

# BOARD MEETING OF FEBRUARY 11, 2004

**Beth Anderson, Chair**  
**C. Kent Conine, Vice-Chair**



Patrick R. Gordon, 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 11, 2004**

**ROLL CALL**

	Present	Absent
Anderson, Beth, Chair	_____	_____
Conine, C. Kent, Vice-Chair	_____	_____
Bogany, Shadrick, Member	_____	_____
Gonzalez, Vidal, Member	_____	_____
Gordon, Patrick R.	_____	_____
Salinas, Norberto, Member	_____	_____
Number Present	_____	
Number Absent		_____

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

**BOARD MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**The Westin Galleria Dallas**  
**13340 Dallas Parkway, Consular/Congressional Room, Dallas, Texas 75240**  
**February 11, 2004**                      **9:00 a.m.**

**A G E N D A**

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

Elizabeth Anderson  
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:

**ACTION ITEMS**

- |        |  |                    |
|--------|--|--------------------|
| Item 1 | Presentation, Discussion and Possible Approval of Minutes of Board Meeting of January 13, 2004   | Elizabeth Anderson |
| Item 2 | Presentation and Discussion of Audit Results from the Deloitte & Touche FYE 08/31/2003 Reports:<br>Communications with Audit Committee Letter<br>Opinion Audit on FY 2003 Basic Financial Statements<br>Opinion Audit on FY 2003 Revenue Bond Program Financial Statements<br>Opinion Audit of FY 2003 Computation of Unencumbered Fund Balances<br>Report to Management (Management Letter)                                     | Shadrick Bogany    |
| Item 3 | Presentation, Discussion and Possible Approval of First Quarter Investment Report  | Edwina Carrington  |
| Item 4 | Presentation and Discussion of Report from Programs Committee  | C. Kent Conine     |
| Item 5 | Presentation, Discussion and Possible Approval of Programmatic Items:<br>a) Adoption of 2004 Housing Tax Credit Rural Rescue Policy<br><br>b) Adoption of Amendment to Public Comment Procedures and Topics of Public Hearings and Meetings; Title 10, Part 1, Subchapter A, Section 1.10, Texas Administrative Code<br><br>c) Amendment for Orange County under the Housing Trust Fund State Energy Conservation Office Program | C. Kent Conine     |
| Item 6 | Presentation, Discussion and Possible Approval of Single Family Bond Program:<br>Resolution No. 04-010 Authorizing a Restructuring of Single Family Mortgage Revenue Bonds, 2002 Series A, B, C, D (Program 57A)   | Edwina Carrington  |
| Item 7 | Presentation, Discussion and Possible Approval of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits with TDHCA as the Issuer:<br><br>a) Proposed Issuance of Multifamily Mortgage Revenue Bonds For  | Vidal Gonzalez     |

Providence at Belfort Village, Houston, Texas in an Amount Not to Exceed \$13,700,000 and Issuance of Determination Notice (Requested Amount of \$739,659 and Recommended Amount of \$716,805), for Housing Tax Credits for Providence at Belfort Village, 03-469

- b) Proposed Issuance of Multifamily Mortgage Revenue Bonds for Park at Woodline Townhomes, Montgomery County, in an Amount Not to Exceed \$13,800,000 and Issuance of Determination Notice (Requested Amount of \$659,796 and Recommended Amount of \$659,734) for Housing Tax Credits for Park at Woodline Townhomes, 03-473
- c) Proposed Refunding of Multifamily Mortgage Revenue Bonds for Meadow Ridge Apartments, Round Rock, Texas in an Amount not to Exceed \$12,950,000
- d) Housing Preservation Incentives Program:
  - 1) Approve Recommendations to Transfer Funds from the Below Market Interest Rate (BMIR) Program to Multifamily Finance Production and Increase the Existing Notice of Funding Availability For the Housing Preservation Incentives Demonstration Program By \$1,079,722
  - 2) Approve the Funding of the Sherwood Apartments in Edinburg, Texas in the Amount of \$825,000

Item 8 Presentation, Discussion and Possible Approval of Housing Tax Credit Items: Elizabeth Anderson

- a) Issuance of Determination Notices on Tax Exempt Bond Transactions with Other Issuers:

03-474 Mayfair Park Apartments, Houston, Texas  
(Requested Amount of \$643,947 and Recommended Amount of \$629,049)  
Houston Housing Finance Corporation is the Issuer

- b) Proposed Amendments to Housing Tax Credit Projects:

03-162 Pinnacle Point Apartments, Victoria, Texas  
03-261 Pebble Creek Apartments, Port Arthur, Texas  
03-262 Crystal Creek Apartments, Port Arthur, Texas  
03-263 Cedar Ridge Apartments, Port Arthur, Texas

- c) Waiver of Ineligibility Concerning Four Bedroom Units for 2003 Forward Commitments for Housing Tax Credits for:

03-007 Bexar Creek, San Antonio, Texas  
03-003 Mission del Valle Townhomes, Socorro, Texas  
03-004 Arbor Woods, Dallas, Texas

- d) Extensions for Commencement of Construction Loan Closing and Substantial Construction for:

02-019 Yale Village Apartments, Houston, Texas

02-020 Kings Row Apartments, Houston, Texas

02-021 Continental Terrace Apartments, Fort Worth, Texas

02-022 Castle Gardens Apartments, Lubbock, Texas

e) Extensions for Commencement of Substantial Construction:

02-086 Refugio Street Apartments, San Antonio, Texas

**REPORT ITEMS**

Executive Directors Report

Edwina Carrington

Update on Response to Public Comment from Ability Resources, Inc. at the December Board Meeting

Request for Attorney General Opinion from Representative Talton concerning The 2004 Qualified Allocation Plan and Private Activity Bond Program

**EXECUTIVE SESSION**

Elizabeth Anderson

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session

**OPEN SESSION**

Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

**ADJOURN**

Elizabeth Anderson

*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 sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.*

*Non-English speaking individuals who require interpreters for this meeting should contact Delores Groneck, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.*

**EXECUTIVE OFFICE**

**BOARD ACTION REQUEST  
February 11, 2004**

**Action Items**

Board Minutes of January 13, 2004.

**Required Action**

Approve with any necessary corrections the minutes of the Board Meetings.

**Background**

The Board is required to keep minutes of each of their meetings. Staff recommends approval of the minutes.





Mr. Njie stated he was withdrawing Little York Villas from consideration at this Board meeting as additional information needed to be provided to the Department.

Ms. Anderson closed public comment at 10:24 a.m. but would allow those people who requested to speak at the time of the agenda items to do so at that time.

## **ACTION ITEMS**

(1) **Presentation, Discussion and Possible Approval of Minutes of the Board Meetings of December 11, 2003**  
Motion made by Shad Bogany and seconded by C. Kent Conine to approve the Minutes of the Board Meeting of December 11, 2003.  
Passed Unanimously

(2) **Presentation, Discussion and Possible Approval of Interagency Contract with the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs on the Housing Tax Credit Rural Regional Allocation**  
Ms. Carrington stated the interagency between the Department and the Office of Rural Community Affairs stated that the Department and ORCA will jointly administer any set-aside for the rural areas in the Low Income Housing Tax Credit program and this is the second year for this interagency contract. There are three changes being proposed from the 2003 contract. The reference to the set-aside has been removed as it is called the rural regional allocation. The reference to low income housing tax credits in the QAP has been changed to housing tax credits and the Department has stated what will take place if the rural regional allocation is undersubscribed.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the Interagency Contract with the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs on the Housing Tax Credit Rural Regional Allocation.  
Passed Unanimously

Ms. Anderson recognized Beau Rothchild who is the Committee Clerk for the House Urban Affairs Committee and Liza Gonzales from the Governors Office who were in attendance at this meeting.

(3) **Presentation, Discussion and Possible Approval of Report from Programs Committee And Approval of Programmatic Items:**  
Mr. Conine stated the Programs Committee met earlier in the today and they will try to make a thorough review of all programs and report back to the Board with progress reports as the year goes forward. The first one they will review is the Bond Program which will be handled at the February meeting. The next program to be reviewed after the Bond Program will be the HOME Program which will begin in March.

### Robert Chavira, Consultant for Housing Plus, Inc., Harlingen, Texas

Mr. Chavira requested that the Board consider the circumstances and actions of two previous appeals that were approved by the Board in September and October of 2003. The circumstances are similar to this appeal. The reason for denial by staff has to do with insufficient committed funding sources. Staff has stated that the grant application of \$350,000 was denied by the Federal Home Loan Bank of Dallas but even if they had been approved for these funds from the Federal Home Loan Bank, that this project would not work based on debt service capacity.

As far as the Federal Home Loan Bank is concerned, it is very hard to receive any funds due to scoring criteria and income-targeting criteria. Without a rental application to target the units to very low income, an approval from them is very difficult. The TDHCA underwriting report reflects a higher increase in the operating expenses which resulted in a lower DCR. He requested to substitute the \$350,000 funds from the Federal Home Loan grant application denial with additional HOME dollars. This Board approved an additional \$250,000 on a previous application under an appeal.

