground with equipment that was not included in the original Application; cost $10,000. Other amenities that were added to the Community post-Application include built-in microwave ovens, cost $16,500, Energy Star Kitchen Appliances, incremental cost $2,500, and insulation of R-15 wall systems and R-30 ceiling systems. **Total cost for the Additional Amenities was over $45,000.**

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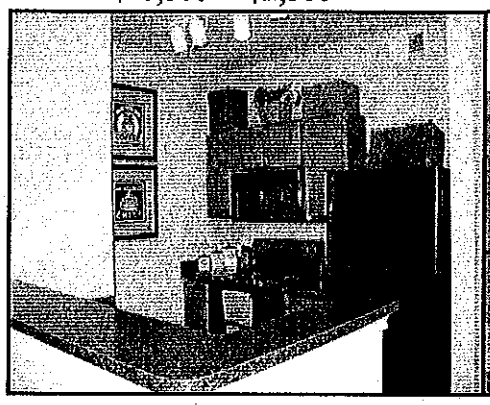
- **Built-In Microwave Ovens**
- **Energy Star or equivalently rated Kitchen Appliances**

$16,500 + $2,500



Designated Playground & Equipment

$10,000

In addition, please consider the additional square footage provided to other Churchill Residential developments. Outlined below is an exhaustive list that illustrates that on all other tax credit communities developed by Churchill Residential an aggregate of 2,891 square feet of additional space has been provided. This is well in excess of the 374 square foot reduction at Churchill at Commerce which was made for energy efficiency and tenant convenience purposes.

CHURCHILL AT LONGVIEW	Application	Cost Cert	RSF	Common	
Rentable SF	153,680	153,680	0		
Common SF	4,724	5,000		276	
EVERGREEN AT MESQUITE	Application	Cost Cert			
Rentable SF	170,288	170,288	0		
Common SF	5,788	6,650		862	
EVERGREEN AT KELLER	Application	Cost Cert			
Rentable SF	203,800	203,800	0		
Common SF	7,500	7,500		0	
EVERGREEN AT LEWISVILLE	Application	Cost Cert			
Rentable SF	180,975	182,075	1,100		
Common SF	8,635	8,646		11	
EVERGREEN AT PLANO	Application	Cost Cert			
Rentable SF	206,250	206,000	-250		
Common SF	8,700	9,335		635	
CHURCHILL AT PINNACLE PARK	Application	Cost Cert			
Rentable SF	192,192	192,192	0		
Common SF	4,408	4,665		257	
LONGVIEW SENIOR	Application	Cost Cert			
Rentable SF	85,400	85,400	0		
Common SF	3,735	3,735		0	
SUBTOTAL			850	2,041	2,891
CHURCHILL AT COMMERCE	Underwriting Report	Cost Cert			
Rentable SF	98,228	98,298	70		
Common SF	3,208	2,834		-374	
TOTAL			920	1,667	2,587

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It is our understanding that under the terms of the 2007 QAP, this request for an amendment to the 9% Application might subject the Developer, Project Owner and related parties to a penalty for failing to adhere to obligations. **We respectfully ask that this penalty, if applicable, be waived**. We think that the penalty should not be applicable because the changes to the Community did not affect the Unit Amenities or the Common Amenities that were agreed to be provided in order to make the Community competitive. In this case, the variations from the original Application benefited the Community by providing a more thoughtfully and efficiently designed community building with all the promised amenities, and a site plan that provides a blend of one and two story buildings. The use of one-story buildings also lessens noise issues that can be a problem with stacked apartment designs. The Community has numerous amenities that were not promised under the Application.

While it is true that this amendment request is being made "after the fact", the TDHCA should recognize that until recently, "after the fact" amendments were the norm, and were even encouraged to avoid multiple trips to the TDHCA Board for amendments as the need became apparent. In view of all of this, we request that no penalty be imposed as a result of this amendment request.

As requested, attached is the check for $2,500 to process the amendment.

If this amendment is required to go before the TDHCA Board, we request that it be heard at the Board Meeting scheduled for August 23, 2007.

Please do not hesitate to call me at 214.932.1937 should you have any questions. Thank you.

Sincerely,

Liam Mulvaney
Managing Member of GP

Enclosures

LIFENET™
Community Behavioral Healthcare

04118

Exhibit 1

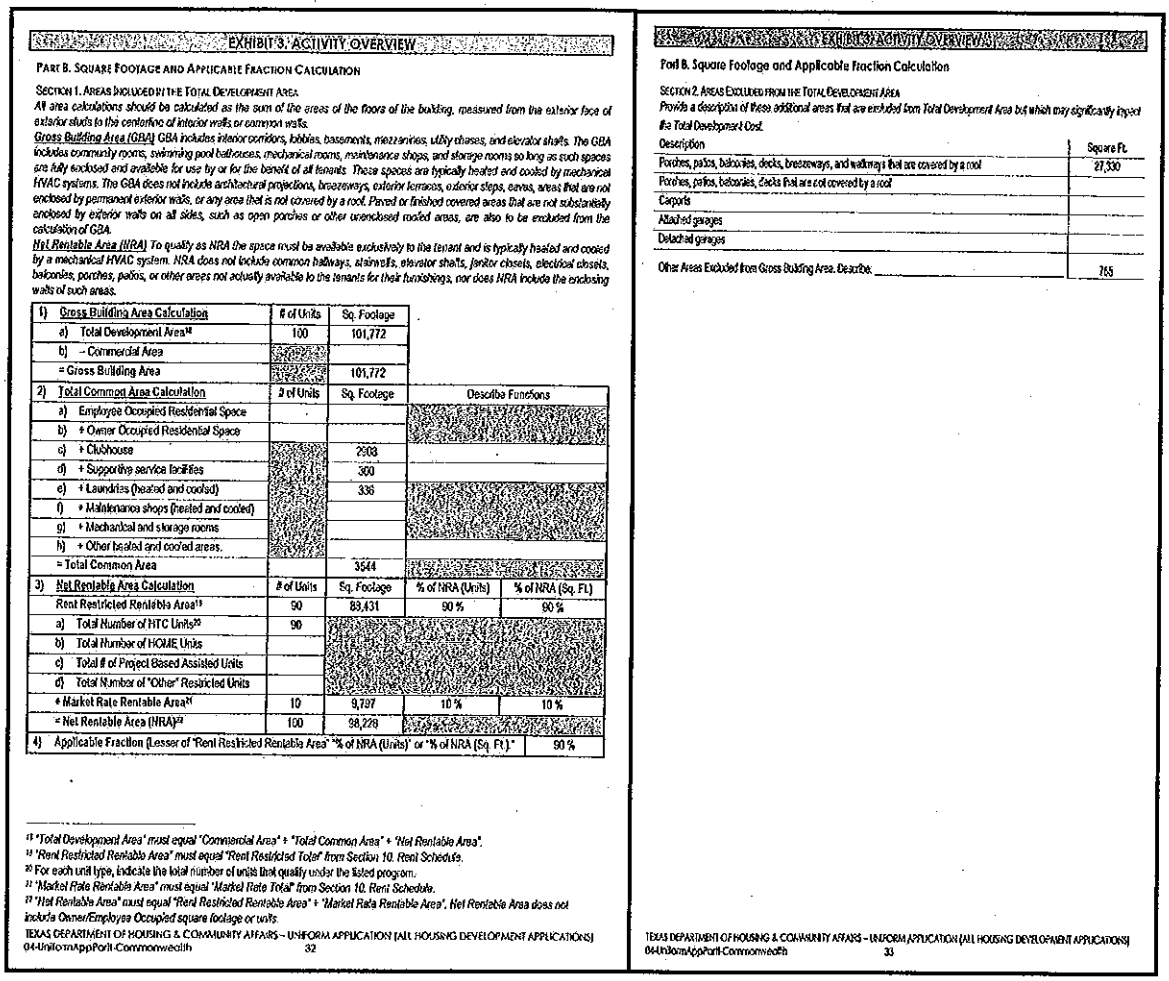


EXHIBIT 3: ACTIVITY OVERVIEW

PART B. SQUARE FOOTAGE AND APPLICABLE FRACTION CALCULATION

SECTION 1. AREAS INCLUDED IN THE TOTAL DEVELOPMENT AREA

All area calculations should be calculated as the sum of the areas of the floors of the building, measured from the exterior face of exterior studs to the centerline of interior walls or common walls.

Gross Building Area (GBA) GBA includes interior corridors, lobbies, basements, mezzanines, utility chases, and elevator shafts. The GBA includes community rooms, swimming pool bathhouses, mechanical rooms, maintenance shops, and storage rooms so long as such spaces are fully enclosed and available for use by or for the benefit of all tenants. These spaces are typically heated and cooled by mechanical HVAC systems. The GBA does not include architectural projections, breezeways, exterior terraces, exterior steps, eaves, areas that are not enclosed by permanent exterior walls, or any area that is not covered by a roof. Paved or finished covered areas that are not substantially enclosed by exterior walls on all sides, such as open porches or other unenclosed roofed areas, are also to be excluded from the calculation of GBA.

Net Rentable Area (NRA) To qualify as NRA the space must be available exclusively to the tenant and is typically heated and cooled by a mechanical HVAC system. NRA does not include common hallways, stairwells, elevator shafts, janitor closets, electrical closets, balconies, porches, patios, or other areas not actually available to the tenants for their furnishings, nor does NRA include the enclosing walls of such areas.

1) Gross Building Area Calculation	# of Units	Sq. Footage
a) Total Development Area[18]	100	101,772
b) – Commercial Area		
= Gross Building Area		101,772

2) Total Common Area Calculation	# of Units	Sq. Footage	Describe Functions
a) Employee Occupied Residential Space			
b) + Owner Occupied Residential Space			
c) + Clubhouse		2908	
d) + Supportive service facilities		300	
e) + Laundries (heated and cooled)		336	
f) + Maintenance shops (heated and cooled)			
g) + Mechanical and storage rooms			
h) + Other heated and cooled areas.			
= Total Common Area		3544	

3) Net Rentable Area Calculation	# of Units	Sq. Footage	% of NRA (Units)	% of NRA (Sq. Ft.)
Rent Restricted Rentable Area[19]	90	88,431	90 %	90 %
a) Total Number of HTC Units[20]	90			
b) Total Number of HOME Units				
c) Total # of Project Based Assisted Units				
d) Total Number of "Other" Restricted Units				
+ Market Rate Rentable Area[21]	10	9,797	10 %	10 %
= Net Rentable Area (NRA)[22]	100	98,228		

4) Applicable Fraction (Lesser of "Rent Restricted Rentable Area" "% of NRA (Units)" or "% of NRA (Sq. Ft.)"	90 %

[18] *'Total Development Area' must equal 'Commercial Area' + 'Total Common Area' + 'Net Rentable Area'.*
[19] *'Rent Restricted Rentable Area' must equal 'Rent Restricted Total' from Section 10. Rent Schedule.*
[20] For each unit type, indicate the total number of units that qualify under the listed program.
[21] *'Market Rate Rentable Area' must equal 'Market Rate Total' from Section 10. Rent Schedule.*
[22] *'Net Rentable Area' must equal 'Rent Restricted Rentable Area' + 'Market Rate Rentable Area'. Net Rentable Area does not include Owner/Employee Occupied square footage or units.*

Part B. Square Footage and Applicable Fraction Calculation

SECTION 2. AREAS EXCLUDED FROM THE TOTAL DEVELOPMENT AREA

Provide a description of these additional areas that are excluded from Total Development Area but which may significantly impact the Total Development Cost.

Description	Square Ft.
Porches, patios, balconies, decks, breezeways, and walkways that are covered by a roof	27,530
Porches, patios, balconies, decks that are not covered by a roof	
Carports	
Attached garages	
Detached garages	
Other Areas Excluded from Gross Building Area. Describe: _____	765

04118

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Ben Sheppard, Multifamily Finance Production

From: Raquel Morales, Real Estate Analysis

cc: File

Date: July 2, 2007

Re: Amendment Request for Churchill at Commerce, #04118

I have reviewed the amendment request for the above reference property and in particular reviewed the material effects of the following changes to the development: decrease in the total square footage of the common area, the deletion of one non-residential building and a decrease in the number of residential buildings.

The common area square footage decreased by 11% from 3,208 square feet as proposed and underwritten to 2,834 square feet as built. Along the same efforts to eliminate unused and awkward space in the original design and make the development more energy efficient, the 336 square foot proposed mail and laundry building was also eliminated. The mail and laundry function has been included within the 2,834 square foot community building as built. The number of residential buildings increased from seven proposed and underwritten to nine residential buildings. According to the owner a change in the design of some of the buildings was made in order to provide diversity and variety in the horizontal lines of the buildings.

As part of the cost certification review process, the total estimated development cost was re-evaluated using current *Marshall & Swift* Residential Cost Handbook information in order to compare the Underwriter's revised estimate with the owner's actual cost of constructing the development. It appears that the owner's final site work and direct construction costs increased by more than 15% from that estimated by the owner at application. The Underwriter's current total development cost estimate is less than 1% lower than the owner's final certified costs.

As a result of the information presented, the changes made to the development do not appear to have a negative impact on the financial feasibility of this development. No change to the credit amount is recommended prior to final review of the cost certification.

03176

FRANKLIN
DEVELOPMENT
A CORPORATION

July 13, 2007

By Federal Express
Mr. Ben Sheppard
TDHCA
Multifamily Finance Production Division
221 East 11th Street
Austin, Texas 78701-241

Re: Request for Application Amendment;
Artisan at Salado Creek (aka Binz Ranch) – TDHCA File No: 03176 – CMTS No: 3363.

Dear Ben,

On behalf of FDCSA Binz, Ltd. (the "Project Owner"), I am writing to request the Department's consideration of an amendment to the Artisan at Salado Creek (aka Binz Ranch) Development (200 family units). We request that the following proposed changes to the 9% Application be approved:

#1: Decrease number of garages from 48 to 38.

The original Application showed 48 garages. As the result of discussions with the City of San Antonio (the "City") regarding the site plan, it was necessary to reduce the number of garages to 38, due to spatial considerations. The City was concerned about maintaining the integrity of parkland at Salado Creek and ensuring compliance with its Tree Ordinance. In order to preserve the natural setting of the Salado Creek, and at the request of the City, the Project Owner agreed to move the detention pond originally located near the creek to the interior of the site. This move had a positive effect upon the Development because it maintains approximately 2.5 acres of natural vegetation that lies between the Development and Salado Creek. At considerable cost to the Development, the detention pond was moved underground and by edict of the City, no structures were to be built above this detention pond area. Placing the detention facility underground resulted in an increase of open space from 12%, as shown on the Application, to 25% as shown in the plans approved by the City. In order to accommodate the detention pond changes as required by the City, the Project site plan went through multiple redrafts, and eventually one garage building containing 10 garages had to be eliminated from the plans. The revised site plan has been drastically improved by creating apedestrian "boulevard" several city blocks in length that runs between buildings acting as an exterior courtyard. This courtyard acts as both a gathering area, with six separate landscaped areas that include seating, and safer access to the clubhouse and amenities. Whereas previously parking surrounded multiple buildings, parking now only surrounds a maximum of one side of every building, creating a natural and aesthetically pleasing access point and gathering area for all residents.

21260 Gathering Oak, Suite 101 ◆ San Antonio, Texas 78258 ◆ 210-694-2223 fax 210-694-2225

03176

We request the department approve our request to reduce the number of garages from 48 to 38. Because the Application did not contemplate any material income from the garages, the reduction in garages would not materially affect underwriting or project feasibility.

#2: Change the number of uncovered parking spaces from 367 to 293.

It is correct that the Project's original Application called for 48 garages, 80 carport parking spaces and 367 uncovered parking spaces, for a total of 495 parking spaces or an unusually high 2.475 spaces/unit. The number of uncovered parking spaces as shown in the Application site plan and subsequent application pages was calculated by the architect on a hand drawn schematic site plan prior to final City approval. During the approval process, a new site plan was adopted at the request of the City to more closely comply with the City of San Antonio zoning guidelines to provide the mandated 2 parking spaces per unit. This new site plan also was able to preserve a very large area of open green space along Salado Creek (approximately 2.5 acres). The City of San Antonio approved the site plan with 293 uncovered spaces, 38 garages and 80 carport spaces for a total of 411 parking spaces, or about 2 spaces/unit. This ratio exceeds the City of San Antonio's zoning guidelines which show a minimum of 1.5 vehicle spaces per unit and a maximum of 2 vehicle spaces per unit (see copy enclosed). The final plan was approved by the City and provides for ample parking spaces and a much safer environment with more green space for our residents.

In view of the City of San Antonio's requirements necessitating the redesign of the site in order to preserve the parkland along Salado Creek, to increase the open space and to provide parking to the residents in accordance with the City's Unified Development Code, we request that the Department approve these changes to the Application.

It is also important to note that as part of the Threshold amenities, the Development provided additional amenities to mitigate any perceived loss of providing 10 garages or a clerical miscount of the identified uncovered parking spaces. These provided amenities were not specifically identified on the application materials, but were provided by the development. Those amenities (and approximate hard costs) are:

1. designated playground and equipment ($22,000)
2. Children's splash zone, a 12" deep children's only pool area that includes beach entry, tumble buckets, pool deck and full security fencing ($68,000)
3. Built-in Microwave Ovens ($50,000)
4. Refrigerator with Ice Maker ($12,500 upgrade costs)
5. White on White Kitchen Appliances ($9,500 upgrade costs)
6. Upgraded Cut Limestone Rock on exterior in lieu of Casi-stone as originally contracted ($36,438)
7. Upgrade Kitchen and Bath fixtures to brass bodies in lieu of plastic bodies as contracted ($26,851)
8. Central Courtyard between buildings providing gathering spaces and amenity access ($42,500)

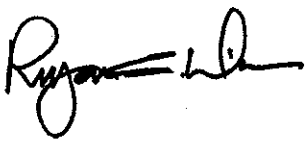
We are aware of the recent inclusion of §49.9(c) and the "Adherence to Obligations" provisions of the QAP. We believe that §49.9(c) covers situations where amenities were promised to obtain points or to meet threshold requirements and then were not provided. The situation here is distinguishable, because the garages and uncovered parking spaces were not promised in order to garner points for the Application.

03176

Instead, the Project Owner simply intended to meet local zoning requirements for parking spaces. The City of San Antonio's concerns about the green space were overriding, however, and to accommodate those concerns, the Project Owner redesigned in a manner that eliminated some of the garages but continued to meet City zoning requirements. The discrepancy from the original Application was noted by the TDHCA in an inspection that took place in Spring 2006. The Project Owner has waited until now to file an amendment request in order to make sure that all issues are addressed in one trip to the TDHCA Board. If this redesign is considered a breach of §49.9(c), we request that the provision be waived in this instance and that the amendment request be granted without penalty. While there are fewer garages than shown in the original Application, the portion of the amendment regarding uncovered parking is simply to correct an error in the Application. Additionally, we would like to highlight your attention to substantial amenities that the Project Owner has provided that were not identified in the Application to further mitigate any perceived loss of provided amenities.

Enclosed is a check in the amount of $2,500 representing our Amendment Request Fee. Thank you for your consideration of our request and please feel free to call me to discuss this amendment request if needed.

Very truly yours,



Ryan Wilson

Enclosures: $2,500.00 check

Excerpt from Unified Development Code

03176

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Ben Sheppard, Multifamily Finance Production

From: Raquel Morales, Real Estate Analysis

cc: File

Date: July 25, 2007

Re: Amendment Request for Artisan at Salado Creek, #03176

Per your request, I have reviewed the amendment request for the above reference property and in particular reviewed the material effects of the following changes to the development: decrease in the number of garage parking spaces from 48 to 38 and a decrease in the number of surface parking spaces from 367 to 293.

The decrease in the number of covered parking spaces in this instance does not materially affect the underwriting analysis. The Underwriter has re-evaluated the construction costs as part of the Cost Certification process using current *Marshall and Swift* Residential Cost Handbook costs. Based on this re-evaluation, it appears that the Underwriter's revised total development cost estimate at Cost Certification is actually 6% higher than the Owner's actual costs. The Owner's final actual cost is supported by the Contractor's Final Application for payment and certified by an Independent Auditor's Report. It should also be noted that the Owner's final Cost Certification reflects secondary income generated from the covered parking. As a result, the Owner has reduced the development's eligible basis by the total cost associated with the construction of the covered parking. The Owner's change in surface parking spaced from 367 to 293 also does not materially affect the underwriting analysis. Additionally, the Owner has provided documentation to support that the number of surface parking spaces provided meets the minimum zoning requirements of the City of San Antonio.

As a result, no adjustment to the credit amount is warranted prior to finalization of the development's Cost Certification. Please contact me if I can be of further assistance.

4401 North Mesa • El Paso, Texas 79902-1107 • P.O. Box 12220 • El Paso, Texas 79913-0220 • 915 533-1122 • FAX 915 545-2631

02412

Received
JUL 25 2007

HUNT
BUILDING COMPANY, LTD.

Texas Department of Housing and Community Affairs
Attn: Mr. Ben Sheppard, Multifamily Finance Production
221 East 11th
Austin, TX 78711-3941

RE: Request for Amendment of the Application
Shady Oaks Manor– TDHCA File No: 02412

Dear Mr. Sheppard,

Please accept this letter as our Request for Amendment to the Application. The application contains two discrepancies we would like to amend: the square footage of the units provided and one of the amenities proposed: Central Heat and Air Conditioning.

Units Provided

At the time of the application, Shady Oaks Manor was an existing property. The application always represented 138 units, 8 2br / 1ba units and 130 1br /1ba units. The application did not detail the breakdown of the 1 bedroom units on the rent page, but other documentation such as the site plan did represent the existing unit mix. The site plan included in the application reflected a Gross Area of 81,855 square feet and a Net Rentable Area of 78,562 square feet.

Units provided and in existence at the time of the application:
124 1br/ 1ba units at 545 SF
6 1br/1ba units at 597 SF
8 2br/1ba units at 925 SF

Attached is a copy of the Site Plan which was included in the application.

Central Heat/Air Conditioning

The application identified Central Heat and Air Conditioning as one of the amenities to be included in the project. Each unit has a refrigerated air conditioning unit and heating unit. The potential disturbance of Asbestos Containing Material and Lead Based Paint made the installation of a central heating and cooling system economically infeasible and were the driving factors in the decision to continue to utilize the existing type of heating and cooling system in place prior to the rehabilitation of this project.

4401 North Mesa • El Paso, Texas 79902-1107 • P.O. Box 12220 • El Paso, Texas 79913-0220 • 915 533-1122 • FAX 915 545-2631

02412

HUNT
BUILDING COMPANY, LTD.

Please contact me if you need any further information or have any questions.

Sincerely,
PAB Shady Oaks, Ltd.

Ana Patricia Ochoa

Ana Patricia Ochoa

None at this time

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion, and Possible Approval of the Issuance of Forward Commitments for Allocations of 2008 Housing Tax Credits from the 2008 State Housing Credit Ceiling for 2007 Applications not Awarded in the 2007 Application Round.

Required Action

Discuss and Possibly Approve the Issuance of Commitments for Allocations of 2008 Housing Tax Credits from the 2008 State Housing Credit Ceiling.

Note: Staff does not recommend the use of forward commitments.

Background

As permitted under §49.10(c) of the 2007 Qualified Allocation Plan and Rules (the "QAP"): "The Board may determine to issue commitments of tax credit authority with respect to Applications from the State Housing Credit Ceiling for the calendar year following the year of issuance (each a "forward commitment")."

The Board may consider all Applications submitted under the 2007 Application Round. Attached to this Board Action Request is a report titled 2007 Competitive HTC Awards and Waiting List – August 23, 2007; all Applications indicated by an "N" in the Status column are those Applications that did not receive an award of 2007 Housing Tax Credits, and are eligible for consideration of a forward commitment under this agenda item. Pursuant to §49.10(c) of the 2007 QAP, "The Board will utilize its discretion in determining the amount of credits to be allocated as forward commitments and the reasons for those commitments considering score and discretionary factors."

The following issues should be noted:

1. As described in §49.10(c) of the 2007 QAP: "Applications that are submitted under the 2007 QAP and granted a Forward Commitment of 2008 Housing Tax Credits are considered by the Board to comply with the 2008 QAP by having satisfied the requirements of this 2007 QAP, except for statutorily required QAP changes."

2. As described in §49.10(c)(1) of the 2007 QAP: "Unless otherwise provided in the Commitment Notice with respect to a Development selected to receive a forward commitment, actions which are required to be performed under this chapter by a particular date within a calendar year shall be performed by such date in the calendar year of the Credit Ceiling from which the credits are allocated."

3. For any Application approved by the Board for a forward commitment, the credit amount awarded will be attributed to the proper region and Set-Asides from the 2008 State Housing Credit Ceiling to ensure adherence to the Regional Allocation Formula in 2008. However, if the awarded Application is an At-Risk Application, the amount of the award will be attributed to the separate At-Risk Set-Aside and will not be regionally allocated pursuant to new statutory requirements applicable to the 2008 State Housing Credit Ceiling.

4. Any approved Applications will be reviewed to ensure that they do not have Material Noncompliance consistent with §49.5(b)(2) and (3) of the 2007 QAP.

5. Any approved Applications will be reviewed consistent with §49.6(f) of the 2007 QAP to ensure that they do not have any violations of the "one-mile, one-year test." This rule prohibits the Department from allocating to an Application with a proposed site that is within one mile of any other Application's proposed site awarded in the same calendar year.

6. Staff will review to ensure that consistent with §49.6(d) of the 2007 QAP, the Department "shall not allocate more than $2 million of tax credits in any given Application Round to any Applicant, Developer, Related Party or Guarantor."

7. Any approved Applications will be reviewed for feasibility by the Real Estate Analysis Division; conditions to the award and the amount of final credits awarded will be those identified by Real Estate Analysis and/or Multifamily Finance Production Division.

History of Prior Forward Commitments

Sixty-five Applications from 2005 already received additional credit increases out of the 2008 State Housing Credit Ceiling pursuant to the Final Policy for Addressing Cost Increases for 2004 and 2005 Competitive Housing Tax Credit Developments ("Final Cost Increase Policy"). The amounts of these awards, sorted by region or by At-Risk Set-Aside, are shown in the table on the following page.

