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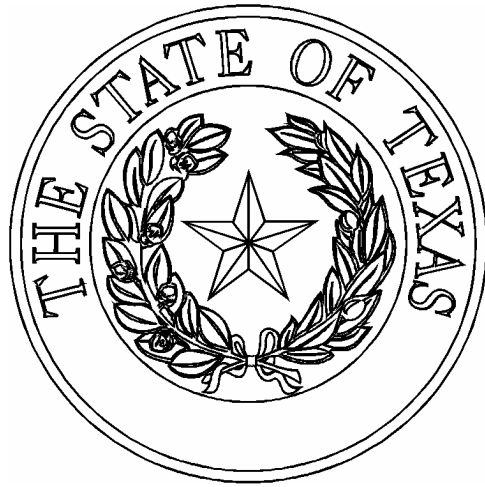
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING OF FEBRUARY 13, 2003

Michael Jones, Chair  
C. Kent Conine, Vice-Chair

Beth Anderson, Member  
Vidal Gonzalez, Member

Shadrick Bogany, Member  
Norberto Salinas, Member



***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**

**FEBRUARY 13, 2003**

**ROLL CALL**

	Present	Absent
Jones, Michael, Chair	_____	_____
Conine, C. Kent, Vice-Chair	_____	_____
Anderson, Beth, Member	_____	_____
Bogany, Shadrick, Member	_____	_____
Gonzalez, Vidal, Member	_____	_____
Salinas, Norberto, Member	_____	_____

Number Present \_\_\_\_\_

Number Absent \_\_\_\_\_

\_\_\_\_\_, Presiding Officer

**BOARD MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**507 Sabine, Board Room, Fourth Floor, Austin, Texas 78701**  
**February 13, 2003                      10:00 a.m.**

**A G E N D A**

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

Michael Jones  
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 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:

- |        |  |                |
|--------|--|----------------|
| Item 1 | Presentation, Discussion and Possible Approval of Minutes of Board Meetings of December 17, 2002 and January 8, 2003   | Michael Jones  |
| Item 2 | Presentation, Discussion and Possible Approval of Financial Items:<br>a) Approval of Proposed Issuance of Multifamily Mortgage Revenue Bonds for North Vista Apartments, Houston, Texas in an Amount Not to Exceed \$14,000,000 and Other Related Matters<br>b) Approval of Proposed Issuance of Multifamily Mortgage Revenue Bonds for The Enclave @ West Airport, Houston, Texas in an Amount not to Exceed \$11,000,000 and Other Related Matters<br>c) Approval of Proposed Issuance of Multifamily Mortgage Revenue Bonds for the Creekside Townhomes, Arlington, Texas not to Exceed \$15,320,000 and Other Related Matters<br>d) Approval of the First Quarter Investment Report<br>e) Approval of Revised Budget for FY2003 for the Texas Department of Housing and Community Affairs<br>f) Presentation of Seven Percent (7%) Cost Savings Plan | C. Kent Conine |
| Item 3 | Presentation, Discussion and Possible Approval of Low Income Housing Tax Credit Items:<br>a) Approval of Issuance of Determination Notices to Tax-Exempt Bond Transactions with TDHCA as the Issuer:<br>02-463 North Vista Apartments, Houston<br>02-464 The Enclave at West Airport, Houston<br>02-465 Creekside Townhomes (fka as The Mayfield), Arlington<br>b) Approval of Issuance of Determination Notices to Tax-Exempt Bond Transactions with Other Issuers:<br>02-461 Woodway Square Apartments, Austin<br>Travis County HFC is the Issuer<br>c) Approval of Request for Correction of Deadline to Commence Substantial Construction for:<br>01-037 Bachon Townhomes, Wylie<br>d) Approval for Additional Extension of Deadline to Commence Substantial Construction for:   | Michael Jones  |

01-152 Parkway Senior Apartments, Pasadena

- Item 4 Presentation and Discussion of Report from the Audit Committee: Vidal Gonzalez
- a) Quality Assurance Review of TDHCA Internal Auditing Division
  - b) FDIC's 2002 Annual Review of Department's Administration Of the Affordable Housing Disposition Program
  - c) SAO Report, *A Legislative Summary Document Regarding TDHCA*
  - d) SAO Report, *Performance Measurement Certification Audit*
  - e) Status of Prior Audit Issues
  - f) Status of Review of LIHTC Inspection Fees
  - g) Status of Central Database Project

- Item 5 Presentation, Discussion and Possible Approval of a Waiver of Application Requirements For Applicants Under the CHDO Set Aside and Approval of Awards Under the HOME Program:

CHDO Rental Housing Development & Homebuyer Assistance Awards:

App.#	Applicant Name	Activity	Project Funds	CHDO Op/Adm.	Units
2002-0004	Center for Housing & Economic Opps. Inc.	RHD	\$1,194,859	\$59,743	20
2002-0011	Affordable Housing of Parker County	RHD	\$ 570,000	\$28,500	12
2002-0007	CDC of Brownsville	HBA	\$ 500,000	\$25,000	50
2002-0015	Southeast Texas Hs. Partners	HBA	\$ 60,000	\$ 3,000	8
2002-0028	Pharr Housing Devel. Corp.	HBA	\$ 200,000	\$10,000	20
2002-0009	Affordable Housing of Pharr County	HBA	\$ 62,500	\$ 3,125	10

Contract for Deed Conversion Award:

App.#	Applicant Name	Activity	Project Funds	CHDO Op/Adm.	Units
2002-0024	Organizacion Progressiva	CFD	\$ 500,000	\$20,000	20
2002-0005	Willacy County	CDF	\$ 300,000	\$12,000	12
2002-0019	Webb County	CDF	\$ 500,000	\$20,000	20

- Item 6 Presentation, Discussion and Possible Election of Officers of the Board Michael Jones

**REPORT ITEMS**

- Executive Directors Report Edwina Carrington
- 1) Sunset Advisory Commission Vote on TDHCA
  - 2) Status of Closeouts of HOME Projects
  - 3) Young v. Martinez, Civil Action No. P-80-8-CA, U. S. District Court Eastern District of Texas, Analysis of Impediments to Fair Housing, HUD Disapproval of FY 2003 Consolidated Action Plan
  - 4) Heatherwilde Estates Apartments, LIHTC No. 02-075
  - 5) Senate Finance Meeting of February 19, 2003
  - 6) Update to Reorganization of TDHCA
  - 7) Staff Honors

**EXECUTIVE SESSION**

Litigation and Anticipated Litigation (Potential or Threatened under Sec. 551.071 and 551.103, Texas Government Code Litigation Exception) – *Century Pacific Equity Corporation v. Texas Department of Housing and Community Affairs et al.* Cause No. GN-202219, in the District Court of Travis County, Texas, 53<sup>rd</sup> Judicial District;  
 Consultation with Attorney Pursuant to Sec. 551.071(2), Texas Michael Jones

Government Code - (1) 501(c)(3) Multifamily Housing Mortgage Revenue Bonds (Williams Run Apartments) Series 2000A; (2) Young v. Martinez, Civil Action No. P-80-8-CA, U. S. District Court, Eastern District of Texas, Analysis of Impediments to Fair Housing, HUD Disapproval of FY 2003 Consolidated Action Plan; (3) Heatherwilde Estates Apartments, LIHTC No. 02-075  
Personnel Matters under Section 551.074, Texas Government Code  
If permitted by law, the Board may discuss any item listed on this agenda in Executive Session

**OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

Michael Jones

**ADJOURN**

Michael Jones  
Chair of Board

*To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or contact the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.*

*Individuals who require auxiliary aids, services or translators 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.*

## **Agenda Item No. 1**

### **BOARD MEETING TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS 507 Sabine, Fourth Floor Board Room, Austin, Texas 78701 December 17, 2002 10:00 a. m.**

#### **Summary of Minutes**

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

The Board Meeting of the Texas Department of Housing and Community Affairs of December 17, 2002 was called to order by Board Chair Michael Jones at 10:02 a.m. It was held at the Texas Department of Housing and Community Affairs, 507 Sabine, Fourth Floor Boardroom, Austin, Texas. Roll call certified a quorum was present. Shadrick Bogany was absent.

#### Members present:

Michael Jones -- Chair  
C. Kent Conine -- Vice Chair  
Beth Anderson -- Member  
Norberto Salinas -- Member  
Vidal Gonzalez -- Member

Staff of the Texas Department of Housing and Community Affairs was also present.

At this time the Disability Advisory Committee made a presentation to the Board. Members of this committee who were present were: Langendorf with United Cerebral Palsy of Texas and Dave Wood with Bank One.

#### Mr. Jonas Schwartz, Chair of the Disability Advisory Committee, Austin, Texas

Mr. Schwartz stated the TDHCA Board has made accomplishments with regards to people with disabilities this year; however, people with disabilities have been excluded from the traditional housing market due to many things which include prejudice, stigma and poverty as the biggest housing problem for people with disabilities is poverty.

He stated the Olmstead Decision was passed by the U.S. Supreme Court in June of '99, and states have a responsibility to allow individuals who are currently residing in institutions to receive the services in the community to help them move from institutions. The State of Texas has begun to implement this decision and Texas started at the last legislative session with the passing of Senate Bill 367 which was the Texas Promoting Independence Plan. This Olmstead Decision noted that every state has a responsibility to develop an effectively working plan to transition individuals who wanted to move from the institutions to the community. The institutions include nursing homes and intermediate care facilities for people with mental retardation. There is a lack of assistance to help people transition and meet those different housing needs, and they may already be living in the community in non-institutional settings, however, they still need a system of supports in place to live in places in their community.

TDHCA has played a key role in helping make Olmstead a reality. TDHCA should have a relationship and begin to work with, the Health and Human Services Commission who is charged with overseeing the implementation of the Promoting Independence Plan. There is a real need for consumer-directed home modification programs in communities that meet the needs of people with disabilities. There are people who can remodel homes with different kinds of home modifications but do not know how to do the home modifications that people with disabilities require, including: knowing what is feasible given the structure of an existing home; knowing how to appropriately widen a doorway, where a grab bar goes, etc. There is also a need to increase the capacity of barrier removal programs and provide technical assistance.

Poverty is one of the biggest barriers for people with disabilities being able to find decent, safe and affordable housing. People who have an income from Supplemental Security Income can not find a place to live in a major metropolitan area with this low amount of funds. There is also a lack of incentives for the development of integrated housing. Many housing service providers have a lack of knowledge on how to meet the housing needs of people with disabilities and the Disability Advisory Group hopes to begin to build a knowledge base among housing providers. When a person with a disability goes to a housing provider to access services and housing they have available, that service provider will know exactly what to do and not be uncomfortable because of their lack of knowledge.

Many professionals have a lack of experience in working with people with disabilities. There are also people with disabilities who need support in the decision-making process but they need to have the ability to make their own decisions. No two people who have the same disability have exactly the same housing needs. People with disabilities are capable of living in the community, renting or owning or maintaining a home of their own. Not everyone with a disability needs to be a homeowner; not everyone who does not have a disability needs to be a homeowner; home ownership is not for everyone. Persons with disabilities should have the opportunity to choose a living situation where they're most comfortable.

Mr. Schwartz stated this may be a physical disability, a cognitive disability, a disability that's readily observable or a hidden disability as someone who may have a heart condition. Currently there are 54 million Americans who have disabilities; around 2.9 million Texans have disabilities, around 24 percent of the state's population; over 1.5 million Texans have a severe disability which is about 12 percent of the state's population. Section 504 design standards is the standards in the Low Income Housing Tax Credit properties and will go a long way towards increasing the stock of affordable, accessible housing for people with disabilities. The Disability Advisory Committee recommendations are the integration definition that has been developed; review of agency planning documents; and compliance with Section 504 of the Americans with Disabilities Act and the Fair Housing Act must be evident in all programs.

Capacity-building money needs to target organizations that need to build capacity; it should not go to organizations that already have capacity. TDHCA should seek and commit resources and conduct an in-depth study of the house needs and preferences of people with disabilities. The Texas Department on Aging received funds to do a study, and he encouraged the department to use the same model that TDOA used.

The board thanked Mr. Schwartz for this presentation.

Mr. Jones stated that the meetings he has held with the Sunset Commission and also departmental meetings with the Sunset Commission have been very positive. He thanked Ms. Carrington for the outstanding contributions she has made towards this effort and for the great improvements that are being made at TDHCA. Ms. Carrington stated the department has a wonderful staff and that staff has supported her and assisted in preparing for Sunset providing information, questions, etc.

Mr. Jones also stated that he agreed with many of comments that were made about the good things that are going on at TDHCA and he wanted to also thank people who have made tremendous contributions to TDHCA over the past several years through some tough times. He recognized Governor Perry for the guidance and advice provided to Mr. Jones and Governor Perry directed his staff to support TDHCA in any way as he wanted the department to succeed and to become better. Many people in the Governors Office have helped TDHCA. The board members of TDHCA have been very committed and Mr. Jones stated the unsung heroes are the people who have been on staff for years at the department. He has tremendous admiration for the staff members who went through tough times and have stuck with the department to make it become a better department.

**(1) Presentation, Discussion and Possible Approval of Minutes of Board Meeting of November 14, 2002**

Motion made by C. Kent Conine and seconded by Beth Anderson to approve the minutes of the Board Meeting of November 14, 2002.

Passed Unanimously



## **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 department staff and motions made by the Board.

Mr. Jones called for public comment and the following either gave comments at this time or preferred to wait until the agenda item was presented.

John Foster, Costa Verde, Ltd., San Antonio, Texas

Mr. Foster stated he felt the Heatherwilde Project proposed to be built in San Antonio, Texas is in excess of what is permitted to one developer under SB 322 and Heatherwilde does not have the zoning to build this project. Costa Verde is next in line and they are ready to proceed immediately. The zoning commission voted against Heatherwilde originally on October 1 and the project is scheduled to be considered again within a week or two. He was concerned that the State of Texas does not lose the credits if Heatherwilde does not move forward.

Mr. Jones closed public comments at this time but will allow all those who completed witness affirmation forms to defer comments to a particular item to testify.

## **ACTION ITEMS**

### **(2) Presentation and Discussion of Update on Community Affairs Division**

Mr. Eddie Fariss, Director of Community Affairs Division, stated they identify each of the strategies and outputs in the Community Affairs Division and there are five outputs in the Community Affairs Division which are three in the Community Services section and two in the Energy Assistance Section. They have reached 77% of the goal of number of persons to assist. This includes people who now have jobs and worked to achieve higher incomes. The number of shelters assisted is above the goal – now at 120%. Funding has been provided to 72 shelters. The Energy Assistance section has assisted 12,873 households and has weatherized 724 dwelling units. There were 1,941 energy efficient refrigerators installed under the System Benefit Fund.

The Emergency Nutrition/Temporary Emergency Relief Program is the only state-funded emergency assistance program and provides emergency assistance such as food, shelter, clothing, healthcare, and utility payments for low income and homeless persons. Under the General Revenue the funds received were obligated to floods, tornadoes, and hailstorms.

### **(3) Presentation, Discussion and Possible Approval of Financial Items:**

#### **(a) Approval of Rehabilitation Loan in the Amount of \$852,240 to be Made for the Cameron Associates Apartments, Cameron, Texas Under the Multifamily Housing Preservation Incentives Program and Other Related Matters**

Ms. Carrington stated staff is requesting approval of a rehab loan to the Cameron Apartments in the amount of \$852,240. This is 56 unit complex Phase 1 was built in 1980 and Phase 11 in 1981.

Motion made by Beth Anderson and seconded by C. Kent Conine to approve the loan in the amount of \$852,240 to Cameron Associates Apartments, for a rehabilitation loan.

Passed Unanimously

#### **(b) Approval of a Proposed Issuance of Qualified 501(c)(3) Multifamily Mortgage Revenue Bonds in an Amount not to Exceed \$31,500,000 And Other Related Matters to Refund the Department's Outstanding Multifamily Mortgage Revenue Bonds (NHP Foundation-Asmara Project), Series 1996, and to Finance Capital Improvements and Repairs to the Nine Apartment Projects Throughout Texas Which Were Originally Financed With the Proceeds of the Series 1996 Bonds:**

**Arbour East Apartments, 300 Units, Dallas, Texas**

**Azalea Court, 57 Units, Dallas, Texas**

**Creek Hollow Apartments, 120 Units, Fort Worth, Texas**  
**Heritage Square Apartments, 112 Units, Dallas, Texas**  
**Highlands Apartments, 136 Units, Dallas, Texas**  
**Oak Brook Apartments, 222 Units, Houston, Texas**  
**Players Club Apartments, 320 Units, Dallas, Texas**  
**Stone Ridge Apartments, 204 Units, Arlington, Texas**  
**Wellington Place, 164 Units, Dallas, Texas**

Ms. Carrington stated this portfolio consists of nine properties called the Asmara Project and National Housing Partnerships is the current owner of the properties. The properties were built from 1970 to 1985 with a total of 1,635 units. Six public hearings were held in areas where these properties are located – three in Dallas, one in Ft. Worth, one in Houston and one in Arlington. The original transaction did not have credit enhancement but this transaction will have credit enhancement by Freddie Mac. Staff is recommending refunding of these bonds.

Motion made by C. Kent Conine and seconded by Beth Anderson to approve Resolution No. 02-73 authorizing the refunding of these bonds.

Passed Unanimously

The board was assured by Gabe Mehreteab that the security issues at these projects will be handled and they will spend about \$200,000 for security purposes for two properties which have the problems. They will hire off-duty policemen to make sure that this is not a future problem.

**(4) Presentation, Discussion and Possible Approval of Programmatic Items:**  
**(a) Approval of Final 2003 Underwriting, Market Analysis, Appraisal, and Environmental Site Assessment Rules and Guidelines**

Ms. Carrington stated this document followed the same process with the Qualification Allocation Plan through the public hearings. Meetings were held to solicit information from lenders, syndicators and market analysts.

Cynthia Bast, Attorney, Locke, Sapp, Austin, Texas

Ms. Bast stated she represented four development companies who are experienced and respected in the tax credit industry. The current position of TDHCA is that the underwriting staff can employ a unique calculation to reduce the acquisition cost below the appraised value. This calculation is based on the original acquisition cost for the property plus holding costs. The use of holding costs as a measure of real estate evaluation can be problematic. Items which are included and/or excluded from the definition of holding costs are also problematic. TDHCA maintains the authority to reduce the acquisition cost below the appraised value using this calculation in order to prevent owners from extracting equity from a development. This is punitive to property owners and provides a disincentive for preserving and maintaining the affordability of existing housing stock. She recommended the department use an appraised value in identify of interest transactions rather than a unique calculation that can be flawed by subjectivity.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the Final 2003 Underwriting, Market Analysis, Appraisal, and Environmental Site Assessment Rules and Guidelines.

Tom Gouris, Director of Credit Underwriting, stated the department does work to find solutions and compromise to the issues that were addressed in the underwriting guidelines. This issue addressed by Ms. Bast was one issue that a solution was not reached. He stated TDHCA is trying to ensure that the projects continue to provide an affordability level.

George Littlejohn, Novagradac and Company,

Mr. Littlejohn stated this issue faces many developers and he felt the current underwriting guidelines for identify of interest acquisition is inconsistent with underwriting guidelines and inconsistent with the IRS and other housing credit agencies in the way they treat this issue.

Nicole Flores, Austin, Texas

Ms. Flores commended the staff on the amount of time that was committed to the process of establishing these guidelines, etc. She stated others are also having the same problems with the identity of interest issue.

Ms. Carrington stated TDHCA is going against the industry in proposing this section of the guidelines but it allows the department to preserve credits and spread the credits around and staff recommends approval of the guidelines.

The motion was again stated for the record.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the Final 2003 Underwriting, Market Analysis, Appraisal, and Environmental Site Assessment Rules and Guidelines.

Passed Unanimously

**(b) Approval to Award an Additional \$13,000 in Project Funds from the HOME Program to Fund Two Owner Occupied Rehabilitation Projects Which Exceeded the Original Contract Amount**

Ms. Carrington stated this is an award of an additional \$13,000 in project funds from the HOME Program to fund two owner occupied rehab projects which exceeded the original contract amount and since this is more than 25% of the original budget, the board is required to review this item. This work for two units was for the cost of lead-based paint inspection/removal/repair and staff is recommending approval of the request.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the additional \$13,000 in project funds to fund two owner occupied rehabilitation projects.

Passed Unanimously

**(c) Approval of 2003 Regional Allocation Formula**

Barry Kahn, Houston, Texas

Mr. Kahn stated in the regional allocation formula there is not a benefit for the full amount of the bond dollars instead only a fractional amount in the 20-25T range.

Bobby Bowling, Builder-Developer, El Paso, Texas

Mr. Bowling was in favor of the Regional Allocation Formula as presented by staff. He asked to read two letters into the record on the formula – one from Mr. Bowling and one from Senator Shapleigh.

"I've met extensively with my State Senator Eliot Shapleigh and have walked him through your methodology and rationale for putting the formula together. He's particularly interested in the development of this formula because he was the author of the governing legislation from the 76th Legislature, Senate Bill 1112. In a meeting with Senator Shapleigh I explained to him what you well know, that the 4 percent LIHTC program, or any other mortgage bond program on the market, cannot be used in El Paso and other border communities due to the fact that our income levels are so low. The 9 percent LIHTC program is really the only viable and financially feasible funding source for providing substantial affordable rental housing along the border. I mention all of this because I understand that you may be receiving some pressure to adjust the formula at this board meeting. I urge you and the department to be sensitive to the problems of the border and leave the Regional Allocation Formula in its present form." Signed by Bobby Bowling.

"As the author of Senate Bill 1112 from the 76th Legislature, I want to commend you for your proposed 2003 Regional Allocation Formula. When I drafted the governing legislation for this formula, I envisioned a system that would take into account several factors in the distribution of funds from your department, specifically funds from the Low Income Housing Tax Credit Program, your department's largest source of funding for affordable housing. Providing for affordable housing in strategic investment areas in the state presents several unique challenges. The low income levels cause rents to be as much as 50 percent below rents in the larger, more affluent metroplexes in our state. However, construction costs are the same, if not

more, in strategic investment areas due to geographic isolation and increased shipping costs for construction materials. Hence, it is virtually impossible to develop affordable rental housing along the border without a significant subsidy as is provided in the 9 percent LIHTC Program.

Your formula in its present form takes into account all of these various factors and additionally acknowledges that in SIAs there is no conventional means of funding available to meet these needs. I urge you to keep the Regional Allocation Formula and continue to work on solving the affordable housing issues. The department has made great strides in the past three years in balancing the needs of affordable housing throughout the state. This year's version not only helps ensure the border communities continue to see a fair share of your LIHTC funds, but also is another step toward fulfilling the Sunset Committee's requirements." Signed by Senator Shapleigh.

Mr. Bowling stated Senator Shapleigh's office completed a recent study that shows in El Paso County there is 86,000 people living in colonia conditions. Most Board members have taken the opportunity to visit some of these areas in the past and held board meetings in El Paso last year. There's really no way to show every colonia in the county in El Paso, but the only alternative to 9 percent Low Income Housing Tax Credits in El Paso County are cardboard shacks and scrap material buildings out in unincorporated areas in our county. He urged the Board to take a close look at this. He also met with Dr. Roth who is a renowned economist from our community in El Paso at UTEP and he's very pleased also with the Regional Allocation Formula. Mr. Bowling did not give any comments from him, but he read the comments from the Sunset Committee and had a discussion with him about them and stated Dr. Roth was extremely pleased. He urged the Board to keep the RAF formula in its original form.

Ms. Carrington stated five public hearings were held in October on the Regional Allocation Formula, the Affordable Housing Needs Score, the State Low Income Housing Plan and One Year Action Plan and the TDHCA Integrated Housing Policy. In November an additional six more public hearings were held. The Regional Allocation Formula does comply with the Sunset Legislation and the formula has 4 needs factors which are: (1) severe housing cost burden – 30% of weight allocation to this; (2) substandard and dilapidated housing stock, 5% of the weight; (3) winter over crowding – 15% of the weight; and (4) poverty is 50% of the weight. Changes from the 2002 Regional Allocation Formula are going from 11 service regions to 13; the affordable housing needs indicator has been modified; and it now includes other funding, Housing for People with Aids and Emergency Shelter grants.

Motion made by Norberto Salinas and seconded by Vidal Gonzalez to approve the Regional Allocation Formula.  
Passed Unanimously

**(d) Approval of 2003 Affordable Housing Needs Score**

Ms. Carrington stated the 2003 Affordable Housing Needs Score is a policy document, policy priority for the TDHCA and it does allow TDHCA to drive down the funding sources for the cities and counties that have the greatest need in the service regions.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the 2003 Affordable Housing Needs Score.  
Passed Unanimously

At this time, 12:00 noon, a lunch break was taken and the Board returned to Open Session at 12:45 p.m.

**(e) Approval of 2003 State of Texas Low Income Housing Plan and Annual Report**

Ms. Carrington stated this plan is one of three comprehensive planning documents that are prepared on an annual basis. There are 4 capacities that TDHCA uses this plan for: (1) serves to provide an overview of TDHCA housing and housing-related priorities; (2) outlines the statewide housing needs; (3) provides TDHCA program funding levels and performance measures; and (4) reports on the departments' activities during the preceding fiscal year. This plan also went through the public hearing process.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the 2003 State of Texas Low Income Housing Plan and Annual Report.  
Passed Unanimously

- (f) **Approval of 2003 State of Texas Consolidated Plan – One Year Action Plan**  
Ms. Carrington stated staff is requesting approval of the 2003 State of Texas Consolidated Plan – One Year Action Plan that is required to be submitted to HUD. This describes the federal resources that are expected to be available to the department for the upcoming year.

Motion made by Beth Anderson and seconded by Vidal Gonzalez to approve the 2003 State of Texas Consolidated Plan – One Year Action Plan.  
Passed Unanimously

- (g) **Approval of TDHCA Integrated Housing Policy**  
Ms. Carrington stated that staff is requesting approval of the TDHCA Integrated Housing Policy and staff will incorporate this policy in the State Low Income Housing Plan. Staff will also follow up with a formal rule for this policy for the department. All TDHCA funding sources would have a percentage that depending on the size of a development being funded a certain percentage of the units would be set aside for families or individuals with disabilities.

Motion made by C. Kent Conine and seconded by Beth Anderson to approve the TDHCA Integrated Housing Policy as presented.  
Passed Unanimously

Alan Magill, Dallas, Texas

Mr. Magill opposed the application of Southern Oaks which requests tax credit assistance. He stated the project is not needed or wanted in this community. There are no retail shops available and one has to travel a distance to find stores. The African-American based organizations and residents expressed strong opposition to the project.

Darren Reagan, Chairman, Black State Employees Association of Texas, Dallas, Texas

Mr. Reagan stated he has lived in Dallas many years and knows the area and there is strong opposition to this project. The City Council rezoned the property and Dr. Reagan felt the zoning followed the wishes of a council member and not the residents.

Brian Potashnik, Developer, Dallas, Texas

Mr. Potashnik stated he has invested over \$250 million in the southern sector of Dallas and this housing has created retail opportunities. They took some of the worst areas and are building new homes in these areas and are helping the community. He stated the Dallas Housing Finance Corporation is the bond issuer and there is support for this project from every council person, including the Mayor.

- (5) **Presentation, Discussion and Possible Approval of Low Income Housing Tax Credit Items:**  
(a) **Approval of Issuance of Determination Notices to Tax-Exempt Bond Transactions with Other Issuers:**

**02-446 Southern Oaks, Dallas  
City of Dallas HFC is Issuer**

Ms. Carrington stated staff is recommending the allocation of tax credits to Southern Oaks in the amount of \$943,763 for 256 units.

Motion made by Beth Anderson and seconded by Norberto Salinas to approve Southern Oaks, #02-446, Dallas, Texas, for tax credits in the amount of \$943,763.  
Passed Unanimously

**02-456 Primrose SA II, San Antonio  
Bexar County HFC is Issuer**

Ms. Carrington stated staff is recommending the allocation of tax credits to Primrose San Antonio II, #02-456, in the amount of \$1,044,394 for 280 units.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve tax credits in the amount of \$1,044,394 for Primrose San Antonio II, San Antonio, Texas  
Passed Unanimously

**02-457 The Park at Kirkstall, Houston  
Harris County HFC is Issuer**

Ms. Carrington stated staff is recommending the allocation of tax credits to the Parks at Kirkstall, #02-457, in the amount of \$687,827 for 240 units.

Motion made by Beth Anderson and seconded by Norberto Salinas to approve the allocation of tax credits in the amount of \$687,827 for The Parks at Kirkstall in Houston, Texas.  
Passed Unanimously

The board had questions on the Heatherwilde project as there were public comments on this project.

Mr. Chris Wittmayer, General Counsel, stated this project was awarded tax credits by the department in the regular allocation round and they were required to have zoning in place by mid-November. The development provided documentation that they would have proper zoning and department staff was moving forward with the allocation. The department then received conflicting information from the City of San Antonio about whether or not there was proper zoning in place. Staff is now awaiting a letter of clarification on the zoning.

**(b) Approval of Requests for Extensions for Commencement of Construction for:**

- 01-002 La Vista Townhomes, Del Rio**
- 01-004 Fulton Village Apartments, Houston**
- 01-005 Chaparral Townhomes, Allen**
- 01-011 Oak Timbers-White Settlement Apartments, White Settlement**
- 01-032 Cantibury Pointe Apartments, Lubbock**
- 01-034 Stonegate at Alvin Apartments, Alvin**
- 01-051 Eldorado Village, Brownsville**
- 01-057 Timbercreek Apartments, Dallas**
- 01-058 Highland Gardens Apartments, Harlingen**
- 01-063 Science Park Seniors, San Antonio**
- 01-064 O'Connor Road Seniors, San Antonio**
- 01-078 Rancho de Luna Apartments, Robstown**
- 01-121 Main Street Townhomes, Paris**
- 01-149 Clark's Crossings Apartments, Laredo**

Ms. Carrington stated that TDHCA had a deadline of November 8<sup>th</sup> for developers to notify the Department that they had started substantial construction and these 14 developers had failed to notify the department; however, when staff did due diligence it was discovered that they had met that Nov. 8<sup>th</sup> deadline and had started substantial construction and had failed to notify TDHCA. Staff is asking the Board to give the developers until December 17<sup>th</sup> to provide these reports for the commencement of construction.

Motion made by Beth Anderson and seconded by C. Kent Conine to approve the extensions for commencement of construction until December 17, 2003 for:

- 01-002 La Vista Townhomes, Del Rio
- 01-004 Fulton Village Apartments, Houston
- 01-005 Chaparral Townhomes, Allen
- 01-011 Oak Timbers-White Settlement Apartments, White Settlement
- 01-032 Cantibury Pointe Apartments, Lubbock
- 01-034 Stonegate at Alvin Apartments, Alvin
- 01-051 Eldorado Village, Brownsville

01-057 Timbercreek Apartments, Dallas  
01-058 Highland Gardens Apartments, Harlingen  
01-063 Science Park Seniors, San Antonio  
01-064 O'Connor Road Seniors, San Antonio  
01-078 Rancho de Luna Apartments, Robstown  
01-121 Main Street Townhomes, Paris  
01-149 Clark's Crossings Apartments, Laredo  
Passed Unanimously

**01-037 Bachon Townhomes, Wylie**  
**01-050 Ewing Villas, Dallas**  
**01-076 Laurel Point Senior Apartments, Houston**  
**01-077 Bell Oaks Village II Apartments, Bellville**  
**01-108 Logan's Pointe, Mount Vernon**  
**01-111 Village at Meadowbend Apartments, Temple**  
**01-143 Laredo Vista Apartments, Laredo**  
**01-148 Cedar Point Apartments, Mansfield**

Ms. Carrington stated this group missed the November 8<sup>th</sup> deadline but staff is requesting a longer deadline for the commencement of construction.

Motion made by Norberto Salinas and seconded by Vidal Gonzalez to approve the deadlines for commencement of construction for:

01-037 Bachon Townhomes, Wylie  
01-050 Ewing Villas, Dallas  
01-076 Laurel Point Senior Apartments, Houston  
01-077 Bell Oaks Village II Apartments, Bellville  
01-108 Logan's Pointe, Mount Vernon  
01-111 Village at Meadowbend Apartments, Temple  
01-143 Laredo Vista Apartments, Laredo  
01-148 Cedar Point Apartments, Mansfield  
Passed Unanimously

The Board did advise developers to get their documentation to TDHCA as deadlines are set and the Board will uphold these deadlines in the future.

**(6) Presentation, Discussion and Possible Approval of Resolution No. 02-071 Regarding Amendment for Signature Authority**

Ms. Carrington stated there is one correction to be made on the resolution in the board book and this is the changing from Controller to Director of Financial Administration.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve Resolution No. 02-071 with the change to Director of Financial Administration from Controller.  
Passed Unanimously

**EXECUTIVE SESSION**

Litigation and Anticipated Litigation (Potential or Threatened under Sec. 551.071 and 551.103, Texas Government Code Litigation Exception) – (1) *Century Pacific Equity Corporation v. Texas Department of Housing and Community Affairs et al.* Cause No. GN-202219, in the District Court of Travis County, Texas, 53<sup>rd</sup> Judicial District;  
Consultation with Attorney Pursuant to Sec. 551.071(2), Texas Government Code - (1) 501c(3) Multifamily Housing Mortgage Revenue Bonds (Williams Run Apartments) Series 2000A;  
Personnel Matters – Discussion and Possible Approval of

Performance Evaluation for the Executive Director Under  
Sec. 551.074, Texas Government Code

The Board may discuss any item listed on this agenda in Executive Session

Mr. Jones stated: The Board will go into executive session on this day, December 17, 2002 at a regular board meeting of the Texas Department of Housing and Community Affairs, held in Austin, Texas. The board of directors adjourned into a closed executive session as evidenced by the following: The board of directors began its executive session today, December 17, 2002, at 1:52 p.m. The subject matter of this executive session deliberation is as follows: Litigation and anticipated litigation regarding Cause Number GN-02219, Century Pacific Corporation v. Texas Department of Housing and Community Affairs, et al., 53rd Judicial District Court of Travis County, Texas; Consultation with attorney pursuant to Section 551.071(2) Texas Government Code regarding Multifamily Housing Mortgage Revenue Bonds, Williams Run Apartments, Series 2000A; Personnel matters regarding discussion and possible approval of performance evaluation for the executive director under Section 551.074 Texas Government Code; and Discussion of any item listed on the board meeting agenda of even date.”

The Board went into Executive Session at 1:52 pm.

The Board returned to Open Session at 2:15 pm and Mr. Jones stated: “We will go back into open session. I hereby certify that the agenda of an executive session of the Board of Housing and Community Affairs was properly authorized pursuant to Section 551.103 of the Texas Government Code, posted in the Secretary of State's Office seven days prior to the meeting, pursuant to Section 551.044 of the Texas Government Code, and all the members were present with the exception of Shad Bogany, and that it is a true and correct record of the proceedings pursuant to the Texas Open Meetings Act.

The subject matter of the executive session was: Litigation and anticipated litigation regarding Cause Number GN-202219, Century Pacific v. Texas Department of Housing and Community Affairs; Consultation with attorney pursuant to Section 551.071, Texas Government Code, regarding Multifamily Housing Mortgage Revenue Bonds, Williams Run Apartments, Series 2000A; Personnel matters regarding discussion of possible approval of performance evaluation for the executive director; and Discussion of any item listed on the board meeting agenda of even date; and action taken with regard to all of those items was none.” Signed Michael Jones.

## **OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

Mr. Jones asked as a result of the executive session, if any board member would like to make any motions.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez which stated: “As required under our personnel policy manual, we did a performance evaluation for the executive director and would like to ask this board to approve the recommendations put forth by the Evaluation Committee.”

Passed Unanimously

## **REPORT ITEMS**

Executive Directors Report

Manufactured Homes in Colonias

Ms. Carrington stated TDHCA and the Manufactured Housing Division of TDHCA had an opportunity to create a partnership to use several manufactured homes for the Colonias. From time to time the industry has an opportunity to take back manufactured homes, and there was a situation with a home that was placed incorrectly in Corpus Christi. Bobbie Hill of the



Manufactured Housing Division and Homer Cabello, Director of Colonia Initiatives found families along the border area who own their land but live in substandard housing. The first manufactured home from the Corpus Christi area was moved to a colonia in Eagle Pass where it will be a new home for a family. A-1 Champion Homes arranged for obtaining the replacement home and the home was delivered free of charge by one of the retailers and also all hookups, the air conditioning, the utilities, was done free of charge to the home buyer. This is the kind of cooperation that TDHCA wants to foster and develop with the Manufactured Housing Division of this department. The source of fund was the Homeowner's Recovery Fund which is a fee on mobile homes.

#### Sunset Report

##### Issue 1 - TDHCA Letter of Support

##### Proposed Draft Amendments to Texas Government Code, Chapter 2306

This is a copy of the memorandum Marcelo Guevara, who was the project manager at the Sunset Advisory Commission, and the memo is divided into two parts: (1) substantive changes the department is recommending to Senate Bill 322, which is the Sunset legislation; and (2) cleanup changes that were recommended. Sunset did invite TDHCA to present these proposed changes to them. This was also included in the material that was provided to the legislature and the members of the Sunset Advisory Commission last week.

On page 2, Section 6 of the bill, Section 2306.142(l) through (o), Authorization of Bonds, the department is deleting this request. After giving it some thought and after talking to several people who were instrumental in getting the 40 percent put in the legislation in the first place, TDHCA has sent a letter of rescission to Joy Longley and asked him to provide the letter to the members of the Sunset Advisory Commission.

Mr. Conine asked if there was a discussion about the ex parte rule in SB322 and was advised by Ms. Carrington that when staff discussed the language in the ex parte, TDHCA recognized what an issue it was for the legislature as this was put in our legislation last session, and decided it was probably something TDHCA did not want from a staff's perspective to initiate any kind of change or potential change. Any proposed changes should come from someone else.

#### Project Access Update

Ms. Carrington stated the department received in May of this year 35 Section 8 vouchers to help in the implementation of the Olmstead Decree with the Supreme Court for, again, the de-institutionalization of individuals with disabilities. This program is being administered by the Texas Department of Health and Human Services and TDHCA, and DHS has referred 36 clients and some of them have been placed using these vouchers, some have not. It is a program that is beginning to work very well and Sarah Anderson has been asked to participate in a conference in Baltimore because TDHCA's participation and partnership with these other state agencies in receiving these vouchers. The implementation and utilization of these vouchers is being looked at as a model across the county, and Ms. Anderson is going to participate in this conference. Sarah has also asked us to thank particularly Jorge Reyes of her staff who has worked very diligently in getting these partnerships together with the Department of Health and Health and Human Services.

#### Revised Organization Chart

Ms. Carrington stated this chart on the reorganization of some of the divisions within the department. The chart has names and numbers, and those numbers relate to the FTEs, full-time equivalents, that are in each of the divisions of the department. There is a breakdown of where those FTEs are assigned. 5.5 FTEs have been recognized as savings in the reorganization, and TDHCA is holding these as we start operating in new work groups there will probably be one or two areas that are understaffed in the way of FTEs and will need those FTEs.

Ms. Carrington stated there are two or three of very substantial improvements. The position of controller is included which is Director of Financial Administration. Our Chief of Agency Administration is Bill Dally, and under him is the administrative support which, of course,

includes Human Resources/Facilities Management, Information Systems and Director of Financial Administration. The two areas that didn't exist previously are the Multifamily Finance Production area and Single Family Finance Production area. There is a Real Estate Analysis Division which includes underwriting, cost certifications and workouts. It provides a loop for TDHCA as it provides feedback as underwriting is completed; then TDHCA gets feedback on the cost certifications, and feedback if developments have to go into workout on how well TDHCA is doing and how credible the underwriting is. Portfolio Management and Compliance gained about eight FTEs as they are taking on additional responsibilities of construction monitoring, approving construction draws, and then an asset management component within that division.

All of the division directors were named and in place by December 1; the managers have been named; and are now in the process of naming the supervisors; and on the 23rd of this month the remaining FTEs within the agency will know where they are going to be assigned. They had an opportunity to fill out a survey that said where do you want to go, what do you think your skills and abilities are, and TDHCA is in the process of doing matching on that. After the first of the year the migration plan will begin which is moving from the area one is now in to the new area. This implementation should be completed by March 3.

**ADJOURN**

Motion made by Vidal Gonzalez and seconded by Norberto Salinas to adjourn the meeting.  
Passed Unanimously

The meeting adjourned at 2:25 p.m.

Respectfully submitted,

Delores Groneck  
Board Secretary

P/Bdmindec/dg

**BOARD MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**507 Sabine, Fourth Floor Boardroom, Austin, Texas 78701**  
**January 8, 2003                      9:00 a. m.**

**Summary of Minutes**

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

The Board Meeting of the Texas Department of Housing and Community Affairs of January 8, 2003 was called to order by Board Chair Michael Jones at 9:05 a.m. It was held at 507 Sabine, Fourth Floor Boardroom, Austin, Texas. Roll call certified a quorum was present. C. Kent Conine and Vidal Gonzalez were absent.

Members present:

Michael Jones -- Chair  
Shadrick Bogany -- Member  
Norberto Salinas -- Member  
Beth Anderson -- Member

Staff of the Texas Department of Housing and Community Affairs was also present.

**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 department staff and motions made by the Board.

Mr. Jones called for public comment and the following gave comments at this time.

Steve Moore, Investor, Austin, Texas

Mr. Moore had questions on funding for Region 7 in the Low Income Housing Tax Credit Program as he has a rural application to be submitted in that region. He was unsure if he should submit the pre-application if there will be no money available.

Ms. Carrington advised Mr. Moore that TDHCA went from 11 to 13 service regions between the 2002 and 2003 allocations. The Austin region, Region 7, did receive two forward commitments from the 2002 application round; however, the amount available per the regional allocation formula is zero for Region 7.

Granger McDonald, Developer, Kerrville, Texas

Mr. McDonald stated that it is very risky to submit an application for Region 7. He stated it is not fair to the rural regions where bond deals will not work. The 9% credits are the only way to deliver housing in rural areas and asked the Board to see what they could do to better allocate the credits.

Mr. Jones closed Public Comment at this time.

**ACTION ITEMS**

- (1) **Presentation, Discussion and Possible Approval of Financial Items:**
  - (a) **Approval of Proposed Issuance of Multifamily Mortgage Revenue Bonds for Reading Road Apartments, Rosenberg, Texas in an Amount not to Exceed \$14,000,000 and Other Related Matters**

Ms. Carrington stated staff is recommending the approval of the issuance of Multifamily Mortgage Revenue Bonds for Reading Road Apartments, Rosenberg, in an amount not to exceed \$14,000,000. This project will have 252 units and is new construction.

Mr. Robert Onion stated this project is being considered as a possible future refunding and is strictly based on the schedule of events. They received the reservation on October 18 and have to close by February 15. The next board meeting will probably be held around February 13 so this would only give them two days to close the transaction. They had to present it at this meeting and there was not enough time to put together a publicly offered transaction. Underwriting did underwrite this project at 6.75 and it does work at \$12,200,000 and has the proper debt coverage ration. If they choose to do the refunding, they would go to a private credit enhanced variable rate, which would make the transaction stronger.

Motion made by Beth Anderson and seconded by Shad Bogany to approve Resolution No. 03-02 approving the issuance of Multifamily Mortgage Revenue Bonds for Reading Road Apartments, Rosenberg, Texas in an amount not to exceed \$14,000,000.  
Passed Unanimously

**(b) Approval of Single Family Mortgage Revenue Bond Lender List**

Ms. Carrington stated Programs 59 and 59A were approved at the last Board meeting and staff is now asking for approval of the list of 40 lenders who will be participating in these programs. There are 3 new lenders in the program and there is a total of 388 branch offices around the state.

Mr. Bogany asked if lenders could be added to this list and was advised that lenders can be added throughout the year.

Motion made by Beth Anderson and seconded by Shad Bogany to approve the single family mortgage revenue bond lender list.  
Passed Unanimously

**(c) Approval of Request for Qualifications for Trustee Services for the Department's Single Family Mortgage Revenue Bond Issues and Other Related Matters**

Ms. Carrington stated staff is requesting the Board to approve the issuance of a request for qualifications for trustee services for the single family mortgage revenue bond issues. Last summer TDHCA did issue an RFQ for trustee services and received 6 responses but did not take any action on those responses. The RFQ has now been revised and staff would like to issue this RFQ and provide a recommendation to the Board at a later meeting.

Motion made by Shad Bogany and seconded by Beth Anderson to approve the issuance of the Request for Qualifications for trustee services for the single family mortgage revenue bond issues.  
Passed Unanimously

**(d) Approval of Request for Qualifications for Co-Managing Investment Banking Firms for the Sale of the Department's Single Family Mortgage Revenue and Refunding Bonds and Other Related Matters**

Ms. Carrington stated this Request for Qualifications is for co-managers for the investment banking teams for the sale of Single Family Revenue and Refunding Bonds. In 2001 the Board selected 12 investment banking firms to provide single family mortgage underwriting services. Six firms were selected as the senior managers and six firms were selected as co-managers. Those firms are rotated as transactions are done. Of the six senior managers, four have managed a transaction and now staff would like to add co-managers to the team.

Mr. Bryon Johnson stated in 2001 it was decided to have six senior manager firms and staff would like to move to a system to have three teams comprised of five firms. Each team will do one transaction per year.

Mr. Gary Machak, Dain Rauscher, Financial Advisor, stated he discusses with Byron Johnson the performance of each firm after each bond issue and he has worked with these firms in other areas and felt this is a good move for the department to make by having three teams composed of five firms.

Motion made by Shad Bogany and seconded by Beth Anderson to approve the request for qualifications for co-managing investment banking firms for the sale of single family mortgage revenue and refunding bonds.

Passed Unanimously

(2) **Presentation, Discussion and Possible Approval of Low Income Housing Tax Credit Items:**  
(a) **Approval of Issuance of Determination Notices to Tax-Exempt Bond Transactions with TDHCA as the Issuer:**

**02-462 Reading Road Apartments, Rosenberg**

Ms. Carrington stated this request is for the issuance of a determination notice to a tax-exempt bond issue with TDHCA as the issuer. The project is Reading Road Apartments in Rosenberg, Texas and recommended allocation is \$624,757.

Motion made by Beth Anderson and seconded by Shad Bogany to approve the recommended allocation of \$624,757 for Reading Road Apartments, #02-462, Rosenberg, Texas.

Passed Unanimously

(b) **Approval of Issuance of Determination Notices to Tax-Exempt Bond Transactions with Other Issuers:**

**02-459 The Park At Sycamore School Apartments, Ft. Worth**

**Tarrant County HFC is the Issuer**

Ms. Carrington stated this request is for the issuance of a determination notice to a tax-exempt bond transaction, The Park at Sycamore School Apartments in Ft. Worth, Texas with Tarrant County HFC as the issuer and the recommended allocation is \$590,923.

Motion made by Shad Bogany and seconded by Beth Anderson to approve the recommended allocation of \$590,923 for The Park at Sycamore School Apartments, #02-459, Ft. Worth, Texas.

Passed Unanimously

## **REPORT ITEMS**

### **Executive Directors Report**

#### **Final Organization Chart**

Ms. Carrington stated this was the final organizational chart of TDHCA and is the way the department will operate. It will be fully implemented by March 3, 2003. There were 51 employees who are in the process of being reassigned to different divisions of the Agency and they were notified on Friday, December 20<sup>th</sup> of where they would be working. The Department is now in Phase 111 and Homer Cabello is the team leader. This P111 group is working on the change agent elements of the migration plan. Ms. Carrington stated this has been almost a 12-month process and has improved efficiency, effectiveness, productivity, and communication with staff internally and customers outside. This chart does have the number of FTEs in each division and names of key staff in each of the division.

#### **Sunset Advisory Commission Vote on TDHCA**

Ms. Carrington stated the Sunset Advisory Commission vote on TDHCA will take place on January 15<sup>th</sup> at 2:00 pm at the State Capitol. TDHCA will be the third agency that will be voted on and she asked Board members to attend this meeting if their schedule permits.

#### **Letter to Office of State-Federal Relations on Legislative Priorities For 108<sup>th</sup> US Congress**

Ms. Carrington stated the department sent a letter on December 31<sup>st</sup> to the Office of State-Federal Relations in Washington presenting the legislative priorities for the upcoming session of Congress.

#### **Single Family Homeownership Tax Credit Legislation**

Ms. Carrington stated there is proposed legislation for single-family homeownership tax credits and TDHCA is in support of this legislation.

**Appointment to Federal Home Loan Bank Advisory Committee**

Ms. Carrington stated she has been invited and accepted an appointment to be a member of the Advisory Committee for the Federal Home Loan Bank of Dallas. There will be about three meetings a year and they will pay the travel costs.

**Upcoming Speaking Events – Dallas Affordable Housing Task Force and Dallas Housing Summit**

Ms. Carrington stated that she was invited to give a presentation to the Dallas Affordable Housing Task Force but was ill and Robert Onion and Tom Gouris attended this meeting and made the presentation. This presentation was to be on private activity bonds, how the lottery process works, how TDHCA looks at those bond issues when it allocates the 4% credits and there seven members of the City Council in attendance. There was a discussion on the older tax credit transactions that are located in Dallas and what monitoring is done on those transactions.

Ms. Carrington stated she will be attending and speaking at the Dallas Housing Summit on January 30<sup>th</sup>.

**Participation in Rural Task Force for Texas Affordable Housing Coalition**

Ms. Carrington stated eight task forces were put together at the Housing Colloquium in Sante Fe and one was a rural task force to address housing and housing finance issues in rural areas. Ms. Carrington volunteered to serve on that task force and Ms. Anderson has been asked to also participate in this task force.

Ms. Anderson said she would serve on the Rural Task Force.

**EXECUTIVE SESSION**

**Litigation and Anticipated Litigation (Potential or Threatened under Sec. 551.071 and 551.103, Texas Government Code Litigation Exception) – *Century Pacific Equity Corporation v. Texas Department of Housing and Community Affairs et al.* Cause No. GN-202219, in the District Court of Travis County, Texas, 53<sup>rd</sup> Judicial District;**

**Consultation with Attorney Pursuant to Sec. 551.071(2), Texas Government Code - (1) 501(c)(3) Multifamily Housing Mortgage Revenue Bonds (Williams Run Apartments) Series 2000A; (2) Heatherwilde Estates Apartments, LIHTC Development No. 02-075**

**The Board may discuss any item listed on this agenda in Executive Session**

Mr. Jones stated: “On this day, January 8, 2003 at a regular board meeting of the Texas Department of Housing and Community Affairs held in Austin, Texas the Board of Directors adjourned into a closed executive session as evidenced by the following: The Board of Directors began its executive session today, January 8, 2003, at 9:51 a.m. The subject matter of this executive session deliberation is as follows: Litigation and Anticipated Litigation (Potential or Threatened under Sec. 551.071 and 551.103, Texas Government Code Litigation Exception) – *Century Pacific Equity Corporation v. Texas Department of Housing and Community Affairs et al.* Cause No. GN-202219, in the District Court of Travis County, Texas, 53<sup>rd</sup> Judicial District; Consultation with Attorney Pursuant to Sec. 551.071(2), Texas Government Code - (1) 501(c)(3) Multifamily Housing Mortgage Revenue Bonds (Williams Run Apartments) Series 2000A; (2) Heatherwilde Estates Apartments, LIHTC Development No. 02-075; and discussion of any item listed on this agenda of this date.

The Board went into Executive Session at 9:51 a.m. and returned to Open Session at 10:05 a.m.

**OPEN SESSION**

**Action in Open Session on Items Discussed in Executive Session**

Mr. Jones stated: “The Board of Directors has completed its executive session of the Texas Department of Housing and Community Affairs on January 8, 2003 at 10:05 a.m. I hereby certify that this agenda of the executive session was properly authorized, pursuant to Section 551.103 of the Texas Government Code, posted in the secretary of State’s Office seven days prior to the meeting, pursuant to Sec. 551.044 of the Texas Government Code; that all members of the Board of Directors were present with the exception of C. Kent Conine and Vidal Gonzalez and that the subject matter of this executive deliberation was as follows: Litigation and Anticipated Litigation (Potential or Threatened under Sec. 551.071 and 551.103, Texas Government Code Litigation Exception) – *Century Pacific Equity Corporation v. Texas Department of Housing and Community Affairs et al.* Cause No. GN-202219, in the District Court of Travis County, Texas, 53<sup>rd</sup> Judicial District – Action taken – none; Consultation with Attorney Pursuant to Sec. 551.071(2), Texas Government Code - (1) 501(c)(3) Multifamily Housing Mortgage Revenue Bonds (Williams Run Apartments) Series 2000A; - Action taken – none; (2) Heatherwilde Estates Apartments, LIHTC Development No. 02-075 – Action taken – none; Discussion of any item listed on this agenda – Action taken – none. I certify that this is a true and accurate record of the proceedings pursuant to the Texas Open Meetings Act, Chapter 551, Texas Government Code.” Signed by Michael E. Jones.

**ADJOURN**

Motion made by Shad Bogany and seconded by Beth Anderson to adjourn the meeting.  
Passed Unanimously

The meeting adjourned at 10:10 a.m.

Respectfully submitted,

Delores Groneck  
Board Secretary

P/bdminja8dg



# TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

## HOUSING FINANCE DIVISION - MULTIFAMILY

### REQUEST FOR BOARD APPROVAL OF MULTIFAMILY MORTGAGE REVENUE BOND ISSUANCE

#### 2002 PRIVATE ACTIVITY MULTIFAMILY REVENUE BONDS

##### PARK AT NORTH VISTA

**\$11,200,000 (\*) Tax Exempt – Series 2003A-1**

**\$2,800,000 (\*) Tax Exempt – Series 2003B**

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### TABLE OF EXHIBITS

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TAB 1	TDHCA Board Presentation
TAB 2	Bond Resolution
TAB 3	Sources & Uses of Funds Estimated Costs of Issuance
TAB 4	Department's Credit Underwriting Analysis
TAB 5	Rental Restrictions Explanation Results & Analysis
TAB 6	Location Map
TAB 7	TDHCA Compliance Report
TAB 8	Results of Public/TEFRA Hearings (January 21, 2003)

*(\*) Preliminary - subject to change*



**FINANCE COMMITTEE AND BOARD APPROVAL  
MEMORANDUM  
February 13, 2003**

**PROJECT:** North Vista Apartments, Houston, Harris County, Texas

**PROGRAM:** Texas Department of Housing & Community Affairs  
2003 Multifamily Housing Mortgage Revenue Bonds  
(Reservation received 11/18/2002)

**ACTION  
REQUESTED:** Approve the issuance of multifamily mortgage revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371 of the Texas Government Code and under Chapter 2306 of the Texas Government Code, the Department's enabling Act (the "Act"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein.

**PURPOSE:** The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to North Vista Apartments Limited Partnership, a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 252-unit multifamily residential rental development to be constructed on approximately 14 acres of land located at the 100 Block of North Vista Drive, Houston, Harris County, Texas 77073 (the "Project").

**BOND AMOUNT:** \$11,200,000 Series 2003 A-1, Tax Exempt Senior Bonds  
\$ 2,800,000 Series 2003 B Tax Exempt Subordinate Bonds  
\$14,000,000 Total Tax Exempt Bonds

(\* )The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Project and the amount for which Bond Counsel can deliver its Bond Opinion.

**ANTICIPATED  
CLOSING DATE:** The Department received a volume cap allocation for the Bonds on November 18, 2002 pursuant to the Texas Bond Review Board's 2002 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before March 18, 2003, the anticipated closing date is March 11, 2003.

**BORROWER:** North Vista Apartments Limited Partnership, a Texas Limited Partnership, the managing general partner of which is TCR North Vista Partners Limited Partnership, a Texas limited partnership. The principals of the general partner are Kenneth J. Valach, J. Ronald Terwilliger, Terwilliger Partners, L.L.L.P., Christopher J. Bergmann, Scott Wise, and John A. Zeledon.

**COMPLIANCE  
HISTORY:** The Compliance Status Summary completed on December 20, 2002 reveals that the principal of the general partner above has a total of six (9) properties being monitored by the Department. Six (6) of these properties have received a compliance score. All of the scores are

below the material non-compliance threshold score of 30.

**ISSUANCE TEAM:**

Ambac Assurance Corporation (“Bond Purchaser”)  
SunAmerica Inc. (“Construction Phase Credit Facility Provider”)  
SunAmerica Inc. (“Guaranty Provider, Subordinate Bonds”)  
SunAmerica Inc. (“Equity Provider”)  
U.S. Bancorp Piper Jaffray (“Subordinate Bond Purchaser”)  
Newman and Associates (“Underwriter”)  
Bank One, National Association (“Trustee”)  
Vinson & Elkins L.L.P. (“Bond Counsel”)  
RBC Dain Rauscher Inc. (“Financial Advisor”)  
McCall, Parkhurst & Horton, L.L.P. (“Disclosure Counsel”)

**BOND PURCHASER:**

The Senior Bonds will be publicly offered on a limited basis on or about February 24, 2003 at which time the final pricing and Bond Purchaser(s) will be determined.

The Subordinate Bonds will be privately purchased by U.S. Bancorp Piper Jaffray. The Series B (Subordinate Bonds) will have the same terms as the Series A bonds, except that the note rate will be forty-one (41) basis points higher than the longest term bond of the Series A-1 Bonds.

**PROJECT DESCRIPTION:**

The Project is a 252-unit multifamily residential rental development to be constructed on approximately 14 acres of land located at the 100 Block of North Vista Drive, Houston, Harris County, Texas 77073 (the "Project"). The proposed site density will be 17.26 units per acre and will consist of twenty-one (21) wood-framed buildings on post-tension slabs with a total of 257,216 net rentable square feet and an average unit size of 1,021 square feet. There will be 12 one-bedroom flats and 240 two-story townhome units. Each of the townhome units will contain a half-bath or full bath and a bedroom on the ground floor.

The residential building exteriors will consist of 33% masonry and 67% hardi-plank siding with wood trim. Unit amenities will include frost-free refrigerator, dishwasher, disposal, large storage areas, washer/dryer connections, ceiling fans, energy efficient HVAC systems and pre-wiring for cable television and high-speed internet service. The property will have clubhouse, leasing, office and community room space and a laundry building.

<u>Units</u>	<u>Unit Type</u>	<u>Square Feet</u>	<u>Proposed Net Rent</u>
12	1-Bedrooms/1-Bath	684	\$615.00
24	1-Bedrooms/1.5-Baths	795	\$615.00
8	1-Bedrooms/1.5-Baths	826	\$615.00
112	2-Bedrooms/1.5-Baths	1,027	\$734.00
32	2-Bedrooms/2-Baths	1,101	\$734.00
8	2-Bedrooms/2-Baths	1,128	\$734.00
<u>56</u>	3-Bedrooms/2.5-Baths	1,143	\$845.00
252			

**SET-ASIDE UNITS:**

For Bond covenant purposes, at least forty (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each project will be set aside on a priority basis for persons with special needs.

*(The Borrower has elected to set aside 100% of the units for tax credit purposes.)*

**RENT CAPS:**

For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for sixty percent (60%) of the area median income.

**TENANT SERVICES:**

Borrower will provide Tenant Services provided by Apartment Life (a Christian non-profit corporation dedicated to improving the quality of life and the value of apartment communities) based on the tenant profile upon lease-up that conforms to the Department's program guidelines.

**DEPARTMENT  
ORIGINATION**

**FEES:**

\$1,000 Pre-Application Fee (Paid)  
\$10,000 Application Fee (Paid)  
\$70,000 Issuance Fee (.50% of the bond amount paid at closing)

**DEPARTMENT  
ANNUAL FEES:**

\$14,000 Bond Administration (0.10% per annum of the aggregate principle amount of the Bonds outstanding)

*(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Project cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)*

**ASSET OVERSIGHT**

**FEE:**

\$6,300 to TSAHC or assigns (\$25/unit/year adjusted annually for CPI)

**TAX CREDITS:**

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to \$609,053 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of the limited partnership, typically 99.99%, to raise equity funds for the project. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$4,933,332 of equity for the transaction.

**BOND STRUCTURE &  
SECURITY FOR THE  
BONDS:**

The Bonds are proposed to be issued under a Trust Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

As stated above, the Bonds are being issued to fund a Mortgage Loan to finance the acquisition, construction, equipping and long-term financing of the Project. The Mortgage Loan will be secured by, among other things, a Deed of Trust and other security instruments on the Project. The Mortgage Loan, Deed of Trust and the other security instruments will be assigned to the Trustee and will become part of the Trust Estate securing the Bonds.

During both the construction period (the "Construction Phase") and permanent mortgage period (the "Permanent Phase"), Ambac will provide a Bond Insurance Policy for the Senior Bonds. This insurance provides a guaranty for the full and timely payment of the principal and interest on the Senior Bonds should the Borrower fail to make any payments under the Mortgage Loan. In such event, the Trustee will have the right to require Ambac to fund any payment(s) in default.

During the Construction Phase, the Interim Lender will provide a Construction Phase Credit Facility to the benefit of Ambac to cover the construction and lease-up risk. This interim credit facility will be secured by a 2<sup>nd</sup> lien mortgage on the property. According to the Intercreditor Agreement between the Interim Lender and the Bond Insurer, the Construction Phase Credit Facility will fund any deficiencies in payments on the Senior Bonds during the construction and lease-up period. Upon satisfaction of certain stabilization requirements, the Mortgage Loan will convert from the Construction Phase to the Permanent Phase and Ambac will return the Construction Phase Credit Facility to the Interim Lender. At this time, the Interim Lender's Deed of Trust and security documents cease to exist.

The Subordinate Bonds do not have the benefit of the bond insurance policy or the Construction Phase Credit Facility. The Subordinate Bonds will carry term risk credit support provided by SunAmerica. The Subordinate bonds will be privately placed with U.S. Bancorp Piper Jaffray. The Department expects the initial purchaser of the Subordinate Bonds to transfer the Subordinate Bonds into a custodial trust arrangement whereby beneficial interest in the Bonds will be sold in the form of trust certificates to Qualified Institutional Buyers or Accredited Investors.

The initial Subordinate Bond purchaser will be required to sign the Department's standard investor letter. Should the Bonds be transferred to a custodial trust, a slightly modified investor letter will be provided by the trust. As required by SunAmerica, purchasers of the trust certificates will be Qualified Institutional Buyers.

In addition to the credit enhanced Mortgage Loan, other security for the Bonds during the Construction Phase consist of the net bond proceeds, the revenues and any other moneys received by the Trustee for payment of principal and interest on the Bonds, and amounts otherwise on deposit in the Funds and Accounts (excluding the Rebate and Cost of Issuance Funds) and any investment earnings thereon. See

Funds and Accounts section, below.

The Bonds are mortgage revenue bonds and, as such, create no liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the financing carried out through the issuance of the Bonds.

**CREDIT  
ENHANCEMENT:**

Ambac's bond insurance allows for an anticipated rating of AAA/Aaa on the Senior Bonds and an anticipated interest rate of 5.20% for the tax exempt bonds. Without the credit enhancement, the Bonds would not be investment grade and would therefore command a higher interest rate from investors on similar maturity bonds.

While the Subordinate Bonds themselves are not rated, the guarantee provided by SunAmerica or AIG indirectly provides credit support for the Subordinate Bonds which allows for an interest rate of approximately 5.71%. Without the credit support, the Subordinate Bonds would command a higher interest rate from investors – approximately 8% or higher on similar maturity bonds.

**FORM OF BONDS:**

The Senior Bonds will be issued in book entry form and in denominations of \$5,000 or any integral multiples thereof. The Subordinate Bonds will be issued in physical form and in denominations of \$100,000 or any integral of \$5,000 in excess thereof.

**MORTGAGE LOAN:**

The Mortgage Loan is a non-recourse obligation of the Borrower, which means, subject to certain exceptions, that the Borrower is not liable for the payment thereof beyond the amount realized from the pledged security. The Mortgage Loan provides for monthly payments of interest during the Construction Phase and level monthly payments of principal and interest for 360 months beginning in the 36<sup>th</sup> month. The Stabilization Date is anticipated to occur within thirty-six (36) months from the closing date of the Bonds, but must occur before the Final Balancing Date which is forty-eight (48) months from closing of the Bonds. Stabilization of the Project will convert the Mortgage Loan from the Construction Phase to the Permanent Phase upon satisfaction the conversion requirements set forth in the documents. Among other things, these requirements include completion of the Project according to plans and specifications and achievement of certain occupancy and debt-coverage thresholds.

**MATURITY/SOURCES  
& METHODS OF  
REPAYMENT:**

The Bonds will bear interest at a fixed rate until maturity, which is anticipated to be June 1, 2036.

The Bonds will be payable from: (1) revenues earned from the Mortgage Loan (which during the Construction Phase will be payable

as to interest only); (2) earnings derived from amounts held in Funds & Accounts (discussed below) on deposit in an investment agreement; (3) funds deposited to the Construction Fund specifically for capitalized interest during a portion of the Construction Phase; or (4) payments made by the Ambac under the bond insurance policy.

The Bonds will be structured to have level debt service from commencement of amortization until maturity.

**REDEMPTION OF  
BONDS PRIOR TO  
MATURITY:**

The Bonds are subject to redemption under any of the following circumstances:

**Optional Redemption:**

The Senior Bonds are subject to optional redemption by the Borrower on or after June 1, 2013 (a preliminary date that is subject to change). After that date, the Bonds are subject to optional redemption with certain applicable premiums. The Subordinate Bonds are subject to optional redemption by the Borrower on or after June 1, 2013 without premium.

**Mandatory Redemption:**

- (1) The Bonds will be subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, without any premium, plus accrued and unpaid interest, on specified dates of redemption starting June 1, 2006 (a preliminary date that is subject to change). The Subordinate Bonds will only be redeemed to the extent that sufficient funds are available for such redemption and any insufficient amount for a period will be added to the installment due in the next succeeding period.
- (2) The Bonds are subject to special mandatory redemption:
  - (a) in part to the extent that funds remain in the Construction Fund that are not required to pay costs of the Project;
  - (b) in whole or in part to the extent that insurance or condemnation proceeds, if any, are not applied to the rebuilding of the Project;
  - (c) in whole or in part upon the occurrence of certain events of default under the documents;
  - (d) in whole with respect to the Senior Bonds at the direction of the Interim Lender if stabilization of the Project does not occur;
  - (e) in whole with respect to the Subordinate Bonds at the direction of the Interim Lender if stabilization of the Project does not occur; or
  - (f) in part with respect to the Senior Bonds only, within 60 days of the Stabilization Date, to satisfy stabilization requirements.

**Special Purchase in Lieu of Redemption:**

If the Bonds are called for redemption in whole, and not in part, as a result of either a conversion failure or certain events of default under the documents (during the period that the Construction Phase Credit Facility from the Interim Lender is in effect), the Bonds may be purchased in lieu of such redemption by the Trustee for the account of a designated purchaser selected by the Interim Lender. Upon this special purchase, the Bonds would not benefit from the bond insurance and would not be transferable to any other third-party owner without the approval of the Department or receipt of an investment grade rating.

**FUNDS AND  
ACCOUNTS/FUNDS  
ADMINISTRATION:**

Under the Trust Indenture, Bank One, National Association (the "Trustee") will serve as registrar and authenticating agent for the Bonds, trustee of certain of the funds created under the Trust Indenture (described below), and will have responsibility for a number of loan administration and monitoring functions.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Senior Bonds. The Senior Bonds will initially be issued as fully registered securities and when issued will be registered in the name of Cede & Co., as nominee for DTC. One fully registered global bond in the aggregate principal amount of each stated maturity of the Senior Bonds will be deposited with DTC. The Subordinate Bonds will be physical bonds.

Moneys on deposit in Trust Indenture funds are required to be invested in eligible investments prescribed in the Trust Indenture until needed for the purposes for which they are held.

The Trust Indenture will create up to seven (7) funds with the following general purposes:

- 1) Revenue Fund (containing an Administrative Fees Account) – Used as the repository for most revenues and payments paid to the Trustee. The Administrative Fees Account is used to administer various ongoing administrative fees and expenses such as the Credit Enhancement fee, Trustee fee, Asset Oversight Agent's fee, and Issuer fee;
- 2) Bond Fund (containing an Interest Account, Principal Account, Redemption Account and Subordinate Bond Account) – Used to receive, hold and payout bond interest and principal;
- 3) Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds;

- 4) Mortgage Recovery Fund – A fund used for receipt and disbursement of insurance or condemnation proceeds, if any, or proceeds realized from a foreclosure upon the occurrence of an event of default;
- 5) Servicing Fund (containing a Real Estate Tax and Insurance Account and Replacement Reserve Account) – A fund used in the servicing of the mortgage loans as a repository of certain payments made by the Borrower for on-going Project related costs and expenses;
- 6) Costs of Issuance Fund – A temporary fund into which amounts for the payment of the costs of issuance are deposited and disbursed by the Trustee;
- 7) Construction Fund - The Trustee shall deposit net bond proceeds and disburse for the purpose of paying the costs of the project and paying interest on the Bonds during the Construction Phase.

Essentially, all of the bond proceeds will be deposited into the Construction Fund and disbursed therefrom during the Construction Phase (over 18 to 36 months) to finance the construction of the Project. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower (see Exhibit 3).

**DEPARTMENT  
ADVISORS:**

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 17, 2001. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. Bond Trustee – Bank One, National Association was selected as bond trustee by the Department pursuant to a request for proposals process in June 1996.
1. Financial Advisor – RBC Dain Rauscher Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in September 1991.
2. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a



request for proposals process in 1998.

**ATTORNEY GENERAL  
REVIEW OF BONDS:**

No preliminary written review of the Bonds by the Attorney General of Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds will be submitted for review and approval prior to the issuance of the Bonds.

RESOLUTION NO. 03-07

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE SENIOR BONDS (NORTH VISTA APARTMENTS) 2003 SERIES A, AND MULTIFAMILY HOUSING REVENUE SUBORDINATE BONDS (NORTH VISTA APARTMENTS) 2003 SERIES B; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; 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 (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 individuals and families of low and very low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Board") from time to time); 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 individuals and families of low and very 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 multi-family residential rental project 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, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Senior Bonds (North Vista Apartments) 2003 Series A (the "Senior Bonds") and Multifamily Housing Revenue Subordinate Bonds (North Vista Apartments) 2003 Series B (the "Subordinate Bonds") (the Senior Bonds and the Subordinate Bonds are referred to herein, collectively, as the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Bank One, National Association (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to North Vista Apartments Limited Partnership, a Texas limited partnership (the “Borrower”), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the “Project”) located within the State of Texas required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 17, 2001, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Loan Agreement (the “Loan Agreement”) pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the “Loan”) to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department its two promissory notes (the “Notes”) one in an original principal amount corresponding to the original aggregate principal amount of the Senior Bonds and one in an amount corresponding to the original aggregate principal amount of the Subordinate Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Senior Bonds will be provided for initially by a Financial Guaranty Insurance Policy issued by Ambac Assurance Corporation; and

WHEREAS, it is anticipated that the Notes will each be secured by a separate Deed of Trust (with Security Agreement and Assignment of Rents) (collectively, the “Deeds of Trust”) and a separate Assignment of Leases and Rents (collectively, the “Assignments of Leases and Rents”) from the Borrower for the benefit of the Department; and

WHEREAS, the Department’s interest in the Loan, including the Notes and the Deeds of Trust, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents and an Assignment of Notes (collectively, the “Assignments”) from the Department to the Trustee; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”), with respect to the Project which will be filed of record in the real property records of Harris County, Texas; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Senior Bonds of a Preliminary Official Statement (the “Preliminary Official Statement”) and to authorize the authorized representatives of the Department to deem the Preliminary Official Statement “final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Preliminary Official Statement as may be required

to provide a final Official Statement (the “Official Statement”) for use in the public offering and sale of the Senior Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the “Purchase Agreement”) with the Borrower, Newman & Associates, Inc. (the “Underwriter”) and U.S. Bancorp Piper Jaffray Inc. (the “Purchaser”) and any other party to the Purchase Agreement as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Senior Bonds and the Purchaser will purchase the Subordinate Bonds from the Department and the Department will sell the Senior Bonds to the Underwriter or another party and sell the Subordinate Bonds to the Purchaser; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Assignments of Leases and Rents, the Assignments, the Regulatory Agreement, the Preliminary Official Statement and the Purchase Agreement, all of which are attached to and comprise a part of this Resolution; has found 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, subject to the conditions set forth in Section 1.14, to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith; 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 Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department’s seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchasers thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. (a) That the Chairman of the Governing Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Purchase Agreement, the Senior Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chairman of the Governing Board or the Executive Director of the Department of the Indenture, and the Purchase Agreement; provided, however, that: (i) the net effective interest rate on the Senior Bonds shall not exceed 6.25% per annum; (ii) the aggregate principal amount of the Senior Bonds shall not exceed \$12,500,000; (iii) the final maturity of the

Senior Bonds shall occur not later than December 1, 2038; and (iv) the fee paid to the Underwriter in connection with the marketing of the Senior Bonds shall not exceed the amount approved by the Texas Bond Review Board; provided, further, that the aggregate principal amount of the Bonds shall not exceed \$15,000,000; and

(b) That: (i) the interest rate on the Subordinate Bonds shall be the interest rate on the Senior Bond with the longest maturity plus 0.41% per annum; (ii) the aggregate principal amount of the Subordinate Bonds shall be 25% of the aggregate principal amount of the Senior Bonds plus amounts necessary to meet the denomination requirements of the Indenture; and (iii) the final maturity of the Subordinate Bonds shall occur on May 1, 2036.

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

Section 1.4--Approval, Execution and Delivery of the Loan Agreement and Regulatory Agreement. That the form and substance of the Loan Agreement and the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Loan Agreement and the Regulatory Agreement and deliver the Loan Agreement and the Regulatory Agreement to the Borrower and the Trustee.

Section 1.5--Acceptance of the Deeds of Trust and Notes. That the Deeds of Trust and the Notes are hereby accepted by the Department.

Section 1.6--Approval, Execution and Delivery of the Assignments of Leases and Rents. That the form and substance of the Assignments of Leases and Rents are hereby approved; and that the officers of the Department are each hereby authorized to execute, attest and affix the Department's seal to the Assignments of Leases and Rents and to deliver the Assignments of Leases and Rents to the Trustee.

Section 1.7--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments 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 Assignments and to deliver the Assignments to the Trustee.

Section 1.8--Approval, Execution, Use and Distribution of the Preliminary Official Statement and the Official Statement. That the form and substance of the Preliminary Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are approved, ratified, confirmed and authorized hereby; that the Chairman and the Executive Director of the Department are hereby severally authorized to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Preliminary Official Statement as may be required to provide a final Official Statement for the Senior Bonds; that the authorized representatives of the Department named in this Resolution

each are authorized hereby to execute, attest and affix the Department's seal to the Preliminary Official Statement and the Official Statement; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.9--Approval, Execution and Delivery of the Purchase Agreement. That the form and substance of the Purchase Agreement is hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Purchase Agreement and to deliver the Purchase Agreement to the Borrower, the Underwriter, any additional party to the Purchase Agreement and the Purchaser as appropriate.

Section 1.10--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, 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 they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.11--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 - Indenture
- Exhibit C - Loan Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Assignments of Leases and Rents
- Exhibit F - Assignments
- Exhibit G - Preliminary Official Statement
- Exhibit H - Purchase Agreement

Section 1.12--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, 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 1.13--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: Chairman and Vice-Chairman of the Board, Executive

Director of the Department, Deputy Executive Director of the Department, Chief Financial Officer of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department, Director of Multifamily Finance of the Department, the Secretary of the Board, and the Assistant Secretary of the Board.

Section 1.14--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

## ARTICLE II

### APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors 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 Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

Section 2.4--Certification of the Minutes and Records. That the Secretary and the Assistant Secretary of the Board hereby are severally authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.5--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.6--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.7--Underwriter. That the underwriter with respect to the issuance of the Senior Bonds shall be Newman & Associates, Inc.

Section 2.8--Purchaser. That the initial purchaser of the Subordinate Bonds shall be U.S. Bancorp Piper Jaffray Inc.

Section 2.9--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached as Exhibit H to the Regulatory Agreement and shall be annually redetermined by the Issuer, as stated in Section 7.15 of the Loan Agreement.

Section 2.10--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Project are hereby ratified and confirmed.

### ARTICLE III CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act, and after the Department's consideration of the information with respect to the Project and the information with respect to the proposed financing of the Project by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

- (a) Need for Housing Development.
  - (i) that the Project is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,
  - (ii) that the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,
  - (iii) that the Borrower is financially responsible,
  - (iv) that the financing of the Project is a public purpose and will provide a public benefit, and
  - (v) that the Project will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.
- (b) Findings with Respect to the Borrower.
  - (i) that the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,



(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the loan made with the proceeds of the Bonds in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Project with, a housing 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) breached a contract with a public agency; 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 Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Project in accordance with the Loan Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Project is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State of Texas to obtain decent, safe, and sanitary housing by financing the costs of the Project, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Project shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Loan Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the loan established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Project and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Sections 35 and 39, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

## ARTICLE IV

### GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas. Each Bond shall contain on its face a statement to the effect that the State of Texas is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State of Texas is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--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 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.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this \_\_\_\_\_ day of February, 2003.

[SEAL]

By: \_\_\_\_\_  
Michael E. Jones, Chairman

Attest: \_\_\_\_\_  
Delores Groneck, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Owner: North Vista Apartments Limited Partnership, a Texas limited partnership

Project: The Project is a 252-unit multifamily facility to be known as North Vista Apartments and to be located North of North Vista Drive and East of Interstate Highway 45, Houston, Harris County, Texas. It will consist of 21 two-story residential apartment buildings with approximately 257,216 net rentable square feet. The unit mix will consist of:

- 12 one-bedroom/one-bath units
  - 32 one-bedroom/one and one-half bath units
  - 40 two-bedroom/two-bath units
  - 112 two-bedroom/two and one-half bath units
  - 56 three-bedroom/two and one-half bath units
- 252 Total Units

Unit sizes will range from approximately 684 square feet to approximately 1,149 square feet.

Common areas will include a swimming pool, community center and central laundry facilities, picnic area and a play area with playground equipment.

## North Vista Apartments

### Estimated Sources & Uses of Funds

#### Sources of Funds

Series 2002A-1 Tax-Exempt Bond Proceeds	\$ 11,200,000
Series 2002A-2 Tax-Exempt Bond Proceeds	\$ 2,800,000
Series 2002B Taxable Bond Proceeds	\$ -
Tax Credit Proceeds	4,933,329
GIC Earnings from Bond Proceeds	143,426
Net Operating Income Prior to Stabilization	624,606
Deferred Developer's Fee	1,518,776
<b>Total Sources</b>	<b>\$ 21,220,137</b>

#### Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 15,705,619
Capitalized Interest	1,715,000
Rent Up Reserves	244,859
Developer's Overhead & Fee	2,304,963
Costs of Issuance	
Direct Bond Related	445,100
Bond Purchaser Costs	447,761
Other Transaction Costs	158,223
Real Estate Closing Costs	198,612
<b>Total Uses</b>	<b>\$ 21,220,137</b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (0.50% of Issuance)	\$ 70,000
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit)	6,300
TDHCA Bond Counsel and Direct Expenses (Note 1)	73,000
TDHCA Financial Advisor and Direct Expenses	35,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	5,000
Borrower's Bond Counsel	45,000
Underwriter/Placement Agent Fee (0.92%)	128,800
Underwriter/Placement Agent Council	25,000
Trustee's Fees (Note 1)	6,500
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	2,500
Texas Bond Review Board Application Fee	500
Texas Bond Review Board Issuance Fee (.025% of Issuance)	3,500
Rating Agency Fee	25,000
TEFRA Hearing Publication Expenses	3,000
<b>Total Direct Bond Related</b>	<b>\$ 445,100</b>

#### Bond Purchase Costs

AMBAC Counsel & Expenses	40,000
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## North Vista Apartments

AMBAC Initial Premium	137,761
SunAmerica Interim Credit Facility Origination Fee (0.50% of Issuance)	70,000
SunAmerica Construction Facility Fee (2 yrs)	140,000
SunAmerica Bond Counsel & Expenses (Interim Credit Facility)	35,000
Miscellaneous	25,000
<b>Total</b>	<u><u>\$ 447,761</u></u>

<b>Other Transaction Costs</b>
--------------------------------

Bridge Loan Fee	30,366
Up-front Facility Fees	63,500
Limited Partner Legal Counsel & Expenses	35,000
Tax Credit Determination Fee (4% annual tax cr.)	24,317
Tax Credit Application Fee (\$20/u)	5,040
<b>Total</b>	<u><u>\$ 158,223</u></u>

<b>Real Estate Closing Costs</b>
----------------------------------

Title & Recording (Const.& Perm.)	98,612
Property Taxes	100,000
<b>Total Real Estate Costs</b>	<u><u>\$ 198,612</u></u>

**Estimated Total Costs of Issuance**

\$ 1,249,696

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS**

**DATE:** February 3, 2003

**PROGRAM:** 4% LIHTC  
MRB

**FILE NUMBER:** 02463  
2002-011

**DEVELOPMENT NAME**

North Vista Apartments

**APPLICANT**

**Name:** North Vista Apartments Limited Partnership **Type:**  For Profit  Non-Profit  Municipal  Other  
**Address:** 3101 Bee Caves Road, Suite #270 **City:** Austin **State:** TX  
**Zip:** 78746 **Contact:** Brent Stewart **Phone:** (512) 477-9900 **Fax:** (512) 328-9616

**PRINCIPALS of the APPLICANT**

**Name:** TCR North Vista Partners Limited **(%):** 0.1 **Title:** Managing General Partner  
**Name:** SunAmerica **(%):** 99.9 **Title:** Limited Partner  
**Name:** TCR 2002 Housing Inc. **(%):** n/a **Title:** 1% GP of Managing GP  
**Name:** Terwilliger Partners LLLP **(%):** n/a **Title:** 37% LP of Managing GP  
**Name:** J Ronald Terwilliger **(%):** n/a **Title:** 51% owner of TCR 2002  
**Name:** Kenneth J Valach **(%):** n/a **Title:** 37% LP of Managing GP & 49% owner of TCR 2002  
**Name:** Christopher J Bergmann **(%):** n/a **Title:** 15% LP of Managing GP  
**Name:** Scott C Wise **(%):** n/a **Title:** 10% LP of Managing GP

**GENERAL PARTNER**

**Name:** TCR North Vista Partners Limited Partnership **Type:**  For Profit  Non-Profit  Municipal  Other  
**Address:** 3101 Bee Caves Road, Suite #270 **City:** Austin **State:** TX  
**Zip:** 78746 **Contact:** Christopher J. Bergmann **Phone:** (512) 477-9900 **Fax:** (512) 328-9616

**PROPERTY LOCATION**

**Location:** 100 Block of North Vista Drive  QCT  DDA  
**City:** Houston **County:** Harris **Zip:** 77073

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
) \$643,239	n/a	n/a	n/a
( \$14,000,000	5.66%	30 yrs	33 yrs

**Other Requested Terms:** ) Annual ten-year allocation of low-income housing tax credits  
 ( Tax-Exempt Mortgage Revenue Bonds

**Proposed Use of Funds:** New Construction

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

SITE DESCRIPTION			
<b>Size:</b>	<u>14.57</u> acres	<u>634,669</u> square feet	<b>Zoning/ Permitted Uses:</b> <u>No Zoning Required</u>
<b>Flood Zone Designation:</b>	<u>X</u>	<b>Status of Off-Sites:</b>	<u>Partially Improved</u>

**DESCRIPTION of IMPROVEMENTS**

**Total Units:** 252    **# Rental Buildings:** 21    **# Common Area Bldgs:** 2    **# of Floors:** 2    **Age:** N/A yrs

Number	Bedrooms	Bathroom	Size in SF
12	1	1	684
24	1	1.5	796
8	1	1.5	824
112	2	1.5	1,027
32	2	2	1,102
8	2	2	1,106
56	3	2.5	1,149

**Net Rentable SF:** 257,384    **Av Un SF:** 1,021    **Common Area SF:** 4,567    **Gross Bldng SF** 261,951

**Property Type:**     Multifamily     SFR Rental     Elderly     Mixed Income     Special Use

**CONSTRUCTION SPECIFICATIONS**

**STRUCTURAL MATERIALS**

Wood frame on a post-tensioned concrete slab on grade, 35% masonry/brick veneer/65% Hardiplank siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

**APPLIANCES AND INTERIOR FEATURES**

Carpeting & ceramic tile flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters

**ON-SITE AMENITIES**

4,095 SF community building with activity room, management offices, exercise room, kitchen, restrooms, swimming pool, equipped children's play area,, perimeter fencing with limited access gate, with a separate 472 SF laundry/mail building.

**Uncovered Parking:** 424 spaces    **Carports:** 24 spaces    **Garages:** N/A spaces

**OTHER SOURCES of FUNDS**

**BOND FINANCING**

**Source:** SunAmerica Ambac    **Contact:** Michael L. Fowler

**Series A: Tax-Exempt** \$11,200,000    **Interest Rate:** 5.66% current estimate

**Series B: Tax-Exempt** \$2,800,000    **Interest Rate:** 5.66% current estimate

**Additional Information:** 3 year interest only period; Series C Bonds will subordinate to Series A & B

**Amortization:** 30 yrs    **Term:** 33 yrs    **Commitment:**     Proposal     Firm     Conditional

**Annual Payment:** \$971,818    **Lien Priority:** 1<sup>st</sup>    **Commitment Date**    1/ 23/ 2003



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**LIHTC SYNDICATION**

**Source:** SunAmerica Affordable Housing Partners, Inc.      **Contact:** Michael L Fowler  
**Address:** 1 SunAmerica Center, Century City      **City:** Los Angeles  
**State:** CA      **Zip:** 90067      **Phone:** (310) 772-6000      **Fax:** (310) 772-6179  
**Net Proceeds:** \$5,205,027      **Net Syndication Rate** (per \$1.00 of 10-yr LIHTC) 81¢  
**Commitment**       Proposal       Firm       Conditional      **Date:** 12/ 9/ 2002  
**Additional Information:** Bridge Loan of up to \$3,123,016 @ AFR

**APPLICANT EQUITY**

**Amount:** \$1,334,958      **Source:** Deferred developer fee  
**Amount:** \$ 152,303      **Source:** GIC  
**Amount:** \$ 633,470      **Source:** Interim NOI

**VALUATION INFORMATION**

**ASSESSED VALUE**

**Land: 8.5908 ac.**      \$283,000      **Assessment for the Year of:** 2002  
**Land: 1.0 ac.**      \$32,942  
**Prorated Value 14.57 ac.**      \$479,965      **Valuation by:** Harris County Appraisal District

**EVIDENCE of SITE or PROPERTY CONTROL**

**Type of Site Control:** Earnest money contract  
**Contract Expiration Date:** 3/ 31/ 2003      **Anticipated Closing Date:** 3/ 31/ 2003  
**Acquisition Cost:** \$ 1,348,269      **Other Terms/Conditions:** \$5,000 earnest money  
**Seller:** Sweetwood, Ltd.      **Related to Development Team Member:** No

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** North Vista is a proposed new construction development of 252 units of affordable housing located in north Houston. The development is comprised of 21 residential buildings as follows:

- Four Building Type I with two one-bedroom units and 10 two-bedroom units;
- Fourteen Building Type II with eight two-bedroom units and four three-bedroom units; and
- Three Building Type III with twelve one-bedroom units.

Based on the site plan the apartment buildings are distributed evenly throughout the site with the community building and swimming pool located near the entrance to the site. A separate laundry and mail building will be located near the center of the site.

**Supportive Services:** The Applicant has contracted with Apartment Life, Inc. to provide the following supportive services to tenants through their CARES Program: welcome visits, resident satisfaction surveys, community activities, community service projects, children/youth programs, resident care, and resident appreciation events. These services will be provided at no cost to tenants. The contract requires the Applicant to provide an average size apartment at no cost for the CARES Team, a monthly fee of \$1 per unit

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS**  
**CREDIT UNDERWRITING ANALYSIS**

(minimum of \$350), and a budget for all approved CARES activities and services in addition to the monthly fee. The Applicant has budgeted \$18,000 per year for supportive services.

**Schedule:** The Applicant anticipates construction to begin in April of 2003, to be completed in April of 2004, to be placed in service in April of 2005, and to be substantially leased-up in April of 2005.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside and as a Priority 2 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI. All of the units (100% of the total) will be reserved for low-income tenants earning 60% or less of AMGI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	<b>\$25,020</b>	<b>\$28,620</b>	<b>\$32,160</b>	<b>\$35,760</b>	<b>\$38,640</b>	<b>\$41,460</b>

**Special Needs Set-Asides:** There are no plans to reserve units exclusively for special needs tenants, but the development will be constructed to comply with the accessibility standards required by TDHCA.

**Compliance Period Extension:** By virtue of the tax-exempt bond/LIHTC financing, the development is obligated to remain affordable throughout a 30-year compliance period.

**MARKET HIGHLIGHTS**

A market feasibility study dated December 16, 2002 was prepared by Revac, Inc. and highlighted the following findings:

**Definition of Market Area:** “The competitive market area is considered to be represented by an approximate 4-mile radius” (p. 1)

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>		
<b>Type of Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	78	4%
Resident Turnover	1,756	96%
<b>TOTAL ANNUAL DEMAND</b>	<b>1,834</b>	<b>100%</b>

Ref: p. 50

**Capture Rate:** “Given that there are approximately 3,512 qualifying households likely to rent and annual demand estimated at 1,834 units per year, the likelihood that the subject’s 252 rent restricted units can be absorbed is considered very reasonable.” Based on these numbers the capture rate would be 14%. (p. 50)

**Market Rent Comparables:** The market analyst surveyed six comparable apartment projects totaling 1,280 units in the market area. (p. 58)

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>
<b>1-Bedroom (684 SF)</b>	\$615	\$614	+\$1	\$650	-\$35
<b>1-Bedroom (795 SF)</b>	\$615	\$614	+\$1	\$710	-\$95
<b>1-Bedroom (826 SF)</b>	\$615	\$614	+\$1	\$725	-\$110
<b>2-Bedroom (1,027 SF)</b>	\$734	\$734	0	\$885	-\$151
<b>2-Bedroom (1,102 SF)</b>	\$734	\$734	0	\$910	-\$176
<b>2-Bedroom (1,128 SF)</b>	\$734	\$734	0	\$920	-\$186
<b>3-Bedroom (1,143 SF)</b>	\$845	\$845	0	\$1,105	-\$260

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent = \$500, program max = \$600, differential = -\$100)

**Submarket Occupancy Rates:** “Occupancy rates within the subject’s market area are 95.0%. Over the past

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

three years occupancy rates have decreased slightly from around 96.9%. Overall, the subject's submarket appears to be stable with stabilized occupancies anticipated over the long term." (p. 3)

**Absorption Projections:** "A total of 1,472 units were added to the market between 2000-2001 and have been absorbed to a 95% occupancy, indicating absorption of roughly 700 units per year." (p. 3) The likelihood that 252 units will be absorbed into the market is considered very good when consideration is given to projected demand, the subject's overall condition, and low rental rates relative to the newly completed and physically similar competition. (p. 69)

**Known Planned Development:** "To the best of our knowledge, the subject property is the only planned LIHTC complexes within the delineated area." (p. 39)

**Other Relevant Information:** The income band for qualified households is indicated as a range of \$18,450 to \$38,640 based on 40% of household income applied to rent and a maximum household size of five persons. (p. 42)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The subject property is in north Harris County, approximately 17 miles from the Houston CBD. This site is located along North Vista, approximately 460 feet east of IH-45 in close proximity to Greenspoint and George Bush Intercontinental Airport, major employment centers.

**Population:** The estimated 2002 population of a four-mile radius was 105,769 and is expected to increase to approximately 115,852 by 2007. Within the primary market area there were estimated to be 40,661 households in 2002.

**Adjacent Land Uses:** Land uses in the overall area in which the site is located are predominantly mixed, with vacant land, commercial, and apartment complexes. Adjacent land uses include:

- **North:** Warehouse buildings and manufactured home sales lot.
- **South:** Lexington Motor Inn
- **East:** A 130 foot Harris County Flood Control District easement
- **West:** Holiday Inn

**Site Access:** The subject site is located along and accessible from North Vista. Two curb cuts will be made along North Vista. Access to Interstate Highway 45 is 460 feet west, which provides connections to all other major roads serving the Houston area.

**Public Transportation:** METRO bus service is available within the immediate area via a Park-N-Ride at FM-1960 near Imperial Valley and IH-45 near Rankin Road.

**Shopping & Services:** There are numerous shopping centers within a four-mile radius of the subject and located primarily along the major thoroughfares and major intersections. Relative to the subject, grocery stores / shopping centers are conveniently located along FM-1960 near IH-45. These shopping centers offer a variety of stores to service the everyday needs of the residents. The subject neighborhood is served by the Northwest Medical Center near the intersection of IH-45 and FM-1960, approximately 2 miles northwest of the subject site.

**Site Inspection Findings:** TDHCA staff performed a site inspection on January 21, 2003 and found the location to be acceptable for the proposed development.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated November 18, 2002 was prepared by Envirotest, Ltd. and contained the following findings and recommendations:

"This assessment has revealed no recognized environmental conditions in connection with the subject property except follows."

- Envirotest recommends that the tires observed on the subject property be disposed of in accordance with applicable laws and

Receipt, review and acceptance of documentation reflecting compliance with this requirement is a condition of this report.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**OPERATING PROFORMA ANALYSIS**

**Income:** Although the Applicant included secondary income of \$20 per unit per month in their calculation of effective gross income, their estimate is within 5% of the Underwriter's estimate. The Underwriter's analysis includes only the maximum secondary income guideline amount of \$15 per unit per month.

**Expenses:** The Applicant's total expense estimate of \$3,867 per unit is within 3% of a TDHCA database-derived estimate of \$3,976 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative (\$25.7K lower), payroll (\$16.9K lower), repairs and maintenance (\$20.4K lower), utilities (\$9.1K lower), property tax (\$26K higher) and reserve for replacements (12.6K higher based upon a \$250 per unit assumption rather than the typical \$200 per unit guideline).

**Conclusion:** The Applicant's net operating income is within 5% of the Underwriter's estimate. Because the Applicant's effective gross income, total operating expense, and net operating income estimates are all within 5% of the Underwriter's estimates, the Applicant's proforma is used to determine the development's debt service capacity. Based on the Applicant's estimate of annual debt service attributable to the bonds, the development will have a bonds-only debt coverage ratio of 1.18, which is within the Department's DCR guideline of 1.10 to 1.25. It should be noted, however, that the trustee's fees, TDHCA fees and Asset Oversight & Compliance fees are all reflected "below the line" and their inclusion in an aggregate debt coverage ratio would reflect an aggregate DCR of 1.14.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Land Value:** Though significantly higher than the prorated assessed value, the acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Off-Site Costs:** The Applicant claimed off-site costs of \$50,000 for utility expense but did not provide a third party engineering cost certification to justify these costs. Receipt, review, and acceptance of a third party engineering off-site cost certification are a condition of this report.

**Sitework Cost:** The Applicant's claimed sitework costs of \$6,486 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$496K, or 4.9%, lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

**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:** Overall, the Applicant's total development cost is within 5% of the Underwriter's estimate. Therefore, the Applicant's total development cost estimate, as adjusted, will be used to determine the development's eligible basis and total funding need.

**FINANCING STRUCTURE ANALYSIS**

The Applicant intends to finance the development with five types of financing: a bond-financed interim to permanent loan, syndicated LIHTC equity, GIC/operating income, and deferred developer's fees.

**Bonds:** According to a proposal by SunAmerica Ambac, the bond indenture will include \$11,200,000 of senior lien tax-exempt bonds (Series A), and \$2,800,000 of senior lien taxable bonds (Series B). The structure of the bonds will include a construction/permanent loan with a three-year interest-only period followed by a 30-year amortization period. As of the date of the proposal, SunAmerica estimated an interest rate of 5.66% on the tax-exempt Series A & B bonds. The letter of interest did not specify the repayment priority structure of the bond but it is anticipated that the taxable Series B will have priority redemption.

**LIHTC Syndication:** SunAmerica Affordable Housing Partners, Inc. has also offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be \$5,205,027 based on a syndication factor of 81% and total annual tax credits of \$642,596. The actual equity payment by SunAmerica will be adjusted up or down based on the actual amount of tax credits received using the rate of 80.5%. The funds would be disbursed in a five-phased pay-in schedule:

1. 3% upon execution of the partnership agreement;
2. \$3,949,382 in the form of a bridge loan with no interest payable on the principle balance up to \$3,123,016 and interest payable at AFR on the portion above \$3,123,016.
3. 75% upon receipt of Certificate of Occupancy, used to repay bridge loan;

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

4. 10% upon achievement of 90% occupancy and 1.15 DCR for a period of three consecutive months, achievement of stabilization requirements under Bond Indenture, and submission of documents for processing of Forms 8609; and
5. 12% upon receipt of Forms 8609.

**GIC/Operating Income:** The Applicant has proposed \$785,773 in GIC earnings and interim net operating income as a source of funds. A telephone conversation with a representative of the developer revealed that \$152,303 is attributable to GIC income and \$633,470 is anticipated construction period cash flow. These figures have been included in the deferred developer fee in the final recommendation since they remain a developer risk and must be funded from additional deferral if they are not achieved.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,334,958 (exclusive of GIC income and construction period cash flow) amount to 58% of the total fees.

**Financing Conclusions:** As noted above, the Applicant's total development costs are used to determine an eligible basis of \$17,622,989 and a recommended annual tax credit allocation of \$643,239 resulting in syndication proceeds of approximately \$5,205,026. The recommended annual tax credit allocation is equal to the originally requested amount.

Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to \$2,120,731, which represents approximately 92% of the eligible fee and which should be repayable from cash flow within ten years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may not be available to fund those development cost overruns.

**REVIEW of ARCHITECTURAL DESIGN**

The elevation drawings for the residential buildings indicate attractive two-story structures with brick/siding exteriors and varied rooflines. All of the units offer adequate storage space and washer/dryer connections.

**IDENTITIES of INTEREST**

The Applicant, developer, general contractor, and property manager are related entities. These are common identities of interest for LIHTC/MRB-funded developments.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Terwilliger Partners, 37% owner of the General Partner submitted a balance sheet as of June 30, 2002 reporting total assets of \$7M consisting of cash, four division account balances, and investments in partnerships. No liabilities resulted in a net worth of \$7M.
- J. Ronald Terwilliger, Kenneth J. Valach, Christopher J. Bergmann, and Scott C. Wise, principals of the General Partner submitted collateral value statements through Trammel Crow Residential as of June 30, 2002.

**Background & Experience:**

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- The principals of the General Partner have participated in numerous multifamily developments located in several states.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- None identified.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**RECOMMENDATION**

- RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$643,239 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
  
- RECOMMEND ISSUANCE OF MULTIPLE SERIES TAX-EXEMPT BONDS OF \$14,000,000, AS REQUESTED, TO BE FULLY AMORTIZED OVER 30 YEARS WITH A TERM OF 33 YEARS. THE INTEREST RATE OF THE BONDS IS ANTICIPATED TO BE 5.66%, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a third party engineering off-site cost certification are a condition of this report.
2. Receipt, review, and acceptance of documentation confirming compliance with Envirotest's condition that the tires observed on the subject property are disposed of in accordance with applicable laws.
3. Should the terms of the debt or syndication change the recommendations in this report should be re-evaluated.

**Underwriter:**

\_\_\_\_\_  
*Carl Hoover*

**Date:** February 3, 2003

**Director of Credit Underwriting:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** February 3, 2003

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis**

**North Vista Apartments, Houston, 4% LIHTC/MRB 2002-011**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trash
TC 60%	12	1	1	684	\$670	\$614	\$7,368	\$0.90	\$56.00	\$25.00
TC 60%	24	1	1.5	796	670	614	14,736	0.77	56.00	25.00
TC 60%	8	1	1.5	824	670	614	4,912	0.75	56.00	25.00
TC 60%	112	2	1.5	1,027	804	734	82,208	0.71	70.00	25.00
TC 60%	32	2	2	1,102	804	734	23,488	0.67	70.00	25.00
TC 60%	8	2	2	1,106	804	734	5,872	0.66	70.00	25.00
TC 60%	56	3	2.5	1,149	930	845	47,320	0.74	85.00	25.00
						0	0	#DIV/0!		
<b>TOTAL:</b>	<b>252</b>		<b>AVERAGE:</b>	<b>1,021</b>	<b>\$809</b>	<b>\$738</b>	<b>\$185,904</b>	<b>\$0.72</b>	<b>\$70.89</b>	<b>\$25.00</b>

**INCOME** Total Net Rentable Sq Ft: 257,384

POTENTIAL GROSS RENT	Secondary Income	Per Unit Per Month:	\$15.00
Other Support Income: (describe)			
<b>POTENTIAL GROSS INCOME</b>	Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions			
<b>EFFECTIVE GROSS INCOME</b>			

	TDHCA	APPLICANT		
	\$2,230,848	\$2,231,112		
	45,360	60,480	\$20.00	Per Unit Per Month
	0	0		
	\$2,276,208	\$2,291,592		
	(170,716)	(171,864)	-7.50%	of Potential Gross Income
	0	0		
	\$2,105,492	\$2,119,728		

EXPENSES	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	3.88%	\$324	\$0.32
Management	5.00%	418	0.41
Payroll & Payroll Tax	11.28%	943	0.92
Repairs & Maintenance	5.42%	453	0.44
Utilities	2.60%	217	0.21
Water, Sewer, & Trash	3.59%	300	0.29
Property Insurance	2.44%	204	0.20
Property Tax 3.13627	10.14%	847	0.83
Reserve for Replacements	2.39%	200	0.20
Other: Supportive Services	0.85%	71	0.07
<b>TOTAL EXPENSES</b>	<b>47.59%</b>	<b>\$3,976</b>	<b>\$3.89</b>
<b>NET OPERATING INC</b>	<b>52.41%</b>	<b>\$4,379</b>	<b>\$4.29</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
	\$81,608	\$55,920	\$0.22	\$222	2.64%
	105,275	105,986	0.41	421	5.00%
	237,511	220,500	0.86	875	10.40%
	114,106	93,696	0.36	372	4.42%
	54,664	45,612	0.18	181	2.15%
	75,600	75,600	0.29	300	3.57%
	51,477	56,700	0.22	225	2.67%
	213,392	239,400	0.93	950	11.29%
	50,400	63,000	0.24	250	2.97%
	18,000	18,000	0.07	71	0.85%
	\$1,002,032	\$974,414	\$3.79	\$3,867	45.97%
	\$1,103,460	\$1,145,314	\$4.45	\$4,545	54.03%

DEBT SERVICE	% OF EGI	PER UNIT	PER SQ FT
Mortgage	46.11%	\$3,852	\$3.77
Trustee Fee	0.17%	\$14	\$0.01
TDHCA Admin. Fees	0.53%	\$44	\$0.04
Asset Oversight & Compliance Fee	0.60%	\$50	\$0.05
<b>NET CASH FLOW</b>	<b>5.00%</b>	<b>\$418</b>	<b>\$0.41</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
	\$970,818	\$970,818	\$3.77	\$3,852	45.80%
	\$3,500		\$0.00	\$0	0.00%
	11,200		\$0.00	\$0	0.00%
	12,600	29,869	\$0.12	\$119	1.41%
	\$105,342	\$144,627	\$0.56	\$574	6.82%

AGGREGATE DEBT COVERAGE RATIO  
 BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO  
 BONDS-ONLY DEBT COVERAGE RATIO

1.11	1.14
1.13	n/a
	1.14

CONSTRUCTION COST	Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldng)			6.16%	\$5,350	\$5.24
Off-Sites			0.23%	198	0.19
Sitework			7.47%	6,486	6.35
Direct Construction			46.53%	40,392	39.55
Contingency	3.05%		1.65%	1,428	1.40
General Req'ts	5.75%		3.10%	2,695	2.64
Contractor's G & i	1.92%		1.03%	898	0.88
Contractor's Prof:	5.75%		3.10%	2,695	2.64
Indirect Construction			4.17%	3,617	3.54
Ineligible Costs			9.39%	8,153	7.98
Developer's G & A	1.53%		1.11%	960	0.94
Developer's Profit	13.00%		9.40%	8,161	7.99
Interim Financing			5.26%	4,567	4.47
Reserves			1.38%	1,201	1.18
<b>TOTAL COST</b>			<b>100.00%</b>	<b>\$86,802</b>	<b>\$84.99</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
	\$1,348,269	\$1,348,269	\$5.24	\$5,350	6.32%
	50,000	50,000	0.19	198	0.23%
	1,634,536	1,634,536	6.35	6,486	7.66%
	10,178,669	9,682,967	37.62	38,424	45.41%
	359,897	359,897	1.40	1,428	1.69%
	679,050	679,050	2.64	2,695	3.18%
	226,350	226,350	0.88	898	1.06%
	679,050	679,050	2.64	2,695	3.18%
	911,500	911,500	3.54	3,617	4.27%
	2,054,497	2,054,497	7.98	8,153	9.63%
	242,046	0	0.00	0	0.00%
	2,056,605	2,298,651	8.93	9,122	10.78%
	1,150,988	1,150,988	4.47	4,567	5.40%
	302,614	250,002	0.97	992	1.17%
	\$21,874,071	\$21,325,757	\$82.86	\$84,626	100.00%

**Recap-Hard Construction Costs** 62.89% \$54,593 \$53.45

\$13,757,552 \$13,261,850 \$51.53 \$52,626 62.19%

SOURCES OF FUNDS			
1st Lien Mortgage	51.20%	\$44,444	\$43.51
2nd Lien Mortgage	12.80%	\$11,111	\$10.88
LIHTC Syndication Proceeds	23.80%	\$20,655	\$20.22
Interim NOI	2.90%	\$2,514	\$2.46
GIC Earnings	0.70%	\$604	\$0.59
Deferred Developer's Fee	6.10%	\$5,297	\$5.19
Additional (excess) Funds Required	2.51%	\$2,176	\$2.13
<b>TOTAL SOURCES</b>			

	TDHCA	APPLICANT	RECOMMENDED
	\$11,200,000	\$11,200,000	\$11,200,000
	2,800,000	2,800,000	2,800,000
	5,205,027	5,205,027	5,205,026
	633,470	633,470	
	152,303	152,303	
	1,334,958	1,334,958	2,120,731
	548,313	(1)	0
	\$21,874,071	\$21,325,757	\$21,325,757

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)**  
**North Vista Apartments, Houston, 4% LIHTC/MRB 2002-011**

**DIRECT CONSTRUCTION COST ESTIMATE**  
 Residential Cost Handbook  
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$41.87	\$10,776,668
<b>Adjustments</b>				
Exterior Wall Fini	3.10%		\$1.30	\$334,077
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.01)	(259,958)
Floor Cover			1.92	494,177
Porches/Balconies	\$29.24	7,096	0.81	207,487
Plumbing	\$615	1,024	2.45	629,760
Built-In Appliances	\$1,625	252	1.59	409,500
Interior Stairs	\$865	240	0.81	207,600
Floor Insulation			0.00	0
Heating/Cooling			1.47	378,354
Garages/Carports	\$7.83	4,800	0.15	37,584
Comm &/or Aux Bldg	\$56.80	4,567	1.01	259,426
Other:			0.00	0
<b>SUBTOTAL</b>			<b>52.35</b>	<b>13,474,676</b>
Current Cost Multiplier	1.03		1.57	404,240
Local Multiplier	0.90		(5.24)	(1,347,468)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$48.69</b>	<b>\$12,531,449</b>
Plans, specs, survy, b	3.90%		(\$1.90)	(\$488,726)
Interim Construction I	3.38%		(1.64)	(422,936)
Contractor's OH & Prof	11.50%		(5.60)	(1,441,117)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$39.55</b>	<b>\$10,178,669</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$11,200,000	Amort	360
Int Rate	5.66%	DCR	1.14

<b>Secondary</b>	\$2,800,000	Amort	360
Int Rate	5.66%	Subtotal DCR	1.12

<b>Additional</b>	\$5,205,027	Amort	
Int Rate		Aggregate DCR	1.11

**ALTERNATIVE FINANCING STRUCTURE APPLICANT'S NOI:**

Primary Debt Service	\$970,818
Trustee Fee	3,500
TDHCA Fees	23,800
<b>NET CASH FLOW</b>	<b>\$105,342</b>

<b>Primary</b>	\$11,200,000	Amort	360
Int Rate	5.66%	DCR	1.18

<b>Secondary</b>	\$2,800,000	Amort	360
Int Rate	5.66%	Subtotal DCR	1.18

<b>Additional</b>	\$5,205,027	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	\$2,231,112	\$2,298,045	\$2,366,987	\$2,437,996	\$2,511,136	\$2,911,095	\$3,374,757	\$3,912,268	\$5,257,762
Secondary Income	60,480	62,294	64,163	66,088	68,071	78,913	91,481	106,052	142,525
Other Support Income: (d)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,291,592	2,360,340	2,431,150	2,504,084	2,579,207	2,990,008	3,466,239	4,018,320	5,400,287
Vacancy & Collection Los	(171,864)	(177,025)	(182,336)	(187,806)	(193,441)	(224,251)	(259,968)	(301,374)	(405,021)
Employee or Other Non-Re:	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$2,119,728	\$2,183,314	\$2,248,814	\$2,316,278	\$2,385,766	\$2,765,757	\$3,206,271	\$3,716,946	\$4,995,265
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$55,920	\$58,157	\$60,483	\$62,902	\$65,418	\$79,592	\$96,835	\$117,815	\$174,395
Management	105,986	109,166	112,441	115,814	119,288	138,288	160,314	185,847	249,763
Payroll & Payroll Tax	220,500	229,320	238,493	248,033	257,954	313,840	381,835	464,560	687,663
Repairs & Maintenance	93,696	97,444	101,342	105,395	109,611	133,359	162,251	197,403	292,205
Utilities	45,612	47,436	49,334	51,307	53,360	64,920	78,985	96,098	142,248
Water, Sewer & Trash	75,600	78,624	81,769	85,040	88,441	107,602	130,915	159,278	235,770
Insurance	56,700	58,968	61,327	63,780	66,331	80,702	98,186	119,458	176,828
Property Tax	239,400	248,976	258,935	269,292	280,064	340,741	414,563	504,380	746,605
Reserve for Replacements	63,000	65,520	68,141	70,866	73,701	89,669	109,096	132,731	196,475
Other	18,000	18,720	19,469	20,248	21,057	25,620	31,170	37,923	56,136
TOTAL EXPENSES	\$974,414	\$1,012,331	\$1,051,732	\$1,092,677	\$1,135,226	\$1,374,332	\$1,664,150	\$2,015,494	\$2,958,088
NET OPERATING INCOME	\$1,145,314	\$1,170,983	\$1,197,081	\$1,223,601	\$1,250,540	\$1,391,426	\$1,542,121	\$1,701,452	\$2,037,178
<b>DEBT SERVICE</b>									
First Lien Financing	\$970,818	\$970,818	\$970,818	\$970,818	\$970,818	\$970,818	\$970,818	\$970,818	\$970,818
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees	11,200	10,854	10,488	10,101	9,692	7,258	4,030	(251)	(13,457)
Asset Oversight & Compli.	12,600	13,104	13,628	14,173	14,740	17,934	21,819	26,546	39,295
Cash Flow	147,196	172,707	198,646	225,008	251,790	391,916	541,953	700,838	1,037,022
AGGREGATE DCR	1.15	1.17	1.20	1.23	1.25	1.39	1.54	1.70	2.04



LIHTC Allocation Calculation - North Vista Apartments, Houston, 4% LIHTC/MRB 2002-011

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$1,348,269	\$1,348,269		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,634,536	\$1,634,536	\$1,634,536	\$1,634,536
Off-site improvements	\$50,000	\$50,000		
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation ha	\$9,682,967	\$10,178,669	\$9,682,967	\$10,178,669
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$226,350	\$226,350	\$226,350	\$226,350
Contractor profit	\$679,050	\$679,050	\$679,050	\$679,050
General requirements	\$679,050	\$679,050	\$679,050	\$679,050
<b>(5) Contingencies</b>				
	\$359,897	\$359,897	\$359,897	\$359,897
<b>(6) Eligible Indirect Fees</b>				
	\$911,500	\$911,500	\$911,500	\$911,500
<b>(7) Eligible Financing Fees</b>				
	\$1,150,988	\$1,150,988	\$1,150,988	\$1,150,988
<b>(8) All Ineligible Costs</b>				
	\$2,054,497	\$2,054,497		
<b>(9) Developer Fees</b>				
			\$2,298,651	
Developer overhead		\$242,046		\$242,046
Developer fee	\$2,298,651	\$2,056,605		\$2,056,605
<b>(10) Development Reserves</b>				
	\$250,002	\$302,614		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$21,325,757</b>	<b>\$21,874,071</b>	<b>\$17,622,989</b>	<b>\$18,118,691</b>

<b>Deduct from Basis:</b>				
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)				
<b>TOTAL ELIGIBLE BASIS</b>			<b>\$17,622,989</b>	<b>\$18,118,691</b>
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$17,622,989</b>	<b>\$18,118,691</b>
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$17,622,989</b>	<b>\$18,118,691</b>
Applicable Percentage			3.65%	3.65%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$643,239</b>	<b>\$661,332</b>
	<b>Syndication Proceeds</b>	<b>0.8092</b>	<b>\$5,205,026</b>	<b>\$5,351,434</b>

# RENT CAP EXPLANATION

## Houston MSA

### AFFORDABILITY DEFINITION & COMMENTS

An apartment unit is "**affordable**" if the total housing expense (rent and utilities) that the tenant pays is **equal to or less than 30%** of the tenant's household income (as determined by HUD).

**Rent Caps** are established at this **30%** "affordability" threshold based on local area median income, adjusted for family size. Therefore, rent caps will vary from property to property depending upon the local area median income where the specific property is located.

If existing rents in the local market area are lower than the rent caps calculated at the 30% threshold for the area, then by definition the market is "affordable". This situation will occur in some larger metropolitan areas with high median incomes. In other words, the rent caps will not provide for lower rents to the tenants because the rents are already affordable. This situation, however, does not ensure that individuals and families will have access to affordable rental units in the area. The set-aside requirements under the Department's bond programs ensure availability of units in these markets to lower income individuals and families.

### MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2002

**MSA/County:** Houston      **Area Median Family Income (Annual):** \$59,600

ANNUALLY				MONTHLY							
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)			Utility Allowance by Unit Type (provided by the local PHA)	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)			
# of Persons	At or Below			Unit Type	At or Below			At or Below			
	50%	60%	80%		50%	60%	80%	50%	60%	80%	
1	\$ 20,850	\$ 25,020	33,400	Efficiency	\$ 521	\$ 625	\$ 835	\$ 42	\$ 479	\$ 583	\$ 793
2	23,850	28,620	38,150	1-Bedroom	558	670	894	56	502	614	838
<b>3</b>	<b>26,800</b>	<b>32,160</b>	<b>42,900</b>	<b>2-Bedroom</b>	<b>670</b>	<b>804</b>	<b>1,072</b>	<b>70</b>	<b>600</b>	<b>734</b>	<b>1,002</b>
4	29,800	35,760	47,700	3-Bedroom	775	930	1,240	85	690	845	1,155
5	32,200	38,640	51,500	4-Bedroom	863	1,036	1,382	106	757	930	1,276
6	34,550	41,460	55,300	5-Bedroom	953	1,144	1,525	119	847	1,038	1,419
7	36,950	44,340	59,100								
8	39,350	47,220	62,950								
<b>FIGURE 1</b>				<b>FIGURE 2</b>			<b>FIGURE 3</b>	<b>FIGURE 4</b>			

**Figure 1** outlines the maximum annual household incomes in the area, adjusted by the number of people in the family, to qualify for a unit under the set-aside grouping indicated above each column.

For example, a family of three earning \$30,000 per year would fall in the 60% set-aside group. A family of three earning \$25,000 would fall in the 50% set-aside group.

**Figure 2** shows the maximum total housing expense that a family can pay under the affordable definition (i.e. under 30% of their household income).

For example, a family of three in the 60% income bracket earning \$32,160 could not pay more than \$804 for rent and utilities under the affordable definition.

1) \$26,800 divided by 12 = **\$2,680** monthly income; then,

2) **\$2,680** monthly income times 30% = **\$804** maximum total housing expense.

**Figure 4** displays the resulting maximum rent that can be charged for each unit type, under the three set-aside brackets. This becomes the rent cap for the unit.

The rent cap is calculated by subtracting the utility allowance in **Figure 3** from the maximum total housing expense for each unit type found in **Figure 2**.

**Figure 3** shows the utility allowance by unit size, as determined by the local public housing authority. The example assumes all electric units.

## Park at North Vista

### RESULTS & ANALYSIS:

**Tenants** in the 60% AMFI bracket will **save \$64 to \$264** per month (leaving 2.7% to 8.5% more of their monthly income for food, child care and other living expenses).

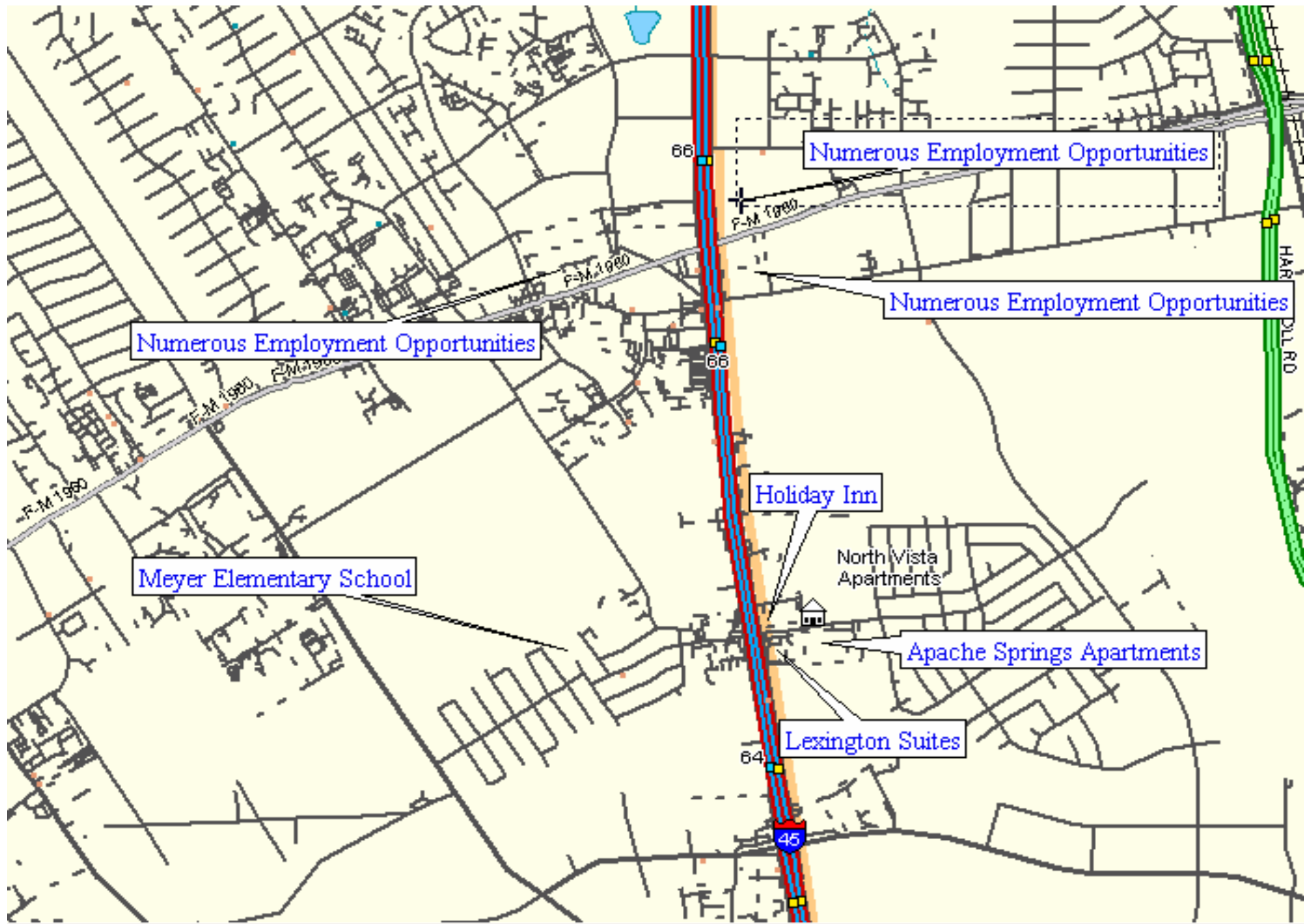
This is a monthly savings off the market rents of **9.4% to 23.8%**.

<b>PROJECT INFORMATION</b>				
<b>Unit Mix</b>				
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom	
Square Footage	770	1,048	1,143	
Rents if Offered at Market Rates	\$678	\$859	\$1,109	
Rent per Square Foot	\$0.88	\$0.82	\$0.97	

<b>SAVINGS ANALYSIS FOR 60% AMFI GROUPING</b>				
Rent Cap for 60% AMFI Set-Aside	\$614	\$734	\$845	
<b>Monthly Savings for Tenant</b>	<b>\$64</b>	<b>\$125</b>	<b>\$264</b>	
Rent per square foot	\$0.80	\$0.70	\$0.74	
Maximum Monthly Income - 60% AMFI	\$2,385	\$2,680	\$3,100	
<b>Monthly Savings as % of Monthly Income</b>	<b>2.7%</b>	<b>4.7%</b>	<b>8.5%</b>	
<b>% DISCOUNT OFF MONTHLY RENT</b>	<b>9.4%</b>	<b>14.6%</b>	<b>23.8%</b>	

**Market information provided by:** REVAC, Inc. at 16840 Barker Springs, Suite 306, Houston, Texas. Date of report December 16, 2002





# Developer Evaluation

## Compliance Status Summary

**Project ID #:** 02463

LIHTC 9%  LIHTC 4%

**Project Name:** Park at North Vista Apartments

HOME  HTF

**Project City:**

BOND  SECO

### Housing Compliance Review

Project(s) in material non-compliance

No previous participation Scores >= 30: 0

Status of Findings (individual compliance status reports and National Previous Participation and Background Certification(s) available)

Projects Monitored by the Department

# reviewed 6 # not yet monitored or pending review 3

# of projects grouped by score 0-9: 6 10-19: 0 20-29: 0

Members of the development team have been disbarred by HUD

National Previous Participation Certification Received Yes

Non-Compliance Reported No

**Completed by** Jo En Taylor **Completed on** 12/20/2002

### Single Audit

Status of Findings (any outstanding single audit issues are listed below)

single audit not applicable  no outstanding issues  outstanding issues

Comments:

**Completed by** Lucy Trevino **Completed on** 01/31/2003

### Program Monitoring

Status of Findings (any unresolved issues are listed below)

monitoring review not applicable  monitoring review pending

reviewed; no unresolved issues  reviewed; unresolved issues found

Comments:

**Completed by** Ralph Hendrickson **Completed on** 12/19/2002

**Community Affairs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable       monitoring review pending

reviewed; no unresolved issues       reviewed; unresolved issues found

Comments:

**Completed by** EEF      **Completed on** 12/30/2002

**Housing Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable       monitoring review pending

reviewed; no unresolved issues       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_      **Completed on** \_\_\_\_\_

**Housing Programs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable       monitoring review pending

reviewed; no unresolved issues       reviewed; unresolved issues found

Comments:

**Completed by** S. Roth      **Completed on** 12/19/2002

**Multifamily Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable       monitoring review pending

reviewed; no unresolved issues       reviewed; unresolved issues found

Comments:

**Completed by** Robbye Meyer      **Completed on** 12/19/2002

**Executive Director:** Edwina Carrington      **Date Signed:** ember 30, 2002

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Public Hearings

Meyer Elementary  
16330 Forest Way Drive  
Houston, Texas

Tuesday,  
January 21, 2003

The above-entitled matter came on for public hearing, pursuant to notice, at 6:04 p.m.