### Dora Ellis, Chair, Housing Plus, Inc., Harlingen, Texas

Ms. Ellis stated there is a big need for affordable housing in San Benito and the Harlingen area. It is hard to find homes that meet standards for people to live in and there is a waiting list of 655 people and under Section 8, 603 people with 244 vouchers are needing homes. The income is very low in the Border region and these people need this housing.

a) **Multi-Family Division**  
**Appeal for Star Village. CHDO Rental Housing Development Application No. 2003-0320 and Possible Award**

Ms. Carrington stated Housing Plus applied in the multi-family round for CHDO funds with the intent to build 52 units of affordable housing using the HOME Program funds. The real estate analysis division reviewed this transaction and determined that the application was financially infeasible and was denied. Housing Plus has filed an appeal. Housing Plus has stated they would save funds by sharing employees who work in their other complexes.

Mr. Tom Gouris, Director of Real Estate Analysis, stated Housing Plus has administered a TDHCA homebuyer assistance program and been involved in a tax credit development in Raymondville. This problem with this transaction is that they are on their third lender and the most recent commitment is from Frost Bank and is dated in November after the cycle closed and the funding has been made. The appeal was filed late with the Department.

There will be an open CHDO cycle beginning shortly and this Housing Plus could apply again at that time. This would give them an opportunity to work on a financing commitment that would be conditioned on TDHCA's funding that would have a debt coverage amount.

Mr. Conine stated that one key is sharing the cost of a property manager or the cost of a maintenance man the Board needs to have information on the number of units this will affect.

Motion made by C. Kent Conine and seconded by Shad Bogany to deny the appeal for Star Village CHDO Development, Application No. 2003-0320.  
Passed Unanimously

Gary Dugger, Superintendent, Kennedale ISD Schools, Texas

Mr. Dugger stated the school boundaries in the Kennedale ISD district overlap the Arlington city limits and there about 50-55% of their students from Arlington. There are 4 other apartment complexes near the development and all of the students will be coming into their district. They do not have the capacity to deal with that number of students. He stated it was not fair to their children to have new children at this time as they are at the maximum number they can handle. He felt the developer has not addressed the impact of what this would do to their schools and he felt this was not in the application as it should have been by September 1.

Ms. Carrington stated this was a 2003 reservation of multifamily private activity bonds and the bond rules that govern this development was in place at the time they applied which was November of 2002. The 2002 rules would apply to this transaction. The complex will be paying real estate property taxes.

Trent Townsend, Rep. of State Senator Kim Brimer's Office, Arlington, Texas

Mr. Townsend read a letter into the record from Senator Brimer which stated:

"My office recently received notice that Arlington Partners, L.P. is making an application for tax credits with your department for Addison Park Apartments to be located at the southeast corner of Balkan River Way and U.S. Highway 287, Arlington, Tarrant County, Texas. I have also been contacted by the Kennedale Independent School District regarding this matter. Kennedale ISD is opposed to this multi-family bond transaction for the Addison Park Apartments. The significant number of additional students being enrolled over a short period of time once the project is completed would have a negative impact on this small school district.

"This sudden increase in enrollment would cause a serious facility and staffing shortage. Kennedale ISD has a minimum tax rate cap at a \$1.50, which leaves little room to recover for the substantial impact. The City of Kennedale and Kennedale ISD are located within Senate District 10, which I represent. After studying the facts, I concur with Kennedale ISD's opposition. I understand that a decision was made at the hearing on January 13, 2004 regarding this matter. I strongly urge you to decline this project. "Cordially, Senator Kim Brimer." Thank you.

Cliff Bates, Developer for Addison Park Apartments, Arlington, Texas

Mr. Bates stated this is their fourth tax-exempt bond transaction in Texas but the first one that the Department has been the issuer. They have prepared plans, completed the due diligence and met with the City to submit their plans. They are not a CHDO and are paying full taxes. He stated a TEFRA hearing was held and they tried to meet with one of the board members of the neighborhood association but could not work it out. In regards to having an actual meeting, they have not met with the neighborhood. They have also not met with the school district.

Michael Eaton, Attorney, Dallas, Texas

Mr. Eaton stated he represented Arlington Partners the independent partner of this development. He stated he understood the school districts budget constraints but when one tries to develop quality, affordable multifamily housing in Texas, there are

many barriers to work through. They will be paying about \$200,000 a year in full taxes. They have completed first-class, highest quality affordable housing developments Texas. They have had experience and success in other states and he asked for approval of the project.

Chad Triplett, Clark Development, Dallas, Texas

Mr. Triplett stated they have built over 9,000 affordable housing units in eight states in the past nine years and do have developments in Houston, Fort Worth and Tyler. They offer after school programs and educational programs in their projects.

**4) Presentation, Discussion and Possible Approval of Financial Items:**

**Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits:**

**1) Proposed Issuance of Multifamily Mortgage Revenue Bonds For Addison Park Apartments, Arlington, Texas in an Amount not to Exceed \$14,000,000 and Issuance of Determination Notice in the Amount of \$620,571, for Housing Tax Credits for Addison Park Apartments, 03-461, with TDHCA as the Issuer**

Ms. Carrington stated she met with two members of the Texas Association of School Boards to begin a dialogue of how TDHCA can accommodate the needs of communities for additional multi-family housing, yet working to understand the pressures that school districts in Texas are under right now. School districts are stressed as much as they can be. Many districts send money to other school districts around the state. They are supportive of having multi-family housing but have the financial issues to handle these children.

Addison Park Apartments is in Arlington, Texas with 244 units and this application comes under the 2003 rules for the bond program and the QAP. This transaction would have one, two and three bedrooms and is 100% low income. There was a hearing held at the Kennedale High School and nine people attended this hearing. Five people were opposed to the transaction, two supported it and two were neutral. Three people spoke at this hearing. There was a letter of opposition from Senator Brimer that was also read into the record.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the issuance of Multifamily Mortgage Revenue Bonds for Addison Park Apartments in an Amount not to exceed \$14,000,000 and Resolution No. 04-03 and tax credits in the amount of 620,571.

Passed unanimously

**2) Proposed Issuance of Multifamily Mortgage Revenue Bonds For Providence at Rush Creek II, Arlington, Texas in an Amount not to Exceed \$10,000,000 and Issuance of Determination Notice in the Amount of \$438,609, for Housing Tax Credits for Providence at Rush Creek, 03-463 with TDHCA as the Issuer**

Ms. Carrington stated Providence at Rush Creek 11, Arlington, Texas will have 244 units. 100% of those unites will be low income units at 60% or below. There was a TEFRA hearing held in Arlington and there were 15 people opposed to the transaction, 3 people supported it and 1 was neutral. There was no written correspondence either in favor or in opposition to this transaction. Staff is recommending both the issuance of the bonds and the tax credits.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve Rush Creek 11 in Arlington, in the amount of \$10,000,000 and Resolution No. 04-05 and the tax credits in the amount of \$438,609.

Passed Unanimously

**3) Proposed Issuance of Multifamily Mortgage Revenue Bonds For Providence at Veterans Memorial, Houston, Texas in an Amount not to Exceed \$16,300,000 and Issuance of Determination Notice in the Amount of \$677,432, for Housing Tax Credits for Providence at Veterans Memorial, 03-462 with TDHCA as the Issuer**

David Sepulveda, Vierny Partners, Houston, Texas

Mr. Sepulveda stated this project is in the hundred Year floodplain. All of the building slabs will be 18 inches minimum above the finished floor so there will be no chance of flooding in the multi family units. There will be no negative impact to the hundred year water surface elevation in Green's Bayou. The parking and paving will be in a maximum depth of six inches per the requirements of the hundred year floodplain with the exception of the drive connections to the adjacent roadways. He asked for approval of the project.

Eugene Thomas, Housing Advocate, Houston, Texas

Mr. Thomas stated he is bringing comments from the Honorable Sheila Jackson Lee and she could not attend this meeting but she sent her letter of support for the project. The homeowners are in support of this project and everyone is excited and looking forward to this development being in this area.

Bill Fisher, Developer, Dallas, Texas

Mr. Fisher thanked the staff for their favorable recommendation and stated as they began this development there was a great deal of concern in the community about issues involving it, and concern over the drainage problems. He asked for an approval for the original tax credit allocation request and not the amount being recommended by the Underwriting Department. He stated if they do not meet that standard of costs that the credits be adjusted at a later date. It is important to get these dollars now as they need to close and can not wait until next month's meeting. The additional cost estimates have been provided to the department.

Ms. Carrington stated this complex will have 238 units and all are low income with two and three bedrooms. The debt on this development is proposed to be unrated and unenhanced. The tax credit amount that staff is recommending is \$677,432 which is the eligible basis amount. This is a reduction of \$75,000 from what was requested by the developer. At the public hearing there were 19 people in support and 4 opposed. There are letters from local officials. The board reviewed this transaction in the past and it now has a new owner. The site is in the hundred year floodplain.