2008 Binding Allocation Agreements by Region

Region	Urban	Rural	Total
1	$159,537	$55,792	**$215,329**
2	$43,281	$39,059	**$82,340**
3	$518,650	$79,295	**$597,945**
4	$61,873	$86,565	**$148,438**
5	$59,326	$43,595	**$102,921**
6	$476,118	$0	**$476,118**
7	$245,995	$26,325	**$272,320**
8	$160,890	$16,284	**$177,174**
9	$165,455	$0	**$165,455**
10	$67,974	$16,592	**$84,566**
11	$206,694	$92,407	**$299,101**
12	$0	$32,242	**$32,242**
13	$115,242	$0	**$115,242**
At-Risk			**$197,895**
Total			**$2,967,086**

The table below reflects the history of Forward Commitments made by the Board since 1999. You will note that with the exception of 2006, which included Forward Commitments to expedite disaster relief, Forward Commitments as a proportion of the state ceiling (Approximately $30 million during those years) was low.

Year	Number of Forwards	Total Amount of Forwards
1999	6	$3,769,779
2000	4	$2,605,926
2001	10	$5,533,189
2002	9	$7,061,149
2003	5	$3,695,845
2004	4	$185,178
2005	5	$2,083,292
2006	8	$6,412,362
Total	51	$31,346,720

Recommendations

Staff does not recommend the allocation of other forward commitments because they will reduce the amount of Housing Tax Credits available in 2008 to other qualified applications; the scoring process was objectively applied to all 2007 Applications and those Applications not recommended for an award in general did not achieve a competitive score.

2007 Competitive HTC Awards and Waiting List - August 23, 2007
Sorted by Region, Allocation, Recommendation Status and Final Score
(Report Includes Applications Awarded During the July 30, 2007 Board Meeting and All Active Applications on the Waiting List)

State Ceiling to be Allocated: $47,695,110**

File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing[4] Activity	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
Region:	**1**																			
Allocation Information for Region 1:			**Total Credits Available for Region: $2,235,890**							**Rural Allocation: $1,130,893**						**Urban/Exurban Allocation: $1,104,997**				
										5% Required for USDA: $111,795						**15% Required for At-Risk: $335,384**				
Applications Submitted in Region 1: Urban/Exurban																				
07016	1	BA	Stone Hollow Village	1510 Cornell	Lubbock	U/EX	☐	☑	☐	NC	112	140	G	☐	$18,676	Ron Hance	☐	300	☐	Binding Allocation Agreement
										Total:	**112**	**140**			**$18,676**					
07219	1	A	Canyons Retirement Community	2200 W. 7th Ave.	Amarillo	U/EX	☐	☐	☐	RH	106	111	E	☑	$876,745	Jamie Hayden	☐	203	☐	Competitive in Region
										Total:	**106**	**111**			**$876,745**					
										Total:	**218**	**251**			**$895,421**					
Applications Submitted in Region 1: Rural																				
07074	1	BA	La Mirage Villas	309 S.E. 15th	Perryton	R	☑	☐	☑	RH	47	47	G	☑	$7,000	Patrick A. Barbolla	☐	300	☐	Binding Allocation Agreement
										Total:	**47**	**47**			**$7,000**					
07137	1	A	Hampton Villages	1600 Blk of Alcock St.	Pampa	R	☐	☐	☐	NC	76	76	G	☐	$1,038,857	Tim Lang	☐	190	☐	Significant Sub-Regional Shortfall in State Collapse
07117	1	A	Deer Creek Apartments	SE Corner of W. Ellis St. & MLK St.	Levelland	R	☑	☐	☐	NC	63	64	G	☐	$507,059	Justin Zimmerman	☐	149	☐	Competitive in USDA Allocation
										Total:	**139**	**140**			**$1,545,916**					
07131	1	N	StoneLeaf at Dalhart	1719 E. 1st St.	Dalhart	R	☐	☐	☐	NC	76	76	G	☐	$707,970 *	Mike Sugrue	☐	185	☐	Not Competitive in Region

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3 = Set-Aside Abbreviation: TX-USDA-RHS=USDA, Nonprofit=NP, At-Risk=AR
4 = Housing Activity: Rehabilitation=RH, Reconstruction=RC, New Construction=NC
5 = Target Population Abbreviation: Intergenerational=Intg, Elderly/Transitional=ET, Elderly=E, General=G
6 = Acquistion=ACQ, Developments for which acquisition Housing Tax Credits have been awarded or are being requested
7 = Comment: Reason for Award Recommendation
* = Indicates that an Underwriting Report has not been completed. The credit amount shown is the applicant request.
** = The State Housing Credit Ceiling is based on 2007 population figures, plus any returned credits as of the date of this publication from previous awards.

File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
									Total:	**76**	**76**			**$707,970**					
									Total:	**262**	**263**			**$2,260,886**					
	6 Applications in Region								**Region Total:**	**480**	**514**			**$3,156,307**					

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Region: 2

Allocation Information for Region 2: **Total Credits Available for Region: $1,549,740** **Rural Allocation: $798,099** **Urban/Exurban Allocation: $751,641**

****One previously awarded development, TDHCA number 060218, returned credits in the amount of $214,749; this amount has been added to the original allocation for Region 2 Rural and to the state credit ceiling and is correctly reflected in the credits available.**

5% Required for USDA: $77,487 **15% Required for At-Risk: $232,461**

File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
Applications Submitted in Region 2: Urban/Exurban																				
07114	2	A	Washington Village Apartments	600 Flood St.	Wichita Falls	U/EX	☐	☐	☐	NC	96	96	G	☐	$877,338 *	Rick J. Deyoe	☐	195	☐	Significant Sub-Regional Shortfall in Regional Collapse, and 07133 Removed from Recommended List by Board
										Total:	**96**	**96**			**$877,338**					
07133	2	N	StoneLeaf at Tye	649 Scott St.	Tye	U/EX	☐	☐	☐	NC	118	118	Intg	☐	$787,592	Mike Sugrue	☐	198	☐	Removed from Recommended List by Board
07285	2	N	Anson Park Seniors	Ambrocio Flores Jr. Rd. & Vogel Ave.	Abilene	U/EX	☐	☑	☐	NC	80	80	E	☐	$729,049 *	Theresa Martin-Holder	☐	195	☐	Not Competitive in Region
07236	2	N	Green Briar Village Phase II	Approx. SH 240 at Airport Dr.	Wichita Falls	U/EX	☐	☐	☐	NC	36	36	G	☐	$375,091 *	Randy Stevenson	☐	191	☐	Not Competitive in Region
										Total:	**234**	**234**			**$1,891,732**					
										Total:	**330**	**330**			**$2,769,070**					
Applications Submitted in Region 2: Rural																				
07058	2	BA	Wildwood Trails Apartments	1500 Davis Ln.	Brownwood	R	☐	☐	☐	NC	75	75	G	☐	$10,338	Vaughn Zimmerman	☐	300	☐	Binding Allocation Agreement
										Total:	**75**	**75**			**$10,338**					
07294	2	A	Grove at Brushy Creek	NE Corner of El Dorado & Patterson	Bowie	R	☑	☐	☐	NC	42	48	G	☐	$506,036	Eric Hartzell	☐	186	☐	Competitive in Region and USDA Allocation

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07194	2 A	377 Villas	4236 Hwy 377 S.	Brownwood	R	☐	☐	☐	NC	73	76	G	☐	$687,210	Justin MacDonald	☐	184	☐	Significant Sub-Regional Shortfall in State Collapse
									Total:	**115**	**124**			**$1,193,246**					
									Total:	**190**	**199**			**$1,203,584**					
	7 Applications in Region								**Region Total:**	**520**	**529**			**$3,972,654**					

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Region: 3

Allocation Information for Region 3: **Total Credits Available for Region: $9,171,731** **Rural Allocation: $704,007** **Urban/Exurban Allocation: $8,467,724**

5% Required for USDA: $458,587 **15% Required for At-Risk: $1,375,760**

Applications Submitted in Region 3: **Urban/Exurban**

File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07091	3	FWD	City Walk at Akard	511 N. Akard	Dallas	U/EX	☐	☑	☐	RH	204	209	G	☑	$1,242,595	John P. Greenan	☐	301	☐	Forward Commitment
07001	3	FWD	Fairway Crossing	7229 Ferguson Rd.	Dallas	U/EX	☐	☐	☐	RH	297	310	G	☑	$1,200,000	Len Vilicic	☐	301	☐	Forward Commitment
07053	3	BA	Primrose at Highland	2100 Highland Ave.	Dallas	U/EX	☐	☑	☐	NC	120	150	E	☐	$72,046	Deepak Sulakhe	☐	300	☐	Binding Allocation Agreement
07017	3	BA	Spring Oaks Apartments	4317 Shepherd Ln.	Balch Springs	U/EX	☐	☐	☐	NC	128	160	G	☐	$76,305	Ron Pegram	☐	300	☐	Binding Allocation Agreement
07037	3	BA	Renaissance Courts	308 S. Ruddell St.	Denton	U/EX	☐	☐	☐	NC	120	150	G	☐	$65,771	Shirley Nell Hensley	☐	300	☐	Binding Allocation Agreement
07024	3	BA	Villas of Forest Hill	7400 Forest Hill Dr.	Forest Hill	U/EX	☐	☐	☐	NC	78	100	E	☐	$36,629	Deborah A. Griffin	☐	300	☐	Binding Allocation Agreement
07025	3	BA	Villas of Seagoville	600 E. Malloy Bridge Rd.	Seagoville	U/EX	☐	☐	☐	NC	78	100	E	☐	$36,900	Deborah A. Griffin	☐	300	☐	Binding Allocation Agreement
07031	3	BA	Frazier Fellowship	4700-4900 Hatcher St.	Dallas	U/EX	☐	☐	☑	NC	60	76	G	☐	$27,242	Tim Lott	☐	300	☐	Binding Allocation Agreement
07040	3	BA	Samaritan House	929 Hemphill Ave.	Fort Worth	U/EX	☐	☑	☐	RH	126	126	G	☑	$59,531	Steve Dutton	☐	300	☐	Binding Allocation Agreement
07028	3	BA	Preston Trace Apartments	8660 Preston Trace Blvd.	Frisco	U/EX	☐	☐	☑	RH	38	40	G	☑	$9,490	Dan Allgeier	☐	300	☐	Binding Allocation Agreement
										Total:	**1,249**	**1,421**			**$2,826,509**					
07289	3	A	Peachtree Seniors	5009 S. Peachtree Rd.	Balch Springs	U/EX	☐	☐	☐	NC	144	144	E	☐	$1,161,000	Ron Pegram	☐	200	☐	Competitive in Region
07254	3	A	Evergreen at Farmers Branch	11701 Mira Lago Blvd.	Farmers Branch	U/EX	☐	☐	☐	NC	90	90	E	☐	$1,194,940	Bradley E. Forslund	☐	200	☐	Competitive in Region

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File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07149	3	A	Residences at Eastland	5500 Eastland St.	Fort Worth	U/EX	☐	☐	☐	NC	140	146	G	☐	$1,200,000	Dan Allgeier	☐	195	☐	Competitive in Region
07126	3	A	Oak Timbers-Caplin Drive	1301 Caplin Dr. & 4801 S. Collins St.	Arlington	U/EX	☐	☐	☐	NC	112	112	E	☐	$897,393	A.V. Mitchell	☐	195	☐	Competitive in Region
07166	3	A	Jeremiah Seniors	909 W. Hurst Blvd.	Hurst	U/EX	☐	☐	☐	NC	135	135	E	☐	$989,447	Tim Valentine	☐	193	☐	Competitive in Region
										Total:	**621**	**627**			**$5,442,780**					
07303	3	N	Villas on Raiford	Raiford Rd.	Carrollton	U/EX	☐	☐	☐	NC	172	180	E	☐	$1,200,000 *	Chan Il Pak	☐	190	☐	Not Competitive in Region
07104	3	N	Country Lane Seniors-Greenville Community	W side of O'Neal St., N. of U.S. Hwy 69 (Joe Ramsey Blvd.)	Greenville	U/EX	☐	☐	☐	NC	98	102	E	☐	$1,118,156	Kenneth H. Mitchell	☐	190	☐	Not Competitive in Region
07256	3	N	Evergreen at The Colony	NW Quadrant of SH 121 & Morning Star	The Colony	U/EX	☐	☐	☐	NC	145	145	E	☐	$1,200,000 *	Bradley E. Forslund	☑	189	☐	Not Competitive in Region, Award Would Cause Violation of $2M Limit
07101	3	N	Carpenter's Point	3326 Mingo St.	Dallas	U/EX	☐	☐	☐	NC	145	150	E	☐	$1,200,000 *	George King, Jr.	☐	187	☐	Not Competitive in Region
07190	3	N	Stephen Austin School Apartments	1702 Wesley St.	Greenville	U/EX	☐	☐	☐	NC	36	36	G	☐	$439,226 *	Hollis Fitch	☐	182	☐	Not Competitive in Region
07191	3	N	Washington Hotel Lofts	2612 Washington St.	Greenville	U/EX	☐	☐	☐	NC	36	36	G	☐	$349,937 *	Hollis Fitch	☐	175	☐	Not Competitive in Region
07245	3	N	Sphinx at Fiji Seniors	201 Fran Way	Dallas	U/EX	☐	☐	☐	NC	124	130	E	☐	$1,200,000 *	Jay Oji	☐	161	☐	Not Competitive in Region
										Total:	**756**	**779**			**$6,707,319**					
										Total:	**2,626**	**2,827**			**$14,976,608**					
Applications Submitted in Region 3:					**Rural**															
07032	3	BA	Churchill at Commerce	731 Culver	Commerce	R	☐	☑	☐	NC	90	100	G	☐	$52,598	Bradley E. Forslund	☐	300	☐	Binding Allocation Agreement
07069	3	BA	Briarwood Apartments	513 E. 6th St.	Kaufman	R	☑	☐	☑	RH	48	48	G	☑	$7,000	Patrick A. Barbolla	☐	300	☐	Binding Allocation Agreement
										Total:	**138**	**148**			**$59,598**					

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07167	3 A	Meadowlake Village Apartments	209 Grand Ave.	Mabank	R	☑	☐	☑	RH	40	40	G	☑	$174,797	Warren Maupin	☐	113	☐	Competitive in At-Risk Set-Aside
									Total:	**40**	**40**			**$174,797**					
07272	3 N	Plantation Valley Estates	Hopkins Rd. & E. McCart St. (FM1173)	Krum	R	☑	☐	☐	NC	76	76	E	☐	$0	Alyssa Carpenter	☐	189	☐	Financially Infeasible
									Total:	**76**	**76**			**$0**					
									Total:	**254**	**264**			**$234,395**					
26 Applications in Region									**Region Total:**	**2,880**	**3,091**			**$15,211,003**					

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Region: 4

Allocation Information for Region 4: **Total Credits Available for Region: $2,439,014** **Rural Allocation: $1,445,350** **Urban/Exurban Allocation: $993,663**

5% Required for USDA: $121,951 **15% Required for At-Risk: $365,852**

File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
Applications Submitted in Region 4: Urban/Exurban																				
07096	4	FWD	Moore Grocery Lofts	408 & 410 N. Broadway	Tyler	U/EX	☐	☐	☐	NC/ RH	88	88	G	☑	$748,845	Jim Sari	☐	301	☐	Forward Commitment
										Total:	**88**	**88**			**$748,845**					
07164	4	N	Covington Townhomes	E Side of Milam St. Between 13th & 11th St.	Texarkana	U/EX	☐	☐	☐	RC	126	126	G	☐	$1,200,000	Richard Herrington	☐	197	☐	Insufficient Funds in Sub-Region
07292	4	N	North Eastman Residential	1400 N. Eastman Rd.	Longview	U/EX	☐	☐	☐	NC	73	76	G	☐	$799,995 *	Stuart Shaw	☐	196	☐	Not Competitive in Region
										Total:	**199**	**202**			**$1,999,995**					
										Total:	**287**	**290**			**$2,748,840**					
Applications Submitted in Region 4: Rural																				
07043	4	BA	Gardens of Gladewater	108 N. Lee Dr.	Gladewater	R	☐	☐	☐	NC	34	36	E	☐	$24,972	George D. Hopper	☐	300	☐	Binding Allocation Agreement
										Total:	**34**	**36**			**$24,972**					
07118	4	A	Lakeside Apartments	1 Blk E. of S. Jefferson St. & Tennison Rd.	Mount Pleasant	R	☑	☐	☐	NC	63	64	G	☐	$520,342	Justin Zimmerman	☐	190	☐	Competitive in Region and USDA Allocation
07295	4	A	Bluestone	Hwy 198 at Manning St. and Paschall St.	Mabank	R	☑	☐	☐	NC	73	76	G	☐	$758,354	Eric Hartzell	☐	189	☐	Competitive in Region
										Total:	**136**	**140**			**$1,278,696**					
07193	4	N	Stone Brook Senior Apartments	NW Corner Loop 256 & Threll St.	Palestine	R	☐	☐	☐	NC	76	76	E	☐	$0	Matt Harris	☐	188	☐	Not Competitive in Region and Financially Infeasible

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07247	4 N	Terry Street Apartments	215 N. Terry St.	Malakoff	R	☐	☐	☐	NC	48	48	G	☐	$580,813 *	Jeffrey S. Spicer	☑	187	☐	Not Competitive in Region
07175	4 N	Austin Place	Plat 2, 2200 Blk of N. Edwards Ave. (FM 1734)	Mount Pleasant	R	☑	☐	☐	NC	76	76	G	☐	$916,970 *	Bonita Williams	☑	182	☐	Not Competitive in Region/Set-Aside
07261	4 N	Lexington Court Phase II	3509 U.S. Hwy 259 N.	Kilgore	R	☐	☑	☐	NC	76	76	G	☐	$693,735 *	Emanuel H. Glockzin, Jr.	☑	178	☐	Not Competitive in Region
07260	4 N	Victoria Place Addition	5.10 Acres Barbara St. Extension	Athens	R	☐	☐	☐	NC	16	16	G	☐	$409,663 *	Emanuel H. Glockzin, Jr.	☑	178	☐	Not Competitive in Region
									Total:	**292**	**292**			**$2,601,181**					
									Total:	**462**	**468**			**$3,904,849**					
11	**Applications in Region**							**Region Total:**		**749**	**758**			**$6,653,689**					

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing[4] Activity	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
Region:	**5**																		
Allocation Information for Region 5:		**Total Credits Available for Region: $1,456,237**							**Rural Allocation:**		**$759,961**			**Urban/Exurban Allocation:**			**$696,276**		
****The estimated allocation based on the regional allocation formula for 2007 for Region 5 is $1,456,237. In 2006 to address pressing disaster relief needs, the TDHCA Board forward allocated the 2007 credits in an amount of $1,452,903. Therefore, all 2007 credits for Region 5 Rural have already been committed, and a balance of $3,334 remains in Region 5, Urban/Exurban.**									**5% Required for USDA:**		**$72,812**			**15% Required for At-Risk:**			**$218,436**		
Applications Submitted in Region 5:		**Urban/Exurban**																	
07026	5 BA	O.W. Collins Apartments	4440 Gulfway Dr.	Port Arthur	U/EX	☐	☐	☑	RH	200	200	E	☑	$40,084	K.T. (Ike) Akbari	☐	300	☐	Binding Allocation Agreement
									Total:	**200**	**200**			**$40,084**					
07162	5 A	Pointe North	3710 Magnolia	Beaumont	U/EX	☐	☐	☐	RC	158	158	G	☐	$1,200,000 *	Robert Reyna	☐	193	☐	Significant Sub-Regional Shortfall in State Collapse
									Total:	**158**	**158**			**$1,200,000**					
07189	5 N	Sunlight Manor Apartments	2950 S. 8th St.	Beaumont	U/EX	☐	☐	☐	RH	120	120	G	☑	$678,699 *	K.T. (Ike) Akbari	☐	189	☐	Insufficient Funds in Sub-Region
									Total:	**120**	**120**			**$678,699**					
									Total:	**478**	**478**			**$1,918,783**					
Applications Submitted in Region 5:		**Rural**																	
07092	5 FWD	Prospect Point	201 Premier Dr.	Jasper	R	☐	☐	☐	NC	69	72	G	☐	$722,842	Eric Hartzell	☑	301	☐	Forward Commitment
07093	5 FWD	Cypresswood Crossing	Hwy 87 at Hwy 105	Orange	R	☐	☐	☐	NC	76	76	G	☐	$636,962	K.T. (Ike) Akbari	☐	301	☐	Forward Commitment
07018	5 BA	Pineywoods Community Orange	36 Scattered Sites in East Town of Orange, TX	Orange	R	☐	☑	☐	NC	36	36	G	☐	$26,874	Doug Dowler	☐	300	☐	Binding Allocation Agreement
07011	5 BA	Park Estates	1200 Blk	Nacogdoches	R	☐	☐	☐	NC	34	36	G	☐	$26,141	Mark Musemeche	☐	300	☐	Binding Allocation Agreement

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
									Total:	**215**	**220**			**$1,412,819**					
07257	5 N	Orange Palm Garden Apt Homes	1727 37th St.	Orange	R	☐	☐	☐	NC	76	76	E	☐	$809,338 *	Marc Caldwell	☐	188	☐	Insufficient Funds in Sub-Region
07123	5 N	Tower Village	Park St. & Tower Rd.	Nacogdoches	R	☐	☐	☐	NC	36	36	G	☐	$545,417 *	Robert Crow	☐	187	☐	Insufficient Funds in Sub-Region
									Total:	**112**	**112**			**$1,354,755**					
									Total:	**327**	**332**			**$2,767,574**					
	9 Applications in Region							**Region Total:**		**805**	**810**			**$4,686,357**					

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Region: 6

Allocation Information for Region 6: **Total Credits Available for Region:$11,349,523** **Rural Allocation: $545,781** **Urban/Exurban Allocation: $10,803,741**

****Three previously awarded developments, TDHCA numbers 04200, 04203, and 060004 returned credits in the amount of $487,554; $401,044 has been added to the original allocation for Region 6 Urban/Exurban, $86,510 has been added to the original allocation for Region 6 Rural, and $487,554 has been added to the state credit ceiling and is correctly reflected in the credits available.**

5% Required for USDA: $567,476 **15% Required for At-Risk: $1,702,428**

Applications Submitted in Region 6: Urban/Exurban

File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07041	6	BA	Village on Hobbs Road	6000 Hobbs Rd.	League City	U/EX	☐	☐	☐	NC	80	100	E	☐	$50,356	Thomas H. Scott	☐	300	☐	Binding Allocation Agreement
07042	6	BA	Oxford Place	605 Berry Rd.	Houston	U/EX	☐	☑	☑	NC	200	250	G	☐	$114,593	Horace Allison	☐	300	☐	Binding Allocation Agreement
07051	6	BA	Lake Jackson Manor	100 Garland	Lake Jackson	U/EX	☐	☐	☐	NC	80	100	E	☐	$37,014	H. Elizabeth Young	☐	300	☐	Binding Allocation Agreement
07054	6	BA	Commons of Grace Senior	8900 Tidwell	Houston	U/EX	☐	☐	☐	NC	86	108	ET	☐	$48,106	Deepak Sulakhe	☐	300	☐	Binding Allocation Agreement
07020	6	BA	Baybrook Park Retirement Center	500 Texas Ave. West	Webster	U/EX	☐	☐	☐	NC	80	100	E	☐	$39,863	Barry Kahn	☐	300	☐	Binding Allocation Agreement
07010	6	BA	South Union Place	7210 Scott St.	Houston	U/EX	☐	☐	☐	NC	100	125	ET	☐	$19,572	John N. Barineau	☐	300	☐	Binding Allocation Agreement
07060	6	BA	Freeport Oaks Apartments	NE Corner of Ave. J & Skinner St.	Freeport	U/EX	☐	☐	☐	NC	80	100	G	☐	$39,216	Les Kilday	☐	300	☐	Binding Allocation Agreement
07062	6	BA	Lansbourough Apartments	10050 Cullen Blvd.	Houston	U/EX	☐	☐	☐	NC	141	176	G	☐	$77,147	Margie Lee Bingham	☐	300	☐	Binding Allocation Agreement
07022	6	BA	Redwood Heights Apartments	7300 Jensen Dr.	Houston	U/EX	☐	☐	☐	NC	76	96	G	☐	$41,991	Rick J. Deyoe	☐	300	☐	Binding Allocation Agreement
										Total:	**923**	**1,155**			**$467,858**					
07210	6	A	New Hope Housing at Bray's Crossing	6311 Gulf Freeway	Houston	U/EX	☐	☐	☐	RH	149	149	G	☑	$680,321	Joy Horak-Brown	☐	209	☐	Competitive in Region