APPEARANCES:

ROBBYE G. MEYER  
R. BRENT STEWART



P R O C E E D I N G S

MS. MEYER: Okay. My name is Robbye Meyer. I'm with the Texas Department of Housing and Community Affairs out of Austin, Texas, and we're here to hold a public hearing on the North Vista Development.

To kind of give you a little rundown on how the program works, TDHCA in the multifamily division actually acts as an issuer to help facilitate the private issuance of the bonds between private developers and private lenders and private investors.

If you noticed on the sign, it said tax-exempt bonds. The tax-exempt nature is to the bond purchaser. It doesn't have anything to do with property tax. The development will be paying their share of property taxes. They will be paying school taxes, [inaudible] taxes; so that's not the tax-exempt, but that's only to the bond purchaser so it doesn't have anything to do with the developer himself. Okay?

It's not government subsidized housing. It's not Section 8. It's not HUD. It's affordable housing for low-income families within the Houston area.

And the bond program that we work in private activity bond program that the Texas Review Board actually administers, and we help facilitate them. And for the 2002 program -- which this development is a part of that program -- there was \$1.6 billion that was given to the State of Texas as their issuing authority. And out of that, the multifamily division received \$365 million to develop affordable housing.

Again, the tax-exempt portion is to the bond purchaser. It doesn't have anything to do with the property taxes. They'll also be receiving a 4 percent tax credit, which is a -- it's a tax credit from the IRS that gives the development equity in the deal to where they can have the affordability in the rents to lower the rents lower than market rate.

The developments are selected through a lottery each year in October, and because of that process the issuers don't really choose which developments come up. It's -- it goes by lots, so whichever lot number comes up is the next one in line.

Once a development receives a reservation, they have 120 days to actually close the deal -- not get it built, but just close the transaction itself. And we're in the middle of that 120 days. The public hearing comes in between that period of time.

The name of the apartments will be North Vista Apartments. It's located right there next to the Holiday Inn, that vacant spot there. It will consist of 21 two-story residential buildings and two non-residential buildings, community buildings.

There will be 252 units: 44 one-bedroom, one-bath units with average square feet of 770; 152 two-bedroom, one-and-a-half and two-bath units with an average square footage of 1048 feet; and 56 three-bedroom, three-bath units with an average square feet of 1143.

They will be serving families at 60 percent of the area median family income, and for that Houston that area family income is

59,600; so for one bedroom, the maximum rent would be 615, for two bedroom that would be 734, and the three bedroom would be 845.

They have leasing criteria, which includes applicants must meet age and employment, credit and rental history requirements. They must have income that meets or exceeds three times the rent. Occupancy will be limited to two persons per bedroom, and all applicants must pass a criminal background check.

Other developments that this particular developer has developed within the area is Fall Brook Apartments, and that's at North Bammel -- Bammel North Houston Road, and it's across from Deer Ridge Lane. It's called Park at Fallbrook.

Also, Collingham Park at 10500 Kip Way, and also the Highland Meadow Village at 10900 Highland Meadow Village Drive.

If you'd like to speak, I'd ask -- you need to sign in, or if you just want to be on record of whether you are for or against the development, then you can sign in for that purpose.

But if you'd like to speak, you have to sign in. Anyone who wishes to speak, you'll have two minutes to speak. You can speak once. Whenever you come to the microphone, if you'll state your name clearly for the record for the court reporter.

And if issues -- you can address anything you want to, but if somebody has already addressed an issue and you can move onto something else, we would appreciate it.

And finally, if you would address your comments to the

official, which would be me, and not to the general population? If there's any questions after the hearing, if you'd like to ask the developer or myself, you're more than welcome to do so.

And for this particular development we will go before two boards, the Texas Department of Housing and Community Affairs Board, which will meet on February 13; and then we also go before the Bond Review Board, and that is on February 20. Both of those are on Thursdays. Both of them are in Austin.

I have some cards up here. And also, if you get one of these, it will give you information on how to reach me and also how to reach the developer. It gives you all my information; it gives you my fax numbers, give you my telephone number, it gives you my e-mail, and it will also give you our Web site.

If you have Internet access on the Web site, seven days prior to the hearing you will be able to view everything that will be going to our Board for the consideration of this particular development; so if you want to see the staff recommendation as far as what we present to the Board, you'll be able to get all that information.

It's usually about 60 to 100 pages, but you can view everything that my Board will be reviewing and also that the Bond Review Board will be reviewing.

If there's not any questions, I'm going to go ahead and start the hearing; so if you'd like to make your comments, what I'll do is I'll go down and I'll just call your name off. If you decided that

you want to speak and you didn't say you did, that's fine. Just let me know and come on up to the microphone and state your name clearly, again, for the record.

I have a little speech I have to do for the Department, so you'll have to bear with this for just a second.

Again, my name is Robbye Meyer and I'm with the Texas Department of Housing and Community Affairs. I'd like to proceed with the public hearing, and let the record show that it is 6:17, Tuesday, January 21, in 2003, and we are at the Meyer Elementary School located at 16330 Forest Way Drive, Houston, Texas 77090.

I'm here to conduct a public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issuance of tax-exempt multifamily revenue bonds for a residential rental community. The hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issuance.

No decisions regarding the project will be made at this hearing. There are no Department Board meetings present. The Department's Board will meet to consider the transaction on February 13, 2003, upon the recommendation by our Finance Committee. In addition to providing your comments at this hearing, the public is also invited to provide comments directly to the finance committee or to the Board at any of their meetings. The Department staff will also accept written

comments via facsimile at 512/475-3085 up to five o'clock on January 31 of 2003.

The bonds will be issued as tax-exempt multifamily revenue bonds in the aggregate principal amount not to exceed \$15 million and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs.

The proceeds of the bonds will be loaned to North Vista Apartments Limited partnership -- or a related person or affiliate entity thereof -- to finance a portion of the costs of acquiring, constructing, and equipping a multifamily rental housing community described as follows: 252 unit multifamily residential rental development to be constructed on approximately 14.6 acres of land located on the north side of North Vista Drive approximately one-eighth of a mile east of Interstate 45, Harris County, Texas.

The proposed multifamily rental housing community will be initially owned and operated by the borrower, or a related person or affiliate thereof.

At this time I'd like to open the floor up for public comment. Again, you'll have two minutes to make your comments. And the first one I have would be Lillian Reyes.

Okay. I'll come back to her.

James Winkleman, do you want to speak?

MR. WINKLEMAN: Well, I do; but then again, I don't. I

came here to be educated, actually.

MS. MEYER: Okay. If you'd rather ask some questions at this point, I mean, that's fine. We don't have a crowd. So if there's a specific question that you would -- that you have?

MR. WINKLEMAN: Yes. The question I have is --

MS. MEYER: Can I get you to come up to the microphone? I've got to have it on record, so --

MR. WINKLEMAN: Okay. The question I have is, is there time to stop this altogether through petitions or is there any way to stop this type of building?

MS. MEYER: Yes, sir. The issuance hasn't gone before the Board at this time. Any petitions or public comment that you want to present to the Board before their decision is made I need to receive by the 31st of January. So that gives you almost two weeks to be able to --

And like I said, I can give you some additional cards and you can pass those out if you'd like, and that will -- you can get in touch with me there. You can mail it to me or you can fax it to me, whatever.

MR. WINKLEMAN: Okay.

MS. MEYER: But there has not been a decision made on the development at this time.

MR. WINKLEMAN: Okay. Thank you.

MS. MEYER: Okay. Is there any other questions that I can

answer? Okay.

MS. DELOSANTOS: My name is Becky Delosantos and our home is right in the backyard. Okay? My concern is that whoever is going to build the apartments, I'm concerned that my granddaughter goes to school here and who's going to fund all the taxes that's going to affect this school? That's where I'm concerned about.

All these people are moving into the neighborhood to come to school here -- because this is really the elementary school that it's going to be targeted for. So who's going to take care of -- especially for this school -- the funding?

You know, we're talking about -- so many apartments are going to be built. You've got to estimate how many children are going to be coming to school here -- so these people are not going to be paying any taxes because they're just going to pay rent.

MS. MEYER: Well, the development itself will be paying taxes, though. They're not exempt from paying taxes. The tax-exemption that you notice on the bonds is to the purchaser of the bonds. The development itself will be paying taxes on the improved value of that land.

MS. DELOSANTOS: Okay.

MS. MEYER: So they will be paying their property taxes, they'll be paying their school taxes.

MS. DELOSANTOS: I guess my concern is that I feel like the home we're in now is going to be our last home, but my concern is



that these apartments will bring crime into our area.

I can just picture that my backyard is going to be full of beer cans because a fence is the only thing that's going to divide us from these apartments. And I really --

VOICE: What street do you live on?

MS. DELOSANTOS: On the same street you guys live in.

VOICE: You're thinking of the other development. This is the one that's going across from Apache Springs [phonetic] Apartments on North Vista.

MS. DELOSANTOS: Oh. I'm -- I thought this was the one.

VOICE: The ones going behind us are houses.

VOICE: Yes. I'd like to speak --

MS. DELOSANTOS: Okay.

MS. MEYER: Okay.

VOICE: -- after you're finished.

MS. DELOSANTOS: Okay. That was my concern about, you know, when I was reading the sign the other afternoon. And that as a grandparent --

VOICE: But they still need your support, because you're still on that side of the neighborhood.

MS. DELOSANTOS: Yes. We're in that side.

VOICE: You will still be affected regarding the number of children coming to Meyer.

MS. MEYER: But again, they're not exempt from their

property taxes. They will be paying their property taxes. Trust me. That is going to happen.

MS. HIRONYMOUS: My name is Denise Hironymous. The last name is spelled H-I-R-O-N-Y-M-O-U-S, and I also have a concern regarding this. In conjunction with your question about the number of students coming to Meyer. I'm on one of the Spring ISD boards regarding what the projected number of students are going to be within the next five years. That's over 5000 students at this school.

Now, if we -- that would either include this community not. We don't have the capacity at this school to fit that many students. At the present time, we're adding an additional 15 units -- rooms into this building. That's not enough at this point.

We have over 1100 students attending this school, and we don't have enough room. So in the next two years, that's going to be -- well, however time frame you're looking at on building this apartment or town home complex, that's going to bump up our numbers a whole lot faster before the projected numbers that was given to us by the Spring School District.

So that's my concern. Number one, there's not enough room at any of the schools in this area, whether it's elementary, junior high, or in a high school level. We are to capacity. So that's just one issue.

The other issue is a lot of people are figuring that this is going to be the last home. They've invested a lot of time, a lot of

money, a lot of equity into their homes. And to have a community such as this, this is not going to have our property value increase any more in the future if we decide to sell our homes.

The crime rate is another issue. We already have -- just about every day there's more than two calls coming out from this apartment complex across the street from this proposed site, the Apache Spring Apartments.

I don't have the figures. I can get the figures for your records, if you would like, from the Harris County Constable Precinct 4 -- I believe we're in four. I can include that in a petition before the 31st time frame.

So I am very concerned. I came to this neighborhood because I felt it was safe. Evidently, if this goes through, I know that it will not, because there's already an issue across the street with crime in the apartment complex that has over 500 units or apartments in that building.

I'm not very far from this proposed site. I'm just a street and a half over. So I'm not for this. I can do whatever I can to block this. I'm sure a lot of other people in the neighborhood feel the same way. Those here feel that way, because they would not be here if they didn't.

I can -- next meeting, if there is a next meeting, we can go ahead and get a larger group -- even if I have to do that myself -- because I feel very strongly about this.

I need to know exactly what's going to happen before any decisions are made. I'm sorry I was late. I didn't know what was discussed before. But if there's some information that we could have prior to the next meeting or whatever we need to block this, please let me know, because I'd be more than happy to be the spokesperson for this community. Thank you.

MS. MEYER: If I can get you to sign in, ma'am?

MS. HIRONYMOUS: Sure.

MS. MEYER: Is there anybody else that has any questions or --

MR. LUPLOW: I've got some technical questions for the developer.

MS. MEYER: Okay.

MR. LUPLOW: We can talk about that afterwards.

MS. MEYER: Do want to come up and ask those, Brent?

MR. LUPLOW: Let me locate my questions. My questions are more having to do with fire protection type stuff. It doesn't really affect everybody else.

MS. MEYER: What do you mean?

MR. LUPLOW: Like sprinklers and things like that. That's the kind of technical stuff I need to talk to him about later on -- unless everybody else wants to listen in on sprinkler systems and that.

MS. MEYER: Can you answer this, Brent?

MR. LUPLOW: I mean, basically, whether the building's

going to be sprinklered or not.

For the record

MR. STEWART: For the record, my name is Brent Stewart, and I'm with Trammell Crow Residential.

Yes. All the units themselves are sprinkled. We do that on all our properties. It's not a state requirement, but we do it.

MR. LUPLOW: Right. Okay. And two stories is the highest building. Right?

MR. STEWART: Correct.

MR. LUPLOW: Or two floors? Okay.

MR. STEWART: The units themselves are two stories, so --

MR. LUPLOW: Right. Two plus a roof?

MR. STEWART: Right.

MR. LUPLOW: Okay.

MS. MEYER: It's a town home design.

MR. LUPLOW: Right. Well, we've got some three-stories that people put in, and they decided to only sprinkler the three-story portions of the building and not the two-story portions, and that's why we're just double -- that's why I want to make sure about that.

Like I said, our -- the fire department's initial objection was because of the tax-exempt issue, and then we learned that that wasn't the case. I'm sure that people related with the schools know that there's a whole bunch of tax-exempt housing projects that they're attempting to develop in the area that put a whole bunch of

people in here without paying any attention; and we thought that's what it was, but it turns out that's not the case.

So from the fire department's point of view, we welcome any tax-paying development of the area. From a personal point of view -- you know, I've seen a lot of these projects -- I mean, a lot of these apartment complexes start out nice, and then five years down the road they end up looking like Apache Springs across the street.

I mean, and I hope there's nobody here who lives in Apache Springs, but that place has turned into a dump.

VOICE: It used to, too.

MR. LUPLOW: It used to? Okay. So you know what I'm talking about.

As long as they can keep the development -- you know, upkeep. If they're going to put gates on it, then make sure the gates work to keep the people who are supposed to be there inside and the ones that are out out and they put some sort of emergency access system on the gates so we can get in.

But like I said -- and I've just got a question, do you know what the approximate value of the development is going to be, ballpark?

MR. STEWART: The total cost of the development, including the bond issuance cost, is right at \$21.3 million.

MR. LUPLOW: All right. That's pretty much all the stuff I had.

MS. MEYER: Okay.

MR. LUPLOW: I'm sorry. Jim Luplow, Ponderosa Fire Department. I also live on Willow West in the subdivision.

And for everybody's education, land clearing to the north of the subdivision is houses. I've seen the blueprints.

VOICE: It is?

MR. LUPLOW: Yes.

VOICE: Who's the builder?

MR. LUPLOW: I don't know. All I have -- I had the water guys' copy of the plans. I didn't have everybody else's.

VOICE: So they're really going to be real houses?

MR. LUPLOW: Yes. Real stick-built houses. No trailers, no --

MS. MEYER: Okay. Just to address one thing, it is a gated community.

VOICE: That doesn't mean anything to me.

MS. MEYER: Okay. I'm just saying it is a gated community. Another thing that is usually of interest, with the tax-exempt nature of the bonds and the 4 percent tax credits that the developer is receiving, they are on the hook with the state for the next 30 years as far as compliance and audits, upkeep on the property.

So your concerns there will be addressed with our compliance department. And, I mean, that always tends to be an issue, that you think that they're going to come in and build it and sell it.

As long as the bonds are outstanding, they have an obligation to the state, and those audits are held and they're very tightly enforced.

They also have lenders and syndicators for the tax credits that will also be looking at them, making sure everything is running according to plan. So there's a lot of people that will be staring at this project because of the bonds, and that kind of gives you a -- maybe not a warm, fuzzy feeling, but it does help as far as what will happen over the next 30 years to that particular development.

MR. LUPLOW: One other question real quick? If you -- I'm sure you've talked to the water district about the water supply issues -- because the water district is under a bind right now until they build their new pump station?

MR. STEWART: Yes. We've got the letters from --

MR. LUPLOW: Okay. Yes. Because they -- we went round and round with them for some other stuff, too.

MR. STEWART: We'll have some impact statements that will probably help [inaudible]

MR. LUPLOW: Good. Well, the problem is their system doesn't have the capacity to do much more than what it's doing right now.

MS. MEYER: Is there anybody else that has any more questions? Is there anybody that would actually like to make public comment?



If there -- if you'll state your name clearly for the record?

MS. LUPLOW: My name is Jackie Luplow, a resident of the Willow West neighborhood. My concern is as a teacher. I do not teach in the Spring District, but I know it will affect the Spring District. And as a teacher, I know how sudden growth impacts the teacher's ability; because one, it will increase the influx of students in the schools -- which are already overcrowded -- which makes it more difficult for the teachers, because the larger the class size, the less one-on-one education these children get.

With it being town homes and not actual housing, you have the mobility factor of people moving in and moving out, which is also difficult to teach to; because people coming in, you don't know their education level, and they can move in and out during the school year, which makes it very difficult to teach them.

So from a teacher's point of view, the influx of students and the mobility factor will hamper the education in this area -- not just for the students moving in, but for the students that are already here.

And since my child is a student in the Spring District, I feel that it will affect her education, as well -- not intentionally, but it's very hard to teach in a class when you've got originally 20 kids that goes up to 25 that goes up to 27 because of such an influx.

So I think this development would actually hamper Spring

ISD's ability to educate the students that are already here and any of the incoming students.

So I feel that that would actually be a detriment to the community to have the influx of students at this time, since they are not prepared for it.

MS. MEYER: Is there anybody else? Would you like to make a public comment, sir? Okay.

MS. MEYERICK: My name is Lisa Meyerick. And a lot of the people have said what I am feeling as far as the school overcrowding. I have two children here. I have seen the school district go up and I have seen the school district go down over the last five years that my son has been here.

That is one of my biggest concern. And as one of the people that my house will back up to this neighborhood -- because when I look out the back of my house, I'm going to see nothing but this apartment complex. That is not really something I care to see, because on early mornings when my kids are getting up from school we can get up in the morning, look out the back, and there's actually little deer back there.

And I mean, that is something you don't see in the city as a normal thing. I think when something like that -- it may be just a very trivial thing to somebody else; but, I mean, to us it's something special, you know, because it is different.

Also, the crime in the community, it has been fairly safe,

pretty much. I mean, everybody has their issues. It doesn't matter where you live in any neighborhood, no matter if it's gated or ungated or a million dollar home or a \$50,000 home, you still have issues.

And I have seen, personally, some of the issues that have gone on with the apartment complex Apache Springs that is already there that has impacted the neighborhood. I don't want to see it happen anymore; because when you're talking about bringing in 500 more people, you're talking about increasing the crime, you know, probably 50 percent or more.

And like Denise said, I don't have the exact figures, so I'm not really going to speak on that, you know, and give you an exact number. But as far as watching out for my children here at Spring, I am totally against it, because I don't want to see -- my children are already -- my son's in a class of 23 kids now.

You know, even though he has a great teacher, that they're not getting the one-on-one that they need if the school was a lower amount -- and I mean, I know that's an issue that we're dealing with in the Spring District to build schools, to lower the enrollment, and it's something we hope happens in the future; but I don't want to see it for my daughter as she's coming up in kindergarten right now.

So my -- those are my biggest issues: the crime that this thing -- that this apartment complex is probably going to impact into our neighborhood, and also our school district. I don't want to see it, you know, go overwhelming, because we don't have anywhere else to grow

for this school.

And really, those are the two biggest issues I have. And I mean, I can't say any more that nobody else has already said. And I mean, if somebody was to knock on my door tomorrow for -- you know, to do against it, I would sign it. So that's all I have to say.

MS. MEYER: Thank you.

Is there anybody else that would like to make comment?

VOICE: [inaudible]

MS. MEYER: Okay. I need to -- any public comment that you want to make or any, you know, written statements I need to receive by January 31 at five o'clock.

VOICE: My question was is two weeks [inaudible] period of time [inaudible] people have enough time to petition?

MS. MEYER: Usually about -- I mean, sometimes it's a little bit more. It just depends on where we are in the scheduling of the hearings and exactly where that board meeting is. This month I had three different hearings; so you know, they're all right there together.

MS. HIRONYMOUS: Are we given ample time, though, from this point on or is there -- has there been a start date?

MS. MEYER: Okay.

MS. HIRONYMOUS: I'm sorry. Sorry.

MS. MEYER: That's a longer question.

MS. HIRONYMOUS: Okay. My question is was there an earlier start date prior to this meeting or is this the actual date that

it will start up into the end of the petition date that you gave us?

MS. MEYER: Are you talking about the reservation time?

MS. HIRONYMOUS: I suppose that's what it's called.

MS. MEYER: It's 120 days.

MS. HIRONYMOUS: Is it 120 --

MS. MEYER: The 120 days started back in November.

MS. HIRONYMOUS: So is that when we should've started petitions or is this when we need to start, from this point on?

MS. MEYER: Well, whenever you want to start a petition you can start a petition.

MS. HIRONYMOUS: Okay.

MS. MEYER: I just need to receive --

MS. HIRONYMOUS: But the time frame that you gave us, though -- I know you said you had to have everything by January 31.

MS. MEYER: Thirty-first.

MS. HIRONYMOUS: Okay. When was the open date of or the start date on this?

MS. MEYER: Well, we actually received the reservation back in November.

MS. HIRONYMOUS: Back in November. Okay. That's what I was wanting to know, from what point to this point.

MS. MEYER: Normally we don't have -- people don't actually get going until the actual -- the public hearing.

MS. HIRONYMOUS: And this is where --

MS. MEYER: And that's --

MS. HIRONYMOUS: This is where it's starting?

MS. MEYER: That's when everybody starts --

MS. HIRONYMOUS: So actually, from today up until the 31st?

MS. MEYER: That's correct.

MS. HIRONYMOUS: Okay.

MS. MEYER: And what will happen is any public comment that I receive in between now and the time I build the board package to go to put it into the Board, all that -- all those public comments will be put into that -- into the board package.

And again, if you get on -- if you have Internet access and you can get on our Web site, you'll be able to see everything that's going to be presented to my Board. That will give you all the public comment.

If there is a petition, normally what I'll do is send one page through. It depends on how many signatures there are. I mean, if you have hundreds of them, normally I'll just print one page and then I'll let the Board know how many signatures were actually attached to that petition -- but at least they know what the petition said and what you signed.

But that's how, normally, a petition is handled. If you only have 30 of them, then all 30 of them will be on there. So -- but all public comment will be -- it will need to be received by the 31st so

that I can make sure that it gets into the board package.

VOICE: [inaudible]

MS. MEYER: The question is what's a significant number of signatures for the petition. There's -- I can't answer that question. I can't give you an answer as to what my Board will say. My Board makes a decision. That's why I'm not on the Board and I'm sitting here. I do the hearings. I give them all the information. The staff makes a recommendation to the Board.

The Board actually makes a decision on the total development. Public comment is one piece of that development. The feasibility of the bonds, does everything actually work -- you know, there's a lot of things that go into that decision.

Again, if you have access to the Internet, you'll be able to see exactly everything that will be presented to my Board.

There will be an underwriting report in there from the department's underwriting division. They will probably give you more information than you would ever want to know about a development. But that will give you a lot of information right there. That goes into the feasibility of the bonds and the construction costs and that kind of thing.

There's also a write-up that will give you all the financing players and everybody that's involved in the particular development itself. It will give you the bond structure. It will give you who the lenders will be, who the syndicators will be, if there's an

equity portion in it.

It will also give you the interest rate for the bonds. There's a lot of things in that board package that the Board has to review, so -- and there's -- it also goes into the compliance history of the developer: what he's done in the past, his compliance history on other developments. That also feeds in. That's another decision.

So there's a lot of things that go into it, and the public comment is one of those pieces. Okay?

MR. DELOSANTOS: Good evening.

MS. MEYER: Could you state your name, please?

MR. DELOSANTOS: My name is Rudy Delosantos, and I'm the husband of the old lady who spoke earlier.

I guess, myself, I also was not aware of where the proposed site is. And for one thing, I don't think this meeting was -- well, it was not publicized with too many people.

The only reason I know about this particular meeting was because my daughter serves in the PTO here at the school. I don't have children, other than a granddaughter, who goes to school here.

Here again, I just want to echo what has already been expressed tonight. I think that having this complex built here will have a negative impact as far as school.

I pay taxes, and my taxes have escalated ever since I moved in about six years ago.

One of the reasons that I moved to this location was



because it's convenient for me. I work in the medical center. I like the location; but my wife and I have both discussed that the proposed building of this facility will lower our property values, and we've even talked about maybe possibly moving elsewhere -- and that's nothing that I want to do.

I've lived in Houston since '85. I like the area. I like the location. And when you drive into the complex, I've already noticed a lot of beer bottles, you know, alongside of the entrance to North Vista, and that's even without the building of this proposed complex.

So -- I also know that the president of the Home Builders Association -- or the ex-president who lives directly across from me -- is also concerned.

But a lot of people seem to think that this is a done deal. I, for one, will back other people to, you know, sign petitions and get this -- the word out to the community. I think it behooves Spring ISD and this particular school to get the word out to families that this is going to impact, most definitely, on them.

Our constable, we've had to pay more in the area of Homeowner's Association dues, and I don't want to escalate any further.

So I, for one, want to go on record that I'm opposed to the building of this development.

MS. MEYER: If I could get you to sign this?

Is there anybody else?

MS. DELOSANTOS: Well, for the next, hearing, how can

we --

MS. MEYER: You've got to come up here.

MS. DELOSANTOS: I guess I'm upset. I don't want this building to go up, and I really am upset -- and my name is Becky Delosantos -- and I'll do whatever it's going to take to prevent this.

I mean, I'm real excited about this. Why don't they move into our neighborhood right behind? Why don't they buy a house?

Why don't you buy a house in our neighborhood -- okay -- in the next six months, and see how you would feel. Why don't you be our neighbors? There are six houses up in the market this morning as I was driving out. Six houses within a couple of weeks. Why don't you buy one of those houses and see how you would feel, having beer cans thrown down the street and your children coming to this school that is going to be bursting to the seams.

Right now I came --

MS. MEYER: You need to face this way.

MS. DELOSANTOS: I came to visit my granddaughter a couple of weeks ago. I couldn't even find a parking space for a ten-minute meeting with my granddaughter. I thought, Can you imagine when all those new families start coming over here? I had to park way out there in the dirt and walk just for a little short visit here at the school grounds.

And I kept thinking what is it going to be like in a couple of years from now? And I really am upset. And I'd like for one

of them to buy a house down the street.

MS. MEYER: Can I get you to sign in, please, if you haven't.

Is there anybody else who would like to make a comment?

MR. LONGORIA: I would. I just got in late, so I really don't know what was said earlier.

MS. MEYER: Okay.

MR. LONGORIA: Okay. But over the past --

MS. MEYER: If you'd state your name for the record?

MR. LONGORIA: Okay. Patrick Longoria [phonetic].

Over the past year, as a member of the Homeowner's Association, we've had to increase the security in the neighborhood with the constables program because of the flooding from the Apache Spring Apartments and the apartments we have there in the other builders that's coming around.

I'm totally against it, because right now we've got too much crime that we can handle, and we can't afford the security that we're doing now. We're going to look at trying to put another deputy in the neighborhood -- okay -- because of -- since the flood happened, people's moved in that neighborhood and it's going crazy over there.

And that's going to bring more people out of the city.  
How many students do you have over here at Meyer now?

VOICE: 1105.

MR. LONGORIA: 1100 students. The school district can't

handle it. The neighborhood can't handle it. The constables program can't handle it. So I don't know. I probably missed a lot showing up late, but I wasn't told. The Homeowner's Association wasn't told. Nobody was told.

VOICE: Nobody was told. They're hiding everything.

MR. LONGORIA: So -- because believe it or not, if the neighborhood had known about it, we have 577 homes in Willow West. They would be here.

VOICE: They would've been here.

MR. LONGORIA: Okay. And you have another 400 in Northview that they would've been here.

So I don't know. I just want to say that I'm totally against it. I don't know what all you guys said. I'm sorry I came in late. Luplow Nexteled me and let me know about this.

But what are we going to do about security? Are you guys going to have some kind of -- what are you going to do for security? Are you going to have gates? Are you going to have constables living on the premises? What?

MR. STEWART: Again, for the record, my name is Brent Stewart, and the property itself is a gated property with controlled access gates for ingress and egress.

Generally, on our properties we had a program -- it doesn't have a name -- where we offer units for sheriff deputies --

MR. LONGORIA: Right. And that doesn't work.

MR. STEWART: Well, that may be your opinion.

MR. LONGORIA: Right. Okay. All right. Well, I got that. Well, we already know that that system doesn't work, because every apartment complex in Harris County in the city of Houston uses that system now and it just doesn't work.

And we, as the homeowner's, are going to pay for the security of that complex by that constable sitting in the middle of the street.

VOICE: [inaudible]

MS. MEYER: Well --

MR. LONGORIA: So I may -- I'm sorry I came in late and I didn't get to hear what everybody has said. But you know, is there going to be a second hearing so we can notify the subdivision?

MS. MEYER: This will -- this is the only hearing. The next opportunity you'll have to speak will be at the board meeting.

MR. LONGORIA: At the board meeting?

VOICE: In Austin. Right?

MS. MEYER: Uh-huh.

MR. LONGORIA: In Austin?

MS. MEYER: Or again, you can send me a public -- you can send me public comment and, again, it will go to the Board just as if you were doing a hearing. The transcript to this hearing will be presented to the Board, and any public comment.

So I mean, if there's any additional information that you

want to send, you can send that to me and it will go to the Board as if you were standing there in front of them, you know, speaking.

MR. LONGORIA: What plans are being done about the sewage, flood control -- because I grew up in Northview, and over the years I watched the water an inch and an inch higher every year -- and the bayou hadn't been dredged. We've tried to get the state offices to go in -- the flood control -- county to put signs up for different things. They won't do it.

We have to drag our feet with these agencies to get them to do things. And I know this because I'm on the Association trying to get it done. So I don't know.

Sorry, guys, but I don't know what you all said and I don't want to repeat anything.

MS. MEYER: Well, I can't address an engineering issue. You're more than welcome, you know --

MR. LONGORIA: Right. But --

MS. MEYER: -- to put -- I mean, if you want to ask that question in writing, I'll be glad to get that answer for you.

MR. LONGORIA: Okay.

MS. MEYER: But I can't answer an engineering issue at this point.

MR. LONGORIA: All right.

MS. MEYER: Okay. If I can get you to sign in, because you haven't signed in yet?

MR. LONGORIA: Sure.

MS. MEYER: Is there anybody else that would like to make comment?

Do you want to say anything?

MR. STEWART: Again, my name is Brent Stewart and I'm with Trammell Crow Residential. You'll have to excuse my voice, but I'm a little hoarse.

First off, the -- we were in contact with the president of the Northview Homeowner's Association about two weeks ago talking about a homeowner's meeting that was to occur on the 16th of last week. Cindy and Mike Poetz -- P-O-E-T-Z is how you spell their name -- we sent them some --

VOICE: We're two different Homeowner's Associations.

MR. STEWART: Okay. I understand that. I'm just telling you that we have been in contact with those individuals. We sent them some information similar to what the few copies that I handed out here were.

So I just -- for any of you who are in that subdivision, just know that, you know, we have been in contact with them.

We would certainly welcome the opportunity to come and sit down with your Homeowner's Associations or yourselves, talk through some of these issues, at least so you could understand, you know, our perspective on some of the things that you brought up.

The issues that you've brought up are issues that come up quite often on these types of transactions, on multifamily transactions, and I think some of them are issues that are true issues that are hard to work through. The school issue is a tough one.

We run into that same exact issue all over the state. And I -- you know, it's difficult for us as a developer under the state's program to solve what, in my view, is a legislative issue and a legislative problem as it comes to school funding and school finance.

I will tell you that, as it relates to the upkeep and maintenance of the property, our company is -- you know, this is a sales pitch, but our company is the best company in the country at building and managing and operating multifamily properties.

We have literally 50- to 60,000 units under management right now, most of which is property product that we developed.

We have the most highly trained management and on-site staff that know how to recognize and deal with issues, problem issues, crime issues, things of that nature.

Crime on one of these properties is something that directly impacts us. Not taking anything away from what it does to the neighborhood, but if you have property that is known for having crime problems, you can imagine how hard it is to lease those units and keep the occupancy full.

So we spend a lot of time and a lot of training dealing with those types of issues on site. I'll also tell you that crime on



multifamily properties, I think, has generally gotten a really bad reputation because of, you know, absentee-type owners who aren't involved in the daily operation of those properties.

And you know, we are not like that. And I'd be happy to arrange for a tour of some of the properties in Houston that we currently have that you can see and maybe get a feel and a flavor for exactly how it is that we operate the properties.

The -- as far as the actual upkeep of the properties go, there is something called a replacement reserve, which is a -- it's an amount of money that goes into an account in the bond indenture that's specifically for roofs and parking lots and exterior painting and those types of capital kinds of items, long-term fixed asset items. That doesn't include the money that's spent just for maintenance and upkeep on a daily basis.

I guess I'll conclude there. I would really welcome the opportunity to sit down one on one or with your homeowner's groups or -- you know, to talk through some of these issues. We certainly will get back in touch with the Northview folks and continue to do the same thing.

So I'll be happy to answer questions after the meeting. I've got my business cards here. We've got a few of these packets that some of you have -- that are not the packets that Robbye handed out -- that actually have some photographs of what this product looks like.

This is a low-density product. This is a two-story town

home product that is -- I think it's like 17 units an acre on this deal.

Yes. Seventeen units per acre. The typical multifamily property that's a two-story or a two- and three-story will run anywhere up to 25, 26 units per acre. It's a low-density transaction.

With respect to the engineering issue, if you'll look at the site plan -- and I'll be happy to give more people -- send more people this package -- you'll see that this site is kind of self-contained when it comes to retention. There is a very large retention pond on the back side of the property that the engineers have designed with the flood control district.

MR. LUPLOW: Yes. But everything in that whole area empties into the same bayou, and that's where the issue's been, because every development that's gone in has had its retention pond, because that's a requirement now. But once the pond gets full and it starts draining into the main drain system --

MR. STEWART: Right. Well, right now all the water that's on that site is draining directly into that bayou.

MR. LUPLOW: Right. But the ground will absorb a certain amount before it becomes saturated and drains off. But when you cover it with concrete it doesn't absorb.

MR. STEWART: We'll be happy to get you whatever information from an engineering standpoint so -- you know, I'm certainly not an engineer, so -- but we certainly understand your concerns. We believe that many of the concerns are things that I think if we could

talk through and at least provide you with some counter-information to that, that maybe it would help alleviate some of those concerns.

We think -- obviously, we think it's a beautiful project, and it would be a benefit to the area.

On the property tax issue, I'll tell you that we have a property here in Houston called Highland Meadow Village, and we did a tax study that kind of mirrored a study that the University of Wisconsin did on tax-exempt bond properties and the impact of property values.

And we pulled up 105 single-family homes that border this property, including some that share a fence line with our property, and all of those homes appreciated faster than the average appreciation rate in Houston over the past five years.

And I think that the impact of property values is something that is one of those -- you've got a really rundown apartment community that nobody is taking care and the siding and the paint's falling off and those types things, yes. Those properties are likely to have an impact on your neighborhood.

This is a 35 percent brick, all hardy plank above that siding, and we will be spending a lot of money every year making sure it stays nice.

So with that, I'll close.

MS. MEYER: Okay. I have some information up here that will kind of tell you the units and everything, but it gives my information on this second sheet. I also have, you know, some sheets

here that have just my information on it.

But this will give you the developer's information, how to get in touch with Mr. Stewart. It will also give you all my information. It will also tell you exactly when the board meetings are.

Okay? If you have any questions about those board meetings, you can e-mail me. You can give me a call. I'll be glad to fill you in on what happens at this point.

I would encourage you to get in touch with Trammell Crow and meet with him to voice your concerns. There's a lot of things that the developers can do and will do to help support your needs, as well as the development.

If there's not any more -- is there anybody else that would like to make public comment, just in case? I don't want to leave anybody out. I want to give everybody the opportunity to speak.

VOICE: I've got a question.

MS. MEYER: What's your question?

VOICE: I don't have a question. I just -- my question is he says -- he tells us, you know, that he's very willing to come to our Homeowner's Association meetings and meet with us.

But my question is we have two Homeowner's Associations. They claim that they talked to the Northview. Northview doesn't have their Homeowner's meeting until Thursday, which is two days after this meeting.

Willow West's Homeowner's Association -- which this

actually impacts more than the Northview because it's right behind us -- why weren't we contacted?

And another question -- why weren't they contacted; because obviously, this is not a representation of our neighborhood.

And also, why -- he's -- they're telling us -- which I read in the paper -- Katy is fighting Trammell Crow, also, because of the same development.

But they're telling us, well, their buildings are great, they're secure. Well, why don't we have any numbers that's proving this? I would like to see numbers that they can tell us, well, we know our crime rate is down. We don't have this problem. We don't have that problem. That is the kind of numbers I would like to see.

And another question that I would like -- it doesn't matter what you tell me, because I'm against it. You know, it doesn't matter what you tell me; but when you're telling me a while ago that these people that are going into these town homes are going to be under a criminal background check, I can do a criminal background check, but that don't mean that I -- you know, that somebody can't hide stuff.

I want to know how in-depth are you all going into these criminal background checks? I mean, some of them aren't that great. We know -- we get teachers that molest children that come into the school because their background checks aren't, you know, valid, or they're not done as well as they should be; they're not going back several, you know, years. So how far back are you going on a background check?

MS. MEYER: According to Trammell Crow, they go back ten years. Am I right -- within the last ten years?

VOICE: Most of the software writing -- because I deal with that -- only goes seven years back.

MR. STEWART: As far as how far back the criminal background check goes, I honestly don't know. I will ask Deborah Parker [phonetic], who is the district manager for the management company, and be happy to get that answer to you.

We have a screening criteria that lists the employment requirements, credit check requirements, those types of things that I'll be happy to share with you.

VOICE: It's only seven years back.

MR. LUPLOW: How old is that -- is the development there on Bammel North Houston.

MS. MEYER: Can you repeat the question for me?

MR. STEWART: The development on Bammel North Houston, which is the Park at Fallbrook, is just finishing construction now. It's about probably 25 percent leased.

We have a property called Highland Meadow Village, Collingham Park are some that -- Park at Fort Bend -- are some properties that have been leased up and run for a while, and we'd be happy to, you know, take you to see any or all of those.

MS. HIRONYMOUS: Could I direct a question to you? The complex down this road, [inaudible] Road, is that one of your

facilities, one of your buildings --

MR. STEWART: No.

MS. HIRONYMOUS: -- one of the ones that go through the governmental housing?

VOICE: No. It's a D-4.

MR. STEWART: It's not our development.

MS. HIRONYMOUS: Not your development. But to you --

MS. MEYER: What is the name -- I don't --

MS. HIRONYMOUS: I don't know. Does anybody recall that name?

MR. LUPLOW: Northbrook Apartments.

MS. MEYER: I would have to check and see. I mean, I can't --

MR. LUPLOW: I believe that's just a straight up development.

MS. HIRONYMOUS: Just a straight up development; because we had heard rumors that that's what that apartment complex or that facility was going to be.

MR. LUPLOW: It's a straight market. That's the one that sprinkles only the three-story units, not the two-stories.

VOICE: I have a question for you about meeting with the homeowner's association. Do you have plans to meet with the Northview people on the 23rd --

MS. MEYER: Can you repeat the question?

VOICE: -- of this month?

MR. STEWART: The question was do we have plans on meeting with the Northview Homeowner's Association this month.

The conversation that I had with Ms. Poetz, Cindy Poetz, was that -- she indicated they were having a Homeowner's Association meeting on the 16th at the fire station. So I e-mailed to her some information on the property and forwarded to her my contact information and Brian's contact information.

Brian made subsequent attempts to get ahold of her husband, who apparently is the president of Northview, and -- about the meeting on the 16th, and we haven't heard a word back from either of them. But we will continue to, you know, make that contact.

As far as, you know -- we certainly didn't not contact your group. It's hard to find who's who in the neighborhood associations, and so we -- I apologize if anybody feels slighted about that. It certainly was not an intentional thing.

You know, I've been doing this a long time, and it doesn't serve anybody any good to, you know, try to do that.

MS. MEYER: Okay. Is there anybody else who would like to make public comment?

Then I'm going to adjourn the meeting at this time, and it is now 7:07.

(Whereupon, at 7:07 p.m., the meeting was concluded.)



# **FAX TRANSMITTAL**

**Date:** January 28, 2003

**To:** Robbye Meyer - TDHCA

**From:** Vivian and John Wesley Higgins

**Re:** North Vista Apartments

**Dear Sirs,**

**I understand that there are plans to build apartments on the north side of North Vista Drive. Our family has lived in the North View subdivision for the past 17 years. We raised our daughter in this home and we live on North Vista Drive. We have seen new homes and development occur in our subdivision and we have watched the neighborhood grow, and in some areas, decline when the mobile home park was developed right outside our back door (Imperial Valley.)**

**We are totally opposed to having any additional apartments built in our area. We already have Apache Springs apartment homes and there are constant problems with these apartments -- police are continually called to these apartments (in spite of the apartment complex advising otherwise).**

**We live on North Vista Drive and see a lot of activity in this area. Youth from these apartments roam the neighborhood streets and visit our parks and many appear to have no respect for the neighborhood or its residents.**

**While our home is not a new home, there are many new homes in the North View / Willow West subdivision that have been built in the past 2-3 years and these families purchased their homes in hope that their neighborhood would not deteriorate with additional apartment buildings.**

**If you would care to address this subject, I can be reached by email at [vivian.higgins@bakeroiltools.com](mailto:vivian.higgins@bakeroiltools.com). Thank you for your consideration.**

**Vivian and John Higgins  
North View Residents**

From:
To: "dhironymous@springisd.org" <dhironymous@springisd.org>
Date: 1/31/03 2:04PM
Subject: FW: Denise, here's the stuff

Call me

> -----Original Message-----

> From:
> Sent: Friday, January 31, 2003 1:19 PM
> To: 'dhironymous@springisd.org'
> Cc:
> Subject: Denise, here's the stuff

- > At the apartment complex in January 2003
> 1- armed robbery, where both armed suspects shot at a female and stole her car in the parking lot...this was a carjacking, suspects have not been caught!
> 1- criminal mischief that occurred in the parking lot.
> 1- a resident assaulted in the complex
> 3- disturbance calls
> 7- other type of police calls

> The same complex in December 2002

- > 5- car break-ins
> 1- theft call
> 2-suspicious activity calls
> 1- stolen car
> 8- disturbance calls
> 6- other type of police calls

> Denise, as you can see this apartment complex by itself is a "handful" and shows to be a volatile thing...it's amazing how our deputies shield us from all that stuff...and this does not include all the problems at the hotels at the corner. And this does not include all the apartment complexes at Imperial Valley and Paramatta (that's another big, big problem...). I concur that if they were to build another complex beside this one, we will definitely have our hands fuller than what we have now!!!

> Anyway, please call me when you get this info.....I will be waiting..

INFORMATION REGARDING

APACHE SPRING APARTMENT, THAT WILL BE ACROSS THE STREET OF PROJECTED N. VISTA APARTMENTS - STATICS RE: CRIME

Thank you, Denise Hironymous

1 1 0

# North Vista

January 31, 2003

Dear Ms. Meyer & TDHCA Members,

As a committee, I hope that you are considering that many homeowners in the WILLOW WEST SUBDIVISION were not aware of the Public Hearing held January, ~~Jan. 23~~ <sup>Jan. 21</sup>, 2003. Our HOA president was not aware of any information until I presented it to him with our HOA meeting held on Thurs 23, 2003. Please refer to the hearing notes taken on Jan, Tues, 21, 2003 that WILLOW WEST SUBDIVISION WAS NOT AWARE OF PUBLIC HEARING. The Developer, Brent Stewart did not do additional research regarding the notification of our neighborhood — This sounds very suspicious! We do not want additional homes - apartments - townhomes, etc. in this already developed neighborhood. Please take careful consideration that these homes can be built in another location that would not conflict with the traffic on N. Vista Dr, or the high crime rate that exists in the neighborhood already, not to mention the flooding in the bayou. Thank you for your time,

DENISE HIRONYMOUS WILLOW WEST RESIDENT. Denise Hironymous



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

---

Rick Perry  
GOVERNOR

Edwina P. Carrington  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
Michael E. Jones, *Chair*  
Elizabeth Anderson  
Shadrick Bogany  
C. Kent Conine  
Vidal Gonzalez  
Norberto Salinas

February 3, 2003

TO: TDHCA Board Members

FROM: Robbye Meyer, Multifamily Analyst

RE: Park at North Vista

Following this memorandum is a copy of a petition opposing the development of the Park at North Vista. The Department received this petition with a total of seventy-five (75) signatures.

2 of 8

PETITION AGAINST  
PARK AT NORTH VISTA

NAME	ADDRESS	CITY/STATE/ZIP	AGAINST
David Art Newton	16714 Rock E. Dr.	Houston, Tx 77073	✓
Benny De La Plata	519 Willow West Dr.	Houston, Tx 77073	✓
Joe Wilk	16714 Rock East Dr.	Houston TX 77073	✓
Luisa Castanedo Mandy Castanedo	523 Willow West	Houston TX 77073	✓
Dinora Perez	515 Willow west	Houston TX 77073	✓
Jose Castro Leticia Castro	435 W. Now West	Houston, Tx 77073	✓
Roxana Panameno	422 Willow west	Houston tx 77073	✓
Reina Yantopia	16715 ROCK EAST	Houston Tx 77073	✓
Preencia Flores	16707 ROCK	Houston Tex 77073	✓
Jackie Luplow	531 Willow West	Houston, TX 77073	✓
Clint Fairview	16711 Rock East Dr.	Houston Tx 77073	✓
Chug Hernandez	16710 ROCK EAST	Houston, TX 77073	✓
Michelle Garcia	16702 Rock East	Houston, TX 77073	✓
Ray Lopez	14702 Rock East	Houston, Tx. 77073	✓
Paul & Gloria Buis	16644 Rock East	Houston	✓
Carly R. Salt	16638 Rock East	Houston Tx 77073	✓
Adrian Sanchez	16634 Rock EAST	Houston TX 77073	✓
Tomasa Ortiz	16622 ROCK East	Houston tx 77073	
Magdalena Hoffmeyer	16618 Rock East Dr.	Houston, Tx 77073	✓
David Lopez	16610 Rock East Dr	Houston TX 77073	Against



# TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

## HOUSING FINANCE DIVISION - MULTIFAMILY

### REQUEST FOR BOARD APPROVAL OF MULTIFAMILY MORTGAGE REVENUE BOND ISSUANCE

#### 2002 PRIVATE ACTIVITY MULTIFAMILY REVENUE BONDS

#### ENCLAVE AT WEST AIRPORT

**\$8,627,500 (\*) Tax Exempt – Series 2003A-1**

**\$1,522,500 (\*) Tax Exempt – Series 2003A-2**

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*(\*) Preliminary - subject to change*

**FINANCE COMMITTEE AND BOARD APPROVAL**  
**MEMORANDUM**  
**February 13, 2003**

**PROJECT:** The Enclave at West Airport Apartments, Houston, Harris County, Texas 77047

**PROGRAM:** Texas Department of Housing & Community Affairs  
2003 Multifamily Housing Revenue Bonds  
(Reservation received 11/20/2002)

**ACTION**  
**REQUESTED:**

Approve the issuance of multifamily housing mortgage revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Act (the "Act"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein.

**PURPOSE:**

The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Enclave Housing, Ltd., a Texas limited partnership (the "Owner" or "Borrower"), to finance the acquisition, construction, equipment and long-term financing of a proposed 200-unit multifamily residential rental development to be constructed on approximately 15.0092 acre tract of land located at 4300 West Airport Boulevard, Houston, Harris County, Texas 77047 (the "Project"). The Bonds will be tax-exempt by virtue of the Project qualifying as a residential rental project.

**BOND AMOUNT:**

\$ 8,627,500 Series 2003A-1 Bonds  
\$ 1,522,500 Series 2003A-2 Bonds  
\$10,150,000 Total (the "Bonds") (\*)

(\*) The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Project and the amount for which Bond Counsel can deliver its Bond Opinion.

**ANTICIPATED**  
**CLOSING DATE:**

The Department received a volume cap allocation for the Bonds on November 20, 2002 pursuant to the Texas Bond Review Board's 2002 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before March 20, 2003, the anticipated closing date is March 13, 2003.

**BORROWER:**

Enclave Housing, Ltd., the general partner of which is Enclave Affordable Housing, L.L.C., a Texas limited liability company. The principals of the general partnership are Charles E. Washburn, James M. Washburn and Larry C. Washburn.

**COMPLIANCE HISTORY:**

The Compliance Status Summary completed on January 31, 2003 reveals that the principal of the general partner above has a total of thirteen (13) properties being monitored by the Department. Twelve (12) of these properties have received a compliance score. All of the scores are below the material non-compliance threshold score of 30.

**ISSUANCE TEAM/ ADVISORS:**

MuniMae TEI Holdings, LLC or an affiliate thereof (“Bond Purchaser”)  
MuniMae Midland, LLC (“Equity Provider”)  
Bank One, National Association (“Trustee”)  
Vinson & Elkins L.L.P. (“Bond Counsel”)  
RBC Dain Rauscher Inc. (“Financial Advisor”)  
McCall, Parkhurst & Horton, L.L.P. (“Disclosure Counsel”)

**BOND PURCHASER:**

The Bonds will be purchased by MuniMae TEI Holdings, LLC or an affiliate thereof. The purchaser and any subsequent purchaser will be required to sign the Department’s standard traveling investor letter.

**PROJECT DESCRIPTION:**

The Project is a 200-unit apartment community to be constructed on a 15 acres site located at 4300 West Airport Boulevard, Houston, Harris County, Texas. The Project will consist of fourteen (14) two-story, wood-framed apartment buildings consisting of brick and hardiplank exteriors with a total of 197,728 net rentable square feet and an average unit size of 989 square feet. Unit features will include ceiling fans, washer/dryer connections, garbage disposal and dishwashers. Additionally, the property will also have a 3,200 square-foot community building consisting of office space, exercise room, computer room, laundry room, community room and kitchen. Other site amenities will include a swimming pool, playground equipment, perimeter fencing, covered parking and garages.

Units	Unit Type	Square Feet	Proposed Net Rent
48	1-Bedrooms/1-Baths	710	\$582.00
104	2-Bedrooms/2-Baths	1,022	\$700.00
<u>48</u>	3-Bedrooms/2-Baths	1,195	\$809.00
200			

**SET-ASIDE UNITS:**

For Bond covenant purposes, at least forty (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each project will be set aside on a priority basis for persons with special needs.

*(The Borrower has elected to set aside 100% of the units for tax credit purposes.)*

**RENT CAPS:**

For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for sixty percent (60%)



of the area median income.

**TENANT SERVICES:**

Borrower has provided a fully executed Supportive Services Agreement with Texas Inter-Faith Management Company to provide a wide range of supportive services that would otherwise not be available for the tenants. The provision of these services will be required pursuant to the Regulatory and Land Use Restriction Agreement (LURA).

**DEPARTMENT  
ORIGINATION  
FEES:**

\$1,000 Pre-Application Fee (Paid)  
\$10,000 Application Fee (Paid)  
\$50,750 Issuance Fee (.50% of the bond amount paid at closing)

**DEPARTMENT  
ANNUAL FEES:**

\$10,150 Bond Administration (0.10% of first year bond amount)  
\$5,000 Compliance (\$25/unit/year adjusted annually for CPI)

*(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Project cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)*

**ASSET OVERSIGHT  
FEE:**

\$5,000 to TSAHC or assigns (\$25/unit/year adjusted annually for CPI)

**TAX CREDITS:**

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately \$452,954 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the project. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$3,668,933 of equity for the transaction.

**BOND STRUCTURE:**

The Bonds are proposed to be issued under a Trust Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

The Bonds will be privately placed with the Bond Purchaser. The Bond Purchaser contemplates transferring the Bonds to a custodial or trust arrangement whereby beneficial interests in the Bonds will be sold in the form of trust certificates to Qualified Institutional Buyers or Accredited Investors.

The Bond Purchaser will be required to sign the Department's standard investor letter. Should the Bonds be transferred to a custodial trust, a slightly modified investor letter will be provided by the trust. The

Series A-1 Bonds will mature on September 1, 2035 and the Series A-2 Bonds will mature on September 1, 2042. During the construction and lease-up period, the Bonds will pay as to interest only.

The Bonds are mortgage revenue bonds and, as such, create no potential liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the financing carried out through the issuance of the Bonds.

**BOND INTEREST RATES:** The interest rate on the Series A-1 Tax-Exempt Bonds will be 7.0517% through and including August 31, 2005 and 6.7017% per annum thereafter. The interest rate on the Series A-2 Tax-Exempt Bonds will be 10.0401% through and including August 31, 2005 and 8.4708% per annum thereafter.

**CREDIT  
ENHANCEMENT:**

The bonds will be unrated with no credit enhancement.

**FORM OF BONDS:**

The Bonds will be issued in physical form and in denominations of \$100,000 or any amount in excess of \$100,000.

**MATURITY/SOURCES  
& METHODS OF  
REPAYMENT:**

The Bonds will bear interest at a fixed rate until maturity and will be payable monthly. During the construction phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Fund, earnings derived from amounts held on deposit in an investment agreement, and other funds deposited to the Revenue Fund specifically for capitalized interest during a portion of the construction phase. After conversion to the permanent phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

**TERMS OF THE  
MORTGAGE LOAN:**

The Mortgage Loan is a nonrecourse obligation of the Borrower (which means, subject to certain exceptions, the Owner is not liable for the payment thereof beyond the amount realized from the pledged security) providing for monthly payments of interest during the construction phase and level monthly payments of principal and interest upon conversion to the permanent phase. Deeds of Trust and related documents convey the Owner's interest in the project to secure the payment of the Mortgage Loan.

**REDEMPTION OF  
BONDS PRIOR TO  
MATURITY:**

The Bonds are subject to redemption under any of the following circumstances:

**Mandatory Redemption:**

- (a) The Bonds are subject to mandatory redemption, in whole or in part (i) from any and all Receipts Requiring Mandatory Redemption, at a redemption price equal to 100% of the principal amount of Bonds being redeemed, plus interest accrued to the redemption date, plus, with respect to the Series A-2 Bonds, all accrued and unpaid Deferred Debt Service; and (ii) from moneys available for such purpose on deposit in the funds and accounts established by the Trust Indenture to the extent required.

**Optional Redemption at Direction of Borrower:**

- (a) From and after March 1, 2020 only, the Bonds shall be subject to redemption at the option of the Issuer, in whole only, and only at the written direction of the Borrower, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date, plus, with respect to the Series A-2 Bonds, all accrued and unpaid Deferred Debt Service.

**Optional Redemption at Direction of Servicing Agent and Holders:**

- (a) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Servicing Agent, from and to the extent of amounts on deposit in the Construction Fund if Construction of the Project has not lawfully commenced within sixty (60) days of the Closing Date.
- (b) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of a majority of the outstanding principal amount of the Bonds, upon the occurrence of an Event of Taxability, but only if so directed by the Holders in writing within ninety (90) days of the occurrence of the Event of Taxability, at a redemption price equal to 106% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date, plus, with respect to the Series A-2 Bonds, all accrued and unpaid Deferred Debt Service.
- (c) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of 100% of the outstanding principal amount of the Bonds, at any time after the March 1, 2020 without premium, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date, plus, with respect to the Series A-2 Bonds, all accrued and unpaid Deferred Debt Service, but only if the Holders provide the Issuer, the Trustee and the Borrower with written notice of their election to require the redemption of the Bonds at least one hundred eighty (180) days prior to the date set for redemption.

**FUNDS AND**  
**ACCOUNTS/FUNDS**  
**ADMINISTRATION:**

Under the Trust Indenture, Bank One, National Association (the "Trustee") will serve as registrar, and authenticating agent for the Bonds, trustee of certain of the funds created under the Trust Indenture (described below), and will have responsibility for a number of loan administration and monitoring functions.

Moneys on deposit in Trust Indenture funds are required to be invested in eligible investments prescribed in the Trust Indenture until needed for the purposes for which they are held.

The Trust Indenture will create up to eight (8) funds with the following general purposes:

1. Bond Proceeds Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Bond Proceeds Fund and immediately applied by the Trustee to other funds as required.
2. Revenue Fund – Revenues from the project are deposited to the Revenue Fund and disbursed to sub-accounts for payment to the various funds according to the amount required and order designated by the Trust Indenture – first to the Fee and Expense Account, second to the Tax and Insurance Account, third to the Interest Account, fourth to the Principal Account, fifth to the Series A-2 Bond Interest Subaccount, and sixth to the Deferred Debt Service Account.
3. Borrower Equity Fund – Funds from sources other than Bond proceeds to pay for Costs of Issuance and certain other costs relating to the acquisition and development of the Project.
4. Costs of Issuance Fund – Fund into which amounts for the payment of certain costs incurred in connection with the issuance of the bonds are deposited and disbursed.
5. Construction Fund – Fund into which amounts needed to complete construction of the improvements are deposited and disbursed.
6. Capitalized Interest Fund – Fund into which a portion of the proceeds of the bonds are deposited and used to fund the payment of interest during the construction period.
7. Permanent Loan Security Fund – Funded from syndication proceeds or other funds provided by the Borrower other than proceeds of the Bonds in the amount of \$450,000. In the event funds exceed the estimated Supportable Bond Amount, such excess shall be released to the Borrower or otherwise applied toward the redemption of an equal principal amount of the Bonds. If actual funds are inadequate to cover the estimated Supportable Bond Amount, then all or a portion of the amount on deposit in the

Permanent Loan Security Fund may be used to redeem bonds.

8. Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.
9. Replacement Fund – Fund into which amounts are held in reserve to cover replacement cost and ongoing maintenance to the project.
10. Temporary Funds and Accounts – The Trustee may establish and maintain one or more temporary funds and accounts for so long as is necessary.

Essentially, all of the Bond proceeds will be deposited into the Construction Fund and disbursed therefrom during the Construction Phase (over 18 to 24 months) to finance the construction of the Project. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower.

**DEPARTMENT  
ADVISORS:**

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 2001. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. Bond Trustee - Bank One, National Association was selected as bond trustee by the Department pursuant to a request for proposal process in June 1996.
3. Financial Advisor - Dain Rauscher, Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in September 1991.
4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in 1998.

**ATTORNEY GENERAL  
REVIEW OF BONDS:**

No preliminary written review of the Bonds by the Attorney General of

Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds will be submitted for review and approval prior to the issuance of the Bonds.

## RESOLUTION NO. 03-06

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (THE ENCLAVE AT WEST AIRPORT APARTMENTS) SERIES 2003 A-1 AND MULTIFAMILY HOUSING REVENUE BONDS (THE ENCLAVE AT WEST AIRPORT APARTMENTS) SERIES 2003 A-2; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; 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 (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 individuals and families of low and very low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Board") from time to time); 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 individuals and families of low and very 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 multi-family residential rental project 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, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (The Enclave at West Airport Apartments) Series 2003 A-1 (the "Series A-1 Bonds"), and Multifamily Housing Revenue Bonds (The Enclave at West Airport Apartments) Series 2003 A-2 (the "Series A-2 Bonds") (the Series A-1 Bonds and the Series A-2 Bonds are referred to herein, collectively, as the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Bank One, National Association, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Enclave Housing, Ltd., a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the "Project") located within the State of Texas and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 17, 2001, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Loan and Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will

agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original aggregate principal amount corresponding to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amounts equal to the interest on the Bonds and to pay other costs described in the Agreement; and

WHEREAS, it is anticipated that the Borrower's obligations under the Note will be secured by the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement (Series A-1) and the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement (Series A-2) (collectively, the "Deeds of Trust") from the Borrower for the benefit of the Department; and

WHEREAS, the Department's interest in the Loan, including the Note and the Deeds of Trust, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents and an Assignment of Note (collectively, the "Assignments") from the Department to the Trustee; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Project which will be filed of record in the real property records of Harris County, Texas; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Assignments, and the Regulatory Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Deeds of Trust; has found 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, subject to the conditions set forth in Section 1.12, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Deeds of Trust and the taking of such other actions as may be necessary or convenient in connection therewith; 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 Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchasers thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That the Chairman of the Governing Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of and the redemption provisions related to, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chairman of the Governing Board or the Executive Director of the Department of the Indenture; provided, however, that: (a)(i) the interest rate on the Series A-1 Bonds shall be (A) from the date of issuance through, and including, August 31, 2005,



7.0517% per annum, and from September 1, 2005, 6.7017% thereafter until the maturity date thereof; (ii) the aggregate principal amount of the Series A-1 Bonds shall be \$8,627,500; and (iii) the final maturity of the Series A-1 Bonds shall occur on September 1, 2035; and (b)(i) the interest rate on the Series A-2 Bonds shall be (A) from the date of issuance through, and including, August 31, 2005, 10.0401% per annum, and from September 1, 2005, 8.4708% thereafter until the maturity date thereof; (ii) the aggregate principal amount of the Series A-2 Bonds shall be \$1,522,500; and (iii) the final maturity of the Subordinate Bonds shall occur on September 1, 2042.

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

Section 1.4--Approval, Execution and Delivery of the Financing Agreement and Regulatory Agreement. That the form and substance of the Financing Agreement and the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Financing Agreement and the Regulatory Agreement and deliver the Financing Agreement and the Regulatory Agreement to the Borrower and the Trustee.

Section 1.5--Acceptance of the Deeds of Trust and Notes. That the Deeds of Trust and the Note are hereby accepted by the Department.

Section 1.6--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments 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 Assignments and to deliver the Assignments to the Trustee.

Section 1.7--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, 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 they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.8--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 - Indenture
- Exhibit C - Financing Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Assignments

Section 1.9--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, 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 1.10--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: Chairman of the Board, Executive Director of the Department, Deputy Executive Director of the Department, Chief Financial Officer of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department, Director of Multifamily Finance of the Department, the Secretary of the Board, and the Assistant Secretary of the Board.

Section 1.11--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

## ARTICLE II

### APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Certification of the Minutes and Records. That the Secretary and the Assistant Secretary of the Board hereby are severally authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.5--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached as Exhibit H to the Regulatory Agreement and shall be annually redetermined by the Issuer, as stated in Section 5.2 (ss) of the Financing Agreement.

Section 2.6--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Project are hereby ratified and confirmed.

## ARTICLE III

### CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act, and after the Department's consideration of the information with respect to the Project and the information with respect to the proposed financing of the Project by the Department, including but not limited to the

information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Project is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(iii) the Borrower is financially responsible,

(iv) the financing of the Project is a public purpose and will provide a public benefit, and

(v) the Project will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the loan made with the proceeds of the Bonds in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Project with, a housing 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) breached a contract with a public agency; 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 Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Project in accordance with the Financing Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Project is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State of Texas to obtain decent, safe, and sanitary housing by financing

the costs of the Project, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Project shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Financing Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the loan established pursuant to the Financing Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Project and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Sections 35 and 39, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

## ARTICLE IV

### GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas. Each Bond shall contain on its face a statement to the effect that the State of Texas is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State of Texas is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--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 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 2002 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 \_\_\_\_ day of February, 2003.

By: \_\_\_\_\_  
Michael E. Jones, Chairman

[SEAL]

Attest: \_\_\_\_\_  
Delores Groneck, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Owner: Enclave Housing, Ltd., a Texas limited partnership

Project: The Project is a 200-unit multifamily facility to be known as The Enclave at West Airport Apartments and to be located at 4300 West Airport Boulevard, Houston, Harris County, Texas. The Project will include a total of five (5) two-story and ten (10) one/two-story residential apartment buildings with approximately 197,728 net rentable square feet and an approximate average unit size of 988 square feet. The unit mix will consist of:

- 48 one-bedroom/one-bath units
- 104 two-bedroom/two-bath units
- 48 three-bedroom/two-bath units

200 Total Units

Unit sizes will range from approximately 710 square feet to approximately 1195 square feet.

The Project will include a recreation center with offices, a business center, a fitness room, a community room, a computer room, a laundry room, kitchen facilities, and public restrooms. On-site amenities will include a swimming pool, a children's play area, playground equipment, and a picnic area. All ground units will be wheelchair accessible and adaptable and 5% of the units will be set aside for persons with special needs. 2% of the units will be for persons with visual/hearing impairments and all individual units will have washer/dryer connections. Additionally, the Project will also include 20 garages, 100 carports and 218 uncovered parking spaces.

***[BORROWER TO CONFIRM]***

## The Enclave at West Airport

### Estimated Sources & Uses of Funds

#### Sources of Funds

Series 2003A-1 Tax-Exempt Bond Proceeds	\$ 8,627,500
Series 2003A-2 Tax-Exempt Bond Proceeds	\$ 1,522,500
Tax Credit Proceeds	3,668,933
Taxable Loan	-
GIC Earnings from Bond Proceeds	-
Deferred Developer's Fee	1,530,283
<b>Total Sources</b>	<b><u>\$ 15,349,216</u></b>

#### Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 11,847,174
Construction Period Interest	702,448
Bridge Loan Interest	60,000
Rent Up Reserve	136,224
Operating Reserve	186,008
Developer's Overhead & Fee	1,765,000
Costs of Issuance	
Direct Bond Related	257,500
Bond Purchaser Costs	291,000
Other Transaction Costs	44,862
Real Estate Closing Costs	59,000
<b>Total Uses</b>	<b><u>\$ 15,349,216</u></b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 50,750
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit)	5,000
TDHCA Bond Counsel and Direct Expenses (Note 1)	65,000
TDHCA Financial Advisor and Direct Expenses	45,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	2,500
Borrower's Bond Counsel	55,000
Placement Agent Fee	-
Trustee's Fees (Note 1)	9,500
Trustee's Counsel (Note 1)	6,000
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	2,500
Texas Bond Review Board Application Fee	500
Texas Bond Review Board Issuance Fee (.025% of Reservation)	2,750
TEFRA Hearing Publication Expenses	2,000
<b>Total Direct Bond Related</b>	<b><u>\$ 257,500</u></b>

## The Enclave at West Airport

<b>Bond Purchase Costs</b>	
MuniMae Origination Fee	203,000
MuniMae Application Fee	25,000
MuniMae Legal Fees	45,000
MuniMae Inspecting Engineer	18,000
<b>Total</b>	<b>\$ 291,000</b>

<b>Other Transaction Costs</b>	
Bridge Loan Commitment Fee (1%)	22,744
Tax Credit Determination Fee (4% annual tax cr.)	18,118
Tax Credit Application Fee (\$20/u)	4,000
<b>Total</b>	<b>\$ 44,862</b>

<b>Real Estate Closing Costs</b>	
Title & Recording (Const.& Perm.)	59,000
Property Taxes	15,000
<b>Total Real Estate Costs</b>	<b>\$ 59,000</b>

<b>Estimated Total Costs of Issuance</b>	<b>\$ 652,362</b>
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Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.





**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**DESCRIPTION of IMPROVEMENTS**

**Total Units:** 200    **# Rental Buildings:** 15    **# Common Area Bldgs:** 1    **# of Floors:** 2    **Age:** n/a yrs    **Vacant:** n/a at / /

Number	Bedrooms	Bathroom	Size in SF
48	1	1	710
104	2	2	1,022
48	3	2	1,195

**Net Rentable SF:** 197,728    **Av Un SF:** 989    **Common Area SF:** 3,251    **Gross Bldng SF** 200,979

**Property Type:**     Multifamily     SFR Rental     Elderly     Mixed Income     Special Use

**CONSTRUCTION SPECIFICATIONS**

**STRUCTURAL MATERIALS**

Wood frame on a post-tensioned concrete slab on grade, 50% brick veneer/50% Hardiplank siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

**APPLIANCES AND INTERIOR FEATURES**

Carpeting & tile flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters

**ON-SITE AMENITIES**

Community building with activity room, management offices, fitness & laundry facilities, kitchen, restrooms, computer/business center, swimming pool, equipped children's play area, perimeter fencing with limited access gate

**Uncovered Parking:** 245 spaces    **Carports:** 100 spaces    **Garages:** 20 spaces

**OTHER SOURCES of FUNDS**

**LONG TERM/PERMANENT FINANCING**

**Source:** MuniMae Midland    **Contact:** Chris Diaz

**Principal Amount:** \$10,150,000    **Interest Rate:** 7.15%; lender underwriting rate

**Additional Information:** Purchase of tax-exempt mortgage revenue bonds to be issued by TDHCA

**Amortization:** 40 yrs    **Term:** 40 yrs    **Commitment:**     App     Firm     Conditional

**Annual Payment:** \$792,696    **Lien Priority:** 1<sup>st</sup>    **Commitment Date**    1/ 29/ 2003

**LIHTC SYNDICATION**

**Source:** Midland Equity Corporation    **Contact:** Chris Diaz

**Address:** 33 North Garden Avenue    **City:** Clearwater

**State:** FL    **Zip:** 33755    **Phone:** (800) 237-9946    **Fax:** (727) 443-6067

**Net Proceeds:** \$3,644,636    **Net Syndication Rate** (per \$1.00 of 10-yr LIHTC) 81¢

**Commitment**     Proposal     Firm     Conditional    **Date:** 12/ 13/ 2002

**Additional Information:** \_\_\_\_\_

**APPLICANT EQUITY**

**Amount:** \$1,264,386    **Source:** Deferred developer fee

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
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VALUATION INFORMATION				
APPRAISED VALUE				
Land Only:	\$300,000	Date of Valuation:	12/ 18/	2002
Appraiser:	O'Connor & Associates	City:	Houston	Phone: (713) 686-9955
ASSESSED VALUE				
Land: 15.0145 acres	\$98,100	Assessment for the Year of:	2002	
Building:	n/a	Valuation by:	Harris County Appraisal District	
Total Assessed Value:	\$98,100	Tax Rate:	2.9626	

EVIDENCE of SITE or PROPERTY CONTROL				
Type of Site Control:	Earnest Money Contract			
Contract Expiration Date:	04/ 15/	2003	Anticipated Closing Date:	04/ 15/ 2003
Acquisition Cost:	\$ 300,000	Other Terms/Conditions:		
Seller:	Knolcrest Housing, Ltd.	Related to Development Team Member:	Yes	

REVIEW of PREVIOUS UNDERWRITING REPORTS
No previous reports.

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** The Enclave at West Airport is a proposed new construction development of 200 units of affordable housing located in southwest Houston. The development is comprised of 15 residential buildings as follows:

- Two Building Type I with 12 one-bedroom units;
- Six Building Type II with four one-bedroom units and eight two-bedroom units;
- Two Building Type III with eight two-bedroom units and four three-bedroom units; and
- Five Building Type IV with eight two-bedroom units and eight three-bedroom units.

Based on the site plan there will be a detention pond area along the east boundary with the apartment buildings distributed evenly throughout the remaining portion of the site. The community building, mailboxes, and swimming pool located near the entrance to the site. The 3,251-square foot community building plan includes a large club room with kitchen, laundry facility, computer room, exercise room and public restrooms as well as leasing/management offices.

**Supportive Services:** The Applicant has contracted with Texas Inter-Faith Corporation to provide the following supportive services to tenants: personal growth opportunities program, family skills development program, education program, fun and freedom activities program, and neighborhood advancement program. These services will be provided at no cost to tenants. The contract requires the Applicant to provide facilities in the community building for provision of the services, to pay a one-time startup fee of \$1,000, and \$6.98 per unit per month for these support services. The annual supportive service fee is calculated at \$16,752.

**Schedule:** The Applicant anticipates construction to begin in March of 2003, to be completed in June of 2004, to be placed in service in June of 2004, and to be substantially leased-up in February of 2005.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60 or less of area median gross income (AMGI) set-aside and as a Priority 2 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI.

**MAXIMUM ELIGIBLE INCOMES**

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
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	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	<b>\$25,020</b>	<b>\$28,620</b>	<b>\$32,160</b>	<b>\$35,760</b>	<b>\$38,640</b>	<b>\$41,460</b>

**Special Needs Set-Asides:** Ten units (5%) will be set-aside for households with handicapped/developmentally-disabled individuals.

**Compliance Period Extension:** The intended length of the compliance period was not specified in the application, however, all LIHTC-funded developments must maintain a 30-year affordability period.

**MARKET HIGHLIGHTS**

A market feasibility study dated December 20, 2002 was prepared by The Gerald A Teel Company (“Market Analyst”) and highlighted the following findings:

**Definition of Submarket:** “The market area for the subject is comprised of a three zip code area in southwest Houston. This area is located just south of the south loop west and is defined as Harris County Zip Codes 77035, 77045, 77085. This area is loosely defined as being bounded to the north by State Highway 90 (Main Street), to the south by the Fuqua Road, to the west by Beltway 8 and the east by Almeda Road.” (cover) “The subject is located in the Almeda/South Main submarket area – SW9. This market is bound by West Bellfort and the 610 Loop to the north, FM 2234 to the south, Hillcroft to the west, and Almeda Road (FM 521) to the east.” (p. 19) Demographic data was drawn from *Apartment Market TRAC* for the SW9 submarket.

**Total Local/Submarket Demand for Rental Units:** “Using information extracted during the rent survey, it is plausible to assume that approximately 5% to 10% of the subject tenancy would come from the Section 8 program. This equates to about 15 households. Additionally, it is noted that other properties utilize an income qualifier of 2 to 2.5 times the rent as the minimum household income for tenancy. Noting that the subject is limited to the upside by no more than 60% of the area median income with appropriate adjustments for persons per bedroom, there are approximately 215 households earning between \$18,030 and \$20,606 that could qualify for tenancy...” (p. 74)

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	21	2%	23	2%
Resident Turnover	943	79%	955	98%
Other Sources:	230	19%	0	0%
<b>TOTAL ANNUAL DEMAND</b>	<b>1,194</b>	<b>100%</b>	<b>979</b>	<b>100%</b>

Ref: p. 75

**Capture Rate:** The Market Analyst calculated a capture rate for the proposed 200 units of 16.7%. (p.75) The Underwriter calculated a concentration capture rate of 20% based upon a demand of 979.

**Market Rent Comparables:** “...eight projects with conventional rents in the vicinity, and five LIHTC or subsidized properties were surveyed. It was necessary to go outside the neighborhood boundaries to find new product for the estimate of market rent.” (p. 24) “There has been minimal new construction based largely on the fact that the majority of rental rates are below cost feasible levels.” (p. 20) “Rental rates as of the 3<sup>rd</sup> Quarter 2002 averaged \$0.648 per square foot overall.” (p. 21) Substantial adjustments to the comparables’ rental rate were made to estimate the subject’s market rental rates. However, the market rent conclusions are below rents currently charged at Plumcreek and Reed Parque, two LIHTC developments located just outside of the defined primary market area, developed and placed in service under similar conditions.

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<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>
<b>1-Bedroom (60%)</b>	\$582	\$596	-\$14	\$650	-\$68
<b>2-Bedroom (60%)</b>	\$700	\$716	-\$16	\$800	-\$100
<b>3-Bedroom (60%)</b>	\$809	\$827	-\$18	\$880	-\$71

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =\$500, program max =\$600, differential = -\$100)

**Submarket Occupancy Rates:** "...the Almeda/South Main submarket area is comprised of 28 operating apartment projects containing 4,891 units. There are an additional 621 units listed as non-operating....The overall occupancy is reported to be 85.8%." (p. 19) "Assuming that a stabilized physical occupancy for the submarket is approximately 90%, an additional 489 units must be absorbed in order to reach stabilized occupancy. Considering the absorption history for the subject's submarket, a stabilized occupancy position could be obtainable within the next one to four years." (p. 22). "A possible move-out trend is noted, which is believed to be the result of a lack of quality projects in the vicinity...Due to the lack of viable product in the vicinity, the better or newer properties are commanding above average occupancies, but rent levels do have a specific ceiling in this submarket." (p.23) "The conventional rents product further surveyed depicts occupancies of 90% to 97%, and the LIHTC and mixed rents properties depict occupancies of 94% to 99.6%. The subject property will be 100% LIHTC rents. It is likely to achieve an occupancy in the 94% to 97% range." (p. 25)

**Absorption Projections:** "...an absorption rate from first occupancy to stabilized occupancy of about 20 to 25 units per month is well-supported." The market analyst's estimate is based on historical data for Reed Parque Townhomes and Cullen Park. (p. 26)

**Known Planned Development:** "According to representatives for the City of Houston, there have been no recent permits granted for development of apartments in the subject general vicinity." (p. 2) "TDHCA documents of not indicate any proposed property in the immediate vicinity." (p. 25)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is located on the north line of West Airport, east of Hiram Clarke in near southwest Houston. The neighborhood is approximately 6 miles south of the Houston Central Business district.

**Population:** The estimated 2002 population of the submarket was 72,001 and is expected to increase by 7.54% to approximately 77,429 by 2007. Within the primary market area there were estimated to be 23,997 households in 2002.

**Adjacent Land Uses:**

- **North:** Metro bus barn
- **South:** West Airport, vacant land beyond
- **East:** Drainage easement, single family housing beyond
- **West:** HUD/LIHTC multifamily housing

**Site Access:** The site is accessible directly from West Airport, a concrete paved boulevard with an esplanade and concrete curbs and gutters. West Airport is a secondary interior roadway with a current terminus at the west end of the subject site, near a Harris County drainage easement. The street will require clearing and clean up. Major roadways include State Highway 288, Loop 610, US Highway 59, and IH-45. Well traveled east/west roadways include West Orem, US Highway 90, Willowbend, and West Belfort.

**Public Transportation:** There is public transportation in the vicinity, typically along the major roadways. The property abuts a Houston Metropolitan Transit Authority operations station and is within blocks of the bus route.

**Shopping & Services:** Hermann park, which includes the Houston zoo, golf courses, museums, and Miller Outdoor Theater is four miles north. The Houston Astrodome and Astroworld are located along the north side of the neighborhood on Loop 610. There are two elementary schools, a junior high and a high school

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within one mile of the subject. Primary shopping facilities are located along the major roadways. Healthcare is available within three miles.

**Site Inspection Findings:** TDHCA staff performed a site inspection on January 16, 2003 and found the location to be acceptable for the proposed development.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

An update (December 18, 2002) to a Phase I Environmental Site Assessment report completed in 2000 was prepared by Phase One Technologies, LLC and contained the following findings and recommendations:

No recognized environmental conditions were found in association with this site. No further environmental review is required.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant's potential gross rent estimate is based on net rents that are below the maximum 60% of AMI limit. The Market Analyst indicates that the maximum 60% of AMI rents may be achievable in the area based on rental rates charged by other LIHTC developments in similar market areas that were brought on line under similar conditions. Much of the housing stock in the subject market area is described by the Market Analyst as in substandard condition. Therefore, the Market Analyst has concluded that the subject development, as a new construction product, will be able to charge higher than market rents. The Underwriter agrees and has assumed the maximum 60% of AMI rent limits in estimating potential gross rent. The Applicant's utility allowance calculation was not consistent with the utility allowance documentation provided. The Applicant also provided somewhat conflicting information as to who will be responsible for water and sewer expenses. While contradictory information is indicated in the application the weight of the information suggests that the tenant will be responsible as evidenced by the low operating expense for this line item. Therefore the Underwriter included \$17.68 per unit in tenant paid utilities for water and sewer expenses as indicated in the Houston Housing Choice Voucher Utility Chart provided in the application. Despite the Underwriter's use of a significantly higher tenant paid utility allowance the Applicant's assumption of less than the maximum 60% of AMI gross rents results in a potential gross rent which is \$39K lower than the Underwriter's estimate

The Applicant's proforma includes secondary income of \$16.50 per unit per month, \$14.50 of which is from garage and carport rentals. The Market Analyst has corroborated a gross potential of effectively \$14 but included no vacancy assumption. The Market Analyst also provided some indication of a much higher level of other secondary income of between \$15 to \$21 per unit per month, however this information was not well documented. Underwriter has taken a conservative approach and utilized the Department's maximum undocumented amount of \$15 per unit per month in secondary income. Overall, the Applicant's effective gross income is within 5% of the Underwriter's estimate.

**Expenses:** The Applicant's total operating expense estimate is \$67K or 9% lower than the Underwriter's estimate. In addition, several of the Applicant's line item figures differed significantly as compared to the Underwriter's estimates. In particular: general and administrative (\$37K lower); payroll (\$46K lower); repairs and maintenance (\$9K higher); utilities (\$15K lower); and compliance fees (\$20K higher).

**Conclusion:** The Applicant's net operating income estimate is comparable to the Underwriter's estimate. However, because the Applicant's total operating expense figure is not within 5% of the Underwriter's estimate, the Underwriter's proforma will be used to determine the development's debt service capacity. Both the Underwriter's and the Applicant's proformas result in a debt coverage ratio (DCR) that is within the Department's current DCR guideline.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Land Value:** The seller, Knolcrest Housing, is owned by principals of the General Partner and acquired the site in 2000 at a cost of \$75,000. The assessed value is \$98,100. The Applicant provided documentation of holding costs which included closing costs and property taxes that would provide justification for an additional cost of \$9,444.

As required, the Applicant submitted an appraisal indicating a market value of \$300,000. In addition, a contract for sale of the property to a third party in 2002 also indicates a sales price of \$300,000. However, the Underwriter used the original purchase price plus holding costs (\$84,444) as the appropriate transfer price to ensure that a windfall profit or excess developer fee is not provided to the developer as a result of the

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potential TDHCA funding for the project. In addition, the Applicant's total need for funds should be reduced by the difference in these amounts (\$215,556) which will be reflected as a reduction in the need for deferred developer fees.

**Off-Site Costs:** The Applicant claimed off-site costs of \$48,100, certified by a third party engineer, for storm drains and offsite utilities. It should be noted that the market study indicates West Airport, which provides access to the subject site, will require clearing and clean up. TDHCA staff also noted that the street is currently closed to public use during a site inspection in January 2003. The extent of the required clean up work is unclear and the Applicant may not have accounted for all of this potential cost in this off site budget. Therefore, receipt, review and acceptance of a this party cost estimate for the clean up of West Airport is a condition of this report as these costs would be ineligible if they have been included as part of the grading or clean-up line items in site work costs..

**Sitework Cost:** The Applicant's claimed sitework costs of \$6,174 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$286K or 4% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

**Fees:** The Applicant has indicated only ineligible contingency costs of \$25,000. However the Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced with the overage effectively moved to contingency costs.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's estimate. Therefore, the Applicant's eligible basis estimate is used to determine the eligible basis method for calculating the recommended tax credit allocation. It should be noted that the Applicant's total development cost estimate is also adjusted to account for the identity of interest land sale. The difference of \$215,556 between the contract sales price and the original acquisition and holding costs was subtracted from the Applicant's total development cost estimate resulting in a need for \$14,748,466 in permanent funds.

**FINANCING STRUCTURE ANALYSIS**

The Applicant intends to finance the development with three types of financing: a bond-financed interim to permanent loan, syndicated LIHTC equity, and deferred developer's fees.

**Bond-Financed Interim to Permanent Loan:** MuniMae Midland, LLC has accepted application for tax-exempt construction and permanent financing in the amount of \$10,150,000 in connection with a Multifamily Housing Revenue Bond issue. The construction loan term is estimated to be 30 months. At conversion to a permanent loan, the interest rate will be locked and the loan will amortize over a term of 40 years. This underwriting analysis assumed the lender's stated underwriting interest rate of 7.15%.

**LIHTC Syndication:** MuniMae Midland, LLC has also offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be \$3,644,636 based on a syndication factor of 81% based upon a significantly lower anticipated credit amount. The funds would be disbursed in a four-phased pay-in schedule:

1. 20% at the later of: admission to the partnership, or closing of the construction loan, issuance of the bonds and development land acquisition;
2. 40% within 30 days of the later of: 75% completion of construction, or January 4, 2004;
3. 20% within 30 days of the later of: completion of construction, or receipt of cost and credit certification; and
4. 20% within 30 days of the later of: conversion and amortization of bond financing, or receipt of forms 8609, or 90% physical occupancy for three consecutive calendar months, or 1.15 debt service coverage for 90 days.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,264,386 amount to 72% of the total fees.

**Financing Conclusions:** The Applicant's eligible basis estimate is used to determine the recommended tax credit allocation of \$502,188 annually for ten years. Although the Applicant originally requested \$10,630,000 in tax-exempt bonds, the most recent financing commitment form MuniMae Midland, LLC reflects only \$10,150,000 in tax-exempt bonds. Since this amount provides an acceptable debt coverage

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

ratio, it is recommended.

As stated above, the Applicant's total development cost estimate as adjusted to account for the identity of interest land sale is used to determine the need for permanent funds. The gap in permanent funds indicates a need for \$746,709 in deferred developer fees, which is reduced by the additional profit resulting from the identity of interest land purchase to \$531,153. This appears to be repayable from stabilized cashflow within five years of operation. There is sufficient developer fee remaining to fund the difference in acquisition costs, without affecting the recommended tax credit allocation or long term feasibility of the development, if the Applicant chooses to do so.

**REVIEW of ARCHITECTURAL DESIGN**

All of the unit floorplans offer adequate storage, a washer/dryer closet with full-size appliance hookups, and a private balcony/porch. The simple residential building exterior designs are typical for current construction. The community building will house many tenant-accessible areas. Its exterior is inline with the design of the residential buildings.

**IDENTITIES of INTEREST**

The Applicant, developer, general contractor, cost estimator, and property manager are related entities. These identities of interest are common for LIHTC/MRB-funded developments. The Applicant is also related to the seller of the proposed site. This identity of interest is discussed in more detail in the Construction Cost Estimate Evaluation and Financing Structure Analysis conclusion sections of this report.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principals of the General Partner submitted unaudited financial statements as of January 2, 2003.

**Background & Experience:**

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- The Washburns, members of the General Partner, have participated in numerous affordable housing developments since the early 1980s.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's estimated operating expenses are more than 5% outside of the Underwriter's verifiable range.
- The seller of the property has an identity of interest with the Applicant.

**RECOMMENDATION**

- RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$502,188 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
  
- RECOMMEND ISSUANCE OF TAX-EXEMPT BONDS AT \$10,150,000, TO BE FULLY AMORTIZED OVER 40 YEARS. THE INTEREST RATE OF THE BONDS WILL BE 7.15%, SUBJECT TO CONDITIONS.





**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis**

**The Enclave at West Airport, Houston, LIHTC 02464/MRB 2002-0007**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd UCil	Trash only
TC 60%	48	1	1	710	\$670	\$596	\$28,623	\$0.84	\$73.68	
TC 60%	104	2	2	1,022	804	716	74,497	0.70	87.68	
TC 60%	48	3	2	1,195	930	827	39,711	0.69	102.68	
<b>TOTAL:</b>	<b>200</b>		<b>AVERAGE:</b>	<b>989</b>	<b>\$802</b>	<b>\$714</b>	<b>\$142,832</b>	<b>\$0.72</b>	<b>\$87.92</b>	<b>\$0.00</b>

**INCOME**

Total Net Rentable Sq Ft: **197,728**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: Carport and Garage Rental

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.08%	\$330	\$0.33
Management	4.00%	324	0.33
Payroll & Payroll Tax	10.77%	872	0.88
Repairs & Maintenance	5.14%	416	0.42
Utilities	3.32%	269	0.27
Water, Sewer, & Trash	1.78%	144	0.15
Property Insurance	2.44%	198	0.20
Property Tax 2.9626	9.15%	741	0.75
Reserve for Replacements	2.47%	200	0.20
Other: Supp. Serv., Security, & Com	2.31%	187	0.19

**TOTAL EXPENSES**

45.46% \$3,680 \$3.72

**NET OPERATING INC**

54.54% \$4,414 \$4.46

**DEBT SERVICE**

1st Lien Mortgage	47.58%	\$3,851	\$3.90
Trustee Fee	0.22%	\$18	\$0.02
TDHCA Admin. Fees	0.63%	\$51	\$0.05
Asset Oversight, Lender Servicing	0.94%	\$76	\$0.08
<b>NET CASH FLOW</b>	<b>5.17%</b>	<b>\$418</b>	<b>\$0.42</b>

**AGGREGATE DEBT COVERAGE RATIO**

BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO

BONDS-ONLY DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldng)		0.56%	\$422	\$0.43
Off-Sites		0.32%	241	0.24
Sitework		8.21%	6,174	6.24
Direct Construction		50.80%	38,190	38.63
Contingency	3.00%	1.77%	1,333	1.35
General Req'ts	5.81%	3.43%	2,576	2.61
Contractor's G & A	1.94%	1.14%	859	0.87
Contractor's Prof:	5.81%	3.43%	2,576	2.61
Indirect Construction		5.31%	3,994	4.04
Ineligible Costs		2.76%	2,079	2.10
Developer's G & A	4.31%	3.52%	2,648	2.68
Developer's Profit	10.06%	8.22%	6,178	6.25
Interim Financing		7.58%	5,697	5.76
Reserves		2.94%	2,211	2.24
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$75,176</b>	<b>\$76.04</b>

**Recap-Hard Construction Costs**

68.78% \$51,708 \$52.30

**SOURCES OF FUNDS**

1st Lien Mortgage	67.51%	\$50,750	\$51.33
LIHTC Syndication Proceeds	24.24%	\$18,223	\$18.43
Additional Financing	0.00%	\$0	\$0.00
Deferred Developer's Fee	8.41%	\$6,322	\$6.39
Additional (excess) Funds Required	-0.16%	(\$119)	(\$0.12)
<b>TOTAL SOURCES</b>			

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
POTENTIAL GROSS RENT	\$1,713,984	\$1,674,816			
Secondary Income	36,000	4,800	\$2.00		Per Unit Per Month
Other Support Income: Carport and Garage Rental	0	34,800	\$14.50		Per Unit Per Month
POTENTIAL GROSS INCOME	\$1,749,984	\$1,714,416			
Vacancy & Collection Loss	(131,249)	(128,580)	-7.66%		of Potential Gross Income
Employee or Other Non-Rental Units or Concessions	0	0			
EFFECTIVE GROSS INCOME	\$1,618,735	\$1,585,836			
General & Administrative	\$66,034	\$28,650	\$0.14	\$143	1.81%
Management	64,749	63,400	0.32	317	4.00%
Payroll & Payroll Tax	174,400	128,400	0.65	642	8.10%
Repairs & Maintenance	83,185	92,000	0.47	460	5.80%
Utilities	53,753	38,000	0.19	190	2.40%
Water, Sewer, & Trash	28,802	32,400	0.16	162	2.04%
Property Insurance	39,546	40,000	0.20	200	2.52%
Property Tax 2.9626	148,130	148,000	0.75	740	9.33%
Reserve for Replacements	40,000	40,000	0.20	200	2.52%
Other: Supp. Serv., Security, & Com	37,352	58,230	0.29	291	3.67%
<b>TOTAL EXPENSES</b>	<b>\$735,951</b>	<b>\$669,080</b>	<b>\$3.38</b>	<b>\$3,345</b>	<b>42.19%</b>
<b>NET OPERATING INC</b>	<b>\$882,785</b>	<b>\$916,756</b>	<b>\$4.64</b>	<b>\$4,584</b>	<b>57.81%</b>
1st Lien Mortgage	\$770,210	\$792,696	\$4.01	\$3,963	49.99%
Trustee Fee	\$3,500	0	\$0.00	\$0	0.00%
TDHCA Admin. Fees	10,150	0	\$0.00	\$0	0.00%
Asset Oversight, Lender Servicing	15,288	13,288	\$0.07	\$66	0.84%
<b>NET CASH FLOW</b>	<b>\$83,637</b>	<b>\$110,772</b>	<b>\$0.56</b>	<b>\$554</b>	<b>6.99%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>	<b>1.10</b>	<b>1.14</b>			
<b>BONDS &amp; TRUSTEE FEE-ONLY DEBT COVERAGE RATIO</b>	<b>1.14</b>				
<b>BONDS-ONLY DEBT COVERAGE RATIO</b>	<b>1.15</b>				

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)	\$84,444	\$300,000	\$1.52	\$1,500	2.00%
Off-Sites	48,100	48,100	0.24	241	0.32%
Sitework	1,234,800	1,234,800	6.24	6,174	8.25%
Direct Construction	7,638,001	7,351,900	37.18	36,760	49.13%
Contingency	266,588	266,588	1.35	1,333	1.78%
General Req'ts	515,202	515,202	2.61	2,576	3.44%
Contractor's G & A	171,734	171,734	0.87	859	1.15%
Contractor's Prof:	515,202	515,202	2.61	2,576	3.44%
Indirect Construction	798,700	798,700	4.04	3,994	5.34%
Ineligible Costs	415,706	415,105	2.10	2,076	2.77%
Developer's G & A	529,500	529,500	2.68	2,648	3.54%
Developer's Profit	1,235,500	1,235,500	6.25	6,178	8.26%
Interim Financing	1,139,439	1,139,439	5.76	5,697	7.61%
Reserves	442,252	442,252	2.24	2,211	2.96%
<b>TOTAL COST</b>	<b>\$15,035,167</b>	<b>\$14,964,022</b>	<b>\$75.68</b>	<b>\$74,820</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>	<b>\$10,341,527</b>	<b>\$10,055,426</b>	<b>\$50.85</b>	<b>\$50,277</b>	<b>67.20%</b>
<b>RECOMMENDED</b>					
1st Lien Mortgage	\$10,150,000	\$10,150,000	\$51.33	\$50,750	67.51%
LIHTC Syndication Proceeds	3,644,636	3,644,636	\$18.43	\$18,223	24.24%
Additional Financing	0	0	\$0.00	\$0	0.00%
Deferred Developer's Fee	1,264,386	1,264,386	\$6.39	\$6,322	8.41%
Additional (excess) Funds Required	(23,855)	(95,000)	(\$0.12)	(\$119)	-0.16%
<b>TOTAL SOURCES</b>	<b>\$15,035,167</b>	<b>\$14,964,022</b>	<b>\$75.68</b>	<b>\$74,820</b>	<b>100.00%</b>

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)**

*The Enclave at West Airport, Houston, LIHTC 02464/MRB 2002-0007*

**DIRECT CONSTRUCTION COST ESTIMATE**  
Residential Cost Handbook  
Average Quality Multiple Residence Basis

**PAYMENT COMPUTATION**

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$41.74	\$8,252,391
<b>Adjustments</b>				
Exterior Wall Fini	4.50%		\$1.88	\$371,358
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(2.02)	(399,411)
Floor Cover			1.92	379,638
Porches/Balconies	\$29.24	14,382	2.13	420,530
Plumbing	\$615	456	1.42	280,440
Built-In Appliance	\$1,625	200	1.64	325,000
Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.47	290,660
Garages	\$14.58	4,767	0.35	69,503
Comm &/or Aux Bldg	\$58.46	3,251	0.96	190,050
Other:Carports	\$7.83	16,668	0.66	130,510
<b>SUBTOTAL</b>			<b>52.15</b>	<b>10,310,669</b>
Current Cost Multiplier	1.03		1.56	309,320
Local Multiplier	0.90		(5.21)	(1,031,067)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$48.50</b>	<b>\$9,588,922</b>
Plans, specs, survy, b	3.90%		(\$1.89)	(\$373,968)
Interim Construction I	3.38%		(1.64)	(323,626)
Contractor's OH & Prof	11.50%		(5.58)	(1,102,726)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$39.39</b>	<b>\$7,788,602</b>

<b>Primary</b>	\$10,150,000	Amort	480
Int Rate	7.15%	DCR	1.15

<b>Secondary</b>	\$3,644,636	Amort	
Int Rate		Subtotal DCR	1.13

<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	1.10

**ALTERNATIVE FINANCING STRUCTURE:**

Primary Debt Service	\$770,210
Trustee Fee	3,500
TDHCA Fees	25,438
<b>NET CASH FLOW</b>	<b>\$83,637</b>

<b>Primary</b>	\$10,150,000	Amort	480
Int Rate	7.15%	DCR	1.15

<b>Secondary</b>	\$3,644,636	Amort	0
Int Rate	0.00%	Subtotal DCR	1.14

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

	at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
<b>POTENTIAL GROSS RENT</b>		\$1,713,984	\$1,765,404	\$1,818,366	\$1,872,917	\$1,929,104	\$2,236,360	\$2,592,555	\$3,005,481	\$4,039,116
Secondary Income		36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Other Support Income: Ca		0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>		<b>1,749,984</b>	<b>1,802,484</b>	<b>1,856,558</b>	<b>1,912,255</b>	<b>1,969,622</b>	<b>2,283,332</b>	<b>2,647,008</b>	<b>3,068,608</b>	<b>4,123,952</b>
Vacancy & Collection Los		(131,249)	(135,186)	(139,242)	(143,419)	(147,722)	(171,250)	(198,526)	(230,146)	(309,296)
Employee or Other Non-Res		0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>		<b>\$1,618,735</b>	<b>\$1,667,297</b>	<b>\$1,717,316</b>	<b>\$1,768,836</b>	<b>\$1,821,901</b>	<b>\$2,112,082</b>	<b>\$2,448,482</b>	<b>\$2,838,462</b>	<b>\$3,814,656</b>
<b>EXPENSES at 4.00%</b>										
General & Administrative		\$66,034	\$68,675	\$71,422	\$74,279	\$77,250	\$93,986	\$114,349	\$139,123	\$205,936
Management		64,749	66,692	68,693	70,753	72,876	84,483	97,939	113,538	152,586
Payroll & Payroll Tax		174,400	181,376	188,631	196,176	204,023	248,226	302,004	367,434	543,893
Repairs & Maintenance		83,185	86,513	89,973	93,572	97,315	118,399	144,050	175,259	259,426
Utilities		53,753	55,903	58,139	60,465	62,883	76,507	93,083	113,249	167,637
Water, Sewer & Trash		28,802	29,954	31,152	32,398	33,694	40,994	49,876	60,681	89,823
Insurance		39,546	41,127	42,773	44,483	46,263	56,286	68,480	83,317	123,329
Property Tax		148,130	154,055	160,217	166,626	173,291	210,835	256,513	312,088	461,966
Reserve for Replacements		40,000	41,600	43,264	44,995	46,794	56,932	69,267	84,274	124,746
Other		37,352	38,846	40,400	42,016	43,697	53,164	64,682	78,695	116,488
<b>TOTAL EXPENSES</b>		<b>\$735,951</b>	<b>\$764,741</b>	<b>\$794,664</b>	<b>\$825,764</b>	<b>\$858,087</b>	<b>\$1,039,812</b>	<b>\$1,260,243</b>	<b>\$1,527,658</b>	<b>\$2,245,829</b>
<b>NET OPERATING INCOME</b>		<b>\$882,785</b>	<b>\$902,556</b>	<b>\$922,652</b>	<b>\$943,072</b>	<b>\$963,814</b>	<b>\$1,072,270</b>	<b>\$1,188,240</b>	<b>\$1,310,804</b>	<b>\$1,568,827</b>
<b>DEBT SERVICE</b>										
First Lien Financing		\$770,210	\$770,210	\$770,210	\$770,210	\$770,210	\$770,210	\$770,210	\$770,210	\$770,210
Trustee Fee		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees		10,150	10,104	10,055	10,002	9,945	9,590	9,084	8,361	5,855
Asset Oversight, Lender		15,288	15,900	16,536	17,197	17,885	21,760	26,474	32,210	47,678
Cash Flow		83,637	102,843	122,352	142,164	162,275	267,210	378,971	496,523	741,584
<b>AGGREGATE DCR</b>		<b>1.10</b>	<b>1.13</b>	<b>1.15</b>	<b>1.18</b>	<b>1.20</b>	<b>1.33</b>	<b>1.47</b>	<b>1.61</b>	<b>1.90</b>

LIHTC Allocation Calculation - The Enclave at West Airport, Houston, LIHTC 02464/MR

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$300,000	\$84,444		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,234,800	\$1,234,800	\$1,234,800	\$1,234,800
Off-site improvements	\$48,100	\$48,100		
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation ha	\$7,351,900	\$7,638,001	\$7,351,900	\$7,638,001
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$171,734	\$171,734	\$171,734	\$171,734
Contractor profit	\$515,202	\$515,202	\$515,202	\$515,202
General requirements	\$515,202	\$515,202	\$515,202	\$515,202
<b>(5) Contingencies</b>	\$266,588	\$266,588	\$266,588	\$266,588
<b>(6) Eligible Indirect Fees</b>	\$798,700	\$798,700	\$798,700	\$798,700
<b>(7) Eligible Financing Fees</b>	\$1,139,439	\$1,139,439	\$1,139,439	\$1,139,439
<b>(8) All Ineligible Costs</b>	\$415,105	\$415,706		
<b>(9) Developer Fees</b>				
Developer overhead	\$529,500	\$529,500	\$529,500	\$529,500
Developer fee	\$1,235,500	\$1,235,500	\$1,235,500	\$1,235,500
<b>(10) Development Reserves</b>	\$442,252	\$442,252		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$14,964,022</b>	<b>\$15,035,167</b>	<b>\$13,758,565</b>	<b>\$14,044,666</b>

<b>Deduct from Basis:</b>				
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)				
<b>TOTAL ELIGIBLE BASIS</b>			<b>\$13,758,565</b>	<b>\$14,044,666</b>
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$13,758,565</b>	<b>\$14,044,666</b>
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$13,758,565</b>	<b>\$14,044,666</b>
Applicable Percentage			3.65%	3.65%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$502,188</b>	<b>\$512,630</b>
Syndication Proceeds		0.8099	\$4,067,313	\$4,151,890

# RENT CAP EXPLANATION

## Houston MSA

### AFFORDABILITY DEFINITION & COMMENTS

An apartment unit is "**affordable**" if the total housing expense (rent and utilities) that the tenant pays is **equal to or less than 30%** of the tenant's household income (as determined by HUD).

**Rent Caps** are established at this **30%** "affordability" threshold based on local area median income, adjusted for family size. Therefore, rent caps will vary from property to property depending upon the local area median income where the specific property is located.

If existing rents in the local market area are lower than the rent caps calculated at the 30% threshold for the area, then by definition the market is "affordable". This situation will occur in some larger metropolitan areas with high median incomes. In other words, the rent caps will not provide for lower rents to the tenants because the rents are already affordable. This situation, however, does not ensure that individuals and families will have access to affordable rental units in the area. The set-aside requirements under the Department's bond programs ensure availability of units in these markets to lower income individuals and families.

### MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2002

**MSA/County:** Houston      **Area Median Family Income (Annual):** \$59,600

ANNUALLY				MONTHLY								
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)				Utility Allowance by Unit Type (provided by the local PHA)	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)			
# of Persons	At or Below			Unit Type	At or Below				At or Below			
	50%	60%	80%		50%	60%	80%		50%	60%	80%	
1	\$ 20,850	\$ 25,020	33,400	Efficiency	\$ 521	\$ 625	\$ 835	\$ 42	\$ 479	\$ 583	\$ 793	
2	23,850	28,620	38,150	1-Bedroom	558	670	894	56	502	614	838	
<b>3</b>	<b>26,800</b>	<b>32,160</b>	<b>42,900</b>	<b>2-Bedroom</b>	<b>670</b>	<b>804</b>	<b>1,072</b>	<b>70</b>	<b>600</b>	<b>734</b>	<b>1,002</b>	
4	29,800	35,760	47,700	3-Bedroom	775	930	1,240	85	690	845	1,155	
5	32,200	38,640	51,500	4-Bedroom	863	1,036	1,382	106	757	930	1,276	
6	34,550	41,460	55,300	5-Bedroom	953	1,144	1,525	119	847	1,038	1,419	
7	36,950	44,340	59,100									
8	39,350	47,220	62,950									
<b>FIGURE 1</b>				<b>FIGURE 2</b>				<b>FIGURE 3</b>	<b>FIGURE 4</b>			

**Figure 1** outlines the maximum annual household incomes in the area, adjusted by the number of people in the family, to qualify for a unit under the set-aside grouping indicated above each column.

For example, a family of three earning \$30,000 per year would fall in the 60% set-aside group. A family of three earning \$25,000 would fall in the 50% set-aside group.

**Figure 2** shows the maximum total housing expense that a family can pay under the affordable definition (i.e. under 30% of their household income).

For example, a family of three in the 60% income bracket earning \$32,160 could not pay more than \$804 for rent and utilities under the affordable definition.

- 1) \$26,800 divided by 12 = **\$2,680** monthly income; then,
- 2) **\$2,680** monthly income times 30% = **\$804** maximum total housing expense.

**Figure 4** displays the resulting maximum rent that can be charged for each unit type, under the three set-aside brackets. This becomes the rent cap for the unit.

The rent cap is calculated by subtracting the utility allowance in **Figure 3** from the maximum total housing expense for each unit type found in **Figure 2**.

**Figure 3** shows the utility allowance by unit size, as determined by the local public housing authority. The example assumes all electric units.

## The Enclave @ West Airport

### RESULTS & ANALYSIS:

**Tenants** in the 60% AMFI bracket will **save \$35 to \$66** per month (leaving 1.1% to 2.5% more of their monthly income for food, child care and other living expenses).

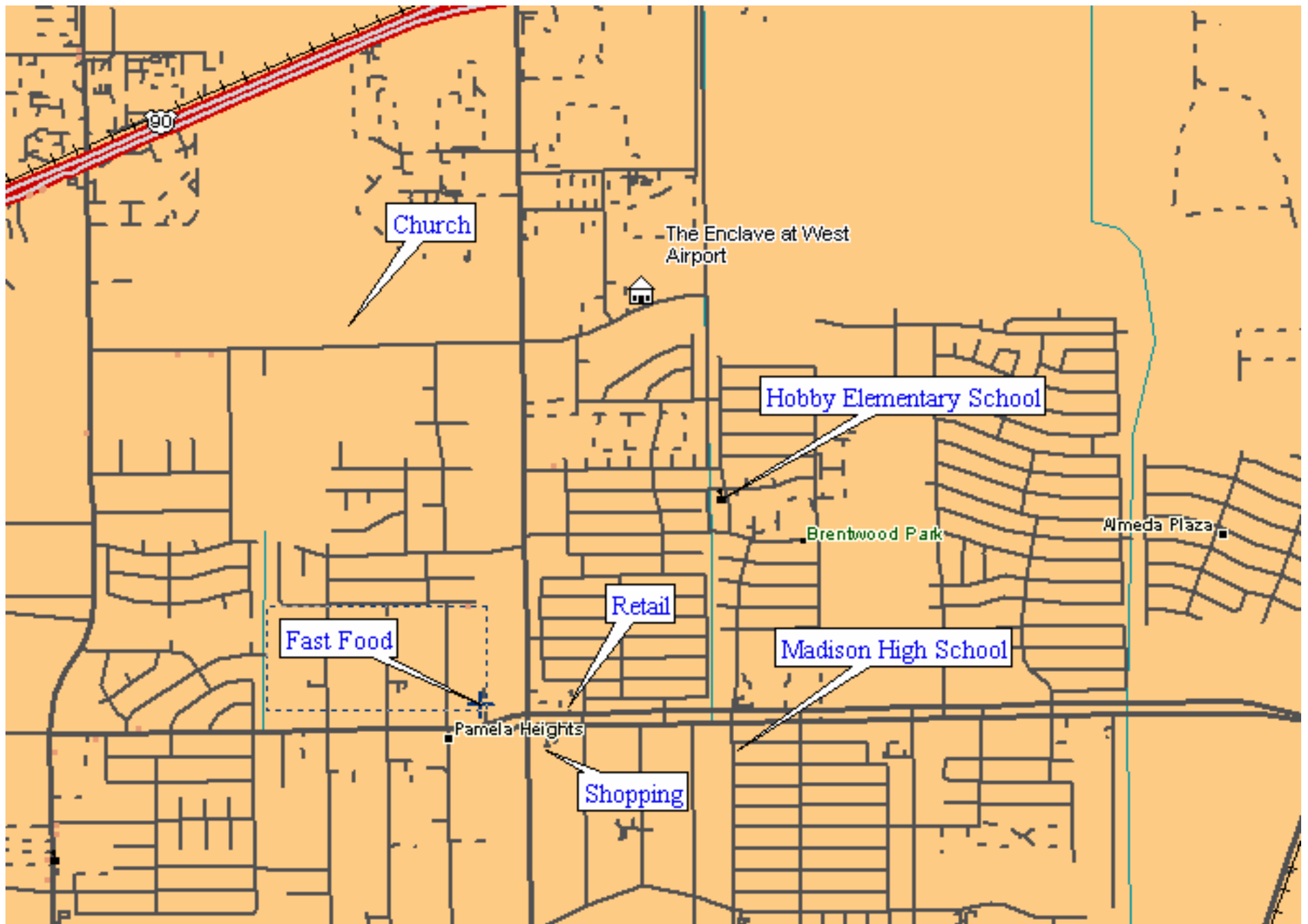
This is a monthly savings off the market rents of **4.0% to 8.3%**.

<b>PROJECT INFORMATION</b>				
<b>Unit Mix</b>				
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom	
Square Footage	710	1,022	1,195	
Rents if Offered at Market Rates	\$650	\$800	\$880	
Rent per Square Foot	\$0.92	\$0.78	\$0.74	

<b>SAVINGS ANALYSIS FOR 60% AMFI GROUPING</b>				
Rent Cap for 60% AMFI Set-Aside	\$614	\$734	\$845	
<b>Monthly Savings for Tenant</b>	<b>\$36</b>	<b>\$66</b>	<b>\$35</b>	
Rent per square foot	\$0.86	\$0.72	\$0.71	
Maximum Monthly Income - 60% AMFI	\$2,385	\$2,680	\$3,100	
<b>Monthly Savings as % of Monthly Income</b>	<b>1.5%</b>	<b>2.5%</b>	<b>1.1%</b>	
<b>% DISCOUNT OFF MONTHLY RENT</b>	<b>5.5%</b>	<b>8.3%</b>	<b>4.0%</b>	

**Market information provided by:** The Gerald A. Teel Company, Inc. at 974 Campbell, Suite 204, Houston, Texas 77024. Date of report December 20, 2002.





90

Church

The Enclave at West Airport

Hobby Elementary School

Brentwood Park

Alameda Plaza

Fast Food

Retail

Madison High School

Pamela Heights

Shopping



# Developer Evaluation

## Compliance Status Summary

Project ID #: 02464

LIHTC 9%  LIHTC 4%

Project Name: The Enclave @ West Airport

HOME  HTF

Project City:

BOND  SECO

### Housing Compliance Review

Project(s) in material non-compliance

No previous participation Scores >=30: 0

Status of Findings (individual compliance status reports and National Previous Participation and Background Certification(s) available)

Projects Monitored by the Department

# reviewed 12 # not yet monitored or pending review 1

# of projects grouped by score 0-9: 8 10-19: 2 20-29: 2

Members of the development team have been disbarred by HUD

National Previous Participation Certification Received N/A

Non-Compliance Reported \_\_\_\_\_

Completed by Jo En Taylor Completed on 01/31/2003

### Single Audit

Status of Findings (any outstanding single audit issues are listed below)

single audit not applicable  no outstanding issues  outstanding issues

Comments:

Completed by Lucy Trevino Completed on 01/31/2003

### Program Monitoring

Status of Findings (any unresolved issues are listed below)

monitoring review not applicable  monitoring review pending

reviewed; no unresolved issues  reviewed; unresolved issues found

Comments: 535028

Completed by Ralph Hendrickson Completed on 01/31/2003

**Community Affairs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_                      **Completed on** \_\_\_\_\_

**Housing Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_                      **Completed on** \_\_\_\_\_

**Housing Programs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_                      **Completed on** \_\_\_\_\_

**Multifamily Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_                      **Completed on** \_\_\_\_\_

**Executive Director:** \_\_\_\_\_                      **Date Signed:** \_\_\_\_\_

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS SERIES 2003  
THE ENCLAVE AT WEST AIRPORT APARTMENTS

PUBLIC HEARING

Hobby Elementary School  
4021 Woodmont Drive  
Houston, Texas

January 16, 2003  
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Loan Analyst

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P R O C E E D I N G S

1  
2 MS. MEYER: My name is Robbye Meyer, and I am  
3 with the Texas Department of Housing and Community  
4 Affairs. Our mission at the Housing Department is to help  
5 Texans achieve a better quality of life through providing  
6 better communities.

7 The multifamily division of the Texas  
8 Department of Housing acts as an issuer to help facilitate  
9 the participation between lenders and investors -- private  
10 lenders and private investors and private developers --  
11 through the Texas Private Activity Bond program, and these  
12 are tax-exempt bonds.

13 The tax exemption is to the actual bond  
14 purchaser. It's not to the developer. The developer will  
15 be paying full taxes. It's not abating them from school  
16 taxes or anything like that. The tax-exempt nature of the  
17 bonds is for the actual bond purchaser.

18 The developments are selected each year through  
19 a lottery that the Bond Review Board holds. And the  
20 issuers, which is what TDHCA is in this particular deal,  
21 we don't really have a choice as to which developments go  
22 through.

23 We put them in the lottery and then they're  
24 chosen by lottery, by lot number, and that's the order

1 with which they are put in. Once a development receives a  
2 reservation from the Bond Review Board, they have 120 days  
3 to close the deal.

4 We're in the middle of that 120 days with this  
5 hearing. Okay. Once we get through with the hearing,  
6 then we'll go to my board, which is the TDHCA board, and  
7 we'll also present a presentation to the Bond Review Board  
8 for final approval to the Attorney General.

9 This particular development is located at 4300  
10 West Airport Boulevard. It will consist of 14 two-story  
11 residential buildings and one non-residential building.  
12 There's 200 residential units. There's 48 one-bedroom,  
13 one-bath units with an average square feet of 710 square  
14 feet.

15 There's 104 two-bedroom, two-bath units with an  
16 average square footage of 1,022 square feet, and 48 three-  
17 bedroom, two-bath units with an average square footage of  
18 1,195 square feet. This particular development offers the  
19 units at families with 60 percent of the area median  
20 income.

21 For Houston, the area median income is \$59,600.  
22 For a one-bedroom, the maximum rent wouldn't be more than  
23 582. For a two-bedroom, the maximum rent would be \$700,  
24 and a three-bedroom, the maximum rent would be \$809.

1 Leasing criteria for this particular developer -- the  
2 tenants must meet the combined minimum income requirements  
3 and not exceed maximum income requirements.

4 All the residents must meet employment and  
5 credit and rental history requirements. And in addition  
6 to that, family stability and ability to adhere to the  
7 lease provisions will also be considered for these  
8 tenants.

9 Other developments that this particular  
10 developer has developed within the area -- correct me if  
11 I'm wrong -- Garden Gate Apartments, and that's at 20040  
12 FM 1485 in New Caney, Texas. Garden Gate II Apartments,  
13 which is right next door to that same one, and then Stone  
14 Gate at Alvin, which is at 1277 Dickinson Road in Alvin,  
15 Texas. And I can give that information to you later if  
16 you would like that -- if you'd like to see some of the  
17 developments that this particular developer has developed.

18 Once we start the hearing, anyone who wishes to  
19 speak again, you need to sign in for me. If you just want  
20 to sign in and you don't want to speak, that's fine, too.

21 You can say whether you're for or against the  
22 development. But if you are going to speak, you do need  
23 to sign in.

24 You need to speak directly into the microphone,

1 and we'll put this microphone over there so everybody can  
2 hear you. But that microphone on that podium right now is  
3 the most important, because that's what's going into the  
4 transcript.

5           You need to state your name clearly for the  
6 record whenever you speak. Each person will be allowed to  
7 speak once, and you'll have a two-minute time limit in  
8 doing so. It's requested that you present issues that  
9 haven't already been expressed, but you're welcome to make  
10 any public comment that you wish to make.

11           Address your comments to me as the official and  
12 not to the general population. We're going to have a  
13 short question-and-answer period here in just a second.  
14 Once we start the hearing, it's not a debate or a  
15 discussion or questions at that point.

16           The hearing is to take public comment, so I'd  
17 appreciate it if you would address your comments. If you  
18 have additional questions, once we get through with the  
19 hearing you're more than welcome, you know, to ask those.

20           But as long as we're in the hearing, we're here to record  
21 the public comment.

22           I ask that you'll be respectful of each speaker  
23 and give them their fair share of time. And again, if  
24 there's additional time at the end of the hearing, if



1 there's more questions or anything, I'll be here and I'm  
2 more than willing to answer questions.

3           The developer, Jim Washburn, will also be here  
4 and you can ask him questions also. Once this hearing is  
5 concluded, there is also still a public comment time up  
6 until January 31 at five o'clock. If you'd like to fax me  
7 a written statement or if you'd like to e-mail me, if you  
8 have access to the Internet, you're more than welcome to  
9 do that and I'll provide you with information to where you  
10 can send that information to me. And again, that's up  
11 until January 31.

12           We will go before our board and present this to  
13 the board at the Texas Department of Housing and Community  
14 Affairs on February 13. We will go before the Bond Review  
15 Board on February 20. And I'll be glad to give you all my  
16 contact information and also the developer's contact  
17 information if you have any additional questions once the  
18 hearing is concluded.

19           Now I'd like to open it up for some question  
20 and answer, and we'll make it about 15 minutes. So if  
21 anybody has any questions, Jim Washburn is here as the  
22 developer. If you have questions of him or if you have  
23 questions about the development, it would be better to ask  
24 them of him. But if you have any questions about the

1 bonds themselves or anything like that that TDHCA would  
2 handle, I will do my best to answer them for you.

3 And I'll turn it over to Jim, and he can make  
4 some comments, and then if you have any questions.

5 MR. WASHBURN: Can y'all hear me without the  
6 microphone?

7 My name is Jim Washburn. I want to thank  
8 everybody for coming out here today. I also want to  
9 recognize some people that are here if I can get an  
10 opportunity to do so.

11 We're just very honored that Council Member Ada  
12 Edwards is here. We appreciate you coming.

13 And if there's any other elected officials here  
14 or representatives from those offices, we'd appreciate it  
15 if maybe you could introduce yourself at this point in  
16 time.

17 I did get permission from the principal. I'm  
18 kind of unorthodox. I do things a little differently  
19 sometimes, and I only answer to a couple of people, but  
20 I'm going to open it -- hope I don't offend anybody, but  
21 I'm going to open with a little prayer, if you don't mind.

22 If you don't mind bowing your heads for a second.

23 Dear Lord, we just thank you for your  
24 graciousness and your love. Pray that your presence will

1 be felt here today, Lord, and pray that our words and our  
2 actions will just give you glory, honor and praise. For  
3 it's in Jesus' name we pray. Amen.

4           What I would like to do if it's okay with you,  
5 I'd like to tell you a little bit about myself, a little  
6 bit about our company, tell you about who we are, what we  
7 try to do, and then I think you've got enough information  
8 out there as far as to what we're trying to develop.

9           We've got some brochures up here in the front  
10 that you're welcome to that have a lot of information in  
11 them about us.

12           My name, again, is Jim Washburn. I'm here  
13 representing the Washburn Group. We are developers,  
14 builders, and managers of affordable multifamily housing.  
15 We've -- this is a strict family business. We are -- I  
16 like to tell people, when I go out and meet people, we're  
17 not your ordinary, big-time developers. We're a family  
18 business.

19           This is something that we've been in for 20  
20 years, and I take pride in the fact that, you know, this  
21 is what we do. So, you know, when we talk about building  
22 apartments, it's not like the normal kind of a thing that  
23 you see where somebody will come in, develop it, take off.  
24 You got a third-party management company who you don't

1 know how they're going to run that complex. We don't do  
2 that.

3 I mean, when I develop it, I want to develop a  
4 nice product. And when I build it, I want to guarantee  
5 myself as an owner that I build a nice product because as  
6 the management company, I want to make sure that I have a  
7 nice product to manage.

8 So, you know, we're there through the whole  
9 thing, and I think that's a very important point to make.

10 What makes us a little bit different than maybe some of  
11 the other people out there that are in multifamily  
12 development.

13 Some of the other things that make this type of  
14 development a little bit different, she mentioned that  
15 there are income restrictions. Those income restrictions  
16 are geared toward -- she mentioned 100 percent at 60  
17 percent is what you're incomes are limited at.

18 Basically, we're talking about people that make  
19 25- to \$45,000 a year. We're talking about people that  
20 have jobs, that need a place -- a nice, class A type  
21 development place to live, and that's what we're able to  
22 provide those kind of people.

23 Also have with me here today -- Texas  
24 Interfaith Housing is a supportive service group that's

1 here on our behalf that will provide some supportive  
2 services to our residents. Cynthia Debutineau [phonetic],  
3 Tom Lord, and Veronica Cash are here for them, and I think  
4 they might get up a little bit later at some point and  
5 tell you a little bit about what they can do and what they  
6 bring.

7 But, you know, that's who we are, and we do  
8 things a lot differently than what you see out there. I  
9 know that you've got some experience with something that's  
10 out there that you would love to get rid of. I understand  
11 that.

12 And, you know, I think that our approach to  
13 building multifamily is something that's totally different  
14 than whatever everybody else is. I go to bed, sleep very  
15 well at night because I'm out there helping people.  
16 That's what we do, and I take pride in that. And I see  
17 that we're going to be around for a long time, and it  
18 means something to me.

19 So at this time, if you have some specific  
20 questions you can go ahead and ask me those questions, and  
21 if I can answer them I will.

22 Yes, sir.

23 MS. MEYER: You're going to have to come to the  
24 microphone. Sorry.

1 MR. ANDREWS: My name is Theodore Andrews with  
2 the Hiram Clark Civic Club. Specific questions regarding  
3 the site to the developer. Has the site acquisition been  
4 completed, deal closed? What is the size of the parcel  
5 and the exact location of the site?

6 MR. WASHBURN: The size of the parcel is 15.0  
7 acres. The size of the development is -- of the site is  
8 15 -- use this one better? All right.

9 It's 15.01 acres. If you're traveling from  
10 Hiram Clark, you go all the way down, you pass Tainer, you  
11 pass the Palomino Apartments, and the roads actually dead-  
12 end right now. It's barricaded. That barricade will be  
13 torn down. The esplanade will be completed, and the site  
14 is the north side of West Airport from the edge of the  
15 Palomino Place Apartments all the way over to where the  
16 drainage ditch is. Backs up to the Metro facility, 15.01  
17 acres.

18 That site was purchased by my father and my two  
19 uncles, who are the owners of the company, about two years  
20 ago. So that site is currently under ownership by our  
21 family.

22 Did I get them all?

23 MR. ANDREWS: Thank you.

24 MR. HURDLE: I'm Alonzo M. Hurdle, and I live

1 at 4300 block of Choward [phonetic], and my question is  
2 are you going to open Choward Street? Are you going to  
3 have access strictly from Airport Boulevard?