A second public hearing was held at the elementary school and they had solid support with the neighbors. Staff is recommending the approval of the project.

Mr. Tom Gouris, Director of Real Estate Analysis, stated the Department received a revised site plan and revised cost breakdown on December and this is the information used to complete the underwriting report. The concern has been the site work costs and there is still a difference in the amount of funding requested by the developer and the amount recommended by staff. There was not time to get together on the costs.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the issuance of Multifamily Mortgage Revenue Bonds for Providence at Veterans Memorial, Houston, Texas in an amount not to exceed \$16,300,000 with approval of Resolution No. 04-04 and issuance of tax credits of \$677,432 as a minimum and up to a maximum of \$750,577 subject to further TDHCA staff review with the developer and the resolution of the cost issues.

Passed Unanimously

**4) Proposed Issuance of Multifamily Mortgage Revenue Bonds For Humble Parkway, Houston, Texas in an Amount not to Exceed \$11,700,000 and Issuance of Determination Notice in the Amount of \$556,530, for Housing Tax Credits for Humble Parkway, 03-465 with TDHCA as the Issuer**

Ms. Carrington stated the Humble Parkway in Houston will have 216 units and rents and incomes will be at 60% AMFI. There was no opposition at the public hearing and staff is recommending approval of the project.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the issuance of Multifamily Mortgage Revenue Bonds for Humble Parkway, Houston, Texas in an amount not to exceed \$11,700,000 and approving Resolution No. 04-02 and issuance of tax credits in the Amount of \$556,530 subject to receipt of third-party conflict opinion.

Passed Unanimously

**b) Underwriters for the Multifamily Bond Program**

Ms. Carrington stated in April of 2003, the Board approved an RFQ for investment banking firms to add them to the list of multi-family underwriters. Staff has received two applications from financial advisory firms to be added to the list and they are First Albany Corporation as senior manager and Bank of America as senior manager. Staff is recommending that these firms be added to the list.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve First Albany Corporation and Bank of America as senior managers for the multifamily bond program and to be added to the approved list of underwriters.

Passed Unanimously

**c) Single Family Bond Program:  
1) Taxable Mortgage Program**

Ms. Carrington stated this is a product that bond finance and single family and one of the approved investment banks, Citigroup Global Market, are exploring for the development of a taxable mortgage loan product that would offer products that are not available through the departments existing tax-exempt program. One would not have to be a first-time homebuyer to use this program. There would be a product conforming refinanced mortgage loans. The department would be looking at refinancing higher interest rate loans or predatory loans. Subprime purchase loans with down payment assistance would be to borrowers at A- or B credit. The department would not be issuing bonds to make these mortgage loans available. The loans would be made through sources that are available to Citigroup. This would allow the department to diversity its products and offer a broader range of products.

There was no action required on this item.

- 2) **Extension of Certificate Purchase Period for Residential Mortgage Revenue Bonds Series 2002A (Program 59)**  
Ms. Carrington stated the termination of the loan origination period for Program 59 is April of 2004. There is \$14.1 million of unexpended proceeds and with this extension, those funds could be originated. Staff is requesting the extension until April of 2005.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the extension of the purchase period for Program 59 until April of 2005 with approval of Resolution No. 04-07.  
Passed Unanimously

- 3) **Preliminary Approval of Single Family Mortgage Revenue Bonds, 2004 Series A**  
Ms. Carrington stated the department is looking at issuing up to \$179 million for Program 61A. The timing for getting Program 61 approved, the structure and bonds issued is by May, 2004. Staff is proposing that 100% of the bond proceeds for Program 61 be for assisted loans.

Mr. Byron Johnson stated that interest rates may remain stable or increase over the next year or so and now is a good time to lock in rates and staff is proposing to issue the entire amount.

Mr. Bogany had concerns with the marketing of this product and asked staff to include realtors in their marketing plans.

Mr. Johnson stated that staff will work with the Texas Association of Realtors, possibly may try to hire a marketing firm to give the department ideas and also work with Country Home Loans as they have a good marketing department.

Mr. Conine requested that a set-aside for marketing come out of the issuance cost of the bonds. There needs to be an increase in marketing of TDHCA's products.

Ms. Anderson stated that at the March meeting when this item is brought back to the Board for final approval that a written marketing plan be provided. In assembling this plan, staff should consider who are the audiences one is going to market to, what are the activities one is going to do to market it and the time line of the activities.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the Single Family Mortgage Revenue Bonds 2004 Series A.  
Passed Unanimously

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

03-466 Wellington Park Apartments, Houston, in amount of \$640,989  
Harris County HFC is the Issuer

Ms. Carrington stated staff is recommending a credit allocation amount of \$640,989 for this project of 244 units with 100% low income at 60% rents and incomes.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the credit allocation in the amount of \$640,989 for Wellington Park Apartments, Houston, Texas.  
Passed Unanimously

Kennis Ketchum, Portfolio Development, Ft. Worth, Texas

Mr. Ketchum stated he was in attendance to answer any questions the Board might have.

Michael Eaton, Attorney, Dallas, Texas

Mr. Eaton stated he represented Blue Lake at Marine Creek Limited Partnership and stated they requested \$464,937 in tax credits but the staff was not recommending any allocation for this project. He felt this was due to the calculation of the capture rate for this project. They have governmental support, local support and issuer support for the transaction and Charter Mac has agreed to purchase the bonds. The most recent updated and accurate assessment of the actual capture rate for this project are all down below the maximum allowable and he asked for approval of the full amount requested.

Kelly Hunt, Dallas, Texas

Deferred his time to Darrell Jack.

Tammie Goldston, Dallas, Texas  
Deferred her time to Darrell Jack.

Ted Stokely, Dallas, Texas  
Deferred his time to Darrell Jack.

Darrell Jack, Apartment Market Data, Dallas, Texas

Mr. Jack stated they do market studies for the department in the State. They have been engaged to review the market and to review the capture rate calculation. The Census data obtained from their outside providers and the Census questions, do not ask what the percentage of renters is at any particular income band. TDHCA has applied it as a blanket across all income bands. The capture rate for this project using the weighted system and applying it is under 25%. The occupancy for affordable projects is over 94% in this area and in his opinion, the project meets the states requirement.

Clifton Phillips, Dallas, Texas

Mr. Phillips stated he had a letter from First Southwest stating there was no opposition at the TEFRA hearing. They met with the homeowners in the area, the homeowners associations and had productive meetings getting the support of the homeowners and the associations.

**03-464 Blue Lake Marine Creek Apartments, Ft. Worth, in amount of \$0  
Tarrant County HFC is the Issuer**

Ms. Carrington stated Blue Lake at Marine Creek to be located in Ft. Worth requested a credit allocation amount of \$474,683. The staff's recommendation is that there not be a credit allocation to this development based on the underwriting report on the capture rate calculation.

Tom Gouris, Director or Real Estate Analysis, stated the final revision provided is just a revision and not a study. The way the department calculates the capture rate is to utilize the entire unstablized product in the area to calculate that capture rate.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the credit allocation in the amount of \$464,637 subject to staff becoming comfortable with the capture rate and staff to report back to the Chair on how they finally approved the item.

Passed Unanimously

**b) Waiver of Ineligibility Concerning Four Bedroom Units for 2003 Forward Commitments for Housing Tax Credits for:**

**03-007 Bexar Creek, San Antonio, Texas**

**03-003 Mission del Valle Townhomes, Socorro, Texas**

**03-004 Arbor Woods, Dallas, Texas**

Ms. Carrington stated in July of 2002 there were seven developments that were granted forward commitments of 2003 credits. These applications were funded under the 2003 Qualified Allocation Plan. The 2003 QAP does not allow four-bedroom units and the department discovered that three out of the seven of those developments do have four-bedroom units. The Board has the ability to use discretion to waive a portion of the QAP to allow these four-bedroom units.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the waiver of ineligibility concerning four bedroom units for 2003 forward commitments for housing tax credits for Bexar Creek, Mission del Valle Townhomes and Arbor Woods.

Mr. Conine had questions on the forward list and which QAP they came under. He was under the impression that anything going forward, should go under the new rules and to meet that criteria. The Board requested that staff review the transcript and determine what was stated at the time the credits were allocated as forward commitments.

The motion was withdrawn by Mr. Bogany and Mr. Salinas as the board wanted more information on this item.

Motion made by C. Kent Conine and seconded by Shad Bogany to table this item until the next meeting.

Passed Unanimously

**c) Proposed Amendments to Housing Tax Credit Projects:**

**02-022 Castle Garden, Lubbock, Texas**

Ms. Carrington stated that Castle Garden is being deferred to a later meeting.

Tom McMullen stated he was available to answer any questions the Board might have on Bexar Creek in San Antonio, Texas.

**03-007 Bexar Creek, San Antonio, Texas**

Ms. Carrington stated when this application was approved, the Board put a condition on it that the applicant procure an additional development partner because the staff felt like there was not sufficient development experience and Bexar Creek has done that. When they brought in the new development partner he asked to change the design of the proposed development and increasing the buildings from 10 to 18. The points would not have been affected because the site stayed the same so staff is recommending the item for approval.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the amendment for Bexar Creek, San Antonio, Texas.