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File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07204	6	A	Notting Hill Gate Apartments	200 S.E. of Intersection of S. Gessner & Beltway 8	Missouri City	U/EX	☐	☐	☐	NC	108	108	E	☐	$1,093,000	Alyssa Carpenter	☐	203	☐	Competitive in Region
07179	6	A	Villas at Goose Creek	SE Corner of N. Main St. & E. Defee St.	Baytown	U/EX	☐	☐	☐	NC	22	22	G	☐	$242,318	Chris Presley	☐	203	☐	Competitive in Region
07203	6	A	Melbourne Apartments	3337 Mustang Rd.	Alvin	U/EX	☐	☐	☐	NC	110	110	E	☐	$1,200,000	Alyssa Carpenter	☐	203	☐	Competitive in Region
07103	6	A	Oak Tree Village	2700 Blk of FM 1266	Dickinson	U/EX	☐	☐	☐	NC	36	36	E	☐	$371,883	Charles Holcomb	☐	202	☐	Competitive in Region
07309	6	A	Glenwood Trails	Glenwood Dr. N. of Holton Ave.	Deer Park	U/EX	☐	☐	☐	NC	114	114	G	☐	$942,176	Les Kilday	☐	197	☐	Competitive in Region
07300	6	A	Wentworth Apartments	SE of Corner of Timber Forest Dr. & FM 1960	Atascocita	U/EX	☐	☐	☐	NC	90	90	E	☐	$907,000	Alyssa Carpenter	☐	196	☐	Competitive in Region
07310	6	A	Gardens at Friendswood Lakes	1400 Blk of FM 528	Friendswood	U/EX	☐	☐	☐	NC	114	114	E	☐	$1,000,000	Les Kilday	☐	196	☐	Competitive in Region
07293	6	A	Morningstar Villas	3500 Blk of Magnolia Ave.	Texas City	U/EX	☐	☐	☐	NC	35	36	E	☐	$385,100	Diana McIver	☐	195	☐	Competitive in Region
07306	6	A	Zion Village Apartments	3154 Gray St.	Houston	U/EX	☐	☐	☐	NC	50	50	E	☐	$541,928	Thomas Jones	☐	195	☐	Competitive in Region
07291	6	A	Cypress Creek at Reed Road	Approx. 2900 Blk of Reed Rd.	Houston	U/EX	☐	☐	☐	NC	126	132	G	☐	$1,199,797	Stuart Shaw	☐	194	☐	Competitive in Region
07170	6	A	Gibraltar	152 Blk of Brazoswood Dr.	Clute	U/EX	☐	☐	☐	NC	48	48	E	☐	$575,334	Debra Guerrero	☐	193	☐	Competitive in Region
										Total:	**1,002**	**1,009**			**$9,138,857**					
07141	6	N	Pinnacle of Pleasant Humble	1200 Blk of 1st Ave. E	Humble	U/EX	☐	☐	☐	NC	147	153	E	☐	$1,200,000	Kenneth W. Fambro	☐	187	☐	Not Competitive in Region
07280	6	N	Andalusia	4343 Old Spanish Tr.	Houston	U/EX	☐	☐	☐	NC	102	102	E	☐	$1,095,525 *	Manish Verma	☐	176	☐	Not Competitive in Region
07109	6	N	Elrod Place	W side of Approx. 3700 Blk Elrod	Katy	U/EX	☐	☐	☐	NC	123	127	Intg	☐	$1,200,000 *	Barry Kahn	☐	169	☐	Not Competitive in Region
07217	6	N	Victory Place Seniors	2001 S. Victory	Houston	U/EX	☐	☐	☐	NC	75	75	E	☐	$737,449 *	Margie Lee Bingham	☐	164	☐	Not Competitive in Region

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07165	6 N	Gates of Dominion North	NW Corner of JFK Blvd. & Lauder Rd.	Houston	U/EX	☐	☐	☐	NC	150	150	G	☐	$1,200,000 *	Daniel Williams	☐	141	☐	Not Competitive in Region
									Total:	**597**	**607**			**$5,432,974**					
									Total:	**2,522**	**2,771**			**$15,039,689**					
Applications Submitted in Region 6:				**Rural**															
07004	6 BA	Cricket Hollow Apartments	9700 FM 1097	Willis	R	☐	☐	☐	NC	150	176	G	☐	$82,466	Brian Cogburn	☐	300	☐	Binding Allocation Agreement
									Total:	**150**	**176**			**$82,466**					
07258	6 A	Trinity Garden Apt Homes	2000 Blk of Panther Dr.	Liberty	R	☑	☐	☐	NC	76	76	E	☐	$665,529	Marc Caldwell	☐	190	☐	Competitive in USDA Allocation
07246	6 A	Lexington Square	1324 E. Hospital Dr.	Angleton	R	☐	☐	☑	RH	80	80	G	☑	$347,876	Lisa Castillo	☐	147	☐	Competitive in At-Risk Set-Aside
									Total:	**156**	**156**			**$1,013,405**					
07259	6 N	Montgomery Meadows Phase II	Corner of Old Montgomery Rd. & Cline	Huntsville	R	☐	☐	☐	NC	48	48	E	☐	$492,857 *	Emanuel H. Glockzin, Jr.	☐	173	☐	Not Competitive in Region
07252	6 N	Brooks Manor Apartments	444 Jefferson Ave.	West Columbia	R	☐	☐	☐	RH	50	50	G	☑	$226,377 *	Lisa Castillo	☐	144	☐	Not Competitive in Region
07268	6 N	Mid-Towne I Apartments	820 E. Carrell St.	Tomball	R	☑	☐	☑	RH	52	54	G	☑	$0	Dennis Hoover	☐	121	☐	Financially Infeasible
									Total:	**150**	**152**			**$719,234**					
									Total:	**456**	**484**			**$1,815,105**					
32	**Applications in Region**								**Region Total:**	**2,978**	**3,255**			**$16,854,794**					

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Region: 7

Allocation Information for Region 7: **Total Credits Available for Region: $2,551,062** **Rural Allocation: $269,467** **Urban/Exurban Allocation: $2,281,595**

****Two previously awarded developments, TDHCA numbers 05142 and 05228, returned credits in the amount of $503,593; $368,190 has been added to the original allocation for Region 7 Urban/Exurban, $135,403 has been added to the original allocation for Region 7 Rural, and $503,593 has been added to the state credit ceiling and is correctly reflected in the credits available.**

5% Required for USDA: $127,553 **15% Required for At-Risk: $382,659**

File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing[4] Activity	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
Applications Submitted in Region 7: Urban/Exurban																				
07249	7	A	Bluffs Landing Senior Village	2200 Old Settlers Blvd.	Round Rock	U/EX	☐	☐	☐	NC	144	144	E	☐	$1,189,481	Colby Denison	☑	199	☐	Competitive in Region
07234	7	A	Tuscany Park at Buda	FM 2001 E. of IH 35	Buda	U/EX	☐	☐	☐	NC	170	176	G	☐	$681,450	Mark Musemeche	☑	197	☐	Significant Sub-Regional Shortfall in State Collapse, Partial Award of $518,550 in 2008 Tax Credits Required
07223	7	A	Shady Oaks Apartments	501 Janis Dr.	Georgetown	U/EX	☐	☐	☑	RH	60	60	G	☐	$369,110	Naomi Walker	☑	178	☐	Competitive in At-Risk Set-Aside
										Total:	**374**	**380**			**$2,240,041**					
07313	7	N	Villas at Rabbit Hill	FM 1460 Across from Timberline Dr.	Round Rock	U/EX	☐	☑	☐	NC	136	136	E	☐	$1,000,000 *	Ebby Green	☑	194	☐	Not Competitive in Region
07224	7	N	Sierra Ridge Apartments	Intersection of N.W. Blvd. & Washam Dr.	Georgetown	U/EX	☐	☐	☐	NC	77	80	G	☐	$731,071 *	Naomi Walker	☐	181	☐	Not Competitive in Region
										Total:	**213**	**216**			**$1,731,071**					
										Total:	**587**	**596**			**$3,971,112**					
Applications Submitted in Region 7: Rural																				
07220	7	A	San Gabriel Crossing	1625 Loop 332	Liberty Hill	R	☑	☐	☐	NC	73	76	G	☐	$582,217	Mark Mayfield	☐	181	☐	Competitive in USDA Allocation
										Total:	**73**	**76**			**$582,217**					

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing[4] Activity	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
									Total:	**73**	**76**			**$582,217**					
6	**Applications in Region**								**Region Total:**	**660**	**672**			**$4,553,329**					

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Region: 8

Allocation Information for Region 8: **Total Credits Available for Region: $2,629,068** **Rural Allocation: $571,479** **Urban/Exurban Allocation: $2,057,589**

****One previously awarded development, TDHCA number 05225, returned credits in the amount of $113,408; this amount has been added to the original allocation for Region 8 Rural and to the state credit ceiling and is correctly reflected in the credits available.**

5% Required for USDA: $131,453 **15% Required for At-Risk: $394,360**

File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
Applications Submitted in Region 8: Urban/Exurban																				
07015	8	BA	Chisholm Trail Senior Village	1003 W. 9th Ave.	Belton	U/EX	☐	☐	☐	NC	54	60	E	☐	$23,990	Leslie Donaldson Holleman	☐	300	☐	Binding Allocation Agreement
07034	8	BA	Village at Meadowbend Apartments II	1638 Case Rd.	Temple	U/EX	☐	☐	☐	NC	79	99	G	☐	$44,275	Monica Poss	☐	300	☐	Binding Allocation Agreement
										Total:	**133**	**159**			**$68,265**					
07262	8	A	Santour Court	Lots 14-26 & 40-42, Blk 14 Santour Court St., Edelweiss Gartens Subdivision	College Station	U/EX	☐	☐	☐	NC	16	16	G	☐	$294,106	Emanuel H. Glockzin, Jr..	☐	187	☐	Competitive in Region
07275	8	A	Mansions at Briar Creek	Near 200 Blk of E. Wm. J. Bryan Pkwy	Bryan	U/EX	☐	☐	☐	NC	171	171	E	☐	$1,200,000	Robert R. Burchfield	☐	183	☐	Competitive in Region
										Total:	**187**	**187**			**$1,494,106**					
07263	8	N	Constitution Court	Constitution Dr., Off U.S. Hwy 190	Copperas Cove	U/EX	☐	☐	☐	NC	108	108	G	☐	$0	Emanuel H. Glockzin, Jr.	☑	192	☐	Financially Infeasible
07192	8	N	Historic Lofts of Waco High	815 Columbus Ave.	Waco	U/EX	☐	☐	☐	NC	104	104	G	☑	$1,031,581	Hollis Fitch	☐	169	☐	Not Competitive in Region
										Total:	**212**	**212**			**$1,031,581**					
										Total:	**532**	**558**			**$2,593,952**					
Applications Submitted in Region 8: Rural																				
07038	8	BA	Bluffview Villas	2800 Hwy 36 S.	Brenham	R	☐	☐	☐	NC	76	76	E	☐	$40,048	G. Granger MacDonald	☐	300	☐	Binding Allocation Agreement

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
									Total:	**76**	**76**			**$40,048**					
07177	8 A	Hamilton Senior Village	Williams St. , 11 Acres at Hamilton City Limits	Hamilton	R	☑	☐	☐	NC	36	36	E	☐	$339,782	Bonita Williams	☑	179	☐	Competitive in Region and USDA Allocation
07180	8 A	Holland House Apartments	616 Josephine St.	Holland	R	☑	☐	☑	RH	68	68	G	☑	$267,348	Warren Maupin	☐	126	☐	Competitive in At-Risk Set-Aside
									Total:	**104**	**104**			**$607,130**					
									Total:	**180**	**180**			**$647,178**					
	9 Applications in Region							**Region Total:**		**712**	**738**			**$3,241,130**					

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Region: 9

Allocation Information for Region 9: **Total Credits Available for Region: $3,013,098** **Rural Allocation: $807,723** **Urban/Exurban Allocation: $2,205,375**

****Two previously awarded developments, TDHCA numbers 05226 and 05231, returned credits in the amount of $400,876; this amount has been added to the original allocation for Region 9 Rural and to the state credit ceiling and is correctly reflected in the credits available.**

5% Required for USDA: $150,655 **15% Required for At-Risk: $451,965**

Applications Submitted in Region 9: Urban/Exurban

File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing[4] Activity	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07095	9	FWD	Las Palmas Gardens Apartments	1014 S. San Eduardo	San Antonio	U/EX	☐	☑	☑	RH	100	100	G	☑	$696,936	David Marquez	☐	301	☐	Forward Commitment
07036	9	BA	Seton Home Center for Teen Moms	1115 Mission Rd.	San Antonio	U/EX	☐	☑	☐	NC	24	24	G	☐	$22,493	Margaret Starkey	☐	300	☐	Binding Allocation Agreement
07014	9	BA	Stratton Oaks Apartments	716 Stratton Ave.	Seguin	U/EX	☐	☑	☐	NC	100	100	G	☐	$55,603	Colby Denison	☐	300	☐	Binding Allocation Agreement
07006	9	BA	Palacio Del Sol	400 N. Frio	San Antonio	U/EX	☐	☐	☐	NC	160	200	E	☐	$81,457	Fernando Godinez	☐	300	☐	Binding Allocation Agreement
										Total:	**384**	**424**			**$856,489**					
07173	9	A	West End Baptist Manor Apartments	934 SW 35th St.	San Antonio	U/EX	☐	☑	☑	RH	50	50	G	☑	$316,781	David Marquez	☐	210	☐	Competitive in Region
07198	9	A	West Durango Plaza Apartments	5635 W. Durango	San Antonio	U/EX	☐	☑	☑	RH	82	82	G	☑	$657,418	Ronald C. Anderson	☐	208	☐	Competitive in Region
										Total:	**132**	**132**			**$974,199**					
07171	9	N	San Juan Square II	S Calaveras St. & Brady Blvd.	San Antonio	U/EX	☐	☑	☐	RC	138	144	G	☐	$1,200,000	Henry A. Alvarez III	☐	203	☐	Not Competitive in Region
07233	9	N	Ingram Square Apartments	5901 Flynn Dr.	San Antonio	U/EX	☐	☐	☐	RH	120	120	G	☑	$652,194 *	Paul Patierno	☐	199	☐	Not Competitive in Region
										Total:	**258**	**264**			**$1,852,194**					
										Total:	**774**	**820**			**$3,682,882**					

Applications Submitted in Region 9: Rural

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07007	9 BA	Oaks Of Bandera	400 Old San Antonio Hwy	Bandera	R	☐	☐	☐	NC	76	76	G	☐	$42,318	Lucille Jones	☐	300	☐	Binding Allocation Agreement
07008	9 BA	Friendship Place	600-700 E. Friendship Ln.	Fredericksburg	R	☐	☐	☐	NC	76	76	G	☐	$40,760	Lucille Jones	☐	300	☐	Binding Allocation Agreement
07061	9 BA	Towne Park in Fredericksburg II	1100 S. Adams	Fredericksburg	R	☐	☑	☐	NC	39	44	E	☐	$18,608	Mark Mayfield	☐	300	☐	Binding Allocation Agreement
									Total:	**191**	**196**			**$101,686**					
07242	9 A	Paseo de Paz Apartments	400 Blk of Clearwater Paseo	Kerrville	R	☐	☐	☐	NC	73	76	G	☐	$712,276	Justin MacDonald	☐	190	☐	Significant Sub-Regional Shortfall in Regional Collapse
									Total:	**73**	**76**			**$712,276**					
07110	9 N	Poteet Housing Authority Farm Labor	Ave. N at 4th St.	Poteet	R	☑	☐	☐	RH	30	30	G	☑	$87,371	Gary M. Driggers	☐	186	☐	Removed from Recommended List by Board
									Total:	**30**	**30**			**$87,371**					
									Total:	**294**	**302**			**$901,333**					
13 Applications in Region									**Region Total:**	**1,068**	**1,122**			**$4,584,215**					

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File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
Region:	**10**																			
Allocation Information for Region 10:						**Total Credits Available for Region:**									**$1,680,545**	**Rural Allocation:**		**$872,315**	**Urban/Exurban Allocation:**	**$808,230**
																5% Required for USDA:		**$84,027**	**15% Required for At-Risk:**	**$252,082**
Applications Submitted in Region 10:					**Urban/Exurban**															
07090	10	FWD	Thomas Ninke Senior Village	1901 Lova Rd.	Victoria	U/EX	☐	☐	☐	NC	80	80	E	☐	$472,636	Debbie Gillespie	☐	301	☐	Forward Commitment
										Total:	**80**	**80**			**$472,636**					
07174	10	A	LULAC Hacienda Apartments	2625 Greenwood Dr.	Corpus Christi	U/EX	☐	☑	☑	RC	60	60	E	☑	$566,203	David Marquez	☐	205	☐	Competitive in Region and At-Risk Set-Aside
										Total:	**60**	**60**			**$566,203**					
07318	10	N	Buena Vida Senior Village	4650 Old Brownsville Rd.	Corpus Christi	U/EX	☐	☐	☐	NC	120	120	E	☐	$1,103,844 *	Randy Stevenson	☐	159	☐	Not Competitive in Region
										Total:	**120**	**120**			**$1,103,844**					
										Total:	**260**	**260**			**$2,142,683**					
Applications Submitted in Region 10:					**Rural**															
07073	10	BA	Lantana Ridge Apartments	2200 N. Adams St.	Beeville	R	☑	☐	☑	RH	55	55	G	☑	$2,380	Gary L. Kersch	☐	300	☐	Binding Allocation Agreement
07021	10	BA	Fenner Square	Corner of Burke & Campbell St.	Goliad	R	☐	☑	☐	NC	32	32	G	☐	$21,258	Gary M. Driggers	☐	300	☐	Binding Allocation Agreement
07071	10	BA	Saltgrass Landing Apartments	1602 S. Church St.	Rockport	R	☑	☐	☑	RH	55	55	G	☑	$2,419	Gary L. Kersch	☐	300	☐	Binding Allocation Agreement
07072	10	BA	Lantana Ridge Apartments South	2200 N. Adams St.	Beeville	R	☑	☐	☑	RH	35	35	G	☑	$1,400	Gary L. Kersch	☐	300	☐	Binding Allocation Agreement
										Total:	**177**	**177**			**$27,457**					
07199	10	A	Kingsville LULAC Manor Apartments	1220 N. 17th	Kingsville	R	☐	☑	☑	RH	88	88	G	☑	$491,514	Walter Martinez	☑	192	☐	Competitive in Region

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07271	10 A	Hyatt Manor Apartments	1701 Waco St.	Gonzales	R	☑	☐	☑	RH	65	65	G	☑	$322,018	Dennis Hoover	☐	129	☐	Competitive in USDA Allocation
									Total:	**153**	**153**			**$813,532**					
07124	10 N	King's Crossing Phase II	1505 E. Corral	Kingsville	R	☐	☐	☐	NC	72	72	G	☐	$661,500 *	Mark Musemeche	☑	185	☐	Not Competitive in Region
									Total:	**72**	**72**			**$661,500**					
									Total:	**402**	**402**			**$1,502,489**					
	10 Applications in Region							**Region**	**Total:**	**662**	**662**			**$3,645,172**					

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Region: 11

Allocation Information for Region 11: **Total Credits Available for Region: $5,974,191** **Rural Allocation: $2,175,228** **Urban/Exurban Allocation: $3,798,963**

5% Required for USDA: $298,710 **15% Required for At-Risk: $896,129**

Applications Submitted in Region 11: Urban/Exurban

File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07094	11	FWD	Mesquite Terrace	400 Blk of E. Thomas Rd.	Pharr	U/EX	☐	☑	☐	NC	106	106	E	☐	$594,048	Roy Navarro	☐	301	☐	Forward Commitment
07012	11	BA	Villa del Sol	700 E. St. Charles St.	Brownsville	U/EX	☐	☐	☐	RH	189	199	E	☑	$28,453	William (Bill) J. Lee	☐	300	☐	Binding Allocation Agreement
07045	11	BA	Providence at Edinburg	201 N. 13th Ave.	Edinburg	U/EX	☐	☑	☑	NC	100	100	E	☐	$29,947	Bill Fisher	☐	300	☐	Binding Allocation Agreement
07044	11	BA	Providence at Boca Chica	Intersection of Ash St. & Elm St.	Brownsville	U/EX	☐	☐	☑	RH	151	158	G	☑	$72,261	Bill Fisher	☐	300	☐	Binding Allocation Agreement
07013	11	BA	Las Canteras Apartments	415 E. Thomas Rd.	Pharr	U/EX	☐	☑	☐	NC	100	100	G	☐	$53,407	William (Bill) J. Lee	☐	300	☐	Binding Allocation Agreement
										Total:	**646**	**663**			**$778,116**					
07182	11	A	Retama Village - Phase II	2301 Jasmine Ave.	McAllen	U/EX	☐	☐	☐	RC	74	74	G	☐	$734,361	Joe Saenz	☐	203	☐	Competitive in Region
07206	11	A	Villa Estella Trevino	1/4 Mile E. of Sugar Rd., N. Side of Mile 17 1/2 Rd. (a.k.a. Russell Rd.	Edinburg	U/EX	☐	☐	☐	NC	161	168	E	☐	$1,151,989	Gilberto de los Santos	☐	203	☐	Competitive in Region Because 07183 Removed from Recommended List by Board
07226	11	A	Candlewick Apartments	1155 Paredes Line Rd.	Brownsville	U/EX	☐	☐	☑	RH	132	132	G	☑	$981,612	Saleem Jafar	☐	196	☐	Competitive in At-Risk Set-Aside
										Total:	**367**	**374**			**$2,867,962**					
07183	11	N	Sunset Terrace	920 W. Villegas	Pharr	U/EX	☐	☐	☐	RC	100	100	G	☐	$975,319	Roy Navarro	☐	215	☐	Removed from Recommended List by Board
07185	11	N	Bluebonnet Senior Village	1201 W. Austin Lane	Alamo	U/EX	☐	☐	☐	NC	36	36	E	☐	$360,000 *	Mary Vela	☐	196	☐	Not Competitive in Region

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File #	Region	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07205	11	N	North Manor Estates Apartments	Southwest corner of Mile 10 Rd. and mile 4.5, entrance fronts on mile 10 road.	Weslaco	U/EX	☐	☐	☐	NC	126	130	G	☐	$1,115,662 *	Mike Lopez	☐	196	☐	Not Competitive in Region
07169	11	N	Costa Madera	Poggenpohl St. & San Ignacio Ave.	Laredo	U/EX	☐	☐	☐	NC	140	140	G	☐	$1,200,000 *	Abraham Rodriguez	☐	190	☐	Not Competitive in Region
										Total:	**402**	**406**			**$3,650,981**					
										Total:	**1,415**	**1,443**			**$7,297,059**					
Applications Submitted in Region 11: Rural																				
07068	11	BA	Vista Hermosa Apartments	820 N. Bibb	Eagle Pass	R	☑	☐	☑	RH	20	20	G	☑	$726	Patrick A. Barbolla	☐	300	☐	Binding Allocation Agreement
07063	11	BA	Bahia Palms Apartments	1303 Pino Dr.	Laguna Vista	R	☑	☐	☑	RH	64	64	G	☑	$4,485	Patrick A. Barbolla	☐	300	☐	Binding Allocation Agreement
07055	11	BA	Arbor Cove	2805 Fordyce Ave.	Donna	R	☐	☐	☐	NC	108	120	G	☐	$73,818	Anita Kegley	☐	300	☐	Binding Allocation Agreement
07035	11	BA	Casa Saldana	SW Corner of Mile 8 Rd. & Baseline Rd.	Mercedes	R	☐	☐	☐	NC	156	196	G	☐	$82,912	Monica Poss	☐	300	☐	Binding Allocation Agreement
										Total:	**348**	**400**			**$161,941**					
07227	11	A	Champion Home at La Joya	945 S Leo & Various Addresses for Scattered SF Homes	La Joya	R	☐	☐	☐	RC	50	50	G	☐	$481,928	Saleem Jafar	☐	204	☐	Competitive in Region
07178	11	A	Tammye's Pointe	Old Pioneer Rd. at FM 1021	Eagle Pass	R	☐	☐	☐	NC	76	76	G	☐	$983,288	Donald Pace	☐	187	☐	Competitive in Region
07153	11	A	Los Ebanos Apartments	300 Yards S. of 5 Mile Line Rd. on E. Side of Los Ebanos Rd.	Alton	R	☑	☐	☐	NC	76	76	G	☐	$738,251	Alyssa Carpenter	☐	179	☐	Competitive in USDA Allocation
										Total:	**202**	**202**			**$2,203,467**					
07228	11	N	Las Palmas Homes	213 Orive	Los Fresnos	R	☐	☐	☐	RC	75	75	G	☐	$0	Saleem Jafar	☐	201	☐	Financially Infeasible, and Award Would Cause Violation of $2M Limit
07302	11	N	Casa Alton	NW Corner Trosper Rd. & Proposed Oxford St.	Alton	R	☑	☐	☐	NC	73	76	G	☐	$705,994 *	Jean Coburn	☐	178	☐	Not Competitive in Region/Set-Aside

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07267	11 N	Buena Vida Apartments	100 S. Kansas City Rd.	La Feria	R	☑	☐	☑	RH	58	58	E	☑	$134,701	Dennis Hoover	☐	145	☐	Not Competitive in Region/Set-Aside
									Total:	**206**	**209**			**$840,695**					
									Total:	**756**	**811**			**$3,206,103**					
22 Applications in Region									**Region Total:**	**2,171**	**2,254**			**$10,503,162**					

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing[4] Activity	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
Region:	**12**																		
Allocation Information for Region 12:					**Total Credits Available for Region:**				**$1,386,899**			**Rural Allocation:**		**$406,927**		**Urban/Exurban Allocation:**			**$979,972**
												5% Required for USDA:		**$69,345**		**15% Required for At-Risk:**			**$208,035**
Applications Submitted in Region 12:					**Urban/Exurban**														
07033	12 BA	Sedona Springs Village	920 W. University	Odessa	U/EX	☐	☐	☐	NC	85	100	G	☐	$15,819	Ron Hance	☐	300	☐	Binding Allocation Agreement
									Total:	**85**	**100**			**$15,819**					
07282	12 A	Palermo	SE Corner of Gist Ave. & Wayside Dr.	Midland	U/EX	☐	☐	☐	NC	130	136	G	☐	$904,473	Manish Verma	☑	203	☐	Competitive in Region
									Total:	**130**	**136**			**$904,473**					
07222	12 N	Riverbend Trails	Intersection of Surber Dr. & Rio Concho Dr.	San Angelo	U/EX	☐	☐	☐	NC	96	100	E	☐	$893,976	Diana McIver	☐	198	☐	Not Competitive in Region, Award Would Cause Violation of $2M Limit
07151	12 N	Key West Village Phase II	1600 W. Clements	Odessa	U/EX	☐	☑	☐	NC	36	36	E	☐	$237,938 *	Bernadine Spears	☐	196	☐	Not Competitive in Region
									Total:	**132**	**136**			**$1,131,914**					
									Total:	**347**	**372**			**$2,052,206**					
Applications Submitted in Region 12:					**Rural**														
07115	12 A	Heights Apartments	MLK St., 1 Blk E. of FM 700	Big Spring	R	☑	☐	☐	NC	48	48	G	☐	$377,886	Justin Zimmerman	☐	129	☐	Competitive in Region and USDA Allocation
									Total:	**48**	**48**			**$377,886**					
									Total:	**48**	**48**			**$377,886**					
5 Applications in Region									**Region Total:**	**395**	**420**			**$2,430,092**					