4 MR. WASHBURN: I'm not familiar with what  
5 street you mentioned. What street is it?

6 MR. HURDLE: Choward is the very street -- it's  
7 a dead-end street there with the little gazebo out back.

8 MR. WASHBURN: I believe that at this point in  
9 time, the only access to the property is off of West  
10 Airport Boulevard. The City of Houston, I believe, has  
11 plans at some point to extend West Airport Boulevard. My  
12 engineers told me, and that is something that is in the  
13 works. I'm not sure if they're acquiring right-of-way  
14 access, but I believe that at some time in the future you  
15 will see West Airport go on through. But at this time,  
16 the main entrance for [inaudible] West Airport.

17 MS. MEYER: They can't hear you without that  
18 one, but you've got to speak into that one.

19 MS. OLIVER: Gee. Okay. Good afternoon,  
20 everyone. My name is Carolyn Oliver, and I live over on  
21 Reg Drive. My question pertains to the kind of traffic  
22 congestion that will possibly occur when we add an  
23 additional load of 200-plus families, and I say plus  
24 because you have 200 units, so we know that each unit is

1 going to have more than one person in it, so we're talking  
2 about 200-plus people into the area.

3           So my question pertains to the traffic load  
4 that will be impacted here in this area. And also, I'm  
5 very concerned about the city services that will be  
6 provided to the people in that area, as it will impact us  
7 who are here.

8           And also the concern about flooding, because  
9 we've noticed that in the City of Houston when additional  
10 housing is built, in many of the subdivisions over time,  
11 areas that have not flooded, particularly with this last  
12 flood that we had here in Houston, areas that have not  
13 flooded have flooded, so I'm concerned as to whether or  
14 not those issues have been adequately addressed and if you  
15 can speak to that satisfactorily to the people here in the  
16 community.

17           MR. WASHBURN: Thank you. Go backwards. In  
18 regard to the flooding issue, we are required by the City  
19 of Houston to provide on-site retention for every -- they  
20 call it what's called impervious cover. For every bit of  
21 concrete that we pour, we have to make sure that if it  
22 rains, that water is controlled and not pushed off on  
23 somebody else's property.

24           So we have to design, as part of our design,



1 a -- what we call a detention pond that controls the  
2 runoff that comes from our property in a controlled  
3 fashion. Does that make sense? So that is something that  
4 is -- it's required by the City. It's required by Harris  
5 County, and it is part of our development that has to be  
6 done by our city engineer.

7           With regard to the traffic, you know, we're  
8 talking about 200 units. That's correct. I kind of am  
9 excited that it's not a through street, because I think  
10 already you've got a limited traffic on this particular  
11 road.

12           That excites me, because I'm like you -- I  
13 don't want a lot of traffic in my property. You know,  
14 that's why we're having gated access. I don't want people  
15 that don't live on my property to come on our property, as  
16 you do, as single-family owners.

17           You know, typically what we see when there is  
18 new development, when you -- it's not all the time that  
19 we're bringing 200 new families into the subdivision. A  
20 lot of times there are people that already live in the  
21 area that are trying to find a better place to live, and  
22 we do draw from people that are in the area.

23           So as far as the individual traffic is  
24 concerned, we are not required by the city to do a traffic

1 study, okay. But -- so that's probably not satisfactory  
2 to you. I don't know how the city would handle that.  
3 But, you know, this is a four-lane thorough -- I mean,  
4 it's a boulevard, and that was intriguing to us because it  
5 had easy access.

6 I mean, it's very rare that you find a site --  
7 and this kind of addresses all three concerns -- that  
8 wasn't in the flood plain. It was on a four-lane divided  
9 street. Has full service of water and sewer and  
10 utilities.

11 It's very rare that you find a site that meets  
12 all those criteria in an area where you would like to  
13 provide some housing. So, you know, that's part of the  
14 reason we purchased this piece of property.

15 What was the other question? Regard to city  
16 services? I'm not familiar if you currently have a  
17 problem obtaining city services. Obviously, we'll be  
18 provided services through the City of Houston. We will be  
19 designing our facility with fire loops so that the Fire  
20 Department has access. I mean, that is a requirement by  
21 the city.

22 We will be providing -- like I said, we had  
23 gated entry. You know, we will try to provide or we  
24 actually have in the budget to have a part-time security

1 on site. You know, but as far as the services, you know,  
2 we will be provided by the City of Houston. I don't know  
3 how else to answer that question.

4 MR. SINNETTE: Thank you and good evening. My  
5 name is Ronald Sinnette. I'm the president of the West,  
6 known as your Super Neighborhood 40. That incorporates  
7 the entire area.

8 My question to you is why not put single-family  
9 dwelling homes in the area which would be more conducive  
10 as to what we have in this general area?

11 MR. WASHBURN: Did everybody hear the question?  
12 The question was why not build single-family development  
13 that's more conducive to what's existing.

14 Now, there are barriers to building single-  
15 family development, quite frankly. And, you know, and you  
16 have to think about the realm that we're in. We are in  
17 the affordable housing realms. So if I'm -- as a  
18 developer, those are the -- that's the group of people  
19 that I'm trying to reach.

20 I want to provide housing for people that want  
21 a nice place to live. When you look at development of  
22 single-family, you run up against a lot of big obstacles,  
23 and one of those obstacles is the site development costs  
24 that go into making a piece of property into a single-

1 family development.

2           You've got to bring in road. You've got to  
3 bring in water. You've got to bring in sewer. And those  
4 things all add up, and they increase the value of that  
5 home. That has to be passed on to the homebuyer. And  
6 when you start doing those things, you're starting to  
7 increase the price of that house, and you're taking it  
8 away from the type of -- you know, the person that's  
9 making 40-, \$45,000.

10           You start -- I'll give you an example. I just  
11 built two affordable single-family homes in Cleveland,  
12 Texas. They're 1,400 square feet homes, three-bedroom,  
13 two-bath, 100 percent brick. The lot didn't cost me  
14 anything because it was owned by a nonprofit organization.

15           The utilities were there, and it cost me  
16 \$85,000 to build that house. And that is what we're up  
17 against as developers. The cost of development to build  
18 single-family and keep it at an affordable rate for people  
19 that don't make \$100,000 a year is very difficult, and  
20 that's what we face.

21           MS. YOUNG: Good afternoon. My name is May  
22 Young. I live on Tidewater right at White Heather.

23           My great concern, Mr. Washburn, what have y'all  
24 done in reference to the schools in this neighborhood? We

1 are pretty well overcrowded at this time. Only new  
2 development is set up for Corinthian Point to relieve  
3 Grissom and Windsor Village.

4           What are y'all doing to relieve -- for schools  
5 in this area, because you're going to have a lot of  
6 children.

7           MR. WASHBURN: [inaudible]?

8           MS. YOUNG: Yes. So what are y'all are doing?  
9 Are you going to build a new school? We don't want the  
10 children loaded into annexes, poorly-built temporary  
11 buildings, whatever.

12           I have another one also. Raquel Williams had  
13 to leave. She's one of my former colleagues in HISD. Her  
14 house is at White Heather and Belgrade at the dead-end.  
15 She's concerned about you all maybe cutting a street  
16 extending White Heather.

17           You know, you said Airport. But Airport is  
18 already bursting out of the seams in the morning with  
19 traffic. Are y'all going to build another street to go  
20 out into [indiscernible] or what? Are y'all building one  
21 other street? -- because Airport is too crowded now,  
22 unless you're going to channel them through the  
23 apartments.

24           Apartments -- and it's pretty crowded in the

1 morning also. I've lived out here 30 years and all of us  
2 primarily are educators. We want quality people --  
3 educators, nurses, doctors, principals. We want quality  
4 people.

5 My experience with Aristocrat, when you start  
6 saying multifamily, I kind of get a headache unless you're  
7 going to be monitoring that. I'm just -- now, I know  
8 y'all want to develop, and I've been so concerned about  
9 why do we -- we fought the Aristocrats. It's call the  
10 Palomino now.

11 We had to work hard to get those little  
12 children a 30-foot wall built next to the bus barn. But  
13 it was a problem right there. It's so many children --  
14 where are the stores? What other development are you all  
15 proposing?

16 I'm concerned about especially another street.  
17 When you just said Airport, Airport -- Hiram Clark now,  
18 with Oram, with Alameda being closed, with the big  
19 [indiscernible], you should see Hiram Clark at six  
20 o'clock, 5:30. I mean, it's like a sit-still street.

21 So if you're not opening up anything else, we  
22 are set up for trouble. If there's not going to be lights  
23 or anything of that nature. Schools -- we would need a  
24 new school. Two hundred units -- a new school is needed.

1 I just left Grissom Elementary after nearly ten years,  
2 and it's bursting out of the seams over there now, so they  
3 can't shift any children to Grissom.

4 They can't shift any to Montgomery, and  
5 Harvey's just about bursting out of the seams. They have  
6 a number of temporary buildings. So where are those  
7 little kiddies going to go? That's my concern. Where are  
8 they going to go, May?

9 VOICE: Let him answer.

10 MS. YOUNG: Oh, let him answer. Well, I can  
11 talk all night. I live two blocks over. Yes, it's a  
12 whole lot of questions. I'm very upset.

13 Yes, you sit down, Mr. Washburn, because I'm a  
14 native Houstonian. I know; I grew up in Fifth Ward. I  
15 worked hard, and I don't want anybody next to me out here.  
16 My home is paid for. All of our homes are paid for.

17 I see many of the educators who work with me at  
18 different schools. Amanda Jones, Mr. Cooper. Mr. Cooper  
19 is here. His wife was my daughter's second-grade teacher.  
20 We have worked hard, and we want quality out here. We  
21 worked hard -- one time there was so many thugs staying up  
22 at the Aristocrat Apartments we was afraid to turn the  
23 corner.

24 Now it's getting better. It's better. But I

1 don't see it. I see brown faces on your staff, but these  
2 juniors are not being put in their community. I see black  
3 faces on your staff. I see Anglo faces. But this is not  
4 in their community.

5 And I don't want it by me. I'm telling you  
6 now, and just like when we fought the dump, they wanted to  
7 put the dump. My grandfather was a preacher, Reverend  
8 John Jasper, so I can talk all day. I can see if you're  
9 going all the way behind the bus barn, there's a big ditch  
10 there. Maybe that drainage is going to work, because we  
11 have to work hard to get the drainage.

12 In '76 we flooded, like many people flooded.  
13 And that ditch will not hold all of this. So we going to  
14 have another ditch or something placed through here. I  
15 know you all mean well, but I don't think we need any more  
16 rental units in this community.

17 We don't need any more rental units in this  
18 community. We need quality people. If it's time for me  
19 to be cut off, I'll write a later letter -- a letter  
20 later.

21 Thank you.

22 MS. MEYER: Okay. We're going to go ahead and  
23 start with the public comment. Again, if you have any  
24 additional questions, after the hearing you're more than



1 welcome to ask those. I just want to make sure that we  
2 have enough time to get everybody in that wants to speak.

3 Okay. If you -- I know there's been some  
4 people that have come in a little later. If you want to  
5 speak or if you just want to voice your opinion of whether  
6 you are for or against the development, I need you to sign  
7 in for me on one of these sign-in sheets up here at the  
8 front.

9 If you want to speak, for sure. If you don't  
10 want to speak, it doesn't matter whether you sign in or  
11 not, but if you do want to speak I need you to sign in.  
12 Okay.

13 There's a speech that I have to read for the  
14 IRS, so I'm going to do that.

15 (Pause.)

16 VOICE: Good afternoon. We just want to let  
17 you the restroom facilities, you go out the south door to  
18 the east and go inside the second grade hall, the  
19 secondary hall. That's right.

20 Mr. -- is it open? It's open. Okay. If you  
21 need to just go. Thank you.

22 MS. MEYER: Okay. Again, my name is Robbye  
23 Meyer. I'm with the Texas Department of Housing and  
24 Community Affairs and I'd like to proceed with the public

1 hearing.

2 Let the record show that it is 6:43 on  
3 Thursday, January 16, 2003, at the Hobby Elementary  
4 School, located at 4021 Woodmont Drive, Houston, Texas,  
5 77045.

6 I am here to conduct a public hearing on behalf  
7 of the Texas Department of Housing and Community Affairs  
8 with respect to an issue of tax-exempt multifamily revenue  
9 bonds for a residential rental community. This hearing is  
10 required by the Internal Revenue Code. The sole purpose  
11 of this hearing is to provide a reasonable opportunity for  
12 interested individuals to express their views regarding  
13 the development and the proposed bond issue.

14 No decisions regarding the project will be made  
15 at this hearing. There are no Department board members  
16 present. The Department's board will meet to consider  
17 this transaction on February 13, 2003, upon the  
18 recommendation of the finance committee.

19 In addition to providing your public comments  
20 at this hearing, the public is also invited to provide  
21 comment directly to the finance committee or the board at  
22 any of their meetings. Those are public forums.

23 The department staff will also accept written  
24 comments via facsimile at 512/475-3085 up until five

1 o'clock on January 31, 2003. The bonds will be issued as  
2 tax-exempt multifamily revenue bonds in the aggregate  
3 principal amount not to exceed \$11 million and taxable  
4 bonds, if necessary, in an amount to be determined and  
5 issued in one or more series by the Texas Department of  
6 Housing and Community Affairs.

7 The proceeds of the bonds will be loaned to  
8 Enclave Housing, Limited, or related person or affiliate  
9 entity thereof, to finance a portion of the cost of  
10 acquiring, constructing, and equipping a multifamily  
11 rental housing community described as follows.

12 Two hundred unit multifamily residential rental  
13 development to be constructed on approximately 15 acres of  
14 land located at 4300 West Airport Boulevard, Houston,  
15 Harris County, Texas. The proposed multifamily rental  
16 housing community will be initially owned by the borrower.

17 I would like to now open the floor up for  
18 public comment. I'll call your name. Everybody that  
19 signed in, I'll call your name. If you want to speak or  
20 if you changed your mind and you want to speak or if you  
21 don't want to speak, just wave me off.

22 If you do want to speak, again, I ask you to  
23 state your name clearly for the record so that we'll have  
24 everybody on record.

1                   And the first one is Mattie Young. Mattie?  
2 Does Mattie want to speak? Okay.

3                   MS. YOUNG: I'm Mattie Young. I've been a  
4 resident out here about 31 years. My concern is that the  
5 overcrowding of the schools, because children come by and  
6 this school, I know, is overcrowded. I'm also concerned  
7 about the traffic, because when I go out in the morning  
8 it's too much -- it takes awhile to get out, no matter  
9 what time you go out, even like at nine o'clock. It's a  
10 lots of traffic.

11                   I'm also concerned about the water drainage,  
12 the flooding. I live on that drainage ditch, and when it  
13 comes -- when I first moved out here, it was almost  
14 flooding into my area, into my house. So with additional  
15 apartments there, the drainage really should be a primary  
16 concern because it's going to -- what it's going to do,  
17 it's going to flush the water into the residents out here  
18 that's living in this area.

19                   So I think there should be some consideration.  
20 I'm wondering about the going ahead -- that you have  
21 moved ahead, however, and got funding for this project,  
22 and this is the first time that we have been -- the  
23 residents here in Brentwood -- have had a meeting on it.

24                   But you have all -- you're saying you have the

1 go signed with money and the design and everything. So  
2 this is the first time to my knowledge that this -- the  
3 residents out here have been contacted. And you're ready  
4 to begin building.

5           So I feel that as a resident out here that I  
6 really feel that I've been put upon. But you're going to  
7 bring this big project here, and I'm just hearing about  
8 it, and you're saying, All right. We have already  
9 received the funding so, you know, you can make a comment  
10 if you want to, but it's going to be a public hearing but  
11 it doesn't give me any feeling that what I say is going to  
12 really matter at this point.

13           Thank you.

14           MS. MEYER: I would like to correct one thing.  
15 Funding has not gone anywhere, and building will not  
16 start until we go to our board. Okay. So there has been  
17 no funding. The bonds are set aside. They're reserved as  
18 long as he gets close within 120 days, then the building  
19 can commence.

20           But just to let you know, your public comment  
21 does make -- I mean, it does make a difference, and that's  
22 why we're here. So just to clear that up, the funding ha  
23 not been set aside for this particular development as it  
24 stands right now.

1 The next one is Margie Taylor.

2 MS. TAYLOR: My name is Margie Taylor, and I've  
3 lived in Brentwood for 30 years. And I worked in Civic  
4 Club for about 25 years. And I've worked hard to make  
5 sure this neighborhood is in an upgrade neighborhood, kept  
6 up, well kept.

7 And we just gotten rid of some low income  
8 apartments across the way which we have to deal with. And  
9 your concern is providing housing for low income families.

10 And our concern is keeping our property values up. I  
11 have done no -- I have not known any low income family  
12 housing to increase any property values.

13 So I am very much against it. I don't care  
14 about the streets or traffic and the water. I just do not  
15 want any more low income apartments near me, because it's  
16 not going to help the area. I know those people have to  
17 have somewhere to live. Well, why not put them down in  
18 the area where they're not close to a subdivision to  
19 affect their property value.

20 Now, we do not -- like I said, we do not need  
21 anything that's going to bring our property value down.  
22 We have had to fight for every little decent thing that we  
23 get. We had to fight the dump. We had to fight the bus  
24 barn. And we had to fight the HUD Aristocrats when they

1 was HUD.

2                   Now somebody probably have bought that property  
3 so we are expecting some upgrade in there. And that's  
4 what we need. We do not -- and you can say what you want,  
5 but with the low income housing coming, you going to have  
6 some low income characters.

7                   We'd be bothered with stealing, breaking into  
8 our house and all that. So we don't want it. We don't  
9 need it. If you want to do something with your property,  
10 build some upscale townhouses for people.

11                   MS. MEYER: Okay. The next one is Ronald  
12 McKinney.

13                   MR. McKINNEY: Okay. My name is Ronald  
14 McKinney, and I've been a resident of the community for  
15 quite some time. I don't know what the rationale is. It  
16 seems as if any time the county or the state decides that  
17 they want to put up a complex in an area, they just choose  
18 a black community.

19                   My position is simply this. There's a lot of  
20 land in Harris County. Look around, reassess your  
21 position, and find some other place. Keep the junk out of  
22 this community.

23                   Thank you.

24                   MS. MEYER: Sandra Chaney. Yes? No?

1 MS. CHANEY: No.

2 MS. MEYER: No? Okay. Winfred Johnson.

3 MR. JOHNSON: It's Winfred.

4 MS. MEYER: Winfred. I'm sorry.

5 MR. JOHNSON: Yes. My name is Winfred Johnson.

6 I've been in the community quite some time, and I'd just  
7 like to express my opinion about the development that  
8 you're proposing to put in our area.

9 I've been broken into once. I've been in the  
10 area about 11 years, and I've been broken into. It's not  
11 a good feeling at all. I don't know where you live. I  
12 don't know if you've ever gotten broke into, but it's not  
13 a good feeling.

14 And since I've been in the area, people from  
15 the Aristocrat Apartments do come in our area. They pass  
16 through all of the time, and it's not a good feeling. I  
17 paid a lot of money for my home. I do not want the value  
18 to go down, and I know that's what's going to happen.

19 So I want you to consider what I'm telling you.  
20 And that's all I have to say.

21 MS. MEYER: Ruby Hartsfield. No? Okay.

22 Lionel Alex? No?

23 Sylvia Smoos?

24 MS. SMOOS: I'm Sylvia Smoos, and I've been



1 living in the area about 30 years. I came to this area  
2 from an apartment complex and actually, I was running away  
3 from it because I didn't like the type of people who were  
4 there, or at least their behavior.

5 Mr. Washburn, when you mentioned something  
6 about the price that you'd have to charge for houses if  
7 you did individual houses, you mentioned something like  
8 \$100,000 or something close to that. Well, that's kind of  
9 the going price for houses where people who just make  
10 normal incomes will live.

11 So if you're trying to go below that, did you  
12 look at my community and decide I only value so much?  
13 What about our homes? Are you thinking that our homes are  
14 those that are much -- in value much less than \$100,000?  
15 I don't feel that you have our best interests at heart at  
16 all, and as the other gentleman mentioned, there's a lot  
17 of area in Harris County, and I'd just like to know why is  
18 it that you chose our area? What is it that you want from  
19 us?

20 And also, as I look out at the group, I  
21 notice -- I see a lot of faces who obviously do not live  
22 in this community, and that bothers me, too. Just as the  
23 other gentleman mentioned, did you look at me and decide  
24 that I am of a certain persuasion so that I only value so

1 much?

2 I am incensed by that. I have worked very hard  
3 to get to where I am. And I work very hard on the  
4 property that I own here. I have just renovated, and I'm  
5 not finished with that, but I realize that I would never  
6 be able to recoup from that property what it actually  
7 should be worth. And with your idea of an apartment  
8 complex coming in, it's only going to go downhill from  
9 here.

10 Thank you.

11 MS. MEYER: Okay. Bernard Smoos.

12 MR. SMOOS: I'm just interested when you speak  
13 about affordable housing, is that the buzz word for low  
14 income housing, Section 8, and that kind of thing? I  
15 mean, it just appears that because you have the highest  
16 rate. It's about \$800, and we all know in here that  
17 there's not much you can rent for 800 bucks. Okay.

18 So we need to think about the people who  
19 already have houses in here. We are \$100,000 community,  
20 so we don't need affordable housing. In your word, being  
21 affordable would mean that we're going to bring in five  
22 families to a house. We're going to increase the criminal  
23 rate that we already had.

24 We already -- we have a huge criminal problem,

1 and I hope you hear this, City Council Lady. We got a bad  
2 criminal problem in this area right now, and you don't  
3 have to be Phi Beta Kappa to break it up. So what we're  
4 going to do -- now we're going to double that.

5 I would like to look at your demographics to  
6 know why you think you have to put this low income housing  
7 unit next to our homes that we're considered middle to  
8 upper income.

9 Thank you.

10 MS. MEYER: Ed Smith.

11 MR. SMITH: My name is Ed Smith. To keep from  
12 being redundant, I'd be saying the same thing they're  
13 saying. So I'm just going to ask you to -- would you  
14 address this question as of right now. What effect will  
15 what we're doing tonight have on you building those  
16 apartments?

17 MS. MEYER: And I'll answer that question at  
18 the end of the hearing. Okay. We're going to go ahead  
19 with the hearing, but I will answer that question for you.

20 Okay. Madalene Bush? No? Okay.

21 Barbara Johnson. No?

22 Gloria Adams. Yes? No? Okay.

23 Ronald Sinnette, Sinnette. Okay.

24 MR. SINNETTE: Once again, my name is Ronald

1 Sinnette, and I am over what's known as the Super  
2 Neighborhood 40. I've been to several civic club meetings  
3 in this area, if any of you are not familiar with my face.

4 And that's one of Mayor Lee Brown's pet projects.

5 At this point, we've been struggling for quite  
6 a number of years to keep this area secure and safe and  
7 within the synopsis of the single-family dwelling homes in  
8 this area. And presently among here there are some other  
9 projects going on that we struggle with every day for  
10 apartment complex wanting to come in.

11 The problem that we have is not with the  
12 developers when they first come in but the long-term  
13 effect that affects the community. And being affordable,  
14 those are just terms, but the bottom line is it's about  
15 money.

16 And eventually, as investors pull out, whether  
17 it be ten, 15 years down the road, that's when the problem  
18 is going to be created and it creates havoc among the  
19 community areas. And I'll be frankly with you. I'm  
20 strongly opposed against it.

21 It's not a personal attack. It just not  
22 something that we want in this area. Several years ago we  
23 did a revitalization on this complete area. It's on log  
24 with the City of Houston. It's a book maybe about that

1 thick. It shows a whole complete synopsis of this  
2 complete area, along with the medium income and the range.

3 And I'll be honest with you. The term  
4 affordable and low income is really something that gets up  
5 under my skin onto it. Once we get this multi-service  
6 center developed, one of the key things we going to work  
7 on within this area is teaching people what to do with  
8 they money.

9 You see, everyone out here and people in this  
10 area has the income to buy homes, but no one has taught  
11 them how to use their money. That's one of the things we  
12 want to concentrate with the younger people that's in this  
13 area to bring them up.

14 It's not that they cannot afford homes. It's  
15 just they don't know how to spend they money. And  
16 teaching them to redirect that is one of the things we  
17 have on our agenda.

18 But I would hope that you would change your  
19 mind and go with the single-family dwelling homes. Stay  
20 conducive with the area and to it. West Berry found in  
21 the southwest they are tearing apartments down as fast as  
22 they can put their hand on them, simply behind the crime  
23 rate.

24 And right now, we one of the fourth lowest

1 crime rates in the City of Houston because we don't have  
2 apartment complex that were leading -- it's Hobby Airport  
3 and Intercontinental, that's fine. That's behind the  
4 9/11. They've got more security. But this general area  
5 is the lowest crime rates in the City of Houston.

6 Thank you.

7 MS. MEYER: May Young. Okay.

8 Geraldine Gillespie.

9 MS. YOUNG: Just give me a second. To Mr.  
10 Washburn, one of the things I thought about as I went to  
11 the back, why don't you all look at the homes in  
12 Corinthian Point so that we can have single-family homes?  
13 Some are built with total brick on front and wood on the  
14 back. That's to give affordable housing but that's homes.

15 Another section is two-story homes. That's at  
16 Oram, West Oram at South Post Oak. If you want to put  
17 something in our neighborhood, these are the kind of homes  
18 we want. We want our own. You can look at the dead-end  
19 of Buffalo Speedway and Fuqua. Ciolo Place. Very nice  
20 one-story and two-story. This is what we are looking for.

21 I think I about exhausted fighting for things  
22 in this area, and we did win that dump. They wanted to  
23 bring it right up beside the church, but we fought hard  
24 for that, and we're ready to fight again, because we want

1 homes, H-O-M-E-S.

2 Thank you.

3 And what is your name, Ms. Chairlady?

4 MS. MEYER: Robbye Meyer.

5 MS. YOUNG: Robbye Meyer. Okay.

6 MS. MEYER: Okay. Jeanette Royal. Okay.

7 MS. ROYAL: My name is Jeanette Royal. I've  
8 lived in this community now for 31 years. There's a lot  
9 of things have been said, and I'm not going to try to  
10 reiterate them over and over and over. They're all very  
11 good points.

12 The truth of the matter is now that I grew up  
13 in this neighborhood pretty much. Moved here when I was  
14 very young. Lot of these people did. Now we're retired.  
15 We're not wanting to leave. We're not going anywhere.  
16 We will fight.

17 The fact of the matter is when you say 25- to  
18 45,000 a year income, if you watch the news, read the  
19 newspaper lately, do you see what's going on in this  
20 country? \$10 million deficit in Houston. So if you  
21 counting on Airport cutting through to make room, that  
22 land has been vacant since I've been over here, so all of  
23 a sudden it's like, Yahoo. We're going to build, because  
24 you think Airport is going to go cut through to Hobby.

1 Well, the fact of the matter is I don't know  
2 when that's going to happen. We -- none of us know. But  
3 then you put the apartments up there, 25- to \$45,000, it's  
4 like, Well, we didn't start off with it being housing, but  
5 we may have to go to housing in order to get people in to  
6 occupy our 200 units.

7 We fought the Aristocrats. They have now been  
8 bought out, renovated, fences. Why should we have to  
9 fight again? Housing, housing, housing. No more. We  
10 want single-family housing, if anything. Nothing more,  
11 nothing less.

12 You wouldn't this to Katy. You wouldn't take  
13 this to Sugar Land. Don't bring it over here.

14 MS. MEYER: Okay. Theodore Andrews?

15 MR. ANDREWS: Thank you.

16 Good evening. My name is Theodore Andrews.  
17 I'm a resident of the Brentwood subdivision, a Hiram Clark  
18 Civic Club member. I have a comment against the issuance  
19 of these tax credits for the financing of the apartment  
20 complex.

21 The reason I believe that these tax credits  
22 should not be issued is because of the financial gain of  
23 the Washburn group. It is my belief that the family-owned  
24 group -- Mr. Washburn indicated his father and uncles are



1 the landowners -- stand to make a substantial profit from  
2 the issuance of these tax credits on the sale of the land  
3 and the developer's fee.

4 I believe that the developer's fee which is  
5 included in this building project is for the personal gain  
6 of the developers and will not in any way help our  
7 community. I believe that we should oppose the  
8 development of the apartment project because we know that  
9 there's a direct relationship between housing density and  
10 the crime rate.

11 If we already have a housing density on the  
12 north side of West Airport, and to increase that density,  
13 I think, would only increase the crime rate. You  
14 indicated that there is in your budget part-time security,  
15 but we know from our experiences that it would require  
16 more than a part-time security staff in order to handle  
17 that.

18 As I understand, you are asking for tax credits  
19 for a qualified low income housing development. All of  
20 the comments which have been made thus far are opposed or  
21 against that housing development. We are a homogenous  
22 community. We have been here for many years. We do not  
23 want such a development in our backyard, and I do not  
24 believe it is your desire to put such a community in your

1 backyard.

2           Respect us as you would want us to respect you.

3           MS. MEYER: Nettie Cook. Okay. Well, you want  
4 to hang on? Let me -- just so I can keep everybody in  
5 order. If you want to come up, go ahead.

6           MS. WALKER: My name is May Walker, and I'm  
7 representing Mr. Harry Reed and Company. And he would  
8 like to challenge you to do what he's going to do. Right  
9 across where you are proposing to put your complex, there  
10 will be some single-family housing built there, and he  
11 wanted me to bring this for the group here to see and for  
12 you all to see.

13           This particular slot here is where Mr. Reed is  
14 going to be building some of the north houses. Right here  
15 he's going to be building some more. And this is right  
16 across from where he proposed to build those apartments,  
17 and right here is another slot that he's going to build  
18 some real nice houses, and as you get ready to go you can  
19 come by and see the houses that he's going to build.

20           It's about 12 floor plans, and I have those,  
21 and he wanted this group to know that he is really opposed  
22 to homes that he planned to build where you cannot build  
23 them will be 100,000-plus home in the neighborhood to keep  
24 the integrity of our neighborhood.

1 He started -- before he purchased the property,  
2 he met with our civic club to know what we wanted in our  
3 neighborhood, because he realized that we were people that  
4 take care of the neighborhood. We were people that a big  
5 percentage of us are senior citizens and we wanted our  
6 neighborhood to keep the integrity and low crime here.

7 So I'm hoping that his challenge will gear you  
8 in another direction or maybe help you to build some homes  
9 like the ones that he's going to build, and I'd like to  
10 submit this to you, a letter from him saying he is  
11 adamantly opposed to your property.

12 MS. MEYER: Okay. Beatrice Barnes. No?

13 Amanda Jones?

14 Teresa Allen?

15 Antoinette Watkins?

16 Lanette Solomon. No?

17 Okay. You got me -- Ms. Redd. Okay.

18 Lawanda Williams. She left?

19 Marcus Johnson. Mr. Johnson? Okay.

20 Sherry Reed.

21 Dionna Boyd.

22 Rick Sims.

23 MR. SIMS: Good evening. I feel -- I basically  
24 feel odd standing before you all, speaking first of all --

1 MS. MEYER: Mr. Sims, can you get a little  
2 closer to that mic?

3 MR. SIMS: I'm not from Houston, Texas, or  
4 Texas, and to hear some of the comments about the  
5 apartments [inaudible].

6 MS. MEYER: Please hold it down. Please be  
7 respectful.

8 MR. SIMS: [inaudible].

9 MS. MEYER: Ms. Walker, did you want to take  
10 your time? Okay.

11 MS. WALKER: Again, I'm May Walker, and I'm  
12 representing our president, Claudette Edwards, of the  
13 Hiram Clark Civic Club, and myself as the resident. We  
14 wanted to make sure that you know that we are adamantly  
15 opposed to you bringing this project to our community,  
16 because we feel that for one -- most -- I don't want to be  
17 redundant and say what everybody has said, but in  
18 reference to property value and the crime, health  
19 issues -- a whole bunch of things.

20 But what we do want you to know, if you decide  
21 to proceed with this project, we will be submitting to the  
22 State petitions that our community, the entire community,  
23 has signed stating that we are adamantly opposed to that  
24 project, and we are -- don't think we are angry people or

1 people who think we are better than any other people.  
2 We're just hard-working people that want to live in a nice  
3 place, and we know what apartments bring to the area, and  
4 it's not just not personally against you, but it's against  
5 bringing -- we've been through the apartment and  
6 undesirable people in our neighborhood, and all people  
7 that live in apartment are not bad people.

8           But you tend, based on the income, you tend --  
9 and when you have multifamily residence, it tend to bring  
10 in undesirables, and that's what we are concerned about.  
11 We welcome anybody come into our neighborhood that want to  
12 buy a house, that want to upgrade themselves or whatever  
13 they need to do, but we are just adamantly opposed to this  
14 project in our community.

15           MS. MEYER: Ruby Hodge.

16           J.D. Oliver. No?

17           Carolyne Oliver.

18           MS. OLIVER: Point of personal reference. This  
19 is not for the record, but everybody in the neighborhood  
20 who noticed, she just called J.D. Oliver and he said no.  
21 And when she said Carolyne Oliver I got up, so everybody  
22 knows who talks at my house.

23           Now for the record. Again, I am Carolyne  
24 Oliver, and I'm lived in the neighborhood, as many have

1 said, 30-plus years, and I think most of us have lived out  
2 here for that period of time.

3 I would not reiterate a lot of what has been  
4 said, because I think everybody in the room can ditto  
5 everything that everyone else has stood up here and said.

6 But what is of interest to me is that when I look at  
7 housing development within the City of Houston, and I paid  
8 a lot of attention to that because I've had a lengthy  
9 about my husband about our house, and we've remodeled, and  
10 we're in the process of remodeling again.

11 And we like where we live because it is  
12 convenient. It is close to the medical centers, close to  
13 a lot of the city services. It is close to the museum  
14 district. It's close to our church. It's close to the  
15 hospital. It's close to shopping areas, and we like where  
16 we live and we don't want to have to move far out.

17 And then when I look at the development that is  
18 taking place within the City of Houston, particularly  
19 inside the 610 Loop coming out toward the South Main, we  
20 see very nice townhomes being developed there. We see  
21 houses that are being remodeled.

22 They're coming in with nice two-story homes.  
23 And, you know, you would tend to think and you would hope  
24 that, okay, I live just on the other side of that 610 Loop

1 and just on the other side of the South Main Corridor. So  
2 if the development is coming this way, and with the  
3 building of Reliance Stadium, we would tend to think that  
4 perhaps our community now has a -- stands a chance of  
5 being inviting to those families who want to come into  
6 this area to be close to the hospital, be close to the  
7 medical center, be close to shopping, be close to Reliant  
8 Energy.

9           And they would be families, as someone had said  
10 earlier, families of incomes that are doctors, nurses and  
11 people of that nature. That's what we are looking for in  
12 our area. We're not opposed, sir, to your comment, and I  
13 do appreciate what you said. I understand Orange County.

14       I've worked with students at colleges and universities,  
15 and I do appreciate what you said.

16           However, you were very forceful when you said  
17 you don't live in the area. You haven't fought the fight  
18 that we have fought. And because of that, then it's a  
19 little difficult for you to -- it's a little difficult for  
20 you to experience where we are coming from.

21           So we can appreciate your comment, and we thank  
22 you for coming. However, we do have to be very concerned  
23 about what comes into our area. We know that everybody  
24 has to have a place to live. Most of -- everybody in this

1 room, I would venture to say, is God-loving and God-  
2 fearing, and we know that as a Christian belief that  
3 people have to have places to live.

4 Our only concern is that don't choose our  
5 neighborhood to bring in the families that could probably  
6 be better served some place else. We want a piece of the  
7 pie, so to speak. We want people of quality to move into  
8 our area.

9 MS. MEYER: I've called all the names on the  
10 list that I have. Is there anybody else that would like  
11 to speak that I did not call?

12 Would you come forward, sir? If I could get  
13 you to state your name for the record, and then if you'll  
14 sign the sheet when you get here.

15 MR. JONES: I did sign the sheet. I thought  
16 we -- I guess I didn't sign the right one.

17 I'm Howard Jones. I've been in the  
18 neighborhood for 30-plus years. And I just have a couple  
19 of questions. I was looking at your brochure, and I saw  
20 your projects to date and I see Angleton, Texas, Bay City,  
21 Texas, Brenham, Brookshire, Cold Springs, Crosby, Dayton,  
22 Ennis, Highlands, Liberty, New Caney. I don't see Houston  
23 on here anywhere.

24 And you said you've owned the property for two



1 years. I'm just wondering if this family just sort of  
2 looked at this little spot, 15 acres here, and decided  
3 that this is where we want to build our Houston project.

4 And it's interesting to me as to how the  
5 decision was made to find that little 15 acres off of West  
6 Airport and decide to build there. And that's about the  
7 only question I have, and I just -- that needed to be  
8 answered.

9 Thank you.

10 MS. MEYER: Mr. Jones, if I could get you to  
11 sign.

12 Is there anybody else that would like to speak?

13 MR. PLYMOUTH: Good evening.

14 MS. MEYER: Would you state your name, please.

15 MR. PLYMOUTH: Reverend Eliston Plymouth.  
16 Reverend Eliston Plymouth. And I'm here especially to say  
17 thanks for inviting me to be here. And I'm live right  
18 here in this neighborhood.

19 I've been spends ten years working hard to just  
20 come to live in this neighborhood because for repetition  
21 of this neighborhood. And now I been here three years  
22 live in this neighborhood, and now I have one son. He's  
23 in Japan, serves as a Navy.

24 I have my daughter after three, four years

1 going to be a doctor. Why I do that for? Because I'm  
2 looking for better life. If somebody care for someone is  
3 going do something good to not poorly done but to lift him  
4 up.

5 And I hope the one who have a plan to build a  
6 building project here -- we don't have nothing against you  
7 privately. But if you want to do something good again for  
8 this neighborhood, please do it with your heart.

9 And the other one, I ask you where you live.  
10 Do you going be accept somebody to come and live close to  
11 you not compare to your life you're on?

12 And may the Lord bless you.

13 MS. MEYER: Okay. Is there anybody else that  
14 would like to speak?

15 You are, sir? You only have one chance to  
16 speak.

17 Is there -- if somebody wants to yield their  
18 time to him, I'll let him speak.

19 (A chorus of voices.)

20 MR. McKINNEY: Yes. I want to respond to the  
21 gentleman's statement that he is appalled at the way we  
22 are conducting ourselves. There's no one in this  
23 community that's ethnocentric toward any member of  
24 society, but we do want to keep the quality of life that

1 we have.

2 I'm appalled at the fact that you've come into  
3 this community and, for some reason, you feel that you  
4 have the right to tell us what we should do and should not  
5 do. I say, sir, that we've been here for quite some time,  
6 and what we're doing is from the heart.

7 Thank you.

8 MS. MEYER: Is there anybody else? Okay.

9 MS. EDWARDS: My name is Ada Edwards, and I  
10 serve as the District Councilperson for this district. I  
11 work for you. And so I'm here tonight for two things.  
12 Wanted to hear your response. I had talked to Mr.  
13 Washburn.

14 I think he has a good project, but it's obvious  
15 that it's not going to work here. What I would like to  
16 do -- but I don't think that that's the end of it. I  
17 think that we can look at other issues, but one of the  
18 things that I would like to bring to the table is that,  
19 one, Mr. Washburn, I would be willing to work with you to  
20 find another spot, or if you wanted to redevelop it like  
21 other folks had developed.

22 But the far greater issues for our community,  
23 how many people belong to civic clubs? And if you'd raise  
24 your hand?

1           You can start at CDC, and you can buy the  
2 property and build in your community the types of things.

3       So if any civic club in here wants to look into that, our  
4 office will be happy to help you do that. I think you  
5 fight really hard to stop people.

6           I think we can fight just as hard to build for  
7 our own community, because we have the energy and the  
8 manpower in here.

9           And I want to thank you for being responsive in  
10 your community and for helping build your community. I  
11 encourage Mr. Washburn not to give up, and that I don't  
12 know what he can do -- if he can change it or whatever.  
13 It's his property, and tax credit -- this is one way of  
14 developing it.

15           I would encourage you, if he's going to develop  
16 the property, that you work with him and not, you know,  
17 because it is his property and it's going to be developed.

18       So one of the reasons that he's here tonight is because  
19 it is involving tax credit.

20           If it's his own personal development, then he's  
21 going to have -- he can do basically what he can do if  
22 it's not protected property. So I encourage you to work  
23 with him and to help him become a partner in the  
24 community.

1 I appreciate your position. I honor your  
2 position. I'm your advocate. I work for you. That's  
3 what you sent me to City Hall to do. But I would  
4 encourage you, if you're looking to do something as a  
5 civic club, if you want to look at how you can protect  
6 your property, how you can develop a CDC where you can go  
7 out and buy these types of properties and upgrade them and  
8 have them as, you know, bring them to your standard, we'll  
9 be more than happy to help you do that.

10 So thank you for coming out. Thank you for  
11 being responsible citizens, and we're here for you. Thank  
12 you.

13 MS. MEYER: Okay. One more time. Is there  
14 anybody else?

15 (No audible response.)

16 MS. MEYER: Okay. Then I will let the record  
17 show that it is 7:29, and the meeting is now adjourned.

18 (Whereupon, at 7:30 p.m., the hearing was  
19 concluded.)



# HIRAM CLARKE CIVIC CLUB, INC.

(BRENTWOOD, BRENTWOOD WEST, PAMELA HEIGHTS)

P.O. BOX 450532

HOUSTON, TEXAS 77245-0532

January 27, 2003

Mr. Jim Buie, Executive Director  
Bond Review Board  
P.O. Box 13292  
Austin, Texas 78711-1392

Dear Mr. Buie:

On November 13, 2002, the Texas Department of Housing Affairs called a Public Hearing in the Brentwood Community in reference to The Enclave at West Airport. Many of our community members attended and protested. There should be a transcript and a recording of that meeting.

Our community is adamantly opposed to this multi-family low income apartment development, because it will adversely impact our subdivision. Brentwood has experienced this type of housing before and we have suffered tremendously from thefts, burglaries, robberies, auto thefts, and vandalism.

The Brentwood community consists of middle class professional people of which 80% are retired. We have worked hard to try and keep our neighborhood clean, safe, and crime free. For some years we were one of the lowest crime rate neighborhoods in the southwest area of Houston, until a low income and affordable apartments moved in. We have spent many hours cleaning the entrance area of our community where the apartment is located, we've had to obtain security at that time to try and eliminate crimes and scams toward senior citizens. It has been hard, but we have continued to challenge the previous owners of this complex. Each has committed to enforcing certain rules that would make the community safer, but all have reneged on their commitment. We, the Brentwood community, have suffered and now there is a proposal to place an additional set of units in our community. **WE DO NOT WANT ANOTHER LOW INCOME APARTMENT COMPLEX IN OUR COMMUNITY!**

Brentwood community is not opposed to housing that will keep the integrity of our area such as a project with middle class single family housing that will enhance the neighborhood and the community.

We know that we have a clean and safe neighborhood because; before the last election Governor Rick Perry visited our community, Brentwood Baptist Church, the homes of our neighbors Ms. May Walker, Mr. Ronald McKinney, Mr. & Mrs. Darrell Ellision, Mr. Huey Fonteno, Mrs. Dorothy Winn and Mrs. Ruby Shankle. The Governor also commented on, what a well kept neighborhood we have.

In addition, we feel that we were not given enough advance notice of the public hearing. Mr. Buie we are requesting that, Governor Rick Perry, Lt. Governor Davis Durhurst, Comptroller Carole Strayhorn, Speaker of he House, Tom Craddot and Attorney General Greg Abbott receive a copy of this letter for their review.

We thank you in advance for your understanding and consideration of this matter. We look forward to seeing you at the Bond Review Board Meeting.

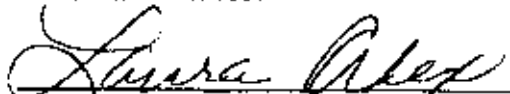


Mrs. Claudette Edwards, President  
Hiram Clarke Civic Club

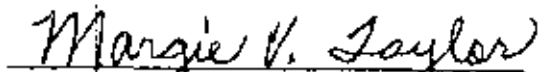


Ms. May Walker, Vice-President  
Hiram Clarke Civic Club

Board Members:



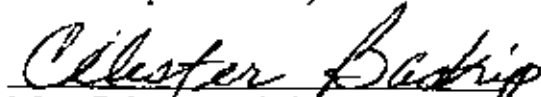
Mrs. Laura Alex, Secretary



Mrs. Margie Taylor, Deed Restriction



Mrs. Mary Clemons, Treasurer



Mrs. Celester Baltrip, Assist. Treasurer





January 26, 2003

Attn: Ms. Claudette Edwards  
Hiram Clarke Civic Club  
3831 Wuthering Heights  
Houston, Texas 77045

Re: Proposed Enclave @ West Airport Apartments

Dear Ms. Edwards,

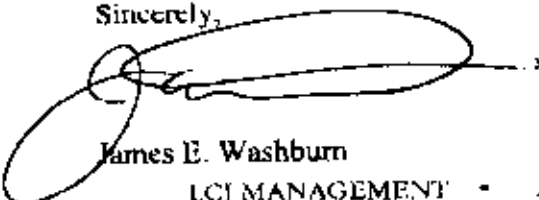
Thanks again for taking time out of your schedule to visit with Cynthia and I on Friday. I enjoyed meeting you and the representatives of your board, and hope that the event was educational and informative with regard to the type of development we are proposing.

As promised, attached are copies of the site plan, clubhouse, unit typicals and elevations of the proposed development. As you can see, the development is low density, with each building have either 12 or 16 units. The site plan indicates that 76% of the units are 1 or 2 bedroom units, thus limiting the number of large families permitted.

Let me again express our desire to be a part of the community. As owners and managers, we have many of the same concerns as your organization. Our desire to increase beautification of West Airport Boulevard, to reduce the eyesore of trash and uncleanness, and to work with the appropriate authorities to keep unwanted visitors from infiltrating the neighborhood, is in line with your organization goals. This can be accomplished through cooperative efforts at increasing police (or security) visibility during high crime hours and through budgets that include the costs associated with enacting a neighborhood beautification plan. These plans, among others, will be part of the ongoing activities of the development that are geared to maintain the value and attractiveness of our community and yours.

I would be happy to meet with you and your organization at any time to discuss specific ideas. Please do not hesitate to call should you have any concerns or questions.

Sincerely,



James E. Washburn

LCJ MANAGEMENT • LCJ CONSTRUCTION • WASHBURN & CO.

19276 FM 1485 • P.O. Box 489 • New Caney, Texas 77357  
281.689.2030 • 800.689.0103 • Fax: 281.689.0103



*Beatrice Barnes  
Trot her time*

January 14, 2003

To Whom It May Concern:

Ms. Mae Walker is authorized to represent our interests at a meeting on Thursday, January 16, 2003. We protest apartments in this area.

Very truly yours,

A handwritten signature in blue ink that reads "Harry W. Reed". The signature is written in a cursive style with a large, prominent loop at the end of the word "Reed".

Harry W. Reed



# TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

## HOUSING FINANCE DIVISION - MULTIFAMILY

### REQUEST FOR BOARD APPROVAL OF MULTIFAMILY MORTGAGE REVENUE BOND ISSUANCE

#### 2002 PRIVATE ACTIVITY MULTIFAMILY REVENUE BONDS

#### CREEKSIDE TOWNHOMES (fka The Mayfield)

**\$15,000,000 (\*) Tax Exempt – Series 2003A**  
**\$320,000 (\*) Taxable– Series 2003B**

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### TABLE OF EXHIBITS

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TAB 1	TDHCA Board Presentation
TAB 2	Bond Resolution
TAB 3	Sources & Uses of Funds Estimated Costs of Issuance
TAB 4	Department's Credit Underwriting Analysis
TAB 5	Rental Restrictions Explanation Results & Analysis
TAB 6	Location Map
TAB 7	TDHCA Compliance Report
TAB 8	Results of Public/TEFRA Hearings (January 7, 2003)

*(\*) Preliminary - subject to change*

**FINANCE COMMITTEE AND BOARD APPROVAL  
MEMORANDUM**

February 13, 2003

**PROJECT:** Creekside Townhomes f.k.a. Mayfield Apartments, Arlington, Tarrant County, Texas

**PROGRAM:** Texas Department of Housing and Community Affairs  
2002 Multifamily Housing Mortgage Revenue Bonds  
(Reservation received 11/21/2002)

**ACTION  
REQUESTED:**

Approve the issuance of multifamily housing mortgage revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Act (the "Act"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein.

**PURPOSE:**

The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Cobblestone Townhomes Limited Partnership, an Ohio limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 240-unit multifamily residential rental project located at the southeast corner of New York Avenue and East Mayfield Road in Arlington, Texas (the "Project"). The Tax-Exempt Bonds will be tax-exempt by virtue of the Project's qualifying as a residential rental project.

**BOND AMOUNT:**

\$15,000,000 Series 2003A Bonds (the "Tax-Exempt Bonds")  
\$ 320,000 Series 2003B Bonds (the "Taxable Bonds")  
\$15,320,000 Total (\*)

(\*) The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Project and the amount for which Bond Counsel can deliver its Bond Opinion.

**ANTICIPATED  
CLOSING DATE:**

The Department received a volume cap allocation for the Bonds on November 21, 2002 pursuant to the Texas Bond Review Board's 2002 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before March 21, 2003, the anticipated closing date is March 13, 2003.

**BORROWER:**

Cobblestone Townhomes Limited Partnership, an Ohio limited partnership, the general partner of which is Brisben Creekside, Inc., an Ohio corporation, the manager of which is Bill Brisben.

**COMPLIANCE HISTORY:**

The Compliance Status Summary completed on January 31, 2003 reveals that the principal of the general partner above has a total of six (6) properties being monitored by the Department. Four (4) of these properties have received a compliance score. All of the scores are below the material non-compliance threshold score of 30.

**ISSUANCE TEAM & ADVISORS:**

Charter Municipal Mortgage Acceptance Company (“Bond Purchaser”)  
Related Capital Company (“Equity Provider”)  
Wells Fargo Bank Texas, N.A., (“Trustee”)  
Vinson & Elkins L.L.P. (“Bond Counsel”)  
RBC Dain Rauscher Inc. (“Financial Advisor”)  
McCall, Parkhurst & Horton, L.L.P. (“Disclosure Counsel”)

**BOND PURCHASER:**

The Bonds will be purchased by Charter Municipal Mortgage Acceptance Company. The purchaser and any subsequent purchaser will be required to sign the Department’s standard traveling investor letter.

**PROJECT DESCRIPTION:**

***Site:*** The proposed affordable housing community is a 240-unit multifamily residential rental development to be constructed on approximately 17 acres of land located at the southeast corner of New York Avenue and East Mayfield Road in Arlington, Texas. The proposed density is 14 dwelling units per acre.

***Buildings:*** The development will include a total of twenty-four (24) two-story, wood-framed apartment buildings containing approximately 284,160 net rentable square feet and having an average unit size of 1,184 square feet. The units will feature two full baths, washer/dryer connections, energy efficient appliances, cable television outlets, central air and heat, and wall to wall carpeting.

Units	Unit Type	Square Feet	Proposed Net Rent
48	2-Bedrooms/2-Baths	1,025	\$726.00
24	2-Bedrooms/2-Baths	1,091	\$747.00
48	2-Bedrooms/2-Baths	1,180	\$747.00
48	3-Bedrooms/2-Baths	1,211	\$800.00
24	3-Bedrooms/2-Baths	1,233	\$859.00
<u>48</u>	3-Bedrooms/2-Baths	1,342	\$859.00
240			

***On-site Amenities:*** Common areas will include a swimming pool, a children’s play area, laundry facilities and a community building with kitchen facilities, parlor with television, fitness center and telephones. All ground units will be wheelchair accessible.

**SET-ASIDE UNITS:**

For Bond covenant purposes, at least forty (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each project will be set aside on a priority basis for persons with special needs.

*(The Borrower has elected to set aside 100% of the units for tax credit purposes.)*

**RENT CAPS:**

For Bond covenant purposes, the rental rates on 100% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for sixty percent (60%) of the area median income.

**TENANT SERVICES:**

Borrower has provided a fully executed Supportive Services Agreement with National Realty Management, Inc. (Service Provider) to provide a wide range of supportive services that would otherwise not be available for the tenants. The provision of these services will be included in the Regulatory and Land Use Restriction Agreement (LURA).

**DEPARTMENT  
ORIGINATION  
FEES:**

\$1,000 Pre-Application Fee (Paid).  
\$10,000 Application Fee (Paid).  
\$76,600 Issuance Fee (.50% of the bond amount paid at closing).

**DEPARTMENT  
ANNUAL FEES:**

\$15,320 Bond Administration (0.10% of first year bond amount)  
\$6,000 Compliance (\$25/unit/year adjusted annually for CPI)

*(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Project cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)*

**ASSET OVERSIGHT  
FEE:**

\$6,000 to TSAHC or assigns (\$25/unit/year adjusted annually for CPI)

**TAX CREDITS:**

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately \$664,212 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the project. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$5,446,540 of equity for the transaction.

**BOND STRUCTURE:**

The Bonds are proposed to be issued under a Trust Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

The Bonds will be privately placed with the Bond Purchaser. The Tax-Exempt Bonds will mature over a term of 40 years and the Taxable Bonds will mature over a term of approximately 7 years. During the construction and lease-up period, the Bonds will pay as to interest only. The Bonds will be secured by a first lien on the Project.

The Bonds are mortgage revenue bonds and, as such, create no potential liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the project financed through the issuance of the Bonds.

**BOND INTEREST RATES:** The interest rate on the Tax-Exempt Bonds will be 6.75% and the interest rate on the Taxable Bonds will be 8.75%.

**CREDIT  
ENHANCEMENT:**

The bonds will be unrated with no credit enhancement.

**FORM OF BONDS:**

The Bonds will be issued in book entry (typewritten or lithographical) form and in denominations of \$100,000 and any amount in excess of \$100,000.

**MATURITY/SOURCES  
& METHODS OF  
REPAYMENT:**

The Bonds will bear interest at a fixed rate until maturity and will be payable monthly. During the construction phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Account of the Construction Fund, earnings derived from amounts held on deposit in an investment agreement, if any, and other funds deposited to the Revenue Fund specifically for capitalized interest during a portion of the construction phase. After conversion to the permanent phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

**TERMS OF THE  
MORTGAGE LOAN:**

The Mortgage Loan is a non-recourse obligation of the Borrower (which means, subject to certain exceptions, the Borrower is not liable for the payment thereof beyond the amount realized from the pledged security) providing for monthly payments of interest during the construction phase and level monthly payments of principal and interest upon conversion to the permanent phase. A Deed of Trust and related documents convey the Borrower's interest in the project to secure the payment of the Mortgage Loan.

**REDEMPTION OF  
BONDS PRIOR TO  
MATURITY:**

The Bonds may be subject to redemption under any of the following circumstances:

**Mandatory Redemption:**

- (a) (i) With respect to the Tax-Exempt Bonds, in whole or in part, to the extent excess funds remain on deposit in the Tax-Exempt Bond Proceeds Subaccount of the Loan Account of the Construction Fund upon the earlier of 180 days after the Completion Date or the third anniversary of the Closing Date; and (ii) with respect to the Taxable Bonds, in whole or in part, to the extent excess funds remain on deposit in the Taxable Bond Proceeds Subaccount of the Loan Account of the Construction Fund after the one year anniversary of the Completion Date; or
- (b) (i) with respect to the Tax-Exempt or Taxable Bonds, in part, in an amount necessary to achieve the specified debt service coverage ratio, if the project has not achieved Stabilization within forty-eight (48) months after the Completion Date; and (ii) from and to the extent of the minimum balance required, if the project has not achieved Earnout within twenty-four (24) months after the earlier of (A) the date the Project achieves Completion or (B) the Completion Date; or
- (c) in whole or in part, if there is damage to or destruction or condemnation of the Project, to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are deposited in the Revenue Fund and are not to be used to repair or restore the Project, then such proceeds shall apply first to the redemption of the Tax-Exempt Bonds and second to the Taxable Bonds unless an opinion of Bond Counsel allows for an alternate application of such funds; or
- (d) upon the determination of Taxability if the owner of a Tax-Exempt Bond presents his Tax-Exempt Bond or Bonds for redemption on any date selected by such owner specified in a written notice delivered to the Borrower and the Issuer at least thirty (30) days prior to such date; or
- (e) with respect to the Tax-Exempt Bonds, in whole on any interest payment date on or after March 1, 2028, if the Owners of all of the Tax-Exempt Bonds elect redemption and provide not less than 180 days' prior written notice to the Issuer, Trustee and Borrower; or
- (f) in part, according to the dates and amounts indicated for either the Tax-Exempt Bonds or the Taxable Bonds on the Mandatory Sinking Fund Schedule of Redemptions attached to the Trust Indenture.

**Optional Redemption:**

- (a) The Tax-Exempt Bonds are subject to redemption, in whole, at the



option of the Borrower any time on or after March 1, 2028 from the proceeds of an optional prepayment of the Loan by the Borrower.

- (b) The Taxable Bonds are subject to redemption, in whole, at the option of the Borrower any time after the Completion Date from the proceeds of an optional prepayment of the Loan by the Borrower.

**FUNDS AND  
ACCOUNTS/FUNDS  
ADMINISTRATION:**

Under the Trust Indenture, the Trustee will serve as registrar and authenticating agent for the Bonds and as trustee of certain of the accounts created under the Trust Indenture (described below). The Trustee will also have responsibility for a number of loan administration and monitoring functions.

Moneys on deposit in Trust Indenture accounts are required to be invested in eligible investments prescribed in the Trust Indenture until needed for the purposes for which they are held.

The Trust Indenture will create the following Funds and Accounts:

1. Construction Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Construction Fund which may consist of five (5) accounts as follows:
  - (a) Loan Account – represents a portion of the proceeds of the sale of the Bonds that will be deposited into a Tax-Exempt Bond Proceeds Subaccount and a Taxable Bond Proceeds Subaccount to pay for Qualified Project Costs;
  - (b) Insurance and Condemnation Proceeds Account - represents Condemnation Award and Insurance Proceeds allocated to restore the Project pursuant to the Loan Documents;
  - (c) Capitalized Interest Account – represents a portion of the initial equity contribution of the Borrower and a portion of the Taxable Bonds which may be transferred to the Revenue Fund from this account in order to pay interest on the Bonds until the Completion Date of the Project;
  - (d) Costs of Issuance Account – represents a portion of the initial equity contribution of the Borrower and a portion of the Taxable Bonds from which the costs of issuance are disbursed;
  - (e) Equity Account – represents the balance of the initial equity contribution of the Borrower.
2. Replacement Reserve Fund – Amounts which are held in reserve to cover replacement costs and ongoing maintenance to the

Project.

3. Tax and Insurance Fund – The Borrower must deposit certain moneys in the Tax and Insurance Fund to be applied to the payment of real estate taxes and insurance premiums.
4. Revenue Fund – Revenues from the Project are deposited to the Revenue Fund and disbursed to sub-accounts for payment to the various funds according to the order designated under the Trust Indenture: (1) to the payment of interest on the Bonds; (2) to the payment of the principal or redemption price, including premium, if any, on the Bonds; (3) to the payment of any required deposit in the Tax and Insurance Fund; (4) to the payment of any required deposit in the Replacement Reserve Fund; (5) to the payment of the fees of the Trustee, the Servicer, the Issuer and the Asset Oversight Agent, if any, due and owing under the Loan Documents and the Indenture; (6) to the payment of any other amounts then due and owing under the Loan Documents; and (7) the remaining balance to the Borrower.
5. Rebate Fund – Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Tax-Exempt Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.

Essentially, all of the bond proceeds will be deposited into the Construction Fund and disbursed therefrom during the Construction Phase to finance the construction of the Project. Although costs of issuance of up to two percent (2%) of the principal amount of the Tax-Exempt Bonds may be paid from Tax-Exempt Bond proceeds, it is currently expected that all costs of issuance will be paid from proceeds of the Taxable Bonds.

**DEPARTMENT  
ADVISORS:**

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 17, 2001. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. Bond Trustee - Wells Fargo Bank Texas, N.A. (formerly Norwest Bank, N.A.) was selected as bond trustee by the Department pursuant to a request for proposals process in June 1996.

3. Financial Advisor – RBC Dain Rauscher Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in September 1991.
4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in 1998.

**ATTORNEY GENERAL**  
**REVIEW OF BONDS:**

No preliminary written review of the Bonds by the Attorney General of Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds will be submitted for review and approval prior to the issuance of the Bonds.

RESOLUTION NO. 03-08

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (CREEKSIDE TOWNHOMES) SERIES 2003A AND TAXABLE MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (CREEKSIDE TOWNHOMES) SERIES 2003B; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; 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 (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 individuals and families of low and very low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Board") from time to time); 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 individuals and families of low and very 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 multi-family residential rental project 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, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Bonds (Creekside Townhomes) Series 2003A (the "Series A Bonds") and Texas Department of Housing and Community Affairs Taxable Multifamily Housing Mortgage Revenue Bonds (Creekside Townhomes) Series 2003B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Wells Fargo Bank Texas, N.A. (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Cobblestone Townhomes Limited Partnership, an Ohio limited partnership (the

“Borrower”), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the “Project”) located within the State of Texas required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 17, 2001, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Loan Agreement (the “Loan Agreement”) pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the “Loan”) to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the “Note”) in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Deed of Trust and Security Agreement (with Power of Sale) (the “Deed of Trust”) from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Department’s interest in the Loan, including the Note and the Deed of Trust, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents and an Assignment of Note (collectively, the “Assignments”) from the Department to the Trustee; and

WHEREAS, the Board has determined that the Department, the Borrower and Charter Municipal Mortgage Acceptance Company, a Delaware business trust (the “Purchaser”), will execute a Bond Purchase Agreement (the “Purchase Agreement”), with respect to the sale of the Bonds; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”), with respect to the Project which will be filed of record in the real property records of Tarrant County; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Assignments, the Regulatory Agreement and the Purchase Agreement, all of which are attached to and comprise a part of this Resolution; has found 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, subject to the conditions set forth in Section 1.13, to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith; 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 Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchaser thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That: (i) the interest rate on the Series A Bonds shall be six and three-quarters percent (6.75%) per annum from and including the date of issuance thereof until paid on the maturity date or earlier redemption or acceleration thereof and the interest rate on the Series B Bonds shall be eight and three-quarters percent (8.75%) per annum from and including the date of issuance thereof until paid on the maturity date or earlier redemption or acceleration thereof; (ii) the aggregate principal amount of the Series A Bonds shall be \$15,000,000 and of the Series B Bonds shall be \$320,000; and (iii) the final maturity of the Series A Bonds shall occur on March 1, 2043 and of the Series B Bonds shall occur on February 1, 2010.

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

Section 1.4--Approval, Execution and Delivery of the Loan Agreement and Regulatory Agreement. That the form and substance of the Loan Agreement and the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Loan Agreement and the Regulatory Agreement and deliver the Loan Agreement and the Regulatory Agreement to the Borrower and the Trustee.

Section 1.5--Acceptance of the Deed of Trust and Note. That the Deed of Trust and the Note are hereby accepted by the Department.

Section 1.6--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments 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 Assignments and to deliver the Assignments to the Trustee.

Section 1.7--Approval, Execution and Delivery of the Purchase Agreement. That the form and substance of the Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Purchase Agreement to the Borrower and the Purchaser.

Section 1.8--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, 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 they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.9--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 - Indenture
- Exhibit C - Loan Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Assignments
- Exhibit F - Purchase Agreement

Section 1.10--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, 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 1.11--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: Chairman or Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of the Department, Chief Financial Officer of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department, Director of Multifamily Finance of the Department, the Secretary of the Board and the Assistant Secretary of the Board.

Section 1.12--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Certification of the Minutes and Records. That the Secretary and the Assistant Secretary of the Board hereby are severally authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.5--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached as Exhibit H to the Regulatory Agreement and shall be annually redetermined by the Issuer as stated in Section 2.3(r) of the Loan Agreement.

Section 2.6--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Project are hereby ratified and confirmed.

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act, and after the Department's consideration of the information with respect to the Project and the information with respect to the proposed financing of the Project by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:



(a) Need for Housing Development.

(i) That the Project is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford;

(ii) That the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income;

(iii) That the Borrower is financially responsible;

(iv) That the financing of the Project is a public purpose and will provide a public benefit; and

(v) That the Project will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) That the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income;

(ii) That the Borrower is financially responsible and has entered into a binding commitment to repay the loan made with the proceeds of the Bonds in accordance with its terms; and

(iii) That the Borrower is not, or will not enter into a contract for the Project with, a housing 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) breached a contract with a public agency; 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 Department.

(c) Public Purpose and Benefits.

(i) That the Borrower has agreed to operate the Project in accordance with the Loan Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income; and

(ii) That the issuance of the Bonds to finance the Project is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State of Texas to obtain decent, safe, and sanitary

housing by financing the costs of the Project, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as its deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Project shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Loan Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the loan established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Project and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Sections 35 and 39, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

## ARTICLE IV

### GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas. Each Bond shall contain on its face a statement to the effect that the State of Texas is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State of Texas is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--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 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 \_\_\_\_\_ day of February, 2003.

By: \_\_\_\_\_  
Michael E. Jones, Chairman

[SEAL]

Attest: \_\_\_\_\_  
Delores Groneck, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Owner: Cobblestone Townhomes Limited Partnership, an Ohio limited partnership

Project: The Project is a 240-unit multifamily facility to be known as Creekside Townhomes and to be located at the southeast corner of New York Avenue and Mayfield Road in Arlington, Texas. The Project will include a total of 24 two-story residential apartment buildings with a total of approximately 284,160 net rentable square feet and an average unit size of approximately 1,184 square feet. The unit mix will consist of:

120 two-bedroom/two-bath units

120 three-bedroom/two-bath units

240 Total Units

Unit sizes will range from approximately 1,025 square feet to approximately 1,342 square feet.

Common areas will include a swimming pool, a children's play area, laundry facilities and a community building with kitchen facilities, parlor with television, fitness center and telephones. All ground units will be wheelchair accessible.

## Creekside Townhomes

### Estimated Sources & Uses of Funds

#### Sources of Funds

Bond Proceeds, Series 2003A Bonds (Tax-Exempt)	\$ 15,000,000
Bond Proceeds, Series 2003B Bonds (Taxable)	\$ 320,000
LIHTC Equity	5,446,540
Interest Income	194,840
Soft Financing	-
Deferred Developer's Fee	1,273,576
<b>Total Sources</b>	<b><u>\$ 22,234,956</u></b>

#### Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 16,425,801
Capitalized Interest (Constr. Interest)	2,025,000
Marketing	95,589
Developer's Overhead Fee	1,444,649
Developer Note	1,273,576
Costs of Issuance	
Direct Bond Related	212,350
Bond Purchaser Costs	124,100
Other Transaction Costs	185,233
Real Estate Closing Costs	448,658
<b>Total Uses</b>	<b><u>\$ 22,234,956</u></b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 76,600
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit)	6,000
TDHCA Bond Counsel and Direct Expenses (Note 1)	65,000
TDHCA Financial Advisor and Direct Expenses	30,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	2,500
Borrower's Bond Counsel	-
Placement Agent	-
Trustee's Fees (Note 1)	7,500
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	2,500
Texas Bond Review Board Application Fee	500
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
TEFRA Hearing Publication Expenses	2,000
<b>Total Direct Bond Related</b>	<b><u>\$ 212,350</u></b>

#### Bond Purchase Costs

Loan Origination Fee (CharterMac @ 0.5%)	76,600
Due Diligence Cost (CharterMac)	12,500
Bond Counsel & Expenses (CharterMac)	35,000

## Creekside Townhomes

<b>Total</b>	\$ 124,100
<b>Other Transaction Costs</b>	
Construction Servicing (Charter Mac @ 1%)	153,200
Tax Credit Determination Fee (4% annual tax cr.)	27,233
Tax Credit Application Fee (\$20/u)	4,800
<b>Total</b>	\$ 185,233
<b>Real Estate Closing Costs</b>	
Title & Recording (Const.& Perm.)	95,280
Property Taxes	353,378
<b>Total Real Estate Costs</b>	\$ 448,658
<b>Estimated Total Costs of Issuance</b>	\$ 970,341

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS**

**DATE:** February 3, 2003    **PROGRAM:** Multifamily Bond    **FILE NUMBER:** 2002-072  
4% LIHTC    02465

**DEVELOPMENT NAME**

Creekside Townhomes

**APPLICANT**

**Name:** Cobblestone Townhome Limited Partnership    **Type:**  For Profit     Non-Profit     Municipal     Other  
**Address:** 7800 E. Kemper Road    **City:** Cincinnati    **State:** OH  
**Zip:** 45249    **Contact:** Don Paxton    **Phone:** (513) 489-1990    **Fax:** (513) 489-2780

**PRINCIPALS of the APPLICANT**

**Name:** Brisben Creekside, Inc.    **(%):** .01    **Title:** Managing General Partner  
**Name:** William O. Brisben    **(%):** 99.99    **Title:** Initial Limited Partner  
**Name:** Real Estate Advisors, Inc.    **(%):** \_\_\_\_\_    **Title:** Developer

**GENERAL PARTNER**

**Name:** Brisben Creekside, Inc.    **Type:**  For Profit     Non-Profit     Municipal     Other  
**Address:** 7800 E. Kemper    **City:** Cincinnati    **State:** OH  
**Zip:** 45249    **Contact:** Don Paxton    **Phone:** (513) 489-1990    **Fax:** (413) 489-2780

**PROPERTY LOCATION**

**Location:** SE corner of New York Avenue and E. Mayfield     QCT     DDA  
**City:** Arlington    **County:** Tarrant    **Zip:** 76014

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1. \$662,638	N/A	N/A	N/A
2. \$15,320,000	6.79%	40 yrs	40 yrs
<b>Other Requested Terms:</b>			
1. Annual ten-year allocation of low-income housing tax credits adjusted upward to \$709,275 based upon the underwriting applicable percentage of 3.65 as of the date of application submission.			
2. Multi-family bonds			
<b>Proposed Use of Funds:</b> <u>New construction</u> <b>Set-Aside:</b> <input checked="" type="checkbox"/> General <input type="checkbox"/> Rural <input type="checkbox"/> Non-Profit			

**SITE DESCRIPTION**

**Size:** 20.929 acres    911,667 square feet    **Zoning/ Permitted Uses:** MF-18 and MF-22  
**Flood Zone Designation:** Partially in 100-year floodplain    **Status of Off-Sites:** Partially improved

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**DESCRIPTION of IMPROVEMENTS**

**Total Units:** 240    **# Rental Buildings:** 24    **# Common Area Bldgs:** 2    **# of Floors:** 2    **Age:** 0 yrs    **Vacant:** N/A at / /

Number	Bedrooms	Bathroom	Size in SF
48	2	2	1,002
24	2	2	1,104
48	2	2	1,146
48	3	2	1,195
24	3	2	1,237
48	3	2	1,296

**Net Rentable SF:** 278,856    **Av Un SF:** 1,162    **Common Area SF:** 4,713    **Gross Bldng SF** 283,569

**Property Type:**     Multifamily     SFR Rental     Elderly     Mixed Income     Special Use

**CONSTRUCTION SPECIFICATIONS**

**STRUCTURAL MATERIALS**

Wood frame on a concrete slab on grade, 68% brick veneer/32% vinyl siding exterior wall covering with drywall interior wall surfaces, composite shingle roofing.

**APPLIANCES AND INTERIOR FEATURES**

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, laminated counter tops.

**ON-SITE AMENITIES**

3,991-SF community building with activity room, management offices, fitness room, kitchen, restrooms, computer/business center, daycare facility, central mailroom, swimming pool, equipped children's play area, perimeter fencing. There will also be a 722-SF laundry and maintenance building.

**Uncovered Parking:** 532 spaces    **Carports:** 0 spaces    **Garages:** 0 spaces

**OTHER SOURCES of FUNDS**

**INTERIM CONSTRUCTION FINANCING**

**Source:** Charter/Mac Municipal Mortgage    **Contact:** Marnie Miller

**Principal Amount:** \$15,320,000    **Interest Rate:** 6.75%

**Additional Information:** \$15,000,000 is tax-exempt with an interest rate of 6.75% over 40 years. \$320,000 is a taxable tail with an interest rate of 8.75%

**Amortization:** N/A yrs    **Term:** N/A yrs    **Commitment:**     None     Firm     Conditional

**LONG TERM/PERMANENT FINANCING**

**Source:** Charter Mac Municipal Mortgage    **Contact:** Marnie Miller

**Principal Amount:** \$15,320,000    **Interest Rate:** 6.75%

**Additional Information:** \$15,000,000 is tax-exempt with an interest rate of 6.75% over 40 years. \$320,000 is a taxable tail with an interest rate of 8.75%

**Amortization:** 40 yrs    **Term:** 40 yrs    **Commitment:**     None     Firm     Conditional

**Annual Payment:** \$1,121,635    **Lien Priority:** 1st    **Commitment Date** 12/ 20/ 2002



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**LIHTC SYNDICATION**

<b>Source:</b> <u>Related Capital Company</u>	<b>Contact:</b> <u>Justin Ginsberg</u>
<b>Address:</b> <u>625 Madison Avenue</u>	<b>City:</b> <u>New York</u>
<b>State:</b> <u>NY</u> <b>Zip:</b> <u>10022</u> <b>Phone:</b> (212) <u>421-5333</u> <b>Fax:</b> (212) <u>751-3550</u>	
<b>Net Proceeds:</b> <u>\$5,433,000</u>	<b>Net Syndication Rate</b> (per \$1.00 of 10-yr LIHTC) <u>82¢</u>
<b>Commitment</b> <input type="checkbox"/> None <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	<b>Date:</b> <u>12/ 20/ 2002</u>
<b>Additional Information:</b> _____	

**APPLICANT EQUITY**

<b>Amount:</b> <u>\$1,346,438</u>	<b>Source:</b> <u>Deferred developer fee</u>
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**VALUATION INFORMATION**

**APPRAISAL**

<b>Land Only:</b>	<u>\$1,630,000</u>	<b>Date of Valuation:</b>	<u>12/ 18/ 2002</u>
<b>Completion, Restricted Rents (Stabilized):</b>	<u>\$14,510,000</u>	<b>Date of Valuation:</b>	<u>7/ 2005</u>
<b>Completion, Restricted Rents:</b>	<u>\$13,640,000</u>	<b>Date of Valuation:</b>	<u>11/ 2004</u>
<b>Appraiser:</b> <u>Integra Realty Resources</u>	<b>City:</b> <u>Dallas</u>	<b>Phone:</b>	<u>(972) 960-1222</u>

**ASSESSED VALUE**

<b>Land:</b>	<u>\$780,791</u>	<b>Assessment for the Year of:</b>	<u>2002</u>
<b>Building:</b>	<u>N/A</u>	<b>Valuation by:</b>	<u>Tarrant County Appraisal District</u>
<b>Total Assessed Value:</b>	<u>\$780,791</u>		

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b> <u>Purchase &amp; sale agreement</u>
<b>Contract Expiration Date:</b> <u> / /</u> <b>Anticipated Closing Date:</b> <u> / /</u>
<b>Acquisition Cost:</b> \$ <u>1,296,000</u> <b>Other Terms/Conditions:</b> <u>Closing shall occur within 120 days of receipt of bond reservation</u>
<b>Seller:</b> <u>Mayfield/New York Two Ltd.</u> <b>Related to Development Team Member:</b> <u>No</u>

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Creekside Townhomes is a proposed new construction development of 240 units of affordable income housing located in south Arlington. The development is comprised of 24 residential buildings as follows:

- Twelve Building Type A with six two-bedroom units and six three-bedroom units, and
- Twelve Building Type B with four two-bedroom units and four three-bedroom units;

Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community building, mailboxes, and swimming pool located near the entrance to the site. A 722-square foot laundry and maintenance building is be located near the back of the site. The 3,991-square foot community building plan includes the management office, a community room, exercise room, kitchen, and restrooms.

**Supportive Services:** The Applicant has contracted with National Realty Management to provide the

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following supportive services to tenants: basic adult education, credit counseling, home buyer education, and computer facilities. These services will be provided at no cost to tenants. The contract requires the Applicant to provide, furnish, and maintain facilities in the community building for provision of the services. The Applicant has agreed to pay \$60.72 per unit annually for these services.

**Schedule:** The Applicant anticipates construction to begin in May 2003, to be completed in November 2004, to be placed in service in February of 2005, and to be substantially leased-up in September of 2004.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 2 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI. Fourteen units (5%) will be set aside for handicapped individuals.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	<b>\$25,740</b>	<b>\$29,400</b>	<b>\$33,120</b>	<b>\$36,780</b>	<b>\$39,720</b>	<b>\$42,660</b>

**Special Needs Set-Asides:** Twelve units (5%) will be handicapped-accessible.

**Compliance Period Extension:** The intended length of the compliance period was not specified in the application.

**MARKET HIGHLIGHTS**

A market feasibility study dated December 18, 2002 was prepared by Integra Realty Resources and highlighted the following findings:

**Definition of Market/Submarket:** "...we have concluded that an appropriate primary market area for the subject is the area within a four-mile radius of the subject site." (p. 17)

**Total Local/Submarket Demand for Rental Units:** There is a demand for 85 units based on new growth and a demand of 1,557 units based on turnover, resulting in a total demand of 1,642 units. (p. 45)

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	85	5%	57	4%
Resident Turnover	1,557	95%	1,497	96%
<b>TOTAL ANNUAL DEMAND</b>	<b>1,642</b>	<b>100%</b>	<b>1,554</b>	<b>100%</b>

Ref: p. 46

**Capture Rate and Absorption:** "Demand on an annual basis is 1,642 units, indicating a capture rate of 14.6%. The subject is forecast to be fully absorbed in nine months, equating to an absorption pace of 25 units per month" (p. 46) The Underwriter calculated a concentration capture rate of 15% based upon a supply of unstabilized comparable affordable units of 240 divided by a revised demand of 1,554. Arlington Senior Apartments, 261 units of affordable housing, are scheduled to be built in the primary market, however, the development is seniors-only, thus the Underwriter is not including them as unstabilized affordable units.

**Market Rent Comparables:** The market analyst surveyed five comparable apartment projects totaling 1,912 units in the market area. (p. 47)

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<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>
<b>2-Bedroom (60%)</b>	\$726	\$747	-\$21	\$840	-\$114
<b>2-Bedroom (60%)</b>	\$747	\$747	\$0	\$915-940	-\$168 to -\$193
<b>3-Bedroom (60%)</b>	\$800	\$859	-\$59	\$990	-\$190
<b>3-Bedroom (60%)</b>	\$859	\$859	\$0	\$1,025-\$1,075	-\$166 to -\$216

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =\$500, program max =\$600, differential = -\$100)

**Submarket Vacancy Rates:** “Occupancy rates in the south Arlington submarket for March of 2002 were 95.3%. The area has maintained an occupancy rate between 94.0% and 96.9% from March 2000 to March 2002.” (p. 33) “...the simple average occupancy rate for LIHTC properties within the PMA is 95%.” (p. 54)

**Known Planned Development:** Arlington Seniors Apartments is an elderly, 261-unit LIHTC property to be developed. Stone Ridge Ranch is a 226-unit conventional apartment complex to be developed. Also Autumnwood Apartments is a second phase consisting of 184 market rate units to be developed. (p. 38)  
 The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** Arlington is located in north Texas, approximately 15 miles from Fort Worth and 18 miles from Dallas in Tarrant County. The site is a regularly-shaped parcel located in the south area of Arlington, approximately 3.5 miles from the central business district. The site is situated on the south side of Mayfield Road.

**Population:** The estimated 2001 population of Fort Worth/Arlington was 1,728,826 and is expected to increase 7.4% to approximately 1,856,476 by 2006. The primary market area anticipates a population growth of 9.4% during that same span.

**Adjacent Land Uses:** Land uses in the overall area in which the site is located are predominantly mixed use. Adjacent land uses include vacant land to the north, vacant land to the east with Mayfield Apartments beyond that, single family to the south, and an EZ Mart gas station to the west.

**Site Access:** Access to the property is from the east or west along Mayfield Road. The development has two main entries, both from Mayfield Road. Access to Highway 360 is 0.75 miles east, which provides connections to all other major roads serving the Arlington area.

**Public Transportation:** The availability of public transportation is unknown.

**Shopping & Services:** The site is within one mile of major grocery/pharmacies, 3.5 miles from a mall, and two miles from Arlington Community Hospital. Schools and churches are also located within a short driving distance from the site.

**Special Adverse Site Characteristics:** Approximately 1.56 acres are located within the 100-year floodplain. According to the revised site plan, six of the buildings, 27 parking spaces, and the children’s play area are located in the floodplain. The Applicant submitted documentation from a civil engineer indicating that the buildings will be raised two feet above the 100-year floodplain, as required by the City of Arlington. The engineer also stated that the top of the parking and drives will not exceed a vertical depth of six inches into the 100-year floodplain.

**Site Inspection Findings:** TDHCA staff performed a site inspection on January 7, 2003 and found the location to be acceptable for the proposed development.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated December 16, 2002 was prepared by MACTEC and contained the following findings and recommendations:

**Findings:** The EZ Mart located approximately 900 feet west is listed as a Leaking Petroleum Storage Tank (LPST) having impacted ground water with no apparent threats or impacts to receptors. Although EZ Mart received closure from the Texas Natural Resource Conservation Commission, the site is topographically up gradient from the subject site and the two sites abut the same creek. The Phase I recommended a review of

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the TCEQ files regarding the EZ Mart.

In an updated letter dated January 10, 2003, the engineer reviewed LPST files from the Region 4 office of the TCEQ location in Fort Worth for the EZ Mart location in question. The review of the files indicated that the activities associated with the LPST incident were properly investigated and the findings indicate a low probability that the incident has impacted the subject site. As a result, MACTEC does not recommend any further assessment of the site.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant's rent projections are slightly lower than the maximum rents allowed under LIHTC guidelines for the smallest two- and three-bedroom units. The assumption is that because the units are smaller, they are less marketable and will require a lower rent in order to lease. The smallest two-bedroom is \$21 less than the maximum allowable and the smallest three-bedroom is \$59 less than the maximum allowable. Since the Underwriter utilized the maximums for all the units, as supported by the market study, there is a 2% difference between the Underwriter's and Applicant's potential gross rent. Both the Underwriter and Applicant assumed secondary income at \$15 per unit per month and both assumed a vacancy and collection loss of 7.5%. As a result, there was a 2% difference in effective gross income.

**Expenses:** The Applicant's estimate of total operating expense of \$3,674 is less than 5% outside the Underwriter's TDHCA database-derived estimate of \$3,835, an acceptable deviation. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative (45K lower), property taxes (34K higher), utilities (28K lower), and water, sewer and trash, which the tenant pays (23K higher) than the Underwriter's estimate.

**Conclusion:** The Applicant's estimated income is consistent with the Underwriter's expectations and total operating expenses are within 5% of the database-derived estimate. Therefore, the Applicant's NOI should be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within an acceptable range of TDHCA underwriting guidelines of 1.10 to 1.25.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Land Value:** The site cost is \$1,296,000 (\$1.42/SF or \$61,924/acre). The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:** The Applicant's claimed sitework costs of \$6,425 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$161K or 1% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

**Interim Financing Fees:** The Underwriter reduced the Applicant's eligible interim financing fees by \$456,499 to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate. The Applicant also included as eligible the full amount of tax counsel and underwriting fees for the bonds, when only the portion attributable to the construction period is eligible. The Underwriter therefore prorated these fees by including as eligible only \$17,865 of the total fees.

**Fees:** The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines. Due to the difference in indirect construction, the Applicant's developer fees are \$307,174 more than the 15% limit. The deferred developer fee is repayable from cash flow within ten years.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted, is used to size the award recommendation/calculate eligible basis and determine the LIHTC allocation. As a result, an eligible basis of \$18,422,980 is used to determine a credit allocation of \$672,439 from this method.

**FINANCING STRUCTURE ANALYSIS**

The Applicant intends to finance the development with three types of financing from three sources: a conventional interim to permanent loan based on tax-exempt and taxable private activity mortgage revenue

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bond proceeds, syndicated LIHTC equity, and deferred developer's fees.

**Bonds:** The bonds are tax-exempt private activity mortgage revenue bonds to be issued by TDHCA and placed privately with Charter/Mac Municipal Mortgage. As of the date of the underwriting analysis, the documentation provided indicates that there will be \$15,000,000 in tax-exempt senior Series A bonds with an anticipated interest rate of 6.75%, and \$320,000 in tax-exempt subordinate Series B bonds with an anticipated all-in interest rate of 8.75%. The Underwriter used a blended interest rate of 6.76%. The final interest rate will be made available at closing. The tax-exempt bonds will mature in 40 years and the taxable bonds will mature in approximately five years.

**LIHTC Syndication:** Related Capital Company has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be \$5,433,000 based on a syndication factor of 82%. The funds would be disbursed in a five-phased pay-in schedule:

1. 30% upon admission to the partnership;
2. 20% upon 50% completion of construction;
3. 20% upon 75% completion of construction;
4. 20% upon 100% completion of construction;
5. 10% upon attainment of breakeven operating status.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,346,438 amount to 50% of the total fees.

**Financing Conclusions:** Based on the Applicant's adjusted calculation of eligible basis, the LIHTC allocation should not exceed \$672,439 annually for ten years, resulting in syndication proceeds of approximately \$5,512,895. The original requested tax credit amount of \$662,638 was based on a 3.41 applicable percentage whereas the Applicant is allowed to use a higher 3.65 applicable percentage and a correction to this effect is in process and will result in an amended request for \$709,275 in credits. The recommended amount is \$36,836 less than this amount. Based on the Underwriter's analysis the deferred developer would be approximately \$1,266,085, which represents 47% of the total eligible fee and is repayable through cash flow in less than ten years.

**REVIEW of ARCHITECTURAL DESIGN**

The exterior elevations are attractive, with varied rooflines. All the units are of average size for market rate and LIHTC units, and have covered patios or balconies, while most of the units have small outdoor storage closets. Each unit also has utility closets with hookups for full-size appliances. Most units have an interior semi-private entry that is shared with another unit, while some of the units have a standalone exterior entry. Sixty percent of the units are two-story townhome style. The buildings are two-story walk-up structures with mixed brick veneer siding exterior finish and pitched roofs.

**IDENTITIES of INTEREST**

The Developer, General Contractor, Estimator, Property Manager, and Supportive Services firm are all related entities. These are not unusual relationships for LIHTC-funded developments.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA. The General Partner has no material financial statements. However, the Applicant submitted an unaudited financial statement as of December 20, 2002 reporting total assets of \$134,070 and consisting of \$100 in receivables, and \$133,970 in capital development costs.
- Real Estate Advisors, Inc. submitted an unaudited financial statement as of December 20, 2002 reporting total assets of \$11,027,140 and consisting of \$12,069 in cash, \$1,679,514 in receivables, \$79,031 in other current assets, and \$9,256,526 in long term receivables. Liabilities totaled \$240,268, resulting in a net worth of \$10,786,872.
- William O. Brisben, the President of the General Partner, submitted an audited financial statement as of August 19, 2002, and is anticipated to be guarantor of the development.

**Background & Experience:**

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- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- William O. Brisben has participated in 95 multifamily housing projects since 1992.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**RECOMMENDATION**

- RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$672,439 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF TAX-EXEMPT BONDS NOT TO EXCEED \$15,000,000 AND TAXABLE BONDS NOT TO EXCEED \$320,000, STRUCTURED AS FULLY AMORTIZING OVER NOT LESS THAN 40 YEARS, WITH AN INTEREST RATE ON THE TAX-EXEMPT BONDS NOT MORE THAN 6.75% AND THE INTEREST RATE ON THE TAXABLE BONDS NOT MORE THAN 8.75%, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a flood hazard mitigation plan to include building flood insurance and tenant flood insurance costs;
2. Should the terms of the debt or syndication change the recommendations in this report should be re-evaluated.

**Underwriter:**

\_\_\_\_\_  
*Mark Fugina*

**Date:** February 3, 2003

**Director of Credit Underwriting:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** February 3, 2003

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis**

**Creekside Townhomes, Arlington, #2002-072**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trash
TC60%	48	2	2	1,025	\$828	\$747	\$35,856	\$0.73	\$81.00	\$10.00
TC60%	24	2	2	1,091	828	747	17,928	0.68	81.00	10.00
TC60%	48	2	2	1,180	828	747	35,856	0.63	81.00	10.00
TC60%	48	3	2	1,211	956	859	41,232	0.71	97.00	13.00
TC60%	24	3	2	1,233	956	859	20,616	0.70	97.00	13.00
TC60%	48	3	2	1,342	956	859	41,232	0.64	97.00	13.00
<b>TOTAL:</b>	<b>240</b>		<b>AVERAGE:</b>	<b>1,184</b>	<b>\$892</b>	<b>\$803</b>	<b>\$192,720</b>	<b>\$0.68</b>	<b>\$89.00</b>	<b>\$11.50</b>

**INCOME** Total Net Rentable Sq Ft: 284,160

POTENTIAL GROSS RENT	Per Unit Per Month:	
Secondary Income	\$15.00	
Other Support Income: (describe)		
<b>POTENTIAL GROSS INCOME</b>		
Vacancy & Collection Loss	% of Potential Gross Income: -7.50%	
Employee or Other Non-Rental Units or Concessions		
<b>EFFECTIVE GROSS INCOME</b>		

	<b>TDHCA</b>	<b>APPLICANT</b>		
	\$2,312,640	\$2,266,560		
	43,200	43,200	\$15.00	Per Unit Per Month
	0	0		
	\$2,355,840	\$2,309,760		
	(176,688)	(173,232)	-7.50%	of Potential Gross Income
	0	0		
	\$2,179,152	\$2,136,528		

<b>EXPENSES</b>	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	3.53%	\$320	\$0.27
Management	5.00%	454	0.38
Payroll & Payroll Tax	9.27%	842	0.71
Repairs & Maintenance	5.07%	460	0.39
Utilities	3.00%	272	0.23
Water, Sewer, & Trash	1.52%	138	0.12
Property Insurance	2.61%	237	0.20
Property Tax 3.01878	9.31%	845	0.71
Reserve for Replacements	2.20%	200	0.17
Other: Compliance, Security	0.73%	66	0.06
<b>TOTAL EXPENSES</b>	<b>42.24%</b>	<b>\$3,835</b>	<b>\$3.24</b>
<b>NET OPERATING INC</b>	<b>57.76%</b>	<b>\$5,244</b>	<b>\$4.43</b>

	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
	\$76,906	\$31,896	\$0.11	\$133	1.49%
	108,958	106,826	0.38	445	5.00%
	202,080	201,866	0.71	841	9.45%
	110,512	94,204	0.33	393	4.41%
	65,362	37,682	0.13	157	1.76%
	33,120	56,522	0.20	236	2.65%
	56,832	52,537	0.18	219	2.46%
	202,862	236,400	0.83	985	11.06%
	48,000	48,000	0.17	200	2.25%
	15,842	15,842	0.06	66	0.74%
	\$920,473	\$881,775	\$3.10	\$3,674	41.27%
	\$1,258,679	\$1,254,753	\$4.42	\$5,228	58.73%

<b>DEBT SERVICE</b>			
1st Lien Mortgage	50.96%	\$4,627	\$3.91
Trustee Fee	0.16%	\$15	\$0.01
TDHCA Admin. Fees	0.70%	\$64	\$0.05
Asset Oversight & Compliance	0.55%	\$50	\$0.04
<b>NET CASH FLOW</b>	<b>5.38%</b>	<b>\$489</b>	<b>\$0.41</b>

	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF TOTAL</b>
	\$1,110,534	\$1,121,635	\$3.95	\$4,673	52.50%
	\$3,500		\$0.00	\$0	0.00%
	15,320		\$0.00	\$0	0.00%
	12,000		\$0.00	\$0	0.00%
	\$117,324	\$133,118	\$0.47	\$555	6.23%
<b>AGGREGATE DEBT COVERAGE RATIO</b>	<b>1.10</b>	<b>1.12</b>			
<b>BONDS &amp; TRUSTEE FEE-ONLY DEBT COVERAGE RATIO</b>	<b>1.13</b>				
<b>BONDS-ONLY DEBT COVERAGE RATIO</b>	<b>1.13</b>				

<b>CONSTRUCTION COST</b>				
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldng)		5.93%	\$5,504	\$4.65
Off-Sites		0.00%	0	0.00
Sitework		6.11%	5,675	4.79
Direct Construction		49.44%	45,920	38.78
Contingency	0.00%	0.00%	0	0.00
General Req'ts	6.00%	3.33%	3,096	2.61
Contractor's G & A	2.00%	1.11%	1,032	0.87
Contractor's Prof.	6.00%	3.33%	3,096	2.61
Indirect Construction		5.03%	4,669	3.94
Ineligible Costs		9.07%	8,428	7.12
Developer's G & A	2.46%	1.79%	1,658	1.40
Developer's Profit	12.54%	9.12%	8,469	7.15
Interim Financing		4.34%	4,028	3.40
Reserves		1.40%	1,304	1.10
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$92,880</b>	<b>\$78.45</b>
<b>Recap-Hard Construction Costs</b>		<b>63.33%</b>	<b>\$58,819</b>	<b>\$49.68</b>

	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
	\$1,321,000	\$1,321,000	\$4.65	\$5,504	5.98%
	0		0.00	0	0.00%
	1,362,000	1,362,000	4.79	5,675	6.16%
	11,020,857	10,859,497	38.22	45,248	49.14%
	0		0.00	0	0.00%
	742,971	744,090	2.62	3,100	3.37%
	247,657	248,030	0.87	1,033	1.12%
	742,971	744,090	2.62	3,100	3.37%
	1,120,679	1,120,679	3.94	4,669	5.07%
	2,022,626	2,022,626	7.12	8,428	9.15%
	397,962	677,543	2.38	2,823	3.07%
	2,032,628	2,032,628	7.15	8,469	9.20%
	966,797	966,797	3.40	4,028	4.37%
	312,998		0.00	0	0.00%
	\$22,291,146	\$22,098,980	\$77.77	\$92,079	100.00%
	\$14,116,457	\$13,957,707	\$49.12	\$58,157	63.16%

<b>SOURCES OF FUNDS</b>				
1st Lien Mortgage		68.73%	\$63,833	\$53.91
LIHTC Syndication Proceeds		24.37%	\$22,636	\$19.12
Additional Financing		0.00%	\$0	\$0.00
Deferred Developer's Fee		6.04%	\$5,610	\$4.74
Additional (excess) Funds Required		0.86%	\$801	\$0.68
<b>TOTAL SOURCES</b>				

	<b>TDHCA</b>	<b>APPLICANT</b>	<b>RECOMMENDED</b>
	\$15,320,000	\$15,320,000	\$15,320,000
	5,432,542	5,432,542	5,512,895
	0		0
	1,346,438	1,346,438	1,266,085
	192,166	0	0
	\$22,291,146	\$22,098,980	\$22,098,980

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)**  
**Creekside Townhomes, Arlington, #2002-072**

**DIRECT CONSTRUCTION COST ESTIMATE**  
 Residential Cost Handbook  
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$41.07	\$11,671,385
<b>Adjustments</b>				
Exterior Wall Fini	4.20%		\$1.73	\$490,198
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.01)	(287,002)
Floor Cover			1.92	545,587
Porches/Balconies	\$20.79	16,106	1.18	334,800
Plumbing	\$615	720	1.56	442,800
Built-In Appliance	\$1,625	240	1.37	390,000
Stairs	\$975	168	0.58	163,800
Floor Insulation			0.00	0
Heating/Cooling			1.47	417,715
Clubhouse	\$57.91	3,991	0.81	231,109
Maintenance/Laundry	\$47.06	722	0.12	33,976
Other:			0.00	0
<b>SUBTOTAL</b>			<b>50.80</b>	<b>14,434,369</b>
Current Cost Multiplier	1.02		1.02	288,687
Local Multiplier	0.92		(4.06)	(1,154,749)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$47.75</b>	<b>\$13,568,306</b>
Plans, specs, survy, b	3.90%		(\$1.86)	(\$529,164)
Interim Construction I	3.38%		(1.61)	(457,930)
Contractor's OH & Prof	11.50%		(5.49)	(1,560,355)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$38.78</b>	<b>\$11,020,857</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$15,320,000	Amort	480
Int Rate	6.76%	DCR	1.13

<b>Secondary</b>	\$5,432,542	Amort	
Int Rate		Subtotal DCR	1.12

<b>Additional</b>		Amort	
Int Rate		Aggregate DCR	1.10

**ALTERNATIVE FINANCING STRUCTURE:**

Primary Debt Service	\$1,110,534
Trustee Fee	3,500
TDHCA Fees	27,320
<b>NET CASH FLOW</b>	<b>\$117,324</b>

<b>Primary</b>	\$15,320,000	Amort	480
Int Rate	6.76%	DCR	1.13

<b>Secondary</b>	\$5,432,542	Amort	0
Int Rate	0.00%	Subtotal DCR	1.13

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

	at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
<b>POTENTIAL GROSS RENT</b>		\$2,266,560	\$2,334,557	\$2,404,594	\$2,476,731	\$2,551,033	\$2,957,347	\$3,428,375	\$3,974,427	\$5,341,297
Secondary Income		43,200	44,496	45,831	47,206	48,622	56,366	65,344	75,751	101,804
Other Support Income: (d)		0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>		<b>2,309,760</b>	<b>2,379,053</b>	<b>2,450,424</b>	<b>2,523,937</b>	<b>2,599,655</b>	<b>3,013,713</b>	<b>3,493,719</b>	<b>4,050,178</b>	<b>5,443,101</b>
Vacancy & Collection Los		(173,232)	(178,429)	(183,782)	(189,295)	(194,974)	(226,028)	(262,029)	(303,763)	(408,233)
Employee or Other Non-Re:		0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>		<b>\$2,136,528</b>	<b>\$2,200,624</b>	<b>\$2,266,643</b>	<b>\$2,334,642</b>	<b>\$2,404,681</b>	<b>\$2,787,684</b>	<b>\$3,231,690</b>	<b>\$3,746,415</b>	<b>\$5,034,868</b>
<b>EXPENSES at 4.00%</b>										
General & Administrative		\$31,896	\$33,172	\$34,499	\$35,879	\$37,314	\$45,398	\$55,234	\$67,200	\$99,473
Management		106,826	110,031	113,332	116,732	120,234	139,384	161,585	187,321	251,743
Payroll & Payroll Tax		201,866	209,941	218,338	227,072	236,155	287,318	349,567	425,301	629,550
Repairs & Maintenance		94,204	97,972	101,891	105,967	110,205	134,082	163,131	198,474	293,789
Utilities		37,682	39,189	40,756	42,387	44,082	53,633	65,252	79,389	117,516
Water, Sewer & Trash		56,522	58,783	61,135	63,580	66,123	80,449	97,879	119,084	176,274
Insurance		52,537	54,638	56,824	59,097	61,461	74,777	90,977	110,688	163,845
Property Tax		236,400	245,856	255,690	265,918	276,555	336,471	409,368	498,059	737,249
Reserve for Replacements		48,000	49,920	51,917	53,993	56,153	68,319	83,120	101,129	149,695
Other		15,842	16,476	17,135	17,820	18,533	22,548	27,433	33,377	49,406
<b>TOTAL EXPENSES</b>		<b>\$881,775</b>	<b>\$915,978</b>	<b>\$951,517</b>	<b>\$988,444</b>	<b>\$1,026,815</b>	<b>\$1,242,378</b>	<b>\$1,503,545</b>	<b>\$1,820,021</b>	<b>\$2,668,539</b>
<b>NET OPERATING INCOME</b>		<b>\$1,254,753</b>	<b>\$1,284,646</b>	<b>\$1,315,126</b>	<b>\$1,346,198</b>	<b>\$1,377,866</b>	<b>\$1,545,306</b>	<b>\$1,728,145</b>	<b>\$1,926,393</b>	<b>\$2,366,329</b>
<b>DEBT SERVICE</b>										
First Lien Financing		\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534
Trustee Fee		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees		15,320	15,243	15,160	15,072	14,977	14,396	13,581	12,440	8,602
Asset Oversight & Compli:		12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Cash Flow		113,399	142,889	172,952	203,593	234,817	399,797	579,750	774,637	1,206,269
<b>AGGREGATE DCR</b>		<b>1.10</b>	<b>1.13</b>	<b>1.15</b>	<b>1.18</b>	<b>1.21</b>	<b>1.35</b>	<b>1.50</b>	<b>1.67</b>	<b>2.04</b>



**LIHTC Allocation Calculation - Creekside Townhomes, Arlington, #2002-072**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$1,321,000	\$1,321,000		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,362,000	\$1,362,000	\$1,362,000	\$1,362,000
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation ha	\$10,859,497	\$11,020,857	\$10,859,497	\$11,020,857
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$248,030	\$247,657	\$244,430	\$247,657
Contractor profit	\$744,090	\$742,971	\$733,290	\$742,971
General requirements	\$744,090	\$742,971	\$733,290	\$742,971
<b>(5) Contingencies</b>				
<b>(6) Eligible Indirect Fees</b>				
	\$1,120,679	\$1,120,679	\$1,120,679	\$1,120,679
<b>(7) Eligible Financing Fees</b>				
	\$966,797	\$966,797	\$966,797	\$966,797
<b>(8) All Ineligible Costs</b>				
	\$2,022,626	\$2,022,626		
<b>(9) Developer Fees</b>				
			\$2,402,997	
Developer overhead	\$677,543	\$397,962		\$397,962
Developer fee	\$2,032,628	\$2,032,628		\$2,032,628
<b>(10) Development Reserves</b>				
		\$312,998		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$22,098,980</b>	<b>\$22,291,146</b>	<b>\$18,422,980</b>	<b>\$18,634,523</b>

<b>Deduct from Basis:</b>				
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)				
<b>TOTAL ELIGIBLE BASIS</b>			\$18,422,980	\$18,634,523
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			\$18,422,980	\$18,634,523
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$18,422,980	\$18,634,523
Applicable Percentage			3.65%	3.65%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$672,439	\$680,160

Syndication Proceeds                      0.8198                      \$5,512,895                      \$5,576,197

## RENT CAP EXPLANATION Fort Worth / Arlington MSA

### AFFORDABILITY DEFINITION & COMMENTS

An apartment unit is "**affordable**" if the total housing expense (rent and utilities) that the tenant pays is **equal to or less than 30%** of the tenant's household income (as determined by HUD).

**Rent Caps** are established at this **30%** "affordability" threshold based on local area median income, adjusted for family size. Therefore, rent caps will vary from property to property depending upon the local area median income where the specific property is located.

If existing rents in the local market area are lower than the rent caps calculated at the 30% threshold for the area, then by definition the market is "affordable". This situation will occur in some larger metropolitan areas with high median incomes. In other words, the rent caps will not provide for lower rents to the tenants because the rents are already affordable. This situation, however, does not ensure that individuals and families will have access to affordable rental units in the area. The set-aside requirements under the Department's bond programs ensure availability of units in these markets to lower income individuals and families.

### MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2002

**MSA/County:** Fort Worth/Arlington **Area Median Family Income (Annual):** \$60,300

ANNUALLY				MONTHLY							
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)				Utility Allowance by Unit Type (provided by the local PHA)	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)		
# of Persons	At or Below			Unit Type	At or Below				At or Below		
	50%	60%	80%		50%	60%	80%		50%	60%	80%
1	\$ 21,450	\$ 25,740	\$ 34,350	Efficiency	\$ 536	\$ 643	\$ 858		\$ 536	\$ 643	\$ 858
2	24,500	29,400	39,250	1-Bedroom	574	689	920	62.00	512	627	858
<b>3</b>	<b>27,600</b>	<b>33,120</b>	<b>\$ 44,150</b>	<b>2-Bedroom</b>	<b>690</b>	<b>828</b>	<b>1,103</b>	<b>81.00</b>	<b>609</b>	<b>747</b>	<b>1,022</b>
4	30,650	36,780	\$ 49,050	3-Bedroom	796	956	1,275	97.00	699	859	1,178
5	33,100	39,720	\$ 52,950	4-Bedroom	888	1,066	1,422	125.00	763	941	1,297
6	35,550	42,660	\$ 56,900	5-Bedroom	980	1,176	1,569	141.00	855	1,051	1,444
7	38,000	45,600	\$ 60,800								
8	40,450	48,540	\$ 64,750								
<b>FIGURE 1</b>				<b>FIGURE 2</b>				<b>FIGURE 3</b>	<b>FIGURE 4</b>		

**Figure 1** outlines the maximum annual household incomes in the area, adjusted by the number of people in the family, to qualify for a unit under the set-aside grouping indicated above each column.

For example, a family of three earning \$30,000 per year would fall in the 60% set-aside group. A family of three earning \$25,000 would fall in the 50% set-aside group.

**Figure 2** shows the maximum total housing expense that a family can pay under the affordable definition (i.e. under 30% of their household income).

For example, a family of three in the 60% income bracket earning \$33,120 could not pay more than \$828 for rent and utilities under the affordable definition.

- 1) \$33,120 divided by 12 = **\$2,760** monthly income; then,
- 2) **\$2,760** monthly income times 30% = **\$828** maximum total housing expense.

**Figure 4** displays the resulting maximum rent that can be charged for each unit type, under the three set-aside brackets. This becomes the rent cap for the unit.

The rent cap is calculated by subtracting the utility allowance in **Figure 3** from the maximum total housing expense for each unit type found in **Figure 2**.

**Figure 3** shows the utility allowance by unit size, as determined by the local public housing authority. The example assumes all electric units.

## Creekside Townhomes

### RESULTS & ANALYSIS:

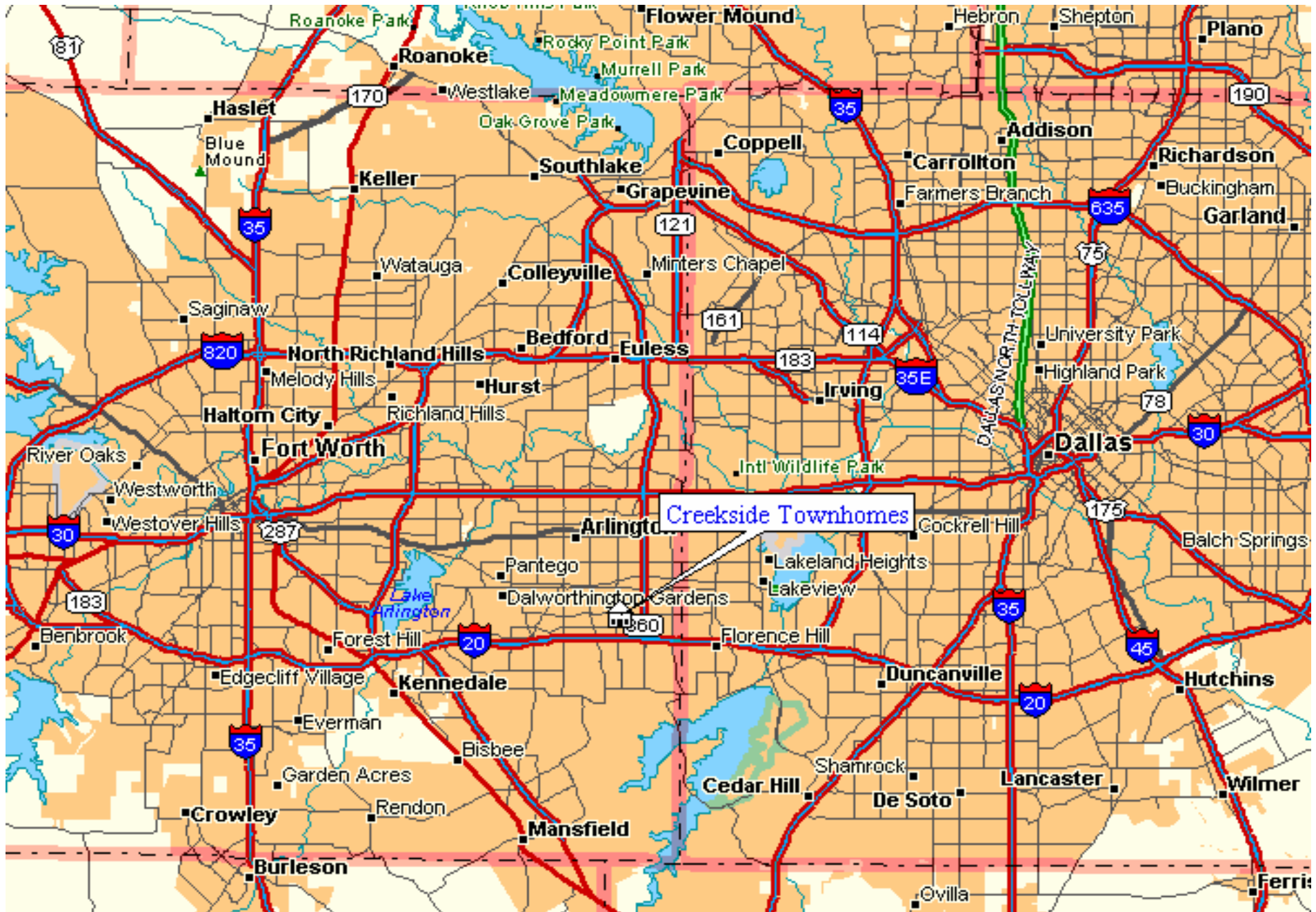
**Tenants** in the 60% AMFI bracket will **save \$149 to \$147** per month (leaving 5.4% more of their monthly income for food, child care and other living expenses).

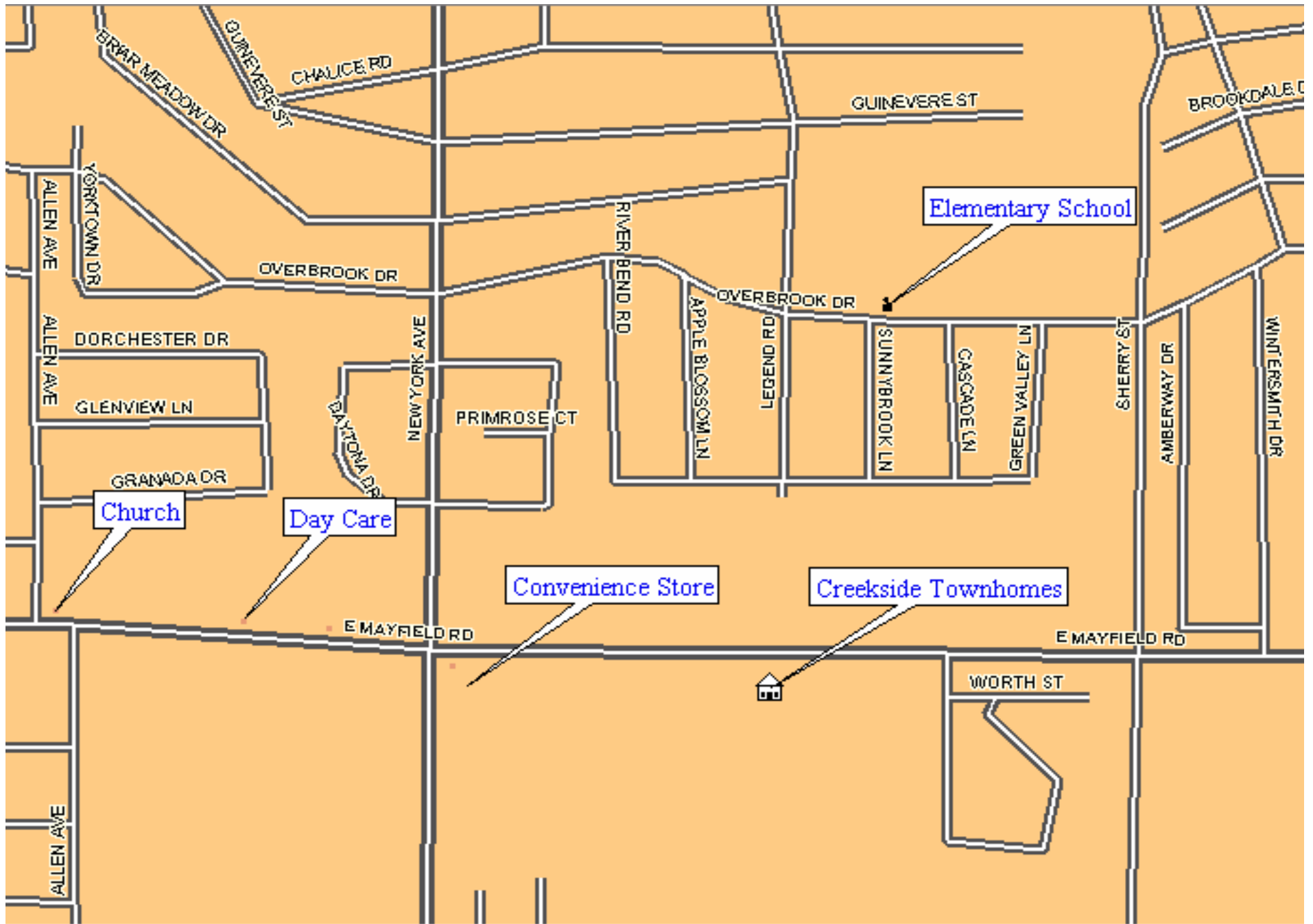
This is a monthly savings off the market rents of **16.7% to 16.8%**.

<b>PROJECT INFORMATION</b>				
<b>Unit Mix</b>				
Unit Description	2-Bedroom	3-Bedroom		
Square Footage	1,080	1,244		
Rents if Offered at Market Rates	\$896	\$1,033		
Rent per Square Foot	\$0.83	\$0.83		

<b>SAVINGS ANALYSIS FOR 60% AMFI GROUPING</b>				
Rent Cap for 60% AMFI Set-Aside	\$747	\$859		
<b>Monthly Savings for Tenant</b>	<b>\$149</b>	<b>\$174</b>		
Rent per Square Foot	\$0.69	\$0.69		
Maximum Monthly Income - 60% AMFI	\$2,760	\$3,188		
<b>Monthly Savings as % of Monthly Income</b>	<b>5.4%</b>	<b>5.4%</b>		
<b>% DISCOUNT OFF MONTHLY RENT</b>	<b>16.7%</b>	<b>16.8%</b>		

**Market information provided by:** Integra Realty Resources at 5757 Alpha Road, Suite 603, Dallas, Texas 75240.  
Date of report December 20, 2002.





# Developer Evaluation

## Compliance Status Summary

**Project ID #:** 02465

LIHTC 9%  LIHTC 4%

**Project Name:** Creekside Townhomes

HOME  HTF

**Project City:**

BOND  SECO

### Housing Compliance Review

Project(s) in material non-compliance

No previous participation Scores >=30: 0

Status of Findings (individual compliance status reports and National Previous Participation and Background Certification(s) available)

Projects Monitored by the Department

# reviewed 4 # not yet monitored or pending review 2

# of projects grouped by score 0-9: 4 10-19: 0 20-29: 0

Members of the development team have been disbarred by HUD

National Previous Participation Certification Received Yes

Non-Compliance Reported No

**Completed by** Jo En Taylor **Completed on** 01/31/2003

### Single Audit

Status of Findings (any outstanding single audit issues are listed below)

single audit not applicable  no outstanding issues  outstanding issues

Comments:

**Completed by** Lucy Trevino **Completed on** 01/31/2003

### Program Monitoring

Status of Findings (any unresolved issues are listed below)

monitoring review not applicable  monitoring review pending

reviewed; no unresolved issues  reviewed; unresolved issues found

Comments:

**Completed by** Ralph Hendrickson **Completed on** 01/31/2003

**Community Affairs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments: \_\_\_\_\_

**Completed by** \_\_\_\_\_                      **Completed on** \_\_\_\_\_

**Housing Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments: \_\_\_\_\_

**Completed by** \_\_\_\_\_                      **Completed on** \_\_\_\_\_

**Housing Programs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments: \_\_\_\_\_

**Completed by** \_\_\_\_\_                      **Completed on** \_\_\_\_\_

**Multifamily Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments: \_\_\_\_\_

**Completed by** \_\_\_\_\_                      **Completed on** \_\_\_\_\_

**Executive Director:** \_\_\_\_\_                      **Date Signed:** \_\_\_\_\_

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS SERIES 2003  
CREEKSIDE TOWNHOMES

PUBLIC HEARING

Atherton Elementary School  
2101 Overbrook Drive  
Arlington, Texas

January 7, 2003  
6:10 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Loan Analyst



I N D E X

<u>SPEAKER</u>	<u>PAGE</u>
Kelly Smith	6
Kate Hunnicut	8
Nicole Flores	9
Lane Hunnicut	11

P R O C E E D I N G S

1  
2 MS. MEYER: The purpose and the mission of the  
3 Texas Department of Housing is to help Texans achieve and  
4 improve the quality of life through development of better  
5 communities. The Multifamily Division -- which is what I  
6 am a part of -- of the Texas Department of Housing must  
7 function as also a housing finance agency to facilitate  
8 the participation of private investors, private developers  
9 and private lenders in the use of federal grant funds  
10 which are bonds for housing and community development.

11 For this particular year for the 2002 round,  
12 the total tax-exempt bond authority that the State of  
13 Texas was allowed was \$1.6 billion. For multifamily  
14 alone, it was \$373.4 million out of that \$1.6-.  
15 Developments are chosen through an annual lottery that's  
16 held in October of every year; they go through a pre-  
17 application process; the lottery is held in October. We  
18 don't really have a control over any particular  
19 development that actually comes up; what we do have  
20 control over is what we actually put into the lottery and  
21 then from that point it's which ones draw the lowest  
22 lottery balls, and that's how the private activity bond  
23 program works as far as what we do.

24 Once they receive their lottery ball and once

1 they're put in order of the lowest lot number first,  
2 they'll receive a reservation in January, and from that  
3 point once they receive what we call a reservation of  
4 bonds, they have 120 days to close the deal -- not to get  
5 it built but just to close the transaction. And during  
6 that time period we have a public hearing; there's a  
7 public forum that you're more than welcome to participate  
8 in as far as the board meetings, you can send in written  
9 comment, or you can call me and I'll be glad to record  
10 your comments for you if you'd like to do that.

11           The particular development has changed names  
12 since we actually started and it's now Creekside  
13 Townhomes. It started out as Mayfield but since Mayfield  
14 Park next door has that name, the developer chose to  
15 change the name to Creekside Townhomes. The development  
16 will be located on the southeast corner of the  
17 intersection of East Mayfield Road and New York Avenue.  
18 It will consist of 24 two-story buildings and two non-  
19 residential buildings. There's 240 units: 120 two-  
20 bedroom units, two bathrooms, with an average square  
21 footage of 1,080; 120 three-bedroom units, two baths, with  
22 an average square footage of 1,244 square feet.

23           One hundred percent of the units will serve  
24 families at 60 percent of the area median income, and the

1 area median family income for Fort Worth-Arlington is  
2 \$60,300. Maximum rents on a two-bedroom townhome would be  
3 \$828, and a maximum rent on a three-bedroom would be \$956.

4 They do have leasing criteria for the tenants that will  
5 be there. Occupancy is two persons per bedroom. Combined  
6 income must meet the minimum income requirements and not  
7 exceed the maximum, and each one is different. All  
8 residents must meet employment and credit and rental  
9 history requirements that are set out by the management  
10 company, and no occupant will be allowed that has a  
11 history of violent criminal or drug-related activity.

12 Previous developments that this particular  
13 developer has developed recently is the Meridian and it's  
14 at 4400 Marine Creek Parkway in north Fort Worth; and  
15 there's also Wildwood Branch which is 6400 Shady Oaks  
16 Manor Drive, also in north Fort Worth. They're pretty  
17 much about a mile apart from each other. So if you'd like  
18 to see the quality of development that this particular  
19 developer has, you're welcome to go and see those. And if  
20 you'd like to call me or e-mail me, I can give you those  
21 addresses again or I'll give them to you after the  
22 meeting.

23 The Meridian complex is actually the townhome  
24 style that the developer was discussing a little bit ago,

1 so it will give you a little bit more idea of the product.

2           If you wish to speak, and you're welcome to do  
3 that -- I'll start the hearing here in just a minute --  
4 anyone who wishes to speak, if you haven't signed in, I  
5 need you to sign in. If you'll speak directly into this  
6 microphone and also state your name for the record so that  
7 the court reporter will have it.

8           And if there's not any questions at this point,  
9 I'm going to go on and start the hearing, and if you want  
10 to come and make any comments -- or would you rather ask  
11 questions right now?

12           VOICE FROM AUDIENCE: Yes. That's what I was  
13 going to say is asking questions do we have to go up there  
14 or can we just ask you questions.

15           MS. MEYER: Well, you're going to have to come  
16 up here to ask it because it's got to be on the record.

17           Nicole, you might want to field some of these  
18 questions. If you want to come up here, you can kind of  
19 just take turns at the microphone, and then she'll answer  
20 any questions, and if I need to answer any, I'll be glad  
21 to do that, and then I'll start the hearing.

22           MS. SMITH: My name is Kelly Smith, and I'm a  
23 resident south of the complex. So tax-exempt means you'll  
24 never pay the city any taxes?

1 MS. MEYER: No.

2 MS. SMITH: What does that mean?

3 MS. MEYER: The tax-exempt bond portion, the  
4 tax-exemption is to the bond purchaser, has nothing to do  
5 with your tax dollars. This particular development is  
6 paying all of its taxes; it's not coming off your tax  
7 rolls.

8 MS. FLORES: It's not tax evaded at all.

9 MS. MEYER: No, it's not. It's paying all its  
10 city taxes, county taxes, school taxes. The tax-exemption  
11 for the bond is for the bond purchaser; they don't have to  
12 pay the IRS.

13 MS. FLORES: In fact, we're performing over a  
14 thousand dollars -- I have to check the exact numbers on  
15 this figure -- but in excess of a thousand dollars per  
16 unit per year in taxes. So you're looking at around  
17 \$240,000 -- just to extrapolate 240 units times \$1,000,  
18 we're looking at \$240,000. And of course, as soon as we  
19 come on line, the City of Arlington will do a partial  
20 assessment of completion in January of 2004 for our taxes  
21 at that point and they'll do a final assessment at  
22 completion. Generally these apartments, while there are  
23 some state laws that should discount taxes on affordable  
24 housing, it typically is very consistent with market rate,

1 what a market rate apartment would pay. Because our  
2 rents, as you can tell, are pretty close to a market rate  
3 type rent, our taxes are also very synonymous with what  
4 any other developer of apartments is going to pay. So we  
5 do intend to pay full taxes, no tax abatement.

6 MR. HUNNICUTT: That was not clear from the  
7 sign. In fact, the sign, we totally misunderstood what it  
8 was getting at.

9 MS. MEYER: A lot of people don't understand  
10 the tax-exempt.

11 MS. FLORES: It's a type of financing.

12 MS. MEYER: It's the financing piece of it, and  
13 it affords the developer an avenue to be able to give the  
14 affordable units to lower income families, and that's the  
15 reason for the bond program.