Passed Unanimously

**03-236 Little York Villas, Houston, Texas**

This item was withdrawn from consideration.

**d) Extensions for Commencement of Substantial Construction for:**

**02-135, Lakeridge Apartments, Texarkana, Texas**

**02-103, Valley View Apartments, Pharr, Texas**

Ms. Carrington stated these two projects are asking for an extension for commencement of substantial construction and staff is recommending approval.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the extensions for 02-135, Lakeridge Apartments, Texarkana, Texas and 02-103, Valley View Apartments, Pharr, Texas.

Passed Unanimously

**REPORT ITEMS**

**Executive Directors Report**

**Developments from the Housing Tax Credit Waiting List for 2003**

Ms. Carrington stated the Board requested staff to report anything that came off the waiting list for 2004. The department received \$687,000 in national pool credits. One project, Northline Point Apartments returned their credits and this allowed Reserve II at Las Brisas to receive a full allocation of credits. There was \$214,000 left in region six but no one on the list wanted that small amount. Suncrest in Region 13 returned credits in December in the amount of \$1,273,664. There were two transactions that received these credits and both of them were for \$636,832. The department used some of the \$214,000 to fill the gap and ended the year with \$145,032 in credits that went unused and will be rolled over into the amount available for 2004.

**Update on Response to Public Comment from Ability Resources, Inc. at the December Board Meeting**

Ms. Carrington stated staff is working with the applicant and will have a report to the Board next month.

Ms. Carrington also advised the Board that in order to have an opportunity for the department to have visibility around the state she was participating in nine different engagements. Staff will also participate in the midwinter conference of the Texas Association of Realtors.

Mr. Conine thanked the staff and board members for the support he received during his tenure as the President for the 2003 National Association of Homebuilders. It was a tremendous and rewarding experience and this country set a new home sales record of close to a million-one units.

Ms. Carrington announced that the February Board Meeting will be held in Dallas on February 11, 2004.

**EXECUTIVE SESSION**

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

Ms. Anderson stated there would be no Executive Session held.

**ADJOURN**

Motion made by C. Kent Conine and seconded by Shad Bogany to adjourn the meeting.

The meeting adjourned at 1:20 p.m.

Respectfully submitted,

Delores Groneck  
Board Secretary

Bdminjan





December 15, 2003

The Audit Committee of Board of Trustees  
Texas Department of Housing and Community Affairs

We have audited the consolidated financial statements of the Texas Department of Housing and Community Affairs (the "Department") for the year ended August 31, 2003 and have issued our report thereon dated December 15, 2003.

Our professional standards require that we communicate with you concerning certain matters that may be of interest to you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Department is responsible. We have prepared the following comments to assist you in fulfilling that obligation.

**OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS* ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES**

Our responsibility under auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and *Government Auditing Standards* issued by the Comptroller General of the United States has been described to you in our engagement letter. As described in that letter, those standards require, among other things, that we obtain an understanding of the Department's internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. We have issued a separate report to you, dated December 15, 2003, containing our comments on the Department's internal control.

**SIGNIFICANT ACCOUNTING POLICIES**

The Department's significant accounting policies are set forth in Note 1 to the Department's 2003 basic financial statements.

**MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the Department's 2003 financial statements include the allowance for doubtful accounts and accumulated depreciation.

## AUDIT ADJUSTMENTS

Our audit was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. In addition, we are obligated by generally accepted auditing standards to inform you of any adjustments arising from the audit that could, in our judgment, either individually or the aggregate, have a significant effect on the Department's financial reporting process. In testing mortgage loans receivable and the related reserves for uncollectible loans, we noted that the Department's reserve for uncollectible loans was overstated by approximately \$20.7 million. An adjustment to correct this account was recorded by management and is properly reflected in the Department's 2003 financial statements.

In addition, we are obligated by generally accepted auditing standards to inform you about uncorrected misstatements (regardless of whether they have a significant effect on the financial reporting process) aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There are no such uncorrected misstatements, as all misstatements detected in our audit have been corrected by management.

## OTHER INFORMATION IN THE FINANCIAL STATEMENTS

When audited financial statements are included in documents containing other information such as the schedules included with the basic financial statements, generally accepted auditing standards require that we read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We have read the other information in the schedules and have inquired as to the methods of measurement and presentation of such information. If we had noted a material inconsistency, or if we had obtained any knowledge of a material misstatement of fact in the other information, we would have discussed this matter with management.

## DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Department's 2003 financial statements. We received the full cooperation of management during our audit.

## CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2003.

## MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION

Throughout the year, routine discussions regarding the application of accounting principles or auditing standards were held with management in connection with transactions that have occurred, transactions that are contemplated or reassessment of current circumstances. In our judgment, such discussions were not held in connection with our retention as auditors.

## DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Department's management and staff and had unrestricted access to the Department's senior management in the performance of our audit.

## MANAGEMENT ADVISORY SERVICES

The Department did not engage us to perform any management advisory services during 2003.

This report is intended solely for the information and use of the Board of Trustees, management and others within the Department and is not intended to be and should not be used by anyone other than these specified parties.

We will be pleased to discuss this report with you further at your convenience.

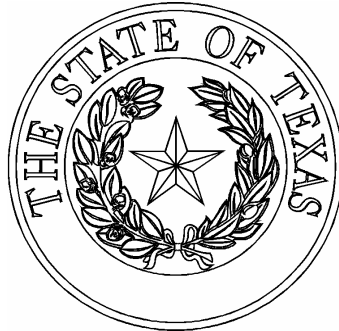
Yours truly,

*Deloitte + Touche LLP*

**TEXAS DEPARTMENT OF HOUSING  
AND COMMUNITY AFFAIRS**

**BASIC FINANCIAL STATEMENTS  
for the year ended August 31, 2003**

*(With Independent Auditors' Report Thereon)*



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**Basic Financial Statements**  
for the year ended August 31, 2003

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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Rick Perry, Governor, and the Board of Directors  
Texas Department of Housing and Community Affairs

We have audited the accompanying financial statements of the governmental activities, business-type activities, major funds, remaining fund information and supporting schedules 1A through 1D of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements and supporting schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, the financial statements of the Department are intended to present the financial position and results of operations and cash flows of only that portion of the funds of the State of Texas which are attributable to the transactions of the Department.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, major funds and remaining fund information of the Department, as of August 31, 2003, and the results of its operations and cash flows (where applicable) for the year then ended in conformity with accounting standards generally accepted in the United States of America. Also, in our opinion, schedules 1A through 1D, as listed in the table of contents, present fairly, in all material respects, the information set forth therein.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplementary schedules 1 and 2, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Department. These

financial statements and schedules are also the responsibility of Department management. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2003 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Deloitte + Touche LLP*

December 15, 2003

MANAGEMENT'S

DISCUSSION AND ANALYSIS



## **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Texas Department of Housing and Community Affairs' (Department) annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2003. Please read it in conjunction with the Department's financial statements, which follow this section.

### **Financial Highlights**

- Decrease in the Department's business-type activity net assets of \$11.4 million and a decrease of \$11.3 million in governmental activities.
- Decrease in Operating Income (Loss) in the Department's proprietary fund from \$34.9 million to (\$9.4) million. This was a combination of a decrease in revenues and increases in expenses. The change in fair value of investments decreased from an unrealized gain of \$24.6 million in fiscal year 2002 to an unrealized loss of (\$6.2) million in fiscal year 2003 or \$30.8 million, this accounted for 88% of the decrease in operating income. There was an increase in expenses, specifically bond interest expense of \$3.3 million to \$98 million due to an increase in bonds outstanding.
- Fund Balances in the Department's Governmental Funds decreased from \$23.1 million to \$11.7 million. The change is a combination of decreased revenues of \$5.4 million from Investor Owned Utilities and increased expenditures of \$3 million in the Housing Trust Fund. This accounted for over 70% of the changes in Fund Balance. The increase of Other Financing Sources is related to the System Benefit Fund which was reclassified from a Fiduciary Fund to a Special Revenue Fund during this fiscal year.
- The Department's debt outstanding of \$1.7 billion as of August 31, 2003 increased \$124.8 million. Debt issuances and debt retirements totaled \$376.3 million and \$251.5 million, respectively.
- Loan originations for the year totaled \$189.6 million and \$29.2 million in the Department's proprietary and governmental funds, respectively.
- In January 2003, the Department received a request by the offices of the Governor, Lieutenant Governor and Speaker of the House to immediately reduce fiscal year 03 spending by an amount equal to at least 7% of general revenues. The Department responded by submitting a \$1.5 million savings plan. The System Benefit Fund and \$753,690 was subsequently excluded from consideration when it was determined to be a Trust Fund instead of general revenue in fiscal year 2003. The plan offered reductions in administrative costs in order to minimize the impact on direct services. In 2003, the Department was successful at realizing savings in the areas of travel, capital purchases, professional/consulting services, salaries, State Office of Risk Management (SORM) and other general administrative costs and transferred back to Comptroller \$753,187 in general revenue appropriations during fiscal year 2003.