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Region: 13

Allocation Information for Region 13: **Total Credits Available for Region: $2,258,112** **Rural Allocation: $284,967** **Urban/Exurban Allocation: $1,973,146**

****One previously awarded development, TDHCA number 05247, returned credits in the amount of $107,199; this amount has been added to the original allocation for Region 13 Urban/Exurban and to the state credit ceiling and is correctly reflected in the credits available.**

5% Required for USDA: $112,906 **15% Required for At-Risk: $338,717**

Applications Submitted in Region 13: Urban/Exurban

Region File #	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07003 13	BA	Diana Palms	4700 Diana St.	El Paso	U/EX	☐	☐	☐	NC	34	36	G	☐	$17,494	R.L. (Bobby) Bowling IV	☐	300	☐	Binding Allocation Agreement
07047 13	BA	Americas Palms	12310 Lorenzo Ruiz Dr.	El Paso	U/EX	☐	☐	☐	NC	112	112	G	☐	$59,831	R.L. (Bobby) Bowling IV	☐	300	☐	Binding Allocation Agreement
									Total:	**146**	**148**			**$77,325**					
07108 13	A	Paseo Palms	3000' E. of Joe Battle Near Pellicano Dr.	El Paso	U/EX	☐	☐	☐	NC	180	180	G	☐	$1,200,000	R.L. (Bobby) Bowling IV	☐	173	☐	Competitive in Region
07235 13	A	Woodchase Senior Community	8410 & 8411 Tigris Dr.	El Paso	U/EX	☐	☐	☐	NC	128	128	E	☐	$1,069,620	Ike J. Monty	☐	158	☐	Significant Sub-Regional Shortfall in State Collapse
									Total:	**308**	**308**			**$2,269,620**					
07244 13	N	Alamito Place	Bordered by Delta Drive, St Vrain St. E. Third St, & Hill Street	El Paso	U/EX	☐	☑	☐	NC	58	58	G	☐	$669,659 *	Gary Sanchez	☐	155	☐	Not Competitive in Region
									Total:	**58**	**58**			**$669,659**					
									Total:	**512**	**514**			**$3,016,604**					

Applications Submitted in Region 13: Rural

Region File #	Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing Activity[4]	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
07048 13	BA	Horizon Palms	12199 Darrington Rd.	El Paso	R	☐	☐	☐	NC	76	76	G	☐	$41,271	R.L. (Bobby) Bowling IV	☐	300	☐	Binding Allocation Agreement
									Total:	**76**	**76**			**$41,271**					

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File #	Region Status[1]	Development Name	Address	City	Alloc.[2]	Set-Asides[3] USDA	NP	AR	Housing[4] Activity	LI Units	Total Units	Target[5]	ACQ[6]	Recommended Credit*	Owner Contact	TDHCA HOME	Final Score	1 Mile, 1 Year	Comment[7]
									Total:	**76**	**76**			**$41,271**					
6	**Applications in Region**								**Region Total:**	**588**	**590**			**$3,057,875**					
162	**Total Applications**									**14,668**	**15,415**			**$82,549,779**					

1 = Status Abbreviation: Received Award for 2007 Housing Tax Credits=A, 2004 Developments Awarded Binding Allocation Agreements from the 2007 Ceiling=BA, 2006 Developments Awarded Credits from the 2007 Ceiling=FWD, Did Not Receive Award of 2007 Housing Tax Credits=N
2 = Allocation Abbreviation: Rural Regional Allocation=R, Urban/Exurban Regional Allocation=U/EX
3 = Set-Aside Abbreviation: TX-USDA-RHS=USDA, Nonprofit=NP, At-Risk=AR
4 = Housing Activity: Rehabilitation=RH, Reconstruction=RC, New Construction=NC
5 = Target Population Abbreviation: Intergenerational=Intg, Elderly/Transitional=ET, Elderly=E, General=G
6 = Acquistion=ACQ, Developments for which acquisition Housing Tax Credits have been awarded or are being requested
7 = Comment: Reason for Award Recommendation
* = Indicates that an Underwriting Report has not been completed. The credit amount shown is the applicant request.
** = The State Housing Credit Ceiling is based on 2007 population figures, plus any returned credits as of the date of this publication from previous awards.

PORTFOLIO MANAGEMENT AND COMPLIANCE DIVISION

BOARD ACTION REQUEST
August 23, 2007

Action Item

Presentation, discussion and possible approval of requests for amendments or appeals to HOME Investment Partnerships Program (HOME) contracts involving modifications that significantly decrease benefits to be received by the Department.

Requested Action

Approve or deny the requests for amendments.

Background

The 2006 HOME Rules in the Texas Administrative Code, Title 10, Part 1, Chapter 53, Rule §53.62(b)(3), state that modifications and/or amendments that increase the dollar amount by more than 25% of the original award or $50,000, whichever is greater, or in the estimation of the Executive Director significantly decrease the benefits to be received by the Department, will be presented to the Board for approval.

Department policy requires that the commitment and expenditure rates of each contract be analyzed when processing extension requests. Extension requests will only be considered by the Department to complete activities that are in process and that have been committed in the TDHCA Contract System. Commitment is defined as contract funds that have been pledged to an eligible household. These funds must be entered electronically into the TDHCA Contract System by the Administrator, and the funds must be approved electronically by the Department in the TDHCA Contract System. Before commitments are entered in the TDHCA Contract System all household and budget information must be verified by the Administrator. Documentation must be submitted to the Department to substantiate the commitment of funds.

City of Cotulla Contract Number 1000020

Summary of Request
The City of Cotulla (City) has previously been permitted two amendments to extend the contract end date as a result of delays with contract administration. The contract start date was December 1, 2003; the first amendment was executed on December 29, 2005 extending the end date of the contract for six (6) months, from November 30, 2005 to May 31, 2006. The board approved a second amendment at the August 2006 meeting. The second amendment extended the end date for ten (10) additional months to March 31, 2007.

The City is requesting a third amendment to further extend the end date of their contract for nine (9) additional months from March 31, 2007 to December 31, 2007 to complete construction on one remaining house currently budgeted at $50,000. Nine (9) of the ten (10) required homes have been completed.

Due to lack of performance, the City terminated the services of their consultant, SMi Consulting. Since then, the City has proceeded with the administration of the contract. The last remaining home has been started; however, the construction in process does not meet required property standards and is located in a flood zone.

On July 10, 2007, Department monitoring staff requested corrective action detailing the plan to complete a home that meets all required property standards. The final deadline for submitting this information was July 25, 2007. As of August 16th no response has been received from the City. The City must procure the services of a contractor and provide a detailed plan on the construction of the current structure to bring it into compliance or construct in a different location.

Amendment Number:	3
Activity Type:	Owner Occupied Reconstruction (OCC)
Contract Executor:	Mayor Abel Gonzalez
Former Consultant:	SMi Consulting, Robert Chavira (terminated)
Contract Start Date:	December 1, 2003
Contract End Date:	March 31, 2007
Requested End Date:	December 31, 2007
Service Area:	Federally Declared FEMA Disaster Area #1428, La Salle County
Total Budget Amount:	$520,000
Project Amount:	$500,000
Administration Amount:	$20,000
Households Required:	10
Households Assisted:	9 (1 pending approval of this extension)
Amount Drawn:	$436,645

Requested Action
Staff does not recommend the approval of the amendment.

At the time of the second extension for ten (10) months, the City assured the Department and the Board that the contract would be completed by the amended contract end date. To date, forty-two (42) months since the contract start date, the City has not completed construction of the final house. The household is currently living in a substandard manufactured home located on the same lot as the new home currently in process. Disallowed costs of $12,245 reimbursed for partial construction of the final structure will result if the amendment request is not approved.

If the board chooses to approve the amendment, the contract end date would be extended from March 31, 2007 to December 31, 2007. Approval of this amendment would require the City to provide the Department with a Monthly Contract Progress Report.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

BOARD MEMBERS
Elizabeth Anderson, *Chair*
Shadrick Bogany
C. Kent Conine
Sonny Flores
Gloria Ray
Norberto Salinas

May 22, 2007

The Honorable Abel Gonzalez
Mayor, City of Cotulla
117 N. Front Street
Cotulla, TX 78014

Re: HOME Contract: 1000020 and 1000353 OCC

Dear Mayor Gonzalez:

The Texas Department of Housing and Community Affairs' (TDHCA) conducted an on-site monitoring review of the above referenced contracts on April 4-5, 2007. The review covered the period 12/01/2003 – 03/31/2007.

The goal of our review was to provide reasonable but not absolute assurance regarding compliance with federal and state contract requirements and program objectives. To achieve this goal, a sample was selected to test activities, transactions and processes.

The attached monitoring report details the issues on non-compliance identified during the review and the required corrective action. Please provide the requested documentation by June 22, 2007.

Failure to comply with the federal and state regulations governing the HOME Program may result in financial repercussions and/or debarment from further participation in HOME Program or any other program administered by the Department.

We wish to express our appreciation for the cooperation of your staff that facilitated the review. If you have any questions or concerns regarding this review, please feel free to contact me or Ralph Hendrickson at (512) 475-2973 or via e-mail at ralph.hendrickson@tdhca.state.tx.us any time.

Sincerely,

Lucy Trevino, CPA
Manager, Portfolio Management

Enclosure

CC: Grantworks Consulting

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
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Michael Gerber
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C. Kent Conine
Sonny Flores
Gloria Ray
Norberto Salinas

July 10, 2007

The Honorable Able Gonzalez
Mayor, City of Cotulla
117 N. Front Street
Cotulla, TX 78014

Re: HOME Contract #1000020 and 1000353 OCC
Delinquent Response to Report dated May 22, 2007

Dear Mayor Gonzalez:

The Texas Department of Housing and Community Affairs (Department) sent a monitoring report concerning the review of the HOME contracts referenced above. The report was dated May 22, 2007. In the report, we requested additional information regarding issues noted from the monitoring review. The deadline for submitting this information was June 22, 2007. However, no information has been received regarding these deficiencies as of this date. A copy of the original letter is enclosed.

Your response is necessary to complete our review as required by federal regulations. The final deadline for submitting of this information is fifteen (15) days from the date of this letter. Failure to respond to monitoring letters is considered a serious noncompliance issue. Unresolved noncompliance issues could affect funding on current contracts and consideration for future contracts.

The Department has received your request for an amendment to extend the contract to complete the corrective action. In order for the Department to recommend approval of an extension request to the TDHCA Board of Directors the City must submit a written plan to resolve the corrective action required by completing a unit for the homeowner that meets all required property standards.

Please submit the required information. If you have any questions or need to request additional information concerning this letter, please contact Ralph Hendrickson at (512) 475-2973 or at ralph.hendrickson@tdhca.state.tx.us.

Sincerely,

Lucy Trevino, Manager
Portfolio Management and Compliance Division

Enclosure

CC: Rachael Hernandez, Program Director
GrantWorks, Consultants

Ensure Environmental Clearances Are In Compliance With Federal Regulations

Project environmental clearance was improperly classified. The City of Cotulla (City) certified that each activity was Exempt and met the conditions specified for such under section 24 CFR 58.34 (a) (12). The projects should have been classified as Categorically Excluded 24 CFR 58.35 (a) Subject to 58.5.

24 CFR 58.34, Exempt, states:

"(a) Except for the applicable requirements of § 58.6, the responsible entity does not have to comply with the requirements of this part or undertake any environmental review, consultation or other action under NEPA and the other provisions of law or authorities cited in § 58.5 for the activities exempt by this section or projects consisting solely of the following exempt activities: meets the conditions specified for such exemption under this section."

Section (12) states: "Any of the categorical exclusions listed in § 58.35(a) provided that there are no circumstances which require compliance with any other Federal laws and authorities cited in § 58.5."

Classifying the projects as Exempt violates 24 CFR 58.34 (a) (12).

Recommendation

TDHCA has notified HUD of the violation. HUD has approved the following sanction:

The City must submit to the Department all forms and documentation required through each step of the environmental process along with the appropriate supporting documentation. In effect, both the City and the State shall at projects completion have a full copy of the Environmental Review Record for the next three HOME funding cycles (Program Years 2008 – 2010). In addition, the City must send the HOME Program Manager to Environmental training through both TDHCA and HUD. The City must acknowledge that future violations may result in monetary sanctions.

SMi Consulting is also required to attend these environmental trainings and to submit all documentation in the Environmental Record for the next two funding cycles for any and all HOME contracts in which the firm is procured to manage HOME Program activities.

Ensure Projects Satisfy Property Standards as Required by 24 CFR 92.251

The project at 712 Baker Street does not satisfy HOME Program property standards. The City failed to ensure that the new construction activity is in compliance with the Texas Minimum Construction Standards (TMCS) and other applicable property standards. Therefore the Department is questioning costs in the amount of $12,245.00, the total amount drawn.

24 CFR 92.251(a) (1) Property Standards states:

"Housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion, except as provided in paragraph (b) of this section. The participating jurisdiction must have written standards for rehabilitation that ensure that HOME-assisted housing is decent, safe, and sanitary. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926. To avoid duplicative inspections when FHA financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials."

The City of Cotulla is unable to confirm that property standard requirements are in compliance.

Recommendation

The City of Cotulla must ensure that a housing unit is completed and in compliance with the Department's written rehabilitation standard, the Texas Minimum Construction Standards, Texas Government Code Section 2306.514 Construction Requirements for Single Family Affordable Housing, the International Residential Code, and local health and safety codes. The City may choose to locate an alternate housing site or complete the unit located at 712 Baker. The City is cautioned that it may be very difficult to comply with Section 2306.514 Construction Requirements for Single Family Affordable Housing, if the unit remains on the 712 Baker site. The City may utilize the remaining project funds to complete the work drawn for the budget line items that were represented as completed for the unit. If the cost of completing the remaining work exceeds the remaining project funds the City must use non-federal funds to pay for the work. The City must also implement an inspection process that will ensure that

property standards requirements are met. The City must provide proof of unit completion and evidence of compliance with property standards.

As the contract has expired, the City must apply to TDHCA for an amendment extending the contract period. Approval of extension amendments may or may not be granted by the TDHCA Governing Board. If an extension is not granted by the Board, the entire amount of $12,245.00 will be disallowed.

The contract is also subject to additional monitoring and/or unit inspections in the future.

Monitoring Scope:

1000020

During the review, Department staff tested the performance requirements of contract 1000020 by ensuring the required number of households are served at the applicable income limits. Department staff reviewed federal and state requirements pertaining to, but not limited to:

- Environmental Review Record;
- Procurement Procedures;
- Affirmative Marketing, Fair Housing and Equal Opportunity requirements;
- Financial Records;
- OMB Circulars;
- Lead-Based Paint Requirements;
- 203(b) Limits and 221(d)(3) Limits; and
- TRCC Registration

Department staff reviewed a sample of five case files to ascertain compliance with the following specific requirements:

- Participant Income Eligibility, which includes the Intake Application, income support documentation (check stubs, award letters, etc) for initial and re-certification and the Household Income Certification (HIC);
- Evidence of principal residence – TDHCA Form 14.30;
- Evidence establishing homeownership such as a Warranty Deed;
- Written agreements and documentation;
- Contractor Selection;
- Construction Management; and
- Inspection documentation to ensure the unit met Texas Minimum Construction Standards (TMCS) requirements.

The results of the review indicated the following:

- Nine households were served, one household unit is not completed.
- All household files reviewed have incomes at or below the applicable income level (80% AMFI);
- All household files reviewed had adequate income eligibility documentation;
- All household files reviewed contained TDHCA Form 14.30 establishing principal residence;
- All household files reviewed contained evidence of homeownership documentation in the form of Warranty Deeds;
- All household files contained executed rehabilitation/reconstruction contracts;
- All household files contained contractor selection documentation;
- Four household files reviewed contained progress inspection reports;
- Five household files reviewed contained Contractor Requests for Payment;
- Three household files reviewed contained documentation that TMCS inspections were conducted and passed;
- Five of the household files contained documentation that the contractor and the unit were registered with TRCC;
- Eight of the ten homes have been completed. Activity number 23195, 506 2nd Street is approximately 95% complete. Construction activity for activity number 23229 (712 Baker Street) has been halted while the City reviews flood plain elevation and construction completion issues.
- The projects were initially environmentally cleared with a classification as a conversion of a categorical excluded activity and exempted. The projects should have cleared as categorically excluded (subject to 58.5). The clearance was completed, however, before construction proceeded. As the responsible entity, City of Cotulla submitted and certified that each activity was exempt and met the conditions specified for such under 24 CFR 58.34(a)(12). However, several of the projects were located the flood plain and the mitigation of the circumstance was considered further action triggered by being in the floodplain. The City therefore violated 24 CFR 58.34 (a) (12).

1000353

The consulting firm, GrantWorks was procured late in the contract period to finish Contract 1000353 as a result of City of Cotulla Single Audit issues and delayed construction starts. The consulting firm SMi Consulting was initially scheduled to perform the consulting activities but as a result of difficulties encountered on contract 1000020, that consulting firm resigned on June 15, 2006. During the review, Department staff tested the performance requirements of the contract by ensuring the required number of households are served at the applicable income limits. As a result of the delays, the City was only able to attract eight rather than ten applicants. One applicant subsequently walked away from the project. Thus, only seven households were assisted. Department staff reviewed federal and state requirements pertaining to, but not limited to:

- Environmental Review Record;
- Procurement Procedures;

- Affirmative Marketing, Fair Housing and Equal Opportunity requirements;
- Financial Records;
- OMB Circulars;
- Lead-Based Paint Requirements;
- 203(b) Limits and 221(d)(3) Limits; and
- TRCC Registration

Department staff reviewed a sample of five of eight case files to ascertain compliance with the following specific requirements:

- Participant Income Eligibility, which includes the Intake Application, income support documentation (check stubs, award letters, etc) for initial and re-certification and the Household Income Certification (HIC);
- Evidence of principal residence – TDHCA Form 14.30;
- Evidence establishing homeownership such as a Warranty Deed;
- Written agreements and documentation;
- Contractor Selection;
- Construction Management; and
- Inspection documentation to ensure the unit met Texas Minimum Construction Standards (TMCS) requirements.

The results of the review indicated the following:

- Seven households were served and one household "walked-away". The contract required ten households to be served.
- All household files reviewed have incomes at or below the applicable income level (30% AMFI);
- All household files reviewed had adequate income eligibility documentation;
- All household files reviewed contained TDHCA Form 14.30 establishing principal residence;
- All household files reviewed contained evidence of homeownership documentation in the form of Title Searches;
- All household files contained executed rehabilitation/reconstruction contracts;
- All household files contained contractor selection documentation;
- Five household files reviewed contained progress inspection reports;
- Five household files reviewed contained Contractor Requests for Payment;
- Five household files reviewed contained documentation that TMCS inspections were conducted and passed;
- Five of the household files contained documentation that the contractor and the unit were registered with TRCC;
- Seven homes have been completed.
- Incidences of non-compliance were not observed.

Ralph Hendrickson

From: Lucy Trevino [lucy.trevino@tdhca.state.tx.us]
Sent: Tuesday, July 10, 2007 1:40 PM
To: 'Rachel Hernandez'
Cc: 'Abel B. Gonzalez'; 'Ralph Hendrickson'
Subject: RE: TDHCA Meeting

Rachel: The City's amendment request will be presented at the August 23, 2007 board meeting. However, at this point, the Department cannot consider a recommendation for the City's extension request. In order for the Department to consider a favorable recommendation, please submit the City's plan to complete this unit. The plan must be detailed enough to document that the completed unit will meet all federal, state and program requirements. The plan must also include a timeline for completion. If the plan is approved by the Department, then a recommendation to approve will be considered. Please submit the City's plan by July 25, 2007. Let me know if you have questions or need additional information. Thanks.

Lucy Trevino, CPA
Manager, Portfolio Management
(512)475-2550 Phone
(512)475-0220 Fax

-----Original Message-----
From: Lucy Trevino
Sent: Tuesday, July 10, 2007 1:12 PM
To: 'Rachel Hernandez'
Cc: Abel B. Gonzalez
Subject: RE: TDHCA Meeting

No problem, we'll include the City of Cotulla's amendment request at the August 23, 2007 board meeting. Thanks.

Lucy Trevino, CPA
Manager, Portfolio Management
(512)475-2550 Phone
(512)475-0220 Fax

-----Original Message-----
From: Rachel Hernandez [mailto:cityofcotulla@yahoo.com]
Sent: Tuesday, July 10, 2007 1:08 PM
To: Lucy Trevino
Cc: Abel B. Gonzalez
Subject: TDHCA Meeting

July 10, 2007

Ms. Trevino:

The last time we spoke was in the beginning of June 2007 to try and schedule the Mayor in for the June 14, 2007 meeting but you were going to be on vacation. Then we had thought that June 28, 2007 would be a possible date but then the Mayor had inspections with his job. You and I decided that July 12, 2007 would be a workable date for the Mayor to attend and you would be back from vacation. Everyone would be available with no problems.

As I understand now, the City of Cotulla is not on the Agenda for the July 12, 2007 meeting but instead on the July 30, 2007 meeting.

Unfortunately, the Mayor will be out of the state on vacation from July 27-August 3, 2007 with his

family. I was informed that August 23, 2007 there is a scheduled Board Meeting. The Mayor and Council of the City of Cotulla is respectfully asking that the City be placed on this Agenda Meeting scheduled for August 23, 2007 so that Mayor Gonzalez can attend the meeting. If there is a conflict with this date please notify me so that I can forward the conflict to the Mayor. If this date is possible please notify me by email, phone call or letter, whichever way is easier.

Thank you in advance for your attention and assistance in this matter that we are praying will be resolved soon.

Sincerely,

Rachel Saenz-Hernandez, City Administrator
City of Cotulla

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City of Granger Contract Number 1000290

Summary of Request
The City of Granger (City) was previously permitted a nine (9) month extension as a result of difficulty in locating extremely low income households at the December 14, 2006 board meeting. The contract budget amount was reduced by $131,588 and the number of required households was reduced from three (3) to one (1). The contract start date was October 1, 2004; the first amendment extended the end date of the contract for nine (9) months, from September 30, 2006 to June 30, 2007.

The City is requesting a second amendment to further extend the end date of their contract for six (6) additional months from June 30, 2007 to December 31, 2007. The City states that they have had difficulty procuring a construction contractor. The original contractor rescinded his offer and two (2) subsequent contractors have declined the contracts.

As of August 15th the Administrator does not have a signed contract with a contractor to begin the construction of the one (1) house. The home has not been demolished and no construction has begun.

In thirty two (32) months the Administrator has assisted no households nor committed any funds to this contract.

Amendment Number:	2
Activity Type:	Owner Occupied Reconstruction (OCC)
Contract Executor:	Mayor, Jerry Lalla
Contract Consultant:	Leo Wood & Associates
Contract Start Date:	October 1, 2004
Contract End Date:	June 30, 2007
Requested End Date:	December 31, 2007
Service Area:	City of Granger, Williamson County
Total Budget Amount:	$57,075 (original budget $188,663, $131,588 previously deobligated)
Project Amount:	$54,880
Administration Amount:	$2,195
Households Required:	1
Households Assisted:	1
Amount Drawn:	$-0-

Requested Action
Staff does not recommend the approval of the amendment.

If the board chooses to approve the amendment, the contract end date would be extended for six (6) additional months from June 30, 2007 to December 31, 2007. Approval of this amendment would require the City to provide the Department with a Monthly Contract Progress Report.

Disapproval of the extension would result in deobligated funds of $57,075.

CITY OF GRANGER

P. O. BOX 367 • 214 E. DAVILLA ST. • GRANGER, TEXAS 76530
512/859-2755 • 512/859-2871 (FAX)

Jerry Lalla
Mayor

Margaret Doss
City Secretary

Mayor Pro Tem
Dan Wolf

Councilmembers
Toni Mace
Jill Cox
Kimberly Schmehl
Scott Murrah

June 11, 2007

Lucy Trevino
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78711-3941

RE: City of Granger
Home Investment Partnerships (HOME) Program Contract #1000290

Dear Ms. Trevino,

The City of Granger would like to request an extension to HOME Program Contract #1000290 between the Texas Department of Housing and Community Affairs and the City of Granger. The request is necessary because the original contractor that was awarded the bid has rescinded his offer. In addition, two subsequent contractors have also decline to perform the work due the small number of houses involved.

The City of Granger appreciates the opportunity to participate in the HOME Investment Partnerships program and is confident that the project will be successful. Should you have any questions or need additional information, please do not hesitate to contact me at (512) 859-2755.

Sincerely,

The Honorable Jerry Lalla
Mayor, City of Granger

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JUN [illegible] 7

Lifetime Independence for Everyone, Inc. Contract Number 1000364

Summary of Request

Lifetime Independence for Everyone, Inc. (Administrator) is appealing the Department's denial of the Amendment request. The Administrator was awarded $178,686 on March 1, 2005. The contract start date was March 1, 2005; the first amendment was approved through a Board action item on September 16, 2005 increasing the contract budget by $116,600 and extended the end date of the contract for two (2) months, from August 31, 2007 to October 31, 2007.

The Administrator is requesting a second amendment to further extend the end date of their contract for eight (8) months from October 31, 2007 to June 30, 2008. The Administrator states that an eight (8) month extension would allow them to assist their existing very low income and disabled tenants for an additional eight (8) months and prevent them from possibly returning to nursing facilities. None of the households that would be affected by the extension would exceed the twenty-four (24) month contract term.

Amendment Number:	2
Activity Type:	Tenant Based Rental Assistance (TBRA)
Contract Executor:	Executive Director, Michelle Crain
Contract Start Date:	March 1, 2005
Contract End Date:	October 31, 2007
Requested End Date:	June 30, 2008
Service Area:	Lubbock, Hale, Terry, Potter, and Randall Counties
Total Budget Amount:	$295,286
Project Amount:	$278,572
Administration Amount:	$16,714
Amount Drawn:	$93,562
Households Required:	30
Households Assisted:	36

Requested Action

Staff does not recommend the approval of the amendment.

If the board chooses to approve the amendment, the contract end date would be extended for eight (8) additional months from October 31, 2007 to June 30, 2008. Approval of this amendment would require the Administrator to provide the Department with a Monthly Contract Progress Report.