16 MS. HUNNICUTT: Kate Hunnicutt. Is this  
17 considered Section 8 housing?

18 MS. MEYER: No, it's not. It's all private  
19 industry, it's a private developer, it's a private lender,  
20 it's not your tax dollars. Now, it is a requirement that  
21 if a Section 8 tenant meets their criteria, they have to  
22 allow that tenant

23 MS. FLORES: That's like any apartment  
24 community; it's Fair Housing law.

1 MS. HUNNICUTT: It's not set up specifically  
2 for that.

3 MS. MEYER: No. This is not a HUD property,  
4 it's not government owned. The only thing the State has  
5 is the period that the developer is under, I guess you  
6 could say, our control as far as the set-asides. They  
7 have to keep the rents in the affordable range and there's  
8 different criteria that they have to meet. We also come  
9 out and do audits on the properties, making sure that it's  
10 being kept up, it's not being run down, you don't have a  
11 drug-infested property. So the State has some control in  
12 that.

13 MS. HUNNICUTT: That's the kind of concerns  
14 that we have because clearly this has happened where  
15 housing comes in, problems come in, they're not kept up,  
16 the people are not in any way made to apply to live there,  
17 you know, just anybody, and pretty soon the surrounding  
18 neighborhood, the schools, et cetera just go completely  
19 down the drain. And as I had expressed before, this area,  
20 a lot of the people who live in the houses south of there,  
21 who own the houses, are people like school teachers,  
22 construction workers, working people who pay their taxes  
23 and put a lot into their homes, who want to live in their  
24 homes and stay in their homes and not feel like we have to



1 go way because the neighborhood has gone kaput.

2 MS. FLORES: This is Nicole Flores on behalf of  
3 Brisben Development. Just to add to that, Brisben -- and  
4 I've got some brochures on the company I'd like to give  
5 you and on the bottom of my business card is a website  
6 which will give you all the states Brisben Development,  
7 gives you all the locations we've developed in Texas. I'm  
8 not sure if it's been updated with our two newest  
9 properties Robbye referred to because they're under  
10 construction. We actually have a third one that just  
11 started construction on Western Center Boulevard which is  
12 another townhome, low-density, low-profile, like under 40  
13 feet, under 30 feet which we discussed.

14 All these properties that Brisben develops,  
15 they are long-term owners. Often you see in the  
16 marketplace this one sells and the name changes and it  
17 becomes AMLI, and it becomes the Place at Something. Bill  
18 Brisben owns Brisben Development and he's been a developer  
19 for about 25 years, he has over 18,000 units in his  
20 portfolio. He likes to invest on the front-end quality  
21 construction materials and it's in his best interest to  
22 make sure these properties are maintained over time. So  
23 we do our own in-house management, we're very thorough in  
24 terms of our background check, our rental history check,

1 our criminal background check. We're very restrictive of  
2 tenants. We often have a zero tolerance, one-strike  
3 policy when it comes to violating a lease, depending on  
4 the degree of the infraction.

5           As Robbye can attest to, the State not only  
6 comes out and does a property inspection once a year, they  
7 also do a file audit on our tenants to make sure that  
8 they're income-qualified, that they do in fact meet the  
9 rental criteria that's there, so we do have a very  
10 thorough screening. In addition to the State reviewing  
11 us, the finance mechanisms involved mandate that our  
12 lenders also have asset managers. So during the course of  
13 a year, our management team may see four different types  
14 of auditors come on the site: debt side, equity side, the  
15 State tax credit auditors, and then asset managers from  
16 their own corporate offices. So there is a lot of  
17 oversight that happens on these properties.

18           And I think you'll find that they're very well  
19 maintained, and oftentimes if you'll look at the  
20 construction costs on the front-end of my property -- for  
21 instance, I've done a lot of also Class A high-end  
22 development where we're paying \$85,000, \$90,000 per unit  
23 in development costs; this property will be somewhere in  
24 the neighborhood of \$75- to \$80,000 per unit all in. So

1 you're looking at a property that it may not have the  
2 crown molding, it may not have the granite countertops,  
3 but it is a quality product that has high-end materials  
4 and is built for the long term.

5 MR. HUNNICUTT: Lane Hunnicutt. Could you  
6 clarify something about the -- you said it was not a high  
7 density thing. I presume by virtue of the fact that it's  
8 townhomes that it's kind of considered somewhere in  
9 between individual residences and apartments, but can you  
10 speak to what kind of density it is?

11 MS. FLORES: Certainly. There's a little under  
12 21 acres total that's been tied up, right about 21 acres,  
13 and we've got 240 units on that. If you do the math, it's  
14 right about 12 units to an acre; I think it's 11.98 units  
15 to the acre in density. In comparison to that, some of  
16 the three-story apartment developments, like Nape Hill  
17 [phonetic] Park -- not to pick on my neighbors -- did it a  
18 little differently, they bought a little less land,  
19 they're probably somewhere at 18 to 20 units in density  
20 when you get into a three-story development. So what it  
21 allows is a little more green space, it allows us to open  
22 up the site a little bit, and we have some compatibility  
23 setbacks.

24 And as a philosophy, our company just believes

1 that townhomes add to a community setting, that that  
2 family that kind of has an upstairs, a downstairs, a front  
3 yard, a backyard, even though we'll maintain the common  
4 areas, they get that sense of ownership, they get that  
5 sense of community. We purposefully do two- and three-  
6 bedroom apartments. We don't necessarily want to  
7 facilitate large families but we do want to target it to  
8 more of a family-oriented community where you can have a  
9 two-bedroom, you could have a young couple and a baby, you  
10 could have a single mom and a child, you could have a  
11 couple and two children. So we're really trying to target  
12 a family-oriented, family-style community and give people  
13 that buy-in by giving them more ownership via a townhome  
14 model.

15 MS. SMITH: This is Kelly Smith. Will you be  
16 building places for the kids to play?

17 MS. FLORES: Yes. This particular property  
18 includes a Tot Lot. In addition to that, there's a large  
19 oversized clubhouse. Our property is going to have, when  
20 it's completed, a large resort style pool that's oriented  
21 towards the front -- it's all the way up on the Mayfield  
22 side so it's going to be away from your area. But there  
23 is a Tot Lot at the back of the property and there's  
24 different types of amenities like barbecue areas usually

1 sited throughout the site. Once we get finished, we'll  
2 kind of see where the congregant areas are, but the main  
3 focus will be the clubhouse with that pool.

4           There will also be a support services program  
5 that's put in place once our residents get into place and  
6 we see what the resident base is, what the needs of the  
7 residents are. We have after school tutoring on one of  
8 our properties over in Garland. We have a teacher that  
9 lives on site that actually gives time; she comes home and  
10 three days a week she gives tutoring and counseling to  
11 kids after school. So most of our support services  
12 programs tend to be parenting and family and school  
13 oriented type programs, but those are always tailored to  
14 the individual communities once we see who is moving in  
15 and what their individual needs are.

16           MS. HUNNICUTT: Kate Hunnicutt. This area has  
17 a number of elementary schools and they're all full. Are  
18 you working with the city on that? Can you give us any  
19 information what schools the townhomes will be zoned into?

20           MS. MEYER: I think Atherton is the elementary  
21 school.

22           MS. FLORES: As I understand it, it's  
23 Atherton -- and I have the notes. I apologize, I need to  
24 dig through my briefcase. We have talked to the school

1 district. Unfortunately, often what happens in cities is  
2 that you have these pockets of land and they're zoned in  
3 the future for housing or they're zoned for apartments,  
4 and everyone knows they're there, and then they get  
5 developed and it's like: Oh, we've got these kids coming  
6 in. And it's not always an easy answer. It goes back to  
7 the idea of we are paying our school taxes, we're paying  
8 our full fair share of school taxes, and as with a lot of  
9 the growth in the area, as with the single family newer  
10 homes down Mayfield, it's going to be growth that the  
11 schools will have to absorb.

12           And the school district, usually what we do is  
13 we try to start working with them once we know our  
14 construction dates, once we know when those kids are going  
15 to hit them and what school district they're going to hit  
16 them as we move in. Some developments include four-  
17 bedroom units which really can over-burden the school  
18 district and that's another reason we try to stick to only  
19 two- and three-bedroom units. But there will be kids  
20 hitting the schools. It's not something we can completely  
21 resolve; we do try to work with the school district to  
22 make sure they know when those kids are coming in and they  
23 know when that influx is going to hit them so they can try  
24 to plan for it.

1 MS. HUNNICUTT: You said 21 acres. Do you know  
2 how far west that comes? I saw where the signs went but I  
3 cant really envision in my mind. Is it going to take up  
4 the entire area down to E-Z Mart?

5 MS. FLORES: It starts right at the drainage  
6 ditch.

7 MS. HUNNICUTT: The drainage ditch, you're  
8 talking about the one that runs behind it.

9 MS. FLORES: This is Mayfield right across  
10 here. You can see these are the drainage improvements  
11 this way.

12 Unfortunately, this isn't clearly dimensioned  
13 but here's a scale down here. So 120 feet is this scale  
14 here; I'm saying there's about 400 feet of frontage. This  
15 is the existing concrete drainage pan that's already in.  
16 There's still quite a bit of land over here which I think  
17 one piece is involved some sort of re-zoning right now or  
18 something is going in.

19 This is all owned by Jim Ziegler and he owned  
20 this piece in here. I don't know if you know that name.  
21 I know he did some of the re-zoning work on it after it  
22 was bought from the RTC. But it looks like you've got  
23 about 400 feet of frontage on Mayfield.

24 MS. HUNNICUTT: I'm just curious if anybody has

1 any idea what's between here and E-Z Mart.

2 MS. FLORES: As I understand it, it's not under  
3 contract anymore. It was under contract to another  
4 developer who was looking at doing apartments, and as I  
5 understand it from Jim Ziegler, they backed off their  
6 contract. Now, I don't know any more than that.

7 MS. SMITH: At one time the neighborhood --  
8 maybe you remember -- got involved in a re-zoning thing  
9 because they didn't want the multifamily stuff and they  
10 just flip-flopped it, so that's why the school and stuff  
11 is down there.

12 MS. FLORES: We were impacted some by the flip-  
13 flopping, and I know I talked to the seller. He said he  
14 had a pretty difficult zoning battle when he zoned it, but  
15 we have a portion of our site that's 14 units to the acre  
16 and a portion that's 19 units to the acre, so we had a  
17 combined density we could use but we're still pretty  
18 significantly under that.

19 MS. HUNNICUTT: Is there going to be a fence  
20 between here and this back ditch, this back drainage?

21 MS. FLORES: There's going to be restricted  
22 access gates, as you can see, gated entry, and there will  
23 be full fencing. This dotted line is generally evidence  
24 of the fencing.



1 MS. HUNNICUTT: So it will be similar to the  
2 place, Mayfield Park, that they have the gate.

3 MS. FLORES: Restricted access gate. And we're  
4 working with the City of Mayfield and with TxDOT about a  
5 decel lane and we will be doing a decel lane as part of  
6 our entry and make sure we've got stacking off of  
7 Mayfield.

8 MS. HUNNICUTT: Yes, the next question coming  
9 up was traffic because Mayfield is starting to bog.

10 MS. FLORES: Luckily the city has had a lot of  
11 traffic studies in the area lately so we were able to work  
12 with them. We're planning to get our building permit sets  
13 in the next few weeks and they've been real helpful in  
14 giving us the traffic counts and the planned traffic  
15 counts based on the growth. Now, if you believe the city  
16 has accurate information, but I know they have done  
17 several fairly recent studies on both New York and  
18 Mayfield.

19 MS. HUNNICUTT: Right now we want them to fix  
20 Arbor but that's another meeting.

21 MS. FLORES: It sounds like they have a lot of  
22 plans for improvements in this area; it sounds like  
23 they're getting a lot of activity with a lot of  
24 development. Like I said, those corners, you see CVS

1 coming this way.

2 MS. HUNNICUTT: Well, it's one of the last  
3 stands in Arlington, it's Arlington is getting ready to be  
4 built out. But again, as I said, that's sort of our  
5 concern and our interest is --

6 MS. SMITH: We're so isolated there. They have  
7 a bunch of houses surrounded by apartments and warehouses.

8 MS. HUNNICUTT: Which can be okay, but we've  
9 had like our neighborhood went through a period where the  
10 kids who grew up in that neighborhood had been zoned for  
11 four different elementary schools, so from kindergarten to  
12 sixth grade, if we hadn't had some talks, a child could  
13 have gone to four different elementary schools. And it's  
14 a small little area and a working class neighborhood  
15 mostly, and people don't pour in for things like this but  
16 we do.

17 But I'm feeling better.

18 MR. HUNNICUTT: I'm feeling better too.

19 MS. HUNNICUTT: I'm feeling that this is not --  
20 because I didn't understand, we didn't understand what tax  
21 abatement was. We're looking at farther down New York, on  
22 into New York and Pioneer and that area, and we don't want  
23 that to happen to our neighborhood.

24 MS. FLORES: Well, I hope it will be part of

1 the positive redevelopment that's happening in this  
2 corridor because I really do kind of see it coming.  
3 Depending on which way you come, you can go what's going  
4 on, but I think there's a lot of positive redevelopment  
5 happening in this area. I know Brisben, like our neighbor  
6 at Mayfield Park, Trammel, they're long-term owners and  
7 they believe very stringently in maintenance and  
8 management and follow-up.

9 MS. SMITH: So far they've been pretty good.

10 MS. HUNNICUTT: Yes, they have been.

11 MS. FLORES: And let me offer you this, you  
12 have my business card, if you have any additional  
13 questions as we go along, you want to talk with us, you  
14 want to see the permit sets that have gone in to the city,  
15 we're happy to do that.

16 I just worked with a neighborhood group up off  
17 Western Center Boulevard. It was a brand new subdivision  
18 of homes and some of these people -- some of them were  
19 starter homes, there were several varieties of homes in  
20 the neighborhood, and they had just bought their homes and  
21 they heard we were going in next door and they were very  
22 panicked, and we went and met with them and worked with  
23 them. They were kind of concerned about the Fort Worth  
24 Housing Authority relocation and also again got confused.

1 What are you doing? Are you part of the Fort Worth  
2 Housing Authority? Are you part of that  
3 redevelopment/relocation? So I had follow-up meetings  
4 with them and we gave them more information on the  
5 management company. We actually had several members of  
6 the neighborhood group who went to our property in north  
7 Fort Worth and went: This is really nice, we really don't  
8 have a concern with it.

9 MS. SMITH: So I'm not quite sure why you're  
10 even involved with this. Is this for the financing?

11 MS. MEYER: I'm the issuer for the bonds.

12 MS. HUNNICUTT: For the State; you work for the  
13 State.

14 MS. MEYER: I work for the Texas Department of  
15 Housing.

16 MS. SMITH: To create housing.

17 MS. MEYER: That's correct. My department does  
18 a lot of different things, it's not just this piece; this  
19 is just one of the pieces that we do. There's also your  
20 local housing authorities, Dallas Housing Authority and  
21 also Arlington has one, Tarrant County. They're in the  
22 same bond lottery that the Texas Department of Housing is  
23 in. We have to jump through a few more hoops than the  
24 local guys do.

1 MS. HUNNICUTT: It sounds like we're better off  
2 because there's some controls.

3 MS. MEYER: There's a lot more things that we  
4 have to do that the locals kind of get away with because  
5 they have local buy-in -- at least that's what it says.  
6 But you have a lot more control with us doing the deal.

7 MS. SMITH: Does your company work solely  
8 with -- you do other private things?

9 MS. FLORES: Well, we're primarily an  
10 affordable housing developer, so in the state of Texas all  
11 the developments that we have have some sort of bond  
12 financing or tax credit financing, some sort of federally  
13 sponsored program. They work a little differently than a  
14 lot of the HUD programs because they're IRS programs which  
15 is why you get some of this fancy tax language because the  
16 tax laws differ relating to these housing programs because  
17 they are so unique.

18 I would just echo Robbye's comment that we go  
19 through the state which does mean we jump through some  
20 more hurdles. We have every senator and representative  
21 and everyone. I met with Vickie Truitt a few weeks ago on  
22 a deal, and we spend more time working with people and  
23 working with politicians and working the process, and we go  
24 through more approval processes and we have more long-term

1 follow-up with the asset manager and the compliance  
2 monitors that are on site. So we have so many people  
3 looking to beat us up once we're in operation, it really  
4 would be a long line.

5           And Brisben has built, like I said, a very  
6 lengthy reputation on doing affordable housing and doing  
7 it well and doing it in multiple states and has really  
8 honed their management team to understand how to manage  
9 this kind of housing and how to handle a resident base  
10 that may fluctuate and may have some problems and may need  
11 a strong management company. So we manage that regionally  
12 and we have a regional construction firm that's based here  
13 in Dallas that does all of our in-house construction, so  
14 we have quality control over materials. So we feel that  
15 we would build a quality product, and again, I would just  
16 offer that I'm happy to come to Arlington. I'm based in  
17 Austin but I'm happy to come up here and meet with any of  
18 your neighbors or come back if you've got further  
19 questions, or just call me or e-mail me with any  
20 questions. I'm happy to give you more information.

21           MS. HUNNICUTT: Well, clearly, decent,  
22 affordable housing is what is needed and it's needed by  
23 Arlington, it's needed all over, and so that's an  
24 important thing. I mean, we live in decent, affordable

1 housing, but we're on the opposite end of your starter  
2 homes who are concerned, we're looking at paying our homes  
3 off and retiring and staying. And we have neighbors on  
4 our particular corner, our next door neighbor, across the  
5 street neighbor, people across the patio, people behind  
6 us, we're surrounded by people that we've been living near  
7 for 15 years, and that's kind of special nowadays, and  
8 it's important to us. And we have all raised our children  
9 together and our children have gone off. So it's that  
10 kind of feeling. And as I say, it's not a high income  
11 area but it's hard-working decent people.

12 MS. SMITH: The homes are big.

13 MS. HUNNICUTT: Yes, good size homes, 1,600  
14 square feet on a starter home is nice size. But anyway,  
15 thank you for answering. I feel better.

16 MS. SMITH: I feel okay.

17 MS. HUNNICUTT: I appreciate your cards and  
18 your information.

19 MS. MEYER: Do you have any other questions?  
20 I've got to start the hearing. If you would like to go on  
21 the record and speak, you're more than welcome to -- which  
22 I'm going to ask you here in just a minute.

23 Again, my name is Robbye Meyer. I'd like to  
24 proceed with the public hearing at this time. Let the

1 record show that it is now 6:37, Tuesday, January 7, 2003,  
2 and we are at the Atherton Elementary School located at  
3 2101 Overbrook Drive in Arlington, Texas.

4 I'm here to conduct a public meeting on behalf  
5 of the Texas Department of Housing and Community Affairs  
6 with respect to an issue of tax-exempt multifamily revenue  
7 bonds for a residential rental community. This hearing is  
8 required by the Internal Revenue Code. The sold purpose of  
9 the hearing is to provide a reasonable opportunity for  
10 interested individuals to express their views regarding  
11 the development and the proposed bond issue.

12 No decisions regarding the project will be made  
13 at this hearing. There are no department board members  
14 present. The department's board will meet to consider  
15 this transaction on February 13, 2003 upon recommendation  
16 of the Finance Committee. In addition to providing your  
17 comments at this hearing the public is also invited to  
18 provide public comment directly to the Finance Committee  
19 or the board at any of their meetings. The department  
20 staff will also accept written comments via facsimile at  
21 area code 512-475-3085 up until five o'clock, January 31,  
22 2003.

23 The bonds will be issued as tax-exempt  
24 multifamily revenue bonds in the aggregate principal



1 amount not to exceed \$15 million, and taxable bonds, if  
2 necessary, in an amount to be determined and issued in one  
3 or more series by the Texas Department of Housing and  
4 Community Affairs. The proceeds of the bonds will be  
5 loaned to Cobblestone Townhomes, Limited Partnership, or a  
6 related person or affiliate thereof, to finance a portion  
7 of the cost of acquiring, constructing and equipping a  
8 multifamily rental housing community described as follows:  
9 240 units, multifamily residential development to be  
10 constructed on approximately 17 acres of land located in  
11 the southeast corner of New York Avenue and Mayfield Road  
12 in Arlington, Tarrant County, Texas. The proposed  
13 multifamily rental housing community will be initially  
14 owned and operated by the borrower.

15 I would now like to open the floor for public  
16 comment, and I'll call your name out. If you'd like to  
17 speak, you're welcome to do that; if you don't want to  
18 speak, just let me know and we'll stop there.

19 The first one I have is Lane Hunnicutt. Would  
20 you like to speak?

21 (Inaudible response.)

22 MS. MEYER: Kate?

23 MS. HUNNICUTT: No, thank you.

24 MS. MEYER: And Kathryn?

1 (Inaudible response.)

2 MS. MEYER: Nicole, do you want to make any  
3 comments?

4 (Inaudible response.)

5 MS. MEYER: Seeing that nobody wants to make  
6 any comments, then I will adjourn the meeting and it is  
7 now 6:40.

8 (Whereupon, at 6:40 p.m., the meeting was  
9 concluded.)

C E R T I F I C A T E

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IN RE: Creekside Townhomes

LOCATION: Arlington, Texas

DATE: January 7, 2003

I do hereby certify that the foregoing pages,  
numbers 1 through 28, inclusive, are the true, accurate,  
and complete transcript prepared from the verbal recording  
made by electronic recording by Deborah Eaton before the  
Texas Department of Housing and Community Affairs.

\_\_\_\_\_  
(Transcriber) 01/16/03  
(Date)

On the Record Reporting, Inc.  
3307 Northland, Suite 315  
Austin, Texas 78731

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION**

**PUBLIC FUNDS INVESTMENT ACT  
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)  
QUARTER ENDING NOVEMBER 30, 2002**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Internal Management Report (Sec. 2256.023)  
Quarter Ending November 30, 2002

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

INDENTURE	FAIR VALUE (MARKET) @08/31/02	CARRYING VALUE @08/31/02	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 11/30/02	FAIR VALUE (MARKET) @ 11/30/02	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 11/30/02	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS					
Single Family	469,290,331.50	460,391,009.35	16,109,104.15	(43,120,193.62)	(6,475,479.85)	0.00	426,904,440.03	436,923,889.88	1,120,127.70	2,302,243.40	0.00
RMRB	484,086,417.07	474,264,453.34	62,359,274.64	(44,103,279.24)	(12,506,348.31)	0.00	480,014,100.43	491,889,174.81	2,053,110.65	4,571,136.95	0.00
CHMRB	61,568,993.06	59,200,482.98	3,848,217.64	0.00	(3,601,743.59)	0.00	59,446,957.03	61,883,252.53	67,785.42	334,596.41	0.00
Multi Family	104,771,240.37	104,771,240.37	62,127,374.86	(53,070,703.81)	0.00	0.00	113,827,911.42	113,827,911.42	-	163.68	0.00
SF CHMRB 1993	28,121,722.34	26,855,437.52	222,672.75	(228,886.84)	(1,233,137.01)	0.00	25,616,086.42	26,940,798.61	58,427.37	140,508.73	0.00
SF CHMRB 1994/1995	54,063,336.67	51,537,922.93	160,221.69	(359,991.70)	(4,014,517.57)	0.00	47,323,635.35	49,952,308.60	103,259.51	267,582.55	0.00
Commercial Paper	12,182,098.19	12,182,098.19	6,327,223.31	(6,325,000.00)	0.00	0.00	12,184,321.50	12,184,321.50	-	38,185.38	0.00
General Fund	9,859,160.90	9,859,160.90	539,952.21	(95,020.63)	0.00	0.00	10,304,092.48	10,304,092.48	-	1,511.28	0.00
Housing Trust Fund	8,071,813.59	8,071,813.59	1,816,662.45	(1,785,810.93)	0.00	0.00	8,102,665.11	8,102,665.11	-	1,188.38	0.00
Administration	131,395.62	131,395.62	619.21	0.00	0.00	0.00	132,014.83	132,014.83	-	19.36	0.00
Compliance	3,209,932.66	3,209,932.66	108,349.41	(1,795,086.70)	0.00	0.00	1,523,195.37	1,523,195.37	-	223.41	0.00
Housing Initiatives	2,135,842.38	2,135,842.38	1,358,368.17	(36.70)	0.00	0.00	3,494,173.85	3,494,173.85	-	512.48	0.00
<b>TOTAL</b>	<b>1,237,492,284.35</b>	<b>1,212,610,789.83</b>	<b>154,978,040.49</b>	<b>(150,884,010.17)</b>	<b>(27,831,226.33)</b>	<b>0.00</b>	<b>1,188,873,593.82</b>	<b>1,217,157,798.99</b>	<b>3,402,710.65</b>	<b>7,657,872.01</b>	<b>0.00</b>

\* No relationship can be drawn between the "ACCRUED INT RECVBL @ 11/30/02" figures and the corresponding investment values,

In addition to the aforementioned factors with regards to the Multi Family Indenture, the Department is carrying \$109,455,124 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.

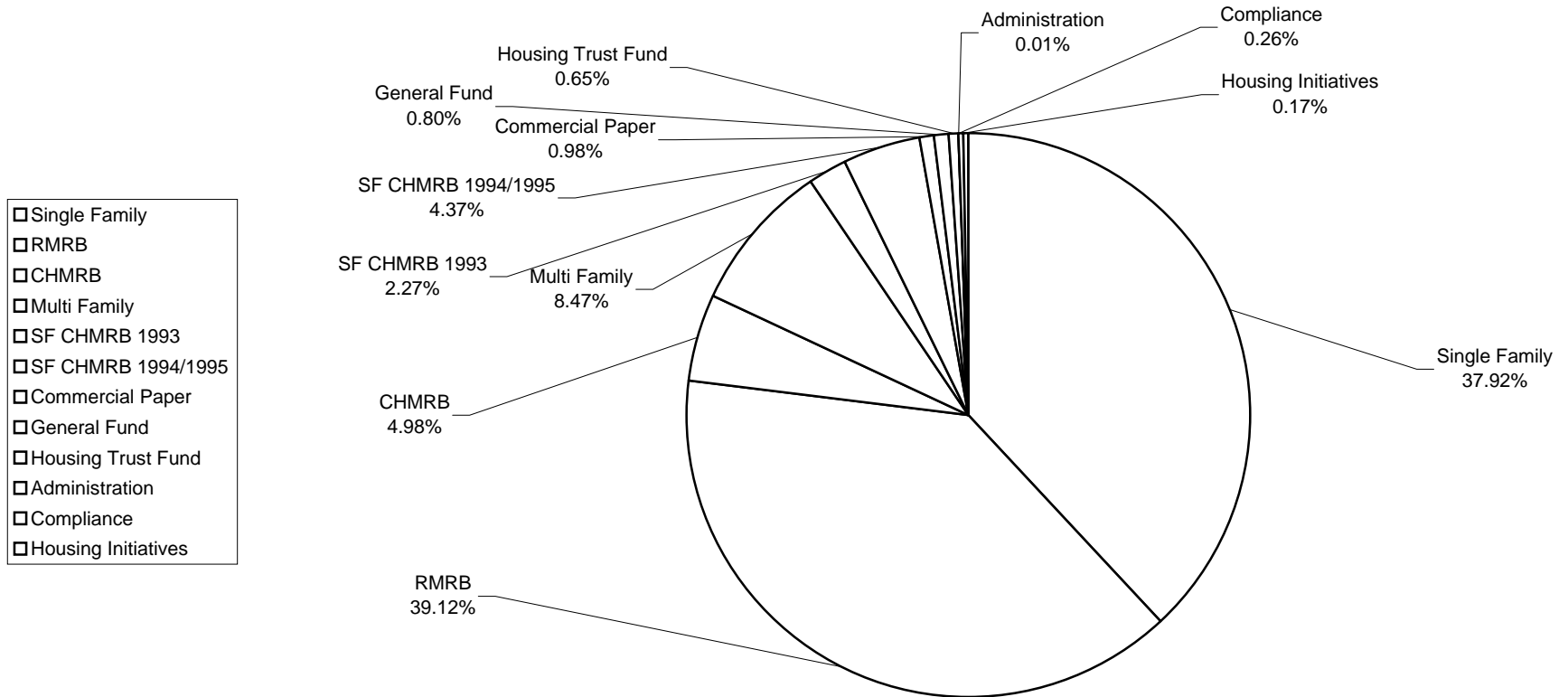
Prepared By: _____	Date: _____
Reviewed By: _____	Date: _____
Approved By: _____	Date: _____

**PUBLIC FUNDS INVESTMENT ACT**  
**INTERNAL MANAGEMENT REPORT (SEC. 2256.023)**  
**QUARTER ENDING November 30, 2002**

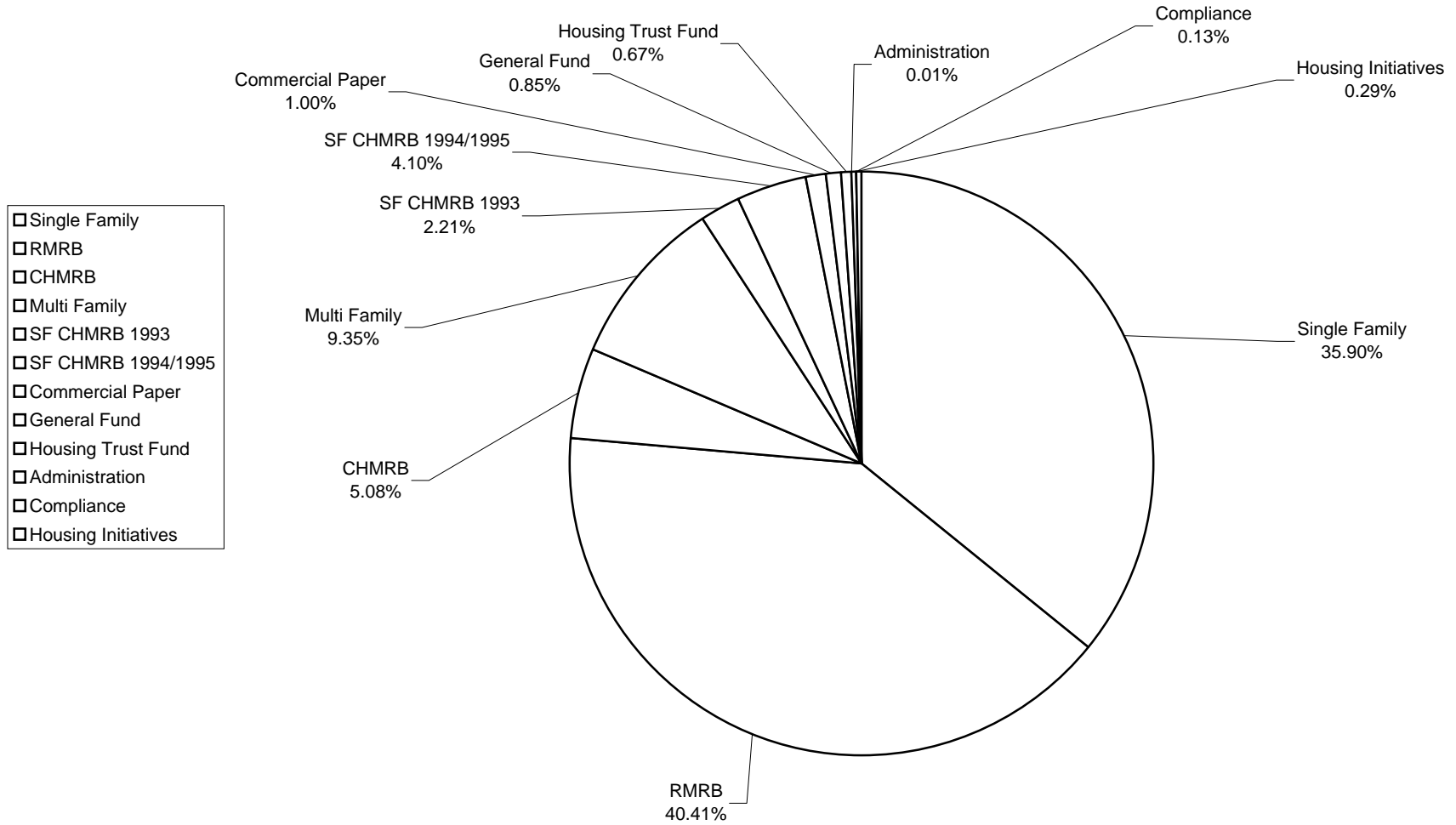
**Supplemental Information:**

- 1) Pie Chart for Quarter Ending 11/30/02-Beginning Market Valuation by Fund Group
- 2) Pie Chart for Quarter Ending 11/30/02-Ending Market Valuation by Fund Group
- 3) Supplemental Public Funds Investment Act Report by Investment Type
- 4) Analysis of Portfolio Interest Rate Trends and Maturities
- 5) Pie Chart for Quarter Ending 11/30/02-Beginning Market Valuation by Investment Type
- 6) Pie Chart for Quarter Ending 11/30/02-Ending Market Valuation by Investment Type
- 7) Detail of Investments including maturity dates by Fund Group

Quarter Ending 11-30-02  
Beginning Market Valuation



Quarter Ending 11-30-02  
Ending Market Valuation

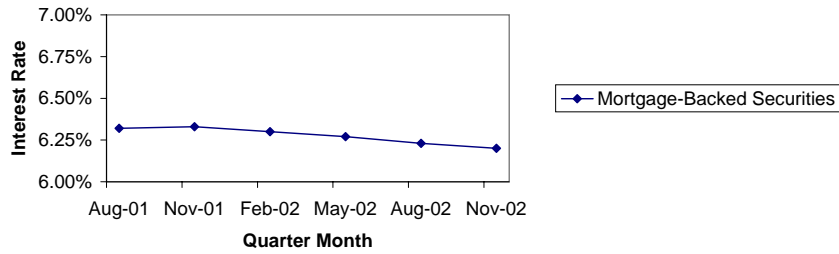




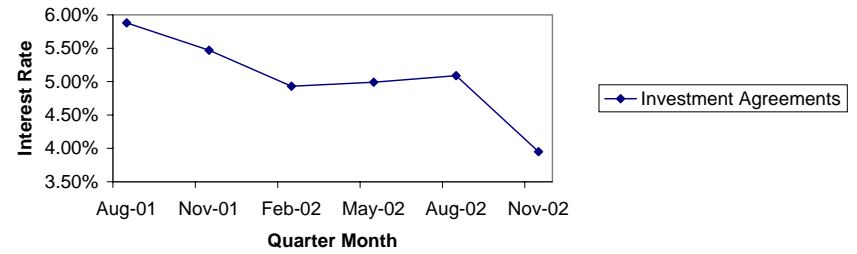
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Supplemental Schedule of Portfolio Interest Rate Trends and Maturities  
Quarter Ending November 30, 2002

INVESTMENT TYPE	Range of Interest for Current Quarter		Portfolio % Composition	Weighted Avg Rate Beg Carrying Value	Weighted Avg Rate Beg Market Value	Weighted Avg Rate End Carrying Value	Weighted Avg Rate End Market Value	Weighted Avg Maturity Beg Carrying Value		Weighted Avg Maturity Beg Market Value		Weighted Avg Maturity End Carrying Value		Weighted Avg Maturity End Market Value	
	HI	LOW		@ 08/31/02	@ 08/31/02	@ 11/30/02	@ 11/30/02	Months	Days	Months	Days	Months	Days	Months	Days
Mortgage-Backed Securities	8.75%	4.95%	66.92%	6.21%	6.23%	6.18%	6.20%	309	23	308	22	309	12	308	19
GNMA IIs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	0	0	0	0	0	0	0
Guaranteed Inv Contracts	7.88%	1.92%	16.52%	3.51%	3.51%	3.66%	3.66%	278	17	278	17	299	9	299	9
Investment Agreements	7.23%	1.94%	10.40%	5.09%	5.09%	3.95%	3.95%	61	8	61	8	65	17	65	17
Money Markets	1.28%	1.28%	0.03%	1.28%	1.28%	1.25%	1.25%	2	0	1	0	1	0	1	0
Treasury-Backed Mutual Funds	1.32%	0.87%	1.70%	1.26%	1.26%	1.04%	1.04%	2	0	1	0	1	0	1	0
Repurchase Agreements	1.87%	1.87%	3.78%	1.87%	1.87%	1.32%	1.32%	0	3	0	3	0	2	0	2
Treasury Bills	6.13%	5.81%	0.03%	6.00%	6.00%	6.07%	6.07%	4	5	4	5		27		27
Treasury Bonds/Notes	13.88%	4.87%	0.62%	8.03%	8.56%	12.34%	12.68%	27	17	35	27	92	7	97	23

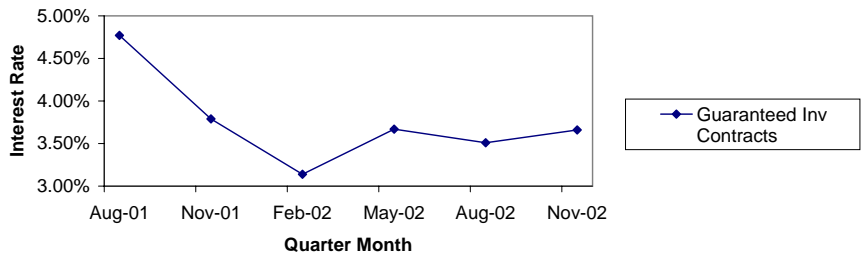
**Interest Rate Trend for MBS**



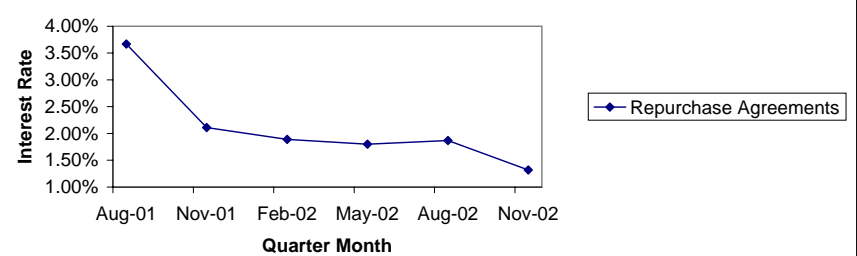
**Interest Rate Trend for Investment Agreements**



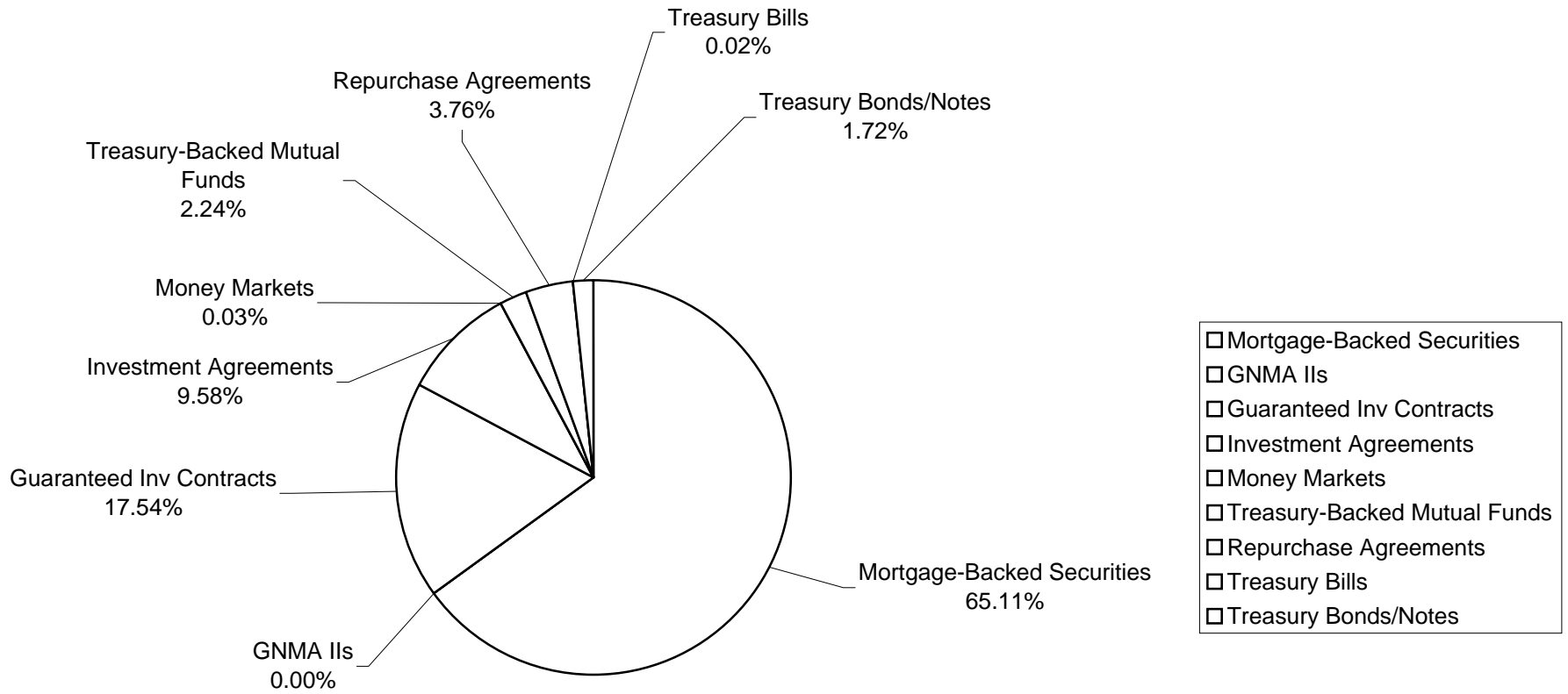
**Interest Rate Trend for GICs**



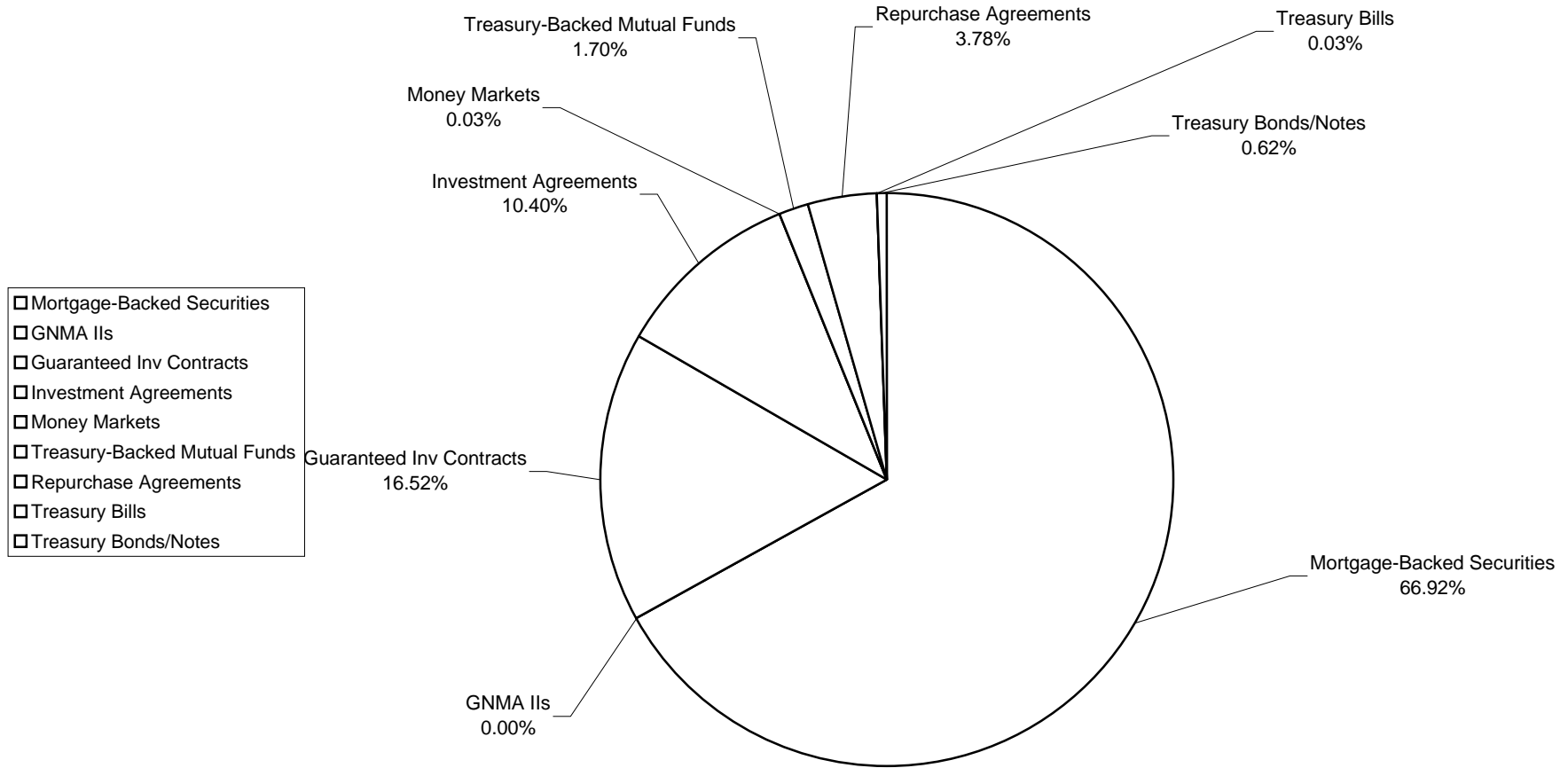
**Interest Rate Trend for Repurchase Agreements**



**Quarter Ending 11/30/02  
Beginning Market Valuation**



**Quarter Ending 11/30/02  
Ending Market Valuation**



TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Supplemental Schedule  
Quarter Ending November 30, 2002

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

INVESTMENT TYPE	FAIR VALUE (MARKET) @08/31/02	CARRYING VALUE @08/31/02	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 11/30/02	FAIR VALUE (MARKET) @11/30/02	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS				
Mortgage-Backed Securities	805,724,892.32	782,702,499.92	49,339,106.26	(16,090,368.53)	(27,831,226.33)	0.00	788,120,011.32	814,529,064.39	3,386,660.67	0.00
GNMA IIs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00
Guaranteed Inv Contracts	217,068,210.51	217,068,210.51	31,962,031.59	(48,001,125.42)	0.00	0.00	201,029,116.68	201,029,116.68	-	0.00
Investment Agreements	118,537,544.46	118,537,544.46	57,226,269.93	(49,219,801.40)	0.00	0.00	126,544,012.99	126,544,012.99	-	0.00
Money Markets	370,224.86	370,224.86	9,238.01	0.00	0.00	0.00	379,462.87	379,462.87	-	0.00
Treasury-Backed Mutual Funds	27,755,430.93	27,755,430.93	6,748,185.11	(13,831,109.21)	0.00	0.00	20,672,506.83	20,672,506.83	-	0.00
Repurchase Agreements	46,567,233.95	46,567,233.95	9,292,731.74	(9,802,017.25)	0.00	0.00	46,057,948.44	46,057,948.44	-	0.00
Treasury Bills	190,935.33	190,935.33	236,000.00	(1,973.67)	0.00	0.00	424,961.66	424,961.66	-	0.00
Treasury Bonds/Notes	21,277,811.99	19,418,709.87	164,477.85	(13,937,614.69)	0.00	0.00	5,645,573.03	7,520,725.13	16,049.98	0.00
<b>TOTAL</b>	<b>1,237,492,284.35</b>	<b>1,212,610,789.83</b>	<b>154,978,040.49</b>	<b>(150,884,010.17)</b>	<b>(27,831,226.33)</b>	<b>0.00</b>	<b>1,188,873,593.82</b>	<b>1,217,157,798.99</b>	<b>3,402,710.65</b>	<b>0.00</b>

(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.

\_\_\_\_\_  
Bill Dally, Chief of Agency Administration

\_\_\_\_\_  
Byron Johnson, Director of Bond Finance

**Detail of Investments including maturity dates by Fund Group**

**Texas Department of Housing and Community Affairs**  
**Single Family Investment Summary**  
**For Period Ending November 30, 2002**

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in Market Value	Recognized Gain
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02					Carrying Value 11/30/02	Market Value 11/30/02		
Repo Agmt	1980 SF Surplus Rev	1.32	11/27/02	12/02/02	276,648.37	276,648.37	19,356.49				296,004.86	296,004.86	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.32	11/27/02	12/02/02	3,371.22	3,371.22		(142.65)			3,228.57	3,228.57	-	0.00
Treasury Bond	1980 SF Surplus Rev	13.88	08/05/82	05/15/11	1,989,574.36	2,750,494.48	132.47				1,989,706.83	2,707,559.16	(43,067.79)	0.00
GICs	1980 SF Surplus Rev	6.08	11/14/96	09/30/29	2,239,725.75	2,239,725.75	3,038,431.60				5,278,157.35	5,278,157.35	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.32	11/27/02	12/02/02	1,690.07	1,690.07	393.54				2,083.61	2,083.61	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.32	11/27/02	12/02/02	40,222.38	40,222.38	164.40				40,386.78	40,386.78	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.32	11/27/02	12/02/02	55,352.70	55,352.70	103,821.74				159,174.44	159,174.44	-	0.00
					4,606,584.85	5,367,504.97	3,162,300.24	(142.65)	0.00	0.00	7,768,742.44	8,486,594.77	(43,067.79)	0.00
Repo Agmt	1982 A Single Family	1.32	11/27/02	12/02/02	0.04	0.04	0.28				0.32	0.32	-	0.00
GICs	1982 A Single Family	6.08	11/14/96	09/30/29	16,049.04	16,049.04		(6,930.07)			9,118.97	9,118.97	-	0.00
					16,049.08	16,049.08	0.28	(6,930.07)	0.00	0.00	9,119.29	9,119.29	0.00	0.00
Repo Agmt	1983 A&B Single Family	1.32	11/27/02	12/02/02	58,981.09	58,981.09	127,303.63				186,284.72	186,284.72	-	0.00
GICs	1983 A&B Single Family	6.08	11/14/96	09/30/29			1,069,136.74				1,069,136.74	1,069,136.74	-	0.00
Treasury Note	1983 A&B Single Family	13.25	08/05/85	05/15/14	714.21	1,120.28	0.12				714.33	1,106.10	(14.30)	0.00
					59,695.30	60,101.37	1,196,440.49	0.00	0.00	0.00	1,256,135.79	1,256,527.56	(14.30)	0.00
Repo Agmt	1984 A&B Single Family	1.32	11/27/02	12/02/02	7.89	7.89	46,185.33				46,193.22	46,193.22	-	0.00
Treasury Bond	1984 A&B Single Family	13.25	08/05/85	05/15/14	406.62	637.94	0.06				406.68	629.86	(8.14)	0.00
GICs	1984 A&B Single Family	6.08	11/14/96	09/30/29	3,220,230.40	3,220,230.40		(813,112.91)			2,407,117.49	2,407,117.49	-	0.00
					3,220,644.91	3,220,876.23	46,185.39	(813,112.91)	0.00	0.00	2,453,717.39	2,453,940.57	(8.14)	0.00
Repo Agmt	1985 A Single Family	1.32	11/27/02	12/02/02	86,771.72	86,771.72		(23,395.39)			63,376.33	63,376.33	-	0.00
GICs	1985 A Single Family	6.08	11/14/96	09/30/29			909,367.24				909,367.24	909,367.24	-	0.00
					86,771.72	86,771.72	909,367.24	(23,395.39)	0.00	0.00	972,743.57	972,743.57	0.00	0.00
Repo Agmt	1985 B&C Single Family	1.32	11/27/02	12/02/02	0.19	0.19	911.02				911.21	911.21	-	0.00
GICs	1985 B&C Single Family	6.08	11/14/96	09/30/29			146,067.01				146,067.01	146,067.01	-	0.00
					0.19	0.19	146,978.03	0.00	0.00	0.00	146,978.22	146,978.22	0.00	0.00
Repo Agmt	1987 B Single Family	1.32	11/27/02	12/02/02	45,791.63	45,791.63		(13,226.27)			32,565.36	32,565.36	-	0.00
GICs	1987 B Single Family	6.08	11/14/96	09/30/29	782,864.39	782,864.39	362,323.07				1,145,187.46	1,145,187.46	-	0.00
Treasury Bond	1987 B Single Family	13.88	08/05/82	05/15/11	496,984.87	685,465.85	0.00				496,984.87	674,763.19	(10,702.66)	0.00
					1,325,640.89	1,514,121.87	362,323.07	(13,226.27)	0.00	0.00	1,674,737.69	1,852,516.01	(10,702.66)	0.00
Repo Agmt	1995 A&B Single Family	1.32	11/27/02	12/02/02	95,009.51	95,009.51	25,712.51				120,722.02	120,722.02	-	0.00
GICs	1995 A&B Single Family	6.08	11/14/96	09/30/29	6,645,849.82	6,645,849.82		(3,026,373.94)			3,619,475.88	3,619,475.88	-	0.00
GICs	1995 A&B Single Family	6.08	11/14/96	09/30/29	2,122.40	2,122.40	64.99				2,187.39	2,187.39	-	0.00
FNMA	1995 A&B Single Family	6.15	05/30/96	04/01/26	603,418.87	629,437.48		(38,911.73)			564,507.14	589,850.54	(675.21)	0.00
FNMA	1995 A&B Single Family	6.15	06/27/96	05/01/26	356,284.85	370,881.83		(60,563.76)			295,721.09	308,495.02	(1,823.05)	0.00
FNMA	1995 A&B Single Family	6.15	07/15/96	06/01/26	589,472.08	615,799.94		(3,079.36)			586,392.72	613,616.95	896.37	0.00
FNMA	1995 A&B Single Family	6.15	07/30/96	06/01/26	389,376.76	407,104.70		(1,777.10)			387,599.66	405,930.32	602.72	0.00
FNMA	1995 A&B Single Family	6.15	08/15/96	07/01/26	560,966.37	586,193.52		(3,886.43)			557,079.94	583,117.25	810.16	0.00
FNMA	1995 A&B Single Family	6.15	08/29/96	08/01/26	592,321.33	611,654.01		(52,617.18)			539,704.15	558,371.69	(665.14)	0.00
FNMA	1995 A&B Single Family	6.15	09/17/96	08/01/26	505,898.91	521,483.65		(59,069.28)			446,829.63	461,360.04	(1,054.33)	0.00
FNMA	1995 A&B Single Family	6.15	10/30/96	10/01/26	867,449.40	893,907.69		(6,449.68)			860,999.72	888,734.98	1,276.97	0.00
FNMA	1995 A&B Single Family	6.15	12/23/96	11/01/26	797,998.46	822,864.07		(11,298.05)			786,700.41	812,562.88	996.86	0.00
FNMA	1995 A&B Single Family	6.15	03/27/97	01/01/27	373,743.15	384,992.68		(3,421.17)			370,321.98	382,101.79	530.28	0.00
FNMA	1995 A&B Single Family	6.15	07/15/97	03/01/27	260,562.12	268,606.67		(3,358.18)			257,203.94	265,585.70	337.21	0.00
FNMA	1995 A&B Single Family	6.15	09/29/97	07/01/27	436,617.29	451,527.77		(1,850.07)			434,767.22	450,231.89	554.19	0.00
GNMA	1995 A&B Single Family	6.15	07/30/96	07/20/26	3,304,241.48	3,443,474.21		(17,284.21)			3,286,957.27	3,433,284.82	7,094.82	0.00
GNMA	1995 A&B Single Family	6.15	03/28/96	03/20/26	896,309.31	934,358.20		(75,701.63)			820,607.68	857,400.79	(1,255.78)	0.00
GNMA	1995 A&B Single Family	6.15	08/15/96	07/20/26	2,869,864.83	2,990,539.92		(15,810.82)			2,854,054.01	2,980,859.84	6,130.74	0.00
GNMA	1995 A&B Single Family	6.15	04/29/96	04/20/26	1,310,862.12	1,366,065.35		(71,042.06)			1,239,820.06	1,294,986.96	(36.33)	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1995 A&B Single Family	6.15	05/15/96	05/20/26	2,850,243.34	2,970,900.89			(171,812.22)		2,678,431.12	2,798,983.90	(104.77)	0.00
GNMA	1995 A&B Single Family	6.15	05/30/96	05/20/26	1,977,553.57	2,062,226.31			(11,887.41)		1,965,666.16	2,054,521.16	4,182.26	0.00
GNMA	1995 A&B Single Family	6.15	06/17/96	06/20/26	4,112,687.45	4,287,156.33			(23,580.37)		4,089,107.08	4,272,329.60	8,753.64	0.00
GNMA	1995 A&B Single Family	6.15	06/27/96	06/20/26	1,163,846.35	1,212,628.11			(7,197.74)		1,156,648.61	1,207,883.50	2,453.13	0.00
GNMA	1995 A&B Single Family	6.15	07/15/96	06/20/26	3,897,804.61	4,060,324.06			(82,273.94)		3,815,530.67	3,984,265.29	6,215.17	0.00
GNMA	1995 A&B Single Family	6.15	08/29/96	08/20/26	3,511,515.02	3,635,801.96			(19,222.56)		3,492,292.46	3,624,116.47	7,537.07	0.00
GNMA	1995 A&B Single Family	6.15	09/17/96	09/20/26	1,948,057.36	2,014,812.62			(8,743.21)		1,939,314.15	2,010,322.53	4,253.12	0.00
GNMA	1995 A&B Single Family	6.15	09/26/96	09/20/26	1,220,832.85	1,262,947.49			(6,123.86)		1,214,708.99	1,259,463.91	2,640.28	0.00
GNMA	1995 A&B Single Family	6.15	10/30/96	10/20/26	4,074,655.67	4,215,249.51			(88,356.20)		3,986,299.47	4,133,220.50	6,327.19	0.00
GNMA	1995 A&B Single Family	6.15	11/26/96	11/20/26	2,232,955.31	2,312,579.36			(104,293.47)		2,128,661.84	2,209,587.79	1,301.90	0.00
GNMA	1995 A&B Single Family	6.15	12/23/96	12/20/26	1,407,961.07	1,455,691.49			(140,439.82)		1,267,521.25	1,313,565.28	(1,686.39)	0.00
GNMA	1995 A&B Single Family	6.15	01/16/97	12/20/26	2,131,030.83	2,203,335.23			(199,183.39)		1,931,847.44	2,002,036.58	(2,115.26)	0.00
GNMA	1995 A&B Single Family	6.15	01/30/97	01/20/27	1,243,138.17	1,286,593.12			(5,906.87)		1,237,231.30	1,283,654.86	2,968.61	0.00
GNMA	1995 A&B Single Family	6.15	02/13/97	02/20/27	1,443,263.79	1,493,628.01			(28,384.77)		1,414,879.02	1,467,884.62	2,641.38	0.00
GNMA	1995 A&B Single Family	6.15	02/27/97	02/20/27	773,092.59	798,782.37			(3,463.38)		769,629.21	797,173.30	1,854.31	0.00
GNMA	1995 A&B Single Family	6.15	03/27/97	03/20/27	1,340,853.25	1,383,876.22			(85,844.32)		1,255,008.93	1,298,569.44	537.54	0.00
GNMA	1995 A&B Single Family	6.15	04/29/97	04/20/27	895,909.25	923,691.40			(50,113.70)		845,795.55	874,180.45	602.75	0.00
GNMA	1995 A&B Single Family	6.15	05/29/97	05/20/27	884,649.49	912,082.47			(3,976.35)		880,673.14	910,228.53	2,122.41	0.00
GNMA	1995 A&B Single Family	6.15	06/26/97	06/20/27	751,253.71	775,040.68			(3,566.59)		747,687.12	773,269.92	1,795.83	0.00
GNMA	1995 A&B Single Family	6.15	08/18/97	07/20/27	1,767,027.97	1,840,175.96			(13,874.71)		1,753,153.26	1,830,281.91	3,980.66	0.00
GNMA	1995 A&B Single Family	6.15	09/29/97	08/20/27	1,792,122.24	1,849,242.93			(7,766.75)		1,784,355.49	1,845,785.00	4,308.82	0.00
GNMA	1995 A&B Single Family	6.15	02/26/98	02/20/28	726,351.68	747,873.48			(2,961.09)		723,390.59	746,908.02	1,995.63	0.00
GNMA	1995 A&B Single Family	6.15	03/26/98	01/20/28	778,627.51	801,698.24			(3,755.31)		774,872.20	800,063.30	2,120.37	0.00
GNMA	1995 A&B Single Family	6.15	04/29/98	04/20/28	691,920.20	712,421.80			(3,575.60)		688,344.60	710,722.68	1,876.48	0.00
GNMA	1995 A&B Single Family	6.15	06/25/98	05/20/28	960,051.56	988,497.89			(4,095.30)		955,956.26	987,034.40	2,631.81	0.00
GNMA	1995 A&B Single Family	6.15	07/16/98	06/20/28	875,616.00	901,560.50			(5,383.74)		870,232.26	898,523.51	2,346.75	0.00
GNMA	1995 A&B Single Family	6.15	09/10/98	07/20/28	1,185,587.09	1,220,716.04			(106,285.38)		1,079,301.71	1,114,389.81	(40.85)	0.00
GNMA	1995 A&B Single Family	6.15	11/19/98	10/20/28	1,464,016.70	1,507,395.51			(5,527.56)		1,458,489.14	1,505,904.62	4,036.67	0.00
					69,560,993.69	71,878,803.40	25,777.50	(3,026,373.94)	(1,623,716.32)	0.00	64,936,680.93	67,343,747.63	89,256.99	0.00
Repo Agmt	1996 A-C Single Family	1.32	11/27/02	12/02/02	34,978.26	34,978.26	32,103.30				67,081.56	67,081.56	-	0.00
Invst Agmt	1996 A-C Single Family	6.13	11/15/96	09/01/28	3,374,635.80	3,374,635.80		(2,044,522.64)			1,330,113.16	1,330,113.16	-	0.00
GNMA	1996 A-C Single Family	6.45	04/29/97	04/20/27	1,242,592.40	1,288,742.28			(4,947.73)		1,237,644.67	1,286,717.28	2,922.73	0.00
GNMA	1996 A-C Single Family	6.45	05/29/97	05/20/27	821,533.79	852,045.55			(3,822.01)		817,711.78	850,134.05	1,910.51	0.00
GNMA	1996 A-C Single Family	6.45	07/15/97	05/20/27	1,129,814.78	1,171,776.10			(82,273.42)		1,047,541.36	1,089,076.37	(426.31)	0.00
GNMA	1996 A-C Single Family	6.45	08/28/97	08/20/27	747,790.39	775,563.33			(74,967.77)		672,822.62	699,500.04	(1,095.52)	0.00
GNMA	1996 A-C Single Family	6.45	10/15/97	08/20/27	480,850.14	498,708.91			(2,101.26)		478,748.88	497,731.27	1,123.62	0.00
GNMA	1996 A-C Single Family	6.45	11/25/97	10/20/27	693,898.83	719,670.23			(2,620.89)		691,277.94	718,687.11	1,637.77	0.00
GNMA	1996 A-C Single Family	6.45	02/12/98	12/20/27	736,491.15	763,844.43			(2,800.08)		733,691.07	762,781.92	1,737.57	0.00
GNMA	1996 A-C Single Family	6.45	04/16/98	02/20/28	987,744.95	1,023,214.87			(3,944.59)		983,800.36	1,021,292.99	2,022.71	0.00
GNMA	1996 A-C Single Family	6.45	08/13/98	06/20/28	817,506.16	846,862.81			(3,188.81)		814,317.35	845,350.98	1,676.98	0.00
GNMA	1996 A-C Single Family	6.45	12/15/98	09/20/28	834,714.03	864,688.61			(3,255.77)		831,458.26	863,145.13	1,712.29	0.00
GNMA	1996 A-C Single Family	6.45	01/28/99	11/20/28	265,167.99	274,690.17			(966.71)		264,201.28	274,269.99	546.53	0.00
GNMA	1996 A-C Single Family	5.45	03/18/99	02/20/29	634,421.36	635,385.68			(2,603.88)		631,817.48	639,487.74	6,705.94	0.00
GNMA	1996 A-C Single Family	5.45	06/24/99	05/20/29	734,985.74	736,102.92			(2,931.09)		732,054.65	740,941.79	7,769.96	0.00
GNMA	1996 A-C Single Family	5.45	07/29/99	06/20/29	939,790.40	941,218.88			(3,783.57)		936,006.83	947,369.95	9,934.64	0.00
GNMA	1996 A-C Single Family	5.45	10/14/99	08/20/29	808,530.47	809,759.44			(3,893.25)		804,637.22	704,777.34	(101,088.85)	0.00
GNMA	1996 A-C Single Family	5.45	08/26/99	07/20/29	699,153.92	700,216.63			(2,829.95)		696,323.97	814,405.52	117,018.84	0.00
GNMA	1996 A-C Single Family	5.45	12/01/99	10/20/29	592,078.68	592,978.64			(4,013.96)		588,064.72	595,203.83	6,239.15	0.00
GNMA	1996 A-C Single Family	5.45	01/27/00	12/20/29	1,471,705.21	1,473,942.20			(68,316.30)		1,403,388.91	1,420,426.05	14,800.15	0.00
FNMA	1996 A-C Single Family	5.45	01/28/00	07/01/29	235,191.03	237,049.04			(934.81)		234,256.22	236,020.17	(94.06)	0.00
GNMA	1996 A-C Single Family	5.40	10/10/02	09/20/32			8,540.41				8,540.41	8,690.92	150.51	0.00
Treasury Bond	1996 A-C Single Family	13.88	08/05/82	05/15/11	440,998.99	608,247.38		0.00			440,998.99	598,751.04	(9,496.34)	0.00
Repo Agmt	1996 A-C Single Family	1.32	11/27/02	12/02/02	18,773.25	18,773.25	554.16				19,327.41	19,327.41	-	0.00
Invst Agmt	1996 A-C Single Family	6.13	02/26/97	09/01/28	1,313,068.70	1,313,068.70		(233,790.64)			1,079,278.06	1,079,278.06	-	0.00
GNMA	1996 A-C Single Family	5.45	03/18/99	02/20/29	130,660.75	130,859.35			(536.28)		130,124.47	131,704.18	1,381.11	0.00
GNMA	1996 A-C Single Family	5.45	06/24/99	05/20/29	151,372.20	151,602.29			(603.66)		150,768.54	152,598.87	1,600.24	0.00
GNMA	1996 A-C Single Family	5.45	07/29/99	06/20/29	193,552.24	193,846.44			(779.25)		192,772.99	195,113.25	2,046.06	0.00
GNMA	1996 A-C Single Family	5.45	10/14/99	08/20/29	166,518.93	166,772.04			(801.83)		165,717.10	167,728.91	1,758.70	0.00
GNMA	1996 A-C Single Family	5.45	08/26/99	07/20/29	143,992.53	144,211.40			(582.84)		143,409.69	145,150.68	1,522.12	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1996 A-C Single Family	5.45	12/01/99	10/20/29	121,940.16	122,125.51			(826.69)		121,113.47	122,583.79	1,284.97	0.00
GNMA	1996 A-C Single Family	5.45	01/27/00	12/20/29	303,101.48	303,562.19			(14,069.91)		289,031.57	292,540.41	3,048.13	0.00
GNMA	1996 A-C Single Family	6.15	11/12/02	11/20/32			17,923.38				17,923.38	17,923.38	-	0.00
GNMA	1996 A-C Single Family	5.40	11/12/02	10/20/32			19,676.16				19,676.16	19,676.16	-	0.00
GNMA	1996 A-C Single Family	6.15	10/10/02	09/20/32			20,074.23				20,074.23	20,074.23	-	0.00
GNMA	1996 A-C Single Family	6.15	10/21/02	10/20/32			16,319.34				16,319.34	16,319.34	-	0.00
GNMA	1996 A-C Single Family	5.40	10/21/02	10/20/32			10,895.52				10,895.52	10,895.52	-	0.00
GNMA	1996 A-C Single Family	6.15	10/29/02	10/20/32			6,787.64				6,787.64	6,787.64	-	0.00
GNMA	1996 A-C Single Family	5.40	10/29/02	09/20/32			3,033.85				3,033.85	3,033.85	-	0.00
GNMA	1996 A-C Single Family	6.15	11/05/02	10/20/32			5,816.73				5,816.73	5,816.73	-	0.00
GNMA	1996 A-C Single Family	5.40	11/05/02	09/20/32			7,630.75				7,630.75	7,630.75	-	0.00
GNMA	1996 A-C Single Family	6.15	11/19/02	11/20/32			19,584.33				19,584.33	19,584.33	-	0.00
GNMA	1996 A-C Single Family	5.40	11/19/02	11/20/32			10,524.28				10,524.28	10,524.28	-	0.00
GNMA	1996 A-C Single Family	6.15	11/26/02	11/20/32			55,855.29				55,855.29	55,855.29	-	0.00
GNMA	1996 A-C Single Family	5.40	11/26/02	11/20/32			20,210.22				20,210.22	20,210.22	-	0.00
GNMA	1996 A-C Single Family	6.15	11/26/02	11/20/32			20,640.02				20,640.02	20,640.02	-	0.00
GNMA	1996 A-C Single Family	5.40	11/26/02	11/20/32			12,070.16				12,070.16	12,070.16	-	0.00
					21,267,554.71	21,769,143.33	288,239.77	(2,278,313.28)	(292,396.31)	0.00	18,985,084.89	19,565,023.66	78,350.15	0.00
Repo Agmt	1996 D&E Single Family	1.32	11/27/02	12/02/02	217,301.03	217,301.03	895.23				218,196.26	218,196.26	-	0.00
Repo Agmt	1996 D&E Single Family	1.32	11/27/02	12/02/02	207,155.11	207,155.11		(10,369.05)			196,786.06	196,786.06	-	0.00
GICs	1996 D&E Single Family	6.08	11/14/96	09/30/29	11,175,763.24	11,175,763.24		(5,095,776.35)			6,079,986.89	6,079,986.89	-	0.00
Treasury Bond	1996 D&E Single Family	13.25	08/05/85	05/15/14	934,518.87	1,465,493.21	156.61				934,675.48	1,446,947.79	(18,702.03)	0.00
FNMA	1996 D&E Single Family	6.25	04/15/97	03/01/27	857,800.11	884,297.56			(45,064.79)		812,735.32	838,799.74	(433.03)	0.00
FNMA	1996 D&E Single Family	6.25	05/29/97	05/01/27	1,002,556.75	1,033,525.73			(135,824.76)		866,731.99	894,528.08	(3,172.89)	0.00
FNMA	1996 D&E Single Family	6.25	06/26/97	05/01/27	632,754.72	652,300.51			(4,204.43)		628,550.29	648,707.90	611.82	0.00
FNMA	1996 D&E Single Family	6.25	08/18/97	06/01/27	459,712.22	476,197.50			(2,387.83)		457,324.39	474,268.26	458.59	0.00
FNMA	1996 D&E Single Family	6.25	09/29/97	08/01/27	698,076.79	723,109.82			(3,752.79)		694,324.00	720,048.70	691.67	0.00
FNMA	1996 D&E Single Family	6.25	01/29/98	11/01/27	832,240.94	862,085.10			(9,596.23)		822,644.71	853,123.70	634.83	0.00
GNMA	1996 D&E Single Family	6.25	03/18/97	02/20/27	6,384,481.06	6,595,488.16			(149,763.57)		6,234,717.49	6,456,611.09	10,886.50	0.00
GNMA	1996 D&E Single Family	6.25	04/15/97	04/20/27	4,169,539.49	4,307,342.77			(202,257.88)		3,967,281.61	4,108,477.16	3,392.27	0.00
GNMA	1996 D&E Single Family	6.25	04/29/97	04/20/27	2,823,140.13	2,916,444.91			(166,776.39)		2,656,363.74	2,750,903.73	1,235.21	0.00
GNMA	1996 D&E Single Family	6.25	05/15/97	05/20/27	3,199,250.44	3,304,985.67			(93,202.75)		3,106,047.69	3,216,591.93	4,809.01	0.00
GNMA	1996 D&E Single Family	6.25	06/17/97	06/20/27	5,083,965.92	5,251,990.99			(230,431.31)		4,853,534.61	5,026,271.91	4,712.23	0.00
GNMA	1996 D&E Single Family	6.25	06/26/97	06/20/27	1,094,810.13	1,130,993.60			(4,895.31)		1,089,914.82	1,128,704.89	2,606.60	0.00
GNMA	1996 D&E Single Family	6.25	07/15/97	06/20/27	1,817,301.49	1,877,363.30			(109,812.58)		1,707,488.91	1,768,258.44	707.72	0.00
GNMA	1996 D&E Single Family	6.25	07/30/97	07/20/27	2,265,725.28	2,340,607.50			(9,835.36)		2,255,889.92	2,336,177.04	5,404.90	0.00
GNMA	1996 D&E Single Family	6.25	08/18/97	07/20/27	4,108,243.70	4,244,021.15			(137,575.23)		3,970,668.47	4,111,984.56	5,538.64	0.00
GNMA	1996 D&E Single Family	6.25	08/28/97	08/20/27	4,159,930.47	4,297,416.17			(19,833.56)		4,140,096.91	4,287,442.96	9,860.35	0.00
GNMA	1996 D&E Single Family	6.25	09/18/97	09/20/27	1,721,206.60	1,778,092.48			(66,245.42)		1,654,961.18	1,713,861.25	2,014.19	0.00
GNMA	1996 D&E Single Family	6.25	09/29/97	09/20/27	1,701,890.96	1,758,138.46			(9,146.06)		1,692,744.90	1,752,989.69	3,997.29	0.00
GNMA	1996 D&E Single Family	6.25	10/15/97	09/20/27	1,232,707.07	1,273,448.04			(7,819.31)		1,224,887.76	1,268,481.52	2,852.79	0.00
GNMA	1996 D&E Single Family	6.25	10/30/97	10/20/27	1,747,370.33	1,805,120.92			(141,436.48)		1,605,933.85	1,663,089.04	(595.40)	0.00
GNMA	1996 D&E Single Family	6.25	11/17/97	10/20/27	1,374,910.74	1,420,351.54			(5,908.51)		1,369,002.23	1,417,725.02	3,281.99	0.00
GNMA	1996 D&E Single Family	6.25	11/25/97	11/20/27	1,066,237.24	1,101,476.38			(5,718.06)		1,060,519.18	1,098,263.06	2,504.74	0.00
GNMA	1996 D&E Single Family	6.25	12/17/97	11/20/27	2,488,285.41	2,570,523.24			(12,249.85)		2,476,035.56	2,564,157.67	5,884.28	0.00
GNMA	1996 D&E Single Family	6.25	01/29/98	01/20/28	3,863,238.19	3,985,780.11			(88,276.17)		3,774,962.02	3,904,707.46	7,203.52	0.00
GNMA	1996 D&E Single Family	6.25	04/29/98	04/20/28	1,592,871.53	1,643,397.41			(7,376.55)		1,585,494.98	1,639,988.44	3,967.58	0.00
GNMA	1996 D&E Single Family	6.25	07/06/98	05/20/28	862,099.78	889,445.59			(3,280.48)		858,819.30	888,336.92	2,171.81	0.00
GNMA	1996 D&E Single Family	6.25	08/27/98	07/20/28	1,590,784.83	1,641,244.52			(89,560.48)		1,501,224.35	1,552,821.43	1,137.39	0.00
GNMA	1996 D&E Single Family	6.25	09/24/98	08/20/28	1,228,281.77	1,267,242.87			(234,086.69)		994,195.08	1,028,365.56	(4,790.62)	0.00
GNMA	1996 D&E Single Family	6.25	10/01/98	08/20/28	1,113,070.58	1,148,377.18			(4,383.32)		1,108,687.26	1,146,792.84	2,798.98	0.00
GNMA	1996 D&E Single Family	6.25	10/29/98	09/20/28	742,710.75	766,269.53			(75,526.94)		667,183.81	690,114.92	(627.67)	0.00
GNMA	1996 D&E Single Family	6.25	12/29/98	10/20/28	1,996,637.55	2,059,970.89			(14,032.82)		1,982,604.73	2,050,746.85	4,808.78	0.00
GNMA	1996 D&E Single Family	6.25	10/20/99	07/20/29	510,966.16	526,734.58			(2,091.33)		508,874.83	525,962.85	1,319.60	0.00
GNMA	1996 D&E Single Family	6.25	11/23/99	10/20/29	252,568.16	260,362.41			(915.93)		251,652.23	260,102.71	656.23	0.00
GNMA	1996 D&E Single Family	6.25	01/27/00	12/20/29	972,394.74	1,002,402.84			(68,062.82)		904,331.92	934,699.39	359.37	0.00
FNMA	1996 D&E Single Family	6.25	01/28/00	09/01/29	280,760.59	290,606.86			(1,067.65)		279,692.94	289,742.31	203.10	0.00
Treasury Bond	1996 D&E Single Family	13.88	08/05/82	05/15/11	562,094.30	775,267.96	0.00				562,094.30	763,162.53	(12,105.43)	0.00
Repo Agmt	1996 D&E Single Family	1.32	11/27/02	12/02/02	240.87	240.87		(112.49)			128.38	128.38	-	0.00



Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GICs	1996 D&E Single Family	6.08	04/06/98	09/30/29	2,580,898.27	2,580,898.27	167,906.84				2,748,805.11	2,748,805.11	-	0.00
FNMA	1996 D&E Single Family	5.45	01/28/00	07/01/29	48,438.21	48,820.87			(192.52)		48,245.69	48,608.98	(19.37)	0.00
					81,654,932.52	84,558,096.85	168,958.68	(5,106,257.89)	(2,162,592.16)	0.00	74,555,041.15	77,514,471.02	56,265.54	0.00
Repo Agmt	1997 A-C Single Family	1.32	11/27/02	12/02/02	155,457.92	155,457.92		(155,430.86)			27.06	27.06	-	0.00
Repo Agmt	1997 A-C Single Family	1.32	11/27/02	12/02/02	74.69	74.69	156,090.36				156,165.05	156,165.05	-	0.00
GICs	1997 A-C Single Family	6.14	09/17/97	08/31/29	4,797,732.25	4,797,732.25		(2,815,777.89)			1,981,954.36	1,981,954.36	-	0.00
FNMA	1997 A-C Single Family	6.25	02/20/98	01/01/28	520,694.38	536,778.63			(5,472.37)		515,222.01	531,745.18	438.92	0.00
FNMA	1997 A-C Single Family	6.25	03/27/98	03/01/28	603,558.95	621,726.07			(3,436.34)		600,122.61	618,690.40	400.67	0.00
FNMA	1997 A-C Single Family	6.25	06/29/98	05/01/28	820,835.94	845,543.10			(4,443.30)		816,392.64	841,651.83	552.03	0.00
GNMA	1997 A-C Single Family	6.25	02/20/98	01/20/28	6,666,140.47	6,877,590.45			(43,516.32)		6,622,624.15	6,850,243.74	16,169.61	0.00
FNMA	1997 A-C Single Family	6.25	11/30/98	09/01/28	754,394.97	777,102.26			(91,544.80)		662,850.17	683,358.75	(2,198.71)	0.00
GNMA	1997 A-C Single Family	6.25	03/27/98	03/20/28	7,503,175.23	7,741,175.95			(132,741.13)		7,370,434.10	7,623,755.92	15,321.10	0.00
GNMA	1997 A-C Single Family	6.25	05/19/98	05/20/28	5,856,694.19	6,042,468.53			(84,976.83)		5,771,717.36	5,970,091.29	12,599.59	0.00
GNMA	1997 A-C Single Family	5.45	07/28/00	06/20/30	2,390,801.81	2,390,251.93			(94,611.28)		2,296,190.53	2,318,302.84	22,662.19	0.00
GNMA	1997 A-C Single Family	6.25	08/14/98	07/20/28	3,293,745.22	3,398,222.82			(12,506.92)		3,281,238.30	3,394,014.46	8,298.56	0.00
GNMA	1997 A-C Single Family	6.25	06/29/98	06/20/28	1,762,340.79	1,818,242.24			(6,642.10)		1,755,698.69	1,816,042.05	4,441.91	0.00
GNMA	1997 A-C Single Family	6.25	09/18/98	09/20/28	2,466,254.17	2,544,483.75			(9,993.94)		2,456,260.23	2,540,681.89	6,192.08	0.00
FNMA	1997 A-C Single Family	6.25	03/31/99	11/01/28	267,229.61	275,273.22			(1,008.27)		266,221.34	274,458.23	193.28	0.00
GNMA	1997 A-C Single Family	6.25	11/30/98	11/20/28	1,670,625.71	1,723,617.96			(71,301.81)		1,599,323.90	1,654,292.66	1,976.51	0.00
GNMA	1997 A-C Single Family	6.25	11/30/98	10/20/28	1,291,166.74	1,332,122.55			(4,675.54)		1,286,491.20	1,330,707.90	3,260.89	0.00
GNMA	1997 A-C Single Family	6.25	11/30/98	10/20/28	655,514.13	676,307.04			(2,449.79)		653,064.34	675,510.16	1,652.91	0.00
FNMA	1997 A-C Single Family	6.25	05/27/99	11/01/28	343,603.22	354,217.12			(2,804.60)		340,798.62	351,728.03	315.51	0.00
GNMA	1997 A-C Single Family	6.25	02/16/99	02/20/29	3,644,385.28	3,756,851.01			(18,169.68)		3,626,215.60	3,747,983.92	9,302.59	0.00
GNMA	1997 A-C Single Family	6.25	03/31/99	02/20/29	629,196.48	648,613.48			(2,667.49)		626,528.99	647,567.83	1,621.84	0.00
GNMA	1997 A-C Single Family	6.25	05/27/99	05/20/29	832,214.10	857,896.23			(3,056.06)		829,158.04	857,001.17	2,161.00	0.00
GNMA	1997 A-C Single Family	5.45	07/30/99	07/20/29	1,487,312.58	1,489,573.30			(6,291.70)		1,481,020.88	1,499,000.47	15,718.87	0.00
GNMA	1997 A-C Single Family	5.45	08/26/99	08/20/29	1,237,778.80	1,239,660.22			(5,116.01)		1,232,662.79	1,247,627.32	13,083.11	0.00
FNMA	1997 A-C Single Family	5.45	09/20/99	08/01/29	242,125.82	242,830.41			(1,267.08)		240,858.74	241,468.11	(95.22)	0.00
GNMA	1997 A-C Single Family	5.45	09/20/99	09/20/29	1,077,298.56	1,078,936.05			(49,640.47)		1,027,658.09	1,040,133.86	10,838.28	0.00
FNMA	1997 A-C Single Family	5.45	12/20/99	12/01/29	608,974.02	610,746.13			(3,346.51)		605,627.51	607,159.75	(239.87)	0.00
FNMA	1997 A-C Single Family	5.45	01/19/00	12/01/29	340,605.15	341,596.31			(1,987.75)		338,617.40	339,474.10	(134.46)	0.00
GNMA	1997 A-C Single Family	5.45	10/28/99	10/20/29	2,505,242.42	2,509,050.39			(10,331.44)		2,494,910.98	2,525,199.20	26,480.25	0.00
GNMA	1997 A-C Single Family	5.45	11/18/99	11/20/29	633,053.10	634,015.34			(2,799.84)		630,253.26	637,904.53	6,689.03	0.00
GNMA	1997 A-C Single Family	5.45	12/30/99	12/20/29	5,056,583.72	5,064,269.73			(98,120.78)		4,958,462.94	5,018,658.68	52,509.73	0.00
GNMA	1997 A-C Single Family	5.45	01/28/00	01/20/30	1,863,900.21	1,863,471.51			(87,798.72)		1,776,101.49	1,793,205.35	17,532.56	0.00
GNMA	1997 A-C Single Family	5.45	02/22/00	01/20/30	570,785.27	570,653.99			(2,127.30)		568,657.97	574,134.15	5,607.46	0.00
GNMA	1997 A-C Single Family	5.45	03/27/00	02/20/30	816,860.08	816,672.20			(3,046.35)		813,813.73	821,650.76	8,024.91	0.00
FNMA	1997 A-C Single Family	5.45	04/27/00	03/01/30	401,584.70	401,420.05			(2,408.43)		399,176.27	399,990.59	978.97	0.00
GNMA	1997 A-C Single Family	5.45	04/27/00	04/20/30	1,362,183.13	1,361,869.83			(5,296.29)		1,356,886.84	1,369,953.66	13,380.12	0.00
GNMA	1997 A-C Single Family	5.45	05/30/00	04/20/30	200,640.32	200,594.17			(743.99)		199,896.33	201,821.33	1,971.15	0.00
GNMA	1997 A-C Single Family	5.45	06/21/00	05/20/30	994,404.12	994,175.41			(3,945.44)		990,458.68	999,996.80	9,766.83	0.00
GNMA	1997 A-C Single Family	5.45	09/18/00	09/20/30	2,123,733.46	2,123,245.00			(8,181.87)		2,115,551.59	2,135,924.35	20,861.22	0.00
FNMA	1997 A-C Single Family	5.45	07/24/00	06/01/30	410,604.94	410,436.59			(1,516.68)		409,088.26	409,922.80	1,002.89	0.00
					68,859,506.65	70,124,965.83	156,090.36	(2,971,208.75)	(889,985.22)	0.00	65,154,403.04	66,729,200.53	309,338.31	0.00
Repo Agmt	1997 D-F Single Family	1.32	11/27/02	12/02/02	143,081.05	143,081.05	584.72				143,665.77	143,665.77	-	0.00
Repo Agmt	1997 D-F Single Family	1.32	11/27/02	12/02/02	1,495,027.32	1,495,027.32		(1,458,327.36)			36,699.96	36,699.96	-	0.00
Repo Agmt	1997 D-F Single Family	1.32	11/27/02	12/02/02			18.97				18.97	18.97	-	0.00
GICs	1997 D-F Single Family	5.91	12/04/97	03/01/30	78,938.82	78,938.82	28,488.89				107,427.71	107,427.71	-	0.00
GICs	1997 D-F Single Family	5.91	12/04/97	03/01/30	3,418,019.86	3,418,019.86		(945,981.12)			2,472,038.74	2,472,038.74	-	0.00
FNMA	1997 D-F Single Family	6.25	06/29/98	06/01/28	699,344.85	720,395.13			(2,625.21)		696,719.64	718,276.15	506.23	0.00
FNMA	1997 D-F Single Family	6.25	11/30/98	10/01/28	508,043.05	523,335.15			(3,048.27)		504,994.78	520,619.32	332.44	0.00
GNMA	1997 D-F Single Family	6.25	05/19/98	05/20/28	3,009,934.59	3,105,409.72			(171,664.57)		2,838,270.02	2,935,821.36	2,076.21	0.00
GNMA	1997 D-F Single Family	5.45	07/24/00	06/20/30	3,320,572.24	3,319,808.51			(108,061.14)		3,212,511.10	3,243,447.58	31,700.21	0.00
GNMA	1997 D-F Single Family	6.25	08/14/98	07/20/28	1,320,121.67	1,361,995.93			(6,344.60)		1,313,777.07	1,358,931.59	3,280.26	0.00
GNMA	1997 D-F Single Family	5.45	08/28/00	08/20/30	478,419.90	478,309.86			(1,827.62)		476,592.28	481,181.86	4,699.62	0.00
GNMA	1997 D-F Single Family	6.25	06/30/98	06/20/28	1,893,922.45	1,953,997.67			(86,217.63)		1,807,704.82	1,869,835.63	2,055.59	0.00
GNMA	1997 D-F Single Family	6.25	09/18/98	08/20/28	3,522,352.94	3,634,081.98			(235,651.23)		3,286,701.71	3,399,665.65	1,234.90	0.00
FNMA	1997 D-F Single Family	6.25	03/31/99	11/01/28	367,628.88	378,694.51			(9,951.98)		357,676.90	368,743.42	0.89	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1997 D-F Single Family	6.25	11/30/98	11/20/28	3,082,922.83	3,180,713.14			(131,633.91)		2,951,288.92	3,052,724.72	3,645.49	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	1,778,392.78	1,834,803.40			(6,796.37)		1,771,596.41	1,832,486.18	4,479.15	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	703,940.05	726,269.03			(2,580.98)		701,359.07	725,464.78	1,776.73	0.00
FNMA	1997 D-F Single Family	6.25	05/27/99	04/01/29	379,889.61	391,157.14			(44,095.57)		335,794.04	345,817.49	(1,244.08)	0.00
GNMA	1997 D-F Single Family	6.25	02/16/99	02/20/29	4,281,955.82	4,414,096.98			(102,760.22)		4,179,195.60	4,319,532.99	8,196.23	0.00
GNMA	1997 D-F Single Family	6.25	03/31/99	03/20/29	2,028,328.89	2,090,923.12			(87,548.95)		1,940,779.94	2,005,951.33	2,577.16	0.00
GNMA	1997 D-F Single Family	6.25	05/27/99	04/20/29	2,080,710.33	2,144,921.05			(68,619.62)		2,012,090.71	2,079,656.72	3,355.29	0.00
GNMA	1997 D-F Single Family	5.45	06/22/99	06/20/29	1,137,929.85	1,139,659.50			(43,117.41)		1,094,812.44	1,108,103.46	11,561.37	0.00
GNMA	1997 D-F Single Family	5.45	07/30/99	07/20/29	1,796,118.78	1,798,848.88			(7,389.76)		1,788,729.02	1,810,444.19	18,985.07	0.00
GNMA	1997 D-F Single Family	5.45	08/26/99	08/20/29	1,668,244.39	1,670,780.12			(6,794.90)		1,661,449.49	1,681,619.49	17,634.27	0.00
GNMA	1997 D-F Single Family	5.45	09/30/99	09/20/29	937,341.60	938,766.36			(3,798.73)		933,542.87	944,876.08	9,908.45	0.00
FNMA	1997 D-F Single Family	5.45	12/21/99	11/01/29	557,979.62	559,603.34			(21,966.15)		536,013.47	537,369.58	(267.61)	0.00
GNMA	1997 D-F Single Family	5.45	10/29/99	10/20/29	2,345,345.05	2,348,909.97			(9,622.94)		2,335,722.11	2,364,077.78	24,790.75	0.00
GNMA	1997 D-F Single Family	5.45	11/18/99	11/20/29	2,572,366.11	2,576,276.11			(9,950.36)		2,562,415.75	2,593,523.48	27,197.73	0.00
GNMA	1997 D-F Single Family	5.45	12/30/99	12/20/29	3,467,746.12	3,473,017.09			(82,367.69)		3,385,378.43	3,426,476.92	35,827.52	0.00
GNMA	1997 D-F Single Family	5.45	01/28/00	01/20/30	2,657,318.28	2,656,707.10			(14,543.12)		2,642,775.16	2,668,225.08	26,061.10	0.00
GNMA	1997 D-F Single Family	5.45	02/22/00	01/20/30	1,690,025.44	1,689,636.73			(8,092.43)		1,681,933.01	1,698,130.02	16,585.72	0.00
GNMA	1997 D-F Single Family	5.45	03/27/00	02/20/30	867,839.04	867,639.44			(3,336.52)		864,502.52	872,827.68	8,524.76	0.00
FNMA	1997 D-F Single Family	5.45	02/23/00	01/01/30	303,878.96	304,763.25			(1,827.53)		302,051.43	302,815.62	(120.10)	0.00
GNMA	1997 D-F Single Family	5.45	04/27/00	03/20/30	999,178.27	998,948.46			(3,739.33)		995,438.94	1,005,025.02	9,815.89	0.00
GNMA	1997 D-F Single Family	5.45	05/30/00	05/20/30	910,941.53	910,732.01			(4,540.56)		906,400.97	915,129.61	8,938.16	0.00
GNMA	1997 D-F Single Family	5.45	06/21/00	06/20/30	1,660,637.03	1,660,255.08			(5,983.04)		1,654,653.99	1,670,588.31	16,316.27	0.00
FNMA	1997 D-F Single Family	5.45	05/30/00	05/01/30	304,187.14	304,062.42			(1,137.09)		303,050.05	303,668.27	742.94	0.00
GNMA	1997 D-F Single Family	5.45	10/23/00	09/20/30	459,918.47	459,812.69			(1,652.96)		458,265.51	462,678.61	4,518.88	0.00
GNMA	1997 D-F Single Family	5.45	10/30/00	10/20/30	585,635.94	585,501.24			(2,647.15)		582,988.79	588,602.97	5,748.88	0.00
FNMA	1997 D-F Single Family	5.45	07/24/00	06/01/30	849,279.48	848,931.28			(4,327.95)		844,951.53	846,675.23	2,071.90	0.00
GNMA	1997 D-F Single Family	5.45	12/21/00	05/20/30	199,546.15	199,500.25			(713.38)		198,832.77	200,747.53	1,960.66	0.00
FNMA	1997 D-F Single Family	5.45	10/06/00	09/01/30	346,042.68	345,900.80			(1,260.61)		344,782.07	345,485.43	845.24	0.00
FNMA	1997 D-F Single Family	5.45	10/30/00	08/01/30	387,712.20	387,553.24			(1,735.21)		385,976.99	386,764.38	946.35	0.00
FNMA	1997 D-F Single Family	5.45	02/12/01	02/01/30	129,447.51	129,824.20			(642.82)		128,804.69	129,130.57	(50.81)	0.00
Repo Agmt	1997 D-F Single Family	1.32	11/27/02	12/02/02	688,992.33	688,992.33	19,696.94				708,689.27	708,689.27	-	0.00
					62,115,199.90	62,938,601.26	48,789.52	(2,404,308.48)	(1,310,615.51)	0.00	58,449,065.43	59,589,682.50	317,215.71	0.00
Repo Agmt	2002A Single Family (JR Lien)	1.32	11/27/02	12/02/02	71,639.09	71,639.09		(50,788.70)			20,850.39	20,850.39	-	0.00
Treasury Bond	2002A Single Family (JR Lien)	13.88	03/27/02	05/15/11	300,000.00	414,281.93	0.00				300,000.00	407,813.91	(6,468.02)	0.00
Repo Agmt	2002A Single Family (JR Lien)	1.32	11/27/02	12/02/02	7,171,860.12	7,171,860.12	85,194.27				7,257,054.39	7,257,054.39	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	1.32	11/27/02	12/02/02	1,269,112.18	1,269,112.18		(880,112.00)			389,000.18	389,000.18	-	0.00
Repo Agmt	2002A Single Family (JR Lien)				54,100.15	54,100.15		(54,100.15)			-	-	-	0.00
					8,866,711.54	8,980,993.47	85,194.27	(985,000.85)	0.00	0.00	7,966,904.96	8,074,718.87	(6,468.02)	0.00
Repo Agmt	2002 A-D SF MRB	1.32	11/27/02	12/02/02	3,065.90	3,065.90	62,554.44				65,620.34	65,620.34	-	0.00
Repo Agmt	2002 A-D SF MRB	1.32	11/27/02	12/02/02	16.15	16.15		(14.05)			2.10	2.10	-	0.00
Repo Agmt	2002 A-D SF MRB	1.32	11/27/02	12/02/02	1,618.60	1,618.60		(1,617.47)			1.13	1.13	-	0.00
GICs	2002 A-D SF MRB	5.01	06/26/02	03/01/34	377,011.14	377,011.14	7,154.38				384,165.52	384,165.52	-	0.00
GICs	2002 A-D SF MRB	4.51	06/26/02	03/01/34	310,624.23	310,624.23	0.00				310,624.23	310,624.23	-	0.00
GICs	2002 A-D SF MRB	2.56	06/26/02	03/01/34	1,606,600.00	1,606,600.00		(161,595.36)			1,445,004.64	1,445,004.64	-	0.00
GICs	2002 A-D SF MRB	5.01	06/26/02	03/01/34	3,520,363.60	3,520,363.60	0.00				3,520,363.60	3,520,363.60	-	0.00
Treasury Note	2002 A-D SF MRB				13,937,614.69	13,821,000.00		(13,937,614.69)					116,614.69	0.00
GNMA	2002 A-D SF MRB	5.40	08/29/02	08/20/32	311,368.27	311,368.27			(968.98)		310,399.29	315,872.41	5,473.12	0.00
GNMA	2002 A-D SF MRB	6.15	11/12/02	11/20/32			357,042.71				357,042.71	371,915.73	14,873.02	0.00
GNMA	2002 A-D SF MRB	5.40	11/12/02	10/20/32			391,958.88				391,958.88	398,861.95	6,903.07	0.00
GNMA	2002 A-D SF MRB	6.15	09/12/02	08/20/32			70,177.04		(124.26)		70,052.78	72,971.55	2,918.77	0.00
GNMA	2002 A-D SF MRB	6.15	09/19/02	09/20/32			166,574.90		(295.57)		166,279.33	173,207.41	6,928.08	0.00
GNMA	2002 A-D SF MRB	5.40	09/19/02	09/20/32			392,608.38		(1,326.93)		391,281.45	398,177.25	6,895.80	0.00
GNMA	2002 A-D SF MRB	6.15	09/26/02	09/20/32			354,556.04		(627.48)		353,928.56	368,675.08	14,746.52	0.00
GNMA	2002 A-D SF MRB	5.40	09/26/02	09/20/32			263,943.22		(586.41)		263,356.81	267,998.13	4,641.32	0.00
GNMA	2002 A-D SF MRB	6.15	10/10/02	09/20/32			400,520.57		(631.60)		399,888.97	416,553.21	16,664.24	0.00
GNMA	2002 A-D SF MRB	5.40	10/10/02	09/20/32			170,351.93		(222.97)		170,128.96	173,127.43	2,998.47	0.00
GNMA	2002 A-D SF MRB	6.15	10/21/02	10/20/32			325,614.37		(524.90)		325,089.47	338,636.78	13,547.31	0.00
GNMA	2002 A-D SF MRB	5.40	10/21/02	10/20/32			217,294.06		(249.83)		217,044.23	220,869.23	3,825.00	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	6.15	10/29/02	10/20/32			136,075.99		(862.69)		135,213.30	140,854.52	5,641.22	0.00
GNMA	2002 A-D SF MRB	5.40	10/29/02	09/20/32			60,746.42		(310.83)		60,435.59	61,503.05	1,067.46	0.00
GNMA	2002 A-D SF MRB	6.15	11/05/02	10/20/32			115,872.12				115,872.12	120,698.91	4,826.79	0.00
GNMA	2002 A-D SF MRB	5.40	11/05/02	09/20/32			152,008.44				152,008.44	154,685.56	2,677.12	0.00
GNMA	2002 A-D SF MRB	6.15	11/19/02	11/20/32			390,129.63				390,129.63	406,380.93	16,251.30	0.00
GNMA	2002 A-D SF MRB	5.40	11/19/02	11/20/32			209,648.90				209,648.90	213,341.17	3,692.27	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32			1,112,665.46				1,112,665.46	1,112,665.46	-	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32			402,597.81				402,597.81	402,597.81	-	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32			411,159.48				411,159.48	411,159.48	-	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32			240,443.59				240,443.59	240,443.59	-	0.00
Repo Agmt	2002 A-D SF MRB	1.32	11/27/02	12/02/02	4,890.00	4,890.00		(2,881.74)			2,008.26	2,008.26	-	0.00
GICs	2002 A-D SF MRB	2.56	06/26/02	03/01/34	100,250,595.95	100,250,595.95		(6,098,834.72)			94,151,761.23	94,151,761.23	-	0.00
Repo Agmt	2002 A-D SF MRB	1.32	11/27/02	12/02/02	51,226.70	51,226.70		(11,049.66)			40,177.04	40,177.04	-	0.00
Repo Agmt	2002 A-D SF MRB	1.32	11/27/02	12/02/02	4,751.64	4,751.64		(1,443.61)			3,308.03	3,308.03	-	0.00
					120,379,746.87	120,263,132.18	6,411,698.76	(20,215,051.30)	(6,732.45)	0.00	106,569,661.88	106,704,232.76	251,185.57	0.00
Repo Agmt	1991 A S/F (1980 A Rfng)	1.32	11/27/02	12/02/02	1,931.95	1,931.95	8,191.87				10,123.82	10,123.82	-	0.00
GICs	1991 A S/F (1980 A Rfng)	6.08	11/14/96	09/30/29	255,868.77	255,868.77	77,746.08				333,614.85	333,614.85	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfng)	1.32	11/27/02	12/02/02	0.33	0.33	58,508.71				58,509.04	58,509.04	-	0.00
GICs	1991 A S/F (1980 A Rfng)	6.08	11/14/96	09/30/29	274,486.79	274,486.79	654,449.77				928,936.56	928,936.56	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfng)	1.32	11/27/02	12/02/02	689,122.25	689,122.25	0.80				689,123.05	689,123.05	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfng)	1.32	11/27/02	12/02/02	0.08	0.08	0.00				0.08	0.08	-	0.00
GICs	1991 A S/F (1980 A Rfng)	6.08	11/14/96	09/30/29			8.98				8.98	8.98	-	0.00
					1,221,410.17	1,221,410.17	798,906.21	0.00	0.00	0.00	2,020,316.38	2,020,316.38	0.00	0.00
Repo Agmt	1994 A&B SF (1983 Rfng)	1.32	11/27/02	12/02/02	36,504.39	36,504.39		(34,492.73)			2,011.66	2,011.66	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfng)	1.32	11/27/02	12/02/02	114.86	114.86		(35.43)			79.43	79.43	-	0.00
GICs	1994 A&B SF (1983 Rfng)	6.08	11/14/96	09/30/29	769,922.23	769,922.23		(768,639.84)			1,282.39	1,282.39	-	0.00
GICs	1994 A&B SF (1983 Rfng)	6.35	06/09/94	03/01/16	205,434.74	205,434.74		(204,210.86)			1,223.88	1,223.88	-	0.00
GICs	1994 A&B SF (1983 Rfng)	6.35	06/09/94	03/01/16			0.00				0.00		-	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	05/30/96	04/01/26	29,759.82	31,042.56			(1,919.05)		27,840.77	29,090.21	(33.30)	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	06/27/96	05/01/26	17,571.58	18,291.14			(2,986.88)		14,584.70	15,214.34	(89.92)	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	07/15/96	06/01/26	29,072.05	30,369.95			(151.86)		28,920.19	30,262.30	44.21	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	07/30/96	06/01/26	19,203.52	20,077.55			(87.65)		19,115.87	20,019.63	29.73	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	08/15/96	07/01/26	27,666.11	28,909.87			(191.67)		27,474.44	28,758.15	39.95	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	08/29/96	08/01/26	29,212.23	30,165.52			(2,594.98)		26,617.25	27,537.74	(32.80)	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	09/16/96	08/01/26	24,949.93	25,718.52			(2,913.17)		22,036.76	22,753.34	(52.01)	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	10/30/96	10/01/26	42,780.97	44,085.79			(318.09)		42,462.88	43,830.68	62.98	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	12/23/96	11/01/26	39,355.30	40,581.56			(557.21)		38,798.09	40,073.52	49.17	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	03/27/97	01/01/27	18,432.22	18,987.02			(168.73)		18,263.49	18,844.44	26.15	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	07/15/97	03/01/27	12,850.43	13,247.17			(165.61)		12,684.82	13,098.19	16.63	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.15	09/29/97	07/01/27	21,533.04	22,268.39			(91.25)		21,441.79	22,204.47	27.33	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	07/30/96	07/20/26	162,964.15	169,825.10			(852.42)		162,111.73	169,322.58	349.90	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	03/28/96	03/20/26	44,205.36	46,080.47			(3,733.47)		40,471.89	42,285.07	(61.93)	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	08/15/96	07/20/26	141,541.01	147,487.27			(779.75)		140,761.26	147,009.88	302.36	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	04/29/96	04/20/26	64,650.14	67,371.55			(3,503.65)		61,146.49	63,866.10	(1.80)	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	05/15/96	05/20/26	140,565.85	146,518.72			(8,473.42)		132,092.43	138,040.13	(5.17)	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	05/30/96	05/20/26	97,566.39	101,704.78			(586.26)		96,980.13	101,324.79	206.27	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	06/17/96	06/20/26	202,873.43	211,433.69			(1,162.94)		201,710.49	210,702.46	431.71	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	06/29/96	06/20/26	57,401.13	59,804.28			(354.98)		57,046.15	59,570.29	120.99	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	07/15/96	06/20/26	192,209.12	200,246.82			(4,057.59)		188,151.53	196,495.75	306.52	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	08/29/96	08/20/26	173,182.58	179,310.30			(948.02)		172,234.56	178,733.99	371.71	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	09/16/96	09/20/26	96,074.81	99,366.43			(431.20)		95,643.61	99,144.99	209.76	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	09/26/96	09/20/26	60,185.70	62,285.97			(302.03)		59,883.67	62,114.17	130.23	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	10/30/96	10/20/26	196,904.81	203,675.76			(4,269.10)		192,635.71	199,712.39	305.73	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	11/26/96	11/20/26	110,126.03	114,051.64			(5,143.54)		104,982.49	108,972.31	64.21	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	12/23/96	12/20/26	69,438.22	71,791.74			(6,926.21)		62,512.01	64,782.36	(83.17)	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	01/16/97	12/20/26	105,098.63	108,663.97			(9,823.31)		95,275.32	98,736.34	(104.32)	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	01/30/97	01/20/27	61,309.67	63,452.12			(291.31)		61,018.36	63,307.21	146.40	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	02/13/97	02/20/27	71,180.12	73,662.65			(1,399.88)		69,780.24	72,393.04	130.27	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Rfng)	6.15	02/27/97	02/20/27	38,127.64	39,394.31			(170.81)		37,956.83	39,314.96	91.46	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	03/27/97	03/20/27	66,128.29	68,249.91			(4,233.67)		61,894.62	64,042.76	26.52	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	04/29/97	04/20/27	44,184.41	45,554.57			(2,471.51)		41,712.90	43,112.78	29.72	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	05/29/97	05/20/27	43,629.09	44,982.03			(196.11)		43,432.98	44,890.59	104.67	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	06/26/97	06/20/27	37,050.28	38,223.43			(175.90)		36,874.38	38,136.10	88.57	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	08/18/97	07/20/27	87,172.94	90,753.70			(684.27)		86,488.67	90,265.75	196.32	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	09/29/97	08/20/27	88,388.88	91,202.77			(383.02)		88,005.86	91,032.26	212.51	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	02/26/98	02/20/28	35,822.19	36,883.60			(146.04)		35,676.15	36,835.98	98.42	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	03/26/98	01/20/28	38,400.29	39,538.09			(185.20)		38,215.09	39,457.46	104.57	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	04/29/98	04/20/28	34,124.89	35,135.19			(176.34)		33,948.55	35,051.39	92.54	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	06/25/98	05/20/28	47,347.74	48,750.65			(201.97)		47,145.77	48,678.48	129.80	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	07/16/98	06/20/28	43,183.56	44,463.09			(265.52)		42,918.04	44,313.31	115.74	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	09/10/98	07/20/28	58,470.73	60,203.22	(5,241.78)				53,228.95	54,959.42	(2.02)	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.15	11/19/98	10/20/28	72,202.28	74,341.63	(272.61)				71,929.67	74,268.10	199.08	0.00
Repo Agmt	1994 A&B SF (1983 Rfng)				810,196.48	810,196.48		(810,196.48)					-	0.00
Repo Agmt	1994 A&B SF (1983 Rfng)	1.32	11/27/02	12/02/02			1,496,372.69				1,496,372.69	1,496,372.69	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfng)	1.32	11/27/02	12/02/02			810,196.48				810,196.48	810,196.48	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfng)	1.32	11/27/02	12/02/02	75,490.11	75,490.11	308.51				75,798.62	75,798.62	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfng)	1.32	11/27/02	12/02/02	9,559.45	9,559.45	296.14				9,855.59	9,855.59	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfng)	1.32	11/27/02	12/02/02	1,327,299.53	1,327,299.53		(1,140,429.77)			186,869.76	186,869.76	-	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.75	02/20/98	01/01/28	8,574.15	8,839.01			(90.12)		8,484.03	8,756.11	7.22	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.25	03/27/98	03/01/28	9,938.62	10,237.77			(56.58)		9,882.04	10,187.79	6.60	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.25	06/29/98	05/01/28	13,516.53	13,923.38			(73.17)		13,443.36	13,859.30	9.09	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.75	02/20/98	01/20/28	109,769.73	113,251.63			(716.57)		109,053.16	112,801.32	266.26	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.25	11/30/98	09/01/28	12,422.41	12,796.32			(1,507.44)		10,914.97	11,252.68	(36.20)	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	03/27/98	03/20/28	123,553.00	127,472.10			(2,185.81)		121,367.19	125,538.58	252.29	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	05/19/98	05/20/28	96,440.80	99,499.90			(1,399.30)		95,041.50	98,308.08	207.48	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	07/28/00	06/20/30	39,368.84	39,359.79			(1,557.95)		37,810.89	38,175.01	373.17	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	08/14/98	07/20/28	54,237.32	55,957.73			(205.95)		54,031.37	55,888.43	136.65	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	06/29/98	06/20/28	29,020.05	29,940.57			(109.38)		28,910.67	29,904.33	73.14	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	09/18/98	09/20/28	40,611.26	41,899.45			(164.56)		40,446.70	41,836.85	101.96	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.25	03/31/99	11/01/28	4,400.39	4,532.84			(16.60)		4,383.79	4,519.42	3.18	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	11/30/98	11/20/28	27,509.80	28,382.41			(1,174.11)		26,335.69	27,240.85	32.55	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	11/30/98	11/20/28	21,261.30	21,935.71			(76.99)		21,184.31	21,912.41	53.69	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	11/30/98	10/20/28	10,794.19	11,136.58			(40.34)		10,753.85	11,123.46	27.22	0.00
FNMA	1994 A&B SF (1983 Rfng)	6.25	05/27/99	11/01/28	5,658.01	5,832.79			(46.18)		5,611.83	5,791.80	5.19	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	02/16/99	02/20/29	60,011.23	61,863.18			(299.20)		59,712.03	61,717.16	153.18	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	03/31/99	02/20/29	10,360.83	10,680.57			(43.92)		10,316.91	10,663.35	26.70	0.00
GNMA	1994 A&B SF (1983 Rfng)	6.25	05/27/99	05/20/29	13,703.89	14,126.79			(50.32)		13,653.57	14,112.06	35.59	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	07/30/99	07/20/29	24,491.25	24,528.48			(103.61)		24,387.64	24,683.71	258.84	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	08/26/99	08/20/29	20,382.26	20,413.24			(84.24)		20,298.02	20,544.44	215.44	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	09/20/99	08/01/29	3,987.05	3,998.66			(20.87)		3,966.18	3,976.22	(1.57)	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	09/20/99	09/20/29	17,739.64	17,766.60			(817.42)		16,922.22	17,127.66	178.48	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	12/20/99	12/01/29	10,027.88	10,057.06			(55.10)		9,972.78	9,998.01	(3.95)	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	01/19/00	12/01/29	5,608.66	5,624.98			(32.74)		5,575.92	5,590.03	(2.21)	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	10/28/99	10/20/29	41,253.30	41,316.01			(170.13)		41,083.17	41,581.92	436.04	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	11/18/99	11/20/29	10,424.32	10,440.16			(46.11)		10,378.21	10,504.20	110.15	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	12/30/99	12/20/29	83,265.73	83,392.29			(1,615.74)		81,649.99	82,641.22	864.67	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	01/28/00	01/20/30	30,692.43	30,685.37			(1,445.76)		29,246.67	29,528.32	288.71	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	02/22/00	01/20/30	9,399.00	9,396.84			(35.03)		9,363.97	9,454.15	92.34	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	03/27/00	02/20/30	13,451.07	13,447.98			(50.16)		13,400.91	13,529.96	132.14	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	04/27/00	03/01/30	6,612.79	6,610.08			(39.67)		6,573.12	6,586.53	16.12	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	04/27/00	04/20/30	22,430.79	22,425.63			(87.21)		22,343.58	22,558.75	220.33	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	05/30/00	04/20/30	3,303.92	3,303.16			(12.24)		3,291.68	3,323.38	32.46	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	06/21/00	05/20/30	16,374.64	16,370.87			(64.97)		16,309.67	16,466.73	160.83	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	09/18/00	09/20/30	34,971.07	34,963.03			(134.74)		34,836.33	35,171.80	343.51	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	07/24/00	06/01/30	6,761.37	6,758.60			(24.98)		6,736.39	6,750.13	16.51	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	07/30/99	07/20/29	203,270.64	203,579.61			(859.89)		202,410.75	204,868.02	2,148.30	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	08/26/99	08/20/29	169,166.87	169,424.00			(699.21)		168,467.66	170,512.86	1,788.07	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	09/20/99	08/01/29	33,091.31	33,187.61			(173.17)		32,918.14	33,001.42	(13.02)	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Rfng)	5.45	09/20/99	09/20/29	147,234.14	147,457.94			(6,784.36)		140,449.78	142,154.84	1,481.26	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	12/20/99	12/01/29	83,228.32	83,470.51			(457.37)		82,770.95	82,980.36	(32.78)	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	01/19/00	12/01/29	46,550.43	46,685.89			(271.66)		46,278.77	46,395.86	(18.37)	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	10/28/99	10/20/29	342,390.84	342,911.27			(1,411.99)		340,978.85	345,118.33	3,619.05	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	11/18/99	11/20/29	86,519.22	86,650.73			(382.65)		86,136.57	87,182.27	914.19	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	12/30/99	12/30/29	691,082.04	692,132.48			(13,410.14)		677,671.90	685,898.84	7,176.50	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	06/22/99	06/20/29	153,001.14	153,233.70			(5,797.39)		147,203.75	148,990.80	1,554.49	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	07/30/99	07/20/29	241,498.36	241,865.44			(993.60)		240,504.76	243,424.49	2,552.65	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	08/26/99	08/20/29	224,304.94	224,645.88			(913.61)		223,391.33	226,103.30	2,371.03	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	09/20/99	09/20/29	126,030.94	126,222.51			(510.77)		125,520.17	127,043.98	1,332.24	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	12/21/99	11/01/29	75,023.53	75,241.85			(2,953.47)		72,070.06	72,252.40	(35.98)	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	10/29/99	10/20/29	315,344.98	315,824.30			(1,293.86)		314,051.12	317,863.70	3,333.26	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	11/18/99	11/20/29	345,869.23	346,394.95			(1,337.89)		344,531.34	348,713.95	3,656.89	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	12/30/99	12/20/29	466,258.19	466,966.90			(11,074.81)		455,183.38	460,709.31	4,817.22	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	01/28/00	01/20/30	357,291.57	357,209.39			(1,955.40)		355,336.17	358,758.06	3,504.07	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	02/22/00	01/20/30	227,233.54	227,181.28			(1,088.07)		226,145.47	228,323.25	2,230.04	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	03/27/00	02/20/30	101,415.55	101,392.22			(389.90)		101,025.65	101,998.53	996.21	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	02/23/00	01/01/30	40,858.26	40,977.16			(245.73)		40,612.53	40,715.28	(16.15)	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	07/28/00	06/20/30	326,750.26	326,675.11			(12,930.49)		313,819.77	316,841.85	3,097.23	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	03/27/00	02/20/30	81,255.68	81,236.99			(303.51)		80,952.17	81,731.74	798.26	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	04/27/00	03/01/30	54,884.48	54,861.98			(329.16)		54,555.32	54,666.61	133.79	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	04/27/00	04/20/30	186,169.22	186,126.40			(723.84)		185,445.38	187,231.22	1,828.66	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	05/30/00	04/20/30	27,421.48	27,415.17			(101.68)		27,319.80	27,582.89	269.40	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	06/21/00	05/20/30	135,904.99	135,873.73			(539.22)		135,365.77	136,669.34	1,334.83	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	09/18/00	09/20/30	290,250.12	290,183.36			(1,118.22)		289,131.90	291,916.24	2,851.10	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	07/24/00	06/01/30	56,117.28	56,094.27			(207.28)		55,910.00	56,024.06	137.07	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	07/24/00	06/20/30	446,469.83	446,367.14			(14,529.44)		431,940.39	436,099.98	4,262.28	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	08/28/00	08/20/30	64,326.27	64,311.47			(245.73)		64,080.54	64,697.64	631.90	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	03/27/00	02/20/30	15,270.36	15,266.85			(58.71)		15,211.65	15,358.14	150.00	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	04/27/00	03/20/30	134,345.19	134,314.29			(502.77)		133,842.42	135,131.32	1,319.80	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	05/30/00	05/20/30	122,481.26	122,453.09			(610.51)		121,870.75	123,044.37	1,201.79	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	06/21/00	06/20/30	223,282.09	223,230.74			(804.46)		222,477.63	224,620.09	2,193.81	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	05/31/00	05/01/30	40,899.70	40,882.93			(152.88)		40,746.82	40,829.94	99.89	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	10/23/00	09/20/30	61,838.66	61,824.44			(222.25)		61,616.41	62,209.78	607.59	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	10/30/00	10/20/30	78,742.11	78,724.00			(355.92)		78,386.19	79,141.05	772.97	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	07/24/00	06/01/30	114,190.46	114,143.64			(581.91)		113,608.55	113,840.31	278.58	0.00
GNMA	1994 A&B SF (1983 Rfng)	5.45	12/21/00	05/20/30	26,830.10	26,823.93			(95.91)		26,734.19	26,991.64	263.62	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	10/06/00	09/01/30	46,527.40	46,508.32			(169.50)		46,357.90	46,452.47	113.65	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	10/30/00	08/01/30	52,130.10	52,108.73			(233.31)		51,896.79	52,002.66	127.24	0.00
FNMA	1994 A&B SF (1983 Rfng)	5.45	02/12/01	02/01/30	17,404.95	17,455.60			(86.44)		17,318.51	17,362.33	(6.83)	0.00
					14,824,237.12	14,964,430.34	2,301,659.43	(2,958,005.11)	(189,441.88)	0.00	13,978,449.56	14,197,419.12	78,776.34	0.00
Repo Agmt	1995 C SF (1985 A&B Rfng)	1.32	11/27/02	12/02/02	618.41	618.41		(518.34)			100.07	100.07	-	0.00
GICs	1995 C SF (1985 A&B Rfng)	6.08	11/14/96	09/30/29	2,318,348.69	2,318,348.69		(2,318,348.39)			0.30	0.30	-	0.00
Repo Agmt	1995 C SF (1985 A&B Rfng)	1.32	11/27/02	12/02/02	0.02	0.02	0.08				0.10	0.10	-	0.00
GICs	1995 C SF (1985 A&B Rfng)	6.08	11/14/96	09/30/29	6,362.12	6,362.12	194.83				6,556.95	6,556.95	-	0.00
					2,325,329.24	2,325,329.24	194.91	(2,318,866.73)	0.00	0.00	6,657.42	6,657.42	0.00	0.00
<b>Total Single Family Investment Summary</b>					460,391,009.35	469,290,331.50	16,109,104.15	(43,120,193.62)	(6,475,479.85)	0.00	426,904,440.03	436,923,889.88	1,120,127.70	0.00
					0.00	0.00					0.00	0.00	0.00	

Texas Department of Housing and Community Affairs  
Residential Mortgage Revenue Bonds Investment Summary  
For Period Ending November 30, 2002