## **Overview of the Financial Statements**

The financial statements consist of three parts – management’s discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two types of statements that present different views of the Department.

- The first two statements are Department-wide financial statements that provide information about the Department’s overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Activities.
- The remaining statements are fund financial statements of the Department’s governmental funds and proprietary fund. The governmental funds’ activities are funded primarily from Federal funds but also include General Revenue appropriations for which the Department follows a modified accrual basis of accounting. The Department’s proprietary fund operates similar to business activities and follows an accrual basis of accounting.
- The basic financial statements also include a “Notes to Financial Statement” section which explains some of the information presented in the Department-wide and fund financial statements and provides additional detailed data.
- The Notes to the Financial Statements are followed by a “Supplementary Information” section, which presents supplementary bond information.

The remainder of this overview section of the management’s discussion and analysis explains the structure and contents of each of these statements.

## **Government Wide Statements**

The Statement of Net Assets shows Governmental Activities and Business-type Activities consolidated on a full accrual basis. The Statement of Activities presents a government wide format of expenses, charges for services, operating grants and contributions and net expenses by both Governmental activities and Business-type activities. Both activities are further broken down by function and programs. The second section of the Statement of Activities shows general revenues not associated with a particular program but provides resources for the Department’s programs and operations. The fiduciary activity is not included in the government wide statements.

## Financial Analysis of the Department as a Whole

### Statement of Net Assets

The following tables show a summary of changes from prior year amounts by fund type.

<b>Texas Department of Housing and Community Affairs</b>				
<b>Condensed Statements of Net Assets – Governmental Activities</b>				
<b>As of August 31, 2003</b>				
	<b>Governmental</b>		<b>Increase / (Decrease)</b>	
	<b>Activities</b>			
	2003	2002	Amount	%
<b>Assets</b>				
Cash & Investments	\$ 10,611,463	\$ 5,638,267	\$ 4,973,196	88.2
Legislative Appropriations	11,749,954	23,817,593	(12,067,639)	(50.7)
Federal Receivable	3,931,559	1,027,014	2,904,545	282.8
Other Intergovernmental Receivables	2,223,298	2,408,105	(184,807)	(7.7)
Accounts Receivable	377,928	-	377,928	0.0
Interfund Receivables	291,387	292,378	(991)	0.0
Loans and Contracts	82,989,269	59,808,742	23,180,527	38.8
Capital Assets	192,434	198,962	(6,528)	(3.3)
Due from Other Agencies	507,893	196,526	311,367	158.4
Other Assets	74,845	119,017	(44,172)	37.1
<b>Total Assets</b>	<b>112,950,030</b>	<b>93,506,604</b>	<b>19,443,426</b>	<b>20.8</b>
<b>Liabilities</b>				
Accounts Payable	16,753,502	7,760,045	8,993,457	115.9
Payroll Payable	861,242	922,525	(61,283)	(6.6)
Deferred Revenue	80,705,770	61,542,042	19,163,728	31.1
Due to Other Agencies	2,768,810	4,051	2,764,759	68248.8
Employees Compensable Leave	734,016	823,554	(89,538)	(10.9)
<b>Total Liabilities</b>	<b>101,823,340</b>	<b>71,052,217</b>	<b>30,771,123</b>	<b>43.3</b>
<b>Net Assets</b>				
Invested in Capital Assets	192,435	198,963	(6,528)	(3.3)
Restricted by Grantor	275,970	5,192,499	(4,916,529)	(94.7)
Unrestricted	10,658,285	17,062,925	(6,404,640)	(37.5)
<b>Total Net Assets</b>	<b>\$ 11,126,690</b>	<b>\$ 22,454,387</b>	<b>\$ (11,327,697)</b>	<b>(50.4)</b>

Net assets of the Department's governmental funds decreased by 50.4%.

Cash and Accounts Payable both increased due to the reclassification of the System Benefit Fund (SBF) from a Fiduciary Fund type to a Governmental Fund type during the fiscal year. The ending balance of Legislative appropriations decreased during fiscal year 2003 due to transfers out of revenues collected in excess of appropriation authority and the utilization of Investor Owned Utility balances carried forward from fiscal year 2002 and new revenues have diminished as that program is phasing out due to utility deregulation.

The Department also experienced an increase in Federal Receivable, Due From Other Agencies, and Other Assets. Increased payment activities at year-end for the Low Income Home Energy Assistance Program (LIHEAP) were reflected in the increase of Federal Receivable and

Accounts Payable. Increases in Due from Other Agencies and Other Assets represent receivables for the Housing Trust Fund and Investor Owned Utilities.

The Department experienced increases of Loans and Contracts as well as Deferred Revenue. This \$36 million occurred primarily because of the increase of program loans (current and non-current), which are funded by state and federal funds. These loans are for the purpose of HOME (\$32 million) and Housing Trust Fund (\$4 million) program activities.

The increase of Due to Other Agencies represents a deposit of the Texas Workforce Commission (TWC) which was erroneously wired to our account in the State Treasury. This deposit was transferred back to TWC through the State Treasury after year-end.

### **Proprietary Fund**

<b>Texas Department of Housing and Community Affairs Business-Type Activities – Condensed Statement of Net Assets as of August 31, 2003</b>				
	<b>Business-Type Activities</b>		<b>Increase / (Decrease)</b>	
	2003	2002	Amount	%
<b>Assets</b>				
Cash & Investments	\$ 1,320,233,438	\$ 1,240,050,113	\$ 80,183,325	6.4
Loans and Contracts	771,706,169	613,980,087	157,726,082	25.6
Interest Receivable	10,041,796	10,039,071	2,725	0.0
Capital Assets	307,981	422,477	(114,496)	(27.1)
Real Estate Owned	756,360	489,799	266,561	54.4
Deferred Issuance Cost	11,379,321	12,418,092	(1,038,771)	(8.3)
Other Assets	1,022,084	1,042,762	(20,678)	(0.0)
<b>Total Assets</b>	<b>2,115,447,149</b>	<b>1,878,442,401</b>	<b>237,004,748</b>	<b>12.6</b>
<b>Liabilities</b>				
Bonds/Notes Payable	1,794,838,720	1,618,898,972	175,939,748	10.9
Interest Payable	23,317,030	22,630,680	686,350	3.0
Deferred Revenue	10,562,494	9,501,713	1,060,781	11.2
Other Liabilities	177,903,040	107,208,880	70,694,160	65.9
<b>Total Liabilities</b>	<b>2,006,621,284</b>	<b>1,758,240,245</b>	<b>248,381,039</b>	<b>14.1</b>
<b>Net Assets</b>				
Invested in Capital Assets	307,981	422,477	(114,496)	(27.0)
Restricted	84,064,184	93,532,618	(9,468,434)	(10.1)
Unrestricted	24,453,700	26,247,061	(1,793,361)	(6.8)
<b>Total Net Assets</b>	<b>\$ 108,825,865</b>	<b>\$ 120,202,156</b>	<b>\$ (11,376,291)</b>	<b>(9.5)</b>

Net assets of the Department's proprietary fund decreased \$11,376,291, or 9.5% to \$108,825,865. The decrease resulted primarily from a decline in earnings of the Department's investments, loans, and other programs and an increase in expenses. Restricted net assets of the Department's proprietary fund decreased \$9,468,434 or 10.1%. Unrestricted net assets decreased \$1,793,691 or 6.8%.

Cash and investments increased \$80,183,325, or 6.4% to \$1,320,233,438, as funds were generated from debt issuances, reinvestment of loan repayments, and interest earnings. Program loans receivable (current and non-current) increased \$157,726,082, or 25.6% to \$771,706,169 primarily as a result from the origination of \$185,700,000 of mortgage loans under the Department's Multi-Family Program. Total bonds and notes payable (current and non-current) increased \$175,939,748, or 10.9% due to new debt issuances associated with the Department's Single Family and Multi-Family Programs.

Earnings within the Department's various funds were \$102,728,963 of which \$95,210,695 is classified as restricted and \$7,518,268 as unrestricted.