Disapproval of the extension would result in deobligated funds of $144,823.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

BOARD MEMBERS
Elizabeth Anderson, *Chair*
Shadrick Bogany
C. Kent Conine
Sonny Flores
Gloria Ray
Norberto Salinas

July 10, 2007

Ms. Michelle Crain
Executive Director, Lifetime Independence for Everyone
4902 34th Street, Suite 5
Lubbock, TX 79410

Re: HOME TBRA Contract #1000364
Denial of Request for Eight (8) Month Extension of the Contract End Date

Dear Ms. Crain:

The Texas Department of Housing and Community Affairs (Department) has received your letter dated May 7, 2007.

Specifically, Lifetime Independence for Everyone, Inc. (LIFE/RUN) requests an eight (8) month extension of the contract end date. LIFE/RUN states that activity on the above mentioned Contract has increased and would like to assist as many individuals as possible to relocate. The extension would affect twenty seven (27) households currently set-up and LIFE/RUN requests to assist additional households that might not yet be identified, with the understanding that the budgeted project funds not be exceeded.

The Administrator was granted an extension to the contract in the form of a First Amendment in September 2005. The contract end date was extended for two (2) months from August 31, 2007 to October 31, 2007, the extension accompanied a transfer of $116,600 of Olmstead Funds from Contract 1000359. Department policy does not allow for approval of requests for extension in excess of six (6) months, the approval of this request would provide an extension of ten (10) cumulative months, and therefore, the extension request is **denied**.

Pursuant to 10 Texas Administrative Code §1.7, LIFE/RUN may appeal this decision to the Department's Governing Board. For the appeal to be considered, it must be received by Lucy Treviño, Manager of Portfolio Management and Compliance, no later than ten days after the date of this letter.

If LIFE/RUN does not wish to appeal the decision, the above mentioned contract will terminate on the existing contract end date.

The Department appreciates the Administrator's efforts to provide decent, safe, sanitary, and affordable housing for low and moderate income citizens of Texas. If you have any questions, please feel free to contact me or Lucy Treviño at (512) 475-2550 or lucy.trevino@tdhca.state.tx.us.

Sincerely,

Michael Gerber
Executive Director

cc: Michael Lyttle, Director of Governmental Relations

MG/jet

CENTER FOR INDEPENDENT LIVING
advocacy • peer support • information and referral • independent living skills

July 17, 2007

TDHCA Governing Board
C/O: Lucy Trevino
P.O. Box 13941
Austin, TX 78711-3941

Re: Appeal of TDHCA's Denial to Extend Contract #1000364

TDHCA Governing Board:

Lifetime Independence for Everyone, Inc., (LIFE/RUN), is in receipt of TDHCA's notification of denial to grant an 8-month extension to Contract #1000364, dated July 10, 2007. Pursuant to §1.7, Title 10 of the Texas Administrative Code, LIFE/RUN would like to exercise its right to formally appeal TDHCA's decision to the Departments Governing Board. Currently, under Contract #1000364, we are able to assist individuals transitioning from long-term care facilities into the community. As you may be aware, LIFE/RUN experienced a slow start in getting people on the program. What we have experienced with the Olmstead Vouchers is difficulty working under the same time constraints and meeting the mandatory thresholds required by TDHCA. For example, once a nursing home resident is approved for a TBRA Voucher, it may take that individual three months or longer to actually transition into the community. Often times, this is due to the intense service coordination that is needed in order for individuals to be able to maintain their stay in the community, once they have been relocated. Therefore, the Voucher Program has to work in tandem with our Relocation Program, so as not to compromise the health and safety of those we assist. The Olmstead Vouchers are a crucial resource for people with disabilities who want to relocate into the community, which is why LIFE/RUN chose to take on additional vouchers, when the recipients of Contract #1000359 could not complete their obligations. The 2-month extension granted in amending Contract #1000364 was not a formal request by LIFE/RUN, but was an assumed contingency in accepting the additional vouchers. At any rate, without the requested extension, many program recipients will be forced to live in substandard housing or forced to remain in or return to an institutional setting.

Activity on Contract #1000364 has greatly increased and we would like to be able to help as many individuals as possible to relocate and maintain their stay in the community. For this reason, LIFE/RUN is requesting an 8-month extension or any additional time that can be granted on Contract #1000364 in order to continue assisting individuals affected by the Olmstead decision.

If you should have any questions in regard to the proposed amendment, you may contact me @ 806-795-5433 or via e-mail at chelle7556@aol.com.

Sincerely,

Michelle Crain, M.A.
Executive Director, LIFE/RUN Center

cc: Michael Gerber

RECEIVED
JUL 20 2007
COMPLIANCE

Lifetime Independence for Everyone, Inc. • 4902 34th St., Suite 5 • Lubbock, Texas 79410
Voice/TTY: 806-795-5433 • 800-429-4371 • 806-795-5607 Fax • www.liferun.org

LIFE/RUN
CENTER FOR INDEPENDENT LIVING
advocacy • peer support • information and referral • independent living skills

June 14, 2007

Jo En Taylor
Texas Department of Housing and Community Affairs
P.O. BOX 13941
Austin, TX 78711-3941

Re: Requested Extension for Contract #1000364

Dear Ms. Taylor:

As per your request, I have attached a list of the individuals for whom Lifetime Independence for Everyone, Inc., (LIFE/RUN), is requesting up to an additional 8 months of rental assistance, following the original contract termination date of October 31, 2007:

NAME	ACTIVITY #	NUMBER OF MONTHS	ESTIMATED AMOUNT REQUESTED
Colleen Ramey	25991	5	$1,985
Larry McCormick	26222	7	$1,519
Jimmy Turlington	26234	8	$2,176
Debra Zion	26235	8	$2,144
Billy Benefield	26236	8	$2,080
Jesse Sarinana	26237	5	$2,205
Neta Musick	26238	5	$1,065
Verna Callaway	26239	8	$2,080
Adolph Cervantez	26242	8	$3,240
Bobby Mears	26256	8	$1,312
Demetria Contreras	26322	8	$3,192
Sandra Butler	26367	8	$2,464
Michael Jones	26369	8	$1,488
Baldamero Camacho	26370	8	$2,912
Debra Sims	26371	8	$4,080
Donald Clemments	26374	8	$2,200
Michael Murphy	26375	8	$1,712
Russell Higdon	26416	8	$2,272
Johnie Lones	26417	8	$2,024
Gilbert Bean	Unassigned	8	$352
Hiblow	Unassigned	8	$2,648

Danita Miranda	Unassigned	8	$3,960
Jerry Condra	Unassigned	8	$2,000
Jerry Caster	Unassigned	8	$2,000
Nancy Vasquez	Unassigned	8	$3,264
Dewayne Anderson	Unassigned	8	$2,448
Leo McMahon	Unassigned	8	$2,272
Manuel Ramirez	Unassigned	8	$2,800
John Londrigan	Unassigned	8	$1,424
TOTAL			**$65,318**

Please note that we are continuing to qualify Consumers for the Olmstead Rental Vouchers and the above table only reflects those individuals that have transitioned from long-term care facilities thus far. Therefore, I am requesting approval from TDHCA to be able to provide rental assistance to qualifying individuals not currently on the above list, with the understanding that LIFE/RUN does not exceed the original amount of budgeted project funds.

Your thoughtful consideration of this request will be greatly appreciated and if you should have any questions, you may contact me at 806-795-5433 or via e-mail: chelle7556@aol.com.

Sincerely,

Michelle Crain
Executive Director, LIFE/RUN Center

Kendall County Contract Number 1000460

Summary of Request

Kendall County (County) is requesting a waiver of the $60,000 per unit cap to allow $77,275 in rehabilitation on one (1) house listed on the historical registry of the Texas Historical Commission. The project budget is attached and the key variances from normal $60,000.00 construction costs are:

Budget Categories	Kendall County	Average Reconstruction Cost	Variance
Dimensions:	2520 sq ft	888 sq ft	
Exterior	$35,700	$27,300	$8,400
Interior	$17,580	$12,272	$5,308
Plumbing	$7,995	$5,000	$2,995
Electrical	$5,975	$5,000	$975
H.V.A.C	$3,000	$4,000	($1,000)
10% Contingency Fee	$7,025	$ 0	$7,025
Consultant Fee	$0	$6,428	($6,428)
Total	$77,275	$60,000	$17,275

The County is also requesting to reduce the number of assisted households from two (2) to one (1), or a reduction of fifty (50%) percent. The reduction in the number of units will result in deobligated funds of $33,500. The City is also requesting a six (6) month extension in order to complete rehabilitation of the historical home.

	Original	Requested	Change	Percent Reduction
Households	2	1	(1)	50%
Budget	$108,238.92	$77,275	($33,500)	31%

The County states that the increase is necessary since this is the only qualified applicant they have been able to identify. The work write-up submitted to justify the rehabilitation costs was for approximately $70,250.00 and included a 10% contingency of 7,028.00. As of August 15th no site specific environmental clearance has been given to the County.

In twenty two (22) months the Administrator has assisted no households nor committed any funds to this contract.

Amendment Number:	1
Activity Type:	Owner Occupied Assistance (OCC) Contract (Reconstruction)
Contract Executor:	County Judge, Gaylan Schroeder
Contract Consultant:	Grantworks, Inc.
Contract Start Date:	October 3, 2005
Contract End Date:	September 28, 2007
Requested End Date:	March 31, 2008
Service Area:	Kendall County
Total Budget Amount:	$108,238.92
Project Amount:	$104,076
Administration Amount:	$4,162.92
Amount Committed:	$0
Amount Drawn:	$0
Households Required:	2
Households Proposed:	1

Requested Action
Staff does not recommend the approval of the amendment.

If the board chooses to approve the amendment, the cap on the amount of assistance per activity would be increased to $77,275 for this house only. The number of required households would be reduced from two (2) to one (1), the contract end date would be extended for six (6) months from September 28, 2007 to March 31, 2008, and the contract budget would be reduced to $77,275. Approval of this amendment would require the County to provide the Department with a Monthly Contract Progress Report.

Disapproval of the extension would result in deobligated funds of $108,238.92.

COUNTY OF KENDALL

GAYLAN L. SCHROEDER
County Judge
kcjudge@co.kendall.tx.us

Ann Reissig
Commissioner, Precinct 1

Gene Mlertschin
Commissioner, Precinct 2

Darrel Lux
Commissioner, Precinct 3

Kenneth M. Rusch
Commissioner, Precinct 4

June 7, 2007

Texas Department of Housing and Community Affairs
221 E. 11th
Austin, TX

Attn: Ann MacBeth

Re: HOME OCC Contract #1000460

Dear Ms. Trevino,

Please consider this a formal request to waive the per-unit cap of $60,000 for Kendall County's HOME contract #1000460.

The reason for this request is that the home of the only qualified applicant we have been able to identify qualifies for the historical register. Because of this, we must rehabilitate the house rather than reconstructing it. Per the attached work write-up, this is expected to cost approximately $70,250.00, plus a 10% contingency. There are more than enough funds available in our award to perform this work; however, we need your permission to exceed the cap.

We would also like to request that our original contract ending date of September 30, 2007 be amended to reflect an end date of March 30, 2008. This should give the contractor more than enough time to complete the necessary repairs on the home.

We hope that you will look favorably upon this request so that we can proceed to provide this assistance to a homeowner in need.

Sincerely,

Gaylan L. Schroeder
Kendall County Judge

AMERIWAY CONSTRUCTION CO.

3105 W. Ninth Street
Fort Stockton, Texas 79735
Phone 432-336-9400
Fax 432-336-9402

June 8, 2007

Attn: Lucy Trevino
Texas Department of Housing and Community Affairs

Dear Ms. Trevino:

This is in regard to the home in Kendall County to be assisted under HOME contract #1000460. Once construction has begun, I will need about 60-90 days, weather permitting, to rehabilitate the house. I hope that you will look favorably upon their request so that we may assist this homeowner.

Sincerely,

Jerry Reiner
Ameriway Construction

Work Write Up

Homeowner: Ella Eichholz
Address: 102 Idelwilde Blvd., Comfort,Texas

General Characteristics: Dimensions 42x60
Roof: metal
Foundation: Pier and Beam
Siding: R.B.B. Wood
Windows: Wood
Porch: Pier/Wood

Exterior:

Roof: Tear off existing metal roof and reinstall v-crimp metal roof system replace decking/1/2 plywood, install rear gutter system.	$245.00
Deteriorated wood: Replace 645 R.B.B. siding	$2455.00
Foundation: To repair foundation (add support)	$6550.00
Windows: Replace 10 wood windows	$5000.00
Trim: Replace deco trim for facia	$975.00
Paint: To prep, caulk and paint exterior and trim, to paint trim accent	$6450.00
Porch: Rebuild front porch	$3650.00
Garage: Regrade floor (dirt) replace and pour 16x24 concrete floor	$3450.00
Termite: Termite treatment	$1250.00

Doors: Replace 2 exterior deco wood door units	$2400.00
Waterheater Closet: Rebuild 6x10 waterheater closet	$950.00
Drainage: To install positive drainage on rear left	$1150.00
Insulation: Install insulation in ceiling area to R-30	$1175.00
Total Price Exterior	**$35,700.00**

Kitchen: 10x14 ceiling 10'

Cabinets: Replace 9 ft. of cabinets and countertops	$1450.00
Plumbing: Install kitchen sink	$250.00
Appliance: Install 1 gas stove/vent hood	$650.00
Subfloor: Install new sub floor	$400.00
Walls: Install new sheetrock	$850.00
Flooring: Install vinyl/shoemold	$710.00
Hardware: Install kitchen hardware	$150.00
Total Price Kitchen	**$4460.00**

Hall 4x7 ceiling 10'

Walls:Remove paneling and install sheetrock/trim	$510.00
Paint: To prep caulk and paint walls and ceiling	$450.00
Doors: Replace 1 door unit	$225.00
Flooring: Install vinyl flooring/shoemold	$375.00
Total Price Hall	**$1560.00**

Bath 5x7 ceiling 10'

Walls: Install bathroom wall board	$450.00
Paint: Paint/trim	$175.00
Toilet: Install A.D.A toilet	$375.00
Vanity: Install 1 A.D.A. vanity	$475.00
Hardware: Install bathroom hardware	$175.00
Total Price Bathroom	**$1650.00**

Living Room 10x10 ceiling 10'

Wall: Remove paneling and install sheetrock/trim	$775.00
Paint: To prep, caulk, and paint walls and ceilings	$400.00

Doors: To install 1 door unit	$225.00
Flooring: To install carpet and pad	$540.00
Total Price Living Room	**$1940.00**

Landing Room 10x10 ceiling 10'

Wall: Remove paneling and install sheetrock/trim	$775.00
Paint: To prep, caulk, and paint walls and ceilings	$400.00
Doors: To install 1 door unit	$225.00
Flooring: To install carpet and pad	$345.00
Total Price Landing	**$1745.00**

Bedroom #1 9x11 ceiling 8'

Walls: To prep and caulk and paint paneling	$450.00
Trim: Install 140 ln ft. of trim	$280.00
Doors: Install double 4ft door	$450.00
Flooring: To install carpet and pad	$310.00
Total Price Bedroom #1	**$1490.00**

Bedroom #2 9x11 ceiling 8'

Walls: To prep and caulk and paint paneling	$450.00
Trim: Install 140 ln ft. of trim	$280.00
Doors: Install double 4ft door	$450.00
Flooring: To install carpet and pad	$310.00
Total Price Bedroom #2	**$1490.00**

Bedroom #3 12x12 ceiling 10'

Walls: To prep and caulk and paint paneling	$450.00
Trim: Install 140 ln ft. of trim	$280.00
Doors: Install double 4ft door	$450.00
Flooring: To install carpet and pad	$415.00
Total Price Bedroom #3	**$1595.00**

MasterBedroom 10x12 ceiling 10'

Walls: To remove paneling and install sheetrock and trim	$885.00
Trim: Install 160 ln ft. of trim	$320.00
Flooring: To install carpet and pad	$445.00

Total Price Master Bedroom **$1650.00**

H.V.A.C.
Install two mounted heaters **$3000.00**

Plumbing
Replace all supply lines, replace sewer line, replace all gas lines
Valves,and connections. Bring all plumbing to code. **$7995.00**

Electrical:
REWIRE HOUSE COMPLETE TO NATIONAL ELECTRIC CODE.Includes but Is not limited to Lighting, small appliance and special purpose Branch circuit wiring (minimum No.12 AWG Comductors), hardwired smoke detector circuit, Junction boxes, receptacles,switched and covers, eXterior light fixtures, 2 double bulb security fixtures At opposite corners of building. **Note**: Any existing wiring used must be copper No. 12 AWG, 2 solid conductor w/ground, nonmetallice-sheathed cable or better Ref. Spec.14.0,NEC

NOTE: All new wiring for switches, outlets, fixtures, Etc. will be in wall cavities when possible. If surface mounting is required, A Wiremold=metal raceway and boxes or approved equal will be used in visible living areas. EMT or Rigid conduit will not be allowed where visible to living areas.

Total Electrical **5975.00**

TOTAL PRICING SUMMARY

Exterior	35700.00
Hall	1560.00
Landing Room	1745.00
Living Room	1940.00
Kitchen	4460.00
Bathroom 1	1650.00
Bedroom 1	1490.00
Bedroom 2	1490.00
Bedroom 3	1595.00
MasterBedroom	1650.00
Plumbing	7995.00
Electrical	5975.00
H.V.A.C	3000.00

REHABILITATION COSTS	$70,250.00
Add 10% contingency	$7025.00
Total Rehabilitation Estimate	$77275.00

Edinburg Housing Authority Contract Number 1000490

Summary of Request
The Edinburg Housing Authority (Administrator) is requesting a modification to the income requirements in their contract as noted on the table below:

	2007 Income Limits (4 Person)	Original	Requested	**Variance**
30% AMFI	$12,950	50	10	**(40)**
50% AMFI	$21,550	0	20	**20**
60% AMFI	$25,860	0	10	**10**
80% AMFI	$34,500	0	10	**10**
Total		50	50	**50**

The Administrator states that they have not been able to identify sufficient households to qualify for the Homebuyer program at the 30% income level. The Administrator states that the increase would allow assistance to other households who are in need of adequate housing, but whose income is above the 30% income limit.

The Administrator committed to assist all households at or below 30% of area median family income (AMFI) at application. By committing 100% of the households the Administrator maximized the points received under the Income Targeting category. The application has been rescored taking into account the drop in points and the Administrator would have been funded with the increased income limit requirements.

The Administrator is also requesting a twelve (12) month extension in order to locate eligible households. In twenty two (22) months the Administrator has assisted no households nor committed any funds to this contract.

Amendment Number:	1
Activity Type:	Homebuyers Assistance (HBA)
Contract Executor:	Executive Director, Estella Trevino
Contract Start Date:	October 3, 2005
Contract End Date:	September 28, 2007
Requested End Date:	September 28, 2008
Service Area:	City of Edinburg, Hidalgo County
Total Budget Amount:	$520,000
Project Amount:	$500,000
CHDO Operating:	$20,000
Households Required:	50
Households Assisted:	0
Amount Drawn:	$-0-

Requested Action
Staff does not recommend the approval of the amendment.

If the board chooses to approve the requested amendment, the contract income requirements would be modified as noted in the table above and the contract end date would be extended for twelve (12) months from September 28, 2007 to September 30, 2008. Approval of this amendment would require the Administrator to provide the Department with a Monthly Contract Progress Report.

Disapproval of the extension would result in deobligated funds of $520,000.

Edinburg Housing Authority
Administration Department
P.O. Box 295
910 South Sugar Road
Edinburg, Texas 78540-295
Phone (956) 383-3839 Fax (956) 380-6308

June 20, 2007

Lucy Treviño
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711

1000490

Dear Ms. Treviño:

One of the performance requirements of the American Dream Downpayment Initiative as it applies to the Edinburg Housing Authority's contract with the Texas Department of Housing and Community Affairs under the HOME Program Homebuyer Assistance Application states that "50 of the 50 assisted homebuyers shall have income that are thirty percent (30%) or less of the area median family income as defined by HUD."

I would like to point out that the 30 percent or less requirement is not realistic in that families need to make more than that in order to qualify for a home loan and help pay the costs of owning a home such as taxes, insurance, maintenance and repairs, landscaping and utilities.
Three of the four candidates that qualified for the Edinburg Housing Authority's homeownership program have incomes of 50 percent or less of the area median family income. A fourth candidate has an income of 80 percent or less of the area median family income.
I am requesting that the requirement be amended from 30 percent or less of the area median income to the following: 10 activities at 80 percent, 20 activities at 50 percent, 10 activities at 60 percent; and 10 activities at 30 percent or less of the area median income.

Approval of the amendment would help the candidates to close their loan transactions with their banks and move them into their new homes. They have been waiting for quite a long time.

Please respond as soon as possible.
Thanking you in advance, I remain,

Sincerely Yours,

Estella L. Treviño

Estella L. Treviño
Executive Director

RECEIVED
JUN 21 2007
COMPLIANCE

2005 HOME Single Family Application Score Sheet for

- ☐ Owner Occupied Housing Assistance
- ☑ American Dream Downpayment Initiative
- ☐ Tenant Based Rental Assistance
- ☐ Contract for Deed Conversion

NOTE: If the Applicant did not pass eligibility requirements, the application should not be scored.

Scorer's Name: **Meg Tynan**

Application Number: 2005-0039

Applicant Name: **Edinburg Housing Authority**

Region Number: 11

Dollars Requested: $ 500,000.00

Units Proposed: 50

Score: H 69

Minus Any Deficiency: _____

Final Score: _____

Maximum Score = 100/109 (CFD)

Did Applicant meet threshold score of 60/65.4 (CFD)?

☑ Yes ☐ No

Please display any calculations and scoring points to two decimal places.

Scoring Factors	Score
AHN Score Determine AHN score. Refer to **Tab 1, Section 2 of the Uniform Application** for a listing of cities and counties served. Note: If applicant is targeting a city, then the AHN score for that city will be used. If proposing to serve multiple cities or counties, then an average will be taken. ***OCC and TBRA Applications must serve either:*** ☐ All Rural Areas ☐ All Urban/Exurban Areas	

List City(ies) Served	*AHN Score*
1. Edinburgh	6
2.	
3.	
4.	
5.	
6.	
7.	
8.	

List County(ies) Served	*AHN Score*
1. Hidalgo PJ	
2.	
3.	
4.	
5.	
6.	
7.	
8.	

Enter scorer's determined AHN score in right column → → → → → → → → → → → →	MAX 7 points 6

AS

Income Targeting (for OCC and TBRA only):

Points will be awarded based on the percentage of total units targeted to specific income levels according to the chart below. Please refer to **Tab 1, Section 4 of the Uniform Application** for the Applicant's income targeted units. Calculate the percentage of total units targeted at or below 60% AMFI and **circle** the associated points. If the Applicant is targeting households at 30% AMFI and below; calculate the percentage targeted and add the associated points for targeting households at or below 60% AMFI. No points will be awarded for targeting households between 61-80% AMFI. ***Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI. Applicants serving multiple counties including both Rider 3 Eligible Counties and ineligible Rider 3 Counties will be scored on a prorata basis.***

Is the Applicant requesting to serve Rider 3 Eligible Counties ☐ Yes ☐ No
If yes, list counties: _____

Calculations:

Units at 61-80%: ____
Units at 51-60%: ____
Units at 31-50%: ____
Units at 0-30%: ____
Total Units: ____

Percentage of total units	60%	30% (or 50% for Rider 3 Eligible Counties)
100%	10 points	+10 points
90% - 99.99%	9 points	
80% - 89.99%	8 points	+8 points
70% - 79.99%	7 points	
60% - 69.99%	6 points	+6 points
50% - 59.99%	5 points	
40% - 49.99%	4 points	+4 points
30% - 39.99%	3 points	
20% - 29.99%	2 points	+2 point
10% - 19.99%	1 points	
0% - 9.99%	0 points	+ 0 points

Enter total points in right column → (MAX 20 points) N/A

Income Targeting (for ADDI and CFD only):

Points will be awarded based on the percentage of total units targeted to specific income levels according to the chart below. Please refer to **Tab 1, Section 4 of the Uniform Application** for the Applicant's income targeted units. Calculate the percentage of total units targeted at or below 60% AMFI and **circle** the associated points. No points will be awarded for targeting households between 61-80% AMFI.

Calculations:

Units at 60%: 50 40
Total Units: 50
Percentage: 100%

Percentage of total units	60%
90% - 100%	20 points
80% - 89.99%	18 points
70% - 79.99%	16 points
60% - 69.99%	14 points
50% - 59.99%	12 points
40% - 49.99%	10 points
30% -- 39.99%	8 points
20% - 29.99%	6 points
10% - 19.99%	4 points
0% - 9.99%	2 points

Enter total points in right column → (MAX 20 points) 20 18

Temple Housing Authority Contract Number 1000518

Summary of Request
The Temple Housing Authority (Administrator) is requesting an amendment to extend the end date of their contract for twelve (12) months from September 28, 2007 to September 30, 2008.

The Administrator states that due to a slow-down of the Texas housing market, increased interest rates and continually rising home costs the demand for homes under the program has slowed. There has also been a reduction in the number of qualified homebuyers due to stricter loan requirements and little change in the local Area Median Family Income limits. The administrator is actively marketing the program and researching cost reduction alternatives to help families qualify for mortgages. They anticipate closing 2 to 3 homes per month and the extension will provide the additional time necessary to expend remaining funds.

The Administrator is also requesting a twelve (12) month extension in order to locate eligible households. In twenty two (22) months the Administrator has assisted six (6) households. The Administrator has only committed and drawn $60,000.00 of the original contract project funds of $500,000.00.

	2007 Income Limits (4 Person)	Original
30% AMFI	$12,950	0
50% AMFI	$21,550	0
60% AMFI	$25,860	15
80% AMFI	$34,500	33
Total		48

Amendment Number:	1
Activity Type:	Homebuyer Assistance (HBA)
Contract Executor:	Executive Director, Barbara Bozon
Contract Start Date:	October 3, 2005
Contract End Date:	September 30, 2007
Requested End Date:	September 30, 2008
Service Area:	Bell County and Milam County
Total Budget Amount:	$520,000
Project Amount:	$500,000
Administration Amount:	$20,000
Households Required:	48
Households Assisted:	6
Amount Drawn:	$60,609.99

Requested Action
Staff does not recommend approval of the amendment.