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
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Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
Repo Agmt	1989 A&B RMRB	1.32	11/27/02	12/02/02	11,345.46	11,345.46		(147.19)			11,198.27	11,198.27	-	0.00
GICs	1989 A&B RMRB				3,039,174.07	3,039,174.07		(3,039,174.07)					-	0.00
Repo Agmt	1989 A&B RMRB	1.32	11/27/02	12/02/02	1,537.38	1,537.38					1,537.38	1,537.38	-	0.00
Repo Agmt	1989 A&B RMRB	1.32	11/27/02	12/02/02			2,998,840.66				2,998,840.66	2,998,840.66	-	0.00
GNMA	1989 A&B RMRB				452,319.66	495,793.38		(452,319.66)					(43,473.72)	0.00
GNMA	1989 A&B RMRB				425,412.58	452,950.88		(425,412.58)					(27,538.30)	0.00
GNMA	1989 A&B RMRB				954,272.55	1,046,999.40		(954,272.55)					(92,726.85)	0.00
GNMA	1989 A&B RMRB				184,641.35	196,593.76		(184,641.35)					(11,952.41)	0.00
GNMA	1989 A&B RMRB				420,532.00	461,395.21		(420,532.00)					(40,863.21)	0.00
GNMA	1989 A&B RMRB				166,671.24	177,460.40		(166,671.24)					(10,789.16)	0.00
GNMA	1989 A&B RMRB				770,547.29	845,421.60		(770,547.29)					(74,874.31)	0.00
GNMA	1989 A&B RMRB				669,759.06	713,114.70		(669,759.06)					(43,355.64)	0.00
GNMA	1989 A&B RMRB				2,118,101.38	2,323,917.64		(2,118,101.38)					(205,816.26)	0.00
GNMA	1989 A&B RMRB				472,401.27	502,981.22		(472,401.27)					(30,579.95)	0.00
GNMA	1989 A&B RMRB				1,463,997.36	1,606,254.35		(1,463,997.36)					(142,256.99)	0.00
GNMA	1989 A&B RMRB				364,762.97	388,375.25		(364,762.97)					(23,612.28)	0.00
GNMA	1989 A&B RMRB				795,653.67	872,967.50		(795,653.67)					(77,313.83)	0.00
GNMA	1989 A&B RMRB				209,389.54	222,943.97		(209,389.54)					(13,554.43)	0.00
GNMA	1989 A&B RMRB				501,546.31	550,281.62		(501,546.31)					(48,735.31)	0.00
GNMA	1989 A&B RMRB				167,708.54	178,564.84		(167,708.54)					(10,856.30)	0.00
GNMA	1989 A&B RMRB				492,136.03	539,957.07		(492,136.03)					(47,821.04)	0.00
GNMA	1989 A&B RMRB				127,917.31	136,269.93		(127,917.31)					(8,352.62)	0.00
GNMA	1989 A&B RMRB				868,304.37	952,677.77		(868,304.37)					(84,373.40)	0.00
GNMA	1989 A&B RMRB				227,314.49	242,029.29		(227,314.49)					(14,714.80)	0.00
GNMA	1989 A&B RMRB				294,736.85	323,376.53		(294,736.85)					(28,639.68)	0.00
GNMA	1989 A&B RMRB				299,255.81	328,334.61		(299,255.81)					(29,078.80)	0.00
GNMA	1989 A&B RMRB				394,469.11	432,994.40		(394,469.11)					(38,525.29)	0.00
GNMA	1989 A&B RMRB				269,161.18	295,448.46		(269,161.18)					(26,287.28)	0.00
GNMA	1989 A&B RMRB				1,181,514.99	1,296,906.10		(1,181,514.99)					(115,391.11)	0.00
GNMA	1989 A&B RMRB				786,910.60	838,293.59		(786,910.60)					(51,382.99)	0.00
GNMA	1989 A&B RMRB				1,010,931.02	1,076,921.52		(1,010,931.02)					(65,990.50)	0.00
Repo Agmt	1989 A&B RMRB	1.32	11/27/02	12/02/02	3,804.65	3,804.65	0.00				3,804.65	3,804.65	-	0.00
Repo Agmt	1989 A&B RMRB	1.32	11/27/02	12/02/02	33,599.28	33,599.28	137.34				33,736.62	33,736.62	-	0.00
					19,179,829.37	20,588,685.83	2,998,978.00	(19,129,689.79)	0.00	0.00	3,049,117.58	3,049,117.58	(1,408,856.46)	0.00
Repo Agmt	1998 A/B RMRB	1.32	11/27/02	12/02/02	773.21	773.21		(289.98)			483.23	483.23	-	0.00
GICs	1998 A/B RMRB	5.04	12/03/98	01/01/31	4,328,990.61	4,328,990.61	4,468,073.01				8,797,063.62	8,797,063.62	-	0.00
GICs	1998 A/B RMRB	5.04	12/03/98	01/01/31	12,291.15	12,291.15	0.00				12,291.15	12,291.15	-	0.00
GNMA	1998 A/B RMRB	5.35	07/28/00	07/20/30	2,567,336.42	2,558,787.19			(10,354.64)		2,556,981.78	2,575,213.06	26,780.51	0.00
GNMA	1998 A/B RMRB	5.35	08/28/00	07/20/30	3,905,432.89	3,892,427.80			(69,404.06)		3,836,028.83	3,863,379.72	40,355.98	0.00
FNMA	1998 A/B RMRB	5.35	05/25/99	04/01/29	583,003.92	582,659.95			(4,054.01)		578,949.91	578,683.59	77.65	0.00
GNMA	1998 A/B RMRB	5.35	04/16/99	04/20/29	2,080,353.48	2,076,900.09			(107,382.75)		1,972,970.73	1,991,339.09	21,821.75	0.00
FNMA	1998 A/B RMRB	5.35	06/22/99	05/01/29	372,438.04	372,218.30			(1,475.08)		370,962.96	370,792.32	49.10	0.00
GNMA	1998 A/B RMRB	5.35	05/25/99	05/20/29	7,098,194.27	7,086,411.27			(30,749.09)		7,067,445.18	7,133,243.09	77,580.91	0.00
GNMA	1998 A/B RMRB	5.35	06/22/99	06/20/29	8,020,584.95	8,007,270.78			(124,160.56)		7,896,424.39	7,969,940.10	86,829.88	0.00
FNMA	1998 A/B RMRB	5.35	07/30/99	07/01/29	269,619.77	269,460.68			(1,095.72)		268,524.05	268,400.52	35.56	0.00
FNMA	1998 A/B RMRB	5.35	08/24/99	08/01/29	251,363.18	251,214.88			(1,015.39)		250,347.79	250,232.63	33.14	0.00
GNMA	1998 A/B RMRB	5.35	07/30/99	07/20/29	6,914,747.83	6,903,269.35			(96,445.93)		6,818,301.90	6,881,780.29	74,956.87	0.00
GNMA	1998 A/B RMRB	5.35	08/26/99	08/20/29	5,370,356.73	5,361,441.94			(48,094.10)		5,322,262.63	5,371,812.90	58,465.06	0.00
FNMA	1998 A/B RMRB	5.35	09/30/99	08/01/29	339,727.19	339,526.75			(1,455.11)		338,272.08	338,116.47	44.83	0.00
GNMA	1998 A/B RMRB	5.35	09/20/99	09/20/29	4,113,449.07	4,106,620.74			(130,514.37)		3,982,934.70	4,020,015.82	43,909.45	0.00
FNMA	1998 A/B RMRB	5.35	10/29/99	10/01/29	707,315.32	706,898.00			(9,417.51)		697,897.81	697,576.78	96.29	0.00
FNMA	1998 A/B RMRB	5.35	11/16/99	10/01/29	414,174.57	413,930.21			(2,635.79)		411,538.78	411,349.47	55.05	0.00
FNMA	1998 A/B RMRB	5.35	12/21/99	11/01/29	833,869.45	833,377.47			(5,230.17)		828,639.28	828,258.11	110.81	0.00
GNMA	1998 A/B RMRB	5.35	10/29/99	10/20/29	6,578,179.30	6,567,259.52			(225,756.11)		6,352,423.19	6,411,564.25	70,060.84	0.00
GNMA	1998 A/B RMRB	5.35	11/18/99	11/20/29	5,883,904.90	5,874,137.62			(231,898.29)		5,652,006.61	5,704,626.79	62,387.46	0.00
GNMA	1998 A/B RMRB	5.35	12/30/99	12/20/29	10,632,725.48	10,615,075.16			(124,131.05)		10,508,594.43	10,606,429.44	115,485.33	0.00
GNMA	1998 A/B RMRB	5.35	01/28/00	01/20/30	5,516,114.84	5,497,746.18			(122,109.09)		5,394,005.75	5,432,465.01	56,827.92	0.00
GNMA	1998 A/B RMRB	5.35	02/22/00	01/20/30	5,771,920.86	5,752,700.36			(235,946.19)		5,535,974.67	5,575,446.17	58,692.00	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1998 A/B RMRB	5.35	03/27/00	03/20/30	3,255,821.03	3,244,979.15			(17,891.53)		3,237,929.50	3,261,015.94	33,928.32	0.00
FNMA	1998 A/B RMRB	5.35	02/23/00	01/01/30	796,390.16	795,920.29			(4,199.16)		792,191.00	791,826.59	105.46	0.00
FNMA	1998 A/B RMRB	5.35	03/27/00	02/01/30	349,234.67	347,939.01			(2,575.23)		346,659.44	346,219.18	855.40	0.00
FNMA	1998 A/B RMRB	5.35	04/21/00	04/01/30	479,560.30	477,781.13			(1,929.06)		477,631.24	477,024.65	1,172.58	0.00
GNMA	1998 A/B RMRB	5.35	04/24/00	04/20/30	4,016,194.53	4,002,820.60			(108,697.99)		3,907,496.54	3,935,356.99	41,234.38	0.00
GNMA	1998 A/B RMRB	5.35	05/30/00	05/20/30	3,429,675.66	3,418,254.84			(158,743.72)		3,270,931.94	3,294,253.68	34,742.56	0.00
GNMA	1998 A/B RMRB	5.35	06/21/00	06/20/30	2,618,686.67	2,609,966.44			(124,385.28)		2,494,301.39	2,512,085.76	26,504.60	0.00
FNMA	1998 A/B RMRB	5.35	05/30/00	05/01/30	692,632.31	690,062.64			(4,127.72)		688,504.59	687,630.19	1,695.27	0.00
FNMA	1998 A/B RMRB	5.35	06/21/00	06/01/30	375,601.12	374,207.64			(2,294.39)		373,306.73	372,832.63	919.38	0.00
GNMA	1998 A/B RMRB	5.35	10/23/00	09/20/30	3,988,804.60	3,975,521.88			(15,640.03)		3,973,164.57	4,001,493.23	41,611.38	0.00
GNMA	1998 A/B RMRB	5.35	10/25/00	10/20/30	699,415.94	697,086.88			(4,437.97)		694,977.97	699,933.16	7,284.25	0.00
FNMA	1998 A/B RMRB	5.35	07/24/00	06/01/30	447,060.71	445,402.11			(2,477.66)		444,583.05	444,018.43	1,093.98	0.00
FNMA	1998 A/B RMRB	5.35	08/25/00	07/01/30	331,292.99	330,063.89			(4,262.19)		327,030.80	326,615.47	813.77	0.00
GNMA	1998 A/B RMRB	5.35	01/08/01	12/20/30	573,539.68	571,629.79			(2,298.56)		571,241.12	575,314.07	5,982.84	0.00
GNMA	1998 A/B RMRB	5.35	12/20/30	12/20/30	453,372.62	451,862.89			(1,623.77)		451,748.85	454,969.82	4,730.70	0.00
GNMA	1998 A/B RMRB	5.35	01/31/01	08/20/30	170,125.83	169,559.31			(1,134.03)		168,991.80	170,196.71	1,771.43	0.00
GNMA	1998 A/B RMRB	5.35	11/16/00	11/20/30	634,441.20	632,328.51			(2,804.27)		631,636.93	636,140.50	6,616.26	0.00
GNMA	1998 A/B RMRB	5.35	11/29/00	11/20/30	1,028,099.43	1,024,675.86			(3,905.71)		1,024,193.72	1,031,496.22	10,726.07	0.00
GNMA	1998 A/B RMRB	5.35	12/21/00	11/20/30	331,307.49	330,204.24			(2,589.49)		328,718.00	331,061.76	3,447.01	0.00
GNMA	1998 A/B RMRB	5.35	12/27/00	12/20/30	318,295.39	317,235.47			(1,154.30)		317,141.09	319,402.31	3,321.14	0.00
FNMA	1998 A/B RMRB	5.35	10/06/00	09/01/30	545,440.24	543,416.66			(3,470.25)		541,969.99	541,281.69	1,335.28	0.00
FNMA	1998 A/B RMRB	5.35	01/12/01	12/01/30	760,011.83	757,192.19			(3,193.23)		756,818.60	755,857.44	1,858.48	0.00
Repo Agmt	1998 A/B RMRB	1.32	11/27/02	12/02/02	915,419.86	915,419.86	38,334.63				953,754.49	953,754.49	-	0.00
Repo Agmt	1998 A/B RMRB	1.32	11/27/02	12/02/02	11,420.13	11,420.13	0.00				11,420.13	11,420.13	-	0.00
					109,788,711.82	109,546,340.62	4,506,407.64	(289.98)	(2,057,160.55)	0.00	112,237,668.93	113,021,704.66	1,026,406.93	0.00
Repo Agmt	2000 BCDE RMRB	1.32	11/27/02	12/02/02			1,138,254.84				1,138,254.84	1,138,254.84	-	0.00
Repo Agmt	2000 BCDE RMRB	1.32	11/27/02	12/02/02	704,298.95	704,298.95	52,985.54				757,284.49	757,284.49	-	0.00
Repo Agmt	2000 BCDE RMRB	1.32	11/27/02	12/02/02	18,503.40	18,503.40		(18,435.84)			67.56	67.56	-	0.00
Invst Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	4,683,574.19	4,683,574.19	2,260,311.58				6,943,885.77	6,943,885.77	-	0.00
Repo Agmt	2000 BCDE RMRB	1.32	11/27/02	12/02/02	1,228.19	1,228.19	0.00				1,228.19	1,228.19	-	0.00
GNMA	2000 BCDE RMRB	6.10	02/22/01	02/20/31	2,212,203.92	2,282,870.75			(168,650.55)		2,043,553.37	2,116,084.94	1,864.74	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	02/20/31	734,123.34	757,588.97			(2,396.15)		731,727.19	757,711.76	2,518.94	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	01/20/31	125,267.25	129,268.23			(378.52)		124,888.73	129,320.60	430.89	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	677,775.13	699,421.56			(91,102.52)		586,672.61	607,491.77	(827.27)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	2,393,437.26	2,469,891.76			(95,972.98)		2,297,464.28	2,379,004.09	5,085.31	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	103,164.76	106,461.00			(658.94)		102,505.82	106,144.61	342.55	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	407,389.75	420,403.48			(1,252.65)		406,137.10	420,551.38	1,400.55	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	2,167,648.62	2,236,883.46			(196,055.38)		1,971,593.24	2,041,562.76	734.68	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	169,621.28	175,038.17			(1,132.34)		168,488.94	174,467.30	561.47	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	733,865.36	757,305.10			(2,465.61)		731,399.75	757,354.99	2,515.50	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	03/20/31	540,668.98	557,936.94			(1,639.36)		539,029.62	558,157.13	1,859.55	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	04/20/31	2,424,643.26	2,502,073.16			(8,882.08)		2,415,761.18	2,501,476.00	8,284.92	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	902,193.67	931,005.62			(56,284.65)		845,909.02	875,924.62	1,203.65	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	1,605,885.92	1,657,170.91			(5,011.35)		1,600,874.57	1,657,677.73	5,518.17	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	488,327.05	503,919.67			(1,574.45)		486,752.60	504,021.41	1,676.19	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	767,769.07	792,284.51			(44,533.52)		723,235.55	748,894.64	1,143.65	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	1,153,593.02	1,190,426.35			(117,529.92)		1,036,063.10	1,072,819.47	(76.96)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	464,725.51	479,562.88			(1,390.00)		463,335.51	479,771.90	1,599.02	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	1,789,200.74	1,846,336.06			(84,645.68)		1,704,555.06	1,765,034.22	3,343.84	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	05/20/31	331,581.77	342,169.96			(996.42)		330,585.35	342,314.28	1,140.74	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	653,607.38	674,475.11			(126,987.77)		526,619.61	545,301.53	(2,185.81)	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	1,504,802.76	1,552,861.00			(5,427.50)		1,499,375.26	1,552,578.37	5,144.87	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	286,613.86	295,770.95			(49,983.55)		236,630.31	245,031.15	(756.25)	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	1,217,209.91	1,256,065.24			(63,284.10)		1,153,925.81	1,194,853.81	2,072.67	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	2,872,659.24	2,964,359.19			(105,786.17)		2,766,873.07	2,865,009.84	6,436.82	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	388,516.37	400,918.43			(152,853.73)		235,662.64	244,021.22	(4,043.48)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	670,253.01	691,652.95			(2,089.06)		668,163.95	691,867.08	2,303.19	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	2,194,382.32	2,264,449.80			(7,606.67)		2,186,775.65	2,264,356.54	7,513.41	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	580,987.43	599,536.11			(2,371.43)		578,616.00	599,141.25	1,976.57	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	824,656.25	850,980.63			(7,951.29)		816,704.96	845,672.25	2,642.91	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	07/20/31	2,548,457.56	2,629,808.48			(9,753.94)		2,538,703.62	2,628,747.56	8,693.02	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	327,842.83	338,308.10			(1,634.71)		326,208.12	337,778.22	1,104.83	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	621,715.56	641,568.64			(39,602.01)		582,113.55	602,767.17	800.54	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	08/20/31	3,007,282.03	3,103,305.57			(71,237.43)		2,936,044.60	3,040,207.92	8,139.78	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	446,006.27	460,246.15			(48,616.47)		397,389.80	411,487.26	(142.42)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	832,834.63	859,427.93			(2,831.16)		830,003.47	859,450.32	2,853.55	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	2,293,921.80	2,367,164.28			(213,359.55)		2,080,562.25	2,154,373.44	568.71	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	472,758.81	487,853.36			(53,060.10)		419,698.71	434,588.11	(205.15)	0.00
FNMA	2000 BCDE RMRB	6.10	02/14/01	02/01/31	609,322.13	629,185.20			(2,211.61)		607,110.52	627,054.05	80.46	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	514,867.60	531,303.02			(1,562.68)		513,304.92	531,511.07	1,770.73	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	554,151.30	571,840.71			(92,499.47)		461,651.83	478,025.91	(1,315.33)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	11/20/31	364,054.47	375,675.68			(1,130.70)		362,923.77	375,796.12	1,251.14	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	434,145.63	448,006.46			(1,277.41)		432,868.22	448,223.60	1,494.55	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	09/20/31	2,325,432.66	2,399,691.71			(8,404.35)		2,317,028.31	2,399,237.32	7,949.96	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	503,715.40	519,802.18			(1,818.23)		501,897.17	519,706.09	1,722.14	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	570,709.15	588,927.11			(1,886.05)		568,823.10	588,998.37	1,957.31	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	1,594,861.33	1,645,771.91			(6,797.15)		1,588,064.18	1,644,390.42	5,415.66	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	437,361.83	451,323.14			(1,300.85)		436,060.98	451,527.40	1,505.11	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	08/20/31	246,182.68	254,041.22			(722.26)		245,460.42	254,166.51	847.55	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	10/20/31	297,257.94	306,746.90			(2,015.95)		295,241.99	305,713.78	982.83	0.00
FNMA	2000 BCDE RMRB	6.10	03/15/01	02/01/31	489,413.94	505,368.76			(1,527.85)		487,886.09	503,913.70	72.79	0.00
GNMA	2000 BCDE RMRB	6.10	01/22/02	12/20/31	559,717.74	577,584.85			(1,582.60)		558,135.14	577,931.36	1,929.11	0.00
FNMA	2000 BCDE RMRB	6.10	05/10/01	04/01/31	434,352.53	448,503.51			(1,365.26)		432,987.27	447,202.54	64.29	0.00
GNMA	2000 BCDE RMRB	6.10	02/25/02	02/20/32	762,087.38	786,429.76			(2,559.02)		759,528.36	786,482.93	2,612.19	0.00
FNMA	2000 BCDE RMRB	6.10	05/30/01	04/01/31	329,305.89	340,034.42			(1,002.58)		328,303.31	339,081.66	49.82	0.00
FNMA	2000 BCDE RMRB	6.10	07/12/01	05/01/31	556,501.46	574,629.34			(2,033.23)		554,468.23	572,669.16	73.05	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	1,003,689.02	1,035,748.58			(58,277.02)		945,412.00	978,963.32	1,491.76	0.00
GNMA	2000 BCDE RMRB	6.10	05/24/02	05/20/32	462,377.37	477,146.51			(2,344.09)		460,033.28	476,359.21	1,556.79	0.00
GNMA	2000 BCDE RMRB	6.10	03/21/02	02/20/32	586,974.89	605,723.87			(1,908.40)		585,066.49	605,829.65	2,014.18	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/02	04/20/32	566,057.88	584,138.75			(50,311.21)		515,746.67	534,049.78	222.24	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/02	04/20/32	965,744.31	996,591.85			(47,768.75)		917,975.56	950,553.20	1,730.10	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	620,543.88	640,365.12			(1,741.53)		618,802.35	640,762.77	2,139.18	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	02/20/32	47,216.93	48,725.12			(151.43)		47,065.50	48,735.79	162.10	0.00
GNMA	2000 BCDE RMRB	6.10	08/29/02	08/20/32	1,782,526.59	1,782,526.59			(8,741.58)		1,773,785.01	1,836,734.10	62,949.09	0.00
GNMA	2000 BCDE RMRB	6.10	06/03/02	05/20/32	837,741.09	864,499.99			(2,320.35)		835,420.74	865,068.64	2,889.00	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/02	06/20/32	793,114.42	818,447.86			(2,734.72)		790,379.70	818,429.15	2,716.01	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/02	06/20/32	851,892.01	879,102.91			(2,356.37)		849,535.64	879,684.44	2,937.90	0.00
GNMA	2000 BCDE RMRB	6.10	06/25/02	06/20/32	745,486.11	769,298.22			(2,146.42)		743,339.69	769,719.75	2,567.95	0.00
GNMA	2000 BCDE RMRB	6.10	07/05/02	06/20/32	1,611,417.11	1,662,888.55			(4,818.26)		1,606,598.85	1,663,614.74	5,544.45	0.00
GNMA	2000 BCDE RMRB	6.10	07/15/02	07/20/32	542,605.34	559,937.09			(1,631.44)		540,973.90	560,172.30	1,866.65	0.00
GNMA	2000 BCDE RMRB	6.10	07/22/02	07/20/32	1,106,962.99	1,142,321.29			(3,965.29)		1,102,997.70	1,142,141.51	3,785.51	0.00
GNMA	2000 BCDE RMRB	6.10	07/29/02	07/20/32	638,766.38	659,169.68			(1,903.63)		636,862.75	659,464.10	2,198.05	0.00
GNMA	2000 BCDE RMRB	6.10	08/01/02	07/20/32	603,896.80	623,186.30			(2,716.56)		601,180.24	622,515.26	2,045.52	0.00
GNMA	2000 BCDE RMRB	6.10	08/12/02	08/20/32	2,259,073.19	2,331,231.88			(8,843.89)		2,250,229.30	2,330,086.72	7,698.73	0.00
GNMA	2000 BCDE RMRB	6.10	08/23/02	08/20/32	2,191,588.27	2,261,591.38			(9,143.80)		2,182,444.47	2,259,896.32	7,448.74	0.00
GNMA	2000 BCDE RMRB	6.10	11/12/02	10/20/32			788,870.98				788,870.98	816,866.88	27,995.90	0.00
GNMA	2000 BCDE RMRB	6.10	09/12/02	08/20/32			1,238,201.47		(2,492.55)		1,235,708.92	1,279,562.46	43,853.54	0.00
GNMA	2000 BCDE RMRB	6.10	09/19/02	09/20/32			1,031,278.05		(2,587.95)		1,028,690.10	1,065,196.84	36,506.74	0.00
GNMA	2000 BCDE RMRB	6.10	09/26/02	09/20/32			2,095,894.98		(5,829.54)		2,090,065.44	2,164,238.87	74,173.43	0.00
GNMA	2000 BCDE RMRB	6.10	10/10/02	10/20/32			2,233,422.61		(4,054.53)		2,229,368.08	2,308,485.17	79,117.09	0.00
GNMA	2000 BCDE RMRB	6.10	10/21/02	10/20/32			1,717,956.76		(1,655.94)		1,716,300.82	1,777,209.89	60,909.07	0.00
GNMA	2000 BCDE RMRB	6.10	10/29/02	11/20/32			1,063,186.76		(1,520.70)		1,061,666.06	1,099,343.07	37,677.01	0.00
FNMA	2000 BCDE RMRB	6.10	08/31/01	06/01/31	773,000.88	798,185.08			(2,771.79)		770,229.09	795,516.48	103.19	0.00
GNMA	2000 BCDE RMRB	6.10	11/05/02	10/20/32			733,036.46				733,036.46	759,050.87	26,014.41	0.00
GNMA	2000 BCDE RMRB	6.10	11/19/02	11/20/32			307,725.33				307,725.33	318,646.06	10,920.73	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32			542,775.51				542,775.51	562,037.84	19,262.33	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32			294,847.79				294,847.79	305,311.52	10,463.73	0.00
FNMA	2000 BCDE RMRB	6.10	10/17/01	09/01/31	465,849.83	480,556.69			(2,476.04)		463,373.79	478,160.78	80.13	0.00
FNMA	2000 BCDE RMRB	6.10	12/27/01	10/01/31	319,839.98	330,258.69			(2,731.33)		317,108.65	327,518.04	(9.32)	0.00



Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
FNMA	2000 BCDE RMRB	6.10	06/10/02	05/01/32	187,184.92	193,282.42			(551.84)		186,633.08	192,759.49	28.91	0.00
FNMA	2000 BCDE RMRB	6.10	07/29/02	07/01/32	392,542.32	405,337.17			(1,364.48)		391,177.84	404,026.48	53.79	0.00
FNMA	2000 BCDE RMRB	6.10	09/12/02	07/01/32			439,098.33		(1,597.85)		437,500.48	451,870.62	14,370.14	0.00
FNMA	2000 BCDE RMRB	6.10	10/29/02	10/01/32			350,863.44		(372.24)		350,491.20	362,003.44	11,512.24	0.00
Invst Agmt	2000 BCDE RMRB	6.73	10/26/00	04/01/04	45,604,110.97	45,604,110.97		(12,898,426.00)			32,705,684.97	32,705,684.97	-	0.00
Repo Agmt	2000 BCDE RMRB	1.32	11/27/02	12/02/02	8.58	8.58	0.00				8.58	8.58	-	0.00
					124,888,851.53	127,193,622.21	16,288,710.43	(12,916,861.84)	(2,222,518.48)	0.00	126,038,181.64	129,021,650.58	678,698.26	0.00
Repo Agmt	2001 A-E RMRB	1.32	11/27/02	12/02/02	336,740.33	336,740.33	104,840.91				441,581.24	441,581.24	-	0.00
Repo Agmt	2001 A-E RMRB	1.32	11/27/02	12/02/02	2,916.15	2,916.15	12.24				2,928.39	2,928.39	-	0.00
GICs	2001 A-E RMRB	2.54	10/30/01	04/29/03	617,407.80	617,407.80		(268,204.00)			349,203.80	349,203.80	-	0.00
Repo Agmt	2001 A-E RMRB	1.32	11/27/02	12/02/02	8,450.34	8,450.34		(8,254.20)			196.14	196.14	-	0.00
Repo Agmt	2001 A-E RMRB	1.32	11/27/02	12/02/02	12.41	12.41		(11.95)			0.46	0.46	-	0.00
Repo Agmt	2001 A-E RMRB	1.32	11/27/02	12/02/02	41,892.08	41,892.08		(41,885.72)			6.36	6.36	-	0.00
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	4,635.04	4,635.04	3,421,516.20				3,426,151.24	3,426,151.24	-	0.00
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	63,582.53	63,582.53	5,289.06				68,871.59	68,871.59	-	0.00
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	1,390,605.15	1,390,605.15	41,900.71				1,432,505.86	1,432,505.86	-	0.00
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	2,970,424.25	2,970,424.25	0.00				2,970,424.25	2,970,424.25	-	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	897,637.73	985,701.85			(65,933.93)		831,703.80	914,980.13	(4,787.79)	0.00
GNMA	2001 A-E RMRB	8.19	10/28/91	01/20/16	42,480.33	46,633.21			(425.55)		42,054.78	46,264.62	56.96	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	90,077.85	95,908.89			(1,888.76)		88,189.09	94,352.86	332.73	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	261,440.74	286,844.97			(3,235.39)		258,205.35	283,797.19	187.61	0.00
GNMA	2001 A-E RMRB	7.19	01/22/90	11/20/14	540,578.35	575,130.75			(29,584.43)		510,993.92	546,394.18	847.86	0.00
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14	257,503.50	282,252.94			(3,638.59)		253,864.91	278,703.76	89.41	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	11/20/14	259,198.27	275,796.45			(27,899.09)		231,299.18	247,277.10	(620.26)	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	11/20/14			452,923.24		(8,131.95)		444,791.29	488,333.28	43,541.99	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	12/20/14	395,551.33	420,833.91			(32,838.55)		362,712.78	387,928.05	(67.31)	0.00
GNMA	2001 A-E RMRB	8.19	02/28/90	12/20/14	552,702.27	605,824.09			(88,080.52)		464,621.75	510,691.54	(7,052.03)	0.00
GNMA	2001 A-E RMRB	7.19	01/20/90	01/20/15			426,592.86		(6,856.38)		419,736.48	449,078.58	29,342.10	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	01/20/15			956,625.99		(111,352.71)		845,273.28	929,493.87	84,220.59	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	175,547.85	186,911.61			(2,219.72)		173,328.13	185,438.78	746.89	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	12/20/14	289,368.85	317,180.90			(4,813.36)		284,555.49	312,401.00	33.46	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15			185,116.63		(2,967.05)		182,149.58	194,883.17	12,733.59	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15			421,612.33		(6,659.76)		414,952.57	456,096.41	41,143.84	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	01/20/15	316,804.44	337,312.20			(4,584.30)		312,220.14	334,036.82	1,308.92	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	01/20/15	339,624.92	372,626.40			(4,188.94)		335,435.98	368,683.11	245.65	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	02/20/15			166,990.22		(28,399.53)		138,590.69	148,282.43	9,691.74	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	02/20/15			772,253.64		(52,223.40)		720,030.24	791,733.15	71,702.91	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	734,989.33	782,567.49			(16,582.56)		718,406.77	768,633.86	2,648.93	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	494,560.46	542,616.99			(7,198.65)		487,361.81	535,670.30	251.96	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15			671,317.39		(30,660.92)		640,656.47	685,593.35	44,936.88	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15			2,062,242.23		(33,659.34)		2,028,582.89	2,230,199.77	201,616.88	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	408,312.02	434,743.28			(70,568.62)		337,743.40	361,351.68	(2,822.98)	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	03/20/15	125,536.85	137,735.34			(35,480.31)		90,056.54	98,982.39	(3,272.64)	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15			473,403.39		(8,115.19)		465,288.20	497,818.81	32,530.61	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	04/20/15			1,446,570.26		(24,666.70)		1,421,903.56	1,563,059.74	141,156.18	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	130,060.69	138,479.93			(1,852.08)		128,208.61	137,167.26	539.41	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	277,288.89	304,233.11			(3,163.70)		274,125.19	301,294.71	225.30	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15			340,543.14		(33,260.17)		307,282.97	329,163.44	21,880.47	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15			797,730.73		(12,724.35)		785,006.38	862,842.38	77,836.00	0.00
GNMA	2001 A-E RMRB	6.19	06/28/90	05/20/15	232,216.30	241,294.48			(3,711.43)		228,504.87	238,144.42	561.37	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	140,932.17	150,417.44			(39,871.09)		101,061.08	108,515.88	(2,030.47)	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	06/20/15	99,308.21	105,736.78			(1,605.95)		97,702.26	104,529.77	398.94	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15	239,916.11	263,228.82			(2,622.37)		237,293.74	260,812.48	206.03	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	07/20/15			209,734.65		(8,873.84)		200,860.81	214,908.11	14,047.30	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	08/20/15			451,891.05		(55,250.30)		396,640.75	436,734.49	40,093.74	0.00
GNMA	2001 A-E RMRB	6.19	09/13/90	07/20/15	196,638.31	204,325.67			(5,302.47)		191,335.84	199,406.49	383.29	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	347,095.39	380,822.70			(5,642.37)		341,453.02	375,299.65	119.32	0.00
GNMA	2001 A-E RMRB	6.19	09/28/90	08/20/15	338,110.14	351,328.13			(33,241.68)		304,868.46	317,729.36	(357.09)	0.00
GNMA	2001 A-E RMRB	7.19	09/28/90	08/20/15	347,751.08	370,749.09			(27,771.07)		319,980.01	342,999.66	21.64	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	865,024.78	949,516.24			(10,043.38)		854,981.40	940,159.63	686.77	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	08/20/15	122,943.44	130,901.94			(69,565.83)		53,377.61	57,108.05	(4,228.06)	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	356,830.25	391,503.51			(4,153.82)		352,676.43	387,631.43	281.74	0.00
GNMA	2001 A-E RMRB	6.19	10/31/90	09/20/15	316,831.08	329,217.19			(32,939.24)		283,891.84	295,865.60	(412.35)	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	09/20/15			167,955.03		(2,979.62)		164,975.41	176,510.66	11,535.25	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15			493,567.89		(7,574.05)		485,993.84	534,179.51	48,185.67	0.00
GNMA	2001 A-E RMRB	7.19	10/28/91	08/20/16			128,347.83		(1,849.91)		126,497.92	135,414.66	8,916.74	0.00
GNMA	2001 A-E RMRB	6.19	11/28/90	10/20/15	233,144.94	242,259.45			(3,254.55)		229,890.39	239,587.14	582.24	0.00
GNMA	2001 A-E RMRB	8.19	11/28/90	10/20/15			871,273.99		(102,994.62)		768,279.37	844,943.87	76,664.50	0.00
GNMA	2001 A-E RMRB	7.19	12/21/90	10/20/15			227,496.59		(4,500.95)		222,995.64	238,590.86	15,595.22	0.00
GNMA	2001 A-E RMRB	8.19	12/21/90	11/20/15			295,768.53		(4,185.21)		291,583.32	320,490.69	28,907.37	0.00
GNMA	2001 A-E RMRB	8.19	02/25/91	10/20/15	163,252.80	179,116.19			(6,532.38)		156,720.42	172,254.07	(329.74)	0.00
GNMA	2001 A-E RMRB	6.19	01/25/91	11/20/15	268,199.41	278,684.28			(3,323.47)		264,875.94	276,047.28	686.47	0.00
GNMA	2001 A-E RMRB	8.19	01/28/91	11/20/15			298,874.57		(6,215.50)		292,659.07	321,689.03	29,029.96	0.00
GNMA	2001 A-E RMRB	8.19	02/25/90	01/20/16			395,336.22		(6,635.81)		388,700.41	427,591.54	38,891.13	0.00
GNMA	2001 A-E RMRB	8.19	03/28/91	12/20/15	33,674.41	36,946.49			(347.28)		33,327.13	36,630.14	30.93	0.00
GNMA	2001 A-E RMRB	8.19	03/28/91	02/20/16			269,865.27		(4,301.69)		265,563.58	292,133.13	26,569.55	0.00
GNMA	2001 A-E RMRB	8.75	04/29/91	02/20/20	516,234.54	571,611.55			(138,369.49)		377,865.05	419,270.65	(13,971.41)	0.00
GNMA	2001 A-E RMRB	8.19	04/29/91	04/20/16			1,185,141.08		(17,914.86)		1,167,226.22	1,283,999.18	116,772.96	0.00
GNMA	2001 A-E RMRB	7.19	04/29/91	02/20/16			789,254.14		(36,618.66)		752,635.48	805,693.48	53,058.00	0.00
GNMA	2001 A-E RMRB	6.19	04/29/91	04/20/16	542,404.43	564,510.32			(11,774.42)		530,630.01	553,903.64	1,167.74	0.00
GNMA	2001 A-E RMRB	8.19	04/26/91	04/20/16	134,989.31	148,172.85			(48,931.08)		86,058.23	94,665.50	(4,576.27)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/91	04/20/16	395,149.06	420,951.14			(7,751.54)		387,397.52	414,699.19	1,499.59	0.00
GNMA	2001 A-E RMRB	6.19	10/23/92	09/20/17	679,010.76	707,764.45			(7,587.40)		671,423.36	701,970.03	1,792.98	0.00
GNMA	2001 A-E RMRB	8.19	11/23/92	01/20/17	146,684.64	161,124.07			(2,057.59)		144,627.05	159,054.61	(11.87)	0.00
GNMA	2001 A-E RMRB	7.19	10/30/92	08/20/17			1,013,685.79		(70,228.18)		943,457.61	1,010,284.61	66,827.00	0.00
GNMA	2001 A-E RMRB	6.00	10/30/92	09/20/17	690,273.00	717,789.90			(38,735.54)		651,537.46	679,962.97	908.61	0.00
GNMA	2001 A-E RMRB	5.45	02/25/02	01/20/32	714,043.64	721,018.52			(107,178.28)		606,865.36	619,521.79	5,681.55	0.00
GNMA	2001 A-E RMRB	4.95	02/25/02	02/20/32	1,383,037.31	1,366,076.36			(5,974.32)		1,377,062.99	1,364,623.60	4,521.56	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	674,822.40	681,387.20			(2,134.84)		672,687.56	685,522.73	6,270.37	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	05/20/32	1,523,362.41	1,504,625.24			(5,462.50)		1,517,899.91	1,504,125.49	4,962.75	0.00
GNMA	2001 A-E RMRB	4.95	05/24/02	05/20/32	980,247.26	968,196.33			(3,380.25)		976,867.01	968,006.94	3,190.86	0.00
GNMA	2001 A-E RMRB	5.45	05/24/02	05/20/32	486,335.78	491,069.83			(1,791.82)		484,543.96	493,792.29	4,514.28	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	2,281,433.37	2,305,166.98			(7,571.07)		2,273,862.30	2,318,805.02	21,209.11	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	213,987.87	216,073.33			(678.54)		213,309.33	217,383.21	1,988.42	0.00
GNMA	2001 A-E RMRB	4.95	03/21/02	02/20/32	1,337,564.68	1,321,138.44			(5,576.40)		1,331,988.28	1,319,934.05	4,372.01	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	04/20/32	3,108,610.52	3,138,939.04			(198,921.63)		2,909,688.89	2,966,559.80	26,542.39	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	03/20/32	237,909.19	240,225.64			(781.74)		237,127.45	241,654.32	2,210.42	0.00
GNMA	2001 A-E RMRB	4.95	04/17/02	04/20/32	2,166,311.24	2,139,683.53			(7,968.70)		2,158,342.54	2,138,774.13	7,059.30	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	153,417.60	154,916.12			(489.59)		152,928.01	155,852.10	1,425.57	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	2,623,762.47	2,591,535.15			(9,928.40)		2,613,834.07	2,590,163.19	8,556.44	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	1,118,599.24	1,129,511.80			(187,721.46)		930,877.78	949,411.45	7,621.11	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	87,825.91	86,745.93			(301.10)		87,524.81	86,730.69	285.86	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	428,158.09	432,326.18			(1,572.59)		426,585.50	434,728.47	3,974.88	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	04/20/32	345,376.03	341,126.89			(1,281.04)		344,094.99	340,971.02	1,125.17	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	04/20/32	135,517.42	136,840.32			(432.47)		135,084.95	137,667.09	1,259.24	0.00
GNMA	2001 A-E RMRB	5.45	08/29/02	08/20/32	914,117.60	914,117.60			(2,903.37)		911,214.23	928,570.16	17,355.93	0.00
GNMA	2001 A-E RMRB	4.95	08/29/02	08/20/32	664,381.50	664,381.50			(3,142.13)		661,239.37	655,216.53	(6,022.84)	0.00
GNMA	2001 A-E RMRB	5.45	06/03/02	05/20/32	489,086.98	493,839.13			(1,559.38)		487,527.60	496,824.20	4,544.45	0.00
GNMA	2001 A-E RMRB	4.95	06/03/02	05/20/32	1,452,179.32	1,434,302.66			(5,743.28)		1,446,436.04	1,433,299.33	4,739.95	0.00
GNMA	2001 A-E RMRB	5.45	06/10/02	05/20/32	133,571.17	134,868.78			(414.79)		133,156.38	135,695.23	1,241.24	0.00
GNMA	2001 A-E RMRB	4.95	06/10/02	05/20/32	695,333.01	686,775.35			(2,798.06)		692,534.95	686,247.10	2,269.81	0.00
GNMA	2001 A-E RMRB	5.45	06/19/02	06/20/32	210,628.43	212,674.61			(652.01)		209,976.42	213,979.94	1,957.34	0.00
GNMA	2001 A-E RMRB	4.95	06/19/02	06/20/32	517,972.28	511,591.55			(1,781.19)		516,191.09	511,496.29	1,685.93	0.00
GNMA	2001 A-E RMRB	5.45	06/25/02	05/20/32	435,078.51	439,316.92			(1,423.19)		433,655.32	441,935.93	4,042.20	0.00
GNMA	2001 A-E RMRB	4.95	06/25/02	06/20/32	429,974.10	424,677.98			(49,035.47)		380,938.63	377,935.88	2,293.37	0.00
GNMA	2001 A-E RMRB	5.45	07/05/02	06/20/32	734,008.51	741,132.19			(2,422.64)		731,585.87	745,529.12	6,819.57	0.00
GNMA	2001 A-E RMRB	4.95	07/05/02	06/20/32	1,106,771.24	1,093,133.84			(4,424.50)		1,102,346.74	1,092,320.64	3,611.30	0.00
GNMA	2001 A-E RMRB	5.45	07/15/02	06/20/32	320,120.13	323,226.76			(988.09)		319,132.04	325,213.50	2,974.83	0.00
GNMA	2001 A-E RMRB	4.95	07/15/02	06/20/32	401,528.15	396,579.60			(1,514.20)		400,013.95	396,374.52	1,309.12	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	2001 A-E RMRB	5.45	07/22/02	06/20/32	267,704.31	270,302.28			(1,008.59)		266,695.72	271,779.20	2,485.51	0.00
GNMA	2001 A-E RMRB	4.95	07/22/02	07/20/32	1,064,128.63	1,051,012.53			(4,492.88)		1,059,635.75	1,049,995.65	3,476.00	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	295,432.77	298,299.82			(1,216.89)		294,215.88	299,828.57	2,745.64	0.00
GNMA	2001 A-E RMRB	4.95	07/29/02	07/20/32	672,618.11	664,325.42			(2,287.43)		670,330.68	664,226.79	2,188.80	0.00
GNMA	2001 A-E RMRB	5.45	08/01/02	07/20/32	137,593.26	138,927.16			(422.85)		137,170.41	139,782.95	1,278.64	0.00
GNMA	2001 A-E RMRB	4.95	08/01/02	06/20/32	60,021.03	59,280.35			(236.16)		59,784.87	59,240.06	195.87	0.00
GNMA	2001 A-E RMRB	5.45	08/12/02	07/20/32	718,034.24	724,995.23			(2,314.87)		715,719.37	729,350.96	6,670.60	0.00
GNMA	2001 A-E RMRB	4.95	08/12/02	07/20/32	260,691.23	257,474.22			(1,389.97)		259,301.26	256,941.11	856.86	0.00
GNMA	2001 A-E RMRB	5.45	08/23/02	08/20/32	1,870,669.39	1,888,804.64			(6,610.39)		1,864,059.00	1,899,569.33	17,375.08	0.00
GNMA	2001 A-E RMRB	4.95	08/23/02	08/20/32	1,803,199.70	1,780,947.64			(6,127.29)		1,797,072.41	1,780,688.20	5,867.85	0.00
GNMA	2001 A-E RMRB	5.45	11/12/02	10/20/32			779,382.20				779,382.20	794,210.34	14,828.14	0.00
GNMA	2001 A-E RMRB	5.45	09/12/02	08/20/32			722,095.25		(1,849.87)		720,245.38	733,956.44	13,711.06	0.00
GNMA	2001 A-E RMRB	4.95	09/12/02	08/20/32			840,795.53		(3,227.11)		837,568.42	829,924.16	(7,644.26)	0.00
GNMA	2001 A-E RMRB	5.45	09/19/02	09/20/32			340,916.34		(956.54)		339,959.80	346,432.58	6,472.78	0.00
GNMA	2001 A-E RMRB	4.95	09/19/02	09/20/32			716,366.66		(1,750.22)		714,616.44	708,093.28	(6,523.16)	0.00
GNMA	2001 A-E RMRB	5.45	09/26/02	09/20/32			912,153.93		(2,482.17)		909,671.76	926,990.79	17,319.03	0.00
GNMA	2001 A-E RMRB	4.95	09/26/02	09/20/32			568,553.03		(1,879.11)		566,673.92	561,506.13	(5,167.79)	0.00
GNMA	2001 A-E RMRB	5.45	10/10/02	09/20/32			1,220,136.54		(3,325.84)		1,216,810.70	1,239,994.17	23,183.47	0.00
GNMA	2001 A-E RMRB	4.95	10/10/02	09/20/32			477,409.43		(699.78)		476,709.65	472,359.71	(4,349.94)	0.00
GNMA	2001 A-E RMRB	5.45	10/21/02	10/20/32			448,671.38		(457.06)		448,214.32	456,746.36	8,532.04	0.00
GNMA	2001 A-E RMRB	4.95	10/21/02	10/20/32			455,487.27		(970.43)		454,516.84	450,372.34	(4,144.50)	0.00
GNMA	2001 A-E RMRB	5.45	10/29/02	11/20/32			193,854.31		(196.75)		193,657.56	197,343.95	3,686.39	0.00
GNMA	2001 A-E RMRB	4.95	10/29/02	11/20/32			336,280.98		(542.50)		335,738.48	332,675.37	(3,063.11)	0.00
GNMA	2001 A-E RMRB	5.45	11/05/02	10/20/32			455,297.15				455,297.15	463,959.40	8,662.25	0.00
GNMA	2001 A-E RMRB	4.95	11/05/02	10/20/32			275,142.94				275,142.94	272,628.38	(2,514.56)	0.00
GNMA	2001 A-E RMRB	5.45	11/19/02	11/20/32			231,917.54				231,917.54	236,329.89	4,412.35	0.00
GNMA	2001 A-E RMRB	4.95	11/19/02	11/20/32			78,375.32				78,375.32	77,659.04	(716.28)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32			670,609.18				670,609.18	683,367.86	12,758.68	0.00
GNMA	2001 A-E RMRB	4.95	11/26/02	11/20/32			84,715.89				84,715.89	83,941.66	(774.23)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32			410,282.36				410,282.36	418,088.19	7,805.83	0.00
FNMA	2001 A-E RMRB	5.45	04/17/02	03/01/32	310,985.65	311,982.39			(1,002.02)		309,983.63	311,958.39	978.02	0.00
FNMA	2001 A-E RMRB	4.95	05/15/02	04/01/32	243,081.07	237,329.12			(1,162.78)		241,918.29	235,968.98	(197.36)	0.00
FNMA	2001 A-E RMRB	4.95	06/10/02	06/01/32	251,495.52	245,546.89			(2,407.47)		249,088.05	242,966.69	(172.73)	0.00
FNMA	2001 A-E RMRB	4.95	07/22/02	06/01/32	267,842.47	261,501.77			(1,519.04)		266,323.43	259,772.14	(210.59)	0.00
FNMA	2001 A-E RMRB	5.45	09/19/02	08/01/32			255,693.66		(538.25)		255,155.41	256,774.41	1,619.00	0.00
FNMA	2001 A-E RMRB	4.95	09/26/02	09/01/32			300,840.19		(978.61)		299,861.58	292,478.94	(7,382.64)	0.00
Repo Agmt	2001 A-E RMRB	1.32	11/27/02	12/02/02	3.72	3.72	0.64				4.36	4.36	-	0.00
GICs	2001 A-E RMRB	2.54	10/30/01	04/29/03	1,354.00	1,354.00	0.00				1,354.00	1,354.00	-	0.00
GICs	2001 A-E RMRB	2.54	10/30/01	04/29/03	27,541,759.00	27,541,759.00		(10,878,244.00)			16,663,515.00	16,663,515.00	-	0.00
Repo Agmt	2001 A-E RMRB	1.32	11/27/02	12/02/02	6,777.60	6,777.60	28,339.82				35,117.42	35,117.42	-	0.00
					83,711,010.37	84,641,818.15	30,348,991.34	(11,196,599.87)	(2,279,115.05)	0.00	100,584,286.79	103,164,667.45	1,649,572.88	0.00
Repo Agmt	1999 B-D RMRB	1.32	11/27/02	12/02/02	8,975.62	8,975.62	10,816.90				19,792.52	19,792.52	-	0.00
Repo Agmt	1999 B-D RMRB	1.32	11/27/02	12/02/02	1,132.01	1,132.01		(881.49)			250.52	250.52	-	0.00
GICs	1999 B-D RMRB	6.40	12/02/99	07/01/32	3,201,335.65	3,201,335.65	4,626,754.14				7,828,089.79	7,828,089.79	-	0.00
Repo Agmt	1999 B-D RMRB	1.32	11/27/02	12/02/02	87.05	87.05		(87.02)			0.03	0.03	-	0.00
GICs	1999 B-D RMRB	6.40	12/02/99	07/01/32	589,631.77	589,631.77	87.04				589,718.81	589,718.81	-	0.00
GNMA	1999 B-D RMRB	8.18	04/01/91	01/20/21	233,316.33	255,222.29			(2,163.75)		231,152.58	253,000.40	(58.14)	0.00
GNMA	1999 B-D RMRB	8.18	08/01/90	06/20/20	555,089.77	607,530.41			(5,031.57)		550,058.20	602,515.26	16.42	0.00
GNMA	1999 B-D RMRB	7.18	08/01/90	06/20/20	174,392.02	185,279.71			(2,636.70)		171,755.32	183,616.93	973.92	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	1,794,259.27	1,963,767.19			(88,591.01)		1,705,668.26	1,868,322.02	(6,854.16)	0.00
GNMA	1999 B-D RMRB	8.18	07/02/90	05/20/20	319,717.78	349,922.25			(3,750.53)		315,967.25	346,101.19	(70.53)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	639,569.44	699,991.17			(13,217.19)		626,352.25	686,082.91	(691.07)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	08/20/20	987,859.29	1,081,184.70			(85,526.68)		902,332.61	988,385.32	(7,272.70)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	306,440.95	335,391.11			(2,182.11)		304,258.84	333,272.87	63.87	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	08/20/20	503,274.67	550,820.19			(34,928.60)		468,346.07	513,178.35	(2,713.24)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	514,134.94	562,706.47			(49,548.38)		464,586.56	509,138.84	(4,019.25)	0.00
GNMA	1999 B-D RMRB	7.18	11/01/90	09/20/20	392,765.68	417,286.89			(2,902.51)		389,863.17	416,779.06	2,394.68	0.00
GNMA	1999 B-D RMRB	8.18	12/03/90	10/20/20	131,214.30	143,610.38			(1,004.03)		130,210.27	142,627.20	20.85	0.00
GNMA	1999 B-D RMRB	8.75	12/28/89	09/20/18	3,039,396.39	3,358,303.93			(132,638.06)		2,906,758.33	3,213,809.95	(11,855.92)	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1999 B-D RMRB	8.75	11/30/89	10/20/18	317,200.50	350,482.64			(4,628.36)		312,572.14	345,546.54	(307.74)	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	09/20/18	348,160.78	384,691.41			(4,356.16)		343,804.62	380,072.64	(262.61)	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	11/20/18	633,521.01	699,992.94			(5,100.51)		628,420.50	694,707.98	(184.45)	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	12/20/18	270,317.86	298,680.85			(1,968.36)		268,349.50	296,655.26	(57.23)	0.00
GNMA	1999 B-D RMRB	8.75	02/27/90	01/20/19	461,996.23	510,614.99			(90,904.66)		371,091.57	410,460.06	(9,250.27)	0.00
GNMA	1999 B-D RMRB	8.75	05/29/90	04/20/19	248,193.83	274,312.80			(1,895.77)		246,298.06	272,240.85	(176.18)	0.00
GNMA	1999 B-D RMRB	8.75	06/28/90	05/20/19	57,698.17	63,770.12			(383.19)		57,314.98	63,351.92	(35.01)	0.00
GNMA	1999 B-D RMRB	7.18	02/01/91	11/20/20	419,063.02	445,226.05			(3,570.85)		415,492.17	444,178.10	2,522.90	0.00
GNMA	1999 B-D RMRB	8.18	02/25/91	11/20/20	484,762.80	530,559.49			(3,840.69)		480,922.11	526,782.98	64.18	0.00
GNMA	1999 B-D RMRB	7.18	05/02/91	02/20/21	390,299.61	414,717.85			(2,780.84)		387,518.77	414,291.66	2,354.65	0.00
GNMA	1999 B-D RMRB	8.75	09/28/90	08/20/19	211,067.27	233,279.15			(36,474.99)		174,592.28	192,982.13	(3,822.03)	0.00
GNMA	1999 B-D RMRB	8.75	10/23/90	09/20/19	181,858.63	200,996.77			(2,690.52)		179,168.11	198,042.31	(263.94)	0.00
GNMA	1999 B-D RMRB	8.75	11/28/90	09/20/19	192,774.34	213,061.19			(1,316.51)		191,457.83	211,623.76	(120.92)	0.00
GNMA	1999 B-D RMRB	8.75	12/21/90	09/20/19	86,690.02	95,812.94			(542.25)		86,147.77	95,221.56	(49.13)	0.00
GNMA	1999 B-D RMRB	8.75	01/25/91	12/20/19	299,719.49	331,260.83			(3,440.40)		296,279.09	327,488.58	(331.85)	0.00
GNMA	1999 B-D RMRB	8.75	02/22/91	12/20/19	179,311.43	198,181.46			(1,929.76)		177,381.67	196,067.93	(183.77)	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	02/20/20	135,860.23	150,131.70			(920.48)		134,939.75	149,125.69	(85.53)	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	12/20/19	94,834.98	104,815.06			(808.79)		94,026.19	103,930.96	(75.31)	0.00
GNMA	1999 B-D RMRB	8.18	05/02/91	03/20/21	1,141,498.33	1,248,672.96			(47,022.83)		1,094,475.50	1,198,136.89	(3,513.24)	0.00
GNMA	1999 B-D RMRB	6.10	07/28/00	07/20/30	4,283,021.28	4,399,005.50			(244,969.88)		4,038,051.40	4,159,556.37	5,520.75	0.00
FNMA	1999 B-D RMRB	6.10	04/28/00	04/01/30	403,315.42	414,071.84			(1,419.99)		401,895.43	412,750.63	98.78	0.00
GNMA	1999 B-D RMRB	6.10	04/20/00	04/20/30	3,063,270.08	3,146,223.43			(85,999.43)		2,977,270.65	3,066,856.72	6,632.72	0.00
GNMA	1999 B-D RMRB	6.10	04/27/00	04/20/30	2,802,474.31	2,878,365.31			(82,931.92)		2,719,542.39	2,801,373.42	5,940.03	0.00
GNMA	1999 B-D RMRB	6.10	06/26/00	06/20/30	5,243,779.14	5,385,780.68			(337,885.38)		4,905,893.76	5,053,512.10	5,616.80	0.00
GNMA	1999 B-D RMRB	6.10	05/30/00	03/20/30	4,632,860.35	4,758,318.21			(169,688.18)		4,463,172.17	4,597,469.02	8,838.99	0.00
FNMA	1999 B-D RMRB	6.10	05/30/00	05/01/30	568,998.64	584,173.83			(69,374.30)		499,624.34	513,119.19	(1,680.34)	0.00
FNMA	1999 B-D RMRB	6.10	06/26/00	06/01/30	314,359.58	322,743.55			(1,744.75)		312,614.83	321,058.56	59.76	0.00
GNMA	1999 B-D RMRB	6.10	09/14/00	08/20/30	7,598,511.01	7,804,278.69			(597,062.19)		7,001,448.82	7,212,122.41	4,905.91	0.00
GNMA	1999 B-D RMRB	6.10	10/19/00	09/20/30	2,698,192.19	2,771,259.23			(135,420.93)		2,562,771.26	2,639,885.05	4,046.75	0.00
GNMA	1999 B-D RMRB	6.10	10/23/00	10/20/30	859,742.75	883,024.58			(105,413.11)		754,329.64	777,027.42	(584.05)	0.00
GNMA	1999 B-D RMRB	6.10	10/27/00	10/20/30	546,148.60	560,938.30			(74,085.27)		472,063.33	486,267.72	(585.31)	0.00
GNMA	1999 B-D RMRB	6.10	10/30/00	10/20/30	574,407.42	589,962.37			(1,944.01)		572,463.41	589,688.83	1,670.47	0.00
FNMA	1999 B-D RMRB	6.10	07/24/00	07/01/30	272,555.84	279,824.90			(1,672.95)		270,882.89	278,199.44	47.49	0.00
GNMA	1999 B-D RMRB	6.10	01/16/01	12/20/30	339,231.89	348,418.29			(1,077.60)		338,154.29	348,329.35	988.66	0.00
GNMA	1999 B-D RMRB	6.10	01/29/01	12/20/30	238,665.23	245,128.28			(1,073.48)		237,591.75	244,740.89	686.09	0.00
GNMA	1999 B-D RMRB	6.10	11/16/00	11/20/30	307,440.08	315,765.56			(3,273.63)		304,166.45	313,318.82	826.89	0.00
GNMA	1999 B-D RMRB	6.10	12/21/00	11/20/30	1,074,318.75	1,103,411.30			(75,681.30)		998,637.45	1,028,686.45	956.45	0.00
GNMA	1999 B-D RMRB	6.10	12/27/00	12/20/30	437,990.04	449,850.81			(1,620.51)		436,369.53	449,499.89	1,269.59	0.00
GNMA	1999 B-D RMRB	6.10	02/20/01	01/20/31	557,658.38	572,726.31			(116,495.43)		441,162.95	454,640.48	(1,590.40)	0.00
GNMA	1999 B-D RMRB	6.10	03/15/01	03/20/31	796,562.39	818,085.51			(2,408.81)		794,153.58	818,414.97	2,738.27	0.00
GNMA	1999 B-D RMRB	6.10	03/29/01	03/20/31	200,651.99	206,073.61			(602.93)		200,049.06	206,160.56	689.88	0.00
GNMA	1999 B-D RMRB	6.10	05/10/01	04/20/31	1,483,951.91	1,524,048.29			(4,917.85)		1,479,034.06	1,524,218.55	5,088.11	0.00
FNMA	1999 B-D RMRB	6.10	09/11/00	08/01/30	1,463,714.11	1,502,751.37			(5,866.73)		1,457,847.38	1,497,223.84	339.20	0.00
FNMA	1999 B-D RMRB	6.10	10/06/00	10/01/30	431,457.36	442,964.33			(117,374.24)		314,083.12	322,566.51	(3,023.58)	0.00
GNMA	1999 B-D RMRB	6.10	05/30/01	05/20/31	512,880.38	526,738.41			(2,025.37)		510,855.01	526,461.63	1,748.59	0.00
GNMA	1999 B-D RMRB	6.10	06/18/01	04/20/31	289,792.14	297,622.32			(1,514.73)		288,277.41	297,084.28	976.69	0.00
GNMA	1999 B-D RMRB	6.10	07/25/01	06/20/31	1,158,941.20	1,190,255.79			(3,823.23)		1,155,117.97	1,190,406.82	3,974.26	0.00
GNMA	1999 B-D RMRB	6.10	08/31/01	08/20/31	996,669.43	1,023,599.44			(3,005.75)		993,663.68	1,024,020.11	3,426.42	0.00
FNMA	1999 B-D RMRB	6.10	12/27/00	11/01/30	545,862.69	560,420.85			(2,563.93)		543,298.76	557,973.26	116.34	0.00
FNMA	1999 B-D RMRB	6.10	01/12/01	12/01/30	300,839.73	308,863.13			(51,185.56)		249,654.17	256,397.33	(1,280.24)	0.00
FNMA	1999 B-D RMRB	6.10	02/05/01	01/01/31	414,575.11	425,631.83			(85,290.47)		329,284.64	338,178.62	(2,162.74)	0.00
GNMA	1999 B-D RMRB	6.10	12/27/01	10/20/31	118,285.70	121,481.78			(48,744.22)		69,541.48	71,665.97	(1,071.59)	0.00
GNMA	1999 B-D RMRB	6.10	09/20/01	08/20/31	774,180.24	795,098.59			(2,707.68)		771,472.56	795,041.05	2,650.14	0.00
GNMA	1999 B-D RMRB	6.10	09/28/01	09/20/31	285,769.88	293,491.38			(1,255.37)		284,514.51	293,206.43	970.42	0.00
GNMA	1999 B-D RMRB	6.10	10/17/01	09/20/31	193,701.51	198,935.32			(874.17)		192,827.34	198,718.22	657.07	0.00
GNMA	1999 B-D RMRB	6.10	10/30/01	05/20/31	45,760.86	46,997.32			(150.06)		45,610.80	47,004.21	156.95	0.00
FNMA	1999 B-D RMRB	6.10	03/15/01	02/01/31	391,844.63	402,295.13			(1,306.52)		390,538.11	401,086.54	97.93	0.00
GNMA	1999 B-D RMRB	6.10	01/22/02	12/20/31	312,088.92	320,521.56			(878.45)		311,210.47	320,717.95	1,074.84	0.00
GNMA	1999 B-D RMRB	6.10	01/30/02	01/20/32	272,707.04	280,081.04			(1,137.87)		271,569.17	279,871.04	927.87	0.00
GNMA	1999 B-D RMRB	6.10	02/25/02	02/20/32	1,717,870.23	1,764,321.44			(6,817.74)		1,711,052.49	1,763,359.36	5,855.66	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	182,537.86	187,473.68			(102,215.54)		80,322.32	82,777.77	(2,480.37)	0.00
GNMA	1999 B-D RMRB	6.10	05/24/02	05/20/32	338,021.93	347,162.04			(1,010.60)		337,011.33	347,313.77	1,162.33	0.00
GNMA	1999 B-D RMRB	6.10	03/21/02	03/20/32	1,182,899.52	1,214,885.12			(97,639.01)		1,085,260.51	1,118,436.92	1,190.81	0.00
GNMA	1999 B-D RMRB	6.10	04/17/02	03/20/32	1,807,846.72	1,856,730.90			(150,288.45)		1,657,558.27	1,708,229.83	1,787.38	0.00
GNMA	1999 B-D RMRB	6.10	04/29/02	04/20/32	876,103.48	899,793.32			(2,547.85)		873,555.63	900,260.23	3,014.76	0.00
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	101,718.96	104,469.44			(279.08)		101,439.88	104,540.90	350.54	0.00
GNMA	1999 B-D RMRB	6.10	06/03/02	05/20/32	501,311.81	514,867.28			(1,434.69)		499,877.12	515,158.36	1,725.77	0.00
GNMA	1999 B-D RMRB	6.10	06/10/02	05/20/32	107,907.98	110,825.81			(294.22)		107,613.76	110,903.51	371.92	0.00
GNMA	1999 B-D RMRB	6.10	06/19/02	04/20/32	317,294.65	325,874.30			(1,002.23)		316,292.42	325,961.48	1,089.41	0.00
GNMA	1999 B-D RMRB	6.10	06/25/02	05/20/32	66,253.93	68,045.44			(181.29)		66,072.64	68,092.48	228.33	0.00
GNMA	1999 B-D RMRB	6.10	06/28/02	06/20/32	228,651.08	234,833.81			(766.88)		227,884.20	234,850.62	783.69	0.00
GNMA	1999 B-D RMRB	6.10	09/26/02	09/20/32			87,805.00		(156.11)		87,648.89	90,328.32	2,679.43	0.00
GNMA	1999 B-D RMRB	6.10	10/21/02	09/20/32			102,081.00		(90.66)		101,990.34	105,108.18	3,117.84	0.00
GNMA	1999 B-D RMRB	6.10	10/29/02	10/20/32			78,380.00		(69.49)		78,310.51	80,704.46	2,393.95	0.00
GNMA	1999 B-D RMRB	6.10	11/12/02	10/20/32			97,144.00				97,144.00	100,113.69	2,969.69	0.00
GNMA	1999 B-D RMRB	6.10	11/26/02	11/20/32			98,252.00				98,252.00	98,252.00	-	0.00
FNMA	1999 B-D RMRB	6.10	10/17/01	09/01/31	196,777.51	202,222.34			(5,747.36)		191,030.15	196,363.71	(111.27)	0.00
FNMA	1999 B-D RMRB	6.10	01/28/02	11/01/31	279,582.93	287,318.99			(817.99)		278,764.94	286,548.06	47.06	0.00
FNMA	1999 B-D RMRB	6.10	04/17/02	02/01/32	37,297.74	38,330.51			(103.65)		37,194.09	38,233.29	6.43	0.00
Repo Agmt	1999 B-D RMRB	1.32	11/27/02	12/02/02	855,944.00	855,944.00		(463,662.00)			392,282.00	392,282.00	-	0.00
Repo Agmt	1999 B-D RMRB	1.32	11/27/02	12/02/02	7,255.23	7,255.23		(2,500.00)			4,755.23	4,755.23	-	0.00
					76,159,875.22	79,181,021.61	5,101,320.08	(467,130.51)	(3,456,628.06)	0.00	77,337,436.73	80,402,684.59	44,101.47	0.00
Repo Agmt	2000 A RMRB	1.32	11/27/02	12/02/02	269,237.83	269,237.83	1,100.32				270,338.15	270,338.15	-	0.00
Repo Agmt	2000 A RMRB	1.32	11/27/02	12/02/02	17,387.24	17,387.24	34,223.49				51,610.73	51,610.73	-	0.00
Repo Agmt	2000 A RMRB	1.32	11/27/02	12/02/02	412.67	412.67		(140.25)			272.42	272.42	-	0.00
GICs	2000 A RMRB	6.51	05/01/00	07/01/31	1,154,868.20	1,154,868.20	2,686,976.34				3,841,844.54	3,841,844.54	-	0.00
Repo Agmt	2000 A RMRB	1.32	11/27/02	12/02/02	0.82	0.82	0.00				0.82	0.82	-	0.00
GICs	2000 A RMRB	6.51	05/01/00	07/01/31	694,059.15	694,059.15	0.00				694,059.15	694,059.15	-	0.00
GNMA	2000 A RMRB	6.45	07/28/00	07/20/30	1,410,259.30	1,459,547.86			(4,232.32)		1,406,026.98	1,458,274.94	2,959.40	0.00
GNMA	2000 A RMRB	6.45	09/14/00	08/20/30	6,084,901.76	6,297,569.08			(249,757.87)		5,835,143.89	6,051,977.84	4,166.63	0.00
GNMA	2000 A RMRB	6.45	10/16/00	09/20/30	2,257,811.72	2,336,722.24			(113,036.98)		2,144,774.74	2,224,474.57	789.31	0.00
GNMA	2000 A RMRB	6.45	10/23/00	10/20/30	1,994,194.96	2,063,892.07			(93,034.52)		1,901,160.44	1,971,807.56	950.01	0.00
GNMA	2000 A RMRB	6.45	10/30/00	10/20/30	949,617.02	982,806.13			(68,094.55)		881,522.47	914,279.84	(431.74)	0.00
FNMA	2000 A RMRB	6.45	07/28/00	06/01/30	413,415.13	427,053.70			(1,328.50)		412,086.63	425,545.38	(179.82)	0.00
GNMA	2000 A RMRB	6.45	01/08/01	12/20/30	665,152.77	688,399.86			(1,948.29)		663,204.48	687,849.16	1,397.59	0.00
GNMA	2000 A RMRB	6.45	01/29/01	01/20/31	442,411.79	457,639.60			(2,122.52)		440,289.27	456,628.40	1,111.32	0.00
GNMA	2000 A RMRB	6.45	11/16/00	11/20/30	1,710,662.15	1,770,449.79			(249,771.53)		1,460,890.62	1,515,177.32	(5,500.94)	0.00
GNMA	2000 A RMRB	6.45	11/29/00	11/20/30	1,103,344.95	1,141,906.86			(86,309.67)		1,017,035.28	1,054,828.31	(768.88)	0.00
GNMA	2000 A RMRB	6.45	12/21/00	11/20/30	1,362,456.59	1,410,074.45			(89,499.73)		1,272,956.86	1,320,259.94	(314.78)	0.00
GNMA	2000 A RMRB	6.45	12/27/00	11/20/30	740,792.39	766,683.08			(2,152.84)		738,639.55	766,087.40	1,557.16	0.00
GNMA	2000 A RMRB	6.45	02/20/01	01/20/31	796,634.00	824,054.14			(2,706.58)		793,927.42	823,390.07	2,042.51	0.00
GNMA	2000 A RMRB	6.45	02/28/01	02/20/31	975,515.38	1,009,092.62			(2,952.61)		972,562.77	1,008,654.57	2,514.56	0.00
GNMA	2000 A RMRB	6.45	03/15/01	06/20/31	896,734.00	927,599.58			(155,824.78)		740,909.22	768,404.36	(3,370.44)	0.00
GNMA	2000 A RMRB	6.45	03/29/01	02/20/31	185,582.94	191,970.70			(626.88)		184,956.06	191,819.78	475.96	0.00
GNMA	2000 A RMRB	6.45	04/30/01	04/20/31	708,492.16	732,878.46			(100,237.63)		608,254.53	630,826.86	(1,813.97)	0.00
FNMA	2000 A RMRB	6.45	09/11/00	08/01/30	983,199.64	1,015,635.40			(71,449.72)		911,749.92	941,527.67	(2,658.01)	0.00
FNMA	2000 A RMRB	6.45	10/06/00	09/01/30	312,440.69	322,748.11			(917.18)		311,523.51	321,697.87	(133.06)	0.00
FNMA	2000 A RMRB	6.45	11/16/00	10/01/30	366,257.97	378,340.82			(1,080.56)		365,177.41	377,104.10	(156.16)	0.00
GNMA	2000 A RMRB	6.45	05/30/01	05/30/31	580,089.06	600,055.73			(1,925.96)		578,163.10	599,618.73	1,488.96	0.00
GNMA	2000 A RMRB	6.45	06/18/01	03/20/31	318,973.88	329,952.96			(904.32)		318,069.56	329,873.12	824.48	0.00
GNMA	2000 A RMRB	6.45	07/16/01	06/20/31	280,746.53	290,409.83			(1,080.73)		279,665.80	290,044.20	715.10	0.00
GNMA	2000 A RMRB	6.45	08/08/01	07/20/31	339,886.75	351,585.65			(934.74)		338,952.01	351,530.52	879.61	0.00
GNMA	2000 A RMRB	6.45	08/31/01	08/20/31	893,113.89	923,854.87			(2,477.03)		890,636.86	923,688.39	2,310.55	0.00
FNMA	2000 A RMRB	6.45	12/27/00	11/01/30	619,214.10	639,641.97			(1,906.94)		617,307.16	637,468.41	(266.62)	0.00
FNMA	2000 A RMRB	6.45	02/05/01	01/01/31	264,546.87	273,274.27			(76,465.72)		188,081.15	194,223.88	(2,584.67)	0.00
GNMA	2000 A RMRB	6.45	11/29/01	11/20/31	1,129,632.55	1,168,514.50			(51,869.86)		1,077,762.69	1,117,758.46	1,113.82	0.00
GNMA	2000 A RMRB	6.45	12/17/01	11/20/31	886,014.95	916,511.58			(3,629.89)		882,385.06	915,130.37	2,248.68	0.00
GNMA	2000 A RMRB	6.45	12/27/01	12/20/31	1,083,724.32	1,121,026.11			(48,209.64)		1,035,514.68	1,073,942.63	1,126.16	0.00
GNMA	2000 A RMRB	6.45	09/25/01	09/20/31	1,047,997.51	1,084,069.58			(116,415.62)		931,581.89	966,152.89	(1,501.07)	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	2000 A RMRB	6.45	09/28/01	09/20/31	1,395,889.06	1,443,935.56			(4,676.54)		1,391,212.52	1,442,840.42	3,581.40	0.00
GNMA	2000 A RMRB	6.45	10/17/01	10/20/31	838,260.46	867,113.39			(3,301.91)		834,958.55	865,943.86	2,132.38	0.00
GNMA	2000 A RMRB	6.45	10/30/01	10/20/31	1,204,139.95	1,245,586.45			(3,319.01)		1,200,820.94	1,245,383.41	3,115.97	0.00
GNMA	2000 A RMRB	6.45	11/15/01	11/20/31	622,220.05	643,636.86			(50,689.51)		571,530.54	592,740.04	(207.31)	0.00
FNMA	2000 A RMRB	6.45	03/29/01	02/01/31	339,199.74	350,389.94			(2,770.78)		336,428.96	347,416.73	(202.43)	0.00
GNMA	2000 A RMRB	6.45	01/22/02	01/20/32	1,269,802.39	1,313,547.08			(114,509.91)		1,155,292.48	1,198,153.83	(883.34)	0.00
GNMA	2000 A RMRB	6.45	01/30/02	12/20/31	209,869.37	217,093.07			(561.66)		209,307.71	217,075.12	543.71	0.00
GNMA	2000 A RMRB	6.45	02/25/02	02/20/32	2,334,237.53	2,414,652.01			(124,855.97)		2,209,381.56	2,291,349.62	1,553.58	0.00
FNMA	2000 A RMRB	6.45	07/12/01	06/01/31	297,604.12	307,431.01			(1,143.62)		296,460.50	306,160.69	(126.70)	0.00
GNMA	2000 A RMRB	6.45	05/15/02	04/20/32	94,458.44	97,712.53			(242.27)		94,216.17	97,711.59	241.33	0.00
GNMA	2000 A RMRB	6.45	05/24/02	05/20/32	226,581.50	234,387.23			(693.44)		225,888.06	234,268.51	574.72	0.00
GNMA	2000 A RMRB	6.45	03/21/02	02/20/32	780,277.31	807,157.86			(2,065.82)		778,211.49	807,083.14	1,991.10	0.00
GNMA	2000 A RMRB	6.45	04/17/02	03/20/32	741,837.18	767,393.47			(2,266.96)		739,570.22	767,008.28	1,881.77	0.00
GNMA	2000 A RMRB	6.45	04/29/02	04/20/32	222,733.26	230,406.42			(973.53)		221,759.73	229,987.02	554.13	0.00
GNMA	2000 A RMRB	6.45	05/15/02	03/20/32	70,792.32	73,231.12			(182.78)		70,609.54	73,229.15	180.81	0.00
GNMA	2000 A RMRB	6.45	08/29/02	04/20/32	50,478.00	52,216.97			(129.44)		50,348.56	52,216.49	128.96	0.00
GNMA	2000 A RMRB	6.45	08/29/02	08/20/32	67,467.00	69,791.24			(168.53)		67,298.47	69,795.24	172.53	0.00
GNMA	2000 A RMRB	6.45	06/03/02	05/20/32	139,098.02	143,889.95			(64,806.03)		74,291.99	77,048.22	(2,035.70)	0.00
GNMA	2000 A RMRB	6.45	07/05/02	03/20/32	51,469.00	53,242.11			(235.49)		51,233.51	53,134.27	127.65	0.00
GNMA	2000 A RMRB	6.45	08/01/02	05/20/32	64,493.00	66,714.78			(163.81)		64,329.19	66,715.80	164.83	0.00
GNMA	2000 A RMRB	6.45	08/12/02	06/20/32	53,705.00	55,555.14			(484.72)		53,220.28	55,194.75	124.33	0.00
GNMA	2000 A RMRB	6.45	11/12/02	11/20/32			138,750.00				138,750.00	143,897.63	5,147.63	0.00
GNMA	2000 A RMRB	6.45	09/12/02	08/20/32			61,876.00		(412.69)		61,463.31	63,743.60	2,280.29	0.00
GNMA	2000 A RMRB	6.45	10/21/02	10/20/32			77,388.00		(64.06)		77,323.94	80,192.66	2,868.72	0.00
GNMA	2000 A RMRB	6.45	10/29/02	10/20/32			67,863.00		(56.18)		67,806.82	70,322.45	2,515.63	0.00
GNMA	2000 A RMRB	6.45	11/26/02	11/20/32			46,690.00				46,690.00		-	0.00
FNMA	2000 A RMRB	6.45	09/28/01	09/01/31	352,592.51	364,235.11			(989.24)		351,603.27	363,107.73	(138.14)	0.00
FNMA	2000 A RMRB	6.45	10/17/01	09/01/31	227,613.44	235,129.24			(621.70)		226,991.74	234,418.91	(88.63)	0.00
FNMA	2000 A RMRB	6.45	12/27/01	11/01/31	229,801.13	237,389.16			(1,053.34)		228,747.79	236,232.42	(103.40)	0.00
FNMA	2000 A RMRB	6.45	04/17/02	03/01/32	166,229.56	171,718.46			(437.51)		165,792.05	171,220.08	(60.87)	0.00
Repo Agmt	2000 A RMRB	1.32	11/27/02	12/02/02	1,070,047.37	1,070,047.37		(392,567.00)			677,480.37	677,480.37	-	0.00
Repo Agmt	2000 A RMRB	1.32	11/27/02	12/02/02	33,945.82	33,945.82	0.00				33,945.82	33,945.82	-	0.00
					47,094,626.16	48,607,476.86	3,114,867.15	(392,707.25)	(1,984,782.16)	0.00	47,832,003.90	49,379,881.20	35,026.60	0.00
GNMA	1999 A RMRB	7.50	08/31/89	07/20/18	784,165.11	836,773.90			(38,324.43)		745,840.68	801,132.65	2,683.18	0.00
GNMA	1999 A RMRB	7.50	10/31/89	09/20/18	2,013,233.41	2,148,742.57			(82,506.36)		1,930,727.05	2,074,203.99	7,967.78	0.00
GNMA	1999 A RMRB	8.75	10/31/89	09/20/18	488,419.66	539,674.03			(3,930.09)		484,489.57	535,601.78	(142.16)	0.00
GNMA	1999 A RMRB	7.50	11/30/89	10/20/18	1,313,866.45	1,402,056.67			(11,540.96)		1,302,325.49	1,398,623.20	8,107.49	0.00
GNMA	1999 A RMRB	8.75	11/30/89	09/20/18	317,427.14	350,738.61			(73,445.25)		243,981.89	269,783.89	(7,509.47)	0.00
GNMA	1999 A RMRB	7.50	01/01/90	11/20/18	686,028.47	732,248.28			(6,010.76)		680,017.71	730,473.03	4,235.51	0.00
GNMA	1999 A RMRB	8.75	01/01/90	11/20/18	147,182.06	162,626.74			(1,013.94)		146,168.12	161,587.63	(25.17)	0.00
GNMA	1999 A RMRB	7.50	01/01/90	12/20/18	626,027.29	668,047.06			(21,759.00)		604,268.29	648,948.54	2,660.48	0.00
GNMA	1999 A RMRB	7.50	02/27/90	12/20/18	270,704.96	288,876.25			(52,029.68)		218,675.28	235,005.18	(1,841.39)	0.00
GNMA	1999 A RMRB	8.75	05/29/90	02/20/19	372,699.63	411,926.38			(3,939.85)		368,759.78	407,608.90	(377.63)	0.00
GNMA	1999 A RMRB	7.50	03/30/90	01/20/19	632,041.24	674,605.18			(6,511.02)		625,530.22	671,867.07	3,772.91	0.00
GNMA	1999 A RMRB	8.75	03/30/90	01/20/19	473,119.29	522,916.60			(5,465.02)		467,654.27	516,920.18	(531.40)	0.00
GNMA	1999 A RMRB	7.50	04/26/90	03/20/19	668,330.78	713,340.81			(7,611.00)		660,719.78	709,667.38	3,937.57	0.00
GNMA	1999 A RMRB	8.75	04/26/90	03/20/19	309,509.20	342,321.63			(3,418.91)		306,090.29	338,574.11	(328.61)	0.00
GNMA	1999 A RMRB	7.50	05/29/90	04/20/19	610,512.49	651,627.21			(39,699.29)		570,813.20	613,101.01	1,173.09	0.00
GNMA	1999 A RMRB	7.50	06/28/90	04/20/19	156,946.04	167,515.89			(1,246.83)		155,699.21	167,232.70	963.64	0.00
GNMA	1999 A RMRB	8.75	06/28/90	04/20/19	269,090.03	297,411.66			(37,532.41)		231,557.62	256,147.84	(3,731.41)	0.00
GNMA	1999 A RMRB	7.50	10/31/90	07/20/19	240,720.60	256,931.12			(4,340.46)		236,380.14	253,895.12	1,304.46	0.00
GNMA	1999 A RMRB	7.50	12/21/90	08/20/19	131,248.08	140,086.67			(1,302.40)		129,945.68	139,571.35	787.08	0.00
GNMA	1999 A RMRB	8.75	12/21/90	08/20/19	142,945.63	157,990.53			(36,239.07)		106,706.56	117,947.86	(3,803.60)	0.00
GNMA	1999 A RMRB	7.50	03/28/91	11/20/19	47,241.23	50,423.83			(347.04)		46,894.19	50,368.85	292.06	0.00
GNMA	1999 A RMRB	8.75	04/26/91	01/20/20	307,550.28	339,860.06			(2,330.84)		305,219.44	337,311.66	(217.56)	0.00
GNMA	1999 A RMRB	8.75	04/29/91	02/20/20	262,946.62	290,571.10			(53,560.29)		209,386.33	231,686.87	(5,323.94)	0.00
GNMA	1999 A RMRB	7.50	04/29/91	12/20/19	240,217.31	256,396.76			(1,733.67)		238,483.64	256,150.61	1,487.52	0.00
GNMA	1999 A RMRB	5.35	01/31/01	08/20/30	63,189.11	62,978.69			(421.21)		62,767.90	63,215.44	657.96	0.00
GNMA	1999 A RMRB	5.35	01/31/01	01/20/31	472,662.19	470,974.79			(1,661.47)		471,000.72	474,005.70	4,692.38	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1999 A RMRB	5.35	03/15/01	01/20/31	128,212.69	127,754.97			(858.92)		127,353.77	128,166.29	1,270.24	0.00
GNMA	1999 A RMRB	5.35	05/10/01	04/20/31	249,805.25	248,913.45			(791.63)		249,013.62	250,602.33	2,480.51	0.00
GNMA	1999 A RMRB	5.35	06/22/01	05/20/31	58,343.06	58,134.78			(201.28)		58,141.78	58,512.72	579.22	0.00
GNMA	1999 A RMRB	5.35	06/29/01	05/20/31	155,556.74	155,001.40			(584.55)		154,972.19	155,960.91	1,544.06	0.00
FNMA	1999 A RMRB	5.35	03/15/01	10/01/30	277,721.16	276,690.81			(5,057.52)		272,663.64	272,317.36	684.07	0.00
FNMA	1999 A RMRB	5.35	06/18/01	03/01/31	77,349.14	76,911.34			(576.82)		76,772.32	76,627.22	292.70	0.00
GNMA	1999 A RMRB	5.35	03/18/02	02/20/32	42,331.95	42,177.44			(152.04)		42,179.91	42,444.80	419.40	0.00
Repo Agmt	1999 A RMRB	1.32	11/27/02	12/02/02	3,005.35	3,005.35	0.00				3,005.35	3,005.35	-	0.00
Repo Agmt	1999 A RMRB	1.32	11/27/02	12/02/02	401,199.23	401,199.23	0.00				401,199.23	401,199.23	-	0.00
					13,441,548.87	14,327,451.79	0.00	0.00	(506,144.01)	0.00	12,935,404.86	13,849,468.75	28,160.97	0.00

**Total Residential Mortgage Revenue Bonds Investment Summary**

					474,264,453.34	484,086,417.07	62,359,274.64	(44,103,279.24)	(12,506,348.31)	0.00	480,014,100.43	491,889,174.81	2,053,110.65	0.00
					0.00	0.00					0.00	0.00	0.00	
											0.00			

**Texas Department of Housing and Community Affairs  
Collateralized Home Mortgage Revenue Bonds Investment Summary  
For Period Ending November 30, 2002**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
Repo Agmt	1990 A&B CHMRB	1.32	11/27/02	12/02/02	44,890.91	44,890.91	183.42				45,074.33	45,074.33	-	0.00
Repo Agmt	1990 A&B CHMRB	1.32	11/27/02	12/02/02	72,584.00	72,584.00	296.63				72,880.63	72,880.63	-	0.00
Mutual Fund	1990 A&B CHMRB	0.91	11/01/02	12/01/02	202,018.91	202,018.91	530.99				202,549.90	202,549.90	-	0.00
					319,493.82	319,493.82	1,011.04	0.00	0.00	0.00	320,504.86	320,504.86	0.00	0.00
Repo Agmt	1991 A CHMRB	1.32	11/27/02	12/02/02	94,725.59	94,725.59	387.13				95,112.72	95,112.72	-	0.00
Repo Agmt	1991 A CHMRB	1.32	11/27/02	12/02/02	6,314.65	6,314.65	25.88				6,340.53	6,340.53	-	0.00
					101,040.24	101,040.24	413.01	0.00	0.00	0.00	101,453.25	101,453.25	0.00	0.00
Repo Agmt	1992 A-C CHMRB	1.32	11/27/02	12/02/02	169.29	169.29	96.76				266.05	266.05	-	0.00
GICs	1992 A-C CHMRB	6.09	06/29/92	07/02/24	1,237,678.59	1,237,678.59	3,846,606.81				5,084,285.40	5,084,285.40	-	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	346,419.20	348,370.08			(162,943.17)		183,476.03	185,025.42	(401.49)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	446,885.43	449,402.10			(31,085.80)		415,799.63	418,146.43	(169.87)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	660,144.10	663,861.71			(4,835.54)		655,308.56	659,007.41	(18.76)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	54,133.16	54,438.79			(453.27)		53,679.89	53,983.83	(1.69)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	3,611,517.30	3,611,517.28			(190,345.04)		3,421,172.26	3,421,616.56	444.32	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	2,835,308.38	2,835,308.37			(215,162.43)		2,620,145.95	2,620,547.59	401.65	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	974,619.66	974,619.68			(7,924.83)		966,694.83	966,709.45	14.60	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	1,862,994.91	1,862,245.53			(49,894.59)		1,813,100.32	1,812,596.39	245.45	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	3,037,118.30	3,037,118.32			(240,821.69)		2,796,296.61	2,796,553.91	257.28	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	1,320,577.87	1,397,820.83			(115,030.82)		1,205,547.05	1,283,637.04	847.03	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	975,442.07	1,031,788.95			(8,332.38)		967,109.69	1,027,628.04	4,171.47	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	1,169,010.28	1,236,538.67			(74,845.03)		1,094,165.25	1,162,629.54	935.90	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	1,476,637.55	1,561,936.20			(122,724.88)		1,353,912.67	1,439,185.13	(26.19)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	921,314.10	974,534.21			(5,079.06)		916,235.04	973,558.71	4,103.56	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	594,248.20	628,575.20			(11,432.21)		582,815.99	619,287.21	2,144.22	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	392,013.39	414,658.22			(58,388.33)		333,625.06	354,530.25	(1,739.64)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	1,311,066.61	1,386,800.98			(86,160.55)		1,224,906.06	1,301,596.85	956.42	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	81,540.88	86,258.32			(987.44)		80,553.44	85,604.01	333.13	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	2,418,025.12	2,551,361.07			(209,699.68)		2,208,325.44	2,342,112.67	451.28	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	2,706,342.43	2,855,576.91			(263,560.55)		2,442,781.88	2,592,215.68	199.32	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	2,847,445.71	3,004,460.97			(72,210.52)		2,775,235.19	2,943,357.60	11,107.15	0.00
GICs	1992 A-C CHMRB	6.09	06/29/92	07/02/24	100,000.00	100,000.00	0.00				100,000.00	100,000.00	-	0.00
GICs	1992 A-C CHMRB	6.09	06/29/92	07/02/24	1,075,959.60	1,075,959.60	0.00				1,075,959.60	1,075,959.60	-	0.00
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	297,022.26	298,694.93			(4,989.44)		292,032.82	293,683.08	(22.41)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	3,243,731.76	3,431,107.36			(177,279.78)		3,066,451.98	3,258,328.95	4,501.37	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	7,484,075.90	7,896,766.54			(533,942.23)		6,950,133.67	7,373,348.70	10,524.39	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	5,606,026.38	5,915,156.67			(206,161.50)		5,399,864.88	5,727,000.81	18,005.64	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	9,670,456.94	10,203,710.08			(747,452.83)		8,923,004.11	9,466,778.54	10,521.29	0.00
Repo Agmt	1992 A-C CHMRB	1.32	11/27/02	12/02/02	22,023.55	22,023.55	90.02				22,113.57	22,113.57	-	0.00
					58,779,948.92	61,148,459.00	3,846,793.59	0.00	(3,601,743.59)	0.00	59,024,998.92	61,461,294.42	67,785.42	0.00
<b>Total CHMRB Investment Summary</b>					59,200,482.98	61,568,993.06	3,848,217.64	0.00	(3,601,743.59)	0.00	59,446,957.03	61,883,252.53	67,785.42	0.00
					0.00	0.00					0.00	0.00	0.00	

**Texas Department of Housing and Community Affairs  
Multi Family Investment Summary  
For Period Ending November 30, 2002**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
Money Market	1996 A&B MF (Brighton/LC)	1.25	09/01/02	10/01/02	154,437.70	154,437.70	484.28				154,921.98	154,921.98	-	0.00
Money Market	1996 A&B MF (Brighton/LC)	1.25	09/01/02	10/01/02	97,955.23	97,955.23	476.62				98,431.85	98,431.85	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	1.19	11/01/02	12/01/02	26.00	26.00	43,362.84				43,388.84	43,388.84	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	1.19	11/01/02	12/01/02	40.63	40.63	73,342.42				73,383.05	73,383.05	-	0.00
Money Market	1996 A&B MF (Brighton/LC)	1.25	09/01/02	10/01/02	54,041.31	54,041.31	0.00				54,041.31	54,041.31	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	1.19	11/01/02	12/01/02	10,933.31	10,933.31	9,875.73				20,809.04	20,809.04	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	1.19	11/01/02	12/01/02	7,167.18	7,167.18	6,258.45				13,425.63	13,425.63	-	0.00
					324,601.36	324,601.36	133,800.34	0.00	0.00	0.00	458,401.70	458,401.70	0.00	0.00
Mutual Fund	1998 M/F (Dal-Oxford Rfdg)	1.19	11/01/02	12/01/02	38,515.71	38,515.71		(2,015.29)			36,500.42	36,500.42	-	0.00
Mutual Fund	1998 M/F (Dal-Oxford Rfdg)	1.19	11/01/02	12/01/02	456.11	456.11	1.22				457.33	457.33	-	0.00
					38,971.82	38,971.82	1.22	(2,015.29)	0.00	0.00	36,957.75	36,957.75	0.00	0.00
Mutual Fund	1984 A & B M/F (Summer)	1.19	11/01/02	12/01/02	88.23	88.23	51.35				139.58	139.58	-	0.00
Money Market	1984 A & B M/F (Summer)	1.25	09/01/02	10/01/02	63,790.62	63,790.62	8,277.11				72,067.73	72,067.73	-	0.00
					63,878.85	63,878.85	8,328.46	0.00	0.00	0.00	72,207.31	72,207.31	0.00	0.00
Mutual Fund	1996 A&B MF (Braxton's)	1.19	11/01/02	12/01/02	180,997.65	180,997.65	490.03				181,487.68	181,487.68	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	1.19	11/01/02	12/01/02	46.26	46.26	72,473.91				72,520.17	72,520.17	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	1.40	11/01/02	12/01/02	0.24	0.24		(0.01)			0.23	0.23	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	1.19	11/01/02	12/01/02	15,516.20	15,516.20	9,938.52				25,454.72	25,454.72	-	0.00
					196,560.35	196,560.35	82,902.46	(0.01)	0.00	0.00	279,462.80	279,462.80	0.00	0.00
Treasury Note	1993 A&B M/F(Reming./HP)	4.87	11/01/02	12/01/02	643,432.21	643,432.21	44,186.52				687,618.73	687,618.73	-	0.00
Repo Agmt	1993 A&B M/F(Reming./HP)	1.32	11/27/02	12/02/02	514.82	514.82	2.11				516.93	516.93	-	0.00
Treasury Bill	1993 A&B M/F(Reming./HP)	5.81	11/01/02	12/01/02	76,935.33	76,935.33		(1,973.67)			74,961.66	74,961.66	-	0.00
Repo Agmt	1993 A&B M/F(Reming./HP)	1.32	11/27/02	12/02/02	22,206.10	22,206.10	90.75				22,296.85	22,296.85	-	0.00
					743,088.46	743,088.46	44,279.38	(1,973.67)	0.00	0.00	785,394.17	785,394.17	0.00	0.00
Repo Agmt	1987 South Tx. Rental Hsing	1.32	11/27/02	12/02/02	1,038,222.52	1,038,222.52	4,242.93				1,042,465.45	1,042,465.45	-	0.00
					1,038,222.52	1,038,222.52	4,242.93	0.00	0.00	0.00	1,042,465.45	1,042,465.45	0.00	0.00
Invst Agmt	1993 NCHMP	3.05	12/29/93	12/31/23	203,746.25	203,746.25	305,684.09				509,430.34	509,430.34	-	0.00
Invst Agmt	1993 NCHMP	5.38	12/29/93	12/31/23	1,000,000.00	1,000,000.00	0.00				1,000,000.00	1,000,000.00	-	0.00
					1,203,746.25	1,203,746.25	305,684.09	0.00	0.00	0.00	1,509,430.34	1,509,430.34	0.00	0.00
Mutual Fund	1996 A-D M/F(Dal-Ft Worth)	1.19	11/01/02	12/01/02	6,733.90	6,733.90		(4,853.72)			1,880.18	1,880.18	-	0.00
Mutual Fund	1996 A-D M/F(Dal-Ft Worth)	1.19	11/01/02	12/01/02	22.14	22.14	0.10				22.24	22.24	-	0.00
Mutual Fund	1996 A-D M/F(Dal-Ft Worth)	1.19	11/01/02	12/01/02	0.10	0.10	0.00				0.10	0.10	-	0.00
Invst Agmt	1996 A-D M/F(Dal-Ft Worth)	6.50	08/12/96	07/01/26	41,860.71	41,860.71	75,735.77				117,596.48	117,596.48	-	0.00
Mutual Fund	1996 A-D M/F(Dal-Ft Worth)	1.19	11/01/02	12/01/02	109,504.23	109,504.23	6,806.59				116,310.82	116,310.82	-	0.00
Mutual Fund	1996 A-D M/F(Dal-Ft Worth)	1.19	11/01/02	12/01/02	89,000.00	89,000.00	12,141.31				101,141.31	101,141.31	-	0.00
Mutual Fund	1996 A-D M/F(Dal-Ft Worth)	1.19	11/01/02	12/01/02			0.16				0.16	0.16	-	0.00
Invst Agmt	1996 A-D M/F(Dal-Ft Worth)	7.23	08/06/96	07/01/26	34,180.00	34,180.00	0.00				34,180.00	34,180.00	-	0.00
Invst Agmt	1996 A-D M/F(Dal-Ft Worth)	7.23	08/06/96	07/01/26	1,373,425.00	1,373,425.00	0.00				1,373,425.00	1,373,425.00	-	0.00



Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
Invst Agmt	1996 A-D M/F(Dal-Ft Worth)	7.23	08/06/96	07/01/26	74,786.98	74,786.98	34,863.55				109,650.53	109,650.53	-	0.00
Treasury Bill	1996 A-D M/F(Dal-Ft Worth)	6.13	10/01/02	01/02/03			8,000.00				8,000.00	8,000.00	-	0.00
Treasury Bill	1996 A-D M/F(Dal-Ft Worth)	6.13	10/01/02	01/02/03	114,000.00	114,000.00	228,000.00				342,000.00	342,000.00	-	0.00
Treasury Note	1996 A-D M/F(Dal-Ft Worth)	6.38	09/01/02	12/31/02			8,135.73				8,135.73	8,135.73	-	0.00
Treasury Note	1996 A-D M/F(Dal-Ft Worth)	5.63	09/01/02	10/01/02	112,370.75	112,370.75	111,866.34				224,237.09	224,237.09	-	0.00
Mutual Fund	1996 A-D M/F(Dal-Ft Worth)	1.19	11/01/02	12/01/02	1,750.09	1,750.09	370.17				2,120.26	2,120.26	-	0.00
Mutual Fund	1996 A-D M/F(Dal-Ft Worth)	1.19	11/01/02	12/01/02	2,643.49	2,643.49	1,188.30				3,831.79	3,831.79	-	0.00
					1,960,277.39	1,960,277.39	487,108.02	(4,853.72)	0.00	0.00	2,442,531.69	2,442,531.69	0.00	0.00
Mutual Fund	1996 A-D M/F(Hbrs/Plmtr)	1.19	11/01/02	12/01/02	118,904.97	118,904.97	23,819.14				142,724.11	142,724.11	-	0.00
Mutual Fund	1996 A-D M/F(Hbrs/Plmtr)	1.19	11/01/02	12/01/02	87,475.64	87,475.64	28,938.39				116,414.03	116,414.03	-	0.00
Invst Agmt	1996 A-D M/F(Hbrs/Plmtr)	6.25	11/12/96	07/01/26	200,292.76	200,292.76	31,801.77				232,094.53	232,094.53	-	0.00
Mutual Fund	1996 A-D M/F(Hbrs/Plmtr)	1.19	11/01/02	12/01/02	167,931.30	167,931.30	97,496.49				265,427.79	265,427.79	-	0.00
Mutual Fund	1996 A-D M/F(Hbrs/Plmtr)	1.19	11/01/02	12/01/02	0.01	0.01	0.01				0.02	0.02	-	0.00
Invst Agmt	1996 A-D M/F(Hbrs/Plmtr)	6.75	11/05/96	07/01/26	86,743.95	86,743.95	0.00				86,743.95	86,743.95	-	0.00
Invst Agmt	1996 A-D M/F(Hbrs/Plmtr)	6.75	11/05/96	07/01/26	777,671.25	777,671.25	0.00				777,671.25	777,671.25	-	0.00
Invst Agmt	1996 A-D M/F(Hbrs/Plmtr)	6.75	11/05/96	07/01/26	177,500.00	177,500.00	0.00				177,500.00	177,500.00	-	0.00
Mutual Fund	1996 A-D M/F(Hbrs/Plmtr)	1.19	11/01/02	12/01/02			11.04				11.04	11.04	-	0.00
Mutual Fund	1996 A-D M/F(Hbrs/Plmtr)	1.19	11/01/02	12/01/02			1.25				1.25	1.25	-	0.00
Mutual Fund	1996 A-D M/F(Hbrs/Plmtr)	1.19	11/01/02	12/01/02			2.76				2.76	2.76	-	0.00
Invst Agmt	1996 A-D M/F(Hbrs/Plmtr)	5.90	11/12/96	07/01/26	134,210.28	134,210.28	192,506.88				326,717.16	326,717.16	-	0.00
Invst Agmt	1996 A-D M/F(Hbrs/Plmtr)	5.90	11/12/96	07/01/26	17,200.03	17,200.03	21,778.17				38,978.20	38,978.20	-	0.00
Invst Agmt	1996 A-D M/F(Hbrs/Plmtr)	5.90	11/12/96	07/01/26	33,236.58	33,236.58	48,041.67				81,278.25	81,278.25	-	0.00
					1,801,166.77	1,801,166.77	444,397.57	0.00	0.00	0.00	2,245,564.34	2,245,564.34	0.00	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	1.19	11/01/02	12/01/02	56,261.91	56,261.91	0.00				56,261.91	56,261.91	-	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	1.19	11/01/02	12/01/02	237,504.88	237,504.88	33,978.37				271,483.25	271,483.25	-	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	1.19	11/01/02	12/01/02	93.92	93.92	522.97				616.89	616.89	-	0.00
Invst Agmt	1996 A&B M/F(NHP Project)	6.20	12/31/96	01/01/27	201,400.64	201,400.64	341,000.00				542,400.64	542,400.64	-	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	1.19	11/01/02	12/01/02	995.18	995.18		(795.79)			199.39	199.39	-	0.00
Invst Agmt	1996 A&B M/F(NHP Project)	6.20	12/31/96	01/01/27	493,107.17	493,107.17		(11,000.00)			482,107.17	482,107.17	-	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	1.19	11/01/02	12/01/02	2,000.30	2,000.30	0.00				2,000.30	2,000.30	-	0.00
Invst Agmt	1996 A&B M/F(NHP Project)	6.20	11/21/96	01/01/27	370,522.70	370,522.70	160,233.76				530,756.46	530,756.46	-	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	1.19	11/01/02	12/01/02			28.86				28.86	28.86	-	0.00
Mutual Fund	1996 A&B M/F(NHP Project)				28.77	28.77		(28.77)					-	0.00
Invst 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
Mutual Fund	1996 A&B M/F(NHP Project)	1.19	11/01/02	12/01/02	0.02	0.02	0.00				0.02	0.02	-	0.00
Invst Agmt	1996 A&B M/F(NHP Project)	6.70	11/21/96	01/01/27	2,069,749.00	2,069,749.00	0.00				2,069,749.00	2,069,749.00	-	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	1.19	11/01/02	12/01/02	629.07	629.07		(160.88)			468.19	468.19	-	0.00
Invst Agmt	1996 A&B M/F(NHP Project)	6.20	11/26/96	01/01/27	342,601.00	342,601.00	515,000.00				857,601.00	857,601.00	-	0.00
					3,774,895.56	3,774,895.56	1,050,763.96	(11,985.44)	0.00	0.00	4,813,674.08	4,813,674.08	0.00	0.00
Mutual Fund	1997 M/F (Meadow Ridge)	1.19	11/01/02	12/01/02	8.24	8.24	0.00				8.24	8.24	-	0.00
Mutual Fund	1997 M/F (Meadow Ridge)				75,300.79	75,300.79		(75,300.79)					-	0.00
Invst Agmt	1997 M/F (Meadow Ridge)	5.45	12/18/97	07/31/18	2,722.86	2,722.86	301,317.15				304,040.01	304,040.01	-	0.00
Mutual Fund	1997 M/F (Meadow Ridge)	1.19	11/01/02	12/01/02	803.59	803.59	0.00				803.59	803.59	-	0.00
					78,835.48	78,835.48	301,317.15	(75,300.79)	0.00	0.00	304,851.84	304,851.84	0.00	0.00
Mutual Fund	1998 M/F (Pebble Brook)	1.19	11/01/02	12/01/02	8,712.92	8,712.92	13,123.21				21,836.13	21,836.13	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	1.19	11/01/02	12/01/02	60,769.31	60,769.31	4,149.13				64,918.44	64,918.44	-	0.00
Invst Agmt	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30	137,717.04	137,717.04	166,272.74				303,989.78	303,989.78	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	1.19	11/01/02	12/01/02	39,115.03	39,115.03	105.90				39,220.93	39,220.93	-	0.00
					246,314.30	246,314.30	183,650.98	0.00	0.00	0.00	429,965.28	429,965.28	0.00	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.91	11/01/02	12/01/02	218,490.71	218,490.71	436.41				218,927.12	218,927.12	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.91	11/01/02	12/01/02	15.12	15.12	0.03				15.15	15.15	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.91	11/01/02	12/01/02	4,567.79	4,567.79	1,239.17				5,806.96	5,806.96	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.91	11/01/02	12/01/02	48,316.14	48,316.14	12,202.92				60,519.06	60,519.06	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.91	11/01/02	12/01/02	28,523.07	28,523.07		(26,983.99)			1,539.08	1,539.08	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.91	11/01/02	12/01/02	122,454.11	122,454.11		(122,322.11)			132.00	132.00	-	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
Mutual Fund	1998 M/F (Residence Oaks)	0.91	11/01/02	12/01/02	119,944.57	119,944.57	49,654.12				169,598.69	169,598.69	-	0.00
					542,311.51	542,311.51	63,532.65	(149,306.10)	0.00	0.00	456,538.06	456,538.06	0.00	0.00
Mutual Fund	1998 M/F (Volente Project)	1.19	11/01/02	12/01/02	486.53	486.53	19,488.55				19,975.08	19,975.08	-	0.00
Mutual Fund	1998 M/F (Volente Project)	1.19	11/01/02	12/01/02			57,810.75				57,810.75	57,810.75	-	0.00
Invst Agmt	1998 M/F (Volente Project)	5.22	05/14/98	01/01/31	76,102.53	76,102.53	57,770.88				133,873.41	133,873.41	-	0.00
Mutual Fund	1998 M/F (Volente Project)	1.19	11/01/02	12/01/02	3,833.90	3,833.90	12.20				3,846.10	3,846.10	-	0.00
Mutual Fund	1998 M/F (Volente Project)	1.19	11/01/02	12/01/02	1.24	1.24	0.00				1.24	1.24	-	0.00
Mutual Fund	1998 M/F (Volente Project)	1.19	11/01/02	12/01/02	64,285.31	64,285.31	65,829.51				130,114.82	130,114.82	-	0.00
					144,709.51	144,709.51	200,911.89	0.00	0.00	0.00	345,621.40	345,621.40	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory)	1.19	11/01/02	12/01/02	62,500.00	62,500.00	6,250.00				68,750.00	68,750.00	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory)	1.19	11/01/02	12/01/02	252,085.54	252,085.54	72,000.00				324,085.54	324,085.54	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory)	1.19	11/01/02	12/01/02	13,551.29	13,551.29	104,811.99				118,363.28	118,363.28	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory)	1.19	11/01/02	12/01/02	250.68	250.68	12,474.76				12,725.44	12,725.44	-	0.00
Invst Agmt	1998 M/F (Greens-Hickory)	4.94	03/22/01	09/01/30	74,285.15	74,285.15		(65,300.00)			8,985.15	8,985.15	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory)	1.19	11/01/02	12/01/02	1,151.12	1,151.12	55,932.21				57,083.33	57,083.33	-	0.00
Invst Agmt	1998 M/F (Greens-Hickory)	4.94	09/10/98	09/01/30	318,673.33	318,673.33		(302,672.00)			16,001.33	16,001.33	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory)	1.19	11/01/02	12/01/02	45,631.90	45,631.90		(23,076.92)			22,554.98	22,554.98	-	0.00
Invst Agmt	1998 M/F (Greens-Hickory)	4.94	03/22/01	09/01/30	6,450.00	6,450.00	0.00				6,450.00	6,450.00	-	0.00
					774,579.01	774,579.01	251,468.96	(391,048.92)	0.00	0.00	634,999.05	634,999.05	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.91	11/01/02	12/01/02	154,294.94	154,294.94	66,644.32				220,939.26	220,939.26	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.91	11/01/02	12/01/02	1.78	1.78	0.00				1.78	1.78	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.91	11/01/02	12/01/02	8,804.76	8,804.76	4,882.02				13,686.78	13,686.78	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.91	11/01/02	12/01/02	59,904.88	59,904.88		(30,589.50)			29,315.38	29,315.38	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.91	11/01/02	12/01/02	38,962.49	38,962.49		(38,666.52)			295.97	295.97	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.91	11/01/02	12/01/02	161,789.51	161,789.51		(161,469.22)			320.29	320.29	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.91	11/01/02	12/01/02	0.16	0.16	0.00				0.16	0.16	-	0.00
					423,758.52	423,758.52	71,526.34	(230,725.24)	0.00	0.00	264,559.62	264,559.62	0.00	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.91	11/01/02	12/01/02	26,370.49	26,370.49	1,804.10				28,174.59	28,174.59	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	1.19	11/01/02	12/01/02	45,836.00	45,836.00	182.92				46,018.92	46,018.92	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.91	11/01/02	12/01/02	81.96	81.96	0.15				82.11	82.11	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.91	11/01/02	12/01/02	40,498.46	40,498.46		(35,696.10)			4,802.36	4,802.36	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.91	11/01/02	12/01/02	119,767.70	119,767.70	113,438.77				233,206.47	233,206.47	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.91	11/01/02	12/01/02	13.62	13.62	0.01				13.63	13.63	-	0.00
					232,568.23	232,568.23	115,425.95	(35,696.10)	0.00	0.00	312,298.08	312,298.08	0.00	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	1.19	11/01/02	12/01/02	13,276.22	13,276.22		(5,826.15)			7,450.07	7,450.07	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)				1.36	1.36		(1.36)					-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	1.19	11/01/02	12/01/02	2.33	2.33	0.00				2.33	2.33	-	0.00
					13,279.91	13,279.91	0.00	(5,827.51)	0.00	0.00	7,452.40	7,452.40	0.00	0.00
Mutual Fund	2000 A&B M/F (Hampton)	1.19	11/01/02	12/01/02	130,499.52	130,499.52		(50,539.41)			79,960.11	79,960.11	-	0.00
Mutual Fund	2000 A&B M/F (Hampton)	1.19	11/01/02	12/01/02	33,431.26	33,431.26	8,440.13				41,871.39	41,871.39	-	0.00
Mutual Fund	2000 A&B M/F (Hampton)	1.19	11/01/02	12/01/02	668.17	668.17	2.13				670.30	670.30	-	0.00
Mutual Fund	2000 A&B M/F (Hampton)	1.19	11/01/02	12/01/02	0.04	0.04	0.00				0.04	0.04	-	0.00
Mutual Fund	2000 A&B M/F (Hampton)	1.19	11/01/02	12/01/02	65,923.48	65,923.48	23,596.55				89,520.03	89,520.03	-	0.00
Mutual Fund	2000 A&B M/F (Hampton)	1.19	11/01/02	12/01/02	433.89	433.89	1.38				435.27	435.27	-	0.00
Mutual Fund	2000 A&B M/F (Hampton)	1.19	11/01/02	12/01/02	19,202.59	19,202.59	574.16				19,776.75	19,776.75	-	0.00
					250,158.95	250,158.95	32,614.35	(50,539.41)	0.00	0.00	232,233.89	232,233.89	0.00	0.00
Invst Agmt	2000 M/F (Deerwood Apts)	6.99	05/17/00	12/02/02	349,594.46	349,594.46	11,244.57				360,839.03	360,839.03	-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	1.19	11/01/02	12/01/02	18.63	18.63	651.00				669.63	669.63	-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	1.19	11/01/02	12/01/02			0.21				0.21	0.21	-	0.00
Invst Agmt	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	1,987.11	1,987.11	61.39				2,048.50	2,048.50	-	0.00
					351,600.20	351,600.20	11,957.17	0.00	0.00	0.00	363,557.37	363,557.37	0.00	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.91	11/01/02	12/01/02	2,365.20	2,365.20	11,018.61				13,383.81	13,383.81	-	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
Mutual Fund	2000 M/F (Creek Point Apts)	0.91	11/01/02	12/01/02	102.98	102.98		(97.11)			5.87	5.87	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.91	11/01/02	12/01/02	0.03	0.03	5.30				5.33	5.33	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.91	11/01/02	12/01/02	225.30	225.30	0.44				225.74	225.74	-	0.00
					2,693.51	2,693.51	11,024.35	(97.11)	0.00	0.00	13,620.75	13,620.75	0.00	0.00
Mutual Fund	2000 M/F (Parks/Westmrlnd)	1.19	11/01/02	12/01/02	10,045.71	10,045.71	7,464.94				17,510.65	17,510.65	-	0.00
Mutual Fund	2000 M/F (Parks/Westmrlnd)	1.19	11/01/02	12/01/02	31,330.62	31,330.62	12,600.83				43,931.45	43,931.45	-	0.00
Mutual Fund	2000 M/F (Parks/Westmrlnd)	1.19	11/01/02	12/01/02	10.75	10.75	0.03				10.78	10.78	-	0.00
Mutual Fund	2000 M/F (Parks/Westmrlnd)	1.19	11/01/02	12/01/02	256.75	256.75	0.82				257.57	257.57	-	0.00
Mutual Fund	2000 M/F (Parks/Westmrlnd)				458,248.41	458,248.41		(458,248.41)					-	0.00
Mutual Fund	2000 M/F (Parks/Westmrlnd)	1.19	11/01/02	12/01/02	64,373.58	64,373.58	533.97				64,907.55	64,907.55	-	0.00
Mutual Fund	2000 M/F (Parks/Westmrlnd)				220.87	220.87		(220.87)					-	0.00
Mutual Fund	2000 M/F (Parks/Westmrlnd)	1.19	11/01/02	12/01/02	111,654.11	111,654.11		(25,255.19)			86,398.92	86,398.92	-	0.00
					676,140.80	676,140.80	20,600.59	(483,724.47)	0.00	0.00	213,016.92	213,016.92	0.00	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.91	11/01/02	12/01/02	64,769.15	64,769.15	18,010.30				82,779.45	82,779.45	-	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.91	11/01/02	12/01/02	107,466.84	107,466.84		(57,119.54)			50,347.30	50,347.30	-	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.91	11/01/02	12/01/02	51,377.91	51,377.91		(40,017.41)			11,360.50	11,360.50	-	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.91	11/01/02	12/01/02	0.02	0.02	0.00				0.02	0.02	-	0.00
					223,613.92	223,613.92	18,010.30	(97,136.95)	0.00	0.00	144,487.27	144,487.27	0.00	0.00
Mutual Fund	2000 A-C MF Highlnd Mdows				78.75	78.75		(78.75)					-	0.00
Invst Agmt	2000 A-C MF Highlnd Mdows				111,855.44	111,855.44		(111,855.44)					-	0.00
Mutual Fund	2000 A-C MF Highlnd Mdows	0.91	11/01/02	12/01/02	21,475.47	21,475.47		(18,976.06)			2,499.41	2,499.41	-	0.00
					133,409.66	133,409.66	0.00	(130,910.25)	0.00	0.00	2,499.41	2,499.41	0.00	0.00
Mutual Fund	2000 A/B MF Greenbridge	1.19	11/01/02	12/01/02	12,140.81	12,140.81	6,666.66				6,666.66	6,666.66	-	0.00
Mutual Fund	2000 A/B MF Greenbridge				463,403.00	463,403.00		(113,693.98)			349,709.02	349,709.02	-	0.00
Invst Agmt	2000 A/B MF Greenbridge	6.15	11/09/00	11/01/40	1,241.19	1,241.19		(1,241.19)					-	0.00
Mutual Fund	2000 A/B MF Greenbridge				111,233.84	111,233.84		(111,233.84)					-	0.00
Mutual Fund	2000 A/B MF Greenbridge	1.19	11/01/02	12/01/02	79,842.42	79,842.42		(12,984.41)			66,858.01	66,858.01	-	0.00
Invst Agmt	2000 A/B MF Greenbridge	6.35	11/09/00	11/01/03	2,192,763.44	2,192,763.44		(12,140.81)			2,180,622.63	2,180,622.63	-	0.00
					2,860,624.70	2,860,624.70	6,666.66	(263,435.04)	0.00	0.00	2,603,856.32	2,603,856.32	0.00	0.00
Mutual Fund	2000 A-C MF Collingham Pk	0.91	11/01/02	12/01/02	224,765.17	224,765.17		(224,681.87)			83.30	83.30	-	0.00
Mutual Fund	2000 A-C MF Collingham Pk	0.91	11/01/02	12/01/02	103,979.06	103,979.06		(3,043.90)			100,935.16	100,935.16	-	0.00
					328,744.23	328,744.23	0.00	(227,725.77)	0.00	0.00	101,018.46	101,018.46	0.00	0.00
Mutual Fund	2000 A/B MF Willams Run	1.19	11/01/02	12/01/02	28,095.97	28,095.97	13,314.66				41,410.63	41,410.63	-	0.00
Mutual Fund	2000 A/B MF Willams Run	1.19	11/01/02	12/01/02	109,297.82	109,297.82		(59,636.17)			49,661.65	49,661.65	-	0.00
Mutual Fund	2000 A/B MF Willams Run	1.19	11/01/02	12/01/02	5,157.55	5,157.55		(4,759.77)			397.78	397.78	-	0.00
Mutual Fund	2000 A/B MF Willams Run	1.19	11/01/02	12/01/02	1,385.08	1,385.08	4.41				1,389.49	1,389.49	-	0.00
Mutual Fund	2000 A/B MF Willams Run	1.19	11/01/02	12/01/02	0.66	0.66	0.00				0.66	0.66	-	0.00
					143,937.08	143,937.08	13,319.07	(64,395.94)	0.00	0.00	92,860.21	92,860.21	0.00	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	1.19	11/01/02	12/01/02	11,540.70	11,540.70	36.73				11,577.43	11,577.43	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	1.19	11/01/02	12/01/02	2,806.40	2,806.40	8.93				2,815.33	2,815.33	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	1.19	11/01/02	12/01/02	12,597.71	12,597.71	5,350.46				17,948.17	17,948.17	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	1.19	11/01/02	12/01/02	2,834.14	2,834.14	11,345.26				14,179.40	14,179.40	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	1.19	11/01/02	12/01/02	83,951.29	83,951.29	27,385.18				111,336.47	111,336.47	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	1.19	11/01/02	12/01/02	32,679.59	32,679.59	42,084.69				74,764.28	74,764.28	-	0.00
					146,409.83	146,409.83	86,211.25	0.00	0.00	0.00	232,621.08	232,621.08	0.00	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.19	11/01/02	12/01/02	8,906.08	8,906.08		(8,340.13)			565.95	565.95	-	0.00
Invst Agmt	2001A MF Bluffview Sr. Apts.	4.27	05/03/01	02/28/03	2,531.40	2,531.40	27.12				2,558.52	2,558.52	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.19	11/01/02	12/01/02	5.04	5.04	172.00				177.04	177.04	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.91	11/01/02	12/01/02	1,951,371.07	1,951,371.07		(740,513.01)			1,210,858.06	1,210,858.06	-	0.00
Invst Agmt	2001A MF Bluffview Sr. Apts.	4.27	05/03/01	02/28/03	3,260.52	3,260.52	34.72				3,295.24	3,295.24	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.19	11/01/02	12/01/02	306,838.85	306,838.85		(202,931.49)			103,907.36	103,907.36	-	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
Invst Agmt	2001A MF Bluffview Sr. Apts.	4.27	05/04/01	02/28/03			0.21				0.21	0.21	-	0.00
					2,272,912.96	2,272,912.96	234.05	(951,784.63)	0.00	0.00	1,321,362.38	1,321,362.38	0.00	0.00
Mutual Fund	2001A MF Knollwood Villas	1.19	11/01/02	12/01/02	44,719.90	44,719.90	274.80				44,994.70	44,994.70	-	0.00
Invst Agmt	2001A MF Knollwood Villas	4.27	05/03/01	02/28/03	6,933,031.69	6,933,031.69		(6,317,463.42)			615,568.27	615,568.27	-	0.00
Mutual Fund	2001A MF Knollwood Villas	1.19	11/01/02	12/01/02	1.31	1.31	226.18				227.49	227.49	-	0.00
Mutual Fund	2001A MF Knollwood Villas	1.19	11/01/02	12/01/02	490,626.42	490,626.42	671,600.99				1,162,227.41	1,162,227.41	-	0.00
Invst Agmt	2001A MF Knollwood Villas	4.27	05/03/01	02/28/03	7,475.85	7,475.85	79.85				7,555.70	7,555.70	-	0.00
Mutual Fund	2001A MF Knollwood Villas	1.19	11/01/02	12/01/02	394,298.52	394,298.52		(260,784.64)			133,513.88	133,513.88	-	0.00
Invst Agmt	2001A MF Knollwood Villas	4.27	05/03/01	02/28/03			0.24				0.24	0.24	-	0.00
					7,870,153.69	7,870,153.69	672,182.06	(6,578,248.06)	0.00	0.00	1,964,087.69	1,964,087.69	0.00	0.00
Mutual Fund	2001A MF Skyway Villas	1.19	11/01/02	12/01/02	1,408.43	1,408.43	0.00				1,408.43	1,408.43	-	0.00
Mutual Fund	2001A MF Skyway Villas	1.19	11/01/02	12/01/02	80.41	80.41		(80.10)			0.31	0.31	-	0.00
Invst Agmt	2001A MF Skyway Villas	3.80	07/10/01	03/01/03	6,016,893.92	6,016,893.92		(3,448,629.58)			2,568,264.34	2,568,264.34	-	0.00
Mutual Fund	2001A MF Skyway Villas	1.19	11/01/02	12/01/02	29.77	29.77	5.97				35.74	35.74	-	0.00
					6,018,412.53	6,018,412.53	5.97	(3,448,709.68)	0.00	0.00	2,569,708.82	2,569,708.82	0.00	0.00
Mutual Fund	2001AB Cobb Park Apts	1.19	11/01/02	12/01/02	37.80	37.80	0.00				37.80	37.80	-	0.00
Invst Agmt	2001AB Cobb Park Apts	3.81	07/31/01	01/01/03	11,891.00	11,891.00	0.00				11,891.00	11,891.00	-	0.00
Mutual Fund	2001AB Cobb Park Apts	1.19	11/01/02	12/01/02	7,785.00	7,785.00		(4,915.54)			2,869.46	2,869.46	-	0.00
Invst Agmt	2001AB Cobb Park Apts	3.81	07/31/01	01/01/03	82,709.00	82,709.00		(58,893.00)			23,816.00	23,816.00	-	0.00
Mutual Fund	2001AB Cobb Park Apts	1.19	11/01/02	12/01/02	11,459.23	11,459.23		(6,576.05)			4,883.18	4,883.18	-	0.00
Invst Agmt	2001AB Cobb Park Apts	3.81	07/31/01	01/01/03	2,835,373.00	2,835,373.00		(2,003,456.00)			831,917.00	831,917.00	-	0.00
Mutual Fund	2001AB Cobb Park Apts	1.19	11/01/02	12/01/02			1.78				1.78	1.78	-	0.00
Mutual Fund	2001AB Cobb Park Apts	1.19	11/01/02	12/01/02	161.99	161.99		(0.02)			161.97	161.97	-	0.00
Invst Agmt	2001AB Cobb Park Apts	3.81	07/31/01	01/01/03	50,960.00	50,960.00	0.00				50,960.00	50,960.00	-	0.00
Mutual Fund	2001AB Cobb Park Apts	1.19	11/01/02	12/01/02	317.87	317.87		(0.04)			317.83	317.83	-	0.00
Invst Agmt	2001AB Cobb Park Apts	3.81	07/31/01	01/01/03	100,000.00	100,000.00	0.00				100,000.00	100,000.00	-	0.00
Mutual Fund	2001AB Cobb Park Apts	1.19	11/01/02	12/01/02	1,036.79	1,036.79		(555.77)			481.02	481.02	-	0.00
Invst Agmt	2001AB Cobb Park Apts	3.81	07/31/01	01/01/03	185,135.32	185,135.32		(121,498.46)			63,636.86	63,636.86	-	0.00
					3,286,867.00	3,286,867.00	1.78	(2,195,894.88)	0.00	0.00	1,090,973.90	1,090,973.90	0.00	0.00
Mutual Fund	2001A MF Greens Road Apts	1.40	11/01/02	12/01/02	17,474.50	17,474.50	0.00				17,474.50	17,474.50	-	0.00
Mutual Fund	2001A MF Greens Road Apts	1.19	11/01/02	12/01/02	125.40	125.40	65.44				190.84	190.84	-	0.00
Invst Agmt	2001A MF Greens Road Apts	4.01	09/14/01	06/01/34	1,528.03	1,528.03	0.00				1,528.03	1,528.03	-	0.00
Mutual Fund	2001A MF Greens Road Apts	1.40	11/01/02	12/01/02	0.36	0.36	0.00				0.36	0.36	-	0.00
Invst Agmt	2001A MF Greens Road Apts	3.41	09/14/01	11/01/02	181,589.48	181,589.48	3,354.24				184,943.72	184,943.72	-	0.00
Mutual Fund	2001A MF Greens Road Apts	1.40	11/01/02	12/01/02			4.07				4.07	4.07	-	0.00
Invst Agmt	2001A MF Greens Road Apts	3.41	09/14/01	11/01/02	1,450,904.33	1,450,904.33		(985,719.22)			465,185.11	465,185.11	-	0.00
Mutual Fund	2001A MF Greens Road Apts	1.19	11/01/02	12/01/02	84,147.69	84,147.69		(84,110.33)			37.36	37.36	-	0.00
					1,735,769.79	1,735,769.79	3,423.75	(1,069,829.55)	0.00	0.00	669,363.99	669,363.99	0.00	0.00
Mutual Fund	2001AB MF Meridian Apts	0.91	11/01/02	12/01/02	311,101.97	311,101.97		(296,742.86)			14,359.11	14,359.11	-	0.00
Invst Agmt	2001AB MF Meridian Apts	3.77	09/25/01	02/01/04	1,310,668.42	1,310,668.42		(1,165,610.78)			145,057.64	145,057.64	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.91	11/01/02	12/01/02	330,238.42	330,238.42		(305,055.02)			25,183.40	25,183.40	-	0.00
Invst Agmt	2001AB MF Meridian Apts	3.77	09/25/01	02/01/04	1,570,995.00	1,570,995.00		(569,181.00)			1,001,814.00	1,001,814.00	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.91	11/01/02	12/01/02	0.01	0.01	335,081.25				335,081.26	335,081.26	-	0.00
					3,523,003.82	3,523,003.82	335,081.25	(2,336,589.66)	0.00	0.00	1,521,495.41	1,521,495.41	0.00	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.91	11/01/02	12/01/02	202,310.35	202,310.35		(86,313.74)			115,996.61	115,996.61	-	0.00
Invst Agmt	2001AB MF Wildwood Branch	3.75	09/25/01	02/01/04	2,263,500.75	2,263,500.75	0.00				2,263,500.75	2,263,500.75	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.91	11/01/02	12/01/02	312,298.08	312,298.08		(312,255.76)			42.32	42.32	-	0.00
Invst Agmt	2001AB MF Wildwood Branch	3.75	09/25/01	02/01/04	8,642,911.83	8,642,911.83		(3,721,321.79)			4,921,590.04	4,921,590.04	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.91	11/01/02	12/01/02	612.23	612.23	12.61				624.84	624.84	-	0.00
Invst Agmt	2001AB MF Wildwood Branch	3.75	09/06/02	10/15/34			329,807.50				329,807.50	329,807.50	-	0.00
					11,421,633.24	11,421,633.24	329,820.11	(4,119,891.29)	0.00	0.00	7,631,562.06	7,631,562.06	0.00	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.40	11/01/02	12/01/02	5,586,040.33	5,586,040.33		(3,868,603.28)			1,717,437.05	1,717,437.05	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.91	11/01/02	12/01/02	12,094.65	12,094.65	36.36				12,131.01	12,131.01	-	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
Mutual Fund	2001ABC MF Fallbrook Apts	1.40	11/01/02	12/01/02	647,173.56	647,173.56		(223,457.08)			423,716.48	423,716.48	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.40	11/01/02	12/01/02	91,592.38	91,592.38	281.40				91,873.78	91,873.78	-	0.00
					6,336,900.92	6,336,900.92	317.76	(4,092,060.36)	0.00	0.00	2,245,158.32	2,245,158.32	0.00	0.00
Mutual Fund	2001 MF Oak Hollow Apts	1.19	11/01/02	12/01/02	163.54	163.54	38,606.46				38,770.00	38,770.00	-	0.00
Invst Agmt	2001 MF Oak Hollow Apts	2.20	12/18/01	08/01/03	534.07	534.07	1,784,593.54				1,785,127.61	1,785,127.61	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	1.19	11/01/02	12/01/02			1,409,943.00				1,409,943.00	1,409,943.00	-	0.00
Invst Agmt	2001 MF Oak Hollow Apts	2.20	12/18/01	08/01/03	4,272,879.17	4,272,879.17		(3,450,760.24)			822,118.93	822,118.93	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	1.19	11/01/02	12/01/02	1,063.86	1,063.86		(221.15)			842.71	842.71	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	1.19	11/01/02	12/01/02	57,077.30	57,077.30	21,786.11				78,863.41	78,863.41	-	0.00
Invst Agmt	2001 MF Oak Hollow Apts	2.20	12/18/01	08/01/03	506,920.39	506,920.39		(167,558.25)			339,362.14	339,362.14	-	0.00
					4,838,638.33	4,838,638.33	3,254,929.11	(3,618,539.64)	0.00	0.00	4,475,027.80	4,475,027.80	0.00	0.00
Invst Agmt	2001AB MF Hillside Apts	2.20	12/18/01	08/01/03	157,417.00	157,417.00	0.00				157,417.00	157,417.00	-	0.00
Mutual Fund	2001AB MF Hillside Apts	1.19	11/01/02	12/01/02	2.25	2.25	0.00				2.25	2.25	-	0.00
Invst Agmt	2001AB MF Hillside Apts	2.20	12/18/01	08/01/03	7,535,599.73	7,535,599.73		(6,902,521.97)			633,077.76	633,077.76	-	0.00
Mutual Fund	2001AB MF Hillside Apts	1.19	11/01/02	12/01/02	1,508.62	1,508.62		(363.72)			1,144.90	1,144.90	-	0.00
Mutual Fund	2001AB MF Hillside Apts	1.19	11/01/02	12/01/02	5.13	5.13	2,670,800.00				2,670,805.13	2,670,805.13	-	0.00
Invst Agmt	2001AB MF Hillside Apts	2.20	12/18/01	08/01/03	68,545.74	68,545.74		(48,516.38)			20,029.36	20,029.36	-	0.00
Mutual Fund	2001AB MF Hillside Apts	1.19	11/01/02	12/01/02	104,943.63	104,943.63	37,004.81				141,948.44	141,948.44	-	0.00
Invst Agmt	2001AB MF Hillside Apts	2.20	12/18/01	08/01/03	682,949.18	682,949.18		(252,290.48)			430,658.70	430,658.70	-	0.00
					8,550,971.28	8,550,971.28	2,707,804.81	(7,203,692.55)	0.00	0.00	4,055,083.54	4,055,083.54	0.00	0.00
Mutual Fund	2002A MF Millstone Apts				33.78	33.78		(33.78)					-	0.00
GICs	2002A MF Millstone Apts	1.92	01/30/02	07/31/03	11,081,464.18	11,081,464.18		(5,194,558.81)			5,886,905.37	5,886,905.37	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.60	11/01/02	12/01/02	0.10	0.10	0.00				0.10	0.10	-	0.00
GICs	2002A MF Millstone Apts	1.92	01/30/02	07/31/03	196,302.78	196,302.78	0.00				196,302.78	196,302.78	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.60	11/01/02	12/01/02	21,844.68	21,844.68		(7,762.14)			14,082.54	14,082.54	-	0.00
					11,299,645.52	11,299,645.52	0.00	(5,202,354.73)	0.00	0.00	6,097,290.79	6,097,290.79	0.00	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.60	11/01/02	12/01/02	127,578.48	127,578.48	274.45				127,852.93	127,852.93	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.60	11/01/02	12/01/02	5,846,630.49	5,846,630.49		(3,912,617.02)			1,934,013.47	1,934,013.47	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.60	11/01/02	12/01/02	83,280.33	83,280.33	178.76				83,459.09	83,459.09	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.60	11/01/02	12/01/02	906,764.05	906,764.05	1,946.44				908,710.49	908,710.49	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.60	11/01/02	12/01/02	49,447.76	49,447.76	106.33				49,554.09	49,554.09	-	0.00
					7,013,701.11	7,013,701.11	2,505.98	(3,912,617.02)	0.00	0.00	3,103,590.07	3,103,590.07	0.00	0.00
Mutual Fund	2002 MF West Oaks Apts	1.19	11/01/02	12/01/02	0.69	0.69	0.00				0.69	0.69	-	0.00
Invst Agmt	2002 MF West Oaks Apts	1.94	02/08/02	12/26/02	6,807,471.68	6,807,471.68		(3,943,465.22)			2,864,006.46	2,864,006.46	-	0.00
Mutual Fund	2002 MF West Oaks Apts	1.19	11/01/02	12/01/02	22.73	22.73	0.06				22.79	22.79	-	0.00
Invst Agmt	2002 MF West Oaks Apts	1.94	02/08/02	12/26/02	1.86	1.86	0.00				1.86	1.86	-	0.00
Mutual Fund	2002 MF West Oaks Apts	1.19	11/01/02	12/01/02			2.18				2.18	2.18	-	0.00
Invst Agmt	2002 MF West Oaks Apts	1.94	02/08/02	12/26/02	399,452.94	399,452.94		(158,280.26)			241,172.68	241,172.68	-	0.00
					7,206,949.90	7,206,949.90	2.24	(4,101,745.48)	0.00	0.00	3,105,206.66	3,105,206.66	0.00	0.00
Mutual Fund	2002 MF Park Meadows Apts	0.91	11/01/02	12/01/02	25,124.75	25,124.75	155,103.25				180,228.00	180,228.00	-	0.00
Mutual Fund	2002 MF Park Meadows Apts	0.91	11/01/02	12/01/02	4,600,983.19	4,600,983.19		(2,012,048.55)			2,588,934.64	2,588,934.64	-	0.00
Mutual Fund	2002 MF Park Meadows Apts	0.91	11/01/02	12/01/02	50,473.66	50,473.66	151.78				50,625.44	50,625.44	-	0.00
					4,676,581.60	4,676,581.60	155,255.03	(2,012,048.55)	0.00	0.00	2,819,788.08	2,819,788.08	0.00	0.00
Invst Agmt	2002 MF Clarkridge Villas Apts	1.60	09/05/02	01/02/04			61,369.00				61,369.00	61,369.00	-	0.00
Invst Agmt	2002 MF Clarkridge Villas Apts	1.60	09/05/02	01/02/04			11,328,472.00				11,328,472.00	11,328,472.00	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	1.19	11/01/02	12/01/02			2,968.26				2,968.26	2,968.26	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	1.19	11/01/02	12/01/02			110,149.04				110,149.04	110,149.04	-	0.00
Invst Agmt	2002 MF Clarkridge Villas Apts	1.60	09/05/02	01/02/04			976,662.70				976,662.70	976,662.70	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	1.19	11/01/02	12/01/02			2,649.03				2,649.03	2,649.03	-	0.00
					0.00	0.00	12,482,270.03	0.00	0.00	0.00	12,482,270.03	12,482,270.03	0.00	0.00
Invst Agmt	2002 MF Hickory Trace Apts	1.32	11/08/02	01/01/05			10,048.00				10,048.00	10,048.00	-	0.00
Invst Agmt	2002 MF Hickory Trace Apts	1.32	11/08/02	01/01/05			9,698,365.00				9,698,365.00	9,698,365.00	-	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
Invst Agmt	2002 MF Hickory Trace Apts	1.32	11/08/02	01/01/05			1,175,000.00				1,175,000.00	1,175,000.00	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	1.19	11/01/02	12/01/02			8,550.00				8,550.00	8,550.00	-	0.00
Invst Agmt	2002 MF Hickory Trace Apts	1.32	11/08/02	01/01/05			1,730.00				1,730.00	1,730.00	-	0.00
					0.00	0.00	10,893,693.00	0.00	0.00	0.00	10,893,693.00	10,893,693.00	0.00	0.00
Invst Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04			3,117.80				3,117.80	3,117.80	-	0.00
Invst Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04			11,977,087.04				11,977,087.04	11,977,087.04	-	0.00
Invst Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04			215,000.00				215,000.00	215,000.00	-	0.00
Invst Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04			5,000.00				5,000.00	5,000.00	-	0.00
					0.00	0.00	12,200,204.84	0.00	0.00	0.00	12,200,204.84	12,200,204.84	0.00	0.00
Invst Agmt	2002 MF Ironwood Apts	1.58	11/01/02	12/01/02			866,764.00				866,764.00	866,764.00	-	0.00
Invst Agmt	2002 MF Ironwood Apts	1.58	11/01/02	12/01/02			11,712,375.00				11,712,375.00	11,712,375.00	-	0.00
Invst Agmt	2002 MF Ironwood Apts	1.58	11/01/02	12/01/02			569,946.00				569,946.00	569,946.00	-	0.00
Invst Agmt	2002 MF Ironwood Apts	1.58	11/01/02	12/01/02			1,983,812.00				1,983,812.00	1,983,812.00	-	0.00
Mutual Fund	2002 MF Ironwood Apts	1.19	11/01/02	12/01/02			7,000.00				7,000.00	7,000.00	-	0.00
					0.00	0.00	15,139,897.00	0.00	0.00	0.00	15,139,897.00	15,139,897.00	0.00	0.00
<b>Total Multi-Family Investment Summary</b>					104,771,240.37	104,771,240.37	62,127,374.86	(53,070,703.81)	0.00	0.00	113,827,911.42	113,827,911.42	0.00	0.00