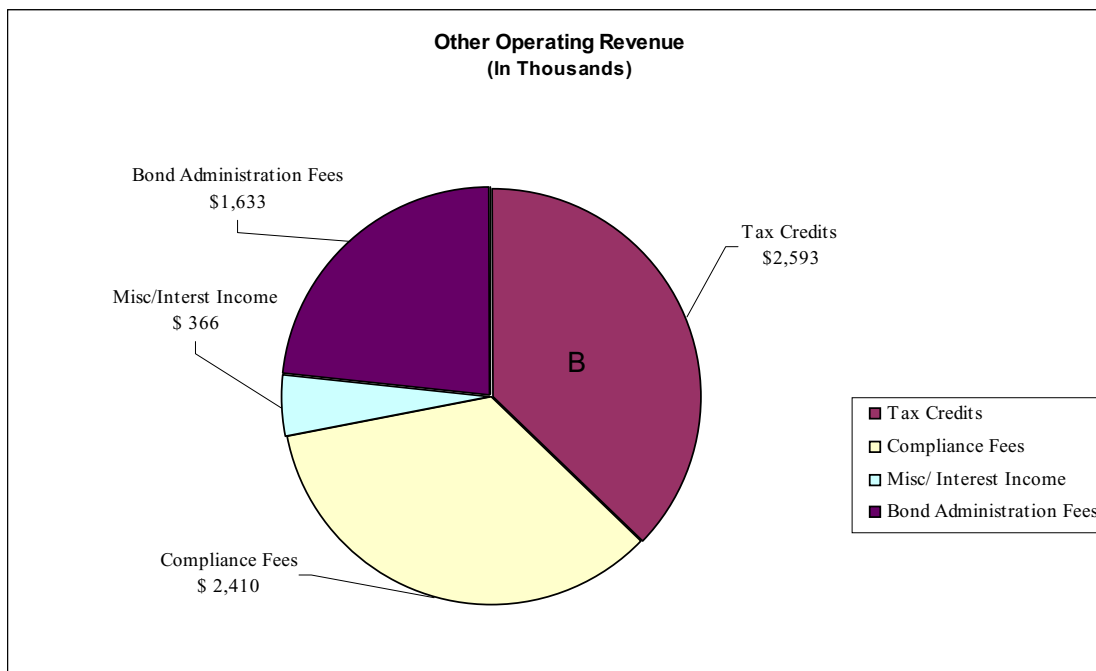
Restricted earnings are composed of \$98,730,469 in interest and investment income, (\$6,195,744) in fair value of investments, and \$2,675,970 in other revenue. Interest and investment income are restricted per bond covenants for debt service. Fair value of investments is an unrealized loss due to the fact that the Department holds investments until maturity. Other revenue is predominantly an accounting recognition of fees received in previous years that were deferred when received and are being amortized over a period of time.

Unrestricted earnings are composed of \$515,358 in interest and investment income and \$7,002,910 in other operating revenue.

Interest and investment income earned from unrestricted investments are used to support various housing initiatives programs such as Housing Trust Fund and the Bootstrap Program. Sources for other operating revenue are fees from the Tax Credit Program, compliance fees, bond administrative fees, and miscellaneous interest earned from funds held by the Comptroller.

Fees earned under the Tax Credit Program are application fees, commitment fees, and inspection fees. Yearly compliance fees are generated from the Department's portfolio of multifamily properties. The department performs on site visits and desk reviews to ensure that the properties are in compliance with the various housing regulations. Bond administrative fees are generated yearly from the various bond issuances to support the Department's administrative expenses.

The graph below illustrates the composition of the \$7,002,910 in other operating revenue, classified as unrestricted earnings, according to the different housing programs.



**Statement of Activities.** The Statement of Activities reflects the sources of the Department's changes in net assets as they arise through its various programs and functions. Single Family, Multi-Family and Housing Trust Fund are shown as business-type activities, and eight major programs are shown as governmental activities. Federal and state assistance activities allocate various subsidy funds to local governments, nonprofit organizations or individuals.

A condensed Statement of Activities for the fiscal year ended August 31, 2003 and 2002 is shown in the table below.

<b>Texas Department of Housing and Community Affairs Condensed Statement of Activities (In Thousands)</b>						
	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Program Revenues:</b>						
Charges for Services	\$ 2,207	\$ 3,877	\$ 108,409	\$ 109,934	\$ 110,616	\$ 113,811
Operating Grants and Contributions	126,490	176,390	-	175	126,490	176,565
General Revenues	9,481	12,355	(7,638)	24,193	1,843	36,548
<b>Total Revenue</b>	<u>138,178</u>	<u>192,622</u>	<u>100,771</u>	<u>134,302</u>	<u>238,949</u>	<u>326,924</u>
<b>Total Expenses</b>	<u>150,919</u>	<u>186,152</u>	<u>112,146</u>	<u>109,964</u>	<u>263,065</u>	<u>296,116</u>
Excess before Transfers	(12,741)	6,470	(11,375)	24,338	(24,116)	30,808
Transfers	1,429	(6,643)	-	-	1,429	(6,643)
<b>Change in Net Assets</b>	<u>\$ (11,312)</u>	<u>\$ (173)</u>	<u>\$ (11,375)</u>	<u>\$ 24,338</u>	<u>\$ 22,687</u>	<u>\$ 24,165</u>

Revenues of the Department's governmental activities totaled \$138,177,810 and were generated by grants and contributions primarily from LIHEAP, Community Services and HOME programs. Expenses of \$150,918,653 consisted primarily of Intergovernmental and Public Assistance Payments.

Revenues of the Department's business-type activities were primarily from charges for services of \$108,409,349 and a decrease of fair value of investments of \$6,195,744. Charges for services consist primarily of earned interest income on loans for the three housing lending programs. It also includes program investment income which is earned within the Department's bond programs, the investments and the income of which are restricted to those programs by a pledge to the respective bond indentures. Total revenue declined \$33,531,122 which consisted primarily of the decrease in fair value of investments from a gain of \$30,837,994 in fiscal year 2002 to a loss of \$6,195,744 in fiscal year 2003.

Expenses of the Department's business-type activities consist primarily of interest expense of \$97,952,620, which increased \$3,305,578. The increase in interest expense is a result of an increase in the Department's debt issued to fund its various Single Family and Multifamily lending programs. The direct expenses also include Administrative Funds, allocations of expenses of Department programs that directly involve the production or monitoring activities associated with the housing programs, as well as certain costs incurred, both internally and externally. Administrative expenses increased \$210,432 to \$11,510,938 which was incurred within the Department's Administrative Funds including all other administrative and supportive functions and overhead expenses.

The Department's business-type activities expenses of \$112,146,129 exceeded charges for services of \$108,409,349 by \$3,736,780. Charges for services, primarily interest income on loans and investment income, are intended to cover bond principal and interest expense. The other direct expenses were covered and the difference was covered by prior year available net assets. This income, plus interest earned on loans, produces an adequate amount to pay Department obligations as required by the bond indentures covenants.

The Department's business-type activities also generated \$515,358 of unrestricted investment income, which was used primarily to pay administrative costs. The decrease in fair value of investments of \$6,195,744 accounted for the majority of the Department's change in net assets of (\$11,375,192).

### **Governmental Activities**

The Department's revenues from governmental activities decreased by \$54 million in 2003. The majority of this decrease was attributed to the changes in federal revenues. Three federal programs contributed to the majority of the change. These programs were the Home Investment in Partnership Program (HOME), Community Development Block Grant (CDBG) and LIHEAP. The HOME program experienced a double funding cycle while the CDBG program was transferred to another state agency, the Office of Rural Community Affairs (ORCA) thereby reducing revenue by \$70 million. The LIHEAP program experienced increase in funding during the fiscal years.

The change to Other Revenues was due to the decrease of revenues from Investor Owned Utilities. This program is being phased out as the IOU opt into deregulated competition. The

SBF was established by the Legislature as part of the state electric deregulation to replace the previous IOU contracts that funded weatherization programs for low income Texans. The creation of the SBF reduced the number of participating investor owned utility providers.

The change to licenses, fees, and permits was a result of reduction in revenues related to the Manufactured Housing Division.

The Department also experienced a similar decrease in expenses. It consisted of a decrease in Intergovernmental Payments by 62% primarily for the CDBG Program and increase in the Public Assistance Payments by 23% primarily for the HOME and LIHEAP programs.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the Department's most significant funds and the Department as a whole. The Department has two types of funds:

- Governmental funds – The Department has a General Revenue Fund and a Special Revenue Fund. The General Revenue Fund is the principal operating fund used to account for the Department's general activities. The financing for this fund is authorized through state legislative appropriations either as committed or collected revenues. Federal and state programs are also reported within this fund. The Special Revenue Fund is used to account for the System Benefit Fund which was accounted for as a Private-Purpose Trust Fund until July 2003.
- Proprietary fund – The Department's activities in its proprietary fund are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of taxable and tax-exempt bonds whose proceeds are used primarily to fund various types of loans to finance low and moderate-income housing. This fund also receives fee income from the Multifamily Tax Credit Program and Compliance fees collected for the purpose of covering the operating costs of the Department. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes or debt service.