If the board chooses to approve the amendment, the contract end date would be extended for twelve (12) months from September 30, 2007 to September 30, 2008. The approval of this amendment would require the Administrator to submit a Monthly Contract Progress Report in a form prescribed by the Department.

Mailed certified

CENTRAL TEXAS HOUSING CONSORTIUM
TEMPLE HOUSING AUTHORITY BELTON HOUSING AUTHORITY

BARBARA B. BOZON, CPA
EXECUTIVE DIRECTOR

May 31, 2007

Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, Texas 78711-3941

Re: Extension of Contract Number 100518

Dear Mr. Gerber:

In order to complete Contract #100518 and draw the remaining down payment assistance, we request that the TDHCA board grant an extension of the contract date for one year (from September 28, 2007 to September 27, 2008).

The Temple Housing Authority's DPA program has been very successful since 1997. We have administered nine downpayment assistance grants from TDHCA, totaling over $2 million, that resulted in the sale of 360 homes during this period. A spreadsheet listing statistics regarding all homes sold it attached. In order to expend the current grant, we have been actively marketing the program and researching cost reduction alternatives to help families qualify for a mortgage such as:

- We have purchased 15 lots that are in the replatting process to help lower lot costs.
- We have researched alternative housing such as manufactured housing, but found the costs to be close to the homes our builders construct.
- We have increased the amount of down payment assistance to the maximum of $10,000 per homebuyer.
- We have increased marketing through payroll stuffers at area businesses, bill board advertisements and targeted mail-outs.

A copy of the Homeownership application packet that describes the application process, lists participating lenders and builders and locations of homes available in the program is attached.

Even with all of these activities, the slow-down of the Texas housing market, increased interest rates and little change in our local AMFI combined with continually rising home costs has resulted in the need for an extension. A spreadsheet detailing the high increases in home costs and lower increases in area median income is attached.

Because some grant terms overlapped, we closed out the 2004 Homebuyer Assistance Program grant in March and have just recently started expending the 2005 American Dream Downpayment Initiative grant.

100 WEST CALHOUN AVE • 254-773-1909 • FAX 254-773-1953
Reply to: P.O. Box 1326, Temple, Texas 76503-1326

F:\MSOFFICE\Grants\DPA extension request.doc

Following is the status of the contract:

_4__ homes closed in TDHCA system

_2__ homes pending closing in TDHCA system

_7__ applicants working with Homeownership Coordinator

_42_ homes remaining to be sold

The demand for homes under the program has declined as a result of the above market factors, but remains at a steady slower rate. With the reduced number of qualified homebuyers, it is not possible to meet the original deadline. Based on past history, we anticipate closing 2 to 3 homes per month. A closing spreadsheet is attached to confirm that home closings are occurring at this rate.

We planned to have all funds expended prior to the contract expiration date, but now need a contract extension so remaining funds can be expended. Your consideration of this request would be greatly appreciated. If you have questions regarding this matter, please contact me at 254-773-2009, extension 205.

Sincerely,

Barbara B. Bozon, CPA
Executive Director

Cc: Valerie Gonzales, Manager Portfolio Management

Valerie Gonzales

From: Barbara Bozon [execdir@centexhousing.org]
Sent: Wednesday, August 15, 2007 5:39 PM
To: valerie.gonzales@tdhca.state.tx.us
Subject: contract 1000518

Valerie,

In response to your question as to whether we had a waiting list for this contract, I asked our Homeownership Administrator to address it.

The response she provided is:

> Yes we do. There are currently 6 people on it. And our participating builders are in the process of building homes and getting lots replatted for future buyers. We are not always aware of pending prospects our builders have until they send us a signed contract.
>
> That is also why we are asking for the one year extension instead of just a 6-month extension. Even though it has become more difficult to find qualified applicants, we continue to receive inquiries daily and expect to utilize the available funding.
>
> If you need any additional information please let me know.
>
> Thanks,

Barbara B. Bozon, CPA
Executive Director
Central Texas Housing Consortium
Temple & Belton Housing Authorities
(254) 773-2009 ext. 205
(254) 773-1958 fax

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City of San Benito Contract Number 1000539

Summary of Request
The City of San Benito (City) is requesting an amendment to extend the end date of their contract for six (6) months from September 28, 2007 to March 31, 2008 and a modification to the income requirements as noted on the table below:

	2007 Income Limits (4 Person)	Original	Requested	**Variance**
30% AMFI	$12,950	5	3	**(2)**
50% AMFI	$21,550	15	12	**(3)**
60% AMFI	$25,860	5	5	
80% AMFI	$34,500	5	10	**5**
Total		30	30	**30**

The City states that they have not been able to identify sufficient households to qualify for the homebuyer program at the lower income levels. The City states the increase would allow assistance to other households who are in need of adequate housing, but whose income is slightly higher.

The City committed to assist 83.33% of the households at or below 60% of area median family income (AMFI) at application. By committing 83.33% of the households the City received 18 points out of a possible 20 points under the Income Targeting category. The application has been rescored taking into account a drop of four (4) points and the City would have been funded with the increased income limit requirements.

The City is also requesting a six (6) month extension in order to assist additional household with down payment assistance. In twenty two (22) months the Administrator has assisted twenty two (22) households. The Administrator has committed $232,541.00 and drawn $194,641.00 of the original contract project funds of $300,000.00.

Amendment Number:	1
Activity Type:	American Dream Down Payment Assistance (ADDI)
Contract Executor:	Mayor, Joe Hernandez
Contract Start Date:	October 3, 2005
Contract End Date:	September 28, 2007
Requested End Date:	March 31, 2008
Service Area:	City of Edinburg, Hidalgo County
Total Budget Amount:	$312,000
Project Amount:	$300,000
Administration Amount:	$12,000
Households Required:	30
Households Assisted:	20
Amount Drawn:	$178,141

Requested Action
Staff does not recommend the approval of the amendment.

If the board chooses to approve the requested amendment, the contract income requirements would be modified as noted in the table above and the contract end date would be extended for six (6) months from September 28, 2007 to March 31, 2008. Approval of this amendment would require the Administrator to provide the Department with a Monthly Contract Progress Report.

Disapproval of the extension would result in deobligated funds of approximately $80,500.

The Housing Authority Of
The City of San Benito
P. O. Box 1900
San Benito, Texas 78586

May 3, 2007

Ms. Lucy Trevino
Portfolio Management
Texas Department of Housing
P. O. BOX 13941
Austin, TX 78711-3941

Re: Request for Amendment of Contract #10005393

Greetings:

Homeownership opportunities have helped a total of 139 families to realize the American Dream. There are still many families, who have completed the required educational classes, on the pending waiting list – 32 to be exact. And another 119 families are on the active waiting list ready to initiate the application process. Because of the Home Buyer Assistance and the ADDI programs, the San Benito Housing (SBH) has established a solid First-Time Homebuyers program in this community.

Historically, SBH has funded over 70% of its total resources available, for the First-Time Homebuyers program, to families at or below 60% of the area median family income (AMFI). The referred to contract above currently targets 20 out of 30 total potential families at or below 60% of the AMFI. To date, 19 of these families have become successful first-time homeowners.

Recent SBH data statistics reflect a greater need in the 61 – 80% of the AMFI. Thus, SBH is requesting an amendment to the above referred contract number. The request is to increase the target families in said AMFI percentage from the original 5 families to show a total of 10 families. It is understood that the original application score would have to be re-calculated to determine any approval of this request.

Enclosed please find a report indicating current status and funding resources of the referred contract. Please contact my office at (956) 399-7501 or email dcortez@sanbenitohousing.com for any further information or questions you may have.

Sincerely,

David A. Cortez
SPD

Enclosure

RECEIVED
MAY 11 2007
COMPLIANCE

956-399-7501 • Fax: 956-399-5413

EQUAL HOUSING OPPORTUNITY

American Dream Down Payment Initiative
Contract #1000539

AMFI		NAME	ADDRESS	AMFI	TDHCA	CDBG	FHLB	OTHER	Total	Notes	TDHCA bal	CDBG 05	FHLB 04	FHLB 05	CDBG 06
						CDBG 06	FHLB 05				**$300,000**	**$48,527**	**$30,000**	**$100,000**	**$50,000**
Below 30%		**Rosa Moreno**	**816 Chapman**	**28.7%**	**$10,000**	**$4,800**	**$4,000**	**$1,681.70**	**$20,481.70**	**CI 9/7/06**	$290,000	$43,727	$30,000	$96,000	$50,000
	TDHCA	**Violeta Cuevas**	**189 Edwards**	**25.4%**	**$9,500**	**$0**	**$4,000**	**$0.00**	**$13,500.00**	**CI 9/20/06**	$280,500	$43,727	$30,000	$92,000	$50,000
	Target: 5	Sandra P Herrera	149 SanJacinto	25.9%	$10,000	$4,113.40	$4,000	$0.00	$18,113.40	CI 3/23/07	$270,500	$43,727	$30,000	$88,000	$45,886.60
	Actual: 2								$0.00		$270,500	$43,727	$30,000	$88,000	$ 45,886.60
	CDBG: 0								$0.00		$270,500	$43,727	$30,000	$88,000	$ 45,886.60
31% - 50%		Sandra Solis	395 Jay	36.8%	$6,000	$0	$4,000	$0	$10,000.00	CI 1/9/2006	$264,500	$43,727	$26,000	$88,000	$ 45,886.60
	TDHCA	Hilario Valdez	326 Turner	43.4%	$10,000	$1,600	$4,000	$755.70	$16,355.70	CI 5/26/06	$254,500	$42,127	$26,000	$84,000	$ 45,886.60
	Target: 15	**J Agustin Lopez**	**380 Bonham**	**38.6%**	**$6,000**	**$0**	**$4,000**	**$0**	**$10,000.00**	**CI 3/21/06**	$248,500	$42,127	$22,000	$84,000	$ 45,886.60
	Actual: 10	Anabel Becerra	256 N. Bonham	47.9%	$9,000	$3,200	$4,000	$0	$16,200.00	CI 4/11/06	$239,500	$38,927	$18,000	$84,000	$ 45,886.60
	FHLB: 50%	Oscar Mata Pena	149 Alexia Cir	46.7%	$6,400	$0	$4,000	$1,610.75	$12,010.75	CI 8/21/06	$233,100	$38,927	$18,000	$80,000	$ 45,886.60
	Target: 15	Ramon Cortez	112 San Jacinto	40.8%	$10,000	$1,000	$4,000	No Match	$15,000.00	CI 10/23/06	$223,100	$37,927	$18,000	$76,000	$ 45,886.60
	Actual: 8	Aaron Martinez	835 N. Crockett	38.6%	$7,175	$0	$4,000	$0.00	$11,175.00	CI 7/26/06	$215,925	$37,927	$18,000	$72,000	$ 45,886.60
	CDBG: 1	Noe Figueroa	556 Forrest St.	49.8%	$10,000	$5,000	$4,000	TBD	TBD	CDCB	$205,925	$37,927	$18,000	$68,000	$ 40,886.60
											$205,925	$37,927	$18,000	$68,000	$ 40,886.60
		Baldemar Flores	185 Colorado	49.9%	$6,500	$0	$4,000	$0.00	$10,500.00	Mtg Mkt	$199,425	$37,927	$18,000	$64,000	$ 40,886.60
		Juan A. Cardenas	491 Corral	32.0%	$10,000	$5,000	$4,000	$0.00	$19,000.00	Mtg Mkt	$189,425	$32,927	$18,000	$60,000	$ 35,886.60
51% - 60%		Norma A. Perez	129 Washington	58.7%	$10,000	$2,332.80	$4,000	$1,667.20	$18,000.00	CI 3/1/06	$179,425	$30,594.20	$14,000	$60,000	$ 35,886.60
	TDHCA	Jose S. Vargas III	360 JFK Ave.	59.8%	$8,323	$0	$4,000	$1,667.20	$13,990.20	CI 2/22/06	$171,102	$30,594.20	$10,000	$60,000	$ 35,886.60
	T-5 A-5	Olegario RodriguezJr	174 Garcia's Ct	59.5%	$10,000	$3,996.07	$4,000	$0	$17,996.07	CI 3/1/06	$161,102	$26,598.13	$6,000	$60,000	$ 35,886.60
	FHLB <60%	Valerie Sanchez	800 Comfort Dr	59.1%	$10,000	$3,000	$4,000	$0	$17,000.00	CI 2/6/06	$151,102	$23,598.13	$2,000	$60,000	$ 35,886.60
	Target: 10	Maria E. Perez	745 N McCullou	55.2%	$8,800	$0	$2,000	$0	$10,800.00	CI 6/26/06	$142,302	$23,598.13	$0	$60,000	$ 35,886.60
		Inocencio Rodriguez	761 Sombra	50.9%	$0	$0	$3,389.33	$0	$3,389.33	CI 9/11/06	$142,302	$23,598.13	$0	$56,610.67	$ 35,886.60
	Actual: 3	Homar Rodriguez	415 Madrid Court	57.2%	$0	$11,374	$4,000	$0	$15,374.00	CI 12/7/06	$142,302	$28,598.13	$0	$52,610.67	$ 24,512.60
	CDBG: 1	Roberta Reyes	840 Rio Grande	53.6%	$0	$6,500	$4,000	$0	$10,500.00	CI 11/15/06	$142,302	$22,098.13	$0	$48,610.67	$ 24,512.60
		Esmeralda Oliva	131 Rebecca	59.5%	$0	$0	$4,000	$0	$4,000.00	CI 3/13/07	$142,302	$22,098.13	$0	$44,610.67	$ 24,512.60
		Eliseo Rodriguez III	473 Whitewing	52.9%	$0	$0	$3,413.22	$0	$3,413.22	FNB	$142,302	$22,098.13	$0	$41,197.45	$ 24,512.60
		Rudy Gomez	523 Whitewing	50.2%	$6,000	$0	$4,000.00	$0	$10,000.00	Mtg Mkt	$136,302	$22,098.13	$0	$37,197.45	$ 24,512.60
61% - 80%		Priscilla Rodriguez	101 Lantana Cr	73.9%	$0	$4,900	$0	$0	$4,900.00	CI 11/23/05	$136,302	$17,198.13	$0	$37,197.45	$ 24,512.60
	TDHCA	Juan A. Lopez	930 Wentz	74.5%	$9,700	$0	$0	$1,711.90	$11,411.90	CI 12/9/05	$126,602	$17,198.13	$0	$37,197.45	$ 24,512.60
	Target: 5	Jose Villarreal	432 Diaz	72.4%	$9,400	$0	$0	$367.50	$9,767.50	CI 4/18/06	$117,202	$17,198.13	$0	$37,197.45	$ 24,512.60
	Actual: 5	Jesus Hernandez	574 Resaca Sh	72.9%	$9,743	$0	$0	$0	$9,743.00	CI 1/16/06	$107,459	$17,198.13	$0	$37,197.45	$ 24,512.60
	CDBG: 3	Ruben Perez	715 Forrest	78.3%	$9,800	$0	$0	$1,700.80	$11,500.80	CI 2/22/06	$97,659	$17,198.13	$0	$37,197.45	$ 24,512.60
		Jose Armando Reyes	110 Garcia's Ct	79.7%	$8,300	$0	$0	$0	$8,300.00	CI 1/23/06	$89,359	$17,198.13	$0	$37,197.45	$ 24,512.60
		Angel Urbina Jr.	361 Independence	79.9%	$0	$5,000	$0	No Match	$5,000.00	CI 9/25/06	$89,359	$12,198.13	$0	$37,197.45	$ 24,512.60
		Virginia Muniz	1024 Woodford	70.3%	$0	$5,000	$0	$0	$5,000.00	CI 5/4/06	$89,359	$7,198.13	$0	$37,197.45	$ 24,512.60
		Jessica Lopez	313 San Patricio	79.5%	$0	$5,000	$0	$0	$5,000.00	CI 10/13/06	$89,359	$2,198.13	$0	$37,197.45	$ 24,512.60
		David Ybarra	1025 Chapman	76.5%	$0	$8,444	$0	$0	$8,444.00	CI 12/04/06	$89,359	$0	$0	$37,197.45	$ 18,266.73
		Hector Garza	Ballenger	68.8%	$0	$6,100	$0	No Match	$6,100.00	Wells Fargo	$89,359	$0	$0	$37,197.45	$ 12,166.73
		Sylvia Koite	1346 N Sam Hous	65.4%	$0	$4,800.13	$0	$0	$4,800.13	CI 1/29/07	$89,359	$0	$0	$37,197.45	$ 7,366.60

Average Asst	Average AMFI	Min Assistance	Max Assistance	Min AMFI	Max AMFI
$12,124.73	55.9%	$3,389.33	$20,481.70	25.4%	79.9%

Updated: May 1, 2007

Total number of Families served: 34

Total amount of match by COSB: $11,162.75 FHLB: $62,000.00

Red = Homeownership Choice Voucher (Section 8)

New Construction-match from COSB for fees, permits, & inspections

2005 HOME Single Family Application Score Sheet for

- [x] Owner Occupied Housing Assistance
- [x] American Dream Downpayment Initiative
- [ ] Tenant Based Rental Assistance
- [ ] Contract for Deed Conversion

NOTE: If the Applicant did not pass eligibility requirements, the application should not be scored.

82 pts

Scorer's Name: **Meg Tynan**

Application Number: 2005-0082

Applicant Name: **City of San Benito**

Region Number: 11

Dollars Requested: $ 300,000.00

Units Proposed: 30

Score: 86

Minus Any Deficiency: _____

Final Score: _____

Maximum Score = 100/109 (CFD)

Did Applicant meet threshold score of 60/65.4 (CFD)?

☑ Yes ☐ No

Please display any calculations and scoring points to two decimal places.

Scoring Factors	Score
AHN Score Determine AHN score. Refer to **Tab 1, Section 2 of the Uniform Application** for a listing of cities and counties served. Note: If applicant is targeting a city, then the AHN score for that city will be used. If proposing to serve multiple cities or counties, then an average will be taken. ***OCC and TBRA Applications must serve either:*** ☐ All Rural Areas ☑ All Urban/Exurban Areas	

List City(ies) Served	*AHN Score*
1. San Benito	6
2. Arroyo Colorado Estates	4
3. Palacios	
4. Glenwood Acres Subdivision	
5. Resaca Santa Subdivision	
6. Palmer Subdivision	
7.	
8.	

List County(ies) Served	*AHN Score*
1. Cameron	6
2.	
3.	
4.	
5.	
6.	
7.	
8.	

Enter scorer's determined AHN score in right column → → → → → → → → → → → → →	MAX 7 points 6

Income Targeting (for OCC and TBRA only):

Points will be awarded based on the percentage of total units targeted to specific income levels according to the chart below. Please refer to **Tab 1, Section 4 of the Uniform Application** for the Applicant's income targeted units. Calculate the percentage of total units targeted at or below 60% AMFI and **circle** the associated points. If the Applicant is targeting households at 30% AMFI and below, calculate the percentage targeted and add the associated points for targeting households at or below 60% AMFI. No points will be awarded for targeting households between 61-80% AMFI. ***Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% AMFI as those counties exceeding the statewide median income targeting households at or below 30% AMFI. Applicants serving multiple counties including both Rider 3 Eligible Counties and ineligible Rider 3 Counties will be scored on a prorata basis.***

Is the Applicant requesting to serve Rider 3 Eligible Counties ☐ Yes ☐ No
If yes, list counties: _____

Calculations:

Units at 61-80%: ____

Units at 51-60%: ____

Units at 31-50%: ____

Units at 0-30%: ____

Total Units: ____

Percentage of total units	60%	30% (or 50% for Rider 3 Eligible Counties)
100%	10 points	+10 points
90% - 99.99%	9 points	
80% - 89.99%	8 points	+8 points
70% - 79.99%	7 points	
60% - 69.99%	6 points	+6 points
50% - 59.99%	5 points	
40% - 49.99%	4 points	+4 points
30% - 39.99%	3 points	
20% - 29.99%	2 points	+2 point
10% - 19.99%	1 points	
0% - 9.99%	0 points	+ 0 points

Enter total points in right column → MAX 20 points: N/A

Income Targeting (for ADDI and CFD only):

Points will be awarded based on the percentage of total units targeted to specific income levels according to the chart below. Please refer to **Tab 1, Section 4 of the Uniform Application** for the Applicant's income targeted units. Calculate the percentage of total units targeted at or below 60% AMFI and **circle** the associated points. No points will be awarded for targeting households between 61-80% AMFI.

Calculations:

Units at 60%: 25 20

Total Units: 30

Percentage: 83.33% 66.66 %

Percentage of total units	60%
90% - 100%	20 points
80% - 89.99%	(18) points
70% - 79.99%	16 points
60% - 69.99%	(14 points)
50% - 59.99%	12 points
40% - 49.99%	10 points
30% - 39.99%	8 points
20% - 29.99%	6 points
10% - 19.99%	4 points
0% - 9.99%	2 points

Enter total points in right column → MAX 20 points: 18 14

2005 HOME Application Eligibility Checklist

Application Number: 2005-0082 **Region:** 11

Applicant Name: City of San Benito

Information Questions		
1.	What is the type of activity undertaken? (Tab 1, Section 3-B) Mark One: ☐TBRA ☐OCC ☑HBA ☐ CFD ☐ Single Family Development	
2.	Funding will be from which source of funds? (Tab 1, Section 3-A) Mark One: ☐General ☑ADDI ☐ Contract for Deed ☐ CHDO ☐ Disaster Relief	

	Were the following eligibility items included in the application?	YES	NO	N/A
3.	A signed and complete Certification and Application for Assistance Form. **(Tab 1, Exhibit 1, Part A)**	✓		
4.	A Resolution from the Applicant's direct governing body signed and dated within the prior six months of the application submission deadline. **(Tab 7)**	✓		
5.	Applicant is an eligible Applicant? The applicant must be either a unit of local government, nonprofit, or public housing agency. **(Tab 1, Section 1-B)**	✓		
6.	Applicant is applying for eligible Activity? **(Tab 1, Section 3-A & B)**	✓		
7.	Is the Applicant in compliance with any Departmental past due audit(s)? **(To be determined by Developer Evaluation Review)**		✓	
8.	Is the Applicant clear of being more than 90 days delinquent on any loan agreement with the Department? **(To be determined by Developer Evaluation Review)**	✓		
9.	Is the Applicant clear of any prior loan default with the Department that resulted in foreclosure? **(To be determined by Developer Evaluation Review)**	✓		
10.	Is Applicant serving cities and counties within the same region? *Only those Applicants applying for ADDI funds are eligible to serve multiple regions.* **(Tab 1, Section 2)**	✓		
11.	Is the Applicant serving a **non-PJ**? **(Refer to PJ List)**	✓		
12.	Is the Applicant serving 100% Rural or 100% Urban/Exurban area types? *Only those Applicants applying for ADDI funds are eligible to serve both area types.* **(Tab 1, Section 2)**	ADDI		✓

❒ **Applicant received 'YES' or 'N/A' checks for all questions above**
❒ **Applicant received one or more 'NO' checks above**

PMT

Eligibility Reviewer's Signature: Keith Doran* **DATE** 5/9/05

Peer Reviewer's Signature: Meg Tynan **DATE**

City of Primera Contract Number 1000559

Summary of Request
The City of Primera (City) is appealing the Departments denial of its amendment request. The City is requesting an amendment to extend the end date of their contract for twelve (12) months from September 28, 2007 to September 30, 2008.

	Original	Requested	Change	Percent Reduction
Households	21	4	(17)	81%
Budget	$241,488	$241,488		0%

The City states that they have had difficulty locating income eligible households with a per unit rehabilitation costs of $10,000.00 as required in the contract. The City has twelve (12) potential households on a waiting list, most of whom would require reconstruction of the existing structure. The City would like a decrease in the required number of households to provide the assistance to four (4) families in need at the $60,000.00 budget allowed for 2005 contracts.

The City is also requesting a twelve (12) month extension in order to assist households. In twenty two (22) months the Administrator has not assisted any of the required 21 households nor committed any funds to this contract.

Amendment Number:	1
Activity Type:	Owner Occupied Rehabilitation (OCC)
Contract Executor:	Mayor, Joe David Osborne
Contract Start Date:	October 3, 2005
Contract End Date:	September 30, 2007
Requested End Date:	September 30, 2008
Service Area:	City of Primera, Cameron County
Total Budget Amount:	$251,147.96
Project Amount:	$241,488
Administration Amount:	$9,659.96
Households Required:	21
Households Assisted:	0
Amount Drawn:	$-0-

Requested Action
Staff does not recommend approval of the amendment.

If the board chooses to approve the amendment, the number of required households would be reduced from twenty-one (21) to four (4), the contract end date would be extended for twelve (12) months from September 30, 2007 to September 30, 2008. The approval of this amendment would require the City to submit a Monthly Contract Progress Report in a form prescribed by the Department.

CITY OF PRIMERA

22893 STUART PLACE ROAD
PRIMERA, TEXAS 78552
PHONE # (956) 423-9654
FAX # (956) 423-2166

July 19, 2007

Ms. Lucy Trevino, CPA
Texas Department of Housing and Community Affairs
Manager, Portfolio Management
PO Box 13941
Austin, Texas 78711-3941

RECEIVED
JUL 30 2007
COMPLIANCE

RE: OCC Contract #1000559 Request For Contract Extension

Dear Ms. Trevino:

We have been trying to get our OCC Contract started, but have encountered difficulties due to the amount of funding provided for each unit. As you are aware, the contract we have with your agency provides up to $ 10,000.00 per unit for rehabilitation costs. Initial inspection reports have determined that there are possibly two (2) applicants that can be assisted with the allocated amount of $10,000.00 per unit. It is our understanding that TDHCA would like the City of Primera to solicit contractor bids on the qualified households for review. We were advised that upon review of said bids, TDHCA might reconsider our previous request to amend the contract to less than 21 units.