**Texas Department of Housing and Community Affairs  
Single Family Collateralized Home Mortgage Revenue Bonds Series 1993 Investment Summary  
For Period Ending November 30, 2002**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	7,277.18	7,277.18	29.69				7,306.87	7,306.87	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	63,470.94	63,470.94		(1,484.01)			61,986.93	61,986.93	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	290,846.72	290,846.72		(203,840.71)			87,006.01	87,006.01	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	127,235.32	127,235.32		(12,251.13)			114,984.19	114,984.19	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	280,081.39	280,081.39		(11,310.99)			268,770.40	268,770.40	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	268,604.21	268,604.21	222,641.63				491,245.84	491,245.84	-	0.00
FNMA	1993 SF MRB CHMRB	6.10	06/30/94	06/01/24	496,266.39	496,266.39			(3,453.31)		492,813.08	492,813.08	-	0.00
FNMA	1993 SF MRB CHMRB	6.90	08/17/94	08/01/24	690,527.61	696,483.44			(53,504.32)		637,023.29	642,550.28	(428.84)	0.00
FNMA	1993 SF MRB CHMRB	6.97	08/17/94	07/01/24	771,938.55	778,920.23			(10,576.55)		761,362.00	768,283.43	(60.25)	0.00
FNMA	1993 SF MRB CHMRB	7.06	08/17/94	07/01/24	613,920.80	617,926.57			(48,438.45)		565,482.35	569,178.93	(309.19)	0.00
FNMA	1993 SF MRB CHMRB	6.90	05/26/95	01/01/25	240,964.95	240,319.97			(1,092.96)		239,871.99	239,232.63	5.62	0.00
FNMA	1993 SF MRB CHMRB	6.97	08/15/95	04/01/25	62,914.10	62,914.10			(287.57)		62,626.53	62,626.53	-	0.00
FNMA	1993 SF MRB CHMRB	7.10	08/15/95	05/01/25	336,988.97	336,988.97			(10,480.68)		326,508.29	326,508.29	-	0.00
GNMA	1993 SF MRB CHMRB	6.10	06/30/94	06/20/24	4,300,402.58	4,481,143.86			(28,829.11)		4,271,573.47	4,465,659.06	13,344.31	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/17/94	08/20/24	5,147,788.58	5,440,253.91			(184,906.39)		4,962,882.19	5,270,301.90	14,954.38	0.00
GNMA	1993 SF MRB CHMRB	6.97	08/17/94	08/20/24	4,727,543.67	5,001,127.67			(269,705.76)		4,457,837.91	4,738,971.92	7,550.01	0.00
GNMA	1993 SF MRB CHMRB	7.06	08/17/94	08/20/24	1,886,496.79	2,003,914.24			(14,778.77)		1,871,718.02	2,005,782.52	16,647.05	0.00
GNMA	1993 SF MRB CHMRB	6.10	01/27/95	10/20/24	569,528.81	593,748.45			(3,165.45)		566,363.36	592,377.70	1,794.70	0.00
GNMA	1993 SF MRB CHMRB	6.97	02/16/95	12/20/24	1,694,604.12	1,794,265.15			(158,933.96)		1,535,670.16	1,633,601.13	(1,730.06)	0.00
GNMA	1993 SF MRB CHMRB	6.90	03/30/95	02/20/25	376,004.75	396,943.40			(73,386.05)		302,618.70	321,112.90	(2,444.45)	0.00
GNMA	1993 SF MRB CHMRB	7.06	03/30/95	12/20/24	280,007.76	297,583.44			(4,945.80)		275,061.96	294,920.65	2,283.01	0.00
GNMA	1993 SF MRB CHMRB	6.97	06/01/95	05/20/25	329,937.01	348,880.06			(60,048.94)		269,888.07	287,470.53	(1,360.59)	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/15/95	02/20/25	55,788.11	58,930.28			(246.57)		55,541.54	58,971.42	287.71	0.00
GNMA	1993 SF MRB CHMRB	7.06	06/29/95	04/20/25	295,186.15	313,577.11			(63,526.35)		231,659.80	248,223.64	(1,827.12)	0.00
GNMA	1993 SF MRB CHMRB	7.10	06/29/95	05/20/25	1,088,652.93	1,155,919.29			(159,012.97)		929,639.96	995,584.22	(1,322.10)	0.00
GNMA	1993 SF MRB CHMRB	7.06	08/15/95	06/20/25	262,431.46	278,555.38			(75,633.85)		186,797.61	199,990.90	(2,930.63)	0.00
GNMA	1993 SF MRB CHMRB	7.10	08/15/95	08/20/25	1,589,671.14	1,689,188.14			(8,183.20)		1,581,487.94	1,694,978.75	13,973.81	0.00
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	1.06	1.06	0.00				1.06	1.06	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	4.60	4.60	0.00				4.60	4.60	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	343.56	343.56	1.43				344.99	344.99	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	2.71	2.71	0.00				2.71	2.71	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.32	11/27/02	12/02/02	4.60	4.60	0.00				4.60	4.60	-	0.00
					26,855,437.52	28,121,722.34	222,672.75	(228,886.84)	(1,233,137.01)	0.00	25,616,086.42	26,940,798.61	58,427.37	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
<b>Total 1993 SF MRB CHMRB Investment Summary</b>					26,855,437.52	28,121,722.34	222,672.75	(228,886.84)	(1,233,137.01)	0.00	25,616,086.42	26,940,798.61	58,427.37	0.00

**Texas Department of Housing and Community Affairs  
Single Family Collateralized Home Mortgage Revenue Bonds Series 1994 and 1995 Investment Summary  
For Period Ending November 30, 2002**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
Repo Agmt	1994 SF MRB CHMRB	1.32	11/27/02	12/02/02	13,819.60	13,819.60	56.49				13,876.09	13,876.09	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.32	11/27/02	12/02/02	6,993.07	6,993.07	28.57				7,021.64	7,021.64	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.32	11/27/02	12/02/02	565,376.66	565,376.66		(242,140.06)			323,236.60	323,236.60	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.32	11/27/02	12/02/02	473.46	473.46	75,989.44				76,462.90	76,462.90	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.32	11/27/02	12/02/02	825.30	825.30	5,651.30				6,476.60	6,476.60	-	0.00
GICs	1994 SF MRB CHMRB	6.42	04/26/95	11/01/26	399,801.09	399,801.09	78,487.86				478,288.95	478,288.95	-	0.00
GICs	1994 SF MRB CHMRB	6.05	06/27/96	11/01/26	338,646.95	338,646.95		(40,363.09)			298,283.86	298,283.86	-	0.00
FNMA	1994 SF MRB CHMRB	7.10	06/29/95	04/01/25	1,222,486.17	1,222,485.60			(43,075.60)		1,179,410.57	1,179,429.10	19.10	0.00
FNMA	1994 SF MRB CHMRB	7.10	07/28/95	05/01/25	392,843.67	392,843.67			(62,678.66)		330,165.01	330,165.01	-	0.00
FNMA	1994 SF MRB CHMRB	6.70	08/30/95	07/01/25	779,683.99	779,684.34			(58,905.27)		720,778.72	721,141.54	362.47	0.00
FNMA	1994 SF MRB CHMRB	7.10	08/30/95	06/01/25	39,312.65	39,312.64			(713.16)		38,599.49	38,601.69	2.21	0.00
FNMA	1994 SF MRB CHMRB	6.70	09/19/95	08/01/25	674,074.65	674,074.65			(110,343.42)		563,731.23	563,731.23	-	0.00
FNMA	1994 SF MRB CHMRB	7.10	09/28/95	07/01/25	95,121.38	95,121.38			(1,338.75)		93,782.63	93,782.63	-	0.00
FNMA	1994 SF MRB CHMRB	6.70	01/12/96	11/01/25	663,751.74	663,751.70			(54,096.76)		609,654.98	609,666.65	11.71	0.00
FNMA	1994 SF MRB CHMRB	7.10	01/30/96	09/01/25	365,491.16	365,491.02			(142,160.30)		223,330.86	223,348.99	18.27	0.00
FNMA	1994 SF MRB CHMRB	7.10	02/28/96	09/01/25	136,237.85	136,237.76			(575.22)		135,662.63	135,663.93	1.39	0.00
FNMA	1994 SF MRB CHMRB	7.10	02/28/96	05/01/25	148,473.19	148,473.24			(622.63)		147,850.56	147,851.66	1.05	0.00
FNMA	1994 SF MRB CHMRB	6.70	03/28/96	10/01/25	164,670.07	164,670.03			(887.04)		163,783.03	163,784.46	1.47	0.00
FNMA	1994 SF MRB CHMRB	6.70	07/30/96	07/01/25	241,855.41	252,920.50			(1,169.06)		240,686.35	252,701.60	950.16	0.00
FNMA	1994 SF MRB CHMRB	7.10	08/29/96	08/01/26	371,103.03	393,486.39			(72,911.13)		298,191.90	317,444.80	(3,130.46)	0.00
FNMA	1994 SF MRB CHMRB	6.70	09/16/96	06/01/26	149,549.03	156,135.84			(672.29)		148,876.74	156,053.28	589.73	0.00
FNMA	1994 SF MRB CHMRB	6.70	11/14/96	07/01/26	267,800.88	280,249.81			(1,301.78)		266,499.10	279,765.42	817.39	0.00
FNMA	1994 SF MRB CHMRB	6.72	02/13/97	11/01/26	263,926.81	277,002.82			(15,322.41)		248,604.40	261,738.35	57.94	0.00
FNMA	1994 SF MRB CHMRB	7.10	03/27/97	01/01/26	105,573.39	111,989.44			(466.89)		105,106.50	112,023.09	500.54	0.00
FNMA	1994 SF MRB CHMRB	6.72	05/15/97	12/01/26	555,338.42	586,748.39			(54,540.62)		500,797.80	530,778.64	(1,429.13)	0.00
GNMA	1994 SF MRB CHMRB	7.10	06/29/95	05/20/25	5,986,543.26	6,353,336.63			(204,823.37)		5,781,719.89	6,189,246.59	40,733.33	0.00
GNMA	1994 SF MRB CHMRB	7.10	07/28/95	07/20/25	2,025,510.06	2,151,553.76			(231,887.38)		1,793,622.68	1,921,952.85	2,286.47	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/30/95	08/20/25	5,026,846.64	5,286,804.36			(277,335.37)		4,749,511.27	5,021,332.63	11,863.64	0.00
GNMA	1994 SF MRB CHMRB	6.70	12/01/99	06/20/25	624,779.86	659,639.84			(131,050.08)		493,729.78	525,659.97	(2,929.79)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/30/95	07/20/25	1,429,666.99	1,519,249.08			(139,798.78)		1,289,868.21	1,382,833.47	3,383.17	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/30/95	08/20/25	1,267,853.29	1,334,048.57			(82,301.69)		1,185,551.60	1,253,883.98	2,137.10	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/30/95	08/20/25	647,071.90	687,584.90			(64,121.43)		582,950.47	624,791.86	1,328.39	0.00
GNMA	1994 SF MRB CHMRB	7.10	09/19/95	08/20/25	486,359.16	516,631.61			(2,698.53)		483,660.63	518,191.00	4,257.92	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/19/95	09/20/25	1,205,823.91	1,269,754.94			(153,346.88)		1,052,477.03	1,113,999.16	(2,408.90)	0.00
GNMA	1994 SF MRB CHMRB	7.10	09/28/95	08/20/25	121,172.76	128,707.00			(4,915.00)		116,257.76	124,561.15	769.15	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/28/95	09/20/25	1,202,370.90	1,266,077.57			(84,769.63)		1,117,601.27	1,182,884.16	1,576.22	0.00
FNMA	1994 SF MRB CHMRB	6.72	09/18/97	11/01/26	109,512.18	115,866.01			(1,323.29)		108,188.89	114,923.12	380.40	0.00
GNMA	1994 SF MRB CHMRB	6.70	07/30/96	06/20/26	209,597.40	220,348.58			(853.93)		208,743.47	220,623.20	1,128.55	0.00
GNMA	1994 SF MRB CHMRB	6.70	01/12/96	11/20/25	2,105,852.74	2,216,191.49			(225,764.87)		1,880,087.87	1,989,324.54	(1,102.08)	0.00
GNMA	1994 SF MRB CHMRB	7.10	01/30/96	10/20/25	1,297,451.19	1,377,375.88			(117,339.55)		1,180,111.64	1,263,600.93	3,564.60	0.00
GNMA	1994 SF MRB CHMRB	7.10	02/28/96	12/20/25	305,600.21	324,161.64			(1,525.31)		304,074.90	325,323.46	2,687.13	0.00
GNMA	1994 SF MRB CHMRB	6.70	02/28/96	01/20/26	698,161.45	733,991.97			(95,157.34)		603,004.11	637,843.64	(990.99)	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/15/96	07/20/26	535,609.75	562,446.51			(143,315.53)		392,294.22	414,641.79	(4,489.19)	0.00
GNMA	1994 SF MRB CHMRB	6.70	05/30/96	11/20/25	579,602.07	608,595.47			(3,621.66)		575,980.41	607,911.10	2,937.29	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/15/96	08/20/26	1,209,115.86	1,282,054.46			(239,766.26)		969,349.60	1,036,757.72	(5,530.48)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/29/96	08/20/26	919,142.22	974,788.59			(4,023.38)		915,118.84	978,957.34	8,192.13	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/16/96	08/20/26	839,423.81	883,039.93			(189,640.71)		649,783.10	687,837.85	(5,561.37)	0.00
GNMA	1994 SF MRB CHMRB	6.70	11/14/96	10/20/26	476,232.11	500,976.96			(89,142.22)		387,089.89	409,379.67	(2,455.07)	0.00
GNMA	1994 SF MRB CHMRB	6.70	12/01/99	06/20/26	140,190.88	149,772.10			(39,726.98)		100,463.90	108,967.53	(1,077.59)	0.00
GNMA	1994 SF MRB CHMRB	6.72	11/18/96	10/20/26	4,731,351.54	4,973,980.17			(218,034.82)		4,513,316.72	4,771,070.14	15,124.79	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
GNMA	1994 SF MRB CHMRB	6.72	01/16/97	12/20/26	1,305,772.67	1,372,807.84			(56,081.62)		1,249,691.05	1,320,850.08	4,123.86	0.00
GNMA	1994 SF MRB CHMRB	7.10	01/30/97	12/20/26	577,665.62	613,177.06			(82,962.28)		494,703.34	530,543.21	328.43	0.00
GNMA	1994 SF MRB CHMRB	7.10	03/27/97	03/20/27	476,438.50	504,962.13			(75,771.01)		400,667.49	428,496.97	(694.15)	0.00
GNMA	1994 SF MRB CHMRB	6.72	05/15/97	01/20/27	1,186,565.28	1,246,075.17			(6,665.59)		1,179,899.69	1,245,952.80	6,543.22	0.00
GNMA	1994 SF MRB CHMRB	6.70	07/30/97	06/20/27	1,177,524.41	1,236,790.19			(166,759.48)		1,010,764.93	1,067,519.20	(2,511.51)	0.00
GNMA	1994 SF MRB CHMRB	6.72	09/18/97	09/20/27	1,521,428.55	1,597,481.78			(134,280.31)		1,387,148.24	1,465,775.83	2,574.36	0.00
GICs	1994 SF MRB CHMRB	6.05	06/27/96	11/01/26	74,426.45	74,426.45	0.00				74,426.45	74,426.45	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.32	11/27/02	12/02/02	544.09	544.09	2.35				546.44	546.44	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.32	11/27/02	12/02/02	416.80	416.80	1.60				418.40	418.40	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.32	11/27/02	12/02/02	79.35	79.35	0.04				79.39	79.39	-	0.00
					48,464,933.48	50,810,354.23	160,217.65	(282,503.15)	(3,890,585.27)	0.00	44,452,062.71	46,882,426.33	84,942.87	0.00
Repo Agmt	1995 A/B SF MR Rfng Bonds	1.32	11/27/02	12/02/02	172,549.95	172,549.95		(77,488.55)			95,061.40	95,061.40	-	0.00
GNMA	1995 A/B SF MR Rfng Bonds	7.10	06/29/95	06/20/25	2,581,902.79	2,741,923.62			(122,547.70)		2,459,355.09	2,634,884.53	15,508.61	0.00
GNMA	1995 A/B SF MR Rfng Bonds	7.10	02/28/96	07/01/25	317,557.09	337,529.25			(1,384.60)		316,172.49	338,952.68	2,808.03	0.00
Repo Agmt	1995 A/B SF MR Rfng Bonds	1.32	11/27/02	12/02/02	979.62	979.62	4.04				983.66	983.66	-	0.00
					3,072,989.45	3,252,982.44	4.04	(77,488.55)	(123,932.30)	0.00	2,871,572.64	3,069,882.27	18,316.64	0.00
<b>Total 1994/1995 SF MRB CHMRB Investment Summary</b>					51,537,922.93	54,063,336.67	160,221.69	(359,991.70)	(4,014,517.57)	0.00	47,323,635.35	49,952,308.60	103,259.51	0.00

**Texas Department of Housing and Community Affairs  
Comm Paper Investment Summary  
For Period Ending November 30, 2002**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
Repo Agmt	Commercial Paper	1.32	11/27/02	12/02/02	82,098.19	82,098.19	2,223.31				84,321.50	84,321.50	-	0.00
GICs	Commercial Paper				6,325,000.00	6,325,000.00		(6,325,000.00)					-	0.00
GICs	Commercial Paper	2.45	10/15/02	02/18/03	5,775,000.00	5,775,000.00	6,325,000.00				12,100,000.00	12,100,000.00	-	0.00
					12,182,098.19	12,182,098.19	6,327,223.31	(6,325,000.00)	0.00	0.00	12,184,321.50	12,184,321.50	0.00	0.00
<b>Total Commercial Paper Investment Summary</b>					12,182,098.19	12,182,098.19	6,327,223.31	(6,325,000.00)	0.00	0.00	12,184,321.50	12,184,321.50	0.00	0.00

**Texas Department of Housing and Community Affairs  
General Fund Investment Summary  
For Period Ending November 30, 2002**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
Repo Agmt	General Fund				71,084.19	71,084.19		(71,084.19)					-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	2,475,910.98	2,475,910.98	10,118.42				2,486,029.40	2,486,029.40	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	2,360,701.14	2,360,701.14		(23,936.44)			2,336,764.70	2,336,764.70	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	1,984,181.06	1,984,181.06	155,635.32				2,139,816.38	2,139,816.38	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	559,989.13	559,989.13	16,542.49				576,531.62	576,531.62	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	303,373.96	303,373.96	1,239.78				304,613.74	304,613.74	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	518,210.31	518,210.31	2,117.78				520,328.09	520,328.09	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	587,683.54	587,683.54	2,401.71				590,085.25	590,085.25	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02			80,507.78				80,507.78	80,507.78	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	20,999.68	20,999.68	10,025.40				31,025.08	31,025.08	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	610,811.21	610,811.21	2,496.25				613,307.46	613,307.46	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	239,235.80	239,235.80	254,540.43				493,776.23	493,776.23	-	0.00
Repo Agmt	General Fund	1.32	11/27/02	12/02/02	126,979.90	126,979.90	4,326.85				131,306.75	131,306.75	-	0.00
					9,859,160.90	9,859,160.90	539,952.21	(95,020.63)	0.00	0.00	10,304,092.48	10,304,092.48	0.00	0.00
<b>Total General Fund Investment Summary</b>					9,859,160.90	9,859,160.90	539,952.21	(95,020.63)	0.00	0.00	10,304,092.48	10,304,092.48	0.00	0.00

**Texas Department of Housing and Community Affairs**



Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
<b>Housing Trust Fund Investment Summary For Period Ending November 30, 2002</b>														
Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
Repo Agmt	Housing Assistance Fund	1.32	11/27/02	12/02/02	462,364.63	462,364.63	19,565.12				481,929.75	481,929.75	-	0.00
Repo Agmt	Housing Trust Fund	1.32	11/27/02	12/02/02	2,847,571.84	2,847,571.84		(1,785,810.93)			1,061,760.91	1,061,760.91	-	0.00
Repo Agmt	Housing Trust Fund	1.32	11/27/02	12/02/02	813,132.48	813,132.48	3,275.80				816,408.28	816,408.28	-	0.00
Repo Agmt	Housing Trust Fund	1.32	11/27/02	12/02/02	96,361.71	96,361.71	19,516.09				115,877.80	115,877.80	-	0.00
Repo Agmt	Housing Trust Fund	1.32	11/27/02	12/02/02	587,802.95	587,802.95	2,362.47				590,165.42	590,165.42	-	0.00
Repo Agmt	Housing Trust Fund	1.32	11/27/02	12/02/02	24,625.04	24,625.04	79.75				24,704.79	24,704.79	-	0.00
Repo Agmt	Housing Trust Fund	1.32	11/27/02	12/02/02	7,846.06	7,846.06	11.77				7,857.83	7,857.83	-	0.00
Repo Agmt	Housing Trust Fund	1.32	11/27/02	12/02/02	3,232,108.88	3,232,108.88	2,858.91				3,234,967.79	3,234,967.79	-	0.00
Repo Agmt	Housing Trust Fund	1.32	11/27/02	12/02/02			1,768,992.54				1,768,992.54	1,768,992.54	-	0.00
					8,071,813.59	8,071,813.59	1,816,662.45	(1,785,810.93)	0.00	0.00	8,102,665.11	8,102,665.11	0.00	0.00
<b>Total Housing Trust Fund Investment Summary</b>					8,071,813.59	8,071,813.59	1,816,662.45	(1,785,810.93)	0.00	0.00	8,102,665.11	8,102,665.11	0.00	0.00
<b>Texas Department of Housing and Community Affairs Administration Investment Summary For Period Ending November 30, 2002</b>														
Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
Repo Agmt	Administration	1.32	11/27/02	12/02/02	131,395.62	131,395.62	619.21				132,014.83	132,014.83	-	0.00
					131,395.62	131,395.62	619.21	0.00	0.00	0.00	132,014.83	132,014.83	0.00	0.00
<b>Total Administration Investment Summary</b>					131,395.62	131,395.62	619.21	0.00	0.00	0.00	132,014.83	132,014.83	0.00	0.00
<b>Texas Department of Housing and Community Affairs Compliance Investment Summary For Period Ending November 30, 2002</b>														
Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
Repo Agmt	RTC	1.32	11/27/02	12/02/02	1,814,722.46	1,814,722.46		(1,031,672.70)			783,049.76	783,049.76	-	0.00
Repo Agmt	Multi Family	1.32	11/27/02	12/02/02	355,261.11	355,261.11	108,349.41				463,610.52	463,610.52	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.32	11/27/02	12/02/02	1,039,949.09	1,039,949.09		(763,414.00)			276,535.09	276,535.09	-	0.00
					3,209,932.66	3,209,932.66	108,349.41	(1,795,086.70)	0.00	0.00	1,523,195.37	1,523,195.37	0.00	0.00
<b>Total Compliance Investment Summary</b>					3,209,932.66	3,209,932.66	108,349.41	(1,795,086.70)	0.00	0.00	1,523,195.37	1,523,195.37	0.00	0.00
<b>Texas Department of Housing and Community Affairs Housing Initiatives Investment Summary For Period Ending November 30, 2002</b>														
Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/02	Beginning Market Value 08/31/02	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/02	Ending Market Value 11/30/02	Change in Market Value	Recognized Gain
Repo Agmt	S/F Interim Construction	1.32	11/27/02	12/02/02	428,359.77	428,359.77	1,716.21				430,075.98	430,075.98	-	0.00
Repo Agmt	S/F Interim Construction	1.32	11/27/02	12/02/02	496.43	496.43		(18.09)			478.34	478.34	-	0.00
Repo Agmt	S/F Interim Construction	1.32	11/27/02	12/02/02	329.91	329.91		(18.61)			311.30	311.30	-	0.00
Repo Agmt	Mtg. Credit Certificate	1.32	11/27/02	12/02/02	64,201.44	64,201.44	260.00				64,461.44	64,461.44	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.32	11/27/02	12/02/02	1,182,875.08	1,182,875.08	57,350.60				1,240,225.68	1,240,225.68	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.32	11/27/02	12/02/02	459,579.75	459,579.75	938,823.24				1,398,402.99	1,398,402.99	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.32	11/27/02	12/02/02			360,218.12				360,218.12	360,218.12	-	0.00

Investment Type	Issue	Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/02	Market Value 08/31/02	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Carrying Value 11/30/02	Market Value 11/30/02	Change in Market Value	Recognized Gain
					2,135,842.38	2,135,842.38	1,358,368.17	(36.70)	0.00	0.00	3,494,173.85	3,494,173.85	0.00	0.00
	<b>Total Housing Initiatives Investment Summary</b>				2,135,842.38	2,135,842.38	1,358,368.17	(36.70)	0.00	0.00	3,494,173.85	3,494,173.85	0.00	0.00
	<b>Total Investment Summary</b>				1,212,610,789.83	1,237,492,284.35	154,978,040.49	(150,884,010.17)	(27,831,226.33)	0.00	1,188,873,593.82	1,217,157,798.99	3,402,710.65	0.00

## **Agenda Item No. 2E**

Please see the website for the revised budget.

<http://www.tdhca.state.tx.us/finan.htm>

February 6, 2003

TO: The Honorable Rick Perry, Governor  
The Honorable David Dewhurst, Lieutenant Governor  
The Honorable Tom Craddick, Speaker of the House

Dear Governor Perry, Governor Dewhurst and Speaker Craddick:

As instructed in your correspondence to state agencies dated January 23, 2003, the Texas Department of Housing and Community Affairs (TDHCA) has developed a plan to reduce its state fiscal year 2003 General Revenue by at least seven percent. In developing its plan, the Department sought to minimize impact on direct services provided through the Department, looking instead at reductions in administrative costs.

Immediately upon receiving your letter, the Department took the following actions:

- Out of state travel has been suspended until further notice, unless the travel is absolutely required by statute and approved by Executive;
- New capital purchases and contracts for consultants and/or professional services have been suspended pending analysis of necessity and level of General Revenue funding by Executive;
- Hiring of new personnel has been suspended except for critical areas as determined by Executive; and,
- Other administrative costs cuts are under review

General Revenue constitutes a small but important part of the Department's budget. The majority of TDHCA's funding derives from federal sources such as grants, tax credits, and tax-exempt bond authority and from fees associated with its affordable housing programs. The Manufactured Housing Division also collects fees to carry out its activities. Funds available for the budget reduction include Earned Federal Funds (funds received from federal grant programs for indirect administration), some re-appropriated Manufactured Housing fees, General Revenue appropriated for indirect administration, and funding for three programs targeted at low-income populations: the Emergency Nutrition/Emergency Relief Program (ENTERP), the Texas Housing Trust Fund (HTF), and the System Benefit Fund (SBF) Program. A description of these programs follows:

The **Emergency Nutrition/Emergency Relief Program (ENTERP)** provides temporary assistance during crisis situations and has been used for disaster relief during this biennium.

The **Texas Housing Trust Fund (HTF)** is the only state-funded housing program. Because of its flexibility, the HTF can be used to target populations such as colonia residents and extremely low-income households that are difficult to serve through highly-regulated federal programs. It has been an important funding source for state-mandated programs such as the Texas Bootstrap Loan Program.

TDHCA's **System Benefit Fund (SBF) Program** funds energy efficiency measures that help reduce the home energy costs for qualified low-income households. Currently no portion of the Department's appropriation for this program can be used for state or local administration so that all TDHCA funding for the program represents direct services. The SBF is a dedicated trust fund created as a result of the deregulation of the energy industry. The Public Utility Commission administers the Fund as a whole, while TDHCA administers the energy assistance and weatherization functions.

In Attachment A, the Department's FY '03 budget shows by strategy the amount of General Revenue, Earned Federal Funds and System Benefit Fund at a seven-percent across-the-board reduction. However, the Department felt these reductions would be too severe of an impact on those Texans who most need our services. For instance, a seven-percent reduction to the HTF budget would likely determine not only the quantity but also the kinds of activities funded through the program. Consequently, we creatively analyzed our budget and have identified reductions without impacting the Housing Trust Fund. We propose the following plan to reduce the General Revenue appropriations by seven percent in fiscal year 2003:

<b>Expense Categories</b>	<b>Proposed Reduction</b>
Out of State Travel	\$ 10,000
In State Travel	35,000
Capital purchases	90,000
Professional/Consulting Services	160,000
Staff salary savings	260,400
State Office of Risk Management	74,064
Other Administrative Costs	<u>100,973</u>
Total Operating Costs	730,437
Housing Trust Fund Grants	-
System Benefit Fund Grants	<u>753,690</u>
<b>Total Reduction</b>	<b><u><u>\$ 1,484,127</u></u></b>

Out-of-state travel will be reduced by an additional \$50,000 from non-General Revenue sources. As discussed, this plan seeks to minimize the impact of the budget reductions to direct services provided by TDHCA. In particular, the Department is seeking to minimize the impact of the reductions on ENTERP and the HTF because the relatively small size of the programs makes any reduction painful. Reduction to the SBF budget was maintained at no more than seven percent. While this reflects reduction in direct

February 6, 2003

Page 3

services for 2003, the Department will still be able to offer these same kinds of services currently available through the program.

Please let me know if you have any questions regarding this plan or if there is any additional information I can provide. We understand the seriousness of the budget shortfall and want to be cooperative in efforts to balance the State's budget while meeting vital needs.

Sincerely,

Edwina Carrington

EC:ep

Attachment

cc: Senate Finance Committee  
House Appropriations Committee  
Legislative Budget Board  
TDHCA Governing Board

## Schedule A

Texas Department of Housing and Community Affairs  
 7% Reductions of General Revenue and Earned Federal Funds  
 Fiscal Year 2003

Strategy/Program	General Revenue Appropriation	Reduction at 7%	Earned Federal Funds Appropriation	Reduction at 7%	Total Appropriation Reduction
A. Goal: Affordable Housing:					
A.1.1. Housing Trust Fund	5,306,568	371,460			371,460
B. Goal: Community Development:					
B.2.2. Colonia Service Centers	102,930	7,205			7,205
C. Goal: Poor and Homeless Programs:					
C.1.1. Poor and Homeless Programs	376,889	26,382			26,382
C.2.1. Energy Assistance Programs	10,767,000	753,690			753,690
Total, C. Goal: Poor and Homeless Programs	11,143,889	780,072	-	-	780,072
D. Goal: Ensure Compliance:					
D.1.2. Review Financial Documents	87,099	6,097			6,097
E. Goal: Manufactured Housing					
E.1.1. Titling and Licensing	412,501	28,875			28,875
E.1.2. Installation Inspections	953,909	66,774			66,774
E.1.3. Enforcement	1,211,723	84,821			84,821
Total, E. Goal: Manufactured Housing	2,578,133	180,469	-	-	180,469
F. Goal: Indirect Admin and Support Costs					
F.1.1. Central Administration	252,143	17,650	980,912	68,664	86,314
F.1.2. Information Resource Technologies	467,132	32,699			32,699
F.1.3. Operating/Support	283,014	19,811			19,811
Total, F. Goal: Indirect Admin and Support Costs	1,002,289	70,160	980,912	68,664	138,824
Grand Total per SB 1, Department of Housing and Community Affairs	<u>20,220,908</u>	<u>1,415,464</u>	<u>980,912</u>	<u>68,664</u>	<u>1,484,127</u>

Note: General Revenue and Earned Federal Fund Appropriations are net of transfers to ORCA

	General Revenue	Earned Fed Funds	Total General Revenue
Amounts per the General Appropriations Act	21,711,312	1,495,908	23,207,220
Less: Transfers to ORCA			
Local Government Services	(309,566)		(309,566)
Community Development GR Match	(1,180,838)		(1,180,838)
Earned Federal Funds		(514,996)	(514,996)
Appropriations net of ORCA Transfers, as above	<u>20,220,908</u>	<u>980,912</u>	<u>21,201,820</u>

**Agenda Item No. 3A**  
**Low Income Housing Tax Credit Program**  
**Board Action Request**  
**February 13, 2003**

**Action Item**

Request review and possible approval of four percent (4%) tax credit applications with **TDHCA as Issuer** for tax exempt bond transactions.

**Recommendation**

Staff is recommending that the board review and approve the issuance of four percent (4%) Tax Credit Determination Notices with **TDHCA as Issuer** for tax exempt bond transactions known as:

<b>Development No.</b>	<b>Name</b>	<b>Location</b>	<b>Total Units</b>	<b>LI Units</b>	<b>Total Development Costs</b>	<b>R Ta</b>
02463	North Vista Apartments	Houston	252	252	\$21,325,757	
02464	The Enclave at West Airport Apartments	Houston	200	200	\$14,748,466	
02465	Creekside Townhomes	Arlington	240	240	\$22,098,980	



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS**

**DATE:** February 3, 2003

**PROGRAM:** 4% LIHTC  
MRB

**FILE NUMBER:** 02463  
2002-011

**DEVELOPMENT NAME**

North Vista Apartments

**APPLICANT**

**Name:** North Vista Apartments Limited Partnership **Type:**  For Profit  Non-Profit  Municipal  Other  
**Address:** 3101 Bee Caves Road, Suite #270 **City:** Austin **State:** TX  
**Zip:** 78746 **Contact:** Brent Stewart **Phone:** (512) 477-9900 **Fax:** (512) 328-9616

**PRINCIPALS of the APPLICANT**

**Name:** TCR North Vista Partners Limited **(%):** 0.1 **Title:** Managing General Partner  
**Name:** SunAmerica **(%):** 99.9 **Title:** Limited Partner  
**Name:** TCR 2002 Housing Inc. **(%):** n/a **Title:** 1% GP of Managing GP  
**Name:** Terwilliger Partners LLLP **(%):** n/a **Title:** 37% LP of Managing GP  
**Name:** J Ronald Terwilliger **(%):** n/a **Title:** 51% owner of TCR 2002  
**Name:** Kenneth J Valach **(%):** n/a **Title:** 37% LP of Managing GP & 49% owner of TCR 2002  
**Name:** Christopher J Bergmann **(%):** n/a **Title:** 15% LP of Managing GP  
**Name:** Scott C Wise **(%):** n/a **Title:** 10% LP of Managing GP

**GENERAL PARTNER**

**Name:** TCR North Vista Partners Limited Partnership **Type:**  For Profit  Non-Profit  Municipal  Other  
**Address:** 3101 Bee Caves Road, Suite #270 **City:** Austin **State:** TX  
**Zip:** 78746 **Contact:** Christopher J. Bergmann **Phone:** (512) 477-9900 **Fax:** (512) 328-9616

**PROPERTY LOCATION**

**Location:** 100 Block of North Vista Drive  QCT  DDA  
**City:** Houston **County:** Harris **Zip:** 77073

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
) \$643,239	n/a	n/a	n/a
( \$14,000,000	5.66%	30 yrs	33 yrs

**Other Requested Terms:** ) Annual ten-year allocation of low-income housing tax credits  
 ( Tax-Exempt Mortgage Revenue Bonds

**Proposed Use of Funds:** New Construction

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**SITE DESCRIPTION**

**Size:** 14.57 acres 634,669 square feet **Zoning/ Permitted Uses:** No Zoning Required  
**Flood Zone Designation:** X **Status of Off-Sites:** Partially Improved

**DESCRIPTION of IMPROVEMENTS**

**Total Units:** 252 **# Rental Buildings:** 21 **# Common Area Bldgs:** 2 **# of Floors:** 2 **Age:** N/A yrs

Number	Bedrooms	Bathroom	Size in SF
12	1	1	684
24	1	1.5	796
8	1	1.5	824
112	2	1.5	1,027
32	2	2	1,102
8	2	2	1,106
56	3	2.5	1,149

**Net Rentable SF:** 257,384 **Av Un SF:** 1,021 **Common Area SF:** 4,567 **Gross Bldng SF** 261,951

**Property Type:**  Multifamily  SFR Rental  Elderly  Mixed Income  Special Use

**CONSTRUCTION SPECIFICATIONS**

**STRUCTURAL MATERIALS**

Wood frame on a post-tensioned concrete slab on grade, 35% masonry/brick veneer/65% Hardiplank siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

**APPLIANCES AND INTERIOR FEATURES**

Carpeting & ceramic tile flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters

**ON-SITE AMENITIES**

4,095 SF community building with activity room, management offices, exercise room, kitchen, restrooms, swimming pool, equipped children's play area,, perimeter fencing with limited access gate, with a separate 472 SF laundry/mail building.

**Uncovered Parking:** 424 spaces **Carports:** 24 spaces **Garages:** N/A spaces

**OTHER SOURCES of FUNDS**

**BOND FINANCING**

**Source:** SunAmerica Ambac **Contact:** Michael L. Fowler

**Series A: Tax-Exempt** \$11,200,000 **Interest Rate:** 5.66% current estimate

**Series B: Tax-Exempt** \$2,800,000 **Interest Rate:** 5.66% current estimate

**Additional Information:** 3 year interest only period; Series C Bonds will subordinate to Series A & B

**Amortization:** 30 yrs **Term:** 33 yrs **Commitment:**  Proposal  Firm  Conditional

**Annual Payment:** \$971,818 **Lien Priority:** 1<sup>st</sup> **Commitment Date** 1/ 23/ 2003

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**LIHTC SYNDICATION**

**Source:** SunAmerica Affordable Housing Partners, Inc.      **Contact:** Michael L Fowler  
**Address:** 1 SunAmerica Center, Century City      **City:** Los Angeles  
**State:** CA      **Zip:** 90067      **Phone:** (310) 772-6000      **Fax:** (310) 772-6179  
**Net Proceeds:** \$5,205,027      **Net Syndication Rate** (per \$1.00 of 10-yr LIHTC) 81¢  
**Commitment**       Proposal       Firm       Conditional      **Date:** 12/ 9/ 2002  
**Additional Information:** Bridge Loan of up to \$3,123,016 @ AFR

**APPLICANT EQUITY**

**Amount:** \$1,334,958      **Source:** Deferred developer fee  
**Amount:** \$ 152,303      **Source:** GIC  
**Amount:** \$ 633,470      **Source:** Interim NOI

**VALUATION INFORMATION**

**ASSESSED VALUE**

**Land: 8.5908 ac.**      \$283,000      **Assessment for the Year of:** 2002  
**Land: 1.0 ac.**      \$32,942  
**Prorated Value 14.57 ac.**      \$479,965      **Valuation by:** Harris County Appraisal District

**EVIDENCE of SITE or PROPERTY CONTROL**

**Type of Site Control:** Earnest money contract  
**Contract Expiration Date:** 3/ 31/ 2003      **Anticipated Closing Date:** 3/ 31/ 2003  
**Acquisition Cost:** \$ 1,348,269      **Other Terms/Conditions:** \$5,000 earnest money  
**Seller:** Sweetwood, Ltd.      **Related to Development Team Member:** No

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** North Vista is a proposed new construction development of 252 units of affordable housing located in north Houston. The development is comprised of 21 residential buildings as follows:

- Four Building Type I with two one-bedroom units and 10 two-bedroom units;
- Fourteen Building Type II with eight two-bedroom units and four three-bedroom units; and
- Three Building Type III with twelve one-bedroom units.

Based on the site plan the apartment buildings are distributed evenly throughout the site with the community building and swimming pool located near the entrance to the site. A separate laundry and mail building will be located near the center of the site.

**Supportive Services:** The Applicant has contracted with Apartment Life, Inc. to provide the following supportive services to tenants through their CARES Program: welcome visits, resident satisfaction surveys, community activities, community service projects, children/youth programs, resident care, and resident appreciation events. These services will be provided at no cost to tenants. The contract requires the Applicant to provide an average size apartment at no cost for the CARES Team, a monthly fee of \$1 per unit

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

(minimum of \$350), and a budget for all approved CARES activities and services in addition to the monthly fee. The Applicant has budgeted \$18,000 per year for supportive services.

**Schedule:** The Applicant anticipates construction to begin in April of 2003, to be completed in April of 2004, to be placed in service in April of 2005, and to be substantially leased-up in April of 2005.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside and as a Priority 2 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI. All of the units (100% of the total) will be reserved for low-income tenants earning 60% or less of AMGI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	<b>\$25,020</b>	<b>\$28,620</b>	<b>\$32,160</b>	<b>\$35,760</b>	<b>\$38,640</b>	<b>\$41,460</b>

**Special Needs Set-Asides:** There are no plans to reserve units exclusively for special needs tenants, but the development will be constructed to comply with the accessibility standards required by TDHCA.

**Compliance Period Extension:** By virtue of the tax-exempt bond/LIHTC financing, the development is obligated to remain affordable throughout a 30-year compliance period.

**MARKET HIGHLIGHTS**

A market feasibility study dated December 16, 2002 was prepared by Revac, Inc. and highlighted the following findings:

**Definition of Market Area:** "The competitive market area is considered to be represented by an approximate 4-mile radius" (p. 1)

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>		
<b>Type of Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	78	4%
Resident Turnover	1,756	96%
<b>TOTAL ANNUAL DEMAND</b>	<b>1,834</b>	<b>100%</b>

Ref: p. 50

**Capture Rate:** "Given that there are approximately 3,512 qualifying households likely to rent and annual demand estimated at 1,834 units per year, the likelihood that the subject's 252 rent restricted units can be absorbed is considered very reasonable." Based on these numbers the capture rate would be 14%. (p. 50)

**Market Rent Comparables:** The market analyst surveyed six comparable apartment projects totaling 1,280 units in the market area. (p. 58)

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>
<b>1-Bedroom (684 SF)</b>	\$615	\$614	+\$1	\$650	-\$35
<b>1-Bedroom (795 SF)</b>	\$615	\$614	+\$1	\$710	-\$95
<b>1-Bedroom (826 SF)</b>	\$615	\$614	+\$1	\$725	-\$110
<b>2-Bedroom (1,027 SF)</b>	\$734	\$734	0	\$885	-\$151
<b>2-Bedroom (1,102 SF)</b>	\$734	\$734	0	\$910	-\$176
<b>2-Bedroom (1,128 SF)</b>	\$734	\$734	0	\$920	-\$186
<b>3-Bedroom (1,143 SF)</b>	\$845	\$845	0	\$1,105	-\$260

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent = \$500, program max = \$600, differential = -\$100)

**Submarket Occupancy Rates:** "Occupancy rates within the subject's market area are 95.0%. Over the past

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS**  
**CREDIT UNDERWRITING ANALYSIS**

three years occupancy rates have decreased slightly from around 96.9%. Overall, the subject's submarket appears to be stable with stabilized occupancies anticipated over the long term." (p. 3)

**Absorption Projections:** "A total of 1,472 units were added to the market between 2000-2001 and have been absorbed to a 95% occupancy, indicating absorption of roughly 700 units per year." (p. 3) The likelihood that 252 units will be absorbed into the market is considered very good when consideration is given to projected demand, the subject's overall condition, and low rental rates relative to the newly completed and physically similar competition. (p. 69)

**Known Planned Development:** "To the best of our knowledge, the subject property is the only planned LIHTC complexes within the delineated area." (p. 39)

**Other Relevant Information:** The income band for qualified households is indicated as a range of \$18,450 to \$38,640 based on 40% of household income applied to rent and a maximum household size of five persons. (p. 42)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The subject property is in north Harris County, approximately 17 miles from the Houston CBD. This site is located along North Vista, approximately 460 feet east of IH-45 in close proximity to Greenspoint and George Bush Intercontinental Airport, major employment centers.

**Population:** The estimated 2002 population of a four-mile radius was 105,769 and is expected to increase to approximately 115,852 by 2007. Within the primary market area there were estimated to be 40,661 households in 2002.

**Adjacent Land Uses:** Land uses in the overall area in which the site is located are predominantly mixed, with vacant land, commercial, and apartment complexes. Adjacent land uses include:

- **North:** Warehouse buildings and manufactured home sales lot.
- **South:** Lexington Motor Inn
- **East:** A 130 foot Harris County Flood Control District easement
- **West:** Holiday Inn

**Site Access:** The subject site is located along and accessible from North Vista. Two curb cuts will be made along North Vista. Access to Interstate Highway 45 is 460 feet west, which provides connections to all other major roads serving the Houston area.

**Public Transportation:** METRO bus service is available within the immediate area via a Park-N-Ride at FM-1960 near Imperial Valley and IH-45 near Rankin Road.

**Shopping & Services:** There are numerous shopping centers within a four-mile radius of the subject and located primarily along the major thoroughfares and major intersections. Relative to the subject, grocery stores / shopping centers are conveniently located along FM-1960 near IH-45. These shopping centers offer a variety of stores to service the everyday needs of the residents. The subject neighborhood is served by the Northwest Medical Center near the intersection of IH-45 and FM-1960, approximately 2 miles northwest of the subject site.

**Site Inspection Findings:** TDHCA staff performed a site inspection on January 21, 2003 and found the location to be acceptable for the proposed development.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated November 18, 2002 was prepared by Envirotest, Ltd. and contained the following findings and recommendations:

"This assessment has revealed no recognized environmental conditions in connection with the subject property except follows."

- Envirotest recommends that the tires observed on the subject property be disposed of in accordance with applicable laws and

Receipt, review and acceptance of documentation reflecting compliance with this requirement is a condition of this report.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**OPERATING PROFORMA ANALYSIS**

**Income:** Although the Applicant included secondary income of \$20 per unit per month in their calculation of effective gross income, their estimate is within 5% of the Underwriter's estimate. The Underwriter's analysis includes only the maximum secondary income guideline amount of \$15 per unit per month.

**Expenses:** The Applicant's total expense estimate of \$3,867 per unit is within 3% of a TDHCA database-derived estimate of \$3,976 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative (\$25.7K lower), payroll (\$16.9K lower), repairs and maintenance (\$20.4K lower), utilities (\$9.1K lower), property tax (\$26K higher) and reserve for replacements (12.6K higher based upon a \$250 per unit assumption rather than the typical \$200 per unit guideline).

**Conclusion:** The Applicant's net operating income is within 5% of the Underwriter's estimate. Because the Applicant's effective gross income, total operating expense, and net operating income estimates are all within 5% of the Underwriter's estimates, the Applicant's proforma is used to determine the development's debt service capacity. Based on the Applicant's estimate of annual debt service attributable to the bonds, the development will have a bonds-only debt coverage ratio of 1.18, which is within the Department's DCR guideline of 1.10 to 1.25. It should be noted, however, that the trustee's fees, TDHCA fees and Asset Oversight & Compliance fees are all reflected "below the line" and their inclusion in an aggregate debt coverage ratio would reflect an aggregate DCR of 1.14.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Land Value:** Though significantly higher than the prorated assessed value, the acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Off-Site Costs:** The Applicant claimed off-site costs of \$50,000 for utility expense but did not provide a third party engineering cost certification to justify these costs. Receipt, review, and acceptance of a third party engineering off-site cost certification are a condition of this report.

**Sitework Cost:** The Applicant's claimed sitework costs of \$6,486 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$496K, or 4.9%, lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

**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:** Overall, the Applicant's total development cost is within 5% of the Underwriter's estimate. Therefore, the Applicant's total development cost estimate, as adjusted, will be used to determine the development's eligible basis and total funding need.

**FINANCING STRUCTURE ANALYSIS**

The Applicant intends to finance the development with five types of financing: a bond-financed interim to permanent loan, syndicated LIHTC equity, GIC/operating income, and deferred developer's fees.

**Bonds:** According to a proposal by SunAmerica Ambac, the bond indenture will include \$11,200,000 of senior lien tax-exempt bonds (Series A), and \$2,800,000 of senior lien taxable bonds (Series B). The structure of the bonds will include a construction/permanent loan with a three-year interest-only period followed by a 30-year amortization period. As of the date of the proposal, SunAmerica estimated an interest rate of 5.66% on the tax-exempt Series A & B bonds. The letter of interest did not specify the repayment priority structure of the bond but it is anticipated that the taxable Series B will have priority redemption.

**LIHTC Syndication:** SunAmerica Affordable Housing Partners, Inc. has also offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be \$5,205,027 based on a syndication factor of 81% and total annual tax credits of \$642,596. The actual equity payment by SunAmerica will be adjusted up or down based on the actual amount of tax credits received using the rate of 80.5%. The funds would be disbursed in a five-phased pay-in schedule:

1. 3% upon execution of the partnership agreement;
2. \$3,949,382 in the form of a bridge loan with no interest payable on the principle balance up to \$3,123,016 and interest payable at AFR on the portion above \$3,123,016.
3. 75% upon receipt of Certificate of Occupancy, used to repay bridge loan;

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4. 10% upon achievement of 90% occupancy and 1.15 DCR for a period of three consecutive months, achievement of stabilization requirements under Bond Indenture, and submission of documents for processing of Forms 8609; and
5. 12% upon receipt of Forms 8609.

**GIC/Operating Income:** The Applicant has proposed \$785,773 in GIC earnings and interim net operating income as a source of funds. A telephone conversation with a representative of the developer revealed that \$152,303 is attributable to GIC income and \$633,470 is anticipated construction period cash flow. These figures have been included in the deferred developer fee in the final recommendation since they remain a developer risk and must be funded from additional deferral if they are not achieved.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,334,958 (exclusive of GIC income and construction period cash flow) amount to 58% of the total fees.

**Financing Conclusions:** As noted above, the Applicant's total development costs are used to determine an eligible basis of \$17,622,989 and a recommended annual tax credit allocation of \$643,239 resulting in syndication proceeds of approximately \$5,205,026. The recommended annual tax credit allocation is equal to the originally requested amount.

Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to \$2,120,731, which represents approximately 92% of the eligible fee and which should be repayable from cash flow within ten years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may not be available to fund those development cost overruns.

**REVIEW of ARCHITECTURAL DESIGN**

The elevation drawings for the residential buildings indicate attractive two-story structures with brick/siding exteriors and varied rooflines. All of the units offer adequate storage space and washer/dryer connections.

**IDENTITIES of INTEREST**

The Applicant, developer, general contractor, and property manager are related entities. These are common identities of interest for LIHTC/MRB-funded developments.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Terwilliger Partners, 37% owner of the General Partner submitted a balance sheet as of June 30, 2002 reporting total assets of \$7M consisting of cash, four division account balances, and investments in partnerships. No liabilities resulted in a net worth of \$7M.
- J. Ronald Terwilliger, Kenneth J. Valach, Christopher J. Bergmann, and Scott C. Wise, principals of the General Partner submitted collateral value statements through Trammel Crow Residential as of June 30, 2002.

**Background & Experience:**

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- The principals of the General Partner have participated in numerous multifamily developments located in several states.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- None identified.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**RECOMMENDATION**

- RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$643,239 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
  
- RECOMMEND ISSUANCE OF MULTIPLE SERIES TAX-EXEMPT BONDS OF \$14,000,000, AS REQUESTED, TO BE FULLY AMORTIZED OVER 30 YEARS WITH A TERM OF 33 YEARS. THE INTEREST RATE OF THE BONDS IS ANTICIPATED TO BE 5.66%, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a third party engineering off-site cost certification are a condition of this report.
2. Receipt, review, and acceptance of documentation confirming compliance with Envirotest's condition that the tires observed on the subject property are disposed of in accordance with applicable laws.
3. Should the terms of the debt or syndication change the recommendations in this report should be re-evaluated.

**Underwriter:**

\_\_\_\_\_  
*Carl Hoover*

**Date:** February 3, 2003

**Director of Credit Underwriting:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** February 3, 2003



**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis**

**North Vista Apartments, Houston, 4% LIHTC/MRB 2002-011**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trash
TC 60%	12	1	1	684	\$670	\$614	\$7,368	\$0.90	\$56.00	\$25.00
TC 60%	24	1	1.5	796	670	614	14,736	0.77	56.00	25.00
TC 60%	8	1	1.5	824	670	614	4,912	0.75	56.00	25.00
TC 60%	112	2	1.5	1,027	804	734	82,208	0.71	70.00	25.00
TC 60%	32	2	2	1,102	804	734	23,488	0.67	70.00	25.00
TC 60%	8	2	2	1,106	804	734	5,872	0.66	70.00	25.00
TC 60%	56	3	2.5	1,149	930	845	47,320	0.74	85.00	25.00
						0	0	#DIV/0!		
<b>TOTAL:</b>	<b>252</b>		<b>AVERAGE:</b>	<b>1,021</b>	<b>\$809</b>	<b>\$738</b>	<b>\$185,904</b>	<b>\$0.72</b>	<b>\$70.89</b>	<b>\$25.00</b>

**INCOME** Total Net Rentable Sq Ft: 257,384

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$15.00

Other Support Income: (describe)

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

	TDHCA	APPLICANT		
	\$2,230,848	\$2,231,112		
	45,360	60,480	\$20.00	Per Unit Per Month
	0	0		
	\$2,276,208	\$2,291,592		
	(170,716)	(171,864)	-7.50%	of Potential Gross Income
	0	0		
	\$2,105,492	\$2,119,728		

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	3.88%	\$324	\$0.32
Management	5.00%	418	0.41
Payroll & Payroll Tax	11.28%	943	0.92
Repairs & Maintenance	5.42%	453	0.44
Utilities	2.60%	217	0.21
Water, Sewer, & Trash	3.59%	300	0.29
Property Insurance	2.44%	204	0.20
Property Tax 3.13627	10.14%	847	0.83
Reserve for Replacements	2.39%	200	0.20
Other: Supportive Services	0.85%	71	0.07
<b>TOTAL EXPENSES</b>	<b>47.59%</b>	<b>\$3,976</b>	<b>\$3.89</b>
<b>NET OPERATING INC</b>	<b>52.41%</b>	<b>\$4,379</b>	<b>\$4.29</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
	\$81,608	\$55,920	\$0.22	\$222	2.64%
	105,275	105,986	0.41	421	5.00%
	237,511	220,500	0.86	875	10.40%
	114,106	93,696	0.36	372	4.42%
	54,664	45,612	0.18	181	2.15%
	75,600	75,600	0.29	300	3.57%
	51,477	56,700	0.22	225	2.67%
	213,392	239,400	0.93	950	11.29%
	50,400	63,000	0.24	250	2.97%
	18,000	18,000	0.07	71	0.85%
	\$1,002,032	\$974,414	\$3.79	\$3,867	45.97%
	\$1,103,460	\$1,145,314	\$4.45	\$4,545	54.03%

**DEBT SERVICE**

	% OF EGI	PER UNIT	PER SQ FT
Mortgage	46.11%	\$3,852	\$3.77
Trustee Fee	0.17%	\$14	\$0.01
TDHCA Admin. Fees	0.53%	\$44	\$0.04
Asset Oversight & Compliance Fee	0.60%	\$50	\$0.05
<b>NET CASH FLOW</b>	<b>5.00%</b>	<b>\$418</b>	<b>\$0.41</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
	\$970,818	\$970,818	\$3.77	\$3,852	45.80%
	\$3,500		\$0.00	\$0	0.00%
	11,200		\$0.00	\$0	0.00%
	12,600	29,869	\$0.12	\$119	1.41%
	\$105,342	\$144,627	\$0.56	\$574	6.82%

AGGREGATE DEBT COVERAGE RATIO

BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO

BONDS-ONLY DEBT COVERAGE RATIO

1.11	1.14
1.13	n/a
	1.14

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldng)		6.16%	\$5,350	\$5.24
Off-Sites		0.23%	198	0.19
Sitework		7.47%	6,486	6.35
Direct Construction		46.53%	40,392	39.55
Contingency	3.05%	1.65%	1,428	1.40
General Req'ts	5.75%	3.10%	2,695	2.64
Contractor's G & i	1.92%	1.03%	898	0.88
Contractor's Prof:	5.75%	3.10%	2,695	2.64
Indirect Construction		4.17%	3,617	3.54
Ineligible Costs		9.39%	8,153	7.98
Developer's G & A	1.53%	1.11%	960	0.94
Developer's Profit	13.00%	9.40%	8,161	7.99
Interim Financing		5.26%	4,567	4.47
Reserves		1.38%	1,201	1.18
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$86,802</b>	<b>\$84.99</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
	\$1,348,269	\$1,348,269	\$5.24	\$5,350	6.32%
	50,000	50,000	0.19	198	0.23%
	1,634,536	1,634,536	6.35	6,486	7.66%
	10,178,669	9,682,967	37.62	38,424	45.41%
	359,897	359,897	1.40	1,428	1.69%
	679,050	679,050	2.64	2,695	3.18%
	226,350	226,350	0.88	898	1.06%
	679,050	679,050	2.64	2,695	3.18%
	911,500	911,500	3.54	3,617	4.27%
	2,054,497	2,054,497	7.98	8,153	9.63%
	242,046	0	0.00	0	0.00%
	2,056,605	2,298,651	8.93	9,122	10.78%
	1,150,988	1,150,988	4.47	4,567	5.40%
	302,614	250,002	0.97	992	1.17%
	\$21,874,071	\$21,325,757	\$82.86	\$84,626	100.00%

**Recap-Hard Construction Costs** 62.89% \$54,593 \$53.45

**SOURCES OF FUNDS**

1st Lien Mortgage	51.20%	\$44,444	\$43.51
2nd Lien Mortgage	12.80%	\$11,111	\$10.88
LIHTC Syndication Proceeds	23.80%	\$20,655	\$20.22
Interim NOI	2.90%	\$2,514	\$2.46
GIC Earnings	0.70%	\$604	\$0.59
Deferred Developer's Fee	6.10%	\$5,297	\$5.19
Additional (excess) Funds Required	2.51%	\$2,176	\$2.13
<b>TOTAL SOURCES</b>			

	TDHCA	APPLICANT	RECOMMENDED
	\$11,200,000	\$11,200,000	\$11,200,000
	2,800,000	2,800,000	2,800,000
	5,205,027	5,205,027	5,205,026
	633,470	633,470	
	152,303	152,303	
	1,334,958	1,334,958	2,120,731
	548,313	(1)	0
	\$21,874,071	\$21,325,757	\$21,325,757

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)**  
**North Vista Apartments, Houston, 4% LIHTC/MRB 2002-011**

**DIRECT CONSTRUCTION COST ESTIMATE**  
 Residential Cost Handbook  
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$41.87	\$10,776,668
<b>Adjustments</b>				
Exterior Wall Fini	3.10%		\$1.30	\$334,077
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.01)	(259,958)
Floor Cover			1.92	494,177
Porches/Balconies	\$29.24	7,096	0.81	207,487
Plumbing	\$615	1,024	2.45	629,760
Built-In Appliances	\$1,625	252	1.59	409,500
Interior Stairs	\$865	240	0.81	207,600
Floor Insulation			0.00	0
Heating/Cooling			1.47	378,354
Garages/Carports	\$7.83	4,800	0.15	37,584
Comm &/or Aux Bldg	\$56.80	4,567	1.01	259,426
Other:			0.00	0
<b>SUBTOTAL</b>			<b>52.35</b>	<b>13,474,676</b>
Current Cost Multiplier	1.03		1.57	404,240
Local Multiplier	0.90		(5.24)	(1,347,468)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$48.69</b>	<b>\$12,531,449</b>
Plans, specs, survy, b	3.90%		(\$1.90)	(\$488,726)
Interim Construction I	3.38%		(1.64)	(422,936)
Contractor's OH & Prof	11.50%		(5.60)	(1,441,117)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$39.55</b>	<b>\$10,178,669</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$11,200,000	Amort	360
Int Rate	5.66%	DCR	1.14

<b>Secondary</b>	\$2,800,000	Amort	360
Int Rate	5.66%	Subtotal DCR	1.12

<b>Additional</b>	\$5,205,027	Amort	
Int Rate		Aggregate DCR	1.11

**ALTERNATIVE FINANCING STRUCTURE APPLICANT'S NOI:**

Primary Debt Service	\$970,818
Trustee Fee	3,500
TDHCA Fees	23,800
<b>NET CASH FLOW</b>	<b>\$105,342</b>

<b>Primary</b>	\$11,200,000	Amort	360
Int Rate	5.66%	DCR	1.18

<b>Secondary</b>	\$2,800,000	Amort	360
Int Rate	5.66%	Subtotal DCR	1.18

<b>Additional</b>	\$5,205,027	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	\$2,231,112	\$2,298,045	\$2,366,987	\$2,437,996	\$2,511,136	\$2,911,095	\$3,374,757	\$3,912,268	\$5,257,762
Secondary Income	60,480	62,294	64,163	66,088	68,071	78,913	91,481	106,052	142,525
Other Support Income: (d)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,291,592	2,360,340	2,431,150	2,504,084	2,579,207	2,990,008	3,466,239	4,018,320	5,400,287
Vacancy & Collection Los	(171,864)	(177,025)	(182,336)	(187,806)	(193,441)	(224,251)	(259,968)	(301,374)	(405,021)
Employee or Other Non-Re:	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$2,119,728	\$2,183,314	\$2,248,814	\$2,316,278	\$2,385,766	\$2,765,757	\$3,206,271	\$3,716,946	\$4,995,265
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$55,920	\$58,157	\$60,483	\$62,902	\$65,418	\$79,592	\$96,835	\$117,815	\$174,395
Management	105,986	109,166	112,441	115,814	119,288	138,288	160,314	185,847	249,763
Payroll & Payroll Tax	220,500	229,320	238,493	248,033	257,954	313,840	381,835	464,560	687,663
Repairs & Maintenance	93,696	97,444	101,342	105,395	109,611	133,359	162,251	197,403	292,205
Utilities	45,612	47,436	49,334	51,307	53,360	64,920	78,985	96,098	142,248
Water, Sewer & Trash	75,600	78,624	81,769	85,040	88,441	107,602	130,915	159,278	235,770
Insurance	56,700	58,968	61,327	63,780	66,331	80,702	98,186	119,458	176,828
Property Tax	239,400	248,976	258,935	269,292	280,064	340,741	414,563	504,380	746,605
Reserve for Replacements	63,000	65,520	68,141	70,866	73,701	89,669	109,096	132,731	196,475
Other	18,000	18,720	19,469	20,248	21,057	25,620	31,170	37,923	56,136
TOTAL EXPENSES	\$974,414	\$1,012,331	\$1,051,732	\$1,092,677	\$1,135,226	\$1,374,332	\$1,664,150	\$2,015,494	\$2,958,088
NET OPERATING INCOME	\$1,145,314	\$1,170,983	\$1,197,081	\$1,223,601	\$1,250,540	\$1,391,426	\$1,542,121	\$1,701,452	\$2,037,178
<b>DEBT SERVICE</b>									
First Lien Financing	\$970,818	\$970,818	\$970,818	\$970,818	\$970,818	\$970,818	\$970,818	\$970,818	\$970,818
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees	11,200	10,854	10,488	10,101	9,692	7,258	4,030	(251)	(13,457)
Asset Oversight & Compli.	12,600	13,104	13,628	14,173	14,740	17,934	21,819	26,546	39,295
Cash Flow	147,196	172,707	198,646	225,008	251,790	391,916	541,953	700,838	1,037,022
AGGREGATE DCR	1.15	1.17	1.20	1.23	1.25	1.39	1.54	1.70	2.04

LIHTC Allocation Calculation - North Vista Apartments, Houston, 4% LIHTC/MRB 2002-011

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$1,348,269	\$1,348,269		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,634,536	\$1,634,536	\$1,634,536	\$1,634,536
Off-site improvements	\$50,000	\$50,000		
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation ha	\$9,682,967	\$10,178,669	\$9,682,967	\$10,178,669
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$226,350	\$226,350	\$226,350	\$226,350
Contractor profit	\$679,050	\$679,050	\$679,050	\$679,050
General requirements	\$679,050	\$679,050	\$679,050	\$679,050
<b>(5) Contingencies</b>				
	\$359,897	\$359,897	\$359,897	\$359,897
<b>(6) Eligible Indirect Fees</b>				
	\$911,500	\$911,500	\$911,500	\$911,500
<b>(7) Eligible Financing Fees</b>				
	\$1,150,988	\$1,150,988	\$1,150,988	\$1,150,988
<b>(8) All Ineligible Costs</b>				
	\$2,054,497	\$2,054,497		
<b>(9) Developer Fees</b>				
			\$2,298,651	
Developer overhead		\$242,046		\$242,046
Developer fee	\$2,298,651	\$2,056,605		\$2,056,605
<b>(10) Development Reserves</b>				
	\$250,002	\$302,614		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$21,325,757</b>	<b>\$21,874,071</b>	<b>\$17,622,989</b>	<b>\$18,118,691</b>

<b>Deduct from Basis:</b>				
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)				
<b>TOTAL ELIGIBLE BASIS</b>			<b>\$17,622,989</b>	<b>\$18,118,691</b>
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$17,622,989</b>	<b>\$18,118,691</b>
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$17,622,989</b>	<b>\$18,118,691</b>
Applicable Percentage			3.65%	3.65%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$643,239</b>	<b>\$661,332</b>
	<b>Syndication Proceeds</b>	<b>0.8092</b>	<b>\$5,205,026</b>	<b>\$5,351,434</b>





**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**DESCRIPTION of IMPROVEMENTS**

**Total Units:** 200    **# Rental Buildings:** 15    **# Common Area Bldgs:** 1    **# of Floors:** 2    **Age:** n/a yrs    **Vacant:** n/a at / /

Number	Bedrooms	Bathroom	Size in SF
48	1	1	710
104	2	2	1,022
48	3	2	1,195

**Net Rentable SF:** 197,728    **Av Un SF:** 989    **Common Area SF:** 3,251    **Gross Bldng SF** 200,979

**Property Type:**     Multifamily     SFR Rental     Elderly     Mixed Income     Special Use

**CONSTRUCTION SPECIFICATIONS**

**STRUCTURAL MATERIALS**

Wood frame on a post-tensioned concrete slab on grade, 50% brick veneer/50% Hardiplank siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

**APPLIANCES AND INTERIOR FEATURES**

Carpeting & tile flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters

**ON-SITE AMENITIES**

Community building with activity room, management offices, fitness & laundry facilities, kitchen, restrooms, computer/business center, swimming pool, equipped children's play area, perimeter fencing with limited access gate

**Uncovered Parking:** 245 spaces    **Carports:** 100 spaces    **Garages:** 20 spaces

**OTHER SOURCES of FUNDS**

**LONG TERM/PERMANENT FINANCING**

**Source:** MuniMae Midland    **Contact:** Chris Diaz

**Principal Amount:** \$10,150,000    **Interest Rate:** 7.15%; lender underwriting rate

**Additional Information:** Purchase of tax-exempt mortgage revenue bonds to be issued by TDHCA

**Amortization:** 40 yrs    **Term:** 40 yrs    **Commitment:**     App     Firm     Conditional

**Annual Payment:** \$792,696    **Lien Priority:** 1<sup>st</sup>    **Commitment Date**    1/ 29/ 2003

**LIHTC SYNDICATION**

**Source:** Midland Equity Corporation    **Contact:** Chris Diaz

**Address:** 33 North Garden Avenue    **City:** Clearwater

**State:** FL    **Zip:** 33755    **Phone:** (800) 237-9946    **Fax:** (727) 443-6067

**Net Proceeds:** \$3,644,636    **Net Syndication Rate** (per \$1.00 of 10-yr LIHTC) 81¢

**Commitment**     Proposal     Firm     Conditional    **Date:** 12/ 13/ 2002

**Additional Information:** \_\_\_\_\_

**APPLICANT EQUITY**

**Amount:** \$1,264,386    **Source:** Deferred developer fee

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

VALUATION INFORMATION				
APPRAISED VALUE				
Land Only:	\$300,000	Date of Valuation:	12/	18/ 2002
Appraiser:	O'Connor & Associates	City:	Houston	Phone: (713) 686-9955
ASSESSED VALUE				
Land: 15.0145 acres	\$98,100	Assessment for the Year of:	2002	
Building:	n/a	Valuation by:	Harris County Appraisal District	
Total Assessed Value:	\$98,100	Tax Rate:	2.9626	

EVIDENCE of SITE or PROPERTY CONTROL				
Type of Site Control:	Earnest Money Contract			
Contract Expiration Date:	04/	15/	2003	Anticipated Closing Date: 04/ 15/ 2003
Acquisition Cost:	\$ 300,000	Other Terms/Conditions:		
Seller:	Knolcrest Housing, Ltd.		Related to Development Team Member:	Yes

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** The Enclave at West Airport is a proposed new construction development of 200 units of affordable housing located in southwest Houston. The development is comprised of 15 residential buildings as follows:

- Two Building Type I with 12 one-bedroom units;
- Six Building Type II with four one-bedroom units and eight two-bedroom units;
- Two Building Type III with eight two-bedroom units and four three-bedroom units; and
- Five Building Type IV with eight two-bedroom units and eight three-bedroom units.

Based on the site plan there will be a detention pond area along the east boundary with the apartment buildings distributed evenly throughout the remaining portion of the site. The community building, mailboxes, and swimming pool located near the entrance to the site. The 3,251-square foot community building plan includes a large club room with kitchen, laundry facility, computer room, exercise room and public restrooms as well as leasing/management offices.

**Supportive Services:** The Applicant has contracted with Texas Inter-Faith Corporation to provide the following supportive services to tenants: personal growth opportunities program, family skills development program, education program, fun and freedom activities program, and neighborhood advancement program. These services will be provided at no cost to tenants. The contract requires the Applicant to provide facilities in the community building for provision of the services, to pay a one-time startup fee of \$1,000, and \$6.98 per unit per month for these support services. The annual supportive service fee is calculated at \$16,752.

**Schedule:** The Applicant anticipates construction to begin in March of 2003, to be completed in June of 2004, to be placed in service in June of 2004, and to be substantially leased-up in February of 2005.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60 or less of area median gross income (AMGI) set-aside and as a Priority 2 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI.

**MAXIMUM ELIGIBLE INCOMES**

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	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	<b>\$25,020</b>	<b>\$28,620</b>	<b>\$32,160</b>	<b>\$35,760</b>	<b>\$38,640</b>	<b>\$41,460</b>

**Special Needs Set-Asides:** Ten units (5%) will be set-aside for households with handicapped/developmentally-disabled individuals.

**Compliance Period Extension:** The intended length of the compliance period was not specified in the application, however, all LIHTC-funded developments must maintain a 30-year affordability period.

**MARKET HIGHLIGHTS**

A market feasibility study dated December 20, 2002 was prepared by The Gerald A Teel Company (“Market Analyst”) and highlighted the following findings:

**Definition of Submarket:** “The market area for the subject is comprised of a three zip code area in southwest Houston. This area is located just south of the south loop west and is defined as Harris County Zip Codes 77035, 77045, 77085. This area is loosely defined as being bounded to the north by State Highway 90 (Main Street), to the south by the Fuqua Road, to the west by Beltway 8 and the east by Almeda Road.” (cover) “The subject is located in the Almeda/South Main submarket area – SW9. This market is bound by West Bellfort and the 610 Loop to the north, FM 2234 to the south, Hillcroft to the west, and Almeda Road (FM 521) to the east.” (p. 19) Demographic data was drawn from *Apartment Market TRAC* for the SW9 submarket.

**Total Local/Submarket Demand for Rental Units:** “Using information extracted during the rent survey, it is plausible to assume that approximately 5% to 10% of the subject tenancy would come from the Section 8 program. This equates to about 15 households. Additionally, it is noted that other properties utilize an income qualifier of 2 to 2.5 times the rent as the minimum household income for tenancy. Noting that the subject is limited to the upside by no more than 60% of the area median income with appropriate adjustments for persons per bedroom, there are approximately 215 households earning between \$18,030 and \$20,606 that could qualify for tenancy...” (p. 74)

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	21	2%	23	2%
Resident Turnover	943	79%	955	98%
Other Sources:	230	19%	0	0%
<b>TOTAL ANNUAL DEMAND</b>	<b>1,194</b>	<b>100%</b>	<b>979</b>	<b>100%</b>

Ref: p. 75

**Capture Rate:** The Market Analyst calculated a capture rate for the proposed 200 units of 16.7%. (p.75) The Underwriter calculated a concentration capture rate of 20% based upon a demand of 979.

**Market Rent Comparables:** “...eight projects with conventional rents in the vicinity, and five LIHTC or subsidized properties were surveyed. It was necessary to go outside the neighborhood boundaries to find new product for the estimate of market rent.” (p. 24) “There has been minimal new construction based largely on the fact that the majority of rental rates are below cost feasible levels.” (p. 20) “Rental rates as of the 3<sup>rd</sup> Quarter 2002 averaged \$0.648 per square foot overall.” (p. 21) Substantial adjustments to the comparables’ rental rate were made to estimate the subject’s market rental rates. However, the market rent conclusions are below rents currently charged at Plumcreek and Reed Parque, two LIHTC developments located just outside of the defined primary market area, developed and placed in service under similar conditions.



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<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>
<b>1-Bedroom (60%)</b>	\$582	\$596	-\$14	\$650	-\$68
<b>2-Bedroom (60%)</b>	\$700	\$716	-\$16	\$800	-\$100
<b>3-Bedroom (60%)</b>	\$809	\$827	-\$18	\$880	-\$71

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =\$500, program max =\$600, differential = -\$100)

**Submarket Occupancy Rates:** "...the Almeda/South Main submarket area is comprised of 28 operating apartment projects containing 4,891 units. There are an additional 621 units listed as non-operating....The overall occupancy is reported to be 85.8%." (p. 19) "Assuming that a stabilized physical occupancy for the submarket is approximately 90%, an additional 489 units must be absorbed in order to reach stabilized occupancy. Considering the absorption history for the subject's submarket, a stabilized occupancy position could be obtainable within the next one to four years." (p. 22). "A possible move-out trend is noted, which is believed to be the result of a lack of quality projects in the vicinity...Due to the lack of viable product in the vicinity, the better or newer properties are commanding above average occupancies, but rent levels do have a specific ceiling in this submarket." (p.23) "The conventional rents product further surveyed depicts occupancies of 90% to 97%, and the LIHTC and mixed rents properties depict occupancies of 94% to 99.6%. The subject property will be 100% LIHTC rents. It is likely to achieve an occupancy in the 94% to 97% range." (p. 25)

**Absorption Projections:** "...an absorption rate from first occupancy to stabilized occupancy of about 20 to 25 units per month is well-supported." The market analyst's estimate is based on historical data for Reed Parque Townhomes and Cullen Park. (p. 26)

**Known Planned Development:** "According to representatives for the City of Houston, there have been no recent permits granted for development of apartments in the subject general vicinity." (p. 2) "TDHCA documents of not indicate any proposed property in the immediate vicinity." (p. 25)

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is located on the north line of West Airport, east of Hiram Clarke in near southwest Houston. The neighborhood is approximately 6 miles south of the Houston Central Business district.

**Population:** The estimated 2002 population of the submarket was 72,001 and is expected to increase by 7.54% to approximately 77,429 by 2007. Within the primary market area there were estimated to be 23,997 households in 2002.

**Adjacent Land Uses:**

- **North:** Metro bus barn
- **South:** West Airport, vacant land beyond
- **East:** Drainage easement, single family housing beyond
- **West:** HUD/LIHTC multifamily housing

**Site Access:** The site is accessible directly from West Airport, a concrete paved boulevard with an esplanade and concrete curbs and gutters. West Airport is a secondary interior roadway with a current terminus at the west end of the subject site, near a Harris County drainage easement. The street will require clearing and clean up. Major roadways include State Highway 288, Loop 610, US Highway 59, and IH-45. Well traveled east/west roadways include West Orem, US Highway 90, Willowbend, and West Belfort.

**Public Transportation:** There is public transportation in the vicinity, typically along the major roadways. The property abuts a Houston Metropolitan Transit Authority operations station and is within blocks of the bus route.

**Shopping & Services:** Hermann park, which includes the Houston zoo, golf courses, museums, and Miller Outdoor Theater is four miles north. The Houston Astrodome and Astroworld are located along the north side of the neighborhood on Loop 610. There are two elementary schools, a junior high and a high school

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within one mile of the subject. Primary shopping facilities are located along the major roadways. Healthcare is available within three miles.

**Site Inspection Findings:** TDHCA staff performed a site inspection on January 16, 2003 and found the location to be acceptable for the proposed development.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

An update (December 18, 2002) to a Phase I Environmental Site Assessment report completed in 2000 was prepared by Phase One Technologies, LLC and contained the following findings and recommendations:

No recognized environmental conditions were found in association with this site. No further environmental review is required.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant's potential gross rent estimate is based on net rents that are below the maximum 60% of AMI limit. The Market Analyst indicates that the maximum 60% of AMI rents may be achievable in the area based on rental rates charged by other LIHTC developments in similar market areas that were brought on line under similar conditions. Much of the housing stock in the subject market area is described by the Market Analyst as in substandard condition. Therefore, the Market Analyst has concluded that the subject development, as a new construction product, will be able to charge higher than market rents. The Underwriter agrees and has assumed the maximum 60% of AMI rent limits in estimating potential gross rent. The Applicant's utility allowance calculation was not consistent with the utility allowance documentation provided. The Applicant also provided somewhat conflicting information as to who will be responsible for water and sewer expenses. While contradictory information is indicated in the application the weight of the information suggests that the tenant will be responsible as evidenced by the low operating expense for this line item. Therefore the Underwriter included \$17.68 per unit in tenant paid utilities for water and sewer expenses as indicated in the Houston Housing Choice Voucher Utility Chart provided in the application. Despite the Underwriter's use of a significantly higher tenant paid utility allowance the Applicant's assumption of less than the maximum 60% of AMI gross rents results in a potential gross rent which is \$39K lower than the Underwriter's estimate

The Applicant's proforma includes secondary income of \$16.50 per unit per month, \$14.50 of which is from garage and carport rentals. The Market Analyst has corroborated a gross potential of effectively \$14 but included no vacancy assumption. The Market Analyst also provided some indication of a much higher level of other secondary income of between \$15 to \$21 per unit per month, however this information was not well documented. Underwriter has taken a conservative approach and utilized the Department's maximum undocumented amount of \$15 per unit per month in secondary income. Overall, the Applicant's effective gross income is within 5% of the Underwriter's estimate.

**Expenses:** The Applicant's total operating expense estimate is \$67K or 9% lower than the Underwriter's estimate. In addition, several of the Applicant's line item figures differed significantly as compared to the Underwriter's estimates. In particular: general and administrative (\$37K lower); payroll (\$46K lower); repairs and maintenance (\$9K higher); utilities (\$15K lower); and compliance fees (\$20K higher).

**Conclusion:** The Applicant's net operating income estimate is comparable to the Underwriter's estimate. However, because the Applicant's total operating expense figure is not within 5% of the Underwriter's estimate, the Underwriter's proforma will be used to determine the development's debt service capacity. Both the Underwriter's and the Applicant's proformas result in a debt coverage ratio (DCR) that is within the Department's current DCR guideline.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Land Value:** The seller, Knolcrest Housing, is owned by principals of the General Partner and acquired the site in 2000 at a cost of \$75,000. The assessed value is \$98,100. The Applicant provided documentation of holding costs which included closing costs and property taxes that would provide justification for an additional cost of \$9,444.

As required, the Applicant submitted an appraisal indicating a market value of \$300,000. In addition, a contract for sale of the property to a third party in 2002 also indicates a sales price of \$300,000. However, the Underwriter used the original purchase price plus holding costs (\$84,444) as the appropriate transfer price to ensure that a windfall profit or excess developer fee is not provided to the developer as a result of the

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potential TDHCA funding for the project. In addition, the Applicant's total need for funds should be reduced by the difference in these amounts (\$215,556) which will be reflected as a reduction in the need for deferred developer fees.

**Off-Site Costs:** The Applicant claimed off-site costs of \$48,100, certified by a third party engineer, for storm drains and offsite utilities. It should be noted that the market study indicates West Airport, which provides access to the subject site, will require clearing and clean up. TDHCA staff also noted that the street is currently closed to public use during a site inspection in January 2003. The extent of the required clean up work is unclear and the Applicant may not have accounted for all of this potential cost in this off site budget. Therefore, receipt, review and acceptance of a this party cost estimate for the clean up of West Airport is a condition of this report as these costs would be ineligible if they have been included as part of the grading or clean-up line items in site work costs..

**Sitework Cost:** The Applicant's claimed sitework costs of \$6,174 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$286K or 4% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

**Fees:** The Applicant has indicated only ineligible contingency costs of \$25,000. However the Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by LIHTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced with the overage effectively moved to contingency costs.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's estimate. Therefore, the Applicant's eligible basis estimate is used to determine the eligible basis method for calculating the recommended tax credit allocation. It should be noted that the Applicant's total development cost estimate is also adjusted to account for the identity of interest land sale. The difference of \$215,556 between the contract sales price and the original acquisition and holding costs was subtracted from the Applicant's total development cost estimate resulting in a need for \$14,748,466 in permanent funds.

**FINANCING STRUCTURE ANALYSIS**

The Applicant intends to finance the development with three types of financing: a bond-financed interim to permanent loan, syndicated LIHTC equity, and deferred developer's fees.

**Bond-Financed Interim to Permanent Loan:** MuniMae Midland, LLC has accepted application for tax-exempt construction and permanent financing in the amount of \$10,150,000 in connection with a Multifamily Housing Revenue Bond issue. The construction loan term is estimated to be 30 months. At conversion to a permanent loan, the interest rate will be locked and the loan will amortize over a term of 40 years. This underwriting analysis assumed the lender's stated underwriting interest rate of 7.15%.

**LIHTC Syndication:** MuniMae Midland, LLC has also offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be \$3,644,636 based on a syndication factor of 81% based upon a significantly lower anticipated credit amount. The funds would be disbursed in a four-phased pay-in schedule:

1. 20% at the later of: admission to the partnership, or closing of the construction loan, issuance of the bonds and development land acquisition;
2. 40% within 30 days of the later of: 75% completion of construction, or January 4, 2004;
3. 20% within 30 days of the later of: completion of construction, or receipt of cost and credit certification; and
4. 20% within 30 days of the later of: conversion and amortization of bond financing, or receipt of forms 8609, or 90% physical occupancy for three consecutive calendar months, or 1.15 debt service coverage for 90 days.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,264,386 amount to 72% of the total fees.

**Financing Conclusions:** The Applicant's eligible basis estimate is used to determine the recommended tax credit allocation of \$502,188 annually for ten years. Although the Applicant originally requested \$10,630,000 in tax-exempt bonds, the most recent financing commitment form MuniMae Midland, LLC reflects only \$10,150,000 in tax-exempt bonds. Since this amount provides an acceptable debt coverage

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ratio, it is recommended.

As stated above, the Applicant's total development cost estimate as adjusted to account for the identity of interest land sale is used to determine the need for permanent funds. The gap in permanent funds indicates a need for \$746,709 in deferred developer fees, which is reduced by the additional profit resulting from the identity of interest land purchase to \$531,153. This appears to be repayable from stabilized cashflow within five years of operation. There is sufficient developer fee remaining to fund the difference in acquisition costs, without affecting the recommended tax credit allocation or long term feasibility of the development, if the Applicant chooses to do so.

**REVIEW of ARCHITECTURAL DESIGN**

All of the unit floorplans offer adequate storage, a washer/dryer closet with full-size appliance hookups, and a private balcony/porch. The simple residential building exterior designs are typical for current construction. The community building will house many tenant-accessible areas. Its exterior is inline with the design of the residential buildings.

**IDENTITIES of INTEREST**

The Applicant, developer, general contractor, cost estimator, and property manager are related entities. These identities of interest are common for LIHTC/MRB-funded developments. The Applicant is also related to the seller of the proposed site. This identity of interest is discussed in more detail in the Construction Cost Estimate Evaluation and Financing Structure Analysis conclusion sections of this report.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The principals of the General Partner submitted unaudited financial statements as of January 2, 2003.

**Background & Experience:**

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- The Washburns, members of the General Partner, have participated in numerous affordable housing developments since the early 1980s.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's estimated operating expenses are more than 5% outside of the Underwriter's verifiable range.
- The seller of the property has an identity of interest with the Applicant.

**RECOMMENDATION**

- RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$502,188 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
  
- RECOMMEND ISSUANCE OF TAX-EXEMPT BONDS AT \$10,150,000, TO BE FULLY AMORTIZED OVER 40 YEARS. THE INTEREST RATE OF THE BONDS WILL BE 7.15%, SUBJECT TO CONDITIONS.

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**CONDITIONS**

1. Receipt, review and acceptance of a this party cost estimate for the clean up of West Airport; and
2. Should the terms of the debt or syndication change the recommendations in this report should be re-evaluated.

<b>Credit Underwriting Supervisor:</b>	<i>Lisa Vecchietti</i>	<b>Date:</b> <u>January 31, 2003</u>
<b>Director of Credit Underwriting:</b>	<i>Tom Gouris</i>	<b>Date:</b> <u>January 31, 2003</u>

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis**

**The Enclave at West Airport, Houston, LIHTC 02464/MRB 2002-0007**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd UCil	Trash only
TC 60%	48	1	1	710	\$670	\$596	\$28,623	\$0.84	\$73.68	
TC 60%	104	2	2	1,022	804	716	74,497	0.70	87.68	
TC 60%	48	3	2	1,195	930	827	39,711	0.69	102.68	
<b>TOTAL:</b>	<b>200</b>		<b>AVERAGE:</b>	<b>989</b>	<b>\$802</b>	<b>\$714</b>	<b>\$142,832</b>	<b>\$0.72</b>	<b>\$87.92</b>	<b>\$0.00</b>

**INCOME** Total Net Rentable Sq Ft: **197,728**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: **\$15.00**  
 Other Support Income: Carport and Garage Rental

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: **-7.50%**  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.08%	\$330	\$0.33
Management	4.00%	324	0.33
Payroll & Payroll Tax	10.77%	872	0.88
Repairs & Maintenance	5.14%	416	0.42
Utilities	3.32%	269	0.27
Water, Sewer, & Trash	1.78%	144	0.15
Property Insurance	2.44%	198	0.20
Property Tax 2.9626	9.15%	741	0.75
Reserve for Replacements	2.47%	200	0.20
Other: Supp. Serv., Security, & Com	2.31%	187	0.19

**TOTAL EXPENSES** **45.46%** **\$3,680** **\$3.72**

**NET OPERATING INC** **54.54%** **\$4,414** **\$4.46**

**DEBT SERVICE**

1st Lien Mortgage	47.58%	\$3,851	\$3.90
Trustee Fee	0.22%	\$18	\$0.02
TDHCA Admin. Fees	0.63%	\$51	\$0.05
Asset Oversight, Lender Servicing	0.94%	\$76	\$0.08
<b>NET CASH FLOW</b>	<b>5.17%</b>	<b>\$418</b>	<b>\$0.42</b>

**AGGREGATE DEBT COVERAGE RATIO**

BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO

BONDS-ONLY DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldng)		0.56%	\$422	\$0.43
Off-Sites		0.32%	241	0.24
Sitework		8.21%	6,174	6.24
Direct Construction		50.80%	38,190	38.63
Contingency	3.00%	1.77%	1,333	1.35
General Req'ts	5.81%	3.43%	2,576	2.61
Contractor's G & A	1.94%	1.14%	859	0.87
Contractor's Prof:	5.81%	3.43%	2,576	2.61
Indirect Construction		5.31%	3,994	4.04
Ineligible Costs		2.76%	2,079	2.10
Developer's G & A	4.31%	3.52%	2,648	2.68
Developer's Profit	10.06%	8.22%	6,178	6.25
Interim Financing		7.58%	5,697	5.76
Reserves		2.94%	2,211	2.24
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$75,176</b>	<b>\$76.04</b>

**Recap-Hard Construction Costs**

**SOURCES OF FUNDS**

1st Lien Mortgage	67.51%	\$50,750	\$51.33
LIHTC Syndication Proceeds	24.24%	\$18,223	\$18.43
Additional Financing	0.00%	\$0	\$0.00
Deferred Developer's Fee	8.41%	\$6,322	\$6.39
Additional (excess) Funds Required	-0.16%	(\$119)	(\$0.12)
<b>TOTAL SOURCES</b>			

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
POTENTIAL GROSS RENT	\$1,713,984	\$1,674,816			
Secondary Income	36,000	4,800	\$2.00		Per Unit Per Month
Other Support Income: Carport and Garage Rental	0	34,800	\$14.50		Per Unit Per Month
POTENTIAL GROSS INCOME	\$1,749,984	\$1,714,416			
Vacancy & Collection Loss	(131,249)	(128,580)	-7.66%		of Potential Gross Income
Employee or Other Non-Rental Units or Concessions	0	0			
EFFECTIVE GROSS INCOME	\$1,618,735	\$1,585,836			
EXPENSES	\$66,034	\$28,650	\$0.14	\$143	1.81%
Management	64,749	63,400	0.32	317	4.00%
Payroll & Payroll Tax	174,400	128,400	0.65	642	8.10%
Repairs & Maintenance	83,185	92,000	0.47	460	5.80%
Utilities	53,753	38,000	0.19	190	2.40%
Water, Sewer, & Trash	28,802	32,400	0.16	162	2.04%
Property Insurance	39,546	40,000	0.20	200	2.52%
Property Tax 2.9626	148,130	148,000	0.75	740	9.33%
Reserve for Replacements	40,000	40,000	0.20	200	2.52%
Other: Supp. Serv., Security, & Com	37,352	58,230	0.29	291	3.67%
TOTAL EXPENSES	\$735,951	\$669,080	\$3.38	\$3,345	42.19%
NET OPERATING INC	\$882,785	\$916,756	\$4.64	\$4,584	57.81%
DEBT SERVICE	\$770,210	\$792,696	\$4.01	\$3,963	49.99%
Trustee Fee	\$3,500	0	\$0.00	\$0	0.00%
TDHCA Admin. Fees	10,150	0	\$0.00	\$0	0.00%
Asset Oversight, Lender Servicing	15,288	13,288	\$0.07	\$66	0.84%
NET CASH FLOW	\$83,637	\$110,772	\$0.56	\$554	6.99%
AGGREGATE DEBT COVERAGE RATIO	1.10	1.14			
BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO	1.14				
BONDS-ONLY DEBT COVERAGE RATIO	1.15				

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldng)	\$84,444	\$300,000	\$1.52	\$1,500	2.00%
Off-Sites	48,100	48,100	0.24	241	0.32%
Sitework	1,234,800	1,234,800	6.24	6,174	8.25%
Direct Construction	7,638,001	7,351,900	37.18	36,760	49.13%
Contingency	266,588	266,588	1.35	1,333	1.78%
General Req'ts	515,202	515,202	2.61	2,576	3.44%
Contractor's G & A	171,734	171,734	0.87	859	1.15%
Contractor's Prof:	515,202	515,202	2.61	2,576	3.44%
Indirect Construction	798,700	798,700	4.04	3,994	5.34%
Ineligible Costs	415,706	415,105	2.10	2,076	2.77%
Developer's G & A	529,500	529,500	2.68	2,648	3.54%
Developer's Profit	1,235,500	1,235,500	6.25	6,178	8.26%
Interim Financing	1,139,439	1,139,439	5.76	5,697	7.61%
Reserves	442,252	442,252	2.24	2,211	2.96%
<b>TOTAL COST</b>	<b>\$15,035,167</b>	<b>\$14,964,022</b>	<b>\$75.68</b>	<b>\$74,820</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>	<b>\$10,341,527</b>	<b>\$10,055,426</b>	<b>\$50.85</b>	<b>\$50,277</b>	<b>67.20%</b>
<b>SOURCES OF FUNDS</b>					
1st Lien Mortgage	\$10,150,000	\$10,150,000	\$51.33	\$50,750	67.51%
LIHTC Syndication Proceeds	3,644,636	3,644,636	\$18.43	\$18,223	24.24%
Additional Financing	0	0	\$0.00	\$0	0.00%
Deferred Developer's Fee	1,264,386	1,264,386	\$6.39	\$6,322	8.41%
Additional (excess) Funds Required	(23,855)	(95,000)	(\$0.12)	(\$119)	-0.16%
<b>TOTAL SOURCES</b>	<b>\$15,035,167</b>	<b>\$14,964,022</b>	<b>\$75.68</b>	<b>\$74,820</b>	<b>100.00%</b>

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)**

*The Enclave at West Airport, Houston, LIHTC 02464/MRB 2002-0007*

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

**PAYMENT COMPUTATION**

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$41.74	\$8,252,391
<b>Adjustments</b>				
Exterior Wall Fini	4.50%		\$1.88	\$371,358
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(2.02)	(399,411)
Floor Cover			1.92	379,638
Porches/Balconies	\$29.24	14,382	2.13	420,530
Plumbing	\$615	456	1.42	280,440
Built-In Appliance	\$1,625	200	1.64	325,000
Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.47	290,660
Garages	\$14.58	4,767	0.35	69,503
Comm &/or Aux Bldg	\$58.46	3,251	0.96	190,050
Other:Carports	\$7.83	16,668	0.66	130,510
<b>SUBTOTAL</b>			<b>52.15</b>	<b>10,310,669</b>
Current Cost Multiplier	1.03		1.56	309,320
Local Multiplier	0.90		(5.21)	(1,031,067)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$48.50</b>	<b>\$9,588,922</b>
Plans, specs, survy, b	3.90%		(\$1.89)	(\$373,968)
Interim Construction I	3.38%		(1.64)	(323,626)
Contractor's OH & Prof	11.50%		(5.58)	(1,102,726)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$39.39</b>	<b>\$7,788,602</b>

<b>Primary</b>	\$10,150,000	Amort	480
Int Rate	7.15%	DCR	1.15

<b>Secondary</b>	\$3,644,636	Amort	
Int Rate		Subtotal DCR	1.13

<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	1.10

**ALTERNATIVE FINANCING STRUCTURE:**

Primary Debt Service	\$770,210
Trustee Fee	3,500
TDHCA Fees	25,438
<b>NET CASH FLOW</b>	<b>\$83,637</b>

<b>Primary</b>	\$10,150,000	Amort	480
Int Rate	7.15%	DCR	1.15

<b>Secondary</b>	\$3,644,636	Amort	0
Int Rate	0.00%	Subtotal DCR	1.14

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

	at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
<b>POTENTIAL GROSS RENT</b>		\$1,713,984	\$1,765,404	\$1,818,366	\$1,872,917	\$1,929,104	\$2,236,360	\$2,592,555	\$3,005,481	\$4,039,116
Secondary Income		36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Other Support Income: Ca		0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>		<b>1,749,984</b>	<b>1,802,484</b>	<b>1,856,558</b>	<b>1,912,255</b>	<b>1,969,622</b>	<b>2,283,332</b>	<b>2,647,008</b>	<b>3,068,608</b>	<b>4,123,952</b>
Vacancy & Collection Los		(131,249)	(135,186)	(139,242)	(143,419)	(147,722)	(171,250)	(198,526)	(230,146)	(309,296)
Employee or Other Non-Res		0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>		<b>\$1,618,735</b>	<b>\$1,667,297</b>	<b>\$1,717,316</b>	<b>\$1,768,836</b>	<b>\$1,821,901</b>	<b>\$2,112,082</b>	<b>\$2,448,482</b>	<b>\$2,838,462</b>	<b>\$3,814,656</b>
<b>EXPENSES at 4.00%</b>										
General & Administrative		\$66,034	\$68,675	\$71,422	\$74,279	\$77,250	\$93,986	\$114,349	\$139,123	\$205,936
Management		64,749	66,692	68,693	70,753	72,876	84,483	97,939	113,538	152,586
Payroll & Payroll Tax		174,400	181,376	188,631	196,176	204,023	248,226	302,004	367,434	543,893
Repairs & Maintenance		83,185	86,513	89,973	93,572	97,315	118,399	144,050	175,259	259,426
Utilities		53,753	55,903	58,139	60,465	62,883	76,507	93,083	113,249	167,637
Water, Sewer & Trash		28,802	29,954	31,152	32,398	33,694	40,994	49,876	60,681	89,823
Insurance		39,546	41,127	42,773	44,483	46,263	56,286	68,480	83,317	123,329
Property Tax		148,130	154,055	160,217	166,626	173,291	210,835	256,513	312,088	461,966
Reserve for Replacements		40,000	41,600	43,264	44,995	46,794	56,932	69,267	84,274	124,746
Other		37,352	38,846	40,400	42,016	43,697	53,164	64,682	78,695	116,488
<b>TOTAL EXPENSES</b>		<b>\$735,951</b>	<b>\$764,741</b>	<b>\$794,664</b>	<b>\$825,764</b>	<b>\$858,087</b>	<b>\$1,039,812</b>	<b>\$1,260,243</b>	<b>\$1,527,658</b>	<b>\$2,245,829</b>
<b>NET OPERATING INCOME</b>		<b>\$882,785</b>	<b>\$902,556</b>	<b>\$922,652</b>	<b>\$943,072</b>	<b>\$963,814</b>	<b>\$1,072,270</b>	<b>\$1,188,240</b>	<b>\$1,310,804</b>	<b>\$1,568,827</b>
<b>DEBT SERVICE</b>										
First Lien Financing		\$770,210	\$770,210	\$770,210	\$770,210	\$770,210	\$770,210	\$770,210	\$770,210	\$770,210
Trustee Fee		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees		10,150	10,104	10,055	10,002	9,945	9,590	9,084	8,361	5,855
Asset Oversight, Lender		15,288	15,900	16,536	17,197	17,885	21,760	26,474	32,210	47,678
Cash Flow		83,637	102,843	122,352	142,164	162,275	267,210	378,971	496,523	741,584
<b>AGGREGATE DCR</b>		<b>1.10</b>	<b>1.13</b>	<b>1.15</b>	<b>1.18</b>	<b>1.20</b>	<b>1.33</b>	<b>1.47</b>	<b>1.61</b>	<b>1.90</b>

LIHTC Allocation Calculation - The Enclave at West Airport, Houston, LIHTC 02464/MR

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$300,000	\$84,444		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,234,800	\$1,234,800	\$1,234,800	\$1,234,800
Off-site improvements	\$48,100	\$48,100		
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation ha	\$7,351,900	\$7,638,001	\$7,351,900	\$7,638,001
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$171,734	\$171,734	\$171,734	\$171,734
Contractor profit	\$515,202	\$515,202	\$515,202	\$515,202
General requirements	\$515,202	\$515,202	\$515,202	\$515,202
<b>(5) Contingencies</b>	\$266,588	\$266,588	\$266,588	\$266,588
<b>(6) Eligible Indirect Fees</b>	\$798,700	\$798,700	\$798,700	\$798,700
<b>(7) Eligible Financing Fees</b>	\$1,139,439	\$1,139,439	\$1,139,439	\$1,139,439
<b>(8) All Ineligible Costs</b>	\$415,105	\$415,706		
<b>(9) Developer Fees</b>				
Developer overhead	\$529,500	\$529,500	\$529,500	\$529,500
Developer fee	\$1,235,500	\$1,235,500	\$1,235,500	\$1,235,500
<b>(10) Development Reserves</b>	\$442,252	\$442,252		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$14,964,022</b>	<b>\$15,035,167</b>	<b>\$13,758,565</b>	<b>\$14,044,666</b>

<b>Deduct from Basis:</b>				
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)				
<b>TOTAL ELIGIBLE BASIS</b>			<b>\$13,758,565</b>	<b>\$14,044,666</b>
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$13,758,565</b>	<b>\$14,044,666</b>
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$13,758,565</b>	<b>\$14,044,666</b>
Applicable Percentage			3.65%	3.65%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$502,188</b>	<b>\$512,630</b>
Syndication Proceeds		0.8099	\$4,067,313	\$4,151,890



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS**

**DATE:** February 3, 2003    **PROGRAM:** Multifamily Bond    **FILE NUMBER:** 2002-072  
4% LIHTC    02465

**DEVELOPMENT NAME**

Creekside Townhomes

**APPLICANT**

**Name:** Cobblestone Townhome Limited Partnership    **Type:**  For Profit     Non-Profit     Municipal     Other  
**Address:** 7800 E. Kemper Road    **City:** Cincinnati    **State:** OH  
**Zip:** 45249    **Contact:** Don Paxton    **Phone:** (513) 489-1990    **Fax:** (513) 489-2780

**PRINCIPALS of the APPLICANT**

**Name:** Brisben Creekside, Inc.    **(%):** .01    **Title:** Managing General Partner  
**Name:** William O. Brisben    **(%):** 99.99    **Title:** Initial Limited Partner  
**Name:** Real Estate Advisors, Inc.    **(%):** \_\_\_\_\_    **Title:** Developer

**GENERAL PARTNER**

**Name:** Brisben Creekside, Inc.    **Type:**  For Profit     Non-Profit     Municipal     Other  
**Address:** 7800 E. Kemper    **City:** Cincinnati    **State:** OH  
**Zip:** 45249    **Contact:** Don Paxton    **Phone:** (513) 489-1990    **Fax:** (413) 489-2780

**PROPERTY LOCATION**

**Location:** SE corner of New York Avenue and E. Mayfield     QCT     DDA  
**City:** Arlington    **County:** Tarrant    **Zip:** 76014

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1. \$662,638	N/A	N/A	N/A
2. \$15,320,000	6.79%	40 yrs	40 yrs

**Other Requested Terms:** 1. Annual ten-year allocation of low-income housing tax credits adjusted upward to \$709,275 based upon the underwriting applicable percentage of 3.65 as of the date of application submission.  
2. Multi-family bonds

**Proposed Use of Funds:** New construction    **Set-Aside:**  General     Rural     Non-Profit

**SITE DESCRIPTION**

**Size:** 20.929 acres    911,667 square feet    **Zoning/ Permitted Uses:** MF-18 and MF-22  
**Flood Zone Designation:** Partially in 100-year floodplain    **Status of Off-Sites:** Partially improved

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**DESCRIPTION of IMPROVEMENTS**

**Total Units:** 240    **# Rental Buildings:** 24    **# Common Area Bldgs:** 2    **# of Floors:** 2    **Age:** 0 yrs    **Vacant:** N/A at / /

Number	Bedrooms	Bathroom	Size in SF
48	2	2	1,002
24	2	2	1,104
48	2	2	1,146
48	3	2	1,195
24	3	2	1,237
48	3	2	1,296

**Net Rentable SF:** 278,856    **Av Un SF:** 1,162    **Common Area SF:** 4,713    **Gross Bldng SF** 283,569

**Property Type:**     Multifamily     SFR Rental     Elderly     Mixed Income     Special Use

**CONSTRUCTION SPECIFICATIONS**

**STRUCTURAL MATERIALS**

Wood frame on a concrete slab on grade, 68% brick veneer/32% vinyl siding exterior wall covering with drywall interior wall surfaces, composite shingle roofing.

**APPLIANCES AND INTERIOR FEATURES**

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, laminated counter tops.

**ON-SITE AMENITIES**

3,991-SF community building with activity room, management offices, fitness room, kitchen, restrooms, computer/business center, daycare facility, central mailroom, swimming pool, equipped children's play area, perimeter fencing. There will also be a 722-SF laundry and maintenance building.

**Uncovered Parking:** 532 spaces    **Carports:** 0 spaces    **Garages:** 0 spaces

**OTHER SOURCES of FUNDS**

**INTERIM CONSTRUCTION FINANCING**

**Source:** Charter/Mac Municipal Mortgage    **Contact:** Marnie Miller

**Principal Amount:** \$15,320,000    **Interest Rate:** 6.75%

**Additional Information:** \$15,000,000 is tax-exempt with an interest rate of 6.75% over 40 years. \$320,000 is a taxable tail with an interest rate of 8.75%

**Amortization:** N/A yrs    **Term:** N/A yrs    **Commitment:**     None     Firm     Conditional

**LONG TERM/PERMANENT FINANCING**

**Source:** Charter Mac Municipal Mortgage    **Contact:** Marnie Miller

**Principal Amount:** \$15,320,000    **Interest Rate:** 6.75%

**Additional Information:** \$15,000,000 is tax-exempt with an interest rate of 6.75% over 40 years. \$320,000 is a taxable tail with an interest rate of 8.75%

**Amortization:** 40 yrs    **Term:** 40 yrs    **Commitment:**     None     Firm     Conditional

**Annual Payment:** \$1,121,635    **Lien Priority:** 1st    **Commitment Date** 12/ 20/ 2002

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**LIHTC SYNDICATION**

<b>Source:</b> <u>Related Capital Company</u>	<b>Contact:</b> <u>Justin Ginsberg</u>
<b>Address:</b> <u>625 Madison Avenue</u>	<b>City:</b> <u>New York</u>
<b>State:</b> <u>NY</u> <b>Zip:</b> <u>10022</u> <b>Phone:</b> (212) <u>421-5333</u> <b>Fax:</b> (212) <u>751-3550</u>	
<b>Net Proceeds:</b> <u>\$5,433,000</u>	<b>Net Syndication Rate</b> (per \$1.00 of 10-yr LIHTC) <u>82¢</u>
<b>Commitment</b> <input type="checkbox"/> None <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	<b>Date:</b> <u>12/ 20/ 2002</u>
<b>Additional Information:</b> _____	

**APPLICANT EQUITY**

<b>Amount:</b> <u>\$1,346,438</u>	<b>Source:</b> <u>Deferred developer fee</u>
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**VALUATION INFORMATION**

**APPRAISAL**

<b>Land Only:</b>	<u>\$1,630,000</u>	<b>Date of Valuation:</b>	<u>12/ 18/ 2002</u>
<b>Completion, Restricted Rents (Stabilized):</b>	<u>\$14,510,000</u>	<b>Date of Valuation:</b>	<u>7/ 2005</u>
<b>Completion, Restricted Rents:</b>	<u>\$13,640,000</u>	<b>Date of Valuation:</b>	<u>11/ 2004</u>
<b>Appraiser:</b> <u>Integra Realty Resources</u>	<b>City:</b> <u>Dallas</u>	<b>Phone:</b>	<u>(972) 960-1222</u>

**ASSESSED VALUE**

<b>Land:</b>	<u>\$780,791</u>	<b>Assessment for the Year of:</b>	<u>2002</u>
<b>Building:</b>	<u>N/A</u>	<b>Valuation by:</b>	<u>Tarrant County Appraisal District</u>
<b>Total Assessed Value:</b>	<u>\$780,791</u>		

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b> <u>Purchase &amp; sale agreement</u>
<b>Contract Expiration Date:</b> <u> / /</u> <b>Anticipated Closing Date:</b> <u> / /</u>
<b>Acquisition Cost:</b> \$ <u>1,296,000</u> <b>Other Terms/Conditions:</b> <u>Closing shall occur within 120 days of receipt of bond reservation</u>
<b>Seller:</b> <u>Mayfield/New York Two Ltd.</u> <b>Related to Development Team Member:</b> <u>No</u>

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Creekside Townhomes is a proposed new construction development of 240 units of affordable income housing located in south Arlington. The development is comprised of 24 residential buildings as follows:

- Twelve Building Type A with six two-bedroom units and six three-bedroom units, and
  - Twelve Building Type B with four two-bedroom units and four three-bedroom units;
- Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community building, mailboxes, and swimming pool located near the entrance to the site. A 722-square foot laundry and maintenance building is be located near the back of the site. The 3,991-square foot community building plan includes the management office, a community room, exercise room, kitchen, and restrooms.

**Supportive Services:** The Applicant has contracted with National Realty Management to provide the

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

following supportive services to tenants: basic adult education, credit counseling, home buyer education, and computer facilities. These services will be provided at no cost to tenants. The contract requires the Applicant to provide, furnish, and maintain facilities in the community building for provision of the services. The Applicant has agreed to pay \$60.72 per unit annually for these services.

**Schedule:** The Applicant anticipates construction to begin in May 2003, to be completed in November 2004, to be placed in service in February of 2005, and to be substantially leased-up in September of 2004.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 2 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI. Fourteen units (5%) will be set aside for handicapped individuals.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	<b>\$25,740</b>	<b>\$29,400</b>	<b>\$33,120</b>	<b>\$36,780</b>	<b>\$39,720</b>	<b>\$42,660</b>

**Special Needs Set-Asides:** Twelve units (5%) will be handicapped-accessible.

**Compliance Period Extension:** The intended length of the compliance period was not specified in the application.

**MARKET HIGHLIGHTS**

A market feasibility study dated December 18, 2002 was prepared by Integra Realty Resources and highlighted the following findings:

**Definition of Market/Submarket:** "...we have concluded that an appropriate primary market area for the subject is the area within a four-mile radius of the subject site." (p. 17)

**Total Local/Submarket Demand for Rental Units:** There is a demand for 85 units based on new growth and a demand of 1,557 units based on turnover, resulting in a total demand of 1,642 units. (p. 45)

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	85	5%	57	4%
Resident Turnover	1,557	95%	1,497	96%
<b>TOTAL ANNUAL DEMAND</b>	<b>1,642</b>	<b>100%</b>	<b>1,554</b>	<b>100%</b>

Ref: p. 46

**Capture Rate and Absorption:** "Demand on an annual basis is 1,642 units, indicating a capture rate of 14.6%. The subject is forecast to be fully absorbed in nine months, equating to an absorption pace of 25 units per month" (p. 46) The Underwriter calculated a concentration capture rate of 15% based upon a supply of unstabilized comparable affordable units of 240 divided by a revised demand of 1,554. Arlington Senior Apartments, 261 units of affordable housing, are scheduled to be built in the primary market, however, the development is seniors-only, thus the Underwriter is not including them as unstabilized affordable units.

**Market Rent Comparables:** The market analyst surveyed five comparable apartment projects totaling 1,912 units in the market area. (p. 47)

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CREDIT UNDERWRITING ANALYSIS**

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>
<b>2-Bedroom (60%)</b>	\$726	\$747	-\$21	\$840	-\$114
<b>2-Bedroom (60%)</b>	\$747	\$747	\$0	\$915-940	-\$168 to -\$193
<b>3-Bedroom (60%)</b>	\$800	\$859	-\$59	\$990	-\$190
<b>3-Bedroom (60%)</b>	\$859	\$859	\$0	\$1,025-\$1,075	-\$166 to -\$216

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =\$500, program max =\$600, differential = -\$100)

**Submarket Vacancy Rates:** “Occupancy rates in the south Arlington submarket for March of 2002 were 95.3%. The area has maintained an occupancy rate between 94.0% and 96.9% from March 2000 to March 2002.” (p. 33) “...the simple average occupancy rate for LIHTC properties within the PMA is 95%.” (p. 54)

**Known Planned Development:** Arlington Seniors Apartments is an elderly, 261-unit LIHTC property to be developed. Stone Ridge Ranch is a 226-unit conventional apartment complex to be developed. Also Autumnwood Apartments is a second phase consisting of 184 market rate units to be developed. (p. 38)  
The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** Arlington is located in north Texas, approximately 15 miles from Fort Worth and 18 miles from Dallas in Tarrant County. The site is a regularly-shaped parcel located in the south area of Arlington, approximately 3.5 miles from the central business district. The site is situated on the south side of Mayfield Road.

**Population:** The estimated 2001 population of Fort Worth/Arlington was 1,728,826 and is expected to increase 7.4% to approximately 1,856,476 by 2006. The primary market area anticipates a population growth of 9.4% during that same span.

**Adjacent Land Uses:** Land uses in the overall area in which the site is located are predominantly mixed use. Adjacent land uses include vacant land to the north, vacant land to the east with Mayfield Apartments beyond that, single family to the south, and an EZ Mart gas station to the west.

**Site Access:** Access to the property is from the east or west along Mayfield Road. The development has two main entries, both from Mayfield Road. Access to Highway 360 is 0.75 miles east, which provides connections to all other major roads serving the Arlington area.

**Public Transportation:** The availability of public transportation is unknown.

**Shopping & Services:** The site is within one mile of major grocery/pharmacies, 3.5 miles from a mall, and two miles from Arlington Community Hospital. Schools and churches are also located within a short driving distance from the site.

**Special Adverse Site Characteristics:** Approximately 1.56 acres are located within the 100-year floodplain. According to the revised site plan, six of the buildings, 27 parking spaces, and the children’s play area are located in the floodplain. The Applicant submitted documentation from a civil engineer indicating that the buildings will be raised two feet above the 100-year floodplain, as required by the City of Arlington. The engineer also stated that the top of the parking and drives will not exceed a vertical depth of six inches into the 100-year floodplain.

**Site Inspection Findings:** TDHCA staff performed a site inspection on January 7, 2003 and found the location to be acceptable for the proposed development.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated December 16, 2002 was prepared by MACTEC and contained the following findings and recommendations:

**Findings:** The EZ Mart located approximately 900 feet west is listed as a Leaking Petroleum Storage Tank (LPST) having impacted ground water with no apparent threats or impacts to receptors. Although EZ Mart received closure from the Texas Natural Resource Conservation Commission, the site is topographically up gradient from the subject site and the two sites abut the same creek. The Phase I recommended a review of

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

the TCEQ files regarding the EZ Mart.

In an updated letter dated January 10, 2003, the engineer reviewed LPST files from the Region 4 office of the TCEQ location in Fort Worth for the EZ Mart location in question. The review of the files indicated that the activities associated with the LPST incident were properly investigated and the findings indicate a low probability that the incident has impacted the subject site. As a result, MACTEC does not recommend any further assessment of the site.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant's rent projections are slightly lower than the maximum rents allowed under LIHTC guidelines for the smallest two- and three-bedroom units. The assumption is that because the units are smaller, they are less marketable and will require a lower rent in order to lease. The smallest two-bedroom is \$21 less than the maximum allowable and the smallest three-bedroom is \$59 less than the maximum allowable. Since the Underwriter utilized the maximums for all the units, as supported by the market study, there is a 2% difference between the Underwriter's and Applicant's potential gross rent. Both the Underwriter and Applicant assumed secondary income at \$15 per unit per month and both assumed a vacancy and collection loss of 7.5%. As a result, there was a 2% difference in effective gross income.

**Expenses:** The Applicant's estimate of total operating expense of \$3,674 is less than 5% outside the Underwriter's TDHCA database-derived estimate of \$3,835, an acceptable deviation. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative (45K lower), property taxes (34K higher), utilities (28K lower), and water, sewer and trash, which the tenant pays (23K higher) than the Underwriter's estimate.

**Conclusion:** The Applicant's estimated income is consistent with the Underwriter's expectations and total operating expenses are within 5% of the database-derived estimate. Therefore, the Applicant's NOI should be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within an acceptable range of TDHCA underwriting guidelines of 1.10 to 1.25.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Land Value:** The site cost is \$1,296,000 (\$1.42/SF or \$61,924/acre). The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:** The Applicant's claimed sitework costs of \$6,425 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$161K or 1% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

**Interim Financing Fees:** The Underwriter reduced the Applicant's eligible interim financing fees by \$456,499 to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate. The Applicant also included as eligible the full amount of tax counsel and underwriting fees for the bonds, when only the portion attributable to the construction period is eligible. The Underwriter therefore prorated these fees by including as eligible only \$17,865 of the total fees.