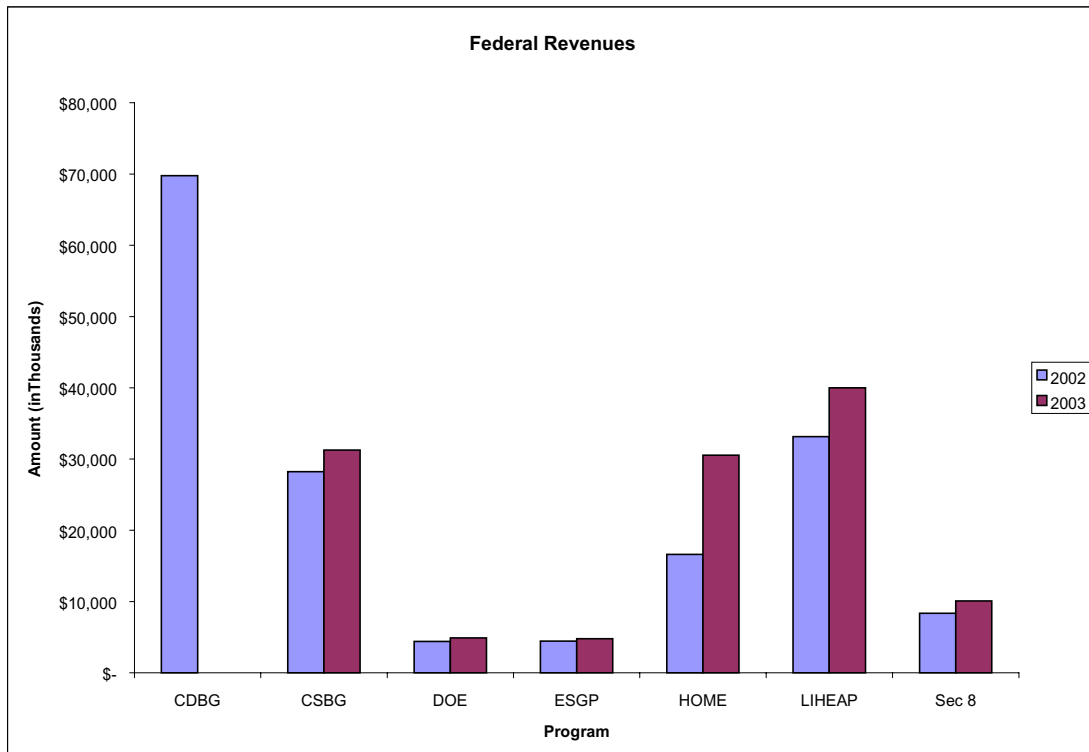
**Texas Department of Housing and Community Affairs**  
**Governmental Fund Activities**  
**Statements of Revenues, Expenses and Changes in Fund Balances**

			<u>Increase / (Decrease)</u>	
	2003	2002	Amount	%
<b>OPERATING REVENUES</b>				
Legislative Appropriations	\$ 11,612,582	\$ 12,275,708	\$ (663,126)	(5.4)
Federal Revenues	123,257,880	166,811,780	(43,553,900)	(26.1)
Federal Grant Pass-Through	10,000	-	10,000	-
State Grant Pass-Through	1,021,269	1,863,257	(841,988)	(45.2)
Licenses, Fees and Permits	1,853,255	3,348,651	(1,495,396)	(44.7)
Interest and Investment Income	212,548	263,362	(50,814)	(19.3)
Sales of Goods and Services	353,952	528,158	(174,206)	(33.0)
Other Revenue	3,307,200	8,220,683	(4,913,483)	(59.8)
Total Operating Revenues	<u>141,628,686</u>	<u>193,311,599</u>	<u>(51,682,913)</u>	<u>(26.7)</u>
<b>OPERATING EXPENSES</b>				
Salaries and Wages	8,793,150	9,294,916	(501,766)	(5.4)
Payroll Related Costs	2,000,751	1,937,239	63,512	3.3
Professional Fees and Services	611,015	492,788	118,227	24.0
Travel	522,021	641,240	(119,219)	(18.6)
Materials and Supplies	332,190	548,310	(216,120)	(39.4)
Communications and Utilities	254,028	289,540	(35,512)	(12.3)
Repairs and Maintenance	74,624	237,385	(162,761)	(68.6)
Rentals and Leases	1,045,934	1,230,460	(184,526)	(15.0)
Printing and Reproduction	69,688	101,696	(32,008)	(31.5)
Claims and Judgments	365,460	587,079	(221,619)	(37.8)
Other Operating Expenditures	228,870	539,709	(310,839)	(57.6)
Capital Outlay	74,317	12,621	61,696	488.8
Federal Pass-Through Expenditures	15,995	21,522	(5,527)	(25.7)
Intergovernmental Payments	32,511,942	85,426,370	(52,914,428)	(61.9)
Public Assistance Payments	104,118,513	84,582,560	19,535,953	23.1
Total Operating Expenditures	<u>151,018,498</u>	<u>185,943,435</u>	<u>(34,924,937)</u>	<u>(18.8)</u>
Excess of Revenues over Expenditures	(9,389,812)	7,368,164	(16,757,976)	(227.4)
Other Financing Sources (Uses)	(49,213)	(6,659,822)	6,610,609	(99.3)
<b>CHANGE IN FUND BALANCE</b>	(9,439,025)	708,342	(10,147,367)	(1,432.6)
Beginning Fund Balance	23,078,979	23,059,891	19,088	0.1
Appropriations Lapsed	(1,971,683)	(689,254)	(1,282,429)	186.1
Ending Fund Balance	<u>\$ 11,668,271</u>	<u>\$ 23,078,979</u>	<u>\$ (11,410,708)</u>	<u>(49.4)</u>

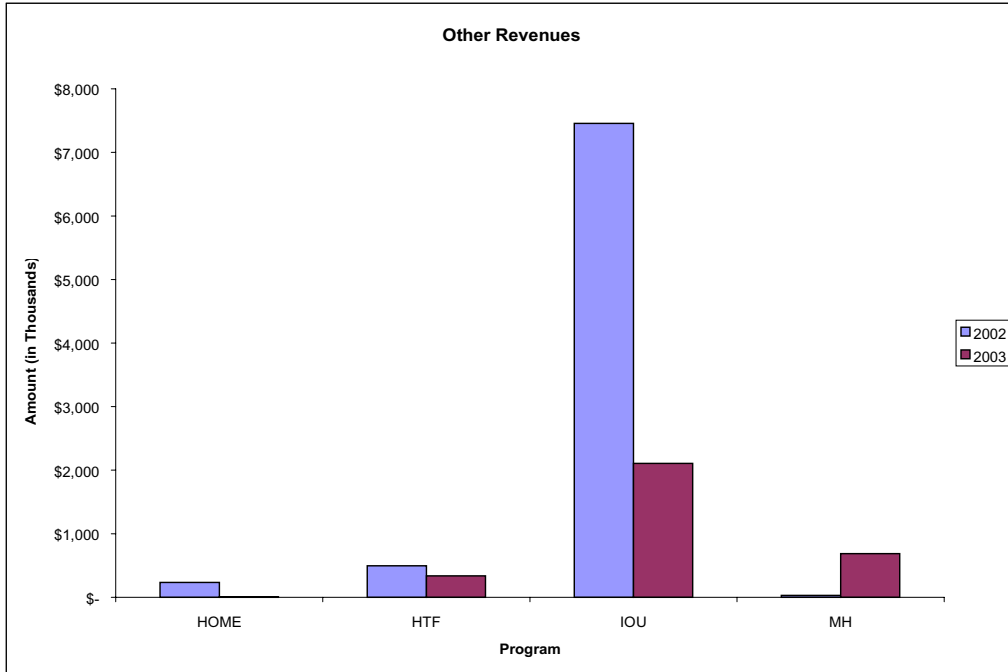
The following graphs illustrate a comparison between fiscal year 2003 and 2002 for Federal Revenues, Other Revenues, Intergovernmental Payments, and Public Assistance Payments.

The following listing defines the acronyms used in the following graphs:

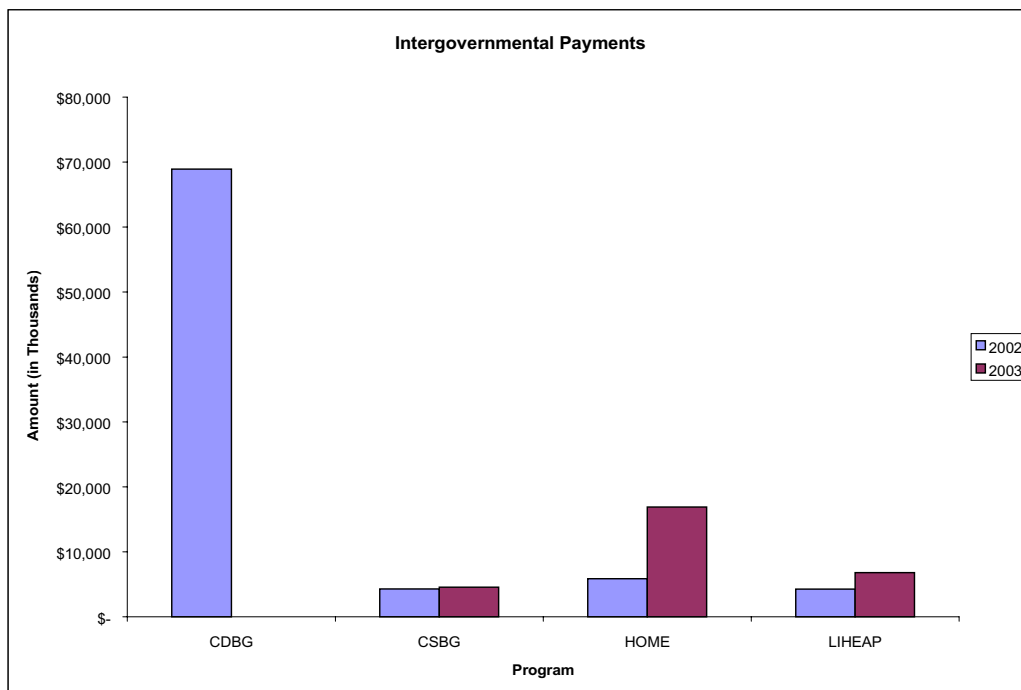
CDBG	Community Development Block Grant
CSBG	Community Services Block Grant
DOE	Department of Energy Weatherization Assistance for Low-Income Persons
ESGP	Emergency Shelter Grants Program
HOME	HOME Investment Partnerships Program
LIHEAP	Low-Income Home Energy Assistance
SEC 8	Section 8 Housing Choice Voucher
HTF	Housing Trust Fund
IOU	Investor Owned Utilities
MH	Manufactured Housing
SBF	System Benefit Fund