At this time we would like to kindly request an extension of one (1) year on this contract from its contract end date of September 30, 2007 to September 30, 2008. We believe that within that time the city can provide the documentation to your agency for a possible contract amendment and rehabilitate the number of amended households.

On behalf of the citizens of Primera and the City of Primera Board of Aldermen we thank you for consideration of this request.

Sincerely,

John D. Osborne
Mayor

Cc: Honorable Members of the City of Primera Board of Aldermen
Mr. Ricardo Gomez, Housing Consultant

EOE: Equal Opportunity Employer

City of Primera HOME Program
Housing Priority List
Based on Date & Time Application Was Received

Name & Address	Date App Recv'd	Time App Recv'd	Priority Rating	Qualifies		est. const. cost	
1. Jorge & Olivia Rivera 303 N. Oscar	11/27/2006	8.30am	1	yes		10-30K	✓
2. Lorenzo & Isabel Urbina 102 Liberty Ave	11/27/2006	8:45 AM	2	yes		10K	
3. Minerva Rivas Razo Rt. 1 Box 123B	11/27/2006	8:57 AM	3	no	not property owner		
4. Bernardo Salinas 300 Gonzales Street	11/27/2006	9.35 am	5	yes		10-30K	✓
5. Rodolfo Ramirez Rt. 1 Box 173-C	11/27/2006	9:57 AM	6	yes		30K +	✓
6. Gilberto Salinas 221 North Alma	11/27/2006	10:15 AM	7	yes		30 K +	✓
7. Gilda & Jose Samuel Diaz 18471 Primera Rd	11/28/2006	3:05 PM	8	yes			(428-4788)
8. Noe R. Gonzales 204 S Oscar	11/30/2006	9:08 AM	9	yes			
9. Reynaldo Candida 320 North Oscar	11/30/2006	4:17 PM	10	no	over income		
10. William B Sain 23727 Stuart Place Rd.	11/30/2006	4:18 PM	11	yes		10-30K	
11. Vicente & Maria Rodriguez 306 N Oscar	12/1/2006	2:15 PM	12	yes		30K +	
12 Jose & Guadalupe Cordero	11/27/2006	9.17am	4	yes		10K	

CITY OF PRIMERA 956 423 2166 08/10/07 12:01pm P. 002

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

BOARD MEMBERS
Elizabeth Anderson, *Chair*
Shadrick Bogany
C. Kent Conine
Sonny Flores
Gloria Ray
Norberto Salinas

August 6, 2007

The Honorable John David Osborne
Mayor, City of Primera
22893 Stuart Place Road
Primera, TX 78552

Re: HOME Contract for Deed Contract #1000559
Denial of Request for One (1) Year Contract Extension

Dear Mayor Osborne:

The Texas Department of Housing and Community Affairs (Department) has received your letter dated June 28, 2007 requesting a one (1) year extension to the above-referenced contract. Th e City of Primera (the City) states that the time needed to complete the required different procedures will require considerable more time then the remaining contract term of two months, and efforts to complete the procedures have been further complicated by difficulties due to the amount of funding provided for each unit.

On February 5, 2007 the City requested an amendment of the contract to reduce the number of households to be assisted, from 21 to 16. The City stated that it had analyzed construction estimates and determined that the cost of the housing reconstruction and repair would be greater than the original application estimate of $10,000 per household. The Department requested additional information to support the reduction in the number of households, such as copies of any bid proposals, construction estimates or cost write-ups. The City was not able to provide the requested documentation since qualified households had not yet been identified to determine the actual cost involved in reconstruction of the houses. Without documentation to support the request a denial letter was sent to the City.

Our mission, like yours, is to assist people who need help in obtaining safe decent and affordable housing. We are committed to doing this throughout the state of Texas. To best serve Texans, we require that before we extend contracts, that there is some assurance that the work can be completed within the required time frame. We believe that to accomplish this goal, Administrators must first have activities set-up in our system so that the funds are closer to being dispersed. Given that you have not set up these activities in our system and have no funds committed we must deny this request for extension based on our policy guidelines. Furthermore, Department policy does not allow for approval of contract extension requests in excess of six (6) months. The Department must follow our policy guidelines, and therefore, the extension request is denied.

Pursuant to 10 Texas Administrative Code §1.7, the City may appeal this decision to the Department's Governing Board. For the appeal to be considered, it must be received by Lucy Trevino, Manager of Portfolio Management, no later than ten days after the date of this letter.

If the Administrator does not wish to appeal the decision, the above mentioned contract will terminate on the existing contract end date.

The Department appreciates the Administrator's efforts to provide decent, safe, sanitary, and affordable housing for low and moderate income citizens of Texas. If you have any questions, please feel free to contact me or Lucy Trevino, Director of Portfolio Management at (512) 475-2550 or lucy.trevino@tdhca.state.tx.us

Sincerely,

Michael Gerber
Executive Director

cc: Michael Lyttle, Director of Governmental Relations

Enclosure (Certification of Completion)

MG/jet

CITY OF PRIMERA

22893 STUART PLACE ROAD
PRIMERA, TEXAS 78552
PHONE # (956) 423-9654
FAX # (956) 423-2166

August 15, 2007

Ms. Lucy Trevino, CPA
Manager of Portfolio Management
Texas Department of Housing & Community Affairs
PO Box 13941
Austin, Texas 78711-3941

Re: Home Contract #1000559 Appeal Of Denial On the City's Request
For A One (1) Year Extension

Dear Ms. Trevino:

The City of Primera hereby formally appeal's the denial of our recent extension request to your agency's Governing Board. We would like to appear before your Governing Board at the next meeting to personally present our case. Like your agency, the City of Primera is interested in bettering the housing conditions of our citizens and would like your Governing Board to review the progress we have made towards this endeavor.

Mr. Javier Mendez, our City Administrator, has been in contact with your agency staff and they have advised him that we could appear before your Governing Board at the September 23, 2007 meeting.

We thank you for the assistance provided to us on this project and we look forward to appearing before your Board on September 23, 2007.

Respectfully,

John David Osborne
Mayor

Cc: The Honorable Members of the City of Primera Board of Aldermen
Mr. Javier Mendez, City Administrator
Mr. Ricardo Gomez, Housing Grant Consultant

Newton County Contract Number 1000601

Summary of Request

Newton County (County) is requesting a waiver of the $60,000 per unit cap to allow $71,000 in reconstruction to one (1) of the six (6) reconstructed homes. The increase will allow for the replacement of a manufactured home to accommodate a family with ten (10) household members. The family consists of eight (8) children, all under the age of 18. The father is severely disabled, having recently had heart surgery. The mother cannot work due to caring for him and their eight (8) children. The family's need for a five (5) bedroom home cannot be met with the $60,000 cap currently allowed.

The family's current home, a manufactured home, was destroyed by Hurricane Rita. Labor and materials for a new septic system as well as furnishings for the new home have been donated locally by the community. The County has assisted six (6) households, and will remain within the overall contract budget for all six (6) homes.

Due to construction delays due to extensive spring and summer rains in the area, the County is also requesting a second extension for three (3) additional months to complete construction of the six (6) homes. The contract start date was April 17, 2006; the first amendment extended the end date for the contract for six (6) months from April 17, 2007 to October 17, 2007.

Amendment Number:	2
Activity Type:	Owner Occupied Assistance (OCC) Contract (Reconstruction)
Contract Executor:	County Judge, Truman Dougharty
Contract Consultant:	Traylor & Associates, Inc.
Contract Start Date:	April 17, 2006
Contract End Date:	October 31, 2007
Requested End Date:	January 31, 2008
Service Area:	Newton County
Total Budget Amount:	$340,363.64
Project Amount:	$327,272.73
Administration Amount:	$13,090.91
Amount Committed:	$298,623.40
Amount Drawn:	$0
Households Required:	6
Households Proposed:	6

Requested Action

Staff does not recommend the approval of the amendment.

If the board chooses to approve the amendment, the cap on the amount of assistance per activity would be increased to $71,000 for one house only, and the contract end date would be extended for three (3) months from October 31, 2007 to January 31, 2008. Approval of this amendment would require the County to provide the Department with a Monthly Contract Progress Report.

COMMISSIONERS COURT
Truman Dougharty, County Judge
William L. Fuller, Comm. Pct. 1
Thomas T. Gill, Comm. Pct. 2
Prentiss L. Hopson, Comm. Pct. 3
Charles A. Brinson, Comm. Pct. 4
Mary Cobb, County Clerk

Joe Walker, County Sheriff
Misti Spacek, Criminal District Attorney
Bree Allen, District Clerk
Karen Pousson, County Treasurer
Melissa J. Burks, Tax Assessor-Collector
Elizabeth A. Holloway, County Auditor

August 7, 2007

Ms. Lucy Trevino
Texas Department of Housing and Community Affairs
P. O. Box 13941
Austin, Texas 78711-3941

RE: HOME Contract #1000601

Dear Ms. Trevino:

Newton County is requesting a contract amendment to the 2006 Owner Occupied HOME Disaster Program Contract #1000601. We are requesting the per unit cap be increased from $60,000.00 to $71,000.00 on one of the projects we have determined eligible for assistance under this contract. Newton County currently has six (6) projects entered into the TDHCA contract system. With the increase in this project will still remain within the overall contract budget for the completion of the six (6) projects.

The household in question consist of 10 family members. All 8 children are under the age of 18. The father is severely disabled, having recently had heart surgery. The mother cannot work due to caring for him and their 8 children. Their current home, a Manufactured home, was destroyed by Hurricane RITA. The family is currently living in dire poverty in what remains of their home. This family's need for a 5 bedroom home cannot be met within the $60,000.00 currently available.

The needs of this family are well known and as much assistance as possible is being provided locally. Labor and material for a new septic system, as well as furnishings for the new home have been donated by the community.

Newton County is working diligently in the administration of this grant and is dedicated to this program. Please do not hesitate to contact me should there be any questions.

Thank you for your consideration of this request.

Sincerely,

Truman Dougharty
Newton County Judge

TD/rvj

RECEIVED
AUG 09 2007
COMPLIANCE

Newton County Courthouse
110 Court St. • P. O. Drawer J, Newton, TX 75966 • Office: (409) 379-5691 • Fax: (409) 379-2107
truman.dougharty@co.newton.tx.us

COMMISSIONERS COURT
Truman Dougharty, County Judge
William L. Fuller, Comm. Pct. 1
Thomas T. Gill, Comm. Pct. 2
Prentiss L. Hopson, Comm. Pct. 3
Charles A. Brinson, Comm. Pct. 4
Mary Cobb, County Clerk

Joe Walker, County Sheriff
Misti Spacek, Criminal District Attorney
Bree Allen, District Clerk
Karen Pousson, County Treasurer
Melissa J. Burks, Tax Assessor-Collector
Elizabeth A. Holloway, County Auditor

July 31, 2007

Ms. Lucy Trevino
Texas Department of Housing and Community Affairs
P. O. Box 13941
Austin, Texas 78711-3941

RE: HOME Contract #1000601

Dear Ms. Trevino:

Newton County is requesting a contract extension of 90 days on our 2006 Owner Occupied HOME Disaster Program contract period to permit completion of projects.

We currently have six setups entered into the TDHCA system and contracts signed with a contractor who feels confident he can complete each project within 90 days of TDHCA's approval of each setup. Due to the unusually extensive amount of spring/summer rains site cleanup has been delayed in many of these locations. With dry weather we will be able to meet the current timeframes, unfortunately we can't be certain of upcoming weather. Due to this unknown factor we feel it is in the best interest of our low income homeowners to request an extension at this time.

Newton County is working diligently in the administration of this grant and is dedicated to this program. Please do not hesitate to contact me should there be any questions.

Thank you for your consideration of this request.

Sincerely,

Truman Dougharty
County Judge

TD/rvj

RECEIVED
AUG 0 8 2007
COMPLIANCE

Newton County Courthouse
110 Court St. • P. O. Drawer J, Newton, TX 75966 • Office: (409) 379-5691 • Fax: (409) 379-2107
truman.dougharty@co.newton.tx.us

D31D-D63

DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST

August 23, 2007

Action Item

Presentation, Discussion and Possible Approval of Program Management Firm selected to administer the $210,371,273 set-aside for the Homeowner Assistance Program ("HAP") and the $12,000,000 set-aside for the Sabine Pass Restoration Program ("SPRP") for Community Development Block Grant ("CDBG") Round 2 Funding as detailed in the partial Action Plan dated February 5, 2007, and approved by HUD.

Requested Action

Approve or reject Program Management Firm recommended by staff to administer the $210,371,273 set-aside for the HAP and the $12,000,000 set-aside for the SPRP for CDBG Round 2 Funding.

Background

On April 13, 2007, the U.S. Department of Housing and Urban Development ("HUD") approved the State of Texas Partial Action Plan for Disaster Recovery to Use Community Development Block Grant ("CDBG") funding to Assist with the Recovery of Distressed Areas Related to the Consequences of Hurricanes Katrina, Rita, and Wilma in the Gulf of Mexico in 2005, hereinafter referred to as the Plan or Action Plan. Pursuant to the Plan, a Program Management Firm ("PM") shall be engaged by the Department to administer the $210,371,273 set-aside for the Homeowner Assistance Program ("HAP") and the $12,000,000 set-aside for the Sabine Pass Restoration Program ("SPRP") (collectively known as the "Programs" or "Program").

On May 10, 2007, the Board approved the Request for Proposals ("RFP") for publication, and directed the executive director to appoint a review team to make a recommendation to the Board. The primary objective of this RFP is for the TDHCA to obtain a turnkey solution managed by one PM to administer the Programs and to distribute CDBG funding in accordance with the Plan and applicable laws, regulations, procedures and guidelines as they now exist and as revised throughout the term of any agreement resulting from this RFP.

To be considered for award, offerors were required to submit a written proposal which satisfied the requirements outlined in the RFP no later than Monday, July 9, 2007. Pursuant to the RFP, the Executive Director appointed an evaluation team who examined the totality of the best and final offer presented. Please refer to the Attachment A - TDHCA Board Members and Staff Participating in Oral Presentation for a complete list of participating Board Members and staff.

The evaluation team has determined a final recommendation of ACS State & Local Solutions, Inc. ("ACS") for the Board's consideration. The maximum score that may be received by an offeror is 100 points. Staff awarded ACS 95 Points.

ACS Description

The ACS Team

ACS State & Local Solutions is a wholly-owned subsidiary of Affiliated Computer Services, Inc (ACS). Affiliated Computer Services, Inc., a Forbes 500 and Fortune 500 company, with more than $5 billion in annual revenue, has firmly established itself as the nation's leading provider of diversified information technology (IT) and business process outsourcing (BPO) solutions to government and commercial clients. As a result of effective solutions, the company was named to BusinessWeek's list of Top 100 Most Innovative Companies for 2006.

Founded in 1988, Affiliated Computer Services, Inc., a publicly traded corporation, has two core operating groups, Government Solutions and Commercial Solutions. ACS has 58,000 employees located at 750 offices in 100 countries around the globe. Knowledge and resource sharing between these groups enables them to develop, implement, and operate cutting-edge solutions for their clients, drawing from both industry-specific knowledge and collective company experience.

Subcontractors: Subcontractor selection and management are important elements of program management. Open communication on a regular basis and clear lines of authority are necessary for program success and to ensure conformance with ACS and the State's performance requirements. As the prime contractor, ACS is responsible for overall contract performance, including the efforts of their subcontractors. ACS has extensive experience managing and working closely with subcontractors on large-scale, complex projects. They have selected quality subcontractors, each with proven experience to form an integrated project team that will ensure excellence for the Homeowner Assistance Program (HAP) and Sabine Pass Restoration Program (SPRP). Below is brief information about the subcontractor members of the ACS Team.

Shaw Environmental & Infrastructure, Inc.
Shaw is a leading global provider of technology, engineering, procurement, construction, maintenance, fabrication, manufacturing, consulting, remediation, and facilities management services for government and private sector clients in the energy, chemical, environmental, infrastructure and emergency response markets. Headquartered in Baton Rouge, Louisiana, with over $4.7 billion in annual revenues, Shaw employs approximately 22,000 people at its offices and operations in North America, South America, Europe, the Middle East and the Asia-Pacific region.

Shaw is one of the largest and most experienced rapid response and program management contractors in the US and offers a comprehensive and relevant base of experience in program management and housing services to support the State of Texas in the execution of the Homeowner Assistance Program (HAP) and the Sabine Pass Restoration Program (SPRP). The Shaw Group is currently assisting FEMA and other government agencies in recovery efforts in the aftermath of Hurricane Katrina. Shaw's legacy of powerful past performance includes:

- Executing over 20 prime contracts for emergency and rapid response and housing work
- Providing Program Management of a $1 billion rapid implementation housing program
- Providing rapid deployment of hundreds of home and building inspectors after hurricanes
- Providing rapid deployment and set-up of Disaster Recovery Centers for FEMA
- Managing over $500 million in public/private partnerships for military housing communities, which includes home repair and home replacement

Reznick Group
The Reznick Group is a national, full-service certified public accounting and business consulting firm specializing in real estate-related services. As the nation's 17th largest public accounting firm, and with more than 1,000 personnel in seven offices across the country, Reznick provides accounting, tax, business advisory, and outsourcing services to government and other clients nationwide.

The Reznick Group currently serves as the Program Manager for the Mississippi Development Authority's Homeowner Grant Assistance Program. This program is substantially similar to programs planned by Texas in that it seeks to distribute hurricane relief funds received through the U.S. Department of Housing and Urban Development Community Development Block Grant (CDBG) program funds.

Lutheran Social Services Disaster Response
Lutheran Social Services (LSS) is based in Austin, Texas and has a statewide presence with respect to its child and family services, elder care, and emergency assistance programs in 22 communities. Historically, LSS has provided disaster response services throughout Texas and is currently assessing the situation or providing aid in recently flooded areas, such as Marble Falls, Sherman and Gainesville.

LSS maintains offices in Houston from which case managers are working with more than 1,600 households through its participation in Katrina Aid Today, a national case management consortium. This outreach extends into Harris, Galveston, Fort Bend, Liberty and Montgomery counties. Lastly, LSS has an on-the-ground presence in southeast Texas, with offices in Port Arthur; and through its membership in the Southeast Texas Interfaith Organization, it has access to churches and meeting locations, etc. throughout the area, particularly in Jefferson, Orange and Hardin Counties.

Following the unprecedented destruction of the 2005 hurricanes, Lutheran Social Services Disaster Response, in partnership with its local affiliates and congregations, established several temporary volunteer "camps" in locations along the Gulf Coast and has coordinated over 1.3 million hours of volunteer service along the Gulf Coast.

Operational Background
ACS has a strong understanding of the nuances of complex government operations. They manage complex Medicaid program operations and fiscal agent responsibilities in 12 states, handling $43.3 billion in payments to healthcare providers. They handle more than 50 percent of the nation's child support payments. They operate the world's largest toll collection system, and service over $100 billion in student loans. All of these programs are subject to public and client scrutiny.

Affiliated Computer Services operates more than 70 contact centers across the nation supporting a variety of government and commercial clients. They have more than 17,000 customer service representatives and have established the ACS Center for Customer Care Excellence to ensure that best practices are implemented on a continuous basis to produce dependable results in all of their centers.

Affiliated Computer Services is headquartered in Dallas, Texas, and has over 7,400 employees in the State of Texas alone working to serve government and commercial clients.

ACS Plan Overview
The Evaluation Team has determined that the ACS Team has developed a representative Work Plan incorporating each of the tasks necessary to ensure the project is implemented quickly. The ACS Team has the combined experience, knowledge, and plans created for the Texas Housing Disaster Recovery project to ensure they effectively validate eligibility, determine benefits, work with contractors, account for the distribution of funds, consider available resources, and use administrative systems, software, and infrastructure to provide quality management of the programs. Please refer to the following attachments for more information:

- **Attachment B** – Work Breakdown Structure and Contract Milestones for a summary of timelines associated with the Work Plan.

- **Attachment C** - Proposed ACS Program Workflow for a summary of the associated processes proposed by ACS.

- **Attachment D** – HAP/SPRP Application Process for a summary of the Application Process proposed by ACS.

Conclusion

The evaluation team believes that ACS will work closely with the Department to help ensure the success of the Disaster Recovery Program. ACS is committed to meeting the challenges of this important project and to working in partnership with the Department in achieving its goals.

Staff Recommendation: Staff recommends the Board direct staff to enter into contract negotiations with ACS State & Local Solutions as the Program Management Firm engaged by the Department to administer the $210,371,273 set-aside for the Homeowner Assistance Program and the $12,000,000 set-aside for the Sabine Pass Restoration Program.

Attachment A -- TDHCA Board Members and Staff Participating in Oral Presentation

Name	Title	TDHCA Division	Role in RFP Response Reviews
Beth Anderson	TDHCA Board Chair	TDHCA Governing Board	Board Chair Oversight
Gloria Ray	TDHCA Board Member	TDHCA Governing Board	Board Member Oversight
Mike Gerber	Executive Director	Executive	Executive Director Oversight
Kelly Crawford	Deputy Executive Director of Disaster Recovery	Executive	Primary Executive Oversight Support, Review of Selection Criteria Scoring
William Dally	Deputy Executive Director of Administration	Executive	Executive Oversight Support
Kevin Hamby	TDHCA General Counsel	Legal Services Division	Legal Oversight Support
Jennifer Joyce	Disaster Recovery Program Manager	Disaster Recovery	TDHCA Contact, Primary RFP Response Review Oversight of Threshold, Intra-Division Reviews, and Selection Criteria Scoring
Jennifer Molinari	CDBG Disaster Recovery Program Coordinator	Disaster Recovery	Member of the Disaster Recovery Review Team Review of Threshold Criteria
David Cervantes	Director of Financial Administration Division	Financial Administration	Member of the Financial Review Team.
Martin Rivera	Disaster Recovery Contract Administration Coordinator	Disaster Recovery	Member of the Disaster Recovery Review Team
Curtis Howe	Director of Information Systems	Information Systems	Member of Information Systems Technical Review Team
Cristy Roberts	Portfolio Specialist	Portfolio Management and Compliance	Performed review of sections of the RFP relating to current job responsibilities as Project Set-up/Draw staff

Additional TDHCA Review Staff Roles

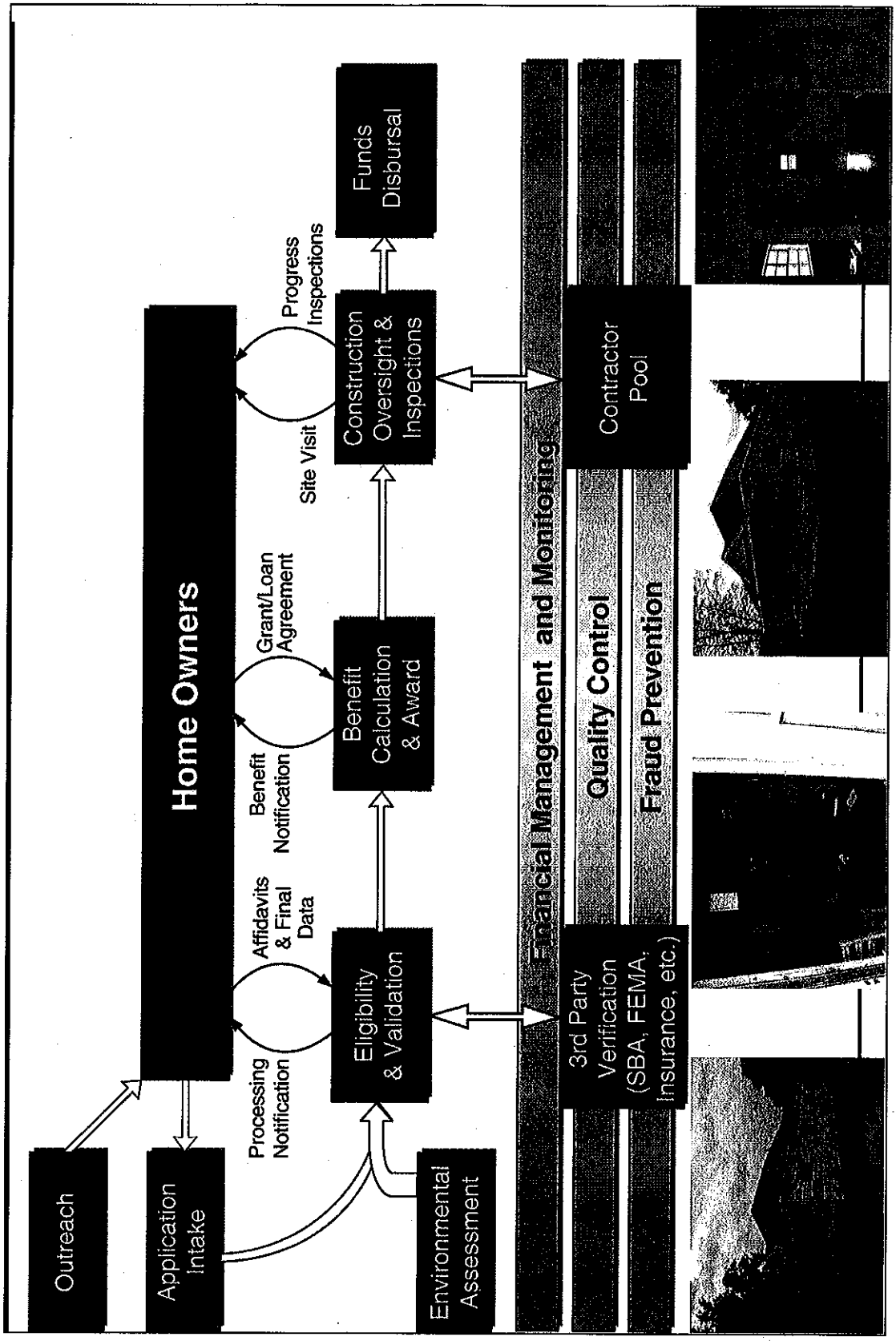
David Aldrich	Manager, Budget/Payroll/Travel	Financial Administration	Member of the Financial Review Team
Ernie Palacios	Manager of Financial Services	Financial Administration	Member of the Financial Review Team
Julie Dumbeck	Manager of Purchasing/ Staff Services	Financial Administration	Review of RFP Response sections for compliance with federal and state procurement rules and regulations
Lee Ann Chance	Portfolio Specialist	Portfolio Management and Compliance	Performed review of sections of the RFP relating to current role as Project Set-Up/ Draws staff
Lora Lange	Contract Monitoring Team Leader	Portfolio Management and Compliance	Review of Affirmative Marketing Plan
Jo En Taylor	Senior Portfolio Analyst	Portfolio Management and Compliance	Coordinated and performed full review of TDHCA previous participation, compliance, financial history, and HUD Excluded Parties List System
Kathy Stone	Software Development Manager	Information Systems	Member of Information Systems Technical Review Team
Cynthia Vallejo	Environmental Specialist	HOME Program Division	Performed review of sections of the RFP related to current role as Environmental Specialist and past experience with CDBG Program.
Anne Reynolds	Attorney	Legal Services Division	Performed legal review of RFP Proposal