**Fees:** The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines. Due to the difference in indirect construction, the Applicant's developer fees are \$307,174 more than the 15% limit. The deferred developer fee is repayable from cash flow within ten years.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted, is used to size the award recommendation/calculate eligible basis and determine the LIHTC allocation. As a result, an eligible basis of \$18,422,980 is used to determine a credit allocation of \$672,439 from this method.

**FINANCING STRUCTURE ANALYSIS**

The Applicant intends to finance the development with three types of financing from three sources: a conventional interim to permanent loan based on tax-exempt and taxable private activity mortgage revenue

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

bond proceeds, syndicated LIHTC equity, and deferred developer's fees.

**Bonds:** The bonds are tax-exempt private activity mortgage revenue bonds to be issued by TDHCA and placed privately with Charter/Mac Municipal Mortgage. As of the date of the underwriting analysis, the documentation provided indicates that there will be \$15,000,000 in tax-exempt senior Series A bonds with an anticipated interest rate of 6.75%, and \$320,000 in tax-exempt subordinate Series B bonds with an anticipated all-in interest rate of 8.75%. The Underwriter used a blended interest rate of 6.76%. The final interest rate will be made available at closing. The tax-exempt bonds will mature in 40 years and the taxable bonds will mature in approximately five years.

**LIHTC Syndication:** Related Capital Company has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be \$5,433,000 based on a syndication factor of 82%. The funds would be disbursed in a five-phased pay-in schedule:

1. 30% upon admission to the partnership;
2. 20% upon 50% completion of construction;
3. 20% upon 75% completion of construction;
4. 20% upon 100% completion of construction;
5. 10% upon attainment of breakeven operating status.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,346,438 amount to 50% of the total fees.

**Financing Conclusions:** Based on the Applicant's adjusted calculation of eligible basis, the LIHTC allocation should not exceed \$672,439 annually for ten years, resulting in syndication proceeds of approximately \$5,512,895. The original requested tax credit amount of \$662,638 was based on a 3.41 applicable percentage whereas the Applicant is allowed to use a higher 3.65 applicable percentage and a correction to this effect is in process and will result in an amended request for \$709,275 in credits. The recommended amount is \$36,836 less than this amount. Based on the Underwriter's analysis the deferred developer would be approximately \$1,266,085, which represents 47% of the total eligible fee and is repayable through cash flow in less than ten years.

**REVIEW of ARCHITECTURAL DESIGN**

The exterior elevations are attractive, with varied rooflines. All the units are of average size for market rate and LIHTC units, and have covered patios or balconies, while most of the units have small outdoor storage closets. Each unit also has utility closets with hookups for full-size appliances. Most units have an interior semi-private entry that is shared with another unit, while some of the units have a standalone exterior entry. Sixty percent of the units are two-story townhome style. The buildings are two-story walk-up structures with mixed brick veneer siding exterior finish and pitched roofs.

**IDENTITIES of INTEREST**

The Developer, General Contractor, Estimator, Property Manager, and Supportive Services firm are all related entities. These are not unusual relationships for LIHTC-funded developments.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA. The General Partner has no material financial statements. However, the Applicant submitted an unaudited financial statement as of December 20, 2002 reporting total assets of \$134,070 and consisting of \$100 in receivables, and \$133,970 in capital development costs.
- Real Estate Advisors, Inc. submitted an unaudited financial statement as of December 20, 2002 reporting total assets of \$11,027,140 and consisting of \$12,069 in cash, \$1,679,514 in receivables, \$79,031 in other current assets, and \$9,256,526 in long term receivables. Liabilities totaled \$240,268, resulting in a net worth of \$10,786,872.
- William O. Brisben, the President of the General Partner, submitted an audited financial statement as of August 19, 2002, and is anticipated to be guarantor of the development.

**Background & Experience:**

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- William O. Brisben has participated in 95 multifamily housing projects since 1992.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**RECOMMENDATION**

- RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$672,439 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF TAX-EXEMPT BONDS NOT TO EXCEED \$15,000,000 AND TAXABLE BONDS NOT TO EXCEED \$320,000, STRUCTURED AS FULLY AMORTIZING OVER NOT LESS THAN 40 YEARS, WITH AN INTEREST RATE ON THE TAX-EXEMPT BONDS NOT MORE THAN 6.75% AND THE INTEREST RATE ON THE TAXABLE BONDS NOT MORE THAN 8.75%, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a flood hazard mitigation plan to include building flood insurance and tenant flood insurance costs;
2. Should the terms of the debt or syndication change the recommendations in this report should be re-evaluated.

**Underwriter:**

\_\_\_\_\_  
*Mark Fugina*

**Date:** February 3, 2003

**Director of Credit Underwriting:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** February 3, 2003



**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis**

**Creekside Townhomes, Arlington, #2002-072**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trash
TC60%	48	2	2	1,025	\$828	\$747	\$35,856	\$0.73	\$81.00	\$10.00
TC60%	24	2	2	1,091	828	747	17,928	0.68	81.00	10.00
TC60%	48	2	2	1,180	828	747	35,856	0.63	81.00	10.00
TC60%	48	3	2	1,211	956	859	41,232	0.71	97.00	13.00
TC60%	24	3	2	1,233	956	859	20,616	0.70	97.00	13.00
TC60%	48	3	2	1,342	956	859	41,232	0.64	97.00	13.00
<b>TOTAL:</b>	<b>240</b>		<b>AVERAGE:</b>	<b>1,184</b>	<b>\$892</b>	<b>\$803</b>	<b>\$192,720</b>	<b>\$0.68</b>	<b>\$89.00</b>	<b>\$11.50</b>

**INCOME** Total Net Rentable Sq Ft: 284,160

POTENTIAL GROSS RENT	Secondary Income	Other Support Income: (describe)
Per Unit Per Month: \$15.00		
POTENTIAL GROSS INCOME	Vacancy & Collection Loss % of Potential Gross Income: -7.50%	Employee or Other Non-Rental Units or Concessions

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF RGI
\$2,312,640	\$2,266,560			
43,200	43,200	\$15.00		Per Unit Per Month
0	0			
\$2,355,840	\$2,309,760			
(176,688)	(173,232)	-7.50%		of Potential Gross Income
0	0			
\$2,179,152	\$2,136,528			

EXPENSES	% OF RGI	PER UNIT	PER SQ FT
General & Administrative	3.53%	\$320	\$0.27
Management	5.00%	454	0.38
Payroll & Payroll Tax	9.27%	842	0.71
Repairs & Maintenance	5.07%	460	0.39
Utilities	3.00%	272	0.23
Water, Sewer, & Trash	1.52%	138	0.12
Property Insurance	2.61%	237	0.20
Property Tax 3.01878	9.31%	845	0.71
Reserve for Replacements	2.20%	200	0.17
Other: Compliance, Security	0.73%	66	0.06
<b>TOTAL EXPENSES</b>	<b>42.24%</b>	<b>\$3,835</b>	<b>\$3.24</b>
<b>NET OPERATING INC</b>	<b>57.76%</b>	<b>\$5,244</b>	<b>\$4.43</b>

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF RGI
\$76,906	\$31,896	\$0.11	\$133	1.49%
108,958	106,826	0.38	445	5.00%
202,080	201,866	0.71	841	9.45%
110,512	94,204	0.33	393	4.41%
65,362	37,682	0.13	157	1.76%
33,120	56,522	0.20	236	2.65%
56,832	52,537	0.18	219	2.46%
202,862	236,400	0.83	985	11.06%
48,000	48,000	0.17	200	2.25%
15,842	15,842	0.06	66	0.74%
\$920,473	\$881,775	\$3.10	\$3,674	41.27%
\$1,258,679	\$1,254,753	\$4.42	\$5,228	58.73%

DEBT SERVICE	% OF RGI	PER UNIT	PER SQ FT
1st Lien Mortgage	50.96%	\$4,627	\$3.91
Trustee Fee	0.16%	\$15	\$0.01
TDHCA Admin. Fees	0.70%	\$64	\$0.05
Asset Oversight & Compliance	0.55%	\$50	\$0.04
<b>NET CASH FLOW</b>	<b>5.38%</b>	<b>\$489</b>	<b>\$0.41</b>

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF RGI
\$1,110,534	\$1,121,635	\$3.95	\$4,673	52.50%
\$3,500		\$0.00	\$0	0.00%
15,320		\$0.00	\$0	0.00%
12,000		\$0.00	\$0	0.00%
\$117,324	\$133,118	\$0.47	\$555	6.23%

AGGREGATE DEBT COVERAGE RATIO 1.10  
 BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO 1.13  
 BONDS-ONLY DEBT COVERAGE RATIO 1.13

1.10	1.12
1.13	
1.13	

CONSTRUCTION COST	Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldng)			5.93%	\$5,504	\$4.65
Off-Sites			0.00%	0	0.00
Sitework			6.11%	5,675	4.79
Direct Construction			49.44%	45,920	38.78
Contingency	0.00%		0.00%	0	0.00
General Req'ts	6.00%		3.33%	3,096	2.61
Contractor's G & A	2.00%		1.11%	1,032	0.87
Contractor's Prof.	6.00%		3.33%	3,096	2.61
Indirect Construction			5.03%	4,669	3.94
Ineligible Costs			9.07%	8,428	7.12
Developer's G & A	2.46%		1.79%	1,658	1.40
Developer's Profit	12.54%		9.12%	8,469	7.15
Interim Financing			4.34%	4,028	3.40
Reserves			1.40%	1,304	1.10
<b>TOTAL COST</b>			<b>100.00%</b>	<b>\$92,880</b>	<b>\$78.45</b>

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
\$1,321,000	\$1,321,000	\$4.65	\$5,504	5.98%
0	0	0.00	0	0.00%
1,362,000	1,362,000	4.79	5,675	6.16%
11,020,857	10,859,497	38.22	45,248	49.14%
0	0	0.00	0	0.00%
742,971	744,090	2.62	3,100	3.37%
247,657	248,030	0.87	1,033	1.12%
742,971	744,090	2.62	3,100	3.37%
1,120,679	1,120,679	3.94	4,669	5.07%
2,022,626	2,022,626	7.12	8,428	9.15%
397,962	677,543	2.38	2,823	3.07%
2,032,628	2,032,628	7.15	8,469	9.20%
966,797	966,797	3.40	4,028	4.37%
312,998		0.00	0	0.00%
\$22,291,146	\$22,098,980	\$77.77	\$92,079	100.00%

**Recap-Hard Construction Costs** 63.33% \$58,819 \$49.68

\$14,116,457 \$13,957,707 \$49.12 \$58,157 63.16%

SOURCES OF FUNDS	1st Lien Mortgage	LIHTC Syndication Proceeds	Additional Financing	Deferred Developer's Fee	Additional (excess) Funds Required
	68.73%	24.37%	0.00%	6.04%	0.86%
	\$63,833	\$22,636	\$0	\$5,610	\$801
	\$53.91	\$19.12	\$0.00	\$4.74	\$0.68

TDHCA	APPLICANT	RECOMMENDED
\$15,320,000	\$15,320,000	\$15,320,000
5,432,542	5,432,542	5,512,895
0	0	0
1,346,438	1,346,438	1,266,085
192,166	0	0
\$22,291,146	\$22,098,980	\$22,098,980

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)**  
**Creekside Townhomes, Arlington, #2002-072**

**DIRECT CONSTRUCTION COST ESTIMATE**  
 Residential Cost Handbook  
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$41.07	\$11,671,385
<b>Adjustments</b>				
Exterior Wall Fini	4.20%		\$1.73	\$490,198
Elderly			0.00	0
Roofing			0.00	0
Subfloor			(1.01)	(287,002)
Floor Cover			1.92	545,587
Porches/Balconies	\$20.79	16,106	1.18	334,800
Plumbing	\$615	720	1.56	442,800
Built-In Appliance	\$1,625	240	1.37	390,000
Stairs	\$975	168	0.58	163,800
Floor Insulation			0.00	0
Heating/Cooling			1.47	417,715
Clubhouse	\$57.91	3,991	0.81	231,109
Maintenance/Laundry	\$47.06	722	0.12	33,976
Other:			0.00	0
<b>SUBTOTAL</b>			<b>50.80</b>	<b>14,434,369</b>
Current Cost Multiplier	1.02		1.02	288,687
Local Multiplier	0.92		(4.06)	(1,154,749)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$47.75</b>	<b>\$13,568,306</b>
Plans, specs, survy, b	3.90%		(1.86)	(529,164)
Interim Construction I	3.38%		(1.61)	(457,930)
Contractor's OH & Prof	11.50%		(5.49)	(1,560,355)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$38.78</b>	<b>\$11,020,857</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$15,320,000	Amort	480
Int Rate	6.76%	DCR	1.13

<b>Secondary</b>	\$5,432,542	Amort	
Int Rate		Subtotal DCR	1.12

<b>Additional</b>		Amort	
Int Rate		Aggregate DCR	1.10

**ALTERNATIVE FINANCING STRUCTURE:**

Primary Debt Service	\$1,110,534
Trustee Fee	3,500
TDHCA Fees	27,320
<b>NET CASH FLOW</b>	<b>\$117,324</b>

<b>Primary</b>	\$15,320,000	Amort	480
Int Rate	6.76%	DCR	1.13

<b>Secondary</b>	\$5,432,542	Amort	0
Int Rate	0.00%	Subtotal DCR	1.13

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

	at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
<b>POTENTIAL GROSS RENT</b>		\$2,266,560	\$2,334,557	\$2,404,594	\$2,476,731	\$2,551,033	\$2,957,347	\$3,428,375	\$3,974,427	\$5,341,297
Secondary Income		43,200	44,496	45,831	47,206	48,622	56,366	65,344	75,751	101,804
Other Support Income: (d)		0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>		<b>2,309,760</b>	<b>2,379,053</b>	<b>2,450,424</b>	<b>2,523,937</b>	<b>2,599,655</b>	<b>3,013,713</b>	<b>3,493,719</b>	<b>4,050,178</b>	<b>5,443,101</b>
Vacancy & Collection Los		(173,232)	(178,429)	(183,782)	(189,295)	(194,974)	(226,028)	(262,029)	(303,763)	(408,233)
Employee or Other Non-Re:		0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>		<b>\$2,136,528</b>	<b>\$2,200,624</b>	<b>\$2,266,643</b>	<b>\$2,334,642</b>	<b>\$2,404,681</b>	<b>\$2,787,684</b>	<b>\$3,231,690</b>	<b>\$3,746,415</b>	<b>\$5,034,868</b>
<b>EXPENSES at 4.00%</b>										
General & Administrative		\$31,896	\$33,172	\$34,499	\$35,879	\$37,314	\$45,398	\$55,234	\$67,200	\$99,473
Management		106,826	110,031	113,332	116,732	120,234	139,384	161,585	187,321	251,743
Payroll & Payroll Tax		201,866	209,941	218,338	227,072	236,155	287,318	349,567	425,301	629,550
Repairs & Maintenance		94,204	97,972	101,891	105,967	110,205	134,082	163,131	198,474	293,789
Utilities		37,682	39,189	40,756	42,387	44,082	53,633	65,252	79,389	117,516
Water, Sewer & Trash		56,522	58,783	61,135	63,580	66,123	80,449	97,879	119,084	176,274
Insurance		52,537	54,638	56,824	59,097	61,461	74,777	90,977	110,688	163,845
Property Tax		236,400	245,856	255,690	265,918	276,555	336,471	409,368	498,059	737,249
Reserve for Replacements		48,000	49,920	51,917	53,993	56,153	68,319	83,120	101,129	149,695
Other		15,842	16,476	17,135	17,820	18,533	22,548	27,433	33,377	49,406
<b>TOTAL EXPENSES</b>		<b>\$881,775</b>	<b>\$915,978</b>	<b>\$951,517</b>	<b>\$988,444</b>	<b>\$1,026,815</b>	<b>\$1,242,378</b>	<b>\$1,503,545</b>	<b>\$1,820,021</b>	<b>\$2,668,539</b>
<b>NET OPERATING INCOME</b>		<b>\$1,254,753</b>	<b>\$1,284,646</b>	<b>\$1,315,126</b>	<b>\$1,346,198</b>	<b>\$1,377,866</b>	<b>\$1,545,306</b>	<b>\$1,728,145</b>	<b>\$1,926,393</b>	<b>\$2,366,329</b>
<b>DEBT SERVICE</b>										
First Lien Financing		\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534	\$1,110,534
Trustee Fee		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees		15,320	15,243	15,160	15,072	14,977	14,396	13,581	12,440	8,602
Asset Oversight & Compli:		12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Cash Flow		113,399	142,889	172,952	203,593	234,817	399,797	579,750	774,637	1,206,269
<b>AGGREGATE DCR</b>		<b>1.10</b>	<b>1.13</b>	<b>1.15</b>	<b>1.18</b>	<b>1.21</b>	<b>1.35</b>	<b>1.50</b>	<b>1.67</b>	<b>2.04</b>

**LIHTC Allocation Calculation - Creekside Townhomes, Arlington, #2002-072**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$1,321,000	\$1,321,000		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,362,000	\$1,362,000	\$1,362,000	\$1,362,000
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation ha	\$10,859,497	\$11,020,857	\$10,859,497	\$11,020,857
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$248,030	\$247,657	\$244,430	\$247,657
Contractor profit	\$744,090	\$742,971	\$733,290	\$742,971
General requirements	\$744,090	\$742,971	\$733,290	\$742,971
<b>(5) Contingencies</b>				
<b>(6) Eligible Indirect Fees</b>				
	\$1,120,679	\$1,120,679	\$1,120,679	\$1,120,679
<b>(7) Eligible Financing Fees</b>				
	\$966,797	\$966,797	\$966,797	\$966,797
<b>(8) All Ineligible Costs</b>				
	\$2,022,626	\$2,022,626		
<b>(9) Developer Fees</b>				
			\$2,402,997	
Developer overhead	\$677,543	\$397,962		\$397,962
Developer fee	\$2,032,628	\$2,032,628		\$2,032,628
<b>(10) Development Reserves</b>				
		\$312,998		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$22,098,980</b>	<b>\$22,291,146</b>	<b>\$18,422,980</b>	<b>\$18,634,523</b>

<b>Deduct from Basis:</b>				
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)				
<b>TOTAL ELIGIBLE BASIS</b>			\$18,422,980	\$18,634,523
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			\$18,422,980	\$18,634,523
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$18,422,980	\$18,634,523
Applicable Percentage			3.65%	3.65%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$672,439	\$680,160

Syndication Proceeds                      0.8198                      \$5,512,895                      \$5,576,197

**Agenda Item No. 3B**  
**Low Income Housing Tax Credit Program**  
**Board Action Request**  
**February 13, 2003**

**Action Item**

Request review and possible approval of four percent (4%) tax credit applications with other issuers for tax exempt bond transactions.

**Recommendation**

Staff is recommending that the board review and approve the issuance of four percent (4%) Tax Credit Determination Notices with **other issuers** for tax exempt bond transactions known as:

<b>Development No.</b>	<b>Name</b>	<b>Location</b>	<b>Issuer</b>	<b>Total Units</b>	<b>LI Units</b>	<b>Total Development</b>
02464	Woodway Square Apartments	Austin	Travis County HFC	240	240	\$20,743,4

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS**

**DATE:** February 2, 2003      **PROGRAM:** 4% LIHTC      **FILE NUMBER:** 02461

**DEVELOPMENT NAME**

Woodway Square Apartments

**APPLICANT**

**Name:** Teri Road Housing, Ltd.      **Type:**  For Profit     Non-Profit     Municipal     Other  
**Address:** 6363 Woodway, Suite 320      **City:** Houston      **State:** TX  
**Zip:** 77063    **Contact:** Chris Richardson      **Phone:** (713) 914-9200    **Fax:** (713) 914-9292

**PRINCIPALS of the APPLICANT**

**Name:** Blazer Land, LLC      **(%):** .01      **Title:** General Partner  
**Name:** Paramount Financial Group, Inc.      **(%):** 99.99      **Title:** Initial Limited Partner  
**Name:** Chris Richardson      **(%):** n/a      **Title:** 100% Owner of GP

**GENERAL PARTNER**

**Name:** Blazer Land, LLC      **Type:**  For Profit     Non-Profit     Municipal     Other  
**Address:** 6363 Woodway, Suite 320      **City:** Houston      **State:** TX  
**Zip:** 77057    **Contact:** Chris Richardson      **Phone:** (713) 914-9200    **Fax:** (713) 914-9292

**PROPERTY LOCATION**

**Location:** 1700 Block of Teri Road       QCT     DDA  
**City:** Austin      **County:** Travis      **Zip:** 78744

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$659,885	N/A	N/A	N/A
<b>Other Requested Terms:</b> <u>Annual ten-year allocation of low-income housing tax credits</u>			
<b>Proposed Use of Funds:</b> <u>New construction</u>			

**SITE DESCRIPTION**

**Size:** 10.28 acres 447,797 square feet      **Zoning/ Permitted Uses:** MF-3-CO, Multifamily Residence-Medium Density-Conditional Overlay  
**Flood Zone Designation:** Zone X      **Status of Off-Sites:** Partially improved

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**DESCRIPTION of IMPROVEMENTS**

**Total Units:** 240    **# Rental Buildings:** 12    **# Common Area Bldgs:** 1    **# of Floors:** 3    **Age:** 0 yrs    **Vacant:** N/A at / /

Number	Bedrooms	Bathroom	Size in SF
36	1	1	731
12	1	1	773
12	1	1	791
48	2	2	999
72	2	2	1,006
18	2	2	1,042
6	3	2	1,241
12	3	2.5	1,290
24	3	2	1,300

**Net Rentable SF:** 238,350    **Av Un SF:** 993    **Common Area SF:** 5,312    **Gross Bldng SF** 243,662

**Property Type:**     Multifamily     SFR Rental     Elderly     Mixed Income     Special Use

**CONSTRUCTION SPECIFICATIONS**

**STRUCTURAL MATERIALS**

Wood frame on a post-tensioned concrete slab on grade, 76% stucco/24% Hardiplank siding exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

**APPLIANCES AND INTERIOR FEATURES**

Carpeting & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters

**ON-SITE AMENITIES**

5,312-SF community building with activity room, management offices, laundry facilities, kitchen, restrooms, computer/business center, daycare facility, central mailroom, swimming pool, equipped children's play area, perimeter fencing, limited access gate, public telephones

**Uncovered Parking:** 357 spaces    **Carpports:** 0 spaces    **Garages:** 105 spaces

**OTHER SOURCES of FUNDS**

**LONG TERM/PERMANENT FINANCING**

**Source:** GMAC Commercial Holding Capital Group    **Contact:** Paul J. Weissman

**Principal Amount:** \$14,000,000    **Interest Rate:** MMD 30-yr Municipal Housing Bond Index + 150 bps; minimum of 6.95%

**Additional Information:** Tax-exempt mortgage revenue bonds to be issued by Travis County HFC

**Amortization:** 35 yrs    **Term:** 30 yrs    **Commitment:**     None     Firm     Term Sheet

**Annual Payment:** \$1,060,351    **Lien Priority:** 1<sup>st</sup>    **Commitment Date** / /

**LIHTC SYNDICATION**

**Source:** Paramount Financial Group, Inc.    **Contact:** Dale E. Cook

**Address:** 4009 Columbus Road SW    **City:** Granville

**State:** OH    **Zip:** 43023    **Phone:** (740) 587-4150    **Fax:** (740) 587-7077

**Net Proceeds:** \$5,404,387    **Net Syndication Rate (per \$1.00 of 10-yr LIHTC)** 82.5¢

**Commitment**     Proposal     Firm     Conditional    **Date:** 1/ 30/ 2003

**Additional Information:** \_\_\_\_\_

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**APPLICANT EQUITY**

**Amount:** \$1,342,944                      **Source:** Deferred developer fee

**VALUATION INFORMATION**

**APPRAISED VALUE**

**Land Only:** \$1,871,791 (prorated from 11.534-acre parcel)                      **Date of Valuation:** 1/ 23/ 2002

**Appraiser:** American Realty Corporation                      **City:** Austin                      **Phone:** (512) 477-1312

**ASSESSED VALUE**

**Land: 11.534 acres**                      \$1,507,263 (appraised)                      **Assessment for the Year of:** 2002

**1 acre:**                      \$130,680                      **Valuation by:** Travis Central Appraisal District

**Total Value: 10.28 acres**                      \$1,343,390                      **Tax Rate:** 2.5043

**EVIDENCE of SITE or PROPERTY CONTROL**

**Type of Site Control:** Earnest money contract

**Contract Expiration Date:** 02/ 23/ 2003                      **Anticipated Closing Date:** 02/ 23/ 2003

**Acquisition Cost:** \$ 1,200,000                      **Other Terms/Conditions:** \_\_\_\_\_

**Seller:** Teri Road Partners, Ltd.                      **Related to Development Team Member:** Yes

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Woodway Square Apartments is a proposed new construction development of 240 units of affordable housing located in south central Austin. The development is comprised of 12 residential buildings as follows:

- Six Building Type I with two one-bedroom units (773 SF), two other one-bedroom units (791 SF), twelve two-bedroom units (1,006 SF), two other two-bedroom units (1,042 SF) and two three-bedroom townhome units;
  - Three Building Type II with 16 two-bedroom units (999 SF), two other two-bedroom units (1,042 SF), and two three-bedroom units (1,241 SF); and
  - Three Building Type III with 12 one-bedroom units (731 SF) and eight three-bedroom units (1,300 SF).
- Based on the site plan the apartment buildings are distributed evenly throughout the site, with the community building, mailboxes, and swimming pool located near the entrance to the site. The 5,312-square foot community building plan includes the management office, a furnished activity room, computer center, kitchen, restrooms, and laundry and daycare facilities.

**Supportive Services:** The Applicant has contracted with Education Based Housing, Inc. to provide the following supportive services to tenants: after-school enrichment program, parenting classes, nutrition classes, English as a second language classes, GED preparation classes, computer training, internet access, workforce development training, career counseling, job search, and referral services for other social service needs. These services will be provided at no cost to tenants. The contract requires the Applicant to provide, furnish, and maintain facilities in the community building for provision of the services, to pay a one-time startup fee of \$1,000, plus \$1,500 per month for these support services.

**Schedule:** The Applicant anticipates construction to begin in April of 2003, to be completed in July of 2004, and to be placed in service and substantially leased-up in November of 2004.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside and as a Priority 2 private activity bond lottery development, 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI. All of the units (100%) will be reserved for households earning 60% or less of AMGI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	<b>\$29,880</b>	<b>\$34,140</b>	<b>\$38,400</b>	<b>\$42,660</b>	<b>\$46,080</b>	<b>\$49,500</b>

**Special Needs Set-Asides:** 17 units (7%) will be handicapped-accessible.

**Compliance Period:** By virtue of the tax-exempt bond/LIHTC financing, the development is obligated to remain affordable throughout a 30-year compliance period.

**MARKET HIGHLIGHTS**

A market feasibility study dated September 16, 2002 was prepared by Capitol Market Research and highlighted the following findings:

**Definition of Market/Submarket:** “The market...for this project is most appropriately defined as the south central Austin submarket, delineated generally by US Hwy 290 on the north, US Hwy 183 on the east, FM 1826 on the west, and the Travis County line on the south.” (p. 19)

**Total Regional Market Demand for Rental Units:** “Currently the market outlook for new apartment construction in the Austin metropolitan area is cautiously optimistic. Job growth continues in most sectors, in spite of the recent slumps in the semiconductor and dot com industries, and new employees and their families are still moving into the region in significant numbers. New apartment construction combined with lower job growth has caused a 7% decline in the occupancy rate, with the overall occupancy at 90% as of December 2001. Occupancy should remain near 90% even if most of the proposed projects are completed.” (p. 51)

**Total Local/Submarket Demand for Rental Units:** “The potential for job growth in the area is excellent...which means that an increasing number of new employees will be moving to the area in search of affordable housing...Two LIHTC projects have recently been built in the area, Trails at the Park and Spring Valley Townhomes, and both have achieved rapid absorption and good market acceptance.” (p. 51)

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	121	3%	163	4%
Resident Turnover	4,011	97%	4,357	96%
<b>TOTAL ANNUAL DEMAND</b>	<b>4,133</b>	<b>100%</b>	<b>4,520</b>	<b>100%</b>

Ref: p. 25

**Capture Rate:** “When the proposed units are added together with other affordable tax credit projects currently in lease-up or planned in the future, and compared with the total demand for 2003..., the concentration rate is 20%...” (p. 26) The Underwriter calculated a capture rate of 21% based upon a revised supply of unstabilized comparable affordable units of 954 (the 160-unit Woodway Village development was included since it was recently awarded a tax credit allocation).

**Market Rent Comparables:** The market analyst surveyed seven comparable apartment projects totaling 1,894 units in the market area. “The projected [average rental rate of \$0.76 per square foot is] significantly lower than the market area average unit rents of \$0.91 per square foot. The market area rental rates average more than 10% above the maximum allowable rents under the program.” (p. 47)

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>



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**CREDIT UNDERWRITING ANALYSIS**

<b>1-Bedroom (60%)</b>	\$639	\$736	-\$97	\$788	-\$149
<b>2-Bedroom (60%)</b>	\$787	\$878	-\$91	\$891	-\$104
<b>3-Bedroom (60%)</b>	\$1,012	\$1,012	\$0	\$1,136	-\$124

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =\$500, program max =\$600, differential = -\$100)

The market analyst also prepared a market study for a development proposed by the principals of the Applicant in the same market area. The application for Woodway Village Apartments (LIHTC #02444) proposed rents set at the 50% of AMI limits although the 60% of AMI rents could be charged. In conversations with the market analyst, it was concluded that the proposed rents were the likely maximum rents attainable due to concessions being offered at competing LIHTC properties. Thus it appears likely that the market for the targeted 60% income level is saturated despite the Market Analysts acceptable demand and capture rate conclusions.

Although the Applicant is currently proposing reduced rents for the subject units, the original application indicated rents at the 60% of AMI maximums. It should be noted that the submitted preliminary term sheet for financing through GMAC Commercial Holding Capital Corporation indicates, as of January 9, 2003, the anticipated underwritten rent levels are equal to those currently proposed by the Applicant and shown in the chart above.

**Submarket Vacancy Rates:** “Occupancy rates in the south central Austin market area stabilized in 1997 at approximately 95.2%. Since that time, the occupancy rate for existing projects increased to a high of 98.1% in 1998 and 2000, and was last reported at 90.9% (September 2002).” (p. 27)

**Absorption Projections:** “Based on market conditions anticipated in the area and the proposed development program, the subject should be able to achieve an absorption rate of at least 18 units per month.” (p. 52)

**Known Planned Development:** “The analyst identified 24 other multifamily projects totaling 6,777 units under development in the market area. Of these, the following six properties are identified as affordable developments (p. 37-42):

- Kingfisher Creek Apartments, 9% LIHTC #00062, 35 LI units, “...under construction...”
- Pleasant Valley Courtyards, 9% LIHTC #02073, 130 LI units, “...the site is not yet zoned appropriately and there is significant community opposition...”
- South Congress Apartments (aka Circle S Apartments), 4% LIHTC #01458, 200 LI units, “construction started in March and should be completed by the end of 2002.”
- Spring Valley Townhomes, 9% LIHTC #99072, 173 LI units, “The project began leasing in August 2001 and is currently 96% occupied.”
- Villas of Cordoba, 9% LIHTC #00031, 93 LI units, “...currently under construction...completion is expected by the end of 2002.”
- Woodway Village Apartments, 2003 4% LIHTC #02444/MFB #2002-045, 160 LI units, “The project is fully designed and ready for construction if it receives a 4% tax credit bond allocation in September 2002. If approved, the developers will close on the land and begin construction in the 4<sup>th</sup> quarter of 2002.” This development was awarded a tax credit bond allocation.

The Underwriter found the market study provided sufficient information on which to base a funding recommendation, although with significant reservations. The Market Analyst opined that there is sufficient demand at the targeted income level and that market rents were significantly higher than the maximum 60% tax credit rents but then indicated the maximum tax credit rents were not achievable at the present time because:

- The extremely high 2002 HUD median household income for the Austin MSA (\$71,100), which resulted in elevated 60% rents.
- A market-wide oversupply of new units which has caused a decline in market-rate rents to LIHTC levels. The market analyst believes this situation to be temporary and that as the market improves and oversupply diminishes the LIHTC properties will regain a price advantage.

It is somewhat contradictory to assert that sufficient demand exists yet neither the maximum LIHTC rents nor the market rents can be achieved. The lender and credit enhancer are also known to share these concerns and have manifested them in the form of a restriction on the loan size and an elevated vacancy rate estimate as

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS**  
**CREDIT UNDERWRITING ANALYSIS**

described below. If this transaction is approved it will represent the fourth new construction LIHTC related development in the past 12 months in the submarket delineated by the Market Analyst. The four developments alone represent a total of 730 new units serving incomes at 60% or below in this already soft submarket. The subject 240 units represent 33% of that total. Due to these lingering concerns the Underwriter believes the EARAC committee, the Executive Director and the Board should be made keenly aware of the contradictions in the conclusions of the market analysis and the recommendation of this report is conditioned upon their acceptance of the Market Analysts conclusions at face value.

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is an irregularly-shaped parcel located in the south central area of Austin. The site is situated on the north side of Teri Road.

**Population:** The estimated 2001 population of the primary market area was 158,457 and is expected to increase by 13% to approximately 179,499 by 2006. Within the primary market area there were estimated to be 57,205 households in 2001.

**Adjacent Land Uses:** Land uses in the overall area in which the site is located are mixed, with single-family residential, neighborhood retail, auto dealerships, industrial uses, and vacant land. Adjacent land uses include:

- **North:** City of Austin maintenance facility
- **South:** Teri Road, with a Sam's Club and Wal-Mart shopping center and vacant land beyond. A church is located at the southeast corner of the site.
- **East:** Friedrich Lane, with vacant land beyond
- **West:** Vacant land, with Interstate Highway 35 and its frontage roads beyond. A motel is located at the northwest corner.

**Site Access:** Access to the property is from the east or west along Teri Road. The development is to have one main entry from Teri Road.

**Public Transportation:** Public transportation to the area is provided by Capital Metro. "The closest Capital Metro Bus service is available at the subject site at Teri Rd. and Friedrich Lane." (p. 10)

**Shopping & Services:** "Three grocery stores are easily accessible to the subject. HEB is...(approximately 1.44 miles southwest) and Albertson's is...(approximately 2.56 miles away)." (p. 10)

**Site Inspection Findings:** TDHCA staff performed a site inspection on December 16, 2002 and found the location to be acceptable for the proposed development.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

**Phase I ESA:** A Phase I Environmental Site Assessment report dated April 11, 2001 was prepared by EDC Environmental Services, Inc. and contained the following findings and recommendations: "Based upon the scope of work described in this report, this assessment revealed evidence of recognized environmental concerns in connection with the former McGuire Landfill that is located beneath the subject site at the central and eastern portions of the tract. Due to the proposed development of the subject site for residential purposes, EDC-ES recommends that a comprehensive soil gas survey and Phase II soil and groundwater investigation be performed on the 10.0-acre tract to determine the extent and potential impact from the former documented landfill site." (p. 10)

**Phase II ESA:** A Phase II Environmental Site Assessment report dated August 31, 2001 was prepared by Engineering Consulting Services, Ltd. (ECS) pursuant to the recommendations made in the Phase I ESA report and contained the following findings:

**Conclusions:**

- 1) Methane has not impacted subsurface media beyond the most recently estimated landfill boundary as established by the M&S [Metcalf & Sanders] 2001 Survey;
- 2) The shallow groundwater (<35 feet below ground surface) below those parts of the subject site beyond the M&S 2001 Survey landfill boundary has not been impacted; and
- 3) The M&S 2001 Survey landfill boundary is probably conservative, in that there appears to be no landfill material or methane/shallow groundwater contamination outside the boundary as drawn, and there may be a significant amount of non-landfilled land with the estimated boundary that was established." (p. 10)

**Recommendations:**

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

- “If development is to be considered on any of the land within the fill boundary established by the M&S 2001 Survey, additional borings should be completed in those areas to confirm the absence or presence of trash/debris from the McGuire Landfill. Development outside the 2001 M&S 201 Survey landfill boundary should not be impacted [by] any methane, contaminated shallow groundwater, or the presence of landfill debris.” (p. 10)

**Landfill Delineation Investigations:** Three landfill delineation investigation reports dated January 27, October 7, and November 6, 2002 were also prepared by ECS in order to accurately establish the southern boundary of the landfill. This boundary was used to determine the northern limit of improvements planned for the subject development.

Although the Applicant has not planned that any residential improvements will be sited over the landfill areas, the site’s location immediately adjacent to a covered former industrial and residential waste landfill would appear to present a salient environmental risk. As the Phase II investigation was very narrowly scoped to delineate the extent of the former landfill and evaluate methane gas migration and shallow groundwater contamination, the environmental analyst did not render an opinion that the site is free of recognized environmental conditions or otherwise opine that the site is suitable for the proposed development in accordance with current environmental guidelines. Therefore, it is a condition of this report that the Applicant provide an opinion from an environmental engineer that the site is suitable for the subject multifamily residential development as proposed.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s rent projections are below the maximum rents allowed under LIHTC guidelines. For consistency and due to information available from the market analyst during the underwriting analysis of Woodway Village Apartments (4% LIHTC #02444), the Underwriter has utilized net rents of \$668 for one-bedroom units, \$789 for two-bedroom units, and \$906 for three-bedroom units. These rents were substantiated by the market analyst and appraiser for Woodway Village as the maximum rents that can be achieved at present for tax credit units, but both are cautiously optimistic that the market will improve from its present saturated state. There is the potential for significant additional income (approximately \$250K) if the Applicant is able to increase rents to the program maximums. As noted above the unrestricted market rents are somewhat higher than the maximum restricted rents at 60% of AMI.

The Applicant included a secondary income estimate of \$20 per unit per month while the Underwriter utilized \$15 per unit per month. Although the Applicant’s estimate of vacancy and collection losses of 10% is in line with current market conditions, the Underwriter used the TDHCA guideline of 7.5% in consideration of the market analyst’s cautiously optimistic projections. Overall, the Applicant’s effective gross income estimate is within 1% of the Underwriter’s estimate.

**Expenses:** The Applicant’s total expense estimate of \$3,815 per unit is within 5% of the Underwriter’s estimate of \$3,973 per unit for comparably-sized developments. The Applicant’s budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter’s estimates, particularly: general and administrative (\$11K lower), management (\$15K lower), repairs and maintenance (\$30K lower), and property tax (\$30K higher).

**Conclusion:** The Applicant’s net operating income estimate is within 5% of the Underwriter’s estimate. Because the Applicant’s effective gross income, total operating expense, and net operating income estimates are all within 5% of the Underwriter’s estimate, the Applicant’s proforma is used to determine the development’s debt service capacity. Based on the proposed financing structure and anticipated debt service, the Applicant’s proforma indicates that the development will have a debt coverage ratio (DCR) of 1.12 in the first year of stabilized operation, which is within the Department’s guideline. The Underwriter calculated a slightly higher debt service amount, but this amount is still serviceable at an acceptable 1.11 DCR.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Land Value:** The Applicant submitted a purchase agreement for 10.28 acres of a larger 11.534-acre tract of land. The site cost for the 10.28 acres was originally priced at \$1,260,000; however, the Applicant submitted an amendment to the agreement which lowered the purchase price to \$1,200,000 (\$2.68/SF or \$116,740/acre). An appraisal performed by American Realty Corporation values the entire 11.534-acre tract

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

of land at \$2,100,000. This results in a prorated appraised value of \$1,871,791 for the 10.28 acres. Additionally, the tax appraised value for the entire 11.534-acre tract of land is \$1,507,263 which results in a prorated value of \$1,343,390 for the 10.28 acres being purchased.

The seller, Teri Road Partners, Ltd., acquired the total 11.534-acre site in February of 2002 at a cost of \$1,200,000. This amounts to a prorated cost of \$1,069,533 for the subject 10.28 acres. The Applicant provided an original acquisition and holding costs estimate totaling \$1,298,129.46 for the larger 11.534-acre site. Therefore, the Underwriter used a proration of the original purchase price plus holding costs as the appropriate transfer price (\$1,156,994) to ensure that a windfall profit or excess developer fee is not provided to the developer as a result of the potential TDHCA funding for the project. To this was added the estimated closing costs of \$133,000 for a total acquisition cost of \$1,289,994.

**Off-Site Costs:** The Applicant did not include any offsite costs in the project cost schedule, although the gas provider's commitment letter indicated that, "It may be necessary to do a street cut and or bore in order to access the gas main to supply natural gas utility to your site. Initially the customer or the developer would pay for all new construction costs." It is a condition of this report that the Applicant submit either an offsite cost estimate from the natural gas provider or a statement and documentation that no offsite costs for the provision of gas utility services are anticipated.

**Sitework Cost:** The Applicant's claimed sitework costs of \$6,500 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant's costs are within 5% of the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate and are therefore regarded as reasonable as submitted.

**Interim Financing Fees:** The Underwriter reduced the Applicant's eligible interim financing fees by \$14,000 to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate. The Underwriter also removed \$37,413 in tax credit fees from eligible basis in accordance with Underwriting practice as the line item for them on the application form excludes them from eligibility.

**Fees:** The Applicant's developer fees exceed 15% of the Applicant's adjusted eligible basis and therefore the eligible portion of the Applicant's developer fee must be reduced by \$36,462.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's estimate, and will therefore be used, as adjusted by the Underwriter, in the eligible basis method for calculating the recommended tax credit allocation. It should be noted that the Applicant's total development cost estimate is also adjusted to account for the identity of interest land sale. The difference of \$43,006 between the contract sales price and the original acquisition and holding costs was subtracted from the Applicant's total development cost estimate, resulting in a need for \$20,743,442 in permanent funds. However it is not anticipated that this will impact the credit amount as there is projected to be a larger amount of developer fee deferred in this transaction.

**FINANCING STRUCTURE ANALYSIS**

The Applicant intends to finance the development with three types of financing from three sources: a conventional interim to permanent loan based on tax-exempt bond proceeds, syndicated LIHTC equity, and deferred developer's fees.

**Bonds and Conventional Interim to Permanent Loan:** The bonds are \$14,000,000 in tax-exempt private activity mortgage revenue bonds to be issued by the Travis County Housing Finance Corporation and placed privately through GMAC Commercial Holding Capital Corporation. The bonds will be amortized over 35 years and underwritten at a 6.95% interest rate. The interest rate will be locked at closing and calculated at 150 basis points over the MMD 30-year Municipal Housing Bond Index, with a minimum of 6.95%. The lender anticipated underwritten rent levels of \$639, \$787, and \$1,012 per month for one-, two-, and three-bedroom units, respectively.

**LIHTC Syndication:** Paramount Financial Group, Inc. has offered terms for syndication of the tax credits. The latest commitment letter shows net proceeds are anticipated to be \$5,404,387 based on a syndication factor of 82.5% (the Applicant's most recent sources and uses of funds statement, which predates the latest syndication letter, lists \$5,443,504 in syndication proceeds). The funds would be disbursed in a six-phased pay-in schedule:

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1. 28% upon the latest of: tax credit reservation, closing of the construction loan, receipt of the permanent loan commitment, February 1, 2003, or admission to the partnership;
2. 20% upon the latest of: 33% construction completion, July 1, 2003, or satisfaction of conditions for first installment;
3. 23% upon the latest to occur of: 75% construction completion, cost certification, January 1, 2004, or satisfaction of conditions for first and second installments;
4. 7% upon the latest to occur of: construction completion, May 1, 2004, or satisfaction of conditions for previous installments;
5. 8% upon the latest to occur of: initial 90% occupancy date, cost certification, October 1, 2004, or satisfaction of conditions for previous installments;
6. 13% upon latest to occur of: three consecutive months of 1.15 DCR, attestation by partnership accountant, final closing, receipt of forms 8609 for all buildings, attestation by partnership accountant, initial 95% occupancy and 100% of units tax credit qualified, February 1, 2005, or satisfaction of all previous conditions for disbursement.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,342,944 amount to 66% of the total fees.

**Financing Conclusions:** The Applicant's eligible basis estimate, as adjusted by the Underwriter, is used to determine the recommended tax credit allocation of \$658,490 annually for ten years, \$1,395 less than requested. As stated above, the Applicant's total development cost estimate, as adjusted to account for the identity of interest land sale is used to determine the need for permanent funds. The gap in permanent funds indicates a need for \$1,311,440 in deferred developer fees, which represents 56% of the eligible fee and which appears to be repayable from stabilized cashflow within ten years of operation. There is sufficient developer fee remaining to fund the difference in acquisition costs, without affecting the recommended tax credit allocation or the long term feasibility of the development, if the Applicant chooses to do so.

**REVIEW of ARCHITECTURAL DESIGN**

The units are in mixed two-story townhouse and walk-up structures with stucco and siding exterior finish and pitched and hipped roofs. The exterior elevations are attractive, with varied rooflines and architectural elements such as ornamental shutters and stone accents. All units are of average size for market rate and LIHTC units, and have covered patios or balconies and utility closets with hookups for full-size appliances.

**IDENTITIES of INTEREST**

The General Partner, Developer, and General Contractor are all owned by H. Chris Richardson.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- The General Partner will participate in the development of a second 2002 LIHTC complex, but currently has no material financial statements.
- The principal of the General Partner, H. Chris Richardson, submitted an unaudited financial statement as of October 15, 2002.

**Background & Experience:**

- The Applicant is a new entity formed for the purpose of developing the project.
- The General Partner, Blazer Land, LLC has completed one LIHTC housing development totaling 192 units since 2002.
- The owner of the General Partner, H. Chris Richardson, has completed 11 LIHTC and conventional housing developments totaling 2,970 units since 1983.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- Significant environmental/location risks exist regarding the proposed improvements' location immediately adjacent to a covered former industrial and residential waste landfill.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.25) if the maximum tax credit rents can be achieved in this market.
- The seller of the property has an identity of interest with the Applicant.

**RECOMMENDATION**

- RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$658,490 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of an offsite cost estimate from the natural gas provider, or a statement that no offsite costs are anticipated;
2. Receipt, review, and acceptance of an opinion from an environmental engineer who has reviewed the environmental reports provided and conducted any additional investigation that is warranted that the site is suitable for the subject multifamily residential development as proposed;
3. EARAC, Executive Director and Board acceptance of the contradiction in the Market Analysts conclusion that there is no capture rate violation in light of the conclusion that the market rent is greater than the maximum tax credit rent but the consensus of the Market Analyst, Applicant, Lender and Underwriter that the maximum 60% tax credit rent can not, at least temporarily, be achieved in this submarket; and
4. Upon notification of any change in the terms of the loan or syndication or development plans or costs, the recommendations and conditions in this report should be re-evaluated.

<b>Credit Underwriting Supervisor:</b> _____ <i>Lisa Vecchietti</i>	<b>Date:</b> February 2, 2003 _____
<b>Credit Underwriting Supervisor:</b> _____ <i>Jim Anderson</i>	<b>Date:</b> February 2, 2003 _____
<b>Director of Credit Underwriting:</b> _____ <i>Tom Gouris</i>	<b>Date:</b> February 2, 2003 _____

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis**

**Woodway Square Apartments, Austin, LIHTC #02461**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trash
<TC 60%	36	1	1	731	\$800	\$668	\$24,048	\$0.91	\$64.00	\$40.00
<TC 60%	12	1	1	773	800	\$668	8,016	0.86	64.00	40.00
<TC 60%	12	1	1	791	800	\$668	8,016	0.84	64.00	40.00
<TC 60%	48	2	2	999	960	\$789	37,872	0.79	82.00	46.00
<TC 60%	72	2	2	1,006	960	\$789	56,808	0.78	82.00	46.00
<TC 60%	18	2	2	1,042	960	\$789	14,202	0.76	82.00	46.00
TC 60%	6	3	2	1,241	1,109	\$906	5,436	0.73	97.00	70.00
TC 60%	12	3	2.5	1,290	1,109	\$906	10,872	0.70	97.00	70.00
TC 60%	24	3	2	1,300	1,109	\$906	21,744	0.70	97.00	70.00
<b>TOTAL:</b>	<b>240</b>		<b>AVERAGE:</b>	<b>993</b>	<b>\$946</b>	<b>\$779</b>	<b>\$187,014</b>	<b>\$0.78</b>	<b>\$80.13</b>	<b>\$48.70</b>

**INCOME** Total Net Rentable Sq Ft: 238,350

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

	TDHCA	APPLICANT		
	\$2,244,168	\$2,273,400		
	43,200	57,600	\$20.00	Per Unit Per Month
	0	0		
	\$2,287,368	\$2,331,000		
	(171,553)	(233,100)	-10.00%	of Potential Gross Income
	0	0		
	\$2,115,815	\$2,097,900		

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	2.86%	\$252	\$0.25
Management	5.00%	441	0.44
Payroll & Payroll Tax	10.53%	928	0.93
Repairs & Maintenance	5.25%	463	0.47
Utilities	2.78%	245	0.25
Water, Sewer, & Trash	4.11%	362	0.36
Property Insurance	1.80%	159	0.16
Property Tax 2.5043	8.52%	751	0.76
Reserve for Replacements	2.27%	200	0.20
Compliance/Supp Svc/Securit	1.99%	175	0.18
<b>TOTAL EXPENSES</b>	<b>45.10%</b>	<b>\$3,976</b>	<b>\$4.00</b>
<b>NET OPERATING INC</b>	<b>54.90%</b>	<b>\$4,840</b>	<b>\$4.87</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
	\$60,439	\$49,900	\$0.21	\$208	2.38%
	105,791	90,936	0.38	379	4.33%
	222,710	218,000	0.91	908	10.39%
	111,118	81,600	0.34	340	3.89%
	58,844	54,000	0.23	225	2.57%
	86,880	85,800	0.36	358	4.09%
	38,136	35,000	0.15	146	1.67%
	180,310	210,361	0.88	877	10.03%
	48,000	48,000	0.20	200	2.29%
	42,000	42,000	0.18	175	2.00%
	\$954,227	\$915,597	\$3.84	\$3,815	43.64%
	\$1,161,588	\$1,182,303	\$4.96	\$4,926	56.36%

**DEBT SERVICE**

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
TDHCA	50.45%	\$4,447	\$4.48	\$4,418	50.54%
Additional Financing	0.00%	\$0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>4.45%</b>	<b>\$392</b>	<b>\$0.40</b>	<b>\$508</b>	<b>5.81%</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
	\$1,067,396	\$1,060,351	\$4.45	\$4,418	50.54%
	0	0	\$0.00	\$0	0.00%
	0	0	\$0.00	\$0	0.00%
	\$94,192	\$121,952	\$0.51	\$508	5.81%

AGGREGATE DEBT COVERAGE RATIO

ALTERNATIVE DEBT COVERAGE RATIO

	1.09	1.12
		1.11

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bld)		6.27%	\$5,375	\$5.41
Off-Sites		0.00%	0	0.00
Sitework		7.59%	6,500	6.54
Direct Construction		49.26%	42,198	42.49
Contingency	0.86%	0.49%	417	0.42
General Req'ts	6.00%	3.41%	2,922	2.94
Contractor's G & A	2.00%	1.14%	974	0.98
Contractor's Prof:	6.00%	3.41%	2,922	2.94
Indirect Construction		3.16%	2,709	2.73
Ineligible Costs		6.69%	5,734	5.77
Developer's G & A	4.69%	3.49%	2,992	3.01
Developer's Profit	10.31%	7.67%	6,568	6.61
Interim Financing		5.95%	5,094	5.13
Reserves		1.47%	1,263	1.27
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$85,668</b>	<b>\$86.26</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
	\$1,289,994	\$1,333,000	\$5.59	\$5,554	6.41%
	0	0	0.00	0	0.00%
	1,560,000	1,560,000	6.54	6,500	7.50%
	10,127,561	10,470,683	43.93	43,628	50.37%
	100,000	100,000	0.42	417	0.48%
	701,254	721,840	3.03	3,008	3.47%
	233,751	240,610	1.01	1,003	1.16%
	701,254	721,840	3.03	3,008	3.47%
	650,116	650,116	2.73	2,709	3.13%
	1,376,163	1,376,163	5.77	5,734	6.62%
	718,069	813,204	3.41	3,388	3.91%
	1,576,409	1,576,409	6.61	6,568	7.58%
	1,222,583	1,222,583	5.13	5,094	5.88%
	303,088	0	0.00	0	0.00%
	\$20,560,242	\$20,786,448	\$87.21	\$86,610	100.00%

**Recap-Hard Construction Costs** 65.29% **\$55,933** **\$56.32**

**\$13,423,820** **\$13,814,973** **\$57.96** **\$57,562** **66.46%**

**SOURCES OF FUNDS**

	TDHCA	APPLICANT	RECOMMENDED
TDHCA	68.09%	\$58,333	\$58.74
Additional Financing	0.00%	\$0	\$0.00
LIHTC Syndication Proceeds	26.48%	\$22,681	\$22.84
Deferred Developer Fees	6.53%	\$5,596	\$5.63
Additional (excess) Funds Req'	-1.10%	(\$943)	(\$0.95)
<b>TOTAL SOURCES</b>			

	\$14,000,000	\$14,000,000	\$14,000,000
	0	0	0
	5,443,504	5,443,504	5,432,003
	1,342,944	1,342,944	1,311,440
	(226,206)	0	(0)
	\$20,560,242	\$20,786,448	\$20,743,442

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST (continued)**  
**Woodway Square Apartments, Austin, LIHTC #02461**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook  
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$42.19	\$10,056,866
<b>Adjustments</b>				
Exterior Wall Finish	0.24%		\$0.10	\$24,136
9' Ceiling	3.00%		1.27	301,706
Roofing			0.00	0
Subfloor			(0.67)	(160,489)
Floor Cover			1.92	457,632
Porches/Balconies	\$29.24	53228	6.53	1,556,387
Plumbing	\$615	564	1.46	346,860
Built-In Appliances	\$1,625	240	1.64	390,000
Stairs/Fireplaces	\$1,400	48	0.28	67,200
Floor Insulation			0.00	0
Heating/Cooling			1.47	350,375
Garages/Carports	\$7.83	21,000	0.69	164,430
Comm &/or Aux Bldgs	\$56.25	5,312	1.25	298,816
Other:			0.00	0
<b>SUBTOTAL</b>			<b>58.12</b>	<b>13,853,919</b>
Current Cost Multiplier	1.03		1.74	415,618
Local Multiplier	0.87		(7.56)	(1,801,009)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$52.31</b>	<b>\$12,468,527</b>
Plans, specs, survy, b	3.90%		(\$2.04)	(\$486,273)
Interim Construction I	3.38%		(1.77)	(420,813)
Contractor's OH & Prof	11.50%		(6.02)	(1,433,881)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$42.49</b>	<b>\$10,127,561</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$14,000,000	Amort	420
Int Rate	6.95%	DCR	1.09
<b>Secondary</b>		Amort	
Int Rate		Subtotal DCR	1.09
<b>Additional</b>		Amort	
Int Rate		Aggregate DCR	1.09

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$1,067,396
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$94,192</b>

<b>Primary</b>	\$14,000,000	Amort	420
Int Rate	6.95%	DCR	1.11
<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.11
<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.11

**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	\$2,273,400	\$2,341,602	\$2,411,850	\$2,484,206	\$2,558,732	\$2,966,271	\$3,438,721	\$3,986,421	\$5,357,416
Secondary Income	57,600	59,328	61,108	62,941	64,829	75,155	87,125	101,002	135,738
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,331,000	2,400,930	2,472,958	2,547,147	2,623,561	3,041,426	3,525,847	4,087,423	5,493,154
Vacancy & Collection Loss:	(233,100)	(180,070)	(185,472)	(191,036)	(196,767)	(228,107)	(264,438)	(306,557)	(411,987)
Employee or Other Non-Res:	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$2,097,900</b>	<b>\$2,220,860</b>	<b>\$2,287,486</b>	<b>\$2,356,111</b>	<b>\$2,426,794</b>	<b>\$2,813,319</b>	<b>\$3,261,408</b>	<b>\$3,780,866</b>	<b>\$5,081,168</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$49,900	\$51,896	\$53,972	\$56,131	\$58,376	\$71,023	\$86,411	\$105,132	\$155,621
Management	90,936	111,043	114,374	117,806	121,340	140,666	163,070	189,043	254,058
Payroll & Payroll Tax	218,000	226,720	235,789	245,220	255,029	310,282	377,505	459,293	679,866
Repairs & Maintenance	81,600	84,864	88,259	91,789	95,460	116,142	141,305	171,919	254,482
Utilities	54,000	56,160	58,406	60,743	63,172	76,859	93,511	113,770	168,407
Water, Sewer & Trash	85,800	89,232	92,801	96,513	100,374	122,120	148,578	180,768	267,580
Insurance	35,000	36,400	37,856	39,370	40,945	49,816	60,609	73,740	109,153
Property Tax	210,361	218,775	227,526	236,628	246,093	299,409	364,277	443,199	656,043
Reserve for Replacements	48,000	49,920	51,917	53,993	56,153	68,319	83,120	101,129	149,695
Other	42,000	43,680	45,427	47,244	49,134	59,779	72,730	88,488	130,983
<b>TOTAL EXPENSES</b>	<b>\$915,597</b>	<b>\$968,690</b>	<b>\$1,006,328</b>	<b>\$1,045,437</b>	<b>\$1,086,076</b>	<b>\$1,314,416</b>	<b>\$1,591,116</b>	<b>\$1,926,480</b>	<b>\$2,825,889</b>
<b>NET OPERATING INCOME</b>	<b>\$1,182,303</b>	<b>\$1,252,170</b>	<b>\$1,281,158</b>	<b>\$1,310,674</b>	<b>\$1,340,718</b>	<b>\$1,498,904</b>	<b>\$1,670,292</b>	<b>\$1,854,386</b>	<b>\$2,255,279</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$1,067,396	\$1,067,396	\$1,067,396	\$1,067,396	\$1,067,396	\$1,067,396	\$1,067,396	\$1,067,396	\$1,067,396
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$114,907</b>	<b>\$184,774</b>	<b>\$213,763</b>	<b>\$243,278</b>	<b>\$273,322</b>	<b>\$431,508</b>	<b>\$602,896</b>	<b>\$786,991</b>	<b>\$1,187,883</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.11</b>	<b>1.17</b>	<b>1.20</b>	<b>1.23</b>	<b>1.26</b>	<b>1.40</b>	<b>1.56</b>	<b>1.74</b>	<b>2.11</b>



**LIHTC Allocation Calculation - Woodway Square Apartments, Austin, LIHTC**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$1,333,000	\$1,289,994		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,560,000	\$1,560,000	\$1,560,000	\$1,560,000
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation ha	\$10,470,683	\$10,127,561	\$10,470,683	\$10,127,561
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$240,610	\$233,751	\$240,610	\$233,751
Contractor profit	\$721,840	\$701,254	\$721,840	\$701,254
General requirements	\$721,840	\$701,254	\$721,840	\$701,254
<b>(5) Contingencies</b>	\$100,000	\$100,000	\$100,000	\$100,000
<b>(6) Eligible Indirect Fees</b>	\$650,116	\$650,116	\$650,116	\$650,116
<b>(7) Eligible Financing Fees</b>	\$1,222,583	\$1,222,583	\$1,222,583	\$1,222,583
<b>(8) All Ineligible Costs</b>	\$1,376,163	\$1,376,163		
<b>(9) Developer Fees</b>			\$2,353,151	
Developer overhead	\$813,204	\$718,069		\$718,069
Developer fee	\$1,576,409	\$1,576,409		\$1,576,409
<b>(10) Development Reserves</b>		\$303,088		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$20,786,448</b>	<b>\$20,560,242</b>	<b>\$18,040,823</b>	<b>\$17,590,997</b>

<b>Deduct from Basis:</b>			
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)			
<b>TOTAL ELIGIBLE BASIS</b>		\$18,040,823	\$17,590,997
High Cost Area Adjustment		100%	100%
<b>TOTAL ADJUSTED BASIS</b>		\$18,040,823	\$17,590,997
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$18,040,823	\$17,590,997
Applicable Percentage		3.65%	3.65%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$658,490	\$642,071

Syndication Proceeds                      0.8249                      \$5,432,003                      \$5,296,562

Tax Credit Amount                      \$658,490

Total Syndication Proceeds                      \$5,432,003

## Agenda Item No. 3C

### BOARD ACTION REQUEST

February 13, 2003

#### Action Items

Request correction of an administrative error and request extension of the deadline to commence substantial construction.

#### Required Action

Approve correction of administrative error and approve extension of the deadline to commence substantial construction.

#### Background and Recommendations

Pertinent facts about the development requesting correction of the administrative error and the development requesting extension of the deadline to commence substantial construction are summarized below. Staff has reviewed the information and recommends approval of the requests.

#### LIHTC Development No. 01037, Bachon Townhomes

Summary of Request: At the Board Meeting of December 17, 2002, the owner was granted an extension of the commencement of construction requirement until January 2, 2003. The date recommended was an error of communication between the owner and Department staff. The date should have been January 31, the same date that was recommended for a related development owned by the same owner. Satisfactory evidence of commencement of substantial construction was submitted on January 10, soon after the request for correction.

Applicant:	Bachon Investments, L.P.
General Partner:	Bachon Resources, Inc.
Contacts/Interested Parties:	Jill Bradon, Jay Oji
City/County:	Wylie/Collin
Set-Aside:	General/Family
Type of Development:	New Construction
Units:	90 LIHTC and 30 market rate units
2001 Allocation:	\$740,600
Allocation per LIHTC Unit:	\$8,229
Extension Request Fee Paid:	NA – request is to correct
Type of Extension Request:	Commencement of construction
Note on Time of Request:	NA
Current Deadline:	January 2 (an error)
New Deadline Requested:	January 31, 2003 (corrected from January 2, 2003, the date approved at the December 17, 2002 Board Meeting)
Prior Extensions:	None
Staff Recommendation:	Grant extension as requested.

### Agenda Item No. 3D

#### LIHTC Development No. 01152, Parkway Senior Apartments

Summary of Request: The construction loan closed on October 28 after three extensions as recounted later in this summary. The late closing of the construction loan forced the applicant to request an extension of the deadline for commencement of construction until January 25, 2003. The first extension for closing the construction loan related to increases in the utility allowances. The increases reduced the amount of the construction loan that could be obtained. The allowances were ultimately reduced. The second extension resulted from HUD's requirement that all equity be paid at the initial closing. Arranging the equity pay-in from the syndicator caused delay. The third and last extension on the construction loan was made because HUD suspended processing other types of financing to meet a goal for "202" grants" before the end of HUD's fiscal year on September 30. The applicant has obtained building permits, and the development is under construction, but because of rain days, the applicant requests an extension to show construction beyond the foundation stage as required by the definition of substantial construction. As of February 3, foundation forms were set on three of the five residential buildings and the clubhouse, and plumbing had been roughed-in on two residential buildings and the clubhouse. Rain on Sunday and Wednesday of the prior week prevented sitework all week.

Applicant:	Parkway Senior Apartments, L.P.
General Partner:	Spirit Builders, Inc.
Principals/Contacts:	Lacy Gilbert, Mike Gilbert
City/County:	Pasadena / Harris
Set-Aside:	General/Elderly
Type of Project:	New Construction
Units:	91 LIHTC and 31 market rate units
2001 Allocation:	\$493,226
Allocation per LIHTC Unit:	\$5,420
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of construction
Time of Request:	Deadline for request was January 15. Extension request received January 14.
Current Deadline:	January 25, 2003
New Deadline Requested:	February 25, 2003
Prior Extensions on Project:	Carryover was extended from 10/13/01 to 11/12/01. On 6/13/02 Construction loan closing was extended from 6/14 to 9/12. On 8/29/02 Construction loan closing was extended from 9/12 to 10/12. On 10/10/02 Construction loan closing was extended from 9/12 to 10/28 On 11/14/02 Commencement of construction extended from 11/8 to 1/25/03
Staff Recommendation:	Grant extension as requested.

**Agenda Item 4**  
**AUDIT COMMITTEE MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**507 Sabine, Board Room, Fourth Floor, Austin, Texas 78701**  
**February 13, 2003 8:30 a.m.**

**A G E N D A**

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

Vidal Gonzalez  
Chair

**PUBLIC COMMENT**

The Committee 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 department staff and motions made by the Committee.

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

Item 1 Presentation, Discussion and Possible Approval of Minutes of Audit Committee Meeting of November 14, 2002 Vidal Gonzalez

Item 2 Presentation and Discussion of Reports: David Gaines

- h) Quality Assurance Review of TDHCA Internal Auditing Division
- i) FDIC's 2002 Annual Review of Department's Administration Of the Affordable Housing Disposition Program
- j) SAO Report, *A Legislative Summary Document Regarding TDHCA*
- k) SAO Report, *Performance Measurement Certification Audit*
- l) Status of Prior Audit Issues
- m) Status of Review of LIHTC Inspection Fees
- n) Status of Central Database Project

**ADJOURN**

Vidal Gonzalez  
Chair

*To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or contact the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.*

*Individuals who require auxiliary aids, services or translators 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.*

**AUDIT COMMITTEE MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**Capitol Extension Auditorium, State Capitol, Austin, Texas 78701**  
**November 14, 2002      8:30 a.m.**

Summary of Minutes

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

The Audit Committee Meeting of the Texas Department of Housing and Community Affairs of October 10, 2002 was called to order by Chair Vidal Gonzalez at 8:35 a.m. It was held at the Capitol Extension Auditorium, State Capitol, Austin, Texas. Roll call certified a quorum was present.

Members present:

Vidal Gonzalez -- Chair

Elizabeth Anderson - Member

Shad Bogany – Member

Staff of the Texas Department of Housing and Community Affairs was also present.

**PUBLIC COMMENT**

The Committee 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 Committee.

Mr. Gonzalez called for public comment and no one wished to give any comments.

**REPORT ITEMS**

**(1) Presentation, Discussion and Possible Approval of Minutes of Audit Committee Meeting of October 10, 2002**

Motion made by Beth Anderson and seconded by Shad Bogany to approve the minutes of the Audit Committee Meeting of October 10, 2002.

Passed Unanimously

**(2) Presentation and Discussion on:**  
**a) Status Report on Central Database Project**

Mr. David Gaines, Director of Internal Auditing, stated the goal is to provide standardized information to the Committee that facilitates review and provides information needed to assess the status of the project. There have been no significant changes from that previously reported on the Application modules. The team's goal (Database team) is to develop detailed plans for each module as the design specifications of the system are finalized and approved. The contact log for the LIHTC Program has been removed as a particular module as it is not a component of the central database.

Since the last report on the Compliance Monitoring Tracking System the end date has been extended from October 31, 2002 until November 19, 2002 and this is due to having a clear accounting of the remaining "have-to enhancement" and "fixes" to the system that were identified during testing.

The functional planning and development dates have been extended from December 31, 2002 to October 31, 2003. The gathering and entry of program data has been reclassified and this adds ten months to the completion date.

The industry rollout phase of the project has changed from August 31, 2005 to November 3, 2003, which is 22 months sooner than reported. This change was due to the reclassifying of the data

entry.

The Fund Allocation Contract module development date has been extended from January 15, 2003 to March 28, 2003 and the functional planning and deployment date has been extended two weeks until April 14, 2003.

The design work is not fully completed but is far enough to develop detailed plans for the remaining portions of the functional plan.

**c) Status of Review of LIHTC Inspection Fees**

Mr. Gaines stated \$100,126 is the new inspection fees paid by the department in excess of amounts reimbursed to the department. Staff now needs to go back and investigate details supporting all the inspection fees. There may be a billing error or outstanding billings that need to be made to settle this amount of \$100,126.

**a) Status of Prior Audit Issues**

Mr. Gaines stated this report includes 20 prior audit issues. Four are reported as implemented and sixteen are in the process of being implemented. Six of these issues relate to the HUD/HOME monitoring issue and TDHCA has provided HUD with a comprehensive response on the status of these issues. The data was furnished on each issue and planned strategies to resolve the issues were also included.

HUD stated that corrective action should include reinspecting all units assisted since 1998 from HOME funds. The Department disagreed with this assessment and contends that HUD's monitoring and sampling techniques were faulty and not representative of the type and quality of the processes developed by the sub-recipients and HUD did not review the complete files. Staff did perform some inspections and reported this to HUD but TDHCA has not received a response from HUD. TDHCA is proposing to reinspect an additional 7.5% of the sample properties which would amount to 108 properties to provide additional assurance that the property standards have been met. These reinspections will extend through June, 2003.

Mr. Gaines noted that there is considerable disagreement about the very levels of documentation necessary to support soft costs with the Department and HUD. TDHCA is trying to arrive at an acceptable conclusion. HUD's corrective requires that all program costs incurred for 1999, 2000 and 2001 are supported. This could be a significant effort trying to document this and a significant liability to the extent that the Department may not be able to support all program costs.

Ms. Carrington stated that meetings are continuing to be held with HUD to discuss and settle all issues. More information will continue to be furnished to this Committee.

**ADJOURN**

Motion made by Beth Anderson and seconded by Shad Bogany to adjourn the meeting.  
Passed Unanimously

The meeting adjourned at 9:15 a.m.

Respectfully submitted,

Board Secretary

p:dg/auminnv



# TEXAS DEPARTMENT OF PROTECTIVE AND REGULATORY SERVICES

## EXECUTIVE DIRECTOR

Thomas Chapmond

## BOARD MEMBERS

Richard S. Hoffman

*Chair, Brownsville*

John R. Castle, Jr

*Dallas*

Anne C. Crews

*Dallas*

Naomi W. Ledé

*Huntsville*

Catherine Clark Mosbacher

*Houston*

Ommy Salinas Strauch

*San Antonio*

January 30, 2003

David Gaines, CPA, CISA  
Director, Internal Audit  
Texas Department of Housing and Community Affairs  
507 Sabine, Suite 515  
Austin, Texas 78711

Dear Mr. Gaines,

At your request, I have completed the quality assurance review of the internal audit function at the Texas Department of Housing and Community Affairs. The purpose of the review was to evaluate the internal audit function's compliance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, generally accepted government auditing standards as promulgated by the U.S. General Accounting Office, and the Texas Internal Auditing Act (the Act).

Texas Government Code §2107.007 requires state agency internal audit functions to periodically undergo a comprehensive external peer review, or quality assurance review (QAR). This review was arranged through the State Agency Internal Audit Forum (SAIAF) QAR program and adheres to the guidelines established therein. Quality assurance reviews through SAIAF are conducted at no direct cost to the internal audit function being reviewed, though staff from the reviewed department must agree to participate in subsequent QARs sponsored by SAIAF of other state agency internal audit functions.

This review was performed by individuals independent of the Texas Department of Housing and Community Affairs and covered the period September 1999 through August 2002. The scope of this review was restricted to reviewing selected documents, conducting a survey, reviewing the working papers of a sample of audit projects, and interviewing key personnel.

Based on the review, the internal audit function **fully complies** with the required standards and the Act. This is the highest of three possible ratings (substantially complies, partially complies, does not comply) which can be assigned during a QAR. Additionally, internal audit has practices that are considered "best practices" by the internal audit community. These include involving management in the annual planning process, attending senior staff and administrative staff meetings, serving as a liaison with external auditors and reviewers, and providing consultative assistance to management in joint improvement projects and new process development.

I'd like to express my appreciation to the Department's governing board, management, staff, and the Internal Audit Division for their assistance and cooperation provided during the review.

If you, your management, or your board has any questions or concerns, please feel free to contact me directly at (512) 908-4572 or [catherine.melvin@tdprs.state.tx.us](mailto:catherine.melvin@tdprs.state.tx.us).

Sincerely,



Catherine A. Melvin, CIA, CPA  
Director of Internal Audit

attachment

cc: Edwina Carrington, Executive Director, TDHCA  
Michael E. Jones, Chair, Board of Directors, TDHCA  
Vidal Gonzalez, Chair, Audit Committee, TDHCA



# **Quality Assurance Review**

## **Of the Internal Audit Division for the Texas Department of Housing and Community Affairs**

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### **OBJECTIVE AND SCOPE:**

The purpose of the review was to evaluate the Texas Department of Housing and Community Affairs (TDHCA) Internal Audit Division's compliance with the Institute of Internal Audit's Standards for the Professional Practice of Internal Auditing (the Standards) and the Texas Internal Auditing Act (the Act). This review covers the period September 1999 through August 2002. The review process consisted of an evaluation of a self-assessment completed by the Internal Audit Division, a review of audit working papers, interviews with executive and senior management, and a confidential survey of selected audit clients. This review was performed by Catherine A. Melvin, CIA, CPA, Director of Internal Audit, Texas Department of Protective and Regulatory Services, and Lesley C. Wade, CPA, Director of Internal Audit, Texas Department of Economic Development.

### **RESULTS:**

Overall, the internal audit function **fully complies** with the Standards and the Act. Additionally, internal audit employs practices that are considered "best practices" by the internal audit community. These include involving management in the annual planning process, attending senior staff and administrative staff meetings, serving as a liaison with external auditors and reviewers, and providing consultative assistance to management in joint improvement projects and new process development. The results of the interviews and surveys conducted clearly show that the Internal Audit Division is highly regarded.

### **NOTEWORTHY ACCOMPLISHMENTS:**

#### **1. The Internal Audit Division is Highly Regarded at TDHCA.**

The results of the survey and interviews clearly show that the Internal Audit Division is viewed as a valuable, helpful, and professional. With a response rate of 44%, 55.9% responded with "5" or "Strongly Agree" to all questions surveyed, see attachment.

Additionally, management comments on the surveys and interviews were generally very complimentary.

The Internal Audit Division has maintained good client relations, educated the agency about the role of the internal audit function, and has marketed the value added by their work.

#### **2. The Internal Audit Division Performs Valuable Assistance to Management and Its Board Through Various Client Assistance Projects.**

The Internal Audit Division has performed numerous activities for the agency that are not considered audits. These client assistance projects enable the division to provide services which extend beyond traditional audit or assurance activities and provide opportunities for the division to better develop its understanding of the agency.

In addition to ad hoc projects, such as serving on the Information Systems Steering Committee and assisting in the reorganization of the agency, the Internal Audit Division also performs some ongoing client assistance services. These include tracking and reporting on all prior audit issues (both external and internal), facilitating management's efforts in inventorying and updating agency-wide SOPs, serving as liaison between the agency and external auditors, assisting management in responding to external audit findings, and reviewing Board minutes to identify assignments to agency staff.

**3. The Internal Audit Division Maintains a Strong Agency Presence and is Fully Supported By Its Board.**

The Internal Audit Division receives strong support from its Board. This support has enabled the division to operate more effectively and better integrate the internal audit function into the activities of the agency. The Internal Audit Director regularly attends senior staff and administrative staff meetings and provides consultative assistance in improvement projects and process development. The status of internal and external audits is also a regular agenda item during Board meetings, further emphasizing the high-profile nature of the Internal Audit Division.

**DETAILED SUGGESTIONS AND DIRECTOR'S RESPONSE:**

**1. Update Internal Audit Charter to Reflect Recent Changes in Internal Auditing Standards**

In December 2000, the Institute of Internal Auditors' Internal Auditing Standards Board approved the issuance of new standards. On October 18, 2001, additional implementation standards were approved for consulting engagements. The mandatory implementation date for *Standards* released in December 2000 was January 1, 2002, and the mandatory implementation date for the new consulting standards was July 1, 2002.

In light of these changes, the Internal Audit Division should consider updating its charter to better reflect the new *Standards*.

Suggestion:

Update the Internal Audit Charter to ensure consistency with new internal auditing standards.

Director's Response:

*The Internal Auditing Division agrees for the need to update its charter to ensure consistency with the new standards and intends to do so by April 30, 2003.*

**2. Ensure Job Descriptions and Internal Audit Charter Specifies Compliance With the IIA Code of Ethics**

The Institute of Internal Auditors' *Code of Ethics* is a separate document from the *Standards for the Professional Practice of Internal Auditing*. While the Internal Audit

Charter requires adherence to the *Standards*, the *Code of Ethics* is not referenced. The *Code of Ethics* is also not mentioned in job descriptions for the internal audit division.

The *Code of Ethics* states, “A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control, and governance.” It further states, “The *Code of Ethics* together with The Institute’s *Professional Practices Framework* and other relevant Institute pronouncements provide guidance to internal auditors serving others.”

Suggestion:

Revise the Internal Audit Charter and job descriptions for the internal audit division to require adherence to the *IIA Code of Ethics*.

Director's Response:

While the Internal Auditing Division’s Charter and job descriptions refer to compliance with professional standards, which encompasses the Code of Professional Ethics, these documents will be amended to specifically mention adherence to the IIA Code of Ethics by April 30, 2003.

### 3. Request Board Review of IA Resources

A common recommendation cited in the interviews conducted by this quality assurance review team was to ensure adequate resources are dedicated to the internal audit function for the agency. Current statutory language only requires the administrator of an agency to determine the staff necessary to implement an effective program of internal auditing. However, under generally accepted government auditing standards, a restriction on resources provided to internal auditing departments which adversely affects its ability to carry out its responsibilities is an impairment to independence. Since the board oversees the implementation of an effective program of internal auditing, it is critical that the board periodically review whether adequate resources have been allocated to the internal auditing department to effectively cover the risk in the agency.

Since the Internal Audit Director reports directly to the Board of Directors of TDHCA, it is important that the Board clearly be involved in and responsible for the oversight of the internal audit function.

While no correlation between size of agency (whether by budget or FTE) and size of internal audit function can be made among other state agencies and while the adequacy of internal audit resources of the agency was not assessed during this review, it is clear that the staffing and budgets of the internal audit function must be appropriate relative to the risks of the agency.

Suggestion:

Include language in the Internal Audit charter requiring the Board to periodically review whether resources allocated are adequate to implement an effective program of internal auditing for the Texas Department of Housing and Community Affairs.

Director's Response:

*The Internal Audit Charter will be amended by April 30, 2003, to require the Board to periodically review whether resources allocated to the Internal Auditing Division are adequate. To facilitate the Board's consideration of the adequacy of internal auditing resources, the Audit Director will emphasize significant risks to the agency that are not being addressed in annual audit plans that are proposed to the Board for approval.*

## Survey Questionnaire RESULTS

Please rate the Internal Audit function in the following areas:

(NOTE: If you have not worked with the Internal Audit Director yet, you may skip questions 1- 3.)

	Strongly Disagree				Strongly Agree
1. The internal auditor exhibits a professional and helpful attitude. <i>Comments:</i> <ul style="list-style-type: none"> <li>• <i>He is always professional and speaks in a very positive and proactive manner.</i></li> </ul>	1	2	3	4	5
			1/11	3/11	7/11
			9.1%	27.3%	63.6%
Average Score = 4.5					
2. The internal audit function provides useful information or services. <i>Comments:</i> <ul style="list-style-type: none"> <li>• <i>While very true, it probably could be communicated more.</i></li> </ul>	1	2	3	4	5
			3/10	2/10	5/10
			30%	20%	50%
Average Score = 4.2					
3. The internal audit function has been responsive to my needs. <i>Comments:</i> <ul style="list-style-type: none"> <li>• <i>Have never had need to use/work with internal auditor.</i></li> <li>• <i>He has been there to listen to issues and concerns. He always makes himself available when his plate is full.</i></li> </ul>	1	2	3	4	5
			2/10	2/10	6/10
			20%	20%	60%
Average Score = 4.4					
4. You are aware of the role and services of the internal audit function. <i>Comments:</i> <ul style="list-style-type: none"> <li>• <i>He has communicated the IA role well throughout the agency.</i></li> </ul>	1	2	3	4	5
				6/12	6/12
				50%	50%
Average Score = 4.5					

5. Is there a way that the internal audit function could better assist you?
- *They are very responsive and do not have an issue with this function.*
  - *It would be helpful to look at a review of all program areas and fiscal in terms of strengths and weaknesses.*
  - *No.*
  - *Provide solution based recommendations related to findings. IA currently generates issues and then takes a hands-off approach to creation & implementation of solutions.*
  - *No. He is doing an excellent job already.*
  - *The internal audit division has been very helpful and has assisted us in developing and maintaining proper controls and operating procedures in our housing programs.*
  - *Not at this time.*

6. Any recommendations for improvement in the internal audit function?
- *More easily understood reports.*
  - *Need to continuously enforce and encourage the importance of SOP's. It's critical in order to remain consistent throughout the agency.*
  - *Time between reviews and final reports should be reduced – seems to drag on too long. Consideration*

*should be made in reports to improvements made since the review, but before publication of the report.*

- *The internal audit function could improve by helping the Department decide or provide options for having the right processes. It currently tests transactions to determine compliance. Move towards becoming risk management specialists as opposed to "internal auditors".*
  - *Have more support from Executive. Executive being the new Executive Director and the current Deputy Executive Director. This support needs to be shown to staff. This could be done by attending meetings where their attendance has not been present. It would show support.*
  - *Not at this time.*
- 

7. Additional comments?

- *Need to also educate managers and directors of the audit trail. They need to understand the importance of documentation.*
  - *I have never worked directly with IA on an audit, but have found David Gaines to be helpful and professional with regard to agency projects that we have worked on together.*
  - *Audits are currently overwhelming the agency. It would be helpful if Internal Audit could deflect external reviews in a fashion that would limit number of engagements going on at the same time. Staff does not have enough time to concentrate on its mission of helping people.*
  - *He deserves a raise.*
  - *I've heard mostly positive comments regarding our internal audit team. As a new acting director, I've had little experience with their department.*
  - *David Gaines and Sam Ramsey have always been very helpful and always professional.*
- 

Peer Reviewer's Notes:

- Surveys were mailed to those directors and managers in each of the agency's divisional areas that were not interviewed by the peer review team. A total of 27 surveys were mailed. Twelve (12) surveys were returned (response rate = 44%).

# FDIC

Federal Deposit Insurance Corporation

1910 Pacific Avenue, Dallas, Texas 75201 • (214) 754-0098

Division of Resolutions & Receiverships • Dallas Field Operations Branch



Office of Richard L. Mann

December 2, 2002



Ms. Suzanne Phillips  
Director of Compliance Division  
Texas Department of Housing and Community Affairs  
507 Sabine Street, Suite 400  
Austin, Texas 78701

RE: 2002 Annual Review of Texas Department of Housing & Community Affairs

Dear Ms. Phillips:

Please find enclosed the completed Annual Review done by the monitoring and compliance unit of the Affordable Housing Program of the FDIC, Dallas Field Operation Branch.

Again, you and your staff continue to be benchmark that the FDIC uses to compare all other monitoring agencies for the FDIC AHP. The FIDC greatly appreciates the excellent job done by TDHCA.

Both Mr. Olson and I would like to thank you and your staff for the help and cooperation we received during this review.

If you have any questions or concerns on this matter, please contact me at (972) 761-8314.

Sincerely,

Richard L. Mann  
Resolutions and Receiverships Specialist

Enclosures

**FEDERAL DEPOSIT INSURANCE CORPORATION  
AFFORDABLE HOUSING DISPOSITION PROGRAM  
MONITORING AND COMPLIANCE UNIT  
ANNUAL REVIEW OF TEXAS DEPARTMENT OF HOUSING & COMMUNITY  
AFFAIRS**

**REVIEWERS:** Richard Mann, Resolutions and Receiverships Specialist  
Rick Olson, Resolutions and Receiverships Specialist

**DATE:** November 13 and 14, 20002

**LOCATION:** TDHCA Office  
507 Sabine Street, Suite 400  
Austin, Texas

**TDHCA OFFICIALS:** Sara Carr Newsom, Compliance Manager  
Julie Cantu, Compliance Monitor

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**AUDITING METHOD:**

This was the seventh review conducted by the FDIC on the performance of duties by Texas Department of Housing and Community Affairs ("TDHCA") based on the Memorandum of Understanding ("MOU") between the RTC and TDHCA, for TDHCA to act as the RTC's monitoring and compliance agent for the State of Texas. Basic guidelines have been developed that incorporated the most important elements as defined under the MOU, the FDIC continues to follow these guidelines.

These elements include:

Organization/Staffing  
Policy Implementation  
Enforcement  
Record Management  
Training & Support

The FDIC staff conducted interviews with the TDHCA staff and performed a file review of the fifty largest multifamily properties listed in the current semi-annual report.



## **CONCLUSIONS:**

TDHCA continues to produce an exceptional work product. They carry out their obligation under the MOU, insuring that the owners of AHDP properties meet their commitment as outlined in the LURAs. Management's philosophy of maintaining affordable housing for lower income families across the State of Texas is evident in the manner that they carry out their monitoring efforts. TDHCA continues to be the benchmark that all other monitoring agencies are compared.

## **STAFFING:**

The staff of TDHCA consists of Suzanne Phillips, Director of Compliance, Sara Carr Newsom, Compliance Manager, Nancy Dean, Senior Compliance Monitor and a number of compliance monitors. This staff is very knowledgeable in regards to the RTC/FDIC affordable housing monitoring and compliance requirements. They are well versed in the language and intent of the LURAs.

TDHCA continues to re-assign RTC/FDIC AHP properties every 2 to 4 years. The properties are assigned by property management companies, so that the property management companies would only have to work with one or two compliance monitors.

In August of 1997, TDHCA entered into a contract with MDSI to manage the FDIC AHP properties, since 2000 the duties of MDSI have been expanded to include on-site audits and desk audits for non-problem properties. If a FDIC AHP property becomes a non-compliant property, the TDHCA monitor would oversee the day to day monitoring activity. By using MDSI, the amount of time involved in working the FDIC AHP properties is now 20%. Ms Newsom and Ms. Cantu are very pleased with the level of work being produced by MDSI. MDSI continues to do one-on-one training by telephone and in person with owners and managers of FDIC properties.

## **POLICY IMPLEMENTATION AND QUALITY CONTROL:**

TDHCA and MDSI staffs are trained to carry out the FDIC AHP policies in a fair and equitable manner to ensure the intent of the program remains in place. Management of TDHCA continues to make sure that once a procedure has been established that the procedure is enforced across the board.

TDHCA has also developed in-house procedures that complement the FDIC manual. The following is a short list of some of the forms developed by TDHCA;

1. FDIC Affordable Housing Program Desk Audit Procedures
2. Notice of Non-compliance and Schedule of Fees
3. Invoicing
4. Procedures for on-site monitoring reviews
5. FDIC reporting procedures

**ENFORCEMENT:**

TDHCA continues to work toward achieving full compliance in all FDIC AHP properties, because of the large number of properties and the ever-changing ownership and property management companies of these properties, reaching 100% of full compliance is next to impossible. Currently TDHCA's percentage of full compliance properties runs between 65% and 75%. TDHCA is able to achieve this high number of properties in full compliance because of the large number of telephone calls, letters and notification of non-compliance sent to the owners and property managers. TDHCA continues to request the assistance of the FDIC in working with problem owners. Through this working arrangement, a number of problem owners are working towards compliance.

**RECORD MANGEMENT:**

TDHCA currently uses the Compliance Monitoring System ("CMS"), however since the FDIC is no longer supporting this system, TDHCA is developing a new compliance information system that will allow property owners to report the status of their property via the internet.

The quality of the property files continues to be excellent. All files are well documented with a copy of the LURA and copies of the TICs. Forms and form letters have been developed to ensure monitors follow the same guidelines when performing desk and site audits. The files are six part files and the same arrangement of the documents is used for all properties, this allows for quick access and review. All correspondence, verbal or written, is well documented. Non-compliance notices are sent out using certified mail and receipts are maintained in the files.

**TRAINING:**

TDHCA continues to hold at least quarterly training sessions in the Dallas, Houston and Austin areas, to provide more that adequate opportunities for all owners and property managers to attend one of these sessions. Several other monitoring agencies have also attended these training sessions.



# A Legislative Summary Document Regarding Department of Housing and Community Affairs

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## State Auditor's Observations

In fiscal years 1998 through 2001, the Department of Housing and Community Affairs (Department) did not have adequate internal controls in place to monitor the subrecipients in its HOME Investment Partnership Program. An audit of the HOME program for fiscal year 2002 is underway.

Four of seven fiscal year 2001 performance measures we audited were inaccurate; three others were certified with qualification.

The Department has implemented reasonable processes for estimating revenues presented in its Legislative Appropriations Request (LAR). However, the Department does not have written procedures for estimating expenditures. For ongoing activities, it uses the most recent budget request and extends that into the next biennium. The amounts reported in the previous LAR for estimated expenditures for 2000 and 2001 were significantly less than the actual expenditures. Expenditures were higher than estimated (\$28 million for fiscal year 2000 and \$50 million for fiscal year 2001) primarily because the Department was granted additional spending authority by the federal government after the LAR estimates were prepared.

The Sunset Advisory Commission recently completed a review of the Department and determined that the Department has made sufficient progress in implementing the requirements of Senate Bill 322 (77th Legislature) pertaining to performance of the Governing Board, processes for assessing needs and allocating resources, and procedures to ensure fair access to services. Sunset Advisory Commission staff recommended that the Department be continued for 12 years.

Prepared for the 78th Legislature  
by the State Auditor's Office

January 2003

SAO No. 03-366

*This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.*

# Department of Housing and Community Affairs

SAO Contact: Valerie Hill  
(512) 936-9500

## Financial Profile

### Revenue Projections

The Department of Housing and Community Affairs (Department) multiplies the number of licenses, fees, and permits issued by applicable rates to estimate revenue from those sources. The Department's 2004–2005 Legislative Appropriations Request (LAR) includes fee increases in manufactured housing licensing, fees, and inspections.

The Department bases federal revenues on current year actual revenues and with the assumption that additional federal funding will not be available. However, the Department regularly monitors the federal programs and legislation to ensure that it has the opportunity to request any funding that becomes available.

### Expenditure Analysis

The Department's managers and directors analyze legislation affecting their programs to determine whether additional resources are required to meet legislative mandates. For new activities, the relevant Department director or manager develops estimates on a case-by-case basis and adds the estimates to the baseline.

We noted that the Department actually spent approximately \$28 million and \$50 million more than reported in the LAR as estimated for fiscal years 2000 and 2001, respectively. Programs that account for the majority of these underestimates in the LAR include the HOME, Community Development Block Grants (CDBG), and Housing Trust Funds programs. Expenditures for these types of federal funds can span several years and affect expenditures in years other than when the funds were initially made available. Additionally, the Department received emergency funding to assist low-income households facing significantly higher utility costs for heating and cooling. Grants of this type cannot be forecasted, as the availability is uncertain.

The table below shows the Department's expenditures by Comptroller of Public Accounts (Comptroller) category as reported by the Department in the Uniform Statewide Accounting System (USAS) for appropriation years 2000, 2001, and 2002. This data has not been audited. It is provided for informational purposes to show how the Department has spent its funds. We obtained explanations from the Department for fluctuations across years that appeared unusual

Expenditures by Comptroller USAS Category Groups			
Comptroller USAS Category Group	Appropriation Year 2000	Appropriation Year 2001	Appropriation Year 2002
Intergovernmental Payments (Note A)	\$ 119,437,559	\$ 40,664,893	\$ 9,532,800
Public Assistance Payments (Note B)	104,993,701	91,677,076	53,399,465
Salaries and Wages <sup>a</sup>	14,312,139	14,733,048	15,092,679
Interfund Transfers/Other (Note C)	3,618,526	4,198,182	1,176,140
Employee Benefits	2,893,219	3,028,467	3,366,160
Professional Services and Fees	1,990,115	1,868,797	1,488,469
Rentals and Leases	1,886,438	2,121,521	2,025,705
Other Expenditures	941,871	1,071,121	1,317,470
Travel	796,330	849,711	845,934
Repairs and Maintenance	437,966	687,703	451,980
Supplies and Materials	319,260	349,927	363,395
Capital Outlay	201,124	345,746	390,581

# Department of Housing and Community Affairs

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Expenditures by Comptroller USAS Category Groups			
Comptroller USAS Category Group	Appropriation Year 2000	Appropriation Year 2001	Appropriation Year 2002
Claims and Judgments	154,252	363,009	481,755
Printing and Reproduction	149,679	177,308	170,873
Communications and Utilities	91,599	101,767	103,755
Interest/Prompt Payment Penalties	786	1,952	7,168
<b>Total Expenditures</b>	<b>\$ 252,224,564</b>	<b>\$ 162,240,228</b>	<b>\$ 90,214,329</b>
<p><sup>a</sup> The amounts shown here for Salaries and Wages will not agree with the Salary Expenditures in the Workforce Summary Document prepared by the State Classification Office (SCO) because the USAS Salaries and Wages category does not include certain object codes that SCO considers employee compensation. These include performance awards and employee recognition awards.</p> <p>Source: USAS - All funds including appropriated, unappropriated, and non-appropriated as of November 30, 2002.</p>			

Note A - Intergovernmental payments consist primarily of payments to housing authorities of Texas cities, counties, and councils of government. Public assistance payments are made to individuals and nonprofit organizations such as community action agencies. Expenditures for years 2001 and 2002 will rise as programs are completed. Various factors, including the decision to delay awards at the Department level and the time it takes to complete some projects, result in the variances shown. For example, it may be appropriate to charge expenditures made in the current year to either of the two prior years. As a result, these categories show a decrease that does not reflect the extent to which expenditures will be made. Funding for HOME, CDBGs, the Housing Trust Fund, and the Low-Income Housing Energy Assistance Program are one to two years behind and account for much of the expenditure lag seen here.

Note B – Decreases in the expenditures for Public Assistance Payments are affected similarly as Intergovernmental Payments, as indicated in Note A. In addition, Public Assistance Payments can be affected by the availability of federal funds. In appropriation years 2000 and 2001, the Department received emergency funding to assist low-income households with rising energy bills. Decreases in these types of payments in appropriation year 2002 accounted for the largest decrease in this expenditure category.

Note C – Interfund Transfer/Other represents various transactions, including transfers and adjustments made by the Comptroller.

**Reconciliations to USAS and ABEST**

The Department reconciles its internal accounting system to USAS monthly. The Department also reconciles USAS to the Automated Budget and Evaluation System for Texas (ABEST) quarterly. In addition, the Department reconciles grant information recorded in its internal accounting system to grant information recorded in USAS three or four times a year.

## Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

***Ongoing Audit of Community Services Block Grant, Emergency Shelter Block Grant, Energy Assistance, and Section 8 Programs at the Department of Housing and Community Affairs.***

The State Auditor’s Office will release a report in early 2003 on various poverty and energy assistance programs at the Department of Housing and Community Affairs.

# Department of Housing and Community Affairs

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## **State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2001<sup>1</sup>**

(Issued February 2002)

### **Subrecipient Monitoring – Allowable Costs/Activities**

The audit procedures performed indicate that there is a lack of documentation to support soft costs incurred by the Department of Housing and Community Affairs' (Department) HOME Investment Partnerships Program subrecipients. The total known questioned costs were \$29,408. Interviews with the Department's HOME program management indicated that the Department did not require supporting documentation for soft costs during fiscal year 2001. Because no documentation was maintained, the estimated questioned cost is \$2,314,574.

### **Status of Audit Recommendations as of November 30, 2002**

KPMG LLP will report on the status of these recommendations in the federal portion of the statewide single audit for fiscal year 2002. This report is expected to be released in Spring 2003.

### **Subrecipient Monitoring – Monitoring Visits**

The Department's Compliance Division does not have a management control in place to track visits undertaken and reports that are still outstanding for the HOME program. Because an employee retired, the Department did not notice that a report had not been issued for a May visit until October 2001. Monitoring visit dates are not consistently updated in the Genesis database. KPMG audit procedures included comparing the information per monitoring file to the information entered into the Genesis database for a sample of 30 items. This process identified one instance in which the date of a monitoring visit was incorrectly entered and one instance in which the monitoring dates had not been entered at all.

### **Allowable Costs**

An employee of one of the Low Income Home Energy Assistance Program's (LIHEAP) subgrantees, Sheltering Arms, embezzled funds over a period of five years. This later came to the attention of Sheltering Arms' management. As a result of a review by Sheltering Arms' independent auditors, questioned costs totaling \$183,400 for LIHEAP and \$28,259 for the Weatherization Assistance for Low Income Persons Program were identified (a total of \$211,659). The Department has not recouped those funds and has not adjusted its records for questioned costs originating in prior years. The Department reported questioned costs totaling \$171,284 to the U.S. Department of Health and Human Services, and it reported questioned costs totaling \$28,259 to the U.S. Department of Energy. This total questioned cost of \$199,543 is \$12,116 less than the total amount identified by the independent auditors.

### **Subrecipient Monitoring – Allowable Costs/Activities**

(Prior audit issue in reports for fiscal years 2000 and 1999 - Allowable costs)

Subrecipients do not have supporting documentation for HOME funds requested to pay for incurred administrative costs. Although we did not identify questioned costs in fiscal year 2000, we questioned \$14,600 in fiscal year 1999. Additionally, in a related report, the U.S. Department of Housing and Urban Development questioned \$408,491 in costs because the Department did not have acceptable support for certain administrative charges made to the HOME program.

### **Subrecipient Monitoring**

(Prior audit issue in reports for fiscal years 2000, 1999, and 1998)

The Department does not have adequate internal controls in place to monitor the subrecipients of the HOME Investment Partnership Program.

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<sup>1</sup> Results from only the most recent statewide single audit are included in this Legislative Summary Document. KPMG LLP conducted the federal portion of that audit under contract with the State Auditor's Office. Only excerpts from the KPMG audit report are presented above. For the full text of the KPMG audit report, please see [www.sao.state.tx.us/Reports/report.cfm?report=2002/02-345](http://www.sao.state.tx.us/Reports/report.cfm?report=2002/02-345).

# Department of Housing and Community Affairs

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## ***An Audit Report on the Integrated Statewide Administrative System at Selected Agencies***

(Report No.01-013, January 2001)

The Department of Housing and Community Affairs' (Department) Integrated Statewide Administrative System (ISAS) project is behind schedule, over budget, and has yet to fully provide the expected benefits for which ISAS was selected as the internal financial management system.

<b>Status of Audit Recommendations as of November 30, 2002 (unaudited)</b>	
The Department has reported the following:	
Implemented	1
<b>Total recommendations</b>	<b>1</b>

The Department's Biennial Operating Plan for fiscal years 2000–2001 incorrectly states that the ISAS software installation project is complete.

Although the installation of ISAS is not complete, those portions of the software that have been installed appear to be functioning correctly and reliably.

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## ***A Follow-up Report on Two Reviews of Controls Over Investment Practices at State Investing Entities***

(Report No. 01-017, January 2001)

Management at the Department of Housing and Community Affairs implemented our recommendation to provide quarterly investment reports to the Board and its Finance Committee in a more timely manner.

## **Performance Management**

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### ***Performance Indicators Used by Management***

In addition to tracking quarterly performance for the Legislative Budget Board (LBB), the Department of Housing and Community Affairs (Department) uses internal measures to ensure that it is achieving its mission, goals, and objectives.

The Department operates multiple programs with external funding sources (such as the federal government) and must meet the specific goals, objectives, and benchmarks set by those sources. The process of reporting on these targets serves a dual purpose, in that management not only meets grantor requirements but also uses the reports generated to measure progress internally.

Within the Department, standard operating procedures require that performance be measured for each program, and program directors prepare monthly executive briefs for presentation to the Executive Director and Deputy Executive Director. In addition, the Executive Director has the opportunity to discuss performance progress or problems at meetings of the governing board.

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### ***Estimating Performance Targets***

Each program area estimates the performance of the measure based on estimated funding levels, estimated costs, anticipated caseloads, and needs analyses. The percentage of performance of the Outcome measure is a result of the corresponding Output measures.

# Department of Housing and Community Affairs

SAO Contact: Valerie Hill  
(512) 936-9500

Directors of programs and divisions at the Department are responsible for preparing worksheets for the LAR and for meeting performance targets. According to the Chief Financial Officer (CFO), the CFO and other members of Executive Management review the Legislative Appropriations Request before it goes to the LBB.

## **Most Recent Performance Measure Certification**

**Fiscal Year 1998–Fiscal Year 2003**

The results included in *An Audit Report on Fiscal Year 2001 Performance Measures at 14 Entities* (Report No. 03-008, November 2002) for this entity are summarized below.

Period	Goal/Strategy		Measure	Certification Results
2001	A	Affordable Housing	Percent of Households/Individuals of Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	Certified with Qualification
2001	A.1.2	Home Program	Projected Number of Very Low and Low Income Households Benefiting from HOME Investment Program Loans and Grants	Certified with Qualification
2001	B	Community Development	Percent of Small Communities' Population Benefiting from Public Facility, Economic Development, Housing Assistance, and Planning Projects	Inaccurate
2001	C	Poor and Homeless Programs	Percent of Persons in Poverty that Received Homeless and Poverty Related Assistance	Inaccurate
2001	C.1.1	Poverty-Related Funds	Number of Persons Assisted that Achieve Incomes Above Poverty Level	Inaccurate
2001	E.1.3	Enforcement	Number of Complaints Resolved	Certified with Qualification
2001	E.1.3	Enforcement	Average Number of Days for Complaint Resolution	Inaccurate
<b>Total Measures Certified Without Qualification<sup>a</sup></b>				<b>0/7 (0%)</b>
<b>Data Reliability Percentage (Certified and Certified with Qualification)</b>				<b>3/7 (43%)</b>

<sup>a</sup> The percentage of unqualified certifications is presented because it is used in determining an entity's eligibility for performance rewards as established in the General Appropriations Act [77th Legislature, Article IX, Sec. 6.31(d)(2)].

Category	Definition
Certified	Reported performance is accurate within +/-5 percent, and controls appear adequate to ensure accurate collection and reporting of performance data.
Certified with Qualification	Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure the continued accuracy of performance data.
Factors Prevent Certification	Actual performance cannot be determined because of inadequate controls and insufficient documentation.
Inaccurate	Reported performance is not within +/-5 percent of actual performance, or there is an error rate of at least 5 percent in the supporting documentation.
Not Applicable	A justifiable reason exists for not reporting performance.



# Department of Housing and Community Affairs

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## Quality Assurance Team Reviews

Conducted by the Legislative Budget Board and State Auditor's Office

### Completed Projects

Quality Assurance Team Annual Report – January 2002

The Department of Housing and Community Affairs completed the Client/Server Accounting System project at a total cost of \$1,978,753.

## Disaster Preparedness

We gathered information from the Department of Housing and Community Affairs (Department) on plans in place to provide continued operations and services in the event of a disaster. Standard audit criteria for disaster preparedness have not been established; therefore, we are not evaluating the Department's plans. Our objective was only to provide the information reported by the Department.

The Department has an Information Systems Disaster Recovery Plan that was updated in March 2002. It also has a Contingency/Disaster Recovery Plan that describes the actions staff should take in emergency situations. The Department was updating this plan and expected it to be complete in early October 2002. High-level components of the Information Systems Disaster Recovery Plan will be integrated with the revised Contingency/Disaster Recovery Plan.

## Information System Vulnerability Assessments

The State Auditor's Office (SAO) and/or the Department of Information Resources performed one or more information system vulnerability assessments at the Department of Housing and Community Affairs between January 2000 and November 2002. Detailed results of this work are confidential under Texas Government Code, Section 2054.077(c). The SAO's Legislative Summary Document titled "Information System Vulnerability Assessments" provides general information about the results of information system vulnerability assessments.

# Department of Housing and Community Affairs

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## Travel Expenditures

Travel Expenditures by Appropriation Year (unaudited)			
	2000	2001	2002
In-State Travel	\$ 679,674	\$ 725,569	\$ 740,737
Out-of-State Travel	118,173	124,142	101,524
Foreign Travel	0	0	0
Other Travel Costs	(1,517)	0	3,673
<b>Total Travel Expenditures</b>	<b>\$ 796,330</b>	<b>\$ 849,711</b>	<b>\$ 845,934</b>
Limit on Travel Expenditures (Cap)	976,381	976,381	100,383 <sup>a</sup>
<b>Expenditures in Excess of Cap</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,141</b>

<sup>a</sup> Caps apply to total travel in appropriation years 2000 and 2001, but caps apply only to out-of-state travel and foreign travel in appropriation year 2002. Caps, calculated by the Comptroller of Public Accounts, have been adjusted for any increases requested by the Department and approved by the Legislative Budget Board (LBB) in accordance with the General Appropriations Act. LBB adjusted the Department's 2002 cap downward during May 2002 by \$17,790 due to the transfer of programs from the Department to the Office of Rural Community Affairs.

Source: Uniform Statewide Accounting System (USAS) as of November 30, 2002. Amounts are subject to change as agencies continue to record additional expenditures or adjustments.

An Audit Report on

# Fiscal Year 2001 Performance Measures at 14 Entities

November 2002

SAO No. 03-008



## Overall Conclusion

Serious deficiencies exist in the methods 12 of the 14 audited entities use to collect, calculate, and report key performance measures. The deficiencies are a combination of inadequate controls over the performance measurement process, entities' not following the definitions of the measures, and entities' not being able to support their results. (See Figure 1 on next page.) These deficiencies compromise the usefulness of the State's performance measure system as a decision-making tool. Decision makers cannot rely on reported results for 53 percent of the audited measures, all of which were key measures, that the 14 entities reported for fiscal year 2001. This is the highest rate of unreliability since the State Auditor's Office began certifying performance measures in 1994. (A measure is reliable if it is certified or certified with qualification; it is unreliable if it is inaccurate or if factors prevent certification.)

## Key Points

### Gaps in Control Processes Continued to Contribute to Inaccurate Results

Inadequacies in entities' performance measures control processes continue to be one of the main causes of inaccurate results. None of the entities had documented processes for all of their audited measures to ensure that employees collected and reported the data consistently and accurately. Many entities do not formally review the calculations to ensure that they are accurate before submitting them into the Automated Budget and Evaluation System of Texas (ABEST). For example, one measure was inaccurate because the entity did not use the correct year's data in its calculation. If this entity's performance measures procedures had required a formal review, it is likely that the error would have been corrected before the results were entered into ABEST.

### Performance Measures

Performance measures are an essential part of the State's strategic planning and performance budgeting system, which combines strategic planning and performance budgeting into the appropriations process. The State Auditor's Office assesses the accuracy of reported performance measures so that the Governor and the Legislature can determine to what extent they can rely on reported performance when making decisions.

Through audit tests, the State Auditor's Office determines the accuracy of the reported results. Each measure audited falls into one of the following categories:

- **Certified.** Reported performance is accurate within +/-5 percent, and controls appear adequate to ensure accuracy for collecting and reporting performance data.
- **Certified With Qualification.** Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or results are within +/-5 percent and controls are strong, but source documentation is unavailable.
- **Factors Prevent Certification.** Actual performance cannot be determined because of inadequate controls and insufficient documentation, or there is a deviation from the measure definition and the measure result cannot be determined.
- **Inaccurate.** Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in supporting documentation.
- **Not Applicable.** Performance is justifiably not reported.

For more information about performance measures' role in the state budget process—and how entities can use and improve their reported performance—see the *Guide to Performance Measures Management: 2000 Edition* (SAO Report No. 00-318, December 1999).



## Ten of the Entities Did Not Follow the Measure Definition for One or More of the Audited Measures

Ten of the 14 the entities did not calculate one or more of their audited measures according to the definition approved by the Legislative Budget Board. Of the measures we audited at these entities, 65 percent were unreliable for this reason. The most common ways entities deviated from the definition were to exclude required data from or to include extra data in their calculations. Some entities chose not to follow the definition because they believed the measure would be more meaningful if calculated differently. In such cases, the entities should work with the Legislative Budget Board to consider changing the measure definition.

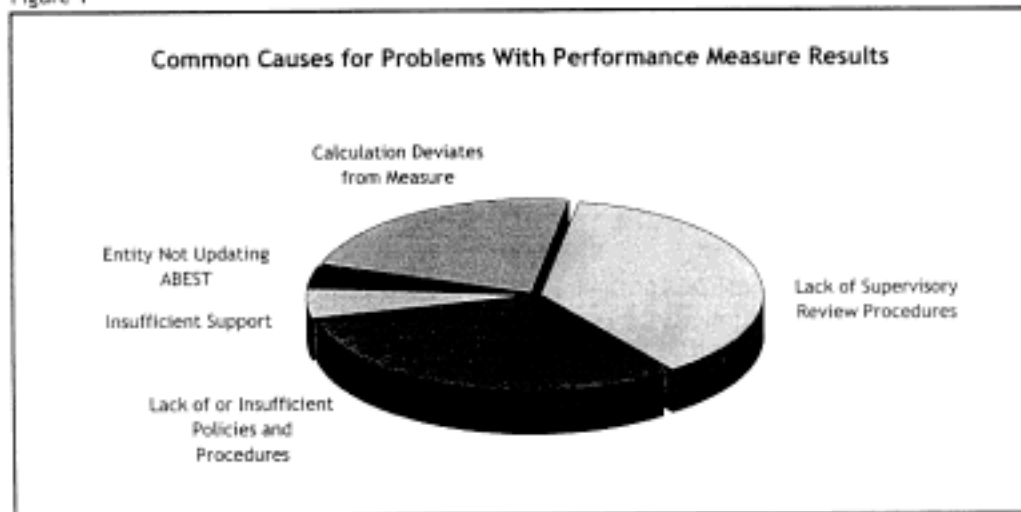
## Several Entities Did Not Have Adequate Support for Their Results

For 13 percent of the audited measures, we were unable to verify the results the entities reported because the entities' supporting documentation was unavailable. In some cases, the entities did not retain supporting documentation. Other entities' supporting documentation was not available because of conversions to new automated systems.

In addition, some entities relied on source documents from third parties, such as contractors, without verifying the data. When an entity relies on data from a third party for a measure, it is not enough for the entity to process the data; the entity must ensure that the source documentation is accurate. Of the 14 audited measures dependent on third party documentation, the results for 10 of the measures were unreliable.

See Tables 2-15 in Appendix 3 for additional information specific to each entity.

Figure 1



## Summary of Management Responses

Management responses indicate that the entities generally agree with the issues and recommendations. The entities' responses are at the ends of the entities' respective chapters.

## Summary of Objective, Scope, and Methodology

The primary objective of this audit was to determine the accuracy of key performance measures reported to the Automated Budget and Evaluation System of Texas (ABEST) database. We also reviewed related control systems for adequacy.

Our scope included a review of fiscal year 2001 data for selected performance measures at 12 agencies and 2 medical institutions. We traced performance information to original sources when possible.

Our methodology consisted of selecting entities and key measures to audit, auditing results for accuracy and adherence to the measure definition, evaluating controls over the performance measurement process, and testing samples of source documentation.

Table 1

Entity	Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage <sup>a</sup>	Percentage of Certified Results <sup>b</sup>
Aging, Department on	0	2	2	2	33%	0%
Deaf and Hard of Hearing, Commission for the	0	1	1	2	25%	0%
Economic Development, Texas Department of	0	1	2	2	20%	0%
Employees Retirement System	1	0	0	3	25%	25%
Ethics Commission, Texas	0	0	0	4	0%	0%
Fire Protection, Commission on	0	2	1	1	50%	0%
Housing and Community Affairs, Department of	0	3	0	4	43%	0%
Human Services, Department of	0	5	1	0	83%	0%
Medical Examiners, State Board of	0	2	0	2	50%	0%
Transportation, Department of	0	3	0	1	75%	0%
Workers' Compensation Commission	0	3	0	2	60%	0%
Workforce Commission, Texas	0	2	2	3	29%	0%
The University of Texas Health Science Center at San Antonio	0	3	0	1	75%	0%
The University of Texas Southwestern Medical Center at Dallas	2	2	0	0	100%	50%
<b>Total</b>	<b>3</b>	<b>29</b>	<b>9</b>	<b>27</b>		
<b>Percentage</b>	<b>4%</b>	<b>43%</b>	<b>13%</b>	<b>40%</b>	<b>47%</b>	<b>4%</b>

<sup>a</sup> This column shows the percentage of results certified and certified with qualification.

<sup>b</sup> This column shows only the percentage of results that are certified. We made this change because the percentage of unqualified certifications is one criterion used to determine an entity's eligibility for performance rewards as established in the General Appropriations Act (76th Legislature, Article IX, Sec.9-6.39[d][1][c]).

## Department of Housing and Community Affairs

Certified	Certified With Qualification	Factors Prevent Certification	Inaccurate	Reliability Percentage	Percentage of Certified Results
0	3	0	4	43%	0%

Agency No. 332

### Outcome Measure

## Percent of the Small Communities' Population Benefiting from Public Facility, Economic Development, Housing Assistance, and Planning Projects

The Department of Housing and Community Affairs' (Department) reported performance for this measure was inaccurate. Testing of source documentation revealed an error rate of more than 5 percent. Specifically:

- The number of beneficiaries used in the measure's calculation was different from the number of beneficiaries documented.
- The 1990 census count used in the calculation was different from the actual 1990 census table.

#### Results: Inaccurate

Reported performance is not within +/- 5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### Recommendation

The Department should implement documented review processes for data collection and calculation to ensure the accuracy of data submitted to ABEST.

### Outcome Measure

## Percent of Persons in Poverty that Received Homeless and Poverty Related Assistance

The Department did not include all fiscal year 2001 performance reports in its reported result. The Department collected and calculated the measure according to the definition, but it did not recalculate the result after receiving additional fiscal year 2001 performance reports.

Therefore, the reported result is 7 percent less than the result re-created by the auditor using the Department's summary documentation.

#### Results: Inaccurate

Reported performance is not within +/- 5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### Recommendation

If the Department receives information that affects previously reported performance results, it should recalculate the results and amend ABEST.

Output Measure

## **Number of Persons Assisted that Achieve Incomes Above Poverty Level**

The Department overstated in its reported result the number of people it assisted in fiscal year 2001. The Department collected and calculated the measure according to the definition. However, the Department received revised data after it entered its results in ABEST and did not recalculate the result.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

Therefore, the reported result is 12 percent higher than the result re-created by the auditor using the Department's summary documentation.

### **Recommendation**

If the Department receives information that affects previously reported performance results, it should recalculate the results and amend ABEST.

Efficiency Measure

## **Average Number of Days for Complaint Resolution**

The Department's reported performance for this measure was inaccurate. Testing of source documentation revealed an error rate of more than 5 percent. Specifically, the Department included some complaints that did not meet all fiscal year 2001 criteria for complaint resolution.

**Results: Inaccurate**

Reported performance is not within +/-5 percent of actual performance, or there is an error rate of 5 percent or more in sample documentation tested.

### **Recommendation**

The Department should evaluate and improve the review processes for data collection and calculation to ensure the accuracy of data submitted to ABEST.

Outcome Measure

## **Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-Related Assistance**

The Department accurately reported the result for this measure within the allowable range of +/-5 percent, but controls are not adequate to ensure continued accuracy. The Department did not have evidence that it reviewed the data after entering it and before releasing it to ABEST. In addition, the Department should expand its process to include documented, detailed steps for data collection and calculation to ensure continued accuracy.

**Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.



## Recommendations

The Department should:

- Review performance data after it is entered in ABEST and prior to final submission to ABEST.
- Enhance its current process for data collection and calculation to include documented, detailed steps taken to arrive at the reported performance figure.

### *Output Measure*

## ***Projected Number of Very Low and Low Income Households Benefiting from HOME Investment Program Loans and Grants***

The Department's reported results for this measure appear accurate; however, its controls are not adequate to ensure continued accuracy. Specifically, there is no evidence that the Department reviews data before submitting it to ABEST.

### **Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### **Recommendation**

The Department should review performance data after entering it in ABEST and prior to final submission.

### *Output Measure*

## ***Number of Complaints Resolved***

The Department's reported results for this measure appear accurate; however, its controls are not adequate to ensure continued accuracy. Specifically, there is no evidence that the Department reviews data after entering it in ABEST and before submitting it to ABEST.

### **Results: Certified with Qualifications**

Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure continued accuracy. Or controls are strong, but source documentation is unavailable for testing.

### **Recommendation**

The Department should review performance data prior to final submission to ABEST.

## ***Information Technology***

The Genesis system was the main information system supporting the majority of measures we audited. The Genesis system is currently under review as part of another State Auditor's Office audit, and we expect to release those results later this fiscal year.



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Rick Perry  
GOVERNOR

Edwina P. Carrington  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
Michael E. Jones, Chair  
Elizabeth Anderson  
Shadrick Bogany  
C. Kent Conine  
Vidal Gonzalez  
Norberto Salinas

November 15, 2002

Pamela G. Ross, Senior Auditor  
State Auditor's Office  
P.O. Box 12067  
1501 N. Congress Avenue  
Austin, Texas 78711-2067

Dear Ms. Ross:

We are in receipt of the State Auditor's audit report of performance measures for fiscal year 2001 and welcome your suggestions for improving the administration of our programs and internal operating procedures. Below are management's responses to each of the recommendations made.

**Outcome Measure** - Percent of the Small Communities' Population Benefiting from Public Facility, Economic Development, Housing Assistance, and Planning Projects

**Recommendation** - The Department should implement documented review processes of data collection and calculation to ensure the accuracy of data submitted to the Automated Budget and Evaluation System of Texas (ABEST).

**Management's Response - Office of Rural Community Affairs**

*This Outcome Measure represents performance of the Community Development Block Grant (CDBG) program. House Bill 7 of the 77th Legislature created the Office of Rural Community Affairs (ORCA) and the CDBG program was officially transferred to ORCA on December 1, 2001. ORCA's response is as follows:*

*ORCA will implement a review process to ensure that the beneficiary and census data used in the measure's calculation is accurate and documented. In addition, we will consult with the Legislative Budget Board to revise or adjust the definition to allow flexibility in determining the most appropriate census data to be used in the performance measurement calculation.*

**Outcome Measure** - Percent of Persons in Poverty that Received Homeless and Poverty Related Assistance

**Recommendation** - If the Department receives information that affects previously reported performance results, it should recalculate the results and amend ABEST.

**Management's Response**

*The Department will continue to collect and report all program data available at fiscal year end and, as recommended by the State Auditors, will recalculate performance measurement results and amend ABEST in instances when additional information is received after submission of the final end of year report.*

**Output Measure** - Number of Persons Assisted that Achieve Incomes Above Poverty Level

**Recommendation** - If the Department receives information that affects previously reported performance results, it should recalculate the results and amend ABEST.

**Management's Response**

*The Department will continue to collect and report all program data available at fiscal year end and, as recommended by the State Auditors, will recalculate performance measurement results and amend ABEST in instances when additional information is received after submission of the final end of year report.*

**Efficiency Measure** - Average Number of Days for Complaint Resolution

**Recommendation** - The Department should evaluate and improve the review processes for data collection and calculation to ensure the accuracy of data submitted to ABEST.

**Management's Response - Manufactured Housing Division**

*The Division will evaluate the review process and enhance it where necessary to ensure the accuracy of data submitted to ABEST. Errors noted during the course of the audit related to errors in posting complaints to the Date Received field of the computer database designed to track and account for consumer complaints. Errors resulted in some instances when the date entered into the Date Received field was the date of data entry instead of the actual date the complaint was received.*

*Currently, the Division's managers and Executive Director review the data and sign-off on it prior to the report being submitted to ABEST. The review process will be evaluated and enhanced where necessary to help ensure that these errors do not occur in the future.*

**Outcome Measure** - Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-Related Assistance

**Recommendation** - The Department should:

- Review performance data after it is entered in ABEST and prior to final submission to ABEST.
- Enhance its current process for data collection and calculation to include documented, detailed steps taken to arrive at the reported performance figure.

**Management's Response**

*The Department will incorporate procedures that document the review and approval of reported performance from program areas through the receipt of actual signatures.*

*The Department has a standard operating procedure that directs the responsibility for reviewing program performance and verification of accurate reported performance to the Division Director. Current operating procedures include the distribution of a draft report to program areas for review prior to preparing a final report for executive managements review and approval. Program directors are responsible for reviewing the reported performance of their assigned programs prior to final executive management review and closure of the report.*

**Output Measure** - Projected Number of Very Low and Low Income Households Benefiting from HOME Investment Program Loans and Grants

**Recommendation** - The Department should review performance data after it is entered in ABEST and prior to final submission to ABEST.

**Management's Response**

*The Department will incorporate procedures that document the review and approval of reported performance from program areas through the receipt of actual signatures.*

*The Department has a standard operating procedure that directs the responsibility for reviewing program performance and verification of accurate reported performance to the Division Director. Current operating procedures include the distribution of a draft report to program areas for review prior to preparing a final report for executive management review and approval. Program directors are responsible for reviewing the reported performance of their assigned programs prior to final executive management review and closure of the report.*

**Output Measure - Number of Complaints Resolved**

**Recommendation** - The Department should review performance data after it is entered in ABEST and prior to final submission to ABEST.

**Management's Response - Manufactured Housing Division**


*The Department will incorporate procedures that document the review and approval of reported performance after entry and before release to ABEST.*

*The Department has a standard operating procedure that directs the responsibility for reviewing program performance and verification of accurate reported performance to the Division Director. Current operating procedures include the distribution of a draft report to program areas for review prior to preparing a final report for executive managements review and approval. Program directors are responsible for reviewing the reported performance of their assigned programs prior to final executive management review and closure of the report.*

Please extend appreciation to the staff performing the audit. They conducted themselves in a professional manner and performed the audit with minimal disruption to our operations. While management believes the systems are generally efficient and effective system for reporting performance, we continually seek opportunities for improvement.

Sincerely,

  
Edwina P. Carrington, Executive Director  
Texas Department of Housing and  
Community Affairs

  
Bobbie Hill, Executive Director  
Texas Department of Housing and  
Community Affairs - Manufactured  
Housing Division of

  
Robert Sam Tessen, Executive Director  
Office of Rural Community Affairs

Table 8

Department of Housing and Community Affairs (332)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met*	Measure Designation
A Outcome	Percent of Households/Individuals of Moderate Income Needing Affordable Housing that Subsequently Receive Housing or Housing-Related Assistance	5%	18%	.18%	36%	Certified with Qualification
A.1.2 Output	Projected Number of Very Low and Low Income Households Benefiting from HOME Investment Program Loans and Grants	2,106	4	4	.18%	Certified with Qualification
B Outcome	Percent of Small Communities' Population Benefiting from Public Facility, Economic Development, Housing Assistance, and Planning Projects	30%	35%	**	**	Inaccurate
C Outcome	Percent of Persons in Poverty that Received Homeless and Poverty Related Assistance	9%	19.02%	20.36%	226.2%	Inaccurate
C.1.1 Output	Number of Persons Assisted that Achieve Incomes Above Poverty Level	412	1504	1317	319.7%	Inaccurate
E.1.3 Output	Number of Complaints Resolved	27,000	1870	1868	69.2%	Certified with Qualification
E.1.3 Efficiency	Average Number of Days for Complaint Resolution	160 days	200 days	200.11 days	125%	Inaccurate

\*The percentage of target met equals the actual results divided by the target.  
 \*\* Actual results not determined due to unavailable data or documentation errors.

Table 9

Department of Human Services (324)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met*	Measure Designation
A Outcome	Percent of Long-Term Care Clients Served in Community Settings	65%	67.2%	67.2%	103.4%	Certified with Qualification
A.1.1 Output	Average Number of Clients Served per Month: Medicaid Community Based Alternatives (CBA Waiver)	26,575	26,543	26,543	99.7%	Certified with Qualification
A.1.3 Output	Average Case Equivalents per Long-Term Care Medicaid Financial Eligibility Worker (Medicaid Assistance Only)	226	228	227.9	100.8%	Certified with Qualification
A.1.3 Efficiency	Average Monthly Cost per Case: Nursing Facilities	\$18	\$16.07	\$16.07	89.2%	Certified with Qualification

Copies of this report have been distributed to the following:

### **Legislative Audit Committee**

The Honorable James E. "Pete" Laney, Speaker of the House, Chair  
The Honorable Bill Ratliff, Lieutenant Governor, Vice Chair  
The Honorable Rodney Ellis, Senate Finance Committee  
The Honorable Florence Shapiro, Senate State Affairs Committee  
The Honorable Robert Junell, House Appropriations Committee  
The Honorable Rene O. Oliveira, House Ways and Means Committee

### **Office of the Governor**

The Honorable Rick Perry, Governor

### **The Board Chair and Board Members and the Chancellor, Commissioner, or Executive Director of each of the following entities:**

Department on Aging  
Commission for the Deaf and Hard of Hearing  
Texas Department of Economic Development  
Employees Retirement System  
Texas Ethics Commission  
Commission on Fire Protection  
Department of Housing and Community Affairs  
Department of Human Services  
State Board of Medical Examiners  
Department of Transportation  
Workers' Compensation Commission  
Texas Workforce Commission  
The University of Texas Health Science Center at San Antonio  
The University of Texas Southwestern Medical Center at Dallas

# Appendices

Appendix 1

## **Objectives, Scope, and Methodology**

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### **Objectives**

The objectives of this audit were to:

- Determine whether selected state entities are accurately reporting their key performance measures to the Automated Budget and Evaluation System of Texas (ABEST) database.
- Determine whether selected state entities have adequate control systems in place over the collection and reporting of their performance measures.

### **Scope**

Our audit included selected key measures at 14 state entities. We audited performance measure results reported by state entities to determine whether they were accurate. We also reviewed controls over the submission of data used in reporting performance measures. We traced performance information to the original source whenever possible.

### **Methodology**

We audited the accuracy of performance measures using the following procedures:

- The State Auditor's Office and the Legislative Budget Board (LBB) chose agencies and measures to be reviewed based on risk factors identified by the LBB and the State Auditor's Office.
- We selected measures from the population of key performance measures in ABEST. ABEST data was selected because state decision makers rely upon it.
- All entities completed a questionnaire related to their performance measurement processes to help identify preliminary control information for each entity.
- We audited calculations for accuracy and to ensure that they were consistent with the methodology that the entity and the LBB agreed on.
- We analyzed the flow of data to evaluate whether proper controls were in place.
- We tested a sample of source documents to verify the accuracy of reported performance.
- We conducted a high-level review of all information systems that support the performance measure data.

- We reported performance measure results in one of four categories: (1) Certified, (2) Certified With Qualification, (3) Factors Prevent Certification, or (4) Inaccurate.

## **Project Information**

Audit fieldwork was conducted from May 2002 through August 2002. This audit was performed in accordance with generally accepted government auditing standards.

The following members of the State Auditor's staff performed the audit:

- Pam Ross (Project Manager)
- Victoria Harris (Assistant Project Manager)
- Fred Bednarski
- Ike Chidume, CPA
- Meredith Cook
- Jan Engler, CIA
- Sonya Etheridge, CIA, CISA
- Michael Gieringer, MS-HCA
- Michelle Gleason
- Tom Hill
- Donna Hopson, CPA
- Tressie Landry
- Lee Laubach, CIA
- Gary Leach, CQA, MBA
- Richard Maxwell, MPA
- Jenay Oliphant
- Patricia Perme
- Susan Phillips, MPA
- Ray Ruiz
- Michael Simon, MBA
- Serra Tamur, CISA, MPA
- Fred Tracy, CPA
- Menza Webster
- Verma Elliott, MBA (Quality Control Reviewer)
- Kim McDonald (Quality Control Reviewer)
- Anthony Patrick, MBA (Quality Control Reviewer)
- Sandra Vice, MPA (Audit Manager)
- Frank Vito, CPA (Audit Director)



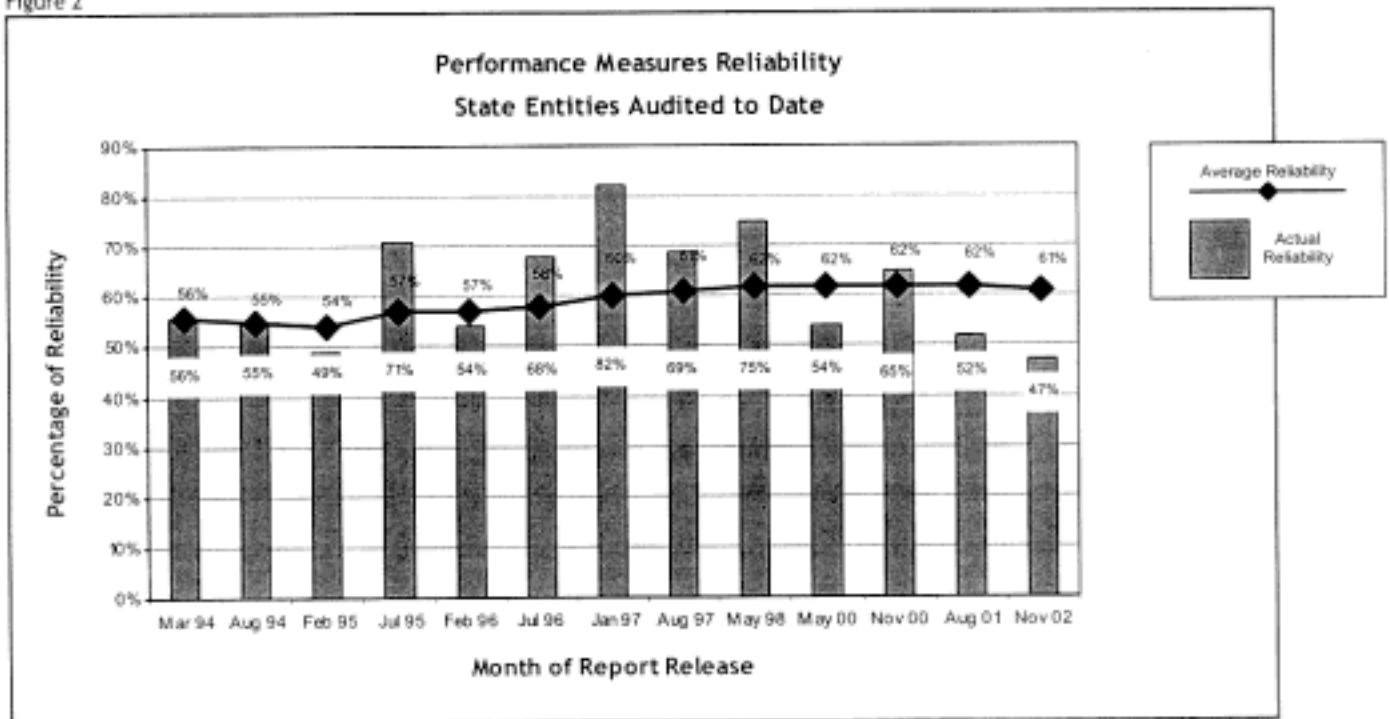
## Historical Information

The cumulative effect of all audits conducted by the State Auditor’s Office since 1994 shows that the average reliability percentage for all state entities audited is 61 percent. As a result, 39 percent of key performance information cannot be relied on by decision makers.

Control weaknesses, deviation from the measure definition, and inadequate supporting documentation continue to prevent a higher reliability rate. A greater emphasis on review procedures by management could help prevent and detect errors.

Figure 2 summarizes the accuracy of performance measure reporting for all certification audits. The bars represent reliability rates from individual audits, and the line represents the cumulative results of all certification reports.

Figure 2



## Performance Measure Certification Results for Fiscal Year 2001

We recalculated the measure results to determine actual performance. We could not determine the actual performance result if supporting source documentation was unavailable or the entity was unable to re-create it. Also, following our testing methodology, if we detected errors equivalent to 5 percent of our sample when testing a sample of supporting documentation, no further testing was conducted and the actual performance was not determined.

Results should be evaluated in context of the specific measure. In some instances, exceeding the target would indicate a worse than expected result; conversely, a result lower than the target could indicate a better than expected performance.

Table 2

Department on Aging (340)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met*	Measure Designation
A Outcome	Percent of Older Population Receiving Services Who are Low-Income	79%	0%	**	**	Factors Prevent Certification
A Outcome	Percent of Older Population Receiving Services Who are Moderately to Severely Impaired	26%	0%	**	**	Factors Prevent Certification
A Outcome	Percent of Older Population Receiving Services Who Remained Independent Due to Services	90%	0%	87	96.7%	Certified with Qualification
A.1.2 Efficiency	TDOA Cost per Home-Delivered Meal	\$2.56	\$3.27	**	**	Inaccurate
A.1.2 Efficiency	USDA Reimbursement Rate Per Meal	\$ .5539	\$ .5404	\$ .5404	97.6%	Certified with Qualification
A.1.3 Efficiency	TDOA Cost Per One-Way Trip	\$2.44	\$4.00	**	**	Inaccurate

\*The percentage of target met equals the actual results divided by the target.  
 \*\* Actual results not determined due to unavailable data or documentation errors.

Table 3

Commission for the Deaf and Hard of Hearing (335)						
Related Objective or Strategy and Classification	Measure Name	Target	Reported Results (ABEST)	Actual Results	Percentage of Target Met*	Measure Designation
A Outcome	Percent Increase in the Number of Individuals Who are Deaf and Hard of Hearing Receiving Communication Access Services	9%	71%	**	**	Factors Prevent Certification

# Texas Department of Housing and Community Affairs - Summary Report of Prior Audit Issues (except those prior audit issues previously reported as implemented or otherwise resolved)

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target	
			Codes*	Date	Date	
136	06/04/99 IA	Identification and Tracking of Subrecipients-Rpt.#9.09-1  To assess the adequacy of the Department's subrecipient monitoring systems and related policies and procedures.	Px	09/30/99	04/30/00	
			Px	03/15/00	04/30/00	
	Pxx		08/29/00	NR		
	Px		01/16/01	07/31/01		
	Px		07/25/01	NR		
	Px		01/08/02	NR		
	Px		04/26/02	NR		
	Px		7/15/02	1/31/03		
	Px		10/01/02	1/31/03		
	Ix		10/25/02	1/31/03		
				Ix	01/10/03	
<b>Division:</b> Multiple						
<b>Issue:</b> The Department does not have formalized processes in place to identify and capture monitoring-related information that should be used to monitor and evaluate the performance of subrecipients, to plan and track the results of monitoring reviews and to share between the Department's program areas for planning and monitoring purposes to effectively and efficiently carry out monitoring responsibilities.						
<b>Status:</b> 01/10/03 - The monitoring and tracking system for Section 8 has been developed. A Monitoring Tracking Log and the Monitoring Checklist has been developed that is being implemented in March 2003 in connection with the effective date of the reorganization.						
09/11/02 - It was not until January 2001 that the Section 8 new program management became aware of and began to develop a subrecipient tracking system. However, it was determined during development of the process that the current Genesis System utilized by Section 8 was not sufficient to provide the necessary tracking. The Section 8 Program will convert to a new database system to accomplish this task by 1/1/03.						
-----						
119	06/04/99 IA	Selection of Subrecipients for Monitoring-Rpt.#9.09-2  To assess the Department's management controls (systems, policies, procedures) used to select subrecipients for monitoring reviews.	Px	09/30/99	12/31/99	
			Px	03/15/00	05/31/00	
	Px		08/29/00	12/31/00		
	Px		01/18/01	04/30/01		
	Px		07/27/01	NR		
	Px		04/25/02	05/31/02		
	Px		7/31/02	1/31/03		
	Px		09/25/02	10/31/02		
	Px		10/22/02	01/31/03		
	Tx		01/28/03			
<b>Division:</b> Multiple						
<b>Issue:</b> The Department does not have formal policies and procedures regarding "joint" monitoring visits to review multiple programs, if applicable, simultaneously, rather than monitoring individual programs separately.						
<b>Status:</b> 01/28/03 - The Portfolio Management and Compliance Division under the Department's reorganization is responsible for program monitoring of its housing programs. Multiple programs, if applicable, will be monitored simultaneously. In instances where a contractor also has contracts with programs administered by the Department's Community Affairs Division, the division or program initiating the monitoring visit is responsible for contacting the other division or programs to coordinate monitoring responsibilities.						
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Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
252	07/24/00 IA	Housing Trst Fnd-Subrecipient Monitoring, Rpt.#0.04 The HTF program's subrecipient monitoring function.	Px	08/24/00	12/31/00
			Px	04/18/01	05/31/01
	Px	07/25/01	08/31/01		
	Px	09/28/01	NR		
	Pxx	01/7/02	NR		
	Px	04/25/02	05/31/02		
	Px	07/09/02	01/31/03		
	Px	09/25/02	01/31/03		
	Px	10/25/02	01/31/03		
	Px	01/27/03	04/30/03		
<b>Division:</b> Multiple					
<b>Issue:</b> We recommend that Department management explore alternatives regarding the inspection of its construction projects, including (1.) establishing an agency-wide construction inspection section, (2.) formally evaluating the costs and benefits associated with contracting with third parties, (3.) formally evaluating the degree of overlap between HTF's construction inspection objectives and procedures and those of third parties and (4.) considering obtaining additional inspection resources.					
<b>Status:</b> 01/27/03 - 1. A Construction Inspection Section is being formed under the Portfolio Management Division. The new section will follow guidelines that are set forth in the reorganization procedures, 2003 QAP, and other appropriate documents. 2. Coordination of construction inspection activities is being extended to all construction programs whenever developments are mutually funded or credit-allocated to eliminate repetition. For LIHTC projects, it is anticipated that the Department will accept inspection reports prepared for/by other lenders, syndication firms, funding entities (in lieu of TDHCA hiring inspectors) as described in the 3003 QAP. For those projects where the Department is the primary or only lender, it is anticipated that it will be necessary to continue to utilize contract inspectors. Current reorganization plans anticipate that two staff members will be responsible for oversight of inspections and plan review of non-LIHTC developments as well as risk based audit and review of lender inspections. 3. The possibility of continuing the outsourcing of plan reviews and inspections of the TDHCA first lien projects will be evaluated further as the new Construction Inspection Section capacity and resources are determined.					
187	09/19/00 HUD	Section 8 Management Review Review conducted week of August 7, 2000 - To ensure compliance with statutory and regulatory requirements.	Dx	01/03/01	
			Dx	03/04/01	
	Dx	04/18/01	NR		
	Dx	11/28/01	NR		
	Pxx	04/25/02	08/31/02		
	Px	7/31/02	12/31/02		
	Px	8/30/02	12/31/02		
	Px	10/25/02	12/31/02		
	Dx	12/12/02			
	<b>Division:</b> Section 8				
<b>Issue:</b> Finding No. 17: Contract of Participation and Establishment of Escrow Account, Documentation could not Be Provided to Support Implementation of a Family Self-Sufficiency (FSS) Program (Repeat Finding).					
<b>Status:</b> 12/12/02 - Letters requesting an exception of the FSS Program have been submitted to the San Antonio and Forth Worth offices of HUD. Additionally, a draft of the FSS Action Plan was submitted to the Fort Worth office requesting implementation of the program in Brazoria County to serve as our model in fulfilling the FSS Program of the mandatory size for all three (3) HUD service regions. Further action is pending responses by HUD.					

Ref. #	<u>Report Date</u>	<u>Report Name</u>	<u>Status</u>		<u>Target</u>
	<u>Auditors</u>	<u>Audit Scope</u>	<u>Codes*</u>	<u>Date</u>	<u>Date</u>
253	11/16/01	Monitoring Visit - HOME Program - M-00/01-SG-48-0100	Px	04/22/02	08/01/02
	HUD	On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Dx	07/26/02	
			Dx	09/23/02	
			Px	10/28/02	06/30/03
			Px	01/31/02	NR

**Division:** HOME

**Issue:** The state is not providing adequate monitoring and oversight of the processing and construction activities in accordance with the applicable requirements. Additionally, the properties assisted by several of the HOME activities have insufficient or no documentation that they are in compliance with applicable standards and code requirements.

Corrective actions includes (1) reinspecting all units assisted from 1998 through present with HOME funds through the subject subrecipient to ensure compliance with code requirements, (2) putting remaining open contracts with subrecipient on hold until reinspections have been completed and violations, if any, have been corrected, and (3) advising what steps will be implemented to assure that in the future that all HOME-assisted units will be in full compliance with all program requirements.

**Status:** 01/31/03:  
HUD letter dated 11/06/02 : HUD requires a sample of 25% or 350 inspections.

While inspections were initially planned, a draft response to HUD's November letter has been prepared that ask (a.) that the of inspections being required by HUD be stratified into logical components such as newly built homes requiring verification of meeting the MEC, HOME Inc. homes that represent less than thirty units, and other rehabilitated units. This methodology allows different problems to be addressed in different ways. TSHAC, for example, has agreed, to pursue additional information from the remaining 207 homes without MEC documentation and (b.) that HUD allow the Dept. to use de-obligated funds to repay HUD for the remaining HOME Inc. homes and other rehabilitations contingent upon approval of the TDHCA board.

HUD indicated In a conference call on 1/31/03 that it was working with the Washington office to consider information and proposals offered by the State; however, HUD indicated that additional information must be provided and agreed to sit down with TDHCA staff to discuss the apparent differences in the interpretation of and conclusions regarding the insufficient or no inspection documentation referred to in the original monitoring letter.

10/28/02:  
Letter to HUD dated 10/28/02: TDHCA disagrees with the assessment that it is not providing adequate monitoring and oversight of construction activities and that properties were not in compliance with the state's housing rehabilitation (property) standards and code requirements and, as applicable, local code requirements.

TDHCA believes that HUD's monitoring and sampling techniques were faulty. Original files were not reviewed, instead partial copies of files were shipped to McAllen, Texas. HUD's on-site inspections were conducted up to 43 months after final inspection forms were completed. On-site reviews and homeowner interviews were not conducted by HUD monitors, but instead by non-Spanish speaking consultants in an area where bilingual skills are critical. In some cases, homeowners were either not present or did not allow access to the interior of their homes.

TDHCA staff went on-site to TSAHC to perform follow-up reviews on the files HUD sampled (23) and to test additional files (120). An inspection form, completed prior to loan closing, was available in each project file. This documentation was provided to HUD by TDHCA letter dated 7/26/02; however, a response from HUD regarding the adequacy of this documentation has not been received.

Based on the results of the TDHCA testing referred to above, HUD's corrective action requiring TDHCA to reinspect approximately 1,426 units may not be the best use of limited resources considering the necessary staff time and cost involved, estimated to be \$386,160. Additionally, given the lapse of time, TDHCA contends that it is unrealistic to expect to be able to obtain access to reinspect the interior all these units. Regardless, TDHCA proposed to conduct reinspections on a 7.5% sample of the TSAHC properties to provide additional assurance that the properties meet required standards to be completed by the end of June 2003.

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
254	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px	04/22/02	08/01/02
			Px	07/26/02	12/31/02
	Px	10/02/02	NR		
	Px	10/28/02	NR		
	Px	01/31/03	NR		

**Division:** HOME

**Issue:** One of the Department's subrecipient's third-party lenders, (1) disbursed both HOME and FHA Title 1 Home Improvement Loan funds to pay a contractor, in full, to reconstruct a house that was never completed and, (2) issued checks against the FHA Title 1 Home Improvement Loan which subsequently were returned due to insufficient funds, as well as disbursing HOME funds to pay the same contractor for rehabilitation work on a second project, which was never completed.

Corrective Actions include, in addition to resolving the preceding, identifying all applicants funded through the third-party lender and justifying related disbursements.

**Status:** 01/31/03:  
The Dept. conducted 21 sample inspections in November for MEC. These sample inspections indicated the difficulty and expense of inspecting homes that were funded as long ago as 1998, including homeowners unfamiliar with TDCHA involvement, unavailable for inspections and, in the case of the newly built homes, minor complaints that should be covered through builders warranties. TSHAC has also delivered a summary of documentation available.

HUD indicated in a conference call on 1/31/03 that it was working with the Washington office to consider information and proposals offered by the State; however, HUD indicated that additional information must be provided and agreed to sit down with TDHCA staff to discuss the apparent differences in the interpretation of the original monitoring letter.

10/28/02 Letter to HUD: TDHCA is not satisfied that compliance with all HOME requirements was achieved based on a review of the twenty-seven relevant files. Therefore, the properties (27, in total) will be inspected by monitoring staff. Based on the results, appropriate corrective action will be instituted. If allowed, federal funds may be used to bring properties in compliance with all HOME requirements.

255	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px	04/22/02	08/01/02
			Px	07/26/02	08/31/03
	Px	10/02/02	RN		
	Px	10/28/02	RN		
	Px	01/31/03	05/30/03		

**Division:** HOME

**Issue:** Data previously entered into IDIS that was incomplete and/or inaccurate have still not been corrected.

Corrective Actions include (1) reviewing all Project Set-up and Project Completion reports for all activities assisted from 1998 through present and making all required corrections on the forms, (2) entering all revised data into the IDIS for each activity, (3) providing a proposed timeframe for the preceding, and (4) advising HUD the steps the State plans to implement to assure in the future that all required data will be obtained and accurately entered into IDIS.

**Status:** 01/31/03 - To date, 1,592 of 1,885 required corrections have been completed. This represents 84% completion of this finding. It is anticipated that HOME and compliance staffs will be able to complete corrections within four months. HUD commended the Department for the "excellent progress" made in resolving this issue in a conference call on 01/31/03 and accepted the Departmental timetable for completion of all corrections.

Ref. #	<u>Report Date</u>	<u>Report Name</u>	<u>Status</u>		<u>Target</u>
	<u>Auditors</u>	<u>Audit Scope</u>	<u>Codes*</u>	<u>Date</u>	<u>Date</u>
256	11/16/01	Monitoring Visit - HOME Program - M-00/01-SG-48-0100	Px	04/22/02	08/01/02
	HUD	On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Ix	07/26/02	
			Px	10/28/02	
			Ix	01/31/03	

**Division:** HOME

**Issue:** Under the contract-for-deed conversion program (CFD), vacant lots were purchased for which the construction of housing units was not started within 12 months of the purchase of the land, contrary to HOME rules. Additionally, based on the state's monitoring checklist for one of the recipients of the CFD assistance, it could not be determined if the applicant was income eligible.

Corrective Action: Identify all CFD projects that included only land, determine if the land is still vacant, reimburse HUD for all lots remaining vacant after 12 months and cancel the projects on IDIS.

**Status:** Letter to HUD dated 07/26/02 - TDHCA Compliance Monitors conducted a review of all related project files and found that 3 of the lots purchased are currently vacant lots. Total Questioned Costs associated with these three lots are \$45,352.79, which has been reimbursed from the subrecipient. The remaining 11 applicants reviewed were income eligible as evidenced by support documentation in the file.

Letter to HUD dated 10/28/02: TSAHC has returned \$45,352.79 for the CFD disallowed costs and the projects have been cancelled in IDIS (photocopy of check and documentation supporting IDIS corrective provided to HUD). As a result of only \$159,316 being funded of the more than two million dollars contracted and faults noted with the contract, the CFD contract activity was stopped and the contract was terminated.

258	11/16/01	Monitoring Visit - HOME Program - M-00/01-SG-48-0100	Pxx	04/26/02	06/30/02
	HUD	On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px	07/26/02	
			Px	10/02/02	NR
			Px	10/28/02	NR
		Px	01/31/03	07/31/03	

**Division:** HOME

**Issue:** There is a prohibited clause in the Land Use Restriction Agreement (LURA) executed between one of the Department's subrecipients and a Texas limited partnership ("Owner") whereby occupancy requirements could be waived contrary to program regulations unless an exception is granted by HUD for specified reasons.

Corrective Actions include (1) amending the LURA to remove the prohibited clause, (2) reviewing all other LURAs or similar documents from 1998 through present to assure that no prohibited clauses are in the agreements and, if so, make appropriate corrections and (3) reviewing all LURAs or similar documents in the future to ensure that no prohibited clauses are included.

**Status:** 01/31/03 - The Department has provided TSAHC a contract specifying actions necessary to correct the LURA provisions. While the contract has not been executed, the Department is working closely with TSAHC, which has indicated that it believes this issue can be resolved within six months.

10/28/02 Letter to HUD: TDHCA General Counsel has advised TSAHC to entirely remove the prohibited clause from the Keystone LURA and all other LURAs which contain the prohibited clause. TSAHC is coordinating the proposed LURA amendment with the owners and expects that the owners will reluctantly agree to the proposed revisions. TDHCA is awaiting copies of the executed amended LURAs from TSAHC. Copies will be provided to HUD upon receipt from TSAHC.



Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
260	11/16/01 HUD	Monitoring Visit - HOME Program - M-00/01-SG-48-0100 On-site monitoring of the State of Texas' affordable housing programs on August 20-24, and September 6-7, 2001.	Px	04/22/02	08/01/02
			Px	06/27/02	01/31/03
			Px	10/02/02	NR
			Px	10/28/02	NR
			Px	12/13/02	07/31/03

**Division:** HOME

**Issue:** Instances were noted where there was no documentation that newly-constructed units (single-family and multi-family) are in compliance with the current edition of the Model Energy Code (MEC) published by the Council of American Building Officials. Additionally, it was noted that a HOME funded apartment complex is not in compliance with Section 504 (handicapped accessibility) relative to units that are accessible for persons with visual and/or hearing impairments.

Corrective Actions include (1) reviewing all applicable files from 1998 through present to verify compliance with MEC and 504 requirements, (2) increasing the number of accessible units to comply with 504, and (3) providing a proposal on how the state intends to comply with the 504 sensory impairment requirement.

**Status:** 12/13/02:

Regarding 504 Modifications - TSAHC has conducted inspections to determine necessary modifications. TSAHC needs to cost out modifications and propose a time schedule for completion.

Regarding Model Energy Code - A preliminary report regarding Model Energy Code compliance and available inspection information has been received from TSAHC. While some inspections have been completed and adequately documented, TSAHC is being requested to substantiate additional information on 207 units. Discussions with TSAHC personnel indicate that they believe this issue can be resolved by 7/31/03.

274	11/30/01 Deloitte & Touche	Report to Management - Year ended August 31, 2001 Annual independent audit of the Department's general purpose financial statements	Px	07/11/02	10/01/02
			Px	10/25/02	10/31/02
			Ix	01/21/03	

**Division:** Accounting and Finance

**Issue:** TDHCA does not accrue for invoices received subsequent to one month after year-end that relate to the preceding fiscal year. As a result, accounts payable and the related expenditures may be understated at year-end. Consider alternatives, including a threshold of \$100,000 for large-dollar invoices received after September 30 to be reviewed for consideration.

**Status:** 01/21/03 - The Division of Financial Administration implemented a new policy that gave consideration to the accrual of invoices greater than \$100,000 received subsequent to thirty days after fiscal year end to accurately reflect expenditures.

276	11/30/01 Deloitte & Touche	Report to Management - Year ended August 31, 2001 Annual independent audit of the Department's general purpose financial statements	Px	07/10/02	12/31/02
			Px	10/25/02	12/31/02
			Ix	01/21/03	

**Division:** Accounting and Finance

**Issue:** Repeat Issue - In June 1999, Governmental Accounting Standards Board issued its Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" that will require significant changes to the way that TDHCA collects, records and reports its financial information and may require significant research and preparation prior to implementation.

**Status:** 01/21/03 - The accounting and finance staff completed its "Basic Financial Statements" which incorporated the Governmental Accounting Standards Board - Statement #34 (GASB 34). TDHCA auditor's Deloitte & Touche completed their fieldwork and concluded TDHCA's financials to be in compliance with GASB 34 requirements per their audit report issued December 20, 2002.



Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
264	01/07/02	Controls Over Single Family Loans; Report No. 1.05	Px	04/22/02	05/01/02
	IA	Controls over single family loans serviced by the Department.	Px	07/22/02	08/31/03
<b>Division:</b> HOME			Px	10/02/02	
<b>Issue:</b> HOME program management should develop and implement processes to ensure that all required/necessary loan documentation is acquired to adequately support and protect the Department's interests in HAP loans. Strategies should be developed to identify all historical HAP loans and to accumulate documentation to support all outstanding balances.			Px	10/25/02	06/15/03
<b>Status:</b> 01/28/03 - Staff has entered all documents pending receipt into the new Loan Servicing system (MITAS). Status reports showing documents pending are provided to HOME Program staff for communication to the Administrators. Administrators who fail to remedy long standing documentation issues have future draws held.			lx	01/28/03	
Internal Audit Comment: The time period for "long standing documentation issues" should be specifically defined so graduated sanctions can be consistently applied.					
266	01/07/02	Controls Over Single Family Loans; Report No. 1.05	Px	04/22/02	07/01/02
	IA	Controls over single family loans serviced by the Department.	Px	07/22/02	11/01/02
<b>Division:</b> Loan Administration			Px	11/05/02	02/01/03
<b>Issue:</b> The Department should develop and implement formal policies and procedures for the periodic review of delinquent program loans, related collection efforts and specific criterion to be met for writing-off loan balances.			Px	01/28/03	06/01/03
<b>Status:</b> 01/27/03 - Loan Servicing staff is working with staff in newly formed areas (Operations Divisions/Asset Management-Early Intervention and Real Estate Analysis/Workout), a product of the Agency-wide restructure, to identify all delinquent single family loans and formulate standard plans of action.					
268	02/12/02	Compliance with Requirements & IC Over Compliance - A-133.	Px	04/22/02	08/01/02
	KPMG	Statewide Federal Single Audit for FYE August 31, 2001 (SAO contract with KPMG).	Px	07/31/02	10/31/02
<b>Division:</b> HOME			Px	10/02/02	NR
<b>Issue:</b> There is a lack of documentation to support soft costs incurred by subrecipients. Known questioned costs - \$29,400. Estimated questioned costs - \$2,314,574.			Px	10/25/02	NR
<b>Status:</b> 04/22/02 - HUD letter dated April 22, 2002 requires the Department to provide support for all project related soft costs for all draws for fiscal years 1999, 2000, and 2001.			Px	01/31/03	NR
10/31/03 - KPMG auditors acknowledged in a meeting held on January 30, 2003 that this audit issue has been resolved and that a formal written report will be issued on February 20, 2003. The Department will forward a copy of the Single Audit results to HUD for acknowledgement (HUD agreed to accept the written KPMG response/report, subject to review, in a conference call on January 31, 2003).					
The Department will use the documentation standards accepted by KPMG for the type and extent of back-up required and will work with the HOME administrators to support the past costs that have been questioned.					

Ref. #	Report Date Auditors	Report Name Audit Scope	Status		Target
			Codes*	Date	Date
277	07/23/02 IA	Payroll Audit; Report No. 2.07 FY 2002 to date (5/17/02) payroll transactions.	Px	09/30/02	10/31/02
			Px	11/05/02	12/31/02
			lx	01/21/03	

**Division:** Accounting and Finance

**Issue:** Management should take appropriate action to strengthen USPS access controls.

**Status:** 01/21/03 - Security access was changed in July 2002 for Payroll Specialist and back-up employee to "payroll profile". These individuals no longer have "master profile" access to USPS. Written policies pertaining to access to USPS have been developed and are included in the payroll SOP in draft form.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**Construction Inspection Fees - Schedule of Receipts and Disbursements**  
**For the Period Fiscal Year 1999 through**  
**August 31, 2002 (Disbursements) / September 30, 2002 (Receipts)**

**As Previously Reported (November 30, 2002 Board Meeting)**

	<b>Amount</b>
Per Accounting Records:	
LIHTC Inspection Fees Paid for Services Provided; 9-1-98 through 8-31-02	\$779,151.46
Less Fees Reimbursed by Developers, FY 1999 through 9-30-02	\$679,025.31
Net Inspection Fees Paid in Excess of Amounts Reimbursed	\$100,126.15
Recap Summary of Detail, by Project:	
Summary of Inspection Fees Paid in Excess of Reimbursements Applied (109 projects)	\$203,238.02 <sup>1</sup>
Less Summary of Reimbursements in Excess of Inspection Fees Paid (63 projects)	\$103,111.87 <sup>2</sup>
Net Inspection Fees Paid in Excess of Amounts Reimbursed	\$100,126.15

**Status Comments - As of January 31, 2003**

- The LIHTC Division continues to investigate project level detail supporting balances due from/due to project owners and has identified some project balances that have changed; however, overall balances have not materially change.
- The Department has collected an additional \$7,928.97 in billed fees during the months of October, November and December 2002 based deposit data provided by accounting.

**Footnotes:**

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<sup>1</sup> *Detail documentation supporting Inspection Fees Paid in Excess of Amounts Reimbursed of \$203,238, needs to be investigated, after application of reimbursements pursuant to the following bullet, to ensure that fees paid and the reimbursements applied are appropriate. Remaining balances may represent amounts Due From Developers.*

<sup>2</sup> *Detail documentation supporting the Reimbursements in Excess of Inspection Fees Paid, of \$103,111, needs to be investigated to ensure that reimbursement amounts have been properly applied to projects. Remaining balances may represent amounts Due To Developers.*

**THE TEXAS DEPARTMENT OF HOUSING  
AND COMMUNITY AFFAIRS**

**Summary Status of  
Central Database Project**

**January 31, 2003**

**TDHCA Central Database**  
**Summary Project Plan/Status**  
**As of January 31, 2003**

ID	Task Name	Start	Finish	% Comple	Timeline																	
					00	2001			2002			2003			2004			2005				
					3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1	<b>COMP'L. MONITORING &amp; TRACKING SYSTEM (CMTS)</b>	Thu 2/1/01	Mon 11/3/03	80%																		
2	Development	Thu 2/1/01	Fri 1/10/03	100%			2/1							1/10								
3	Functional Planning and Deployment	Thu 7/11/02	Wed 10/1/03	74%									7/11									10/1
4	Industry Rollout	Mon 9/23/02	Mon 11/3/03	52%									9/23									11/3
5																						
6	<b>FUND ALLOCATION/CONTRACT MODULE</b>	Fri 5/10/02	Wed 6/18/03	46%																		
7	Development	Fri 5/10/02	Wed 6/18/03	64%									5/10									6/18
8	Functional Planning and Deployment	Mon 9/2/02	Wed 6/18/03	21%									9/2									6/18
9																						
10	<b>* PROGRAM MODULE</b>	Mon 10/21/02	Wed 8/20/03	11%																		
11	Development	Mon 10/21/02	Wed 5/21/03	25%									10/21									5/21
12	Functional Planning and Deployment	Wed 11/20/02	Wed 8/20/03	0%									11/20									8/20
13																						
14	<b>* LIHTC MODULE</b>	Mon 10/14/02	Fri 8/29/03	5%																		
15	Development	Mon 10/14/02	Wed 5/28/03	10%									10/14									5/28
16	Functional Planning and Deployment	Tue 1/14/03	Fri 8/29/03	0%									1/14									8/29
17																						
18	<b>* APPLICATION MODULE</b>	Thu 8/1/02	Mon 10/20/03	7%																		
19	Development	Thu 8/1/02	Thu 7/17/03	15%									8/1									7/17
20	Functional Planning and Deployment	Wed 10/23/02	Mon 10/20/03	0%									10/23									10/20
21																						
22	<b>* CONSTRUCTION &amp; PROGRAM MONITORING MODULE</b>	Mon 9/1/03	Fri 10/29/04	0%																		
23	Development	Mon 9/1/03	Tue 8/31/04	0%																		9/1
24	Functional Planning and Deployment	Mon 12/1/03	Fri 10/29/04	0%																		12/1
25																						10/29
26	<b>* CREDIT UNDERWRITING &amp; COST CERT. MODULE</b>	Mon 11/3/03	Fri 12/31/04	0%																		
27	Development	Mon 11/3/03	Tue 11/2/04	0%																		11/3
28	Functional Planning and Deployment	Mon 2/2/04	Fri 12/31/04	0%																		2/2
29																						12/31

Project: Central Database  
 Print Date: Thu 2/6/03

Module Duration



Rolled-up Task



Progress



\* If asterisked (\*), the detailed plans identifying tasks and resources are pending. Accordingly, start and finish dates are very preliminary and will likely change as detailed plans are developed.



**TDHCA Central Database  
Summary Project Plan/Status  
As of January 31, 2003**

**1 COMPL. MONITORING & TRACKING SYSTEM (CMTS)**

CMTS was Phase I of the Central Database Project. The goal of Phase I was to develop a fully integrated system to address the compliance monitoring needs for all multifamily housing programs. The system was designed to provide full integration and reporting, provide automated compliance functions for the LIHTC, AHDP, HOME, HTF, and Tax Exempt Bond programs during the affordability period, allow remote property managers to access and update tenant information through the Internet, and improve productivity through the use of a sound business process design, a graphical user interface, and improved access to data.

Capital expenditures for AIMS Contract: \$309,038 (\$262,955 paid in FY 01; \$46,083 paid in FY 02)

Capital Expenditures for External Property Owner's Interface: \$8,375 (contract services)

Capital Expenditures for Functional Planning and Deployment: \$12,900 (contract services)

Capital Expenditures for FY 03 Post Implementation Enhancements (\$20,300)

**2 Development**

11/30/02 - The 11/19/02 finish date reported 10/31/02 was extended to 1/10/03 due to reports preparation (design and development) requiring more extensive IS involvement than was previously anticipated.

1/31/03 - Development is reported as complete. Ongoing maintenance, periodic bugs and enhancements still require the Technical Team's support. The Steering Committee has elected to restrict such activities to 10% of the available Technical Team's time unless there are fixes necessary for the system to be usable.

**3 Functional Planning and Deployment**

1/31/03:

Gathering and entering missing data on the LIHTC program is not expected to be completed until 10/1/03. The estimate is based on 1200 properties, 1/2 day per property, and six employees working 70% of full time. "Missing" data is necessary for automated compliance testing and person/organization information pertinent to compliance assessment work.

While staff is confident with the estimates of time required, the resources (individuals) to perform the work have not been specifically identified and committed.

CMTS enhancements were required for the successful deployment of the Affordable Housing Disposition Program (AHDP) functionality of the Central Database. The deployment is needed in support of AHDP and the external contractor (MDSI) who is running this program on TDHCA's behalf. The original cost estimate for MDSI was reduced by over \$100,000 a year based upon the availability of a web-based replacement of the AHDP legacy software application. Percentage complete shows additional tasks and assignments as needed to complete this software module.

**6 FUND ALLOCATION/CONTRACT MODULE**

The Fund Allocation portion of this module will allow each of the program areas to distribute and track funds from the original source (HUD, General Revenue) to Program, Regions, Activities ( SECO, Development, Owner Occupied etc.), Specific Setasides (CHDO, Special Needs etc.) Administration. The tracking of the funds includes source of the funds, expiration dates (Federal and State) for each of the source types to the contract level. Program Income, Deobligated Funds and Administration Funds will also be tracked at a detail level from source to final use. Balances will be automatically maintained in each of the funds.

A history of all transactions against any of the funds will be maintained. The transaction history will contain the type of transaction, date, amount, by whom and comments.

Contract and Draw portion of this module is inclusive of budgets and draws. This segment of the module will provide the ability for each of the program areas to set up a contract in the system, associate the contract to organizations and persons involved in the development and execution of the contract. Track the use of leveraging and

**TDHCA Central Database**  
**Summary Project Plan/Status**  
**As of January 31, 2003**

matching funds for individual contracts. Provide the ability to create contract activities associated with the contract, create and maintain the budget including balances as funds get drawn, deobligated or refunded. Track the application of program income to contracts and automatically maintain the balances of deobligated funds to ensure deobligated funds are used immediately upon availability. Provide the ability to track the receipt of Program Income as well as tracking the program income proceeds at the contract level.

Provide the ability for the subrecipients to create and manage their own detail budget online. Management of the budget by the sub recipient will include the transfer of funds between budget items but not changes to the overall budget, which requires a formal amendment. Balances will be maintained by the system as funds are drawn, refunded etc.

The initial release of this module will accommodate the functional needs of the HOME and Housing Trust Fund programs. While the timelines planned incorporate the design work for the Energy Assistance (EA) and Community Services (CS) programs, the development, testing and acceptance of work for these programs is not anticipated until subsequent releases not currently scheduled. Additionally, any functionality offered by the Fund Allocation/Contract Module applicable to the LIHTC, OCI and Bond programs will not be fully designed, developed, tested and accepted until consideration of those program modules.

Capital Expenditures: \$136,227 (contract services)

**7 Development**

11/30/02 - The Development coding phase of the project has been extended from 12/4/02, previously reported as of 10/31/02, to 4/30/03. The primary reason for the extension of the project is a better understanding of the necessary tasks by the Project Team that has resulted from a clearer definition of the system design. While the development coding phase of the project has been extended, it is not anticipated to have a significant impact in the overall timeline delivery of the system due to ongoing testing and acceptance by the users throughout the course of development.

1/31/03:

The 4/30/2003 delivery of the Fund Allocation/Contract module has been extended to 6/18/03 over the last two months because, during that time frame, it has been necessary to devote a larger percentage of the technical team's time than originally estimated to CMTS enhancements. We originally planned to spend 10% of the technical team's time on CMTS work during these months. However, the work required for the successful deployment of the Affordable Housing Disposition Program (AHDP) functionality of CMTS accounted for about 40% of the technical team's time.

The CDB Steering Committee and management has taken the necessary steps to address and handle such overages in the future.

The AHDP deployment is needed in support of AHDP and the external contractor (MDSI) who is running this program on TDHCA's behalf. The cost for TDHCA's new contract with MDSI (which began on September 1, 2002) was reduced by approximately \$100,000 based upon the availability of a web-based replacement of the AHDP legacy software application. Percentage complete shows additional tasks and assignments as needed to complete this software module.

**10 \* PROGRAM MODULE**

Provide the ability to store online program level information. The information to be stored includes: Program name, the type of program (multi family or single family), program activities with each activity's specific strategies, targets (income targets, geographic, special needs, non-profit participation etc.) and requirements.

Provide the ability to map back to the original program targets the actual results as contracts are awarded to provide a visual summary of the actual results as they occur.

Capital Expenditures: \$3,250 (contract services)

**14 \* LIHTC MODULE**

The tax credit program is the primary means of directing private capital towards the creation of affordable rental housing. The tax credits provide developers of low



**TDHCA Central Database**  
**Summary Project Plan/Status**  
**As of January 31, 2003**

income rental housing with a benefit that is used to offset a portion of their federal tax liability in exchange for the production of affordable rental housing. The value associated with the tax credits allows residences in LIHTC developments to be leased to qualified families at below market rate rents.

In addition to the application, scoring, tracking and other features the LIHTC component of the Central Database will provide the ability to:

- track credit allotment to the state
- track the allotment of credits to the individual setasides and subsequent allocation to projects and their respective buildings
- track the allocation of credits to the properties
- identify applicable fraction for each of the buildings receiving tax credits
- identify the purpose of the allocation (acquisition, rehab, new construction)
- capture the necessary information to issue 8609s
- capture the necessary information to effectively manage the cost certification process
- automatically assign the applicable PV rate and provide the ability to lock in the rate
- track the tax credit from initial allocation, carryover to final issuance

Capital Expenditures: \$2,600 (contract services)

**18 \* APPLICATION MODULE**

Provide the ability to create and store application guidelines, threshold information, scoring criteria and templates to be used in the application scoring process. The system will allow the applicant to enter and submit the application online and submit any supporting documentation via hardcopy and electronic means. Where possible, automated scoring will be invoked but regardless, all scoring will be performed in the system and summarized automatically. As application flows through the process, updates to fund balances are automatically updated to reflect applications that have not met minimum thresholds.

Capital Expenditures: \$5,000 (contract services)

**22 \* CONSTRUCTION & PROGRAM MONITORING MODULE**

This module will coordinate and manage the monitoring activities performed at projects, subrecipients, etc. The system will provide the ability to capture pertinent information regarding the monitoring activity and consolidate the results of all monitoring activities at the entity in a common place.

**26 \* CREDIT UNDERWRITING & COST CERT. MODULE**

This module will provide the ability to capture and track underwriting and cost certification details and apply pre-established thresholds and tolerances to determine eligibility or compliance with established standards.

**30 \* OCI MODULE**

The OCI module will be able to track its programs (Texas Bootstrap Loan Program, Contract for Deed Conversion Loan Programs, Builder Incentive Partnership Program, Contract for Deed Conversion Loan Guarantee Program, Colonia Self-Help Center Program and Colonia Consumer Education Programs) through the Database. This will enable the creation of various reports regarding the colonias and these programs. There will also be a capability to search on the Database for other funding activities in the colonias by other programs within the Agency.

**34 \* SECTION 8 MODULE**

The Section 8 module will consist of 4 major components. They are Family Reports, Contracts, Payments and Contract Tracking. The Family Reporting System (i.e.,

**TDHCA Central Database  
Summary Project Plan/Status  
As of January 31, 2003**

application system) is modeled after HUD's automated Form 50058 application process which is used to collect, store and generate reports on families who participate in the Section 8 rental subsidy program. Once a family's application has been submitted and processed by HUD, it is ready to become a contract in TDHCA's Section 8 program. The Contract System is almost an exact mirror of the Family Reporting System except that it abstracts the information to a higher level and presents it in a more summarized form to agency users. A contract then provides the Section 8 Payment System with the information it needs to process payments for local operators, landlords and tenants. This system then feeds the information to Accounting's CSAS System which, in turn, gives accounting the information they need to produce their monthly checks for the aforementioned groups. Lastly, the Section 8 Contract Tracking System is used to help the program area "keep track" of which contracts have received their payments and/or have reimbursed the agency for the services rendered.

**38 \* BOND FINANCE MODULE**

The Bond Finance module will capture all relevant commercial paper, single family and multifamily bond data and information for retrieval and reporting purposes. The Bond Finance module will provide this data and information in a readily accessible manner through user defined reports to provide information to other state agencies. Financial concerns, such as rating agencies, bond insurers, investors, investment banks, etc. also will use these reports. The Bond Finance module will consolidate current report preparation processes, thereby increasing Bond Finance's efficiency and productivity with the issuance of new bonds and the management of outstanding bonds.

**43 COMPLETED/ACCOMPLISHED**

Capital Expenditures Not Associated with Individual Milestones:

Java Training, \$7,640

Server Hardware, \$42,987

Software and Misc., \$4,620

**44 Software Dev Environ Infrastructure & Arch Plng**

The software development environment was restructured and a more refined process that accommodated both existing and new programming languages, databases and standards were put into place. This includes the development of a project charter, the creation of a detailed project plan, selection of a source code control tool, the addition of a modified QA process that involves more user participation, the creation of web and graphical user interface standards, Java coding standards, database naming convention standards, Java software development platform standard, and software change control, management and deployment process improvements.

Capital Expenditures: \$11,700 (contract services)

**45 Main Menu and Login Process**

The Central Database Main Menu for navigation through the system. The Login Process entailed developing the interface and preliminary security mechanisms for internal users. This also included development of a standardized interface stylesheet for use in the application.

Capital Expenditures: \$14,000 (contract services)

**46 LIHTC Microsoft Outlook Contact Log Solution**

Provided an immediate Microsoft Outlook solution to a SB322 item where oral (phone) or written communication can be logged for the LIHTC program. This is the short-term solution to the SB322 item. The longer-term solution will be in the form of the LIHTC Contact Log.

**47 Housing Sponsor Report**

The Housing Sponsor Report is used by the property owners and property managers to report property and unit information into the Central Database. The Housing Sponsor Report is required to be submitted to TDHCA on an annual basis for any properties where program participation was involved.

**TDHCA Central Database**  
**Summary Project Plan/Status**  
**As of January 31, 2003**

Capital Expenditures: \$650 (contract services)

**48 HRC Information Clearinghouse**

The Housing Resource Center Information Clearinghouse provides the citizens of Texas easy access to information on homebuyer assistance, rental housing assistance, home repair, and other community services throughout the state. A brief description of several programs offered by TDHCA and other state and federal programs, including hyperlinks, is also available.

Capital Expenditures: \$51,034 (contract services)

**49 Data Migration and Population**

Capital Expenditures: \$22,885 (contract services)

**54 Software Architecture**

The software infrastructure required for current and future projects which included the design, technical design and software development of data access routines, object model development and user interface framework.

Capital Expenditures: \$18,750 (contract services)

**55 Housing Sponsor Report - Historical**

The Housing Sponsor Report - Historical information is used to query for property and unit information that has been provided in prior Housing Sponsor Report reporting years. The Housing Sponsor Report is required to be submitted to TDHCA on an annual basis for any properties where program participation was involved. This portion of the system is specific to historical information as previously reported by prior Housing Sponsor Reports entered by property owners and property managers.

**THE TEXAS DEPARTMENT OF HOUSING  
AND COMMUNITY AFFAIRS**

**Status of  
Central Database Project**

**Compliance Monitoring and Tracking System**

**January 31, 2003**

**TDHCA Central Database - Project Plan/Status  
Compliance Monitoring Tracking System (CMTS)  
as of January 31, 2003**

ID	Task Name	Start	Finish	%	Q1 '03			Q2 '03			Q3 '03			Q4 '03			
					12	1	2	3	4	5	6	7	8	9	10	11	12
1	CMTS Development	Thu 2/1/01	Tue 11/19/02	94%													
2	<b>CMTS Functional Planning and Deployment</b>	<b>Thu 7/11/02</b>	<b>Wed 10/1/03</b>	<b>74%</b>													
3	Transition Plan	Mon 9/23/02	Fri 11/1/02	100%													
10	CMTS Application issues	Mon 9/23/02	Wed 1/22/03	100%													
84	CMTS Data Migration and Data Scrubbing Bond	Mon 9/23/02	Thu 11/28/02	100%													
198	CMTS Data Migration and Data Scrubbing HOME	Mon 10/7/02	Tue 11/26/02	100%													
311	CMTS Data Migration and Data Scrubbing HTF	Mon 10/7/02	Tue 11/26/02	100%													
424	CMTS Data Migration and Data Scrubbing AHDP	Mon 10/7/02	Tue 11/26/02	100%													
537	CMTS Data Migration and Data Scrubbing LIHTC	Mon 10/7/02	Tue 11/26/02	100%													
651	Data Population for Missing Data	Mon 10/7/02	Wed 10/1/03	49%													
652	Develop Strategy and Tools	Mon 10/7/02	Fri 12/27/02	100%													
656	Perform Data Gathering	Tue 11/26/02	Wed 10/1/03	45%													
657	Data gathering for HTF	Tue 11/26/02	Mon 2/17/03	100%													
658	Data gathering for Home	Tue 11/26/02	Mon 2/17/03	100%													
659	Data gathering for Bond	Tue 11/26/02	Mon 2/17/03	100%													
660	Data gathering for LIHTC	Tue 11/26/02	Wed 10/1/03	1%													
661	Input Data into system	Mon 10/7/02	Wed 10/1/03	42%													
662	Input Data for HTF	Tue 2/18/03	Mon 5/12/03	100%													
663	Input Data for Home	Tue 2/18/03	Mon 5/12/03	100%													
664	Input Data for Bond	Tue 2/18/03	Mon 5/12/03	100%													
665	Input Data for LIHTC	Mon 10/7/02	Wed 10/1/03	1%													
666	User Procedures and Documentation	Fri 11/1/02	Thu 12/19/02	100%													
670	User Training	Mon 9/23/02	Mon 1/27/03	100%													
678	User Testing	Thu 7/11/02	Mon 3/31/03	92%													
681	CMTS Industry Rollout	Mon 9/23/02	Mon 11/3/03	52%													
682	Develop Strategy for external Deployment	Mon 9/23/02	Fri 12/20/02	100%													
691	Prepare for External Deployment	Mon 9/23/02	Mon 11/3/03	49%													

Compliance  
Compliance

Project: Central Database  
Date: Thu 2/6/03

Task Progress Summary

**TDHCA Central Database - Project Plan/Status  
Compliance Monitoring Tracking System (CMTS)  
as of January 31, 2003**

**1 CMTS Development**

The detailed technical plan relating to CMTS is included in other documentation. The technical development was a mutual effort between TDHCA's IS Division and a third party consultant. The remaining technical work relates to "have to" enhancements and bug fixes that were identified in connection with User Acceptance Tests. See the CMTS Functional Planning and Deployment detailed plan, *CMTS Application Issues*, for details.

**THE TEXAS DEPARTMENT OF HOUSING  
AND COMMUNITY AFFAIRS**

**Status of  
Central Database Project**

**Status of Funds**

**January 31, 2003**

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**Central Database Project**  
**Status of Funds as of January 31, 2003**

Description	Total
<b>Appropriated Funds FY 2000-2003:</b>	\$760,955
<b>Less:</b>	
<b>Expenditures thru 01/31/03:</b>	
Employee Training - Advanced Java Programming training and Graphical User Interface and Presentation. (\$7,640); Design and development of Compliance Monitoring and Tracking System. (\$262,677); Computer Programmer Services - Finalization of Compliance Monitoring System. (\$46,083); Post-implementation - Compliance Monitoring Tracking System (\$20,300); Computer Programming Services - One Systems Analyst for gathering program information needs, functional and system requirements and specifications. Two Programmers for software development. (\$287,649); Computer Equipment – Sun Server Hardware, Disk Drives, Processors, Memory (RAM) and required upgrades. (\$42,987); Computer Software - Software database tools. (\$4,270); Miscellaneous - US Postal Service FIPS Database Annual Subscription. (\$350)	671,956
<b>Lapsed Funds</b>	278
<b>Subtotal</b>	88,721
<b>Less Obligations as of 01/31/03 - See Note 1.</b>	
Systems Analyst – Business Data Architect for 432 hours at \$65/hr. (\$28,080); Computer Programming Services for 571 hours at \$50/hr. (\$28,550); Post-implementation Compliance Monitoring Tracking System 303 hours at \$65/hr. (\$19,700)	76,330
<b>Unexpended / Unobligated Balances as of 01/31/03 – Expected to be expended by 3/31/03</b>	\$12,391

**Note 1. - Deliverables expected from amounts Obligated as of 01/31/03:**

The obligated funds as of January 31, 2003, are for the following purposes:

- Continuing development of system requirements including process models and data models. This may also include interfaces to legacy or other systems such as accounting and finance.
- Continuing development of system design specifications to address the functional requirements.
- Producing a working system for the review and approval of department.
- Delivering a working web-based software application that utilizes the Central Database schema.
- Coordinating acceptance testing of system modules and full integration testing across all modules.
- Developing interfaces, where necessary, to existing/legacy systems that require data exchange(s) with the Central Database.

All balances are expected to be fully expended by March 31, 2003.



**Agenda Item No. 5**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

<b>MEMORANDUM</b>
-------------------

**TO:** TDHCA Board of Directors  
**FROM:** Edwina Carrington, Executive Director  
**DATE:** February 13, 2003  
**SUBJECT:** 10 TAC Sec. 53:52 (c)(1-5) Waiver

The HOME Investment Partnerships Program accepted applications on November 18, 2002 for the Community Housing Development Organization (CHDO) set-aside. A minimum of 15% of the annual HOME allocation is reserved for CHDOs for the development of housing sponsored or owned by the CHDO. Based on the allocation requirement, approximately \$8.3 million from program year 2001/2002 was made available during the application cycle. Of this amount, approximately \$2.1 million must be awarded and contracted by March 31, 2003 or be subject to recapture by the U. S. Department of Housing and Urban Development.

A total of twenty four (24) applications were received by the CHDO application deadline totaling \$16.2 million. Based upon staff review, six (6) projects submitted for funding met the scoring threshold requirement; however, one (1) of these projects did not meet the program threshold requirements by the application due date as required in the 10 TAC HOME Investment Partnerships Program rules. Application number 20020007 "Community Development Corporation of Brownsville" had not met program commitment performance requirements on a previous contract. The applicant has since met this program requirement.

In an effort to meet the 15% CHDO HOME Investment Partnerships Program set-aside requirement, TDHCA staff is requesting that a waiver of the 10 TAC Sec. 53:52 (c)(1-5) requirements be granted. The provision to waive this rule upon determination of good cause is cited in the 10 TAC Sec. 53:62 (4)(d). The waiver approval would allow the Department to contract with the Community Development Corporation of Brownsville.

Your consideration and subsequent approval of this waiver is requested.

EPC:EP

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY  
AFFAIRS  
BOARD MEETING  
FEBRUARY 13, 2003**

PRESENTATION, DISCUSSION AND POSSIBLE APPROVAL OF HOME INVESTMENT  
PARTNERSHIPS PROGRAM APPLICATIONS FOR  
2002 COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS

The Texas Department of Housing and Community Affairs announced the availability of approximately \$8.3 million for the 2002 Community Housing Development Organization (CHDO) funding cycle. The application submission date was November 18, 2002. Twenty-four (24) applications were submitted for funding consideration totaling approximately \$16.2 million. The HOME Program staff is recommending funding six (6) of these projects totaling \$2,716,727 contingent upon Board approval of a waiver to the HOME Program Applicant Requirements as identified in 10 TAC Section 53:52 (c)(1-5).

**Recommendation**

The Board approve the Community Housing Development Organizations (CHDO) applications recommended for funding on the attached spreadsheet.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
BOARD MEETING  
FEBRUARY 13, 2003**

**PRESENTATION, DISCUSSION AND POSSIBLE APPROVAL OF HOME INVESTMENT  
PARTNERSHIPS PROGRAM APPLICATIONS FOR  
2002 CONTRACT FOR DEED CONVERSION**

The Texas Department of Housing and Community Affairs announced the availability of \$2 million for the 2002 Contract For Deed funding cycle. The application submission date was November 18, 2002. Three (3) applications were submitted for funding consideration totaling \$1,352,000. The HOME Program staff is recommending funding all three projects.

**Recommendation**

The Board approve the Contract For Deed applications recommended for funding on the attached spreadsheet.

<b>2002 HOME CHDO/ Contract for Deed Proposed Funding</b>					
<b><u>App #</u></b>	<b><u>Applicant Name</u></b>	<b><u>Activity</u></b>	<b><u>Total Project Funds Recommended</u></b>	<b><u>CHDO Op/Admin. \$ Recommended**</u></b>	<b><u>Units</u></b>
	<b><u>Rental Housing Development</u></b>				
2002-0004	Center for Housing and Economic Opportunities Inc.	RHD	\$ 1,194,859.00	\$ 59,743.00	20
2002-0011	Affordable Housing of Parker County	RHD	\$ 570,000.00	\$ 28,500.00	12
	<b>Total for RHD</b>		<b>\$ 1,764,859.00</b>	<b>\$ 88,243.00</b>	
	<b><u>Homebuyer Assistance</u></b>				
20020007	CDC of Brownsville*	HBA	\$ 500,000.00	\$ 25,000.00	50
20020015	Southeast Texas Housing Partners	HBA	\$ 60,000.00	\$ 3,000.00	8
20020028	Pharr Housing Development Corp.	HBA	\$ 200,000.00	\$ 10,000.00	20
20020009	Affordable Housing of Parker County	HBA	\$ 62,500.00	\$ 3,125.00	10
	<b>Total for HBA</b>		<b>\$ 822,500.00</b>	<b>\$ 41,125.00</b>	
	<b><u>Contract for Deed</u></b>				
20020025	Willacy County	CFD	\$ 300,000.00	\$ 12,000.00	12
20020019	Webb County	CFD	\$ 500,000.00	\$ 20,000.00	20
20020024	Organizacion Progressiva	CFD	\$ 500,000.00	\$ 20,000.00	20
	<b>Total for CFD</b>		<b>\$ 1,300,000.00</b>	<b>\$ 52,000.00</b>	
	<b>Total HOME funding recommendations</b>		<b>\$ 3,887,359.00</b>	<b>\$ 181,368.00</b>	
	* Requires threshold waiver				
	** 5% of project award				



**Community Affairs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** EEF    **Completed on** 01/15/2003

**Housing Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_    **Completed on** \_\_\_\_\_

**Housing Programs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** S. Roth    **Completed on** 01/17/2003

**Multifamily Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** Robbye Meyer    **Completed on** 01/15/2003

**Executive Director:** Edwina Carrington    **Date Signed:** bruary 07, 2003



<b>Community Affairs</b>	Status of Findings (any unresolved issues are listed below)
monitoring review not applicable <input checked="" type="checkbox"/>	monitoring review pending <input type="checkbox"/>
reviewed; no unresolved issues <input type="checkbox"/>	reviewed; unresolved issues found <input type="checkbox"/>
Comments:	
<b>Completed by</b> <u>EEF</u>	<b>Completed on</b> <u>01/15/2003</u>

<b>Housing Finance</b>	Status of Findings (any unresolved issues are listed below)
monitoring review not applicable <input type="checkbox"/>	monitoring review pending <input type="checkbox"/>
reviewed; no unresolved issues <input type="checkbox"/>	reviewed; unresolved issues found <input type="checkbox"/>
Comments:	
<b>Completed by</b> _____	<b>Completed on</b> _____

<b>Housing Programs</b>	Status of Findings (any unresolved issues are listed below)
monitoring review not applicable <input checked="" type="checkbox"/>	monitoring review pending <input type="checkbox"/>
reviewed; no unresolved issues <input type="checkbox"/>	reviewed; unresolved issues found <input type="checkbox"/>
Comments:	
<b>Completed by</b> <u>S. Roth</u>	<b>Completed on</b> <u>01/17/2003</u>

<b>Multifamily Finance</b>	Status of Findings (any unresolved issues are listed below)
monitoring review not applicable <input type="checkbox"/>	monitoring review pending <input type="checkbox"/>
reviewed; no unresolved issues <input checked="" type="checkbox"/>	reviewed; unresolved issues found <input type="checkbox"/>
Comments: As long as Phil Kennedy is not part of the development team, multifamily has no issues	
<b>Completed by</b> <u>Robbye Meyer</u>	<b>Completed on</b> <u>01/15/2003</u>

**Executive Director:** Edwina Carrington      **Date Signed:** bruary 07, 2003





**Community Affairs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** EEF    **Completed on** 01/15/2003

**Housing Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_    **Completed on** \_\_\_\_\_

**Housing Programs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** S. Roth    **Completed on** 01/17/2003

**Multifamily Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** Robbye Meyer    **Completed on** 01/15/2003

**Executive Director:** Edwina Carrington    **Date Signed:** bruary 07, 2003

# Developer Evaluation

## Compliance Status Summary

**Project ID #:** 2002-0009

LIHTC 9%  LIHTC 4%

**Project Name:** Affordable Housing of Parker Count

HOME  HTF

**Project City:**

BOND  SECO

### Housing Compliance Review

No previous participation

Project(s) in material non-compliance 0

Number of projects monitored by the Department with scores under 30: 0

total # monitored 0 # not yet monitored or pending review 2

# of projects grouped by score 0-9: 0 10-19: 0 20-29 0

Members of the development team have been disbarred by HUD

National Previous Participation Certification Received N/A

Non-Compliance Reported \_\_\_\_\_

**Completed by** Jo En Taylor **Completed on** 01/16/2003

### Single Audit

Status of Findings (any outstanding single audit issues are listed below)

single audit not applicable  no outstanding issues  outstanding issues

Comments:

**Completed by** Lucy Trevino **Completed on** 01/15/2003

### Program Monitoring

Status of Findings (any unresolved issues are listed below)

monitoring review not applicable  monitoring review pending

reviewed; no unresolved issues  reviewed; unresolved issues found

Comments: 538089 - No unresolved issues  
533384, 534244, 535093 - review not applicable

**Completed by** Ralph Hendrickson **Completed on** 01/15/2003

**Community Affairs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** EEF    **Completed on** 01/15/2003

**Housing Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_    **Completed on** \_\_\_\_\_

**Housing Programs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** S. Roth    **Completed on** 01/17/2003

**Multifamily Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** Robbye Meyer    **Completed on** 01/15/2003

**Executive Director:** Edwina Carrington    **Date Signed:** bruary 07, 2003



**Community Affairs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** EEF    **Completed on** 01/15/2003

**Housing Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_    **Completed on** \_\_\_\_\_

**Housing Programs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** S. Roth    **Completed on** 01/17/2003

**Multifamily Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments: As long as Phil Kennedy is not part of the development team, multifamily has no issues

**Completed by** Robbye Meyer    **Completed on** 01/15/2003

**Executive Director:** Edwina Carrington    **Date Signed:** bruary 07, 2003

# Developer Evaluation

## Compliance Status Summary

**Project ID #:** 2002-0024

LIHTC 9%  LIHTC 4%

**Project Name:** Organizacion Progresiva

HOME  HTF

**Project City:**

BOND  SECO

### Housing Compliance Review

No previous participation

Project(s) in material non-compliance 0

Number of projects monitored by the Department with scores under 30: 0

total # monitored 0 # not yet monitored or pending review 0

# of projects grouped by score 0-9: 0 10-19: 0 20-29 0

Members of the development team have been disbarred by HUD

National Previous Participation Certification Received N/A

Non-Compliance Reported \_\_\_\_\_

**Completed by** Jo En Taylor **Completed on** 01/16/2003

### Single Audit

Status of Findings (any outstanding single audit issues are listed below)

single audit not applicable  no outstanding issues  outstanding issues

Comments:

**Completed by** Lucy Trevino **Completed on** 01/15/2003

### Program Monitoring

Status of Findings (any unresolved issues are listed below)

monitoring review not applicable  monitoring review pending

reviewed; no unresolved issues  reviewed; unresolved issues found

Comments: 536281

**Completed by** Ralph Hendrickson **Completed on** 01/15/2003

**Community Affairs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** EEF    **Completed on** 01/15/2003

**Housing Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_    **Completed on** \_\_\_\_\_

**Housing Programs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** S. Roth    **Completed on** 01/17/2003

**Multifamily Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** Robbye Meyer    **Completed on** 01/15/2003

**Executive Director:** Edwina Carrington    **Date Signed:** bruary 07, 2003





**Community Affairs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** EEF    **Completed on** 01/15/2003

**Housing Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** \_\_\_\_\_    **Completed on** \_\_\_\_\_

**Housing Programs**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** S. Roth    **Completed on** 01/17/2003

**Multifamily Finance**      Status of Findings (any unresolved issues are listed below)

monitoring review not applicable                       monitoring review pending

reviewed; no unresolved issues                       reviewed; unresolved issues found

Comments:

**Completed by** Robbye Meyer    **Completed on** 01/15/2003

**Executive Director:** Edwina Carrington    **Date Signed:** bruary 07, 2003

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS**

**DATE:** February 3, 2003

**PROGRAM:** HOME

**FILE NUMBER:** 2002-0011

**DEVELOPMENT NAME**

Spring Garden Apartments IV

**APPLICANT/GENERAL CONTRACTOR**

**Name:** Affordable Housing of Parker County, Inc. **Type:**  For Profit  Non-Profit  Municipal  Other  
**Address:** P.O. Box 39 **City:** Springtown **State:** TX  
**Zip:** 76082 **Contact:** A.G. Swan **Phone:** (817) 220-5585 **Fax:** (817) 220-7012

**PRINCIPALS of the APPLICANT**

**Name:** Cammie Hill **(%):** N/A **Title:** President  
**Name:** A.G. Swan **(%):** N/A **Title:** Executive Director  
**Name:** M.E. Swan **(%):** N/A **Title:** Secretary

**PROPERTY LOCATION**

**Location:** 101 Swan Court

**City:** Springtown **County:** Parker **Zip:** 76082

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
① \$570,000	0%	30 yrs	30 yrs
② \$28,500	N/A	N/A	N/A

**Other Requested Terms:**  Home Loan  CHDO Operating Expense Grant

**Proposed Use of Funds:** New Construction **Set-Aside:**  CHDO  Rural  Non-Profit

**SITE DESCRIPTION**

**Size:** 0.68 acres 29,621 square feet **Zoning/ Permitted Uses:** Duplexes  
**Flood Zone Designation:** X **Status of Off-Sites:** Partially Improved

**DESCRIPTION of IMPROVEMENTS**

**Total Units:** 12 **# Rental Buildings:** 6 **# Common Area Bldgs:** 0 **# of Floors:** 1 **Age:** N/A yrs

Number	Bedrooms	Bathroom	Size in SF
12	1	1	785

**Net Rentable SF:** 9,420 **Av Un SF:** 785 **Common Area SF:** N/A **Gross Bldng SF:** 9,420

**Property Type:**  Multifamily  SFR Rental  Elderly  Mixed Income  Special Use



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CREDIT UNDERWRITING ANALYSIS**

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

In 1998 the for-profit predecessor to the Applicant entity, Springtown Spring Garden Apartments, Inc. (“SSGA”), applied for and was awarded \$450,000 for 12 units to build Phase II of Spring Garden Apartments. The underwriting report at that time recommended a 3% interest rate loan amortized over 30 years. In 2000, the same for-profit predecessor to the Applicant applied for and was awarded a \$465K HOME loan at to add 10 units as Phase III of an existing 24-year-old development. The underwriting report at the time recommended a \$464,500 loan repayable at 1% interest over a 30 year amortization. SSGA also built a small community building out of equity prior to completing Phase III which serves the entire development. According to the Applicant, both Phase II and Phase III were leased out in one day each and have remained 100% leased and 100% occupied. The first three phases contain a total of 53 units. The first phase was said to have been funded by USDA and received a SECO award through the Housing Trust Fund in 2001 to remodel and add energy efficient components. The unit mix and income target for the first 31 units was not provided. Of the 22 units in Phases II and III, 8 are two bedroom units restricted as High HOME units and the remaining 14 units are one bedroom units restricted as Low HOME units (50% of AMI). According to the application Affordable Housing of Parker County, (“AHPC”) the Applicant, has acquired all of the assets of SSGA and is doing business as SSGA. The previous sole owner of SSGA, Al Swan, is now the Executive Director of AHPC.

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

The Spring Garden Apartments IV is the proposed development of six one-bedroom duplexes to be built on a 0.68-acre lot that represents the fourth phase of Spring Garden Apartments. All of the proposed new units will be set-aside for elderly or handicapped tenants. The developer recently completed a community center on the site, which will benefit all four phases of the project.

The support services infrastructure is currently in place, having evolved over the 24 years that the apartment complex has been in operation. The complex is the only restricted senior housing complex in the city. The Applicant indicated that no contracts with support agencies are available because, “Historically, and unlike in other areas of the State, there has been no need for Memoranda of Agreement or Understanding, because the desire of the agencies to provide services to our tenants has been overwhelming.”

The Weatherford Housing Authority, serving all of Parker County from its headquarters in the county seat 20 miles south of Springtown, has indicated that they will make Section 8 vouchers available to Housing Authority residents interested in moving to the new units.

Affordable Housing of Parker County, Inc. (“AHPC”) was formed in June of 2001. Tax year 2002 will be the first year that tax returns form AHPC will be required. Springtown Spring Garden Apartments, Inc. (“SSGA”) was the for-profit predecessor of AHPC. Springtown Spring Garden Apartments, Inc. decided to become a 501 (c)(3) nonprofit corporation and CHDO in order to avail itself of advantageous financing so that it could more ably assist low and very low-income persons and families.

The Applicant anticipates residential construction for the fourth phase to begin immediately upon funding. Construction is planned to be completed within four months, with the project reaching substantial lease-up within three months thereafter.

**POPULATIONS TARGETED**

All of the proposed units will be set-aside for elderly tenants not earning more than 40% of AMI. This is beyond the standard High HOME and Low HOME restrictions and will, if adhered to, reduce potential gross income and therefore reduce the repayment capacity of this phase. Thus, the Land Use Restriction Agreement (LURA) should reflect a 40% of AMI rent restriction requirement.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>40% of AMI</b>	<b>\$17,600</b>	<b>\$19,600</b>	<b>\$22,080</b>	<b>\$24,520</b>	<b>\$26,480</b>	<b>\$28,440</b>

**Compliance Period Extension:** The Applicant has elected to maintain the affordability of the property for a period of 30 years (ten years longer than required by the Federal HOME rules but equal to the minimum

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affordability term required by State law).

**MARKET HIGHLIGHTS**

A market feasibility study dated November 7, 2002 was prepared by Jerry Watson State Certified Residential Appraiser and highlighted the following findings:

- In Springtown, elderly (over 65 years of age) households account for 24.6% of the total households in the community. The overall rental vacancy rate is 7%, however, the rental rate for specifically elderly housing is 0%.
- In Springtown only 53 units are specifically designated and designed for the elderly and all 53 of these units are located in the Springtown Spring Garden Apartments complex.
- For the past twenty (20) years, the Springtown Spring Garden Apartments waiting list has averaged between 20 and 55 elderly applicants. The current number of persons on the waiting list is 54. When Phase II and Phase III opened, the apartments leased out in one day each and the properties have been fully occupied since.
- The rents established for all units in the Springtown Spring Garden Apartments complex are below the average rent cost of all units checked within an 18 mile radius of the complex.
- Based on the previous 24 years of record, few, if any vacancies are expected to occur.

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>40% Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>
<b>1-Bedroom (50%)</b>	\$390	\$407	-\$17	\$475	-\$85

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =\$500, program max =\$600, differential = -\$100)

Parker county is within the Fort Worth MSA and therefore the rent and income levels are much higher than the actual market rent in this submarket. The gross Low HOME rent is driven down by the Fort Worth MSA Fair Market Rent (FMR as determined by HUD) but at \$546 is still \$20 higher than the sub market rent after utility allowances are considered.

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** Springtown is located in the northeastern part of Parker County in north central Texas approximately 25 miles northwest of Fort Worth

**Population:** Springtown has a population of 1,740 in 1990, has grown to 2,602 in 2000, according to the last census, for a growth rate of over 50%, which supports that conclusion.

**Adjacent Land Uses:** The subject site is close to a variety of assisted living resources that include home nursing, pharmacy deliveries, Meals on Wheels, church service pick-up, special police securing and medical services. According to information provided in the application, Springtown has an excellent support structure in place to accommodate the needs of elderly residents.

Adjacent land uses include:

- **North:** Vacant Land
- **South:** Existing Spring Garden Apartments
- **East:** Existing Spring Garden Apartments
- **West:** Medical Clinic

**Site Access:** The property is located between E. 6<sup>th</sup> Street and E. 7<sup>th</sup> Street in the 400 block of said streets in Springtown, Texas.

**Public Transportation:** The availability of public transportation is unknown.

**Site Inspection Findings:** The site has not been inspected by a TDHCA staff member for this award but the area where the development is to be located has been inspected as part reviews for previous phases on numerous occasions. This report is subject to receipt, review, and acceptance of an acceptable site inspection report for this site by a TDHCA inspector.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

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A Phase I Environmental Site Assessment report dated May 30, 2002 was prepared by Barnett Engineering, Inc. and contained the following findings and recommendations:

**Findings:** The Executive Summary reflects, "No adverse conditions were found in the area described herein." No concerns were raised in the body of the report.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant's rent projections are significantly lower than the maximum allowable High and Low HOME rents for the Fort Worth MSA and slightly lower than the calculated maximum rents based upon 40% of the median income in this MSA. The Applicant desire is to maintain this low level of affordability and therefore all of the units should be rent restricted at the calculated 40% of AMI level. Based upon a review of the financial statements and rent roll for Phases II and III, most of the tenants receive the benefit of some additional rental assistance (mostly USDA Rental Assistance) which further reduces the affordability level achieved by these units. The rent roll for the existing phases reflects that the proposed rent is equal to the total rent collected from the tenant as well as the rental assistance. The Applicant's estimate of potential gross income is \$3,168, or 5%, lower than the Underwriter's estimate. Additionally, the Applicant anticipated no secondary income, offering no explanation as to why this source of income was omitted from their proforma. The TDHCA guideline for secondary income is \$5 to \$15 per unit per month. For the purpose of this analysis, the Underwriter assumed the minimum secondary income estimate of \$5 per unit per month. The Applicant assumed a low vacancy rate of just under three percent which equates to just four months of vacancy for one unit out of 12 for a given year. The Underwriter chose to use the more standard estimate of 7.5% for vacancy and collection loss as this would equate to almost 11 months of accumulated vacancy to account for turnover and make ready time periods. The Applicant's estimate of effective gross income is therefore understated by \$398, or 1% when compared to the Underwriter's estimate.

**Expenses:** The Applicant's total expense estimate of \$2,859 per unit is seven percent higher than the TDHCA database-derived estimate of \$2,665 per unit for comparably-sized developments and after taking into account the operating history of Phase II and III. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly the lack of inclusion of a management fee, lower utilities which are consistent with the anticipated low vacancy rate, higher reserves for replacement which are estimate at \$450 per unit rather than the Department standard for new construction of \$200 and higher compliance fees of \$1,260 which are not charged on HOME transaction to the recipients of the HOME funds but rather are accounted for in administrative costs paid to the Department by HUD. Affordable Housing of Parker County, Inc. is a 501 (c)(3) nonprofit corporation and a certified Community Housing Development Organization (CHDO) and has filed an application for property tax exemption and therefore has included no provision for property taxes.

**Conclusion:** The Applicant's total expenses and net operating income are not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. While the Applicant's estimated debt coverage ratio (DCR) of 1.06 is slightly less than the program minimum standard of 1.10 the Underwriter's proforma indicates an acceptable DCR of 1.20 based upon the Applicant's requested financing terms.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Land Value:** The site cost of \$10,844 (\$1.15/SF) is substantiated by the appraisal value of \$15,000. Also the acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction. The site acquisition has already occurred and program staff should review and evaluate if this cost can be reimbursed.

**Off-Site Cost:** The Applicant included off-site costs of \$6,000 which were attributed to off-site concrete costs but no further explanation was provided. While it is possible that these costs were misallocated and site work costs are far below the typical per unit estimate, additional documentation for these costs is prudent. Site work costs and off-site costs are often the most volatile costs associated with a multifamily development at this stage of planning. Therefore the Department requires significant scrutiny on such costs and requires that all off-site costs be validated by a third party engineer. Therefore, receipt review and acceptance of clarification and, if needed, validation of any remaining off-site costs to be associated with the development by a third party engineer is a condition of this report.

**Sitework Cost:** The Applicant's claimed sitework costs of \$2,592 per unit are considered low compared to

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historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$22K or 4.9% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

**Interim Financing Fees:** Two letters of Credit one from Northstar Bank of Texas for \$100,000 and the other from Farmers & Merchants State Bank for \$320,000 will be available on an as needed basis, however neither is anticipated to be utilized. Therefore, the \$5K in financing costs may be unwarranted.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. The Applicant's total development cost estimate is also within the HUD 221(d)(3) HOME subsidy limit for this development which is calculated to be \$749,904.

**FINANCING STRUCTURE ANALYSIS**

The Applicant intends to finance the development exclusively with HOME funds and a five percent CHDO Operating Expense Grant but has two stand by letters of credit if needed. The Applicant has requested a 0% permanent HOME loan to be fully amortized over a 30-year term after a normal construction period. As discussed above, the Underwriter's proforma estimate provide an acceptable level debt coverage under this financing structure. In addition, the HOME award amount is well below the 221(d)(3) limit for this project and therefore the requested loan is recommended. The Applicant has not indicated value for any equity that may be contributed to the transaction (i.e. the value attributed to the existing common area) and therefore a return on equity cannot be calculated. Since no other source of funds has been indicated or appears to be required, any further subsidy layering review should not be required.

**REVIEW of ARCHITECTURAL DESIGN**

The submitted elevations show uncomplicated structures with 100% brick exteriors and simple linear fenestration with each building topped with a hipped roof. Each front door is framed with a gabled porch. The one-bedroom unit is large with ample closet space, a designated dining area, and an open kitchen living area. All of the units are designed to meet the HUD Uniform Federal Accessibility Standards (UFAS). Each bath will be equipped with extra wall bracing to support special accessories such as wall bars, commode seats and bath bars.

**IDENTITIES of INTEREST**

The Applicant will also serve as the general contractor for the project. Jerry Watson, the site Appraiser, also prepared the market information submitted in the application. These are acceptable relationships.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

Affordable Housing of Parker County, Inc., was formed in June of 2001. Tax year 2002 will be the first year that a tax return from AHPC will be required. Springtown Spring Garden Apartments, Inc. was the for-profit predecessor of AHPC. According to statements in the application SSGA decided to convert to a 501(c)(3) nonprofit corporation and CHDO in order to avail itself of advantageous financing so that it could more ably assist low and very low-income persons and families. The Springtown Spring Garden Apartments has been in operation for over twenty years as a low-income elderly apartment complex financed by Farmer's Home Administration with 31 units and the TDHCA/HOME with Phase II with 12 units and Phase III with 10 units totaling 53 in all.

Mr. A.G. Swan, Executive Director of the Applicant, has been a general contractor for over twenty-five years and acted in that capacity to construct the existing 53 units as well as the construction of numerous single-family homes in the area.



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**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.

**RECOMMENDATION**

- RECOMMEND APPROVAL OF A HOME AWARD OF \$570,000 REPAYABLE OVER 30 YEARS AT ZERO PERCENT INTEREST AFTER A NORMAL PAYMENT FREE CONSTRUCTION PERIOD AND ALLOWABLE CHDO OPERATING EXPENSES SUBJECT TO THE FOLLOWING CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a satisfactory site inspection by a TDHCA inspector;
2. Program staff review and acceptance of reimbursement of the site acquisition costs that have already occurred;
3. Receipt, review, and acceptance of an explanation of the purpose of the off-site costs and if upon re-examination are found to be correctly categorized as off-site costs then they should be validated by a third party engineers detailed cost estimate;
4. All 12 units should be restricted in the Land Use Restriction Agreement to rents that are at or below the calculated 40% of area median income rents; and
5. Should the development plan or construction costs change as a result of the compliance with the conditions above or otherwise, the recommendations and conditions of this report should be re-evaluated.

**Underwriter:**

\_\_\_\_\_  
*Carl Hoover*

**Date:** February 3, 2003

**Director of Credit Underwriting:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** February 3, 2003

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis**

**Spring Garden Apartments IV, Affordable Housing of Parker County, HOME # 2002-0011**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt	Max Net FMR	Max Net FMR	Max Net FMR	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wir, Swr, Trsh
<LH =40%	3	1	1	785	\$459	\$494	\$390		\$407	\$1,221	\$0.52	\$52.00	\$39.00
<HH =40%	9	1	1	785	459	494	390		407	3,663	0.52	52.00	39.00
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										0	#DIV/0!		
<b>TOTAL:</b>	<b>12</b>		<b>AVERAGE:</b>	<b>785</b>	<b>\$459</b>				<b>\$407</b>	<b>\$4,884</b>	<b>\$0.52</b>	<b>\$52.00</b>	<b>\$39.00</b>

**INCOME** Total Net Rentable Sq Ft: **9,420**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$5.00

Other Support Income: (describe)

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rentals Units or Concessions

EFFECTIVE GROSS INCOME

TDHCA	APPLICANT
\$58,608	\$56,160
720	
0	
\$59,328	\$56,160
(4,450)	(1,680)
0	
\$54,878	\$54,480

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.36%	\$245	\$0.31
Management	5.00%	229	0.29
Payroll & Payroll Tax	11.22%	513	0.65
Repairs & Maintenance	12.50%	572	0.73
Utilities	3.48%	159	0.20
Water, Sewer, & Trash	10.23%	468	0.60
Property Insurance	6.12%	280	0.36
Property Tax	0.00%	0	0.00
Reserve for Replacements	4.37%	200	0.25
Other Expenses: Compliance	0.00%	0	0.00
<b>TOTAL EXPENSES</b>	<b>58.28%</b>	<b>\$2,665</b>	<b>\$3.40</b>
<b>NET OPERATING INC</b>	<b>41.72%</b>	<b>\$1,908</b>	<b>\$2.43</b>

**DEBT SERVICE**

First Lien Mortgage	34.62%	\$1,583	\$2.02
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>7.09%</b>	<b>\$324</b>	<b>\$0.41</b>

	Phase II	Phase III	Waterwood		PER SQ FT	PER UNIT	% OF EGI
	12	10	32				
	\$1,570	\$131	\$1,965	\$197	\$4,809	\$150	\$0.30
	\$4,502	\$375	\$500	\$50	\$11,913	\$372	0.00
	\$0	\$0	\$0	\$0	\$16,419	\$513	0.64
	\$6,862	\$6,847	\$13,420	\$1,118	\$5,727	\$573	0.73
	\$1,909	\$600	\$800	\$67	\$395	\$40	\$5,886
	\$5,616	\$5,900	\$6,762	\$564	\$1,123	\$112	\$18,749
	\$3,357	\$5,436	\$3,357	\$280	\$1,515	\$152	\$8,066
	0	0	\$6,897	\$575	\$197	\$20	\$9,603
	2,400	5,400	\$3,750	\$313	\$300	\$30	\$3,748
	0	1,260	\$400	\$33	\$0	\$0	\$0
	\$31,985	\$34,303	\$41,458.00	\$3,455	\$11,722.00	\$1,172	\$97,492.00
	\$22,893	\$20,177			\$3,047		\$3.64
							\$2,859
							\$12.14
							\$1,681
							\$2.16

AGGREGATE DEBT COVERAGE RATIO

ALTERNATIVE DEBT COVERAGE RATIO

1.20	1.06
1.20	

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)	1.82%		\$904	\$1.15
Off-Sites	1.01%		500	0.64
Sitework	5.21%		2,592	3.30
Direct Construction	75.83%		37,702	48.03
Contingency	3.27%		2,658	3.45
General Req'ts	0.00%		0	0.00
Contractor's G & A	1.53%		618	0.79
Contractor's Profit	2.95%		1,187	1.51
Indirect Construction	5.23%		2,599	3.31
Ineligible Costs	0.00%		0	0.00
Developer's G & A	2.69%		1,250	1.59
Developer's Profit	0.00%		0	0.00
Financing	0.84%		416	0.53
Reserves	1.28%		634	0.81
<b>TOTAL COST</b>	<b>100.00%</b>		<b>\$49,719</b>	<b>\$63.34</b>
<b>Recap-Hard Construction Costs</b>	<b>87.32%</b>		<b>\$43,416</b>	<b>\$55.31</b>

TDHCA	APPLICANT
\$10,844	\$10,844
6,000	6,000
31,100	31,100
452,427	430,412
15,803	15,803
0	0
7,416	7,416
14,247	14,247
31,184	31,184
0	0
15,000	15,000
0	0
4,994	4,994
7,610	3,000
\$596,625	\$570,000
\$520,993	\$498,978

**SOURCES OF FUNDS**

First Lien Mortgage	95.54%	\$47,500	\$60.51
Additional Financing	0.00%	\$0	\$0.00
LIHTC Syndication Proceeds	0.00%	\$0	\$0.00
Deferred Developer Fees	0.00%	\$0	\$0.00
Additional (excess) Funds Req'd	4.46%	\$2,219	\$2.83
<b>TOTAL SOURCES</b>			

\$570,000	\$570,000
0	0
0	0
0	0
0	0
26,625	0
\$596,625	\$570,000

PER SQ FT	PER UNIT	% of TOTAL
\$1.15	\$904	1.90%
0.64	500	1.05%
3.30	2,592	5.46%
45.69	35,868	75.51%
1.68	1,317	2.77%
0.00	0	0.00%
0.79	618	1.30%
1.51	1,187	2.50%
3.31	2,599	5.47%
0.00	0	0.00%
1.59	1,250	2.63%
0.00	0	0.00%
0.53	416	0.88%
0.32	250	0.53%
\$60.51	\$47,500	100.00%
\$52.97	\$41,582	87.54%

**RECOMMENDED**

\$570,000
0
0
0
0
0
\$570,000

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Duplex Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.08	\$509,434
<b>Adjustments</b>				
Exterior Wall Finish	5.20%		\$2.81	\$26,491
Elderly	4.00%		2.16	20,377
Roofing			0.00	0
Subfloor			(2.23)	(21,007)
Floor Cover			2.43	22,891
Porches/Balconies	\$4.69	432	0.22	2,026
Plumbing	\$700	(24)	(1.78)	(16,800)
Built-In Appliances	\$2,100	12	2.68	25,200
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.88	17,710
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
SUBTOTAL			62.24	586,321
Current Cost Multiplier	1.03		1.87	17,590
Local Multiplier	0.92		(4.98)	(46,906)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$59.13</b>	<b>\$557,005</b>
Plans, specs, survey, bid pmt	3.90%		(\$2.31)	(\$21,723)
Interim Construction Interest	3.38%		(2.00)	(18,799)
Contractor's OH & Profit	11.50%		(6.80)	(64,056)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$48.03</b>	<b>\$452,427</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$570,000	Amort	360
Int Rate	0.00%	DCR	1.20
<b>Secondary</b>	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.20
<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	1.20

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$19,000
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$3,893</b>

<b>Primary</b>	\$570,000	Amort	360
Int Rate	0.00%	DCR	1.20
<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20
<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

**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	\$58,608	\$60,366	\$62,177	\$64,043	\$65,964	\$76,470	\$88,650	\$102,769	\$138,114
Secondary Income	720	742	764	787	810	939	1,089	1,263	1,697
Other Support Income: (describ)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	59,328	61,108	62,941	64,829	66,774	77,410	89,739	104,032	139,810
Vacancy & Collection Loss	(4,450)	(4,583)	(4,721)	(4,862)	(5,008)	(5,806)	(6,730)	(7,802)	(10,486)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$54,878</b>	<b>\$56,525</b>	<b>\$58,220</b>	<b>\$59,967</b>	<b>\$61,766</b>	<b>\$71,604</b>	<b>\$83,009</b>	<b>\$96,230</b>	<b>\$129,325</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$2,940	\$3,057	\$3,180	\$3,307	\$3,439	\$4,184	\$5,091	\$6,193	\$9,168
Management	2,744	2,826	2,911	2,998	3,088	3,580	4,150	4,811	6,466
Payroll & Payroll Tax	6,157	6,403	6,660	6,926	7,203	8,764	10,662	12,972	19,202
Repairs & Maintenance	6,862	7,137	7,422	7,719	8,028	9,767	11,883	14,457	21,401
Utilities	1,909	1,986	2,065	2,148	2,234	2,718	3,307	4,023	5,955
Water, Sewer & Trash	5,616	5,841	6,074	6,317	6,570	7,993	9,725	11,832	17,514
Insurance	3,357	3,491	3,631	3,776	3,927	4,778	5,813	7,073	10,469
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	2,400	2,496	2,596	2,700	2,808	3,416	4,156	5,056	7,485
Other	0	0	0	0	0	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>\$31,985</b>	<b>\$33,237</b>	<b>\$34,538</b>	<b>\$35,891</b>	<b>\$37,297</b>	<b>\$45,200</b>	<b>\$54,787</b>	<b>\$66,419</b>	<b>\$97,660</b>
<b>NET OPERATING INCOME</b>	<b>\$22,893</b>	<b>\$23,288</b>	<b>\$23,682</b>	<b>\$24,076</b>	<b>\$24,470</b>	<b>\$26,404</b>	<b>\$28,222</b>	<b>\$29,811</b>	<b>\$31,665</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$3,893</b>	<b>\$4,288</b>	<b>\$4,682</b>	<b>\$5,076</b>	<b>\$5,470</b>	<b>\$7,404</b>	<b>\$9,222</b>	<b>\$10,811</b>	<b>\$12,665</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.20</b>	<b>1.23</b>	<b>1.25</b>	<b>1.27</b>	<b>1.29</b>	<b>1.39</b>	<b>1.49</b>	<b>1.57</b>	<b>1.67</b>

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTI FAMILY CREDIT UNDERWRITING ANALYSIS**

**DATE:** February 3, 2003

**PROGRAM:** HOME

**FILE NUMBER:** 2002-0011

**DEVELOPMENT NAME**

Spring Garden Apartments IV

**APPLICANT/GENERAL CONTRACTOR**

**Name:** Affordable Housing of Parker County, Inc. **Type:**  For Profit  Non-Profit  Municipal  Other  
**Address:** P.O. Box 39 **City:** Springtown **State:** TX  
**Zip:** 76082 **Contact:** A.G. Swan **Phone:** (817) 220-5585 **Fax:** (817) 220-7012

**PRINCIPALS of the APPLICANT**

**Name:** Cammie Hill **(%):** N/A **Title:** President  
**Name:** A.G. Swan **(%):** N/A **Title:** Executive Director  
**Name:** M.E. Swan **(%):** N/A **Title:** Secretary

**PROPERTY LOCATION**

**Location:** 101 Swan Court

**City:** Springtown **County:** Parker **Zip:** 76082

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
① \$570,000	0%	30 yrs	30 yrs
② \$28,500	N/A	N/A	N/A

**Other Requested Terms:**  Home Loan  CHDO Operating Expense Grant

**Proposed Use of Funds:** New Construction **Set-Aside:**  CHDO  Rural  Non-Profit

**SITE DESCRIPTION**

**Size:** 0.68 acres 29,621 square feet **Zoning/ Permitted Uses:** Duplexes  
**Flood Zone Designation:** X **Status of Off-Sites:** Partially Improved

**DESCRIPTION of IMPROVEMENTS**

**Total Units:** 12 **# Rental Buildings:** 6 **# Common Area Bldgs:** 0 **# of Floors:** 1 **Age:** N/A yrs

Number	Bedrooms	Bathroom	Size in SF
12	1	1	785

**Net Rentable SF:** 9,420 **Av Un SF:** 785 **Common Area SF:** N/A **Gross Bldng SF:** 9,420

**Property Type:**  Multifamily  SFR Rental  Elderly  Mixed Income  Special Use

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**CONSTRUCTION SPECIFICATIONS**

**STRUCTURAL MATERIALS**

Wood frame on a slab on grade, brick veneer exterior, painted drywall interior, and a composition shingle roof

**APPLIANCES AND INTERIOR FEATURES**

Range and oven with a hood and fan, dishwasher, refrigerator, washer/dryer connections, ceiling fans, individual water heaters, carpet and vinyl floor covering, fiberglass tub/shower, and laminated plastic counter tops

**ON-SITE AMENITIES**

Recently completed community center (approximately 1,150 square feet) located on the adjacent 53 unit site to be shared by all four phases of this development

**Uncovered Parking:** 24 spaces    **Carports:** N/A spaces    **Garages:** N/A spaces

**OTHER SOURCES of FUNDS**

**INTERIM CONSTRUCTION or GAP FINANCING**

**Source:** Northstar Bank of Texas    **Contact:** Lee Shanklin

**Principal Amount:** \$100,000    **Interest Rate:** Unknown

**Additional Information:** Line of Credit secured by CD. These funds will be available only if needed

**Amortization:** N/A yrs    **Term:** N/A yrs    **Commitment:**     None     Firm     Conditional

**INTERIM CONSTRUCTION or GAP FINANCING**

**Source:** Farmers & Merchants State Bank    **Contact:** Layne Brewer

**Principal Amount:** \$320,000    **Interest Rate:** Unknown

**Additional Information:** Line of Credit secured by CD. These funds will be available only if needed

**Amortization:** N/A yrs    **Term:** N/A yrs    **Commitment:**     None     Firm     Conditional

**VALUATION INFORMATION**

**APPRAISED VALUE**

**Land Only:**    \$15,000    **Date of Valuation:**    5/ 24/ 2002

**Proposed Building: as completed**    \$624,000    **Date of Valuation:**    11/ 7/ 2002

**Appraiser:** Jerry Watson    **City:** Decatur    **Phone:** (940) 627-6630

**ASSESSED VALUE**

**Land:**    Not Provided    **Assessment for the Year of:** \_\_\_\_\_

**Building:**    \_\_\_\_\_    **Valuation by:** Parker County Appraisal District

**Total Assessed Value:** Property is in process of requesting exemption

**EVIDENCE of SITE or PROPERTY CONTROL**

**Type of Site Control:** General Warranty Deed

**Acquisition Cost:**    \$ 10,340

**Seller:** Dr. Andrew Hoover, M.D.    **Related to Development Team Member:**    No

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

In 1998 the for-profit predecessor to the Applicant entity, Springtown Spring Garden Apartments, Inc. (“SSGA”), applied for and was awarded \$450,000 for 12 units to build Phase II of Spring Garden Apartments. The underwriting report at that time recommended a 3% interest rate loan amortized over 30 years. In 2000, the same for-profit predecessor to the Applicant applied for and was awarded a \$465K HOME loan at to add 10 units as Phase III of an existing 24-year-old development. The underwriting report at the time recommended a \$464,500 loan repayable at 1% interest over a 30 year amortization. SSGA also built a small community building out of equity prior to completing Phase III which serves the entire development. According to the Applicant, both Phase II and Phase III were leased out in one day each and have remained 100% leased and 100% occupied. The first three phases contain a total of 53 units. The first phase was said to have been funded by USDA and received a SECO award through the Housing Trust Fund in 2001 to remodel and add energy efficient components. The unit mix and income target for the first 31 units was not provided. Of the 22 units in Phases II and III, 8 are two bedroom units restricted as High HOME units and the remaining 14 units are one bedroom units restricted as Low HOME units (50% of AMI). According to the application Affordable Housing of Parker County, (“AHPC”) the Applicant, has acquired all of the assets of SSGA and is doing business as SSGA. The previous sole owner of SSGA, Al Swan, is now the Executive Director of AHPC.

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

The Spring Garden Apartments IV is the proposed development of six one-bedroom duplexes to be built on a 0.68-acre lot that represents the fourth phase of Spring Garden Apartments. All of the proposed new units will be set-aside for elderly or handicapped tenants. The developer recently completed a community center on the site, which will benefit all four phases of the project.

The support services infrastructure is currently in place, having evolved over the 24 years that the apartment complex has been in operation. The complex is the only restricted senior housing complex in the city. The Applicant indicated that no contracts with support agencies are available because, “Historically, and unlike in other areas of the State, there has been no need for Memoranda of Agreement or Understanding, because the desire of the agencies to provide services to our tenants has been overwhelming.”

The Weatherford Housing Authority, serving all of Parker County from its headquarters in the county seat 20 miles south of Springtown, has indicated that they will make Section 8 vouchers available to Housing Authority residents interested in moving to the new units.

Affordable Housing of Parker County, Inc. (“AHPC”) was formed in June of 2001. Tax year 2002 will be the first year that tax returns form AHPC will be required. Springtown Spring Garden Apartments, Inc. (“SSGA”) was the for-profit predecessor of AHPC. Springtown Spring Garden Apartments, Inc. decided to become a 501 (c)(3) nonprofit corporation and CHDO in order to avail itself of advantageous financing so that it could more ably assist low and very low-income persons and families.

The Applicant anticipates residential construction for the fourth phase to begin immediately upon funding. Construction is planned to be completed within four months, with the project reaching substantial lease-up within three months thereafter.

**POPULATIONS TARGETED**

All of the proposed units will be set-aside for elderly tenants not earning more than 40% of AMI. This is beyond the standard High HOME and Low HOME restrictions and will, if adhered to, reduce potential gross income and therefore reduce the repayment capacity of this phase. Thus, the Land Use Restriction Agreement (LURA) should reflect a 40% of AMI rent restriction requirement.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>40% of AMI</b>	<b>\$17,600</b>	<b>\$19,600</b>	<b>\$22,080</b>	<b>\$24,520</b>	<b>\$26,480</b>	<b>\$28,440</b>

**Compliance Period Extension:** The Applicant has elected to maintain the affordability of the property for a period of 30 years (ten years longer than required by the Federal HOME rules but equal to the minimum

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

affordability term required by State law).

**MARKET HIGHLIGHTS**

A market feasibility study dated November 7, 2002 was prepared by Jerry Watson State Certified Residential Appraiser and highlighted the following findings:

- In Springtown, elderly (over 65 years of age) households account for 24.6% of the total households in the community. The overall rental vacancy rate is 7%, however, the rental rate for specifically elderly housing is 0%.
- In Springtown only 53 units are specifically designated and designed for the elderly and all 53 of these units are located in the Springtown Spring Garden Apartments complex.
- For the past twenty (20) years, the Springtown Spring Garden Apartments waiting list has averaged between 20 and 55 elderly applicants. The current number of persons on the waiting list is 54. When Phase II and Phase III opened, the apartments leased out in one day each and the properties have been fully occupied since.
- The rents established for all units in the Springtown Spring Garden Apartments complex are below the average rent cost of all units checked within an 18 mile radius of the complex.
- Based on the previous 24 years of record, few, if any vacancies are expected to occur.

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>40% Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>
<b>1-Bedroom (50%)</b>	\$390	\$407	-\$17	\$475	-\$85

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =\$500, program max =\$600, differential = -\$100)

Parker county is within the Fort Worth MSA and therefore the rent and income levels are much higher than the actual market rent in this submarket. The gross Low HOME rent is driven down by the Fort Worth MSA Fair Market Rent (FMR as determined by HUD) but at \$546 is still \$20 higher than the sub market rent after utility allowances are considered.

The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** Springtown is located in the northeastern part of Parker County in north central Texas approximately 25 miles northwest of Fort Worth

**Population:** Springtown has a population of 1,740 in 1990, has grown to 2,602 in 2000, according to the last census, for a growth rate of over 50%, which supports that conclusion.

**Adjacent Land Uses:** The subject site is close to a variety of assisted living resources that include home nursing, pharmacy deliveries, Meals on Wheels, church service pick-up, special police securing and medical services. According to information provided in the application, Springtown has an excellent support structure in place to accommodate the needs of elderly residents.

Adjacent land uses include:

- **North:** Vacant Land
- **South:** Existing Spring Garden Apartments
- **East:** Existing Spring Garden Apartments
- **West:** Medical Clinic

**Site Access:** The property is located between E. 6<sup>th</sup> Street and E. 7<sup>th</sup> Street in the 400 block of said streets in Springtown, Texas.

**Public Transportation:** The availability of public transportation is unknown.

**Site Inspection Findings:** The site has not been inspected by a TDHCA staff member for this award but the area where the development is to be located has been inspected as part reviews for previous phases on numerous occasions. This report is subject to receipt, review, and acceptance of an acceptable site inspection report for this site by a TDHCA inspector.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS**  
**CREDIT UNDERWRITING ANALYSIS**

A Phase I Environmental Site Assessment report dated May 30, 2002 was prepared by Barnett Engineering, Inc. and contained the following findings and recommendations:

**Findings:** The Executive Summary reflects, “No adverse conditions were found in the area described herein.” No concerns were raised in the body of the report.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s rent projections are significantly lower than the maximum allowable High and Low HOME rents for the Fort Worth MSA and slightly lower than the calculated maximum rents based upon 40% of the median income in this MSA. The Applicant desire is to maintain this low level of affordability and therefore all of the units should be rent restricted at the calculated 40% of AMI level. Based upon a review of the financial statements and rent roll for Phases II and III, most of the tenants receive the benefit of some additional rental assistance (mostly USDA Rental Assistance) which further reduces the affordability level achieved by these units. The rent roll for the existing phases reflects that the proposed rent is equal to the total rent collected from the tenant as well as the rental assistance. The Applicant’s estimate of potential gross income is \$3,168, or 5%, lower than the Underwriter’s estimate. Additionally, the Applicant anticipated no secondary income, offering no explanation as to why this source of income was omitted from their proforma. The TDHCA guideline for secondary income is \$5 to \$15 per unit per month. For the purpose of this analysis, the Underwriter assumed the minimum secondary income estimate of \$5 per unit per month. The Applicant assumed a low vacancy rate of just under three percent which equates to just four months of vacancy for one unit out of 12 for a given year. The Underwriter chose to use the more standard estimate of 7.5% for vacancy and collection loss as this would equate to almost 11 months of accumulated vacancy to account for turnover and make ready time periods. The Applicant’s estimate of effective gross income is therefore understated by \$398, or 1% when compared to the Underwriter’s estimate.

**Expenses:** The Applicant’s total expense estimate of \$2,859 per unit is seven percent higher than the TDHCA database-derived estimate of \$2,665 per unit for comparably-sized developments and after taking into account the operating history of Phase II and III. The Applicant’s budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter’s estimates, particularly the lack of inclusion of a management fee, lower utilities which are consistent with the anticipated low vacancy rate, higher reserves for replacement which are estimate at \$450 per unit rather than the Department standard for new construction of \$200 and higher compliance fees of \$1,260 which are not charged on HOME transaction to the recipients of the HOME funds but rather are accounted for in administrative costs paid to the Department by HUD. Affordable Housing of Parker County, Inc. is a 501 (c)(3) nonprofit corporation and a certified Community Housing Development Organization (CHDO) and has filed an application for property tax exemption and therefore has included no provision for property taxes.

**Conclusion:** The Applicant’s total expenses and net operating income are not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s NOI will be used to evaluate debt service capacity. While the Applicant’s estimated debt coverage ratio (DCR) of 1.06 is slightly less than the program minimum standard of 1.10 the Underwriter’s proforma indicates an acceptable DCR of 1.20 based upon the Applicant’s requested financing terms.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Land Value:** The site cost of \$10,844 (\$1.15/SF) is substantiated by the appraisal value of \$15,000. Also the acquisition price is assumed to be reasonable since the acquisition is an arm’s-length transaction. The site acquisition has already occurred and program staff should review and evaluate if this cost can be reimbursed.

**Off-Site Cost:** The Applicant included off-site costs of \$6,000 which were attributed to off-site concrete costs but no further explanation was provided. While it is possible that these costs were misallocated and site work costs are far below the typical per unit estimate, additional documentation for these costs is prudent. Site work costs and off-site costs are often the most volatile costs associated with a multifamily development at this stage of planning. Therefore the Department requires significant scrutiny on such costs and requires that all off-site costs be validated by a third party engineer. Therefore, receipt review and acceptance of clarification and, if needed, validation of any remaining off-site costs to be associated with the development by a third party engineer is a condition of this report.

**Sitework Cost:** The Applicant’s claimed sitework costs of \$2,592 per unit are considered low compared to



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$22K or 4.9% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

**Interim Financing Fees:** Two letters of Credit one from Northstar Bank of Texas for \$100,000 and the other from Farmers & Merchants State Bank for \$320,000 will be available on an as needed basis, however neither is anticipated to be utilized. Therefore, the \$5K in financing costs may be unwarranted.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. The Applicant's total development cost estimate is also within the HUD 221(d)(3) HOME subsidy limit for this development which is calculated to be \$749,904.

**FINANCING STRUCTURE ANALYSIS**

The Applicant intends to finance the development exclusively with HOME funds and a five percent CHDO Operating Expense Grant but has two stand by letters of credit if needed. The Applicant has requested a 0% permanent HOME loan to be fully amortized over a 30-year term after a normal construction period. As discussed above, the Underwriter's proforma estimate provide an acceptable level debt coverage under this financing structure. In addition, the HOME award amount is well below the 221(d)(3) limit for this project and therefore the requested loan is recommended. The Applicant has not indicated value for any equity that may be contributed to the transaction (i.e. the value attributed to the existing common area) and therefore a return on equity cannot be calculated. Since no other source of funds has been indicated or appears to be required, any further subsidy layering review should not be required.

**REVIEW of ARCHITECTURAL DESIGN**

The submitted elevations show uncomplicated structures with 100% brick exteriors and simple linear fenestration with each building topped with a hipped roof. Each front door is framed with a gabled porch. The one-bedroom unit is large with ample closet space, a designated dining area, and an open kitchen living area. All of the units are designed to meet the HUD Uniform Federal Accessibility Standards (UFAS). Each bath will be equipped with extra wall bracing to support special accessories such as wall bars, commode seats and bath bars.

**IDENTITIES of INTEREST**

The Applicant will also serve as the general contractor for the project. Jerry Watson, the site Appraiser, also prepared the market information submitted in the application. These are acceptable relationships.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

Affordable Housing of Parker County, Inc., was formed in June of 2001. Tax year 2002 will be the first year that a tax return from AHPC will be required. Springtown Spring Garden Apartments, Inc. was the for-profit predecessor of AHPC. According to statements in the application SSGA decided to convert to a 501(c)(3) nonprofit corporation and CHDO in order to avail itself of advantageous financing so that it could more ably assist low and very low-income persons and families. The Springtown Spring Garden Apartments has been in operation for over twenty years as a low-income elderly apartment complex financed by Farmer's Home Administration with 31 units and the TDHCA/HOME with Phase II with 12 units and Phase III with 10 units totaling 53 in all.

Mr. A.G. Swan, Executive Director of the Applicant, has been a general contractor for over twenty-five years and acted in that capacity to construct the existing 53 units as well as the construction of numerous single-family homes in the area.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS**

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.

**RECOMMENDATION**

- RECOMMEND APPROVAL OF A HOME AWARD OF \$570,000 REPAYABLE OVER 30 YEARS AT ZERO PERCENT INTEREST AFTER A NORMAL PAYMENT FREE CONSTRUCTION PERIOD AND ALLOWABLE CHDO OPERATING EXPENSES SUBJECT TO THE FOLLOWING CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a satisfactory site inspection by a TDHCA inspector;
2. Program staff review and acceptance of reimbursement of the site acquisition costs that have already occurred;
3. Receipt, review, and acceptance of an explanation of the purpose of the off-site costs and if upon re-examination are found to be correctly categorized as off-site costs then they should be validated by a third party engineers detailed cost estimate;
4. All 12 units should be restricted in the Land Use Restriction Agreement to rents that are at or below the calculated 40% of area median income rents; and
5. Should the development plan or construction costs change as a result of the compliance with the conditions above or otherwise, the recommendations and conditions of this report should be re-evaluated.

**Underwriter:**

\_\_\_\_\_  
*Carl Hoover*

**Date:** February 3, 2003

**Director of Credit Underwriting:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** February 3, 2003

**MULTIFAMILY FINANCIAL ASSISTANCE REQUEST: Comparative Analysis**

*Spring Garden Apartments IV, Affordable Housing of Parker County, HOME # 2002-0011*

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Max Net FMR/cant's prog	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wir, Swr, Trsh
<LH =40%	3	1	1	785	\$459	\$494 \$390	\$407	\$1,221	\$0.52	\$52.00	\$39.00
<HH =40%	9	1	1	785	459	494 390	407	3,663	0.52	52.00	39.00
								0	#DIV/0!		
								0	#DIV/0!		
								0	#DIV/0!		
								0	#DIV/0!		
								0	#DIV/0!		
								0	#DIV/0!		
<b>TOTAL:</b>	<b>12</b>		<b>AVERAGE:</b>	<b>785</b>	<b>\$459</b>		<b>\$407</b>	<b>\$4,884</b>	<b>\$0.52</b>	<b>\$52.00</b>	<b>\$39.00</b>

**INCOME** Total Net Rentable Sq Ft: **9,420**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$5.00

Other Support Income: (describe)

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rentals Units or Concessions

EFFECTIVE GROSS INCOME

TDHCA	APPLICANT
\$58,608	\$56,160
720	
0	
\$59,328	\$56,160
(4,450)	(1,680)
0	
\$54,878	\$54,480

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.36%	\$245	\$0.31
Management	5.00%	229	0.29
Payroll & Payroll Tax	11.22%	513	0.65
Repairs & Maintenance	12.50%	572	0.73
Utilities	3.48%	159	0.20
Water, Sewer, & Trash	10.23%	468	0.60
Property Insurance	6.12%	280	0.36
Property Tax	0.00%	0	0.00
Reserve for Replacements	4.37%	200	0.25
Other Expenses: Compliance	0.00%	0	0.00
<b>TOTAL EXPENSES</b>	<b>58.28%</b>	<b>\$2,665</b>	<b>\$3.40</b>
<b>NET OPERATING INC</b>	<b>41.72%</b>	<b>\$1,908</b>	<b>\$2.43</b>

**DEBT SERVICE**

First Lien Mortgage	34.62%	\$1,583	\$2.02
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>7.09%</b>	<b>\$324</b>	<b>\$0.41</b>

	Phase II	Phase III	Waterwood		PER SQ FT	PER UNIT	% OF EGI
	12	10	32				
	\$1,570	\$131	\$1,965	\$197	\$4,809	\$150	\$0.30
	\$4,502	\$375	\$500	\$50	\$11,913	\$372	0.00
	\$0	\$0	\$0	\$0	\$16,419	\$513	0.64
	\$6,862	\$6,847	\$13,420	\$1,118	\$5,727	\$573	\$18,299
	\$1,909	\$600	\$800	\$67	\$395	\$40	\$5,886
	\$5,616	\$5,900	\$6,762	\$564	\$1,123	\$112	\$18,749
	\$3,357	\$5,436	\$3,357	\$280	\$1,515	\$152	\$8,066
	0	0	\$6,897	\$575	\$197	\$20	\$9,603
	2,400	5,400	\$3,750	\$313	\$300	\$30	\$3,748
	0	1,260	\$400	\$33	\$0	\$0	\$0
	\$31,985	\$34,303	\$41,458.00	\$3,455	\$11,722.00	\$1,172	\$97,492.00
	\$22,893	\$20,177				\$3,047	
						\$3.64	\$2,859
						\$2.14	\$1,681

AGGREGATE DEBT COVERAGE RATIO

ALTERNATIVE DEBT COVERAGE RATIO

1.20	1.06
1.20	

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)	1.82%		\$904	\$1.15
Off-Sites	1.01%		500	0.64
Sitework	5.21%		2,592	3.30
Direct Construction	75.83%		37,702	48.03
Contingency	3.27%		2,655	3.37
General Req'ts	0.00%		0	0.00
Contractor's G & A	1.53%		618	0.79
Contractor's Profit	2.95%		1,187	1.51
Indirect Construction	5.23%		2,599	3.31
Ineligible Costs	0.00%		0	0.00
Developer's G & A	2.69%		1,250	1.59
Developer's Profit	0.00%		0	0.00
Financing	0.84%		416	0.53
Reserves	1.28%		634	0.81
<b>TOTAL COST</b>	<b>100.00%</b>		<b>\$49,719</b>	<b>\$63.34</b>
<b>Recap-Hard Construction Costs</b>	<b>87.32%</b>		<b>\$43,416</b>	<b>\$55.31</b>

TDHCA	APPLICANT
\$10,844	\$10,844
6,000	6,000
31,100	31,100
452,427	430,412
15,803	15,803
0	0
7,416	7,416
14,247	14,247
31,184	31,184
0	0
15,000	15,000
0	0
4,994	4,994
7,610	3,000
\$596,625	\$570,000
\$520,993	\$498,978

**SOURCES OF FUNDS**

First Lien Mortgage	95.54%	\$47,500	\$60.51
Additional Financing	0.00%	\$0	\$0.00
LIHTC Syndication Proceeds	0.00%	\$0	\$0.00
Deferred Developer Fees	0.00%	\$0	\$0.00
Additional (excess) Funds Req'd	4.46%	\$2,219	\$2.83
<b>TOTAL SOURCES</b>			

\$570,000	\$570,000
0	0
0	0
0	0
0	0
26,625	0
\$596,625	\$570,000

PER SQ FT	PER UNIT	% of TOTAL
\$1.15	\$904	1.90%
0.64	500	1.05%
3.30	2,592	5.46%
45.69	35,868	75.51%
1.68	1,317	2.77%
0.00	0	0.00%
0.79	618	1.30%
1.51	1,187	2.50%
3.31	2,599	5.47%
0.00	0	0.00%
1.59	1,250	2.63%
0.00	0	0.00%
0.53	416	0.88%
0.32	250	0.53%
\$60.51	\$47,500	100.00%
\$52.97	\$41,582	87.54%

**RECOMMENDED**

\$570,000
0
0
0
0
0
\$570,000

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Duplex Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.08	\$509,434
<b>Adjustments</b>				
Exterior Wall Finish	5.20%		\$2.81	\$26,491
Elderly	4.00%		2.16	20,377
Roofing			0.00	0
Subfloor			(2.23)	(21,007)
Floor Cover			2.43	22,891
Porches/Balconies	\$4.69	432	0.22	2,026
Plumbing	\$700	(24)	(1.78)	(16,800)
Built-In Appliances	\$2,100	12	2.68	25,200
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.88	17,710
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
SUBTOTAL			62.24	586,321
Current Cost Multiplier	1.03		1.87	17,590
Local Multiplier	0.92		(4.98)	(46,906)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$59.13</b>	<b>\$557,005</b>
Plans, specs, survey, bid pmt	3.90%		(\$2.31)	(\$21,723)
Interim Construction Interest	3.38%		(2.00)	(18,799)
Contractor's OH & Profit	11.50%		(6.80)	(64,056)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$48.03</b>	<b>\$452,427</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$570,000	Amort	360
Int Rate	0.00%	DCR	1.20
<b>Secondary</b>	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.20
<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	1.20

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$19,000
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$3,893</b>

<b>Primary</b>	\$570,000	Amort	360
Int Rate	0.00%	DCR	1.20
<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.20
<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4
POTENTIAL GROSS RENT	\$58,608	\$60,366	\$62,177	\$64,043
Secondary Income	720	742	764	787
Other Support Income (describ)	0	0	0	0
POTENTIAL GROSS INCOME	59,328	61,108	62,941	64,829
Vacancy & Collection Loss	(4,450)	(4,583)	(4,721)	(4,862)
Employee or Other Non-Rental	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$54,878</b>	<b>\$56,525</b>	<b>\$58,220</b>	<b>\$59,967</b>
<b>EXPENSES at 4.00%</b>				
General & Administrative	\$2,940	\$3,057	\$3,180	\$3,307
Management	2,744	2,826	2,911	2,998
Payroll & Payroll Tax	6,157	6,403	6,660	6,926
Repairs & Maintenance	6,862	7,137	7,422	7,719
Utilities	1,909	1,986	2,065	2,148
Water, Sewer & Trash	5,616	5,841	6,074	6,317
Insurance	3,357	3,491	3,631	3,776
Property Tax	0	0	0	0
Reserve for Replacements	2,400	2,496	2,596	2,700
Other	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>\$31,985</b>	<b>\$33,237</b>	<b>\$34,538</b>	<b>\$35,891</b>
<b>NET OPERATING INCOME</b>	<b>\$22,893</b>	<b>\$23,288</b>	<b>\$23,682</b>	<b>\$24,076</b>
<b>DEBT SERVICE</b>				
First Lien Financing	\$19,000	\$19,000	\$19,000	\$19,000
Second Lien	0	0	0	0
Other Financing	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$3,893</b>	<b>\$4,288</b>	<b>\$4,682</b>	<b>\$5,076</b>
DEBT COVERAGE RATIO	1.20	1.23	1.25	1.27

YEAR 5	YEAR 10
\$65,964	\$76,470
810	939
0	0
66,774	77,410
(5,008)	(5,806)
0	0
<b>\$61,766</b>	<b>\$71,604</b>
\$3,439	\$4,184
3,088	3,580
7,203	8,764
8,028	9,767
2,234	2,718
6,570	7,993
3,927	4,778
0	0
2,808	3,416
0	0
<b>\$37,297</b>	<b>\$45,200</b>
<b>\$24,470</b>	<b>\$26,404</b>
\$19,000	\$19,000
0	0
0	0
<b>\$5,470</b>	<b>\$7,404</b>
1.29	1.39

YEAR 15	YEAR 20	YEAR 30
\$88,650	\$102,769	\$138,114
1,089	1,263	1,697
0	0	0
89,739	104,032	139,810
(6,730)	(7,802)	(10,486)
0	0	0
<b>\$83,009</b>	<b>\$96,230</b>	<b>\$129,325</b>
\$5,091	\$6,193	\$9,168
4,150	4,811	6,466
10,662	12,972	19,202
11,883	14,457	21,401
3,307	4,023	5,955
9,725	11,832	17,514
5,813	7,073	10,469
0	0	0
4,156	5,056	7,485
0	0	0
<b>\$54,787</b>	<b>\$66,419</b>	<b>\$97,660</b>
<b>\$28,222</b>	<b>\$29,811</b>	<b>\$31,665</b>
\$19,000	\$19,000	\$19,000
0	0	0
0	0	0
<b>\$9,222</b>	<b>\$10,811</b>	<b>\$12,665</b>
1.49	1.57	1.67

**Agenda Item No. 6  
ELECTION OF OFFICERS**

**Background:**

Chapter 2306.030 of the Texas Government Code. **Presiding Officer; Other Officers**

- (a) The Governor shall designate a member of the Board as the presiding officer of the board to serve in that capacity at the will of the Governor. The presiding officer presides at meetings of the Board and performs other duties required by this chapter.
- (b) The Board shall elect the following officers:
  - (1) From the members of the Board, an assistant presiding officer to perform the duties of the presiding officer when the presiding officer is not present or is incapable of performing duties of the presiding officer;
  - (2) A secretary to be the official custodian of the minutes, books, records, and seal of the Board and to perform other duties assigned by the Board; and
  - (3) A treasurer to perform duties assigned by the board.
- (c) The offices of secretary and treasurer may be held by one individual, and the holder of each of these offices need not be a board member. The board may appoint one or more individuals who are not members to be assistant secretaries to perform any duty of the secretary.
- (d) Officers of the board shall be elected at the first meeting of the board on or after January 31 of each odd-numbered year and at any other time as necessary to fill a vacancy.

Current board officers are:

Chair	Michael Jones
Vice-Chair	C. Kent Conine
Secretary	Delores Groneck
Treasurer	Vacant

**Recommendation:**

The Board elect the Vice Chair, Secretary and Treasurer.

**REPORT ITEMS**

Executive Directors Report

**SUNSET ADVISORY COMMISSION VOTE ON TDHCA**

The Sunset Advisory Commission met on January 15, 2003 and voted unanimously to continue the Texas Department of Housing and Community Affairs for another twelve years.

### **Status of Closeouts of HOME Projects**

The following previously approved but not closed HOME rental developments have been resolved:

HOME #533504 Heritage at Dartmouth, College Station, (Emmanuel H. Glockzin, Jr.)  
Closed into permanent after \$71K pay down of accrued interest and restructure of the note to \$530,000 fully amortizing over 35 years at AFR.

HOME #536264 Northway Drive, Nacogdoches, (Emmanuel H. Glockzin, Jr.)  
Closed into permanent after \$24K pay down of accrued interest and restructure of the note to \$353,000 interest only for 5 years and fully amortizing over 25 years thereafter at AFR.

HOME #531001 Cedar Ridge Apartments, Leander, (Williamson-Burnet County Opportunities Inc., Robert Howard, Executive Director)  
Executed contract to leverage \$1,640,000 in CHDO HOME funds to increase the number of HOME units from 24 to 72 and complete three final phases of development targeting rents at 40% of area median income.

## **Senate Finance Committee Meeting of February 19, 2003**

The Senate Finance Committee will meet on February 19, 2003 and TDHCA is listed on the agenda for discussions.



## **Update on Reorganization of TDHCA**

The Department is in the final stage of reorganization and the move to each functional area will take place the weekend of February 20-21, 2003.

## **Staff Honors**

Several staff members have been appointed to offices in organizations.

**EXECUTIVE SESSION**

Michael Jones

Litigation and Anticipated Litigation (Potential or Threatened under Sec. 551.071 and 551.103, Texas Government Code Litigation Exception) – *Century Pacific Equity Corporation v. Texas Department of Housing and Community Affairs et al.* Cause No. GN-202219, in the District Court of Travis County, Texas, 53<sup>rd</sup> Judicial District;  
Consultation with Attorney Pursuant to Sec. 551.071(2), Texas Government Code - (1) 501(c)(3) Multifamily Housing Mortgage Revenue Bonds (Williams Run Apartments) Series 2000A; (2) Young v. Martinez, Civil Action No. P-80-8-CA, U. S. District Court, Eastern District of Texas, Analysis of Impediments to Fair Housing, HUD Disapproval of FY 2003 Consolidated Action Plan; (3) Heatherwilde Estates Apartments, LIHTC No. 02-075  
Personnel Matters under Section 551.074, Texas Government Code  
If permitted by law, the Board may discuss any item listed on this agenda in Executive Session

**OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

**ADJOURN**

*To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or contact the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.*

*Individuals who require auxiliary aids, services or translators 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.*