- **Attachment B – Work Breakdown Structure and Contract Milestones**

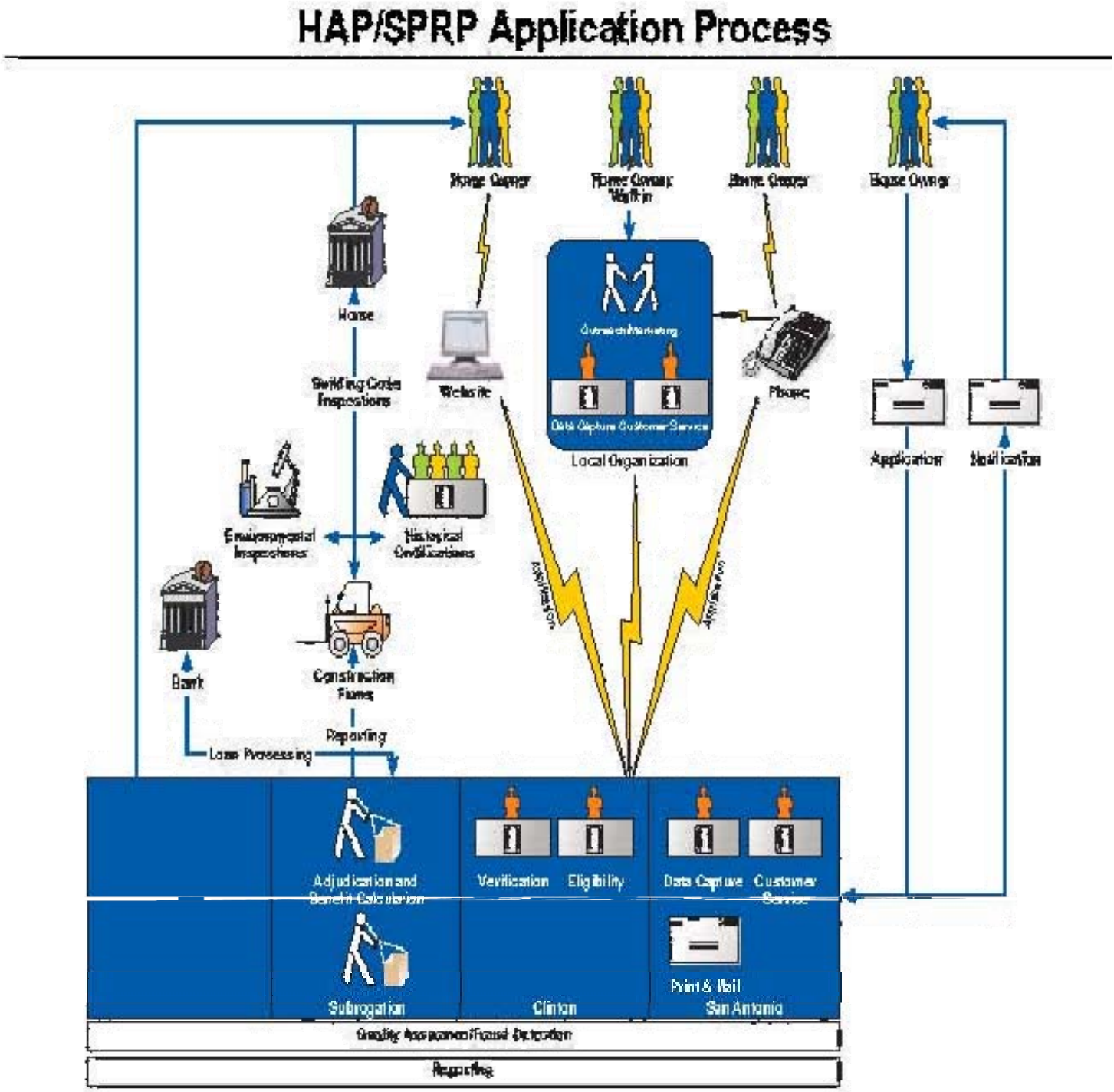
Work Breakdown Structure				
WBS	**Task**	**Duration**	**Start**	**Finish**
1	Texas Housing Disaster Recovery Project	559 days	7/1/07	8/27/09
2	Establish Project Management Office (PMO)	21 days	9/4/07	10/2/07
3	Project Management	520 days	9/4/07	8/31/09
4	Existing Applications	58 days	9/4/07	11/22/07
5	Policy Generation	43 days	9/18/07	11/15/07
6	Procedures	46 days	9/11/07	11/13/07
7	Training	44 days	10/3/07	12/3/07
8	Staffing	41 days	9/4/07	10/30/07
9	Environmental and Historical Preservation Compliance	382 days	9/3/07	2/17/09
10	Outreach	168 days	7/2/07	2/20/08
11	Facilities and Infrastructure	40 days	8/24/07	10/18/07
12	Software Modification and Installation	53 days	9/4/07	11/15/07
13	Compile Contractor Pool for Construction	39 days	9/4/07	10/26/07
14	Operations - Pilot	266 days	11/23/07	11/28/08
15	Ongoing Operations	440 days	12/21/07	8/27/09
15.1	Intake Applications	80 days	12/21/07	4/10/08
15.2	Verification Release and Missing Data Mailing	60 days	4/25/08	7/17/08
15.3	Affidavits/Additional Data Received	60 days	5/9/08	7/31/08
15.4	Validation	60 days	5/23/08	8/14/08
15.5	Eligibility Determination	80 days	6/20/08	10/9/08
15.6	Award Packages Sent	80 days	7/18/08	11/6/08
15.7	Appeals Deadline	80 days	8/15/08	12/4/08
15.8	Construction Management	240 days	8/15/08	7/16/09
15.9	Grant/Loan Agreements Received	80 days	12/5/08	3/26/09
15.10	Sign Grant Agreement	80 days	1/2/09	4/23/09
15.11	1st Disbursement	80 days	1/30/09	5/21/09
15.12	2nd Inspection	80 days	1/30/09	5/21/09
15.13	2nd Disbursement	80 days	2/27/09	6/18/09
15.14	3rd Inspection	80 days	3/27/09	7/16/09
15.15	Final Disbursement	80 days	4/24/09	8/13/09
15.16	Case Closeout	10 days	8/14/09	8/27/09

ACS Implementation Work Plan Key Contract Milestones Summary		
WBS	**Contract Milestones (CM)**	**Week Of**
1.2.1	Facility Preparation	10/18/07
1.2.2	Outreach Program Development Complete	10/1/07
1.2.3	Systems Testing	11/8/07
1.2.4	Equipment Procurement and Implementation	10/25/07
1.2.5	Scanning/Indexing of Original Applications Complete	11/8/07
1.2.6	Environmental Report Complete	11/30/07
1.2.7	Project Policy Developed	11/20/07
1.2.8	Outreach Complete	2/20/08
1.2.9	1st Batch Eligibility Verification Complete	3/17/08
1.2.10	1st Batch Disbursement Complete	6/17/08
1.2.11	Implementation of Ongoing Operations	9/22/08

- **Attachment C – Proposed ACS Program Workflow**



- **Attachment D – HAP/SPRP Application Process**



DISASTER RECOVERY DIVISION

BOARD ACTION REQUEST
August 23, 2007

Action Item

Presentation and Discussion of the Community Development Block Grant (CDBG) Disaster Recovery Status Report for CDBG Round 1 Funding relating to housing.

Requested Action

Presentation and discussion of the CDBG Disaster Recovery Status Report for CDBG Round 1 Funding relating to housing.

Background

The Department awarded $40,259,276 to Deep East Texas Council of Governments, Houston-Galveston Area Council, and South East Texas Regional Planning Commission for the administration of housing activities under the CDBG Disaster Recovery Program (Program) on July 28, 2006. Contracts were executed with the COGs in August 2006. The Department has been working closely with COGs since August of 2006 in the administration of the Program.

The activities of the COGs that have occurred since the last Governing Board Meeting held August 23, 2007 are reported below.

Housing Activities as of August 23, 2007

Disaster Recovery Division staff are continuing to work toward improving the commitment and expenditure rate of the Program. Kelly Crawford, Deputy Executive Director for Disaster Recovery visited SETRPC August 13 - 14, 2007 to continue to underscore the importance of expediting assistance. Staff held a meeting with the COGs on August 3, 2007 to address impediments in the Program to repairing and replacing Hurricane damaged homes. Portfolio Management and Compliance and Disaster Recovery staff also conducted a programmatic and fiscal monitoring of SETRPC's HOME Investment Partnerships Program and CDBG Program the week of August 13, 2007 in an effort to identify program weaknesses that may be affecting performance.

Financial Activity

	Current Budget	Admin $ Drawn To Date	Project $ Drawn To Date	Balance CDBG Funds	% of Funds Disbursed
DETCOG	**$6,745,034.00**	**$188,488.75**	**$0**	**$6,556,545.25**	**2.79%**
H-GAC	**$7,015,706.00**	**$283,084.68**	**$0**	**$6,732,621.32**	**4.04%**
SETRPC	**$26,498,536.00**	**$382,124.90**	**$86,374.06**	**$26,030,037.04**	**1.77%**
SETRPC	$15,788,536.00	$382,124.90	$86,374.06	$0.00	2.97%
Beaumont	$5,145,000.00	$0.00	$0.00	$0.00	0.00%
Port Arthur	$5,565,000.00	$0.00	$0.00	$0.00	0.00%
Totals	**$40,259,276.00**	**$853,698.33**	**$86,374.06**	**$39,319,203.61**	**8.60%**

Project Activity

	# of Applications	# Eligible	# of Contracts Awarded	# of Units Under Contract	# of Assisted Households
DETCOG	**712**	**97**	**2**	**2**	**0**
H-GAC	**256**	**90**	**8**	**8**	**0**
SETRPC	**3,012**	**213**	**10**	**7**	**4**
SETRPC	1,569	44	10	7	4
Beaumont	764	37	0	0	0
Port Arthur	679	132	0	0	0
Total	**3,980**	**400**	**20**	**17**	**4**

COG Activity Highlights

Deep East Texas Council of Governments

DETCOG qualified an additional 65 applicants since the last Board Meeting and submitted 2 project set-ups for approval. An additional 10 projects will be submitted to TDHCA for approval by the date of the Board Meeting. DETCOG has issued Purchase Orders for 2 manufactured housing units (MHUs) that will be installed subsequent to TDHCA's receipt of a complete package for the 2 submitted project set-ups. DETCOG also anticipates procuring a modular home provider by August 31, 2007.

Houston-Galveston Area Council

H-GAC has submitted 8 project set-ups since the last Board Meeting. Of the 8 units, H-GAC executed sales agreements and placed orders for 4 modular homes. Execution of the remaining 4 sales agreements is in process and once complete, H-GAC will place orders for those units as well. Subsequent to TDHCA's receipt of a complete package for the 8 submitted project set-ups, TDHCA will approve the projects and the 8 units will be installed. H-GAC has also prepared bid packages for the demolition and reconstruction of 10 stick-built homes that will be released by August 31st and will be awarded during early September.

South East Texas Regional Planning Commission

SETRPC submitted 8 project set-ups that have been approved by TDHCA since the last Board Meeting. Of those, 2 units have been installed and 6 units are on order for installation. In addition, 2 stick-built units are under construction and 17 additional units have been bid out for the demolition and reconstruction of stick-built houses that will be awarded in early September.

OFFICE OF RURAL COMMUNITY AFFAIRS

BOARD ACTION REQUEST
August 23, 2007

Action Item

Presentation and Discussion of the Community Development Block Grant (CDBG) Disaster Recovery Status Report relating to non-housing activities for CDBG Round 1 Funding, and infrastructure activities for CDBG Round 2.

Requested Action

Presentation and discussion of the CDBG Disaster Recovery Status Report.

Background

On May 22, 2006, the U.S. Department of Housing and Urban Development (HUD) awarded the State of Texas $74,523,000 of an $11.5 billion supplemental appropriation for the CDBG Disaster Recovery Program (Program). The award is to address the consequences of Hurricane Rita for activities described in the *State of Texas Action Plan for CDBG Disaster Recovery Grantees under the Department of Defense Appropriations Act, 2006,* dated April 13, 2006 (Action Plan).

The Texas Department of Housing and Community Affairs (TDHCA/Department), in conjunction with the Office of Rural Community Affairs (ORCA), is working with four Councils of Governments (COGs) to distribute the funds. The Department is charged with administering $40,259,276 (56.9%) of housing funds requested by three Councils of Governments (COGs): the Deep East Texas Council of Governments (DETCOG), Houston-Galveston Area Council (H-GAC), and the South East Texas Regional Planning Commission (SETRPC). ORCA is administering $30,537,374 (43.1%) of non-housing funds requested by these COGs and additionally the East Texas Council of Governments (ETCOG) on behalf of cities, counties, and Indian tribes. On August 30, 2006 the TDHCA Governing Board approved the non-housing project recommendations of the Office of Rural Community Affairs (ORCA) and the four COGs in the affected area for 99 contract awards.

The TDHCA Governing Board has requested a monthly report item on the status of the CDBG Disaster Recovery Program. This report item includes the activities of non-housing contractors.

NON-HOUSING ACTIVITIES for CDBG Round 1

All available funding for non-housing activities is under contract. Each of the awarded communities has received at least one technical assistance / site visit by ORCA staff. To date, approximately $4,588,954 has been paid to non-housing contractors for project and project delivery related costs and another approximately $265,000 is under review for payment. ORCA administrative costs of $704,933 have also been expended. Approximately 41% of the contracts awarded under CDBG Round 1 have requested draws totaling 15% of the non-housing funds. Forty-one or 44% of the non-housing contracts have completed environmental reviews. Another 21 or 23% have completed the environmental review on a portion of the contract activities. Procurement of goods and services

continues. At least 9 contracts totaling $4.7 million are experiencing delays because these projects are Hazard Mitigation Grant Program (HMGP) projects that are not being prioritized by the Federal Emergency Management Agency, and as a result, FEMA funding for the projects is slow in being received by these communities. Forty three or 47% of the contracts include match for a FEMA program.

ORCA has begun a comprehensive "Project Status and Plan/Next Step" initiative to visit all non-housing recipients with outstanding funds available. ORCA Disaster Recovery staff are visiting each city, county and tribe to discuss the status of each project, establish the "plan or next step" necessary for communities to submit reimbursement requests to ORCA, and provide any needed technical assistance. This is part of ORCA's enhanced effort to encourage all parties to focus on any impediments the community may be encountering in submitting reimbursement requests to ORCA in a timely manner, combined with additional technical assistance that would benefit the communities.

NON-HOUSING ACTIVITIES for CDBG Round 2

In this same meeting the Board will be considering action to award $19.8 million to Memorial Hermann Baptist Orange Hospital, Bridge City, and Hardin County for set aside projects under the Restoration of Critical Infrastructure Program. Applications for the competitive portion of the Restoration of Critical Infrastructure Program funding were received August 10th. ORCA received 26 applications totaling $73,363,664.

Texas Community Development Block Program
Disaster Recovery Awards - Rita
August 2007

Contractor	Total Beneficiaries	Contract Total	Drawn to Date	Available Balance	Environmental Complete	FEMA Project
Alabama Coushatta Indian Reservation	480	$ 9,512		$ 9,512.00		
Alto	1190	$ 316,600		$ 316,600.00		
Angelina County	80130	$ 379,816	$ 18,186.60	$ 361,629.40	X	X
Beaumont	26247	$ 1,950,000	$ 37,150.00	$ 1,912,850.00	X	X
Bevil Oaks	1346	$ 200,000	$ 12,923.10	$ 187,076.90	P	
Bridge City	8651	$ 300,000	$ 237,724.01	$ 62,275.99	X	X
Broaddus	210	$ 21,403	$ 778.40	$ 20,624.60	P	X
Browndell	402	$ 47,900	$ 1,440.00	$ 46,460.00	X	
Carthage	3067	$ 338,600		$ 338,600.00	X	X
Center	5153	$ 184,287		$ 184,287.00	X	X
Chambers County	26301	$ 225,000		$ 225,000.00		X
Chester	274	$ 29,078		$ 29,078.00		
China	1112	$ 200,000		$ 200,000.00	P	
Cleveland	6857	$ 350,000		$ 350,000.00		X
Coldspring	700	$ 15,457		$ 15,457.00	P	
Colmesneil	638	$ 70,006		$ 70,006.00		X
Corrigan	1714	$ 40,924		$ 40,924.00		
Cove	301	$ 345,055		$ 345,055.00		
Crockett	7141	$ 189,946		$ 189,946.00		
Cushing	568	$ 9,919		$ 9,919.00		
Dayton	5698	$ 188,100		$ 188,100.00		X
Diboll	5470	$ 69,300	$ 2,520.00	$ 66,780.00	X	
Gallatin	394	$ 58,800		$ 58,800.00	P	
Galveston County	2390	$ 350,000		$ 350,000.00	X	X
Garrison	791	$ 13,142		$ 13,142.00		
Goodrich	260	$ 32,500		$ 32,500.00	X	
Grapeland	1293	$ 19,800	$ 720.00	$ 19,080.00	X	
Groves	15733	$ 500,000		$ 500,000.00	P	X
Groveton	677	$ 28,314	$ 1,029.60	$ 27,284.40	P	
Hardin County	48073	$ 1,050,000	$ 209,850.20	$ 840,149.80	P	X
Hemphill	1209	$ 63,017	$ 24,658.66	$ 38,358.34	P	X
Henderson	5932	$ 338,600		$ 338,600.00	X	X
Houston County	23218	$ 218,500	$ 7,400.00	$ 211,100.00	X	
Hudson	3792	$ 72,044		$ 72,044.00	X	X
Huntington	2085	$ 21,583		$ 21,583.00		
Huntsville	23576	$ 350,000		$ 350,000.00	X	

Texas Community Development Block Program
Disaster Recovery Awards - Rita
August 2007

Contractor	Total Beneficiaries	Contract Total	Drawn to Date	Available Balance	Environmental Complete	FEMA Project
Huxley	982	$ 4,340	$ 3,982.45	$ 357.55	X	
Jasper	8247	$ 747,133	$ 146,621.53	$ 600,511.47	X	X
Jasper County	35604	$ 2,270,118	$ 1,859,922.01	$ 410,195.99	X	X
Jefferson	2024	$ 316,600		$ 316,600.00	X	X
Jefferson County	252051	$ 1,500,000		$ 1,500,000.00		X
Joaquin	839	$ 35,200	$ 1,280.00	$ 33,920.00	X	
Kennard	360	$ 38,400	$ 1,160.00	$ 37,240.00	X	
Kirbyville	2085	$ 188,890		$ 188,890.00	P	X
Kountze	1738	$ 210,000	$ 4,000.00	$ 206,000.00	X	
Liberty County	386	$ 350,000	$ 28,157.50	$ 321,842.50	X	X
Livingston	5433	$ 129,194		$ 129,194.00	X	X
Longview	98500	$ 338,997		$ 338,997.00	X	
Lovelady	607	$ 27,500	$ 1,000.00	$ 26,500.00	X	
Lufkin	32709	$ 485,000		$ 485,000.00	X	X
Lumberton	8833	$ 315,000		$ 315,000.00	X	
Montgomery County	350000	$ 189,202		$ 189,202.00		X
Nacogdoches	29914	$ 158,371		$ 158,371.00	X	X
Nacogdoches County	59203	$ 436,065		$ 436,065.00		
Nederland	17422	$ 500,000		$ 500,000.00	P	
New Waverly	950	$ 100,000	$ 4,050.00	$ 95,950.00	X	
Newton	2459	$ 172,729	$ 133,163.52	$ 39,565.48		X
Newton County	15072	$ 877,654	$ 103,979.49	$ 773,674.51		X
Nome	515	$ 100,000		$ 100,000.00	P	
Onalaska	1174	$ 28,050	$ 10,740.00	$ 17,310.00	X	
Orange	4707	$ 750,000	$ 97,250.67	$ 652,749.33	X	
Orange County	84966	$ 1,200,000		$ 1,200,000.00		X
Panorama Village	1965	$ 72,760		$ 72,760.00	P	X
Pine Forest	652	$ 100,000		$ 100,000.00	P	
Pinehurst	2274	$ 200,000		$ 200,000.00	P	
Pineland	980	$ 56,100	$ 2,040.00	$ 54,060.00	X	
Point Blank	559	$ 12,504		$ 12,504.00	X	
Polk County	46397	$ 886,854		$ 886,854.00	X	
Port Arthur	57023	$ 1,500,000	$ 1,187,487.47	$ 312,512.53	X	X
Port Neches	13601	$ 500,000		$ 500,000.00	X	X
Rose City	519	$ 100,000		$ 100,000.00	P	
Rusk	640	$ 291,800		$ 291,800.00		
Sabine County	10469	$ 473,140		$ 473,140.00		

Texas Community Development Block Program
Disaster Recovery Awards - Rita
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Contractor	Total Beneficiaries	Contract Total	Drawn to Date	Available Balance	Environmental Complete	FEMA Project
San Augustine	2678	$ 111,100	$ 4,040.00	$ 107,060.00	X	
San Augustine County	4715	$ 236,765		$ 236,765.00		
San Jacinto County	22246	$ 478,669		$ 478,669.00		
Shelby County	25224	$ 221,699	$ 21,334.40	$ 200,364.60	X	X
Shepherd	2029	$ 48,300	$ 3,100.00	$ 45,200.00	X	
Silsbee	6398	$ 315,000		$ 315,000.00	P	X
Sour Lake	1667	$ 210,000	$ 35,880.00	$ 174,120.00	P	X
Splendora	1275	$ 350,000		$ 350,000.00		X
Surfside Beach	450	$ 130,000	$ 69,458.22	$ 60,541.78	P	
Taylor Landing	265	$ 50,000		$ 50,000.00		X
Timpson	1094	$ 14,173		$ 14,173.00	P	
Trinity County	13779	$ 267,300	$ 9,720.00	$ 257,580.00	X	X
Tyler County	20871	$ 1,918,920		$ 1,918,920.00	P	X
Vidor	11440	$ 500,000	$ 176,279.54	$ 323,720.46	X	X
Walker County	2600	$ 396,930	$ 8,960.62	$ 387,969.38	X	X
West Orange	4111	$ 200,000		$ 200,000.00	X	
Willis	4028	$ 219,109		$ 219,109.00		X
Woodville	2415	$ 264,993		$ 264,993.00		
Zavalla	701	$ 52,600	$ 1,640.00	$ 50,960.00	X	X
Deep East Tx Council of Governments		$ 100,000	$ 41,523.50	$ 58,476.50		
East Tx Council of Governments		$ 50,000	$ 50,000.00	$ -		
Houston-Galveston Area Council of Governments		$ 74,556	$ 21,578.03	$ 52,977.97 $ -		
South East Tx Regional Planning Commission		$ 18,656	$ 6,224.00	$ 12,432.00		
	1,592,918	**$ 30,845,074**	**$ 4,588,953.52**			

P = environmental partially complete

REPORT ITEMS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Michael Gerber

From: Gordon Anderson

cc: Brooke Boston, Michael Lyttle

Date: August 14, 2007

Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for July 2007. The information provided focuses primarily on activities Executive and staff has taken on voluntarily, as opposed to those mandated by the Legislature (i.e., tax credit hearings, TEFRA hearings, etc.). This list may not account for every activity undertaken by staff, as there may be a limited number of events not brought to my attention.

For brevity sake, the chart provides the name of the event, its location, the date of the event, division(s) participating in the event, and an explanation of what role staff played in the event. Should you wish to obtain additional details regarding these events, I will be happy to provide you with this information.

TDHCA Outreach Activities, July 2007

A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public

Event	Location	Date	Division	Purpose
CSBG Public Hearing	Austin	June 9	Community Affairs	Public Hearing
TSHEP Workshop	San Antonio	June 9-13	Homeownership	Training
CSBG Public Hearing	Dallas	June 10	Community Affairs	Public Hearing
Disaster Recovery presentation to Bridge City council	Bridge City	June 10	Disaster Recovery	Presentation
Beaumont PHA Hope VI groundbreaking event	Beaumont	June 11	Disaster Recovery	Participant
HOME/HBA Wednesday Workshop	Austin	June 11	HOME	Training
Portfolio Management & Compliance briefing	Austin	June 11	Portfolio Management & Compliance	Training
Governor's Division of Emergency Management Conference Call	Austin	June 11	HOME	Participant
CSBG Public Hearing	Lubbock	June 11	Community Affairs	Public Hearing
CSBG Public Hearing	Houston	June 11	Community Affairs	Public Hearing
Mental Health Transformation Work Group	Austin	June 11	Policy & Public Affairs	Participant
Realtor Training	Temple	June 11	Homeownership	Training
Austin Management Leadership Luncheon	Austin	June 11	HOME	Participant
Money Follows the Person Work Group	Austin	June 13	Policy & Public Affairs	Participant
Sabine Pass residents meeting on status of recovery efforts	Sabine Pass	June 24	Disaster Recovery	Presentation
HOME/OCC Workshop with City of Edinburg	Edinburg	June 24-25	HOME	Training
HOME/HBA Workshop with Edinburg PHA	Edinburg	June 26	HOME	Training
Disability Advisory Workgroup	Austin	June 27	Policy & Public Affairs	Participant
Tour of SE Texas with US Dept. of HHS	Various locations	June 30	Disaster Recovery, Community Affairs	Participant, Presentation
Realtor Training	Houston	June 30	Homeownership	Training