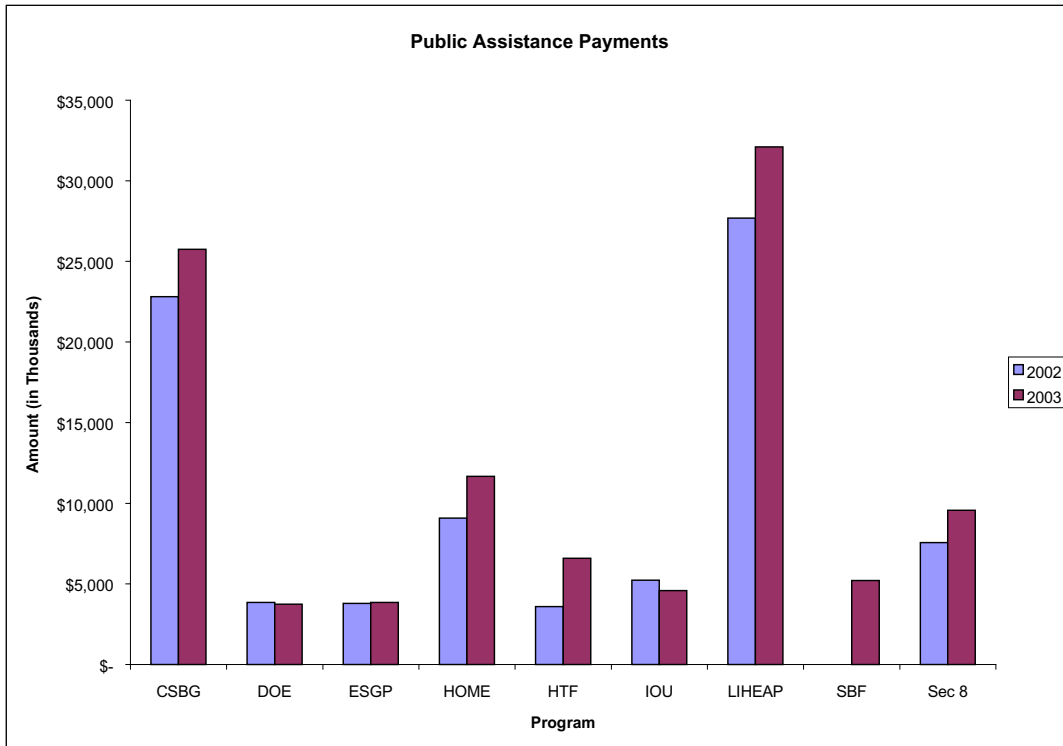
Other Revenues: Receipts from bonding companies for manufactured housing inspection fees, grants from investor owned utilities or other transactions which are not identifiable directly to another revenue category.



Intergovernmental Payments: Payment of grants to cities, counties, council of governments or other governmental entities.



Public Assistance Payments: Payment of grants to community action groups and organizations for community service programs.



## Business-Type Results

Net assets of the Department's proprietary fund decreased from the August 31, 2002 figures by \$11,376,291 or 9.5% to \$108,825,865. The following table summarizes the Statement of Revenues, Expenses and Changes in Net Assets of the Department's proprietary fund for the fiscal years ended August 31, 2003 and August 31, 2002.

<b>Texas Department of Housing and Community Affairs</b>				
<b>Business-Type Activities</b>				
<b>Statement of Revenues, Expenses and Changes in Net Assets</b>				
			<b>Increase / (Decrease)</b>	
<b>OPERATING REVENUES</b>	2003	2002	Amount	%
Interest and Investment Income	\$ 99,245,827	\$ 102,620,477	\$ (3,374,650)	(3.3)
Net Increase (Decrease) in Fair Value	(6,195,744)	24,642,250	(30,837,994)	(125.1)
State Grant Pass Through	-	175,000	(175,000)	(100.0)
Other Operating Revenues	9,678,880	7,972,526	1,706,354	21.4
Total Operating Revenues	102,728,963	135,410,253	(32,681,290)	(24.1)
<b>OPERATING EXPENSES</b>				
Salaries and Wages	6,344,583	5,917,030	427,553	7.2
Payroll Related Costs	1,637,196	1,614,672	22,524	1.4
Professional Fees and Services	1,174,212	1,291,819	(117,607)	(9.1)
Public Assistance Payments	-	175,000	(175,000)	(100.0)
Travel	215,641	209,733	5,908	2.8
Materials and Supplies	282,657	348,716	(66,059)	(18.9)
Communications and Utilities	137,745	130,631	7,114	5.5
Repairs and Maintenance	132,623	214,612	(81,989)	(38.2)
Rentals and Leases	944,944	913,991	30,953	3.4
Printing and Reproduction	46,541	64,782	(18,241)	(28.2)
Depreciation Expense	665,757	660,403	5,354	0.8
Interest	97,952,620	94,647,042	3,305,578	3.5
Other Operating Expenses	2,611,610	3,775,675	(1,164,065)	(30.8)
Total Operating Expenses	112,146,129	109,964,106	2,182,023	2.0
Operating Income (Loss)	(9,417,166)	25,446,147	(34,863,313)	(137.0)
<b>NONOPERATING REVENUES (EXPENSES) &amp; EXTRAORDINARY ITEMS</b>				
	(1,958,026)	(1,108,194)	849,832	76.7
<b>CHANGE IN NET ASSETS</b>	(11,375,192)	24,337,953	(35,713,145)	(146.7)
Beginning Net Assets,	120,202,156	96,164,551	24,037,605	25.0
Restatements	(1,099)	(300,348)	(299,249)	(99.6)
Net Assets, as Restated	120,201,057	95,864,203	24,336,854	25.4
<b>Ending Net Assets</b>	\$ 108,825,865	\$ 120,202,156	\$ (11,376,291)	(9.5)

Interest earned on program loans increased by \$3,836,263, or 9.7% due primarily to an increase of \$6,245,005, or 20.5% within the Department's Multi-Family Bond Program, due to higher loan amounts outstanding. The increase was offset by a decrease of \$2,350,874 or 27.4% within the Single Family Bond Program, due to decreasing balances of higher interest rate loans paid off by consumers.

Investment income decreased \$6,597,235 or 10.6% and reflected lower investment yields for the market overall. The primary decrease in investment income was within the Residential Mortgage Revenue Bond Program funds, which declined \$3,940,960 or 13.2%.

Interest expense increased \$3,305,578, or 3.5% due to increased debt within the Single Family and Multi-Family Bond Funds.

The following table illustrates the changes in net assets by program of the Department's business-type activities for the fiscal years 2003 and 2002.

<b>Texas Department of Housing and Community Affairs</b>					
<b>Business-Type Activities</b>					
<b>Changes in Net Assets by Fund Groups</b>					
<b>(amounts in thousands)</b>					
Fund	2003	2002	<b>Increase / (Decrease)</b>		
			Amount	%	
Single Family	\$ 58,538	\$ 62,367	\$ (3,829)	(6.1)	
RMRB	17,463	22,818	(5,355)	(23.5)	
CHMRB	2,191	1,738	453	26.1	
Multifamily	1,632	1,382	250	18.1	
1993 SF CHMRB	1,390	1,757	(367)	(20.9)	
1994 / 1995 SF CHMRB	2,823	3,461	(638)	(18.4)	
Commercial Paper	28	10	18	180.0	
General Funds	13,004	11,239	1,765	15.7	
Housing Trust Fund	11,392	11,326	66	0.6	
Administration Fund	117	590	(473)	(80.2)	
Housing Initiatives	(957)	361	(1,318)	(365.1)	
Compliance Programs	1,205	3,153	(1,948)	(61.8)	
Total	\$ 108,826	\$ 120,202	\$ (11,376)	(9.5)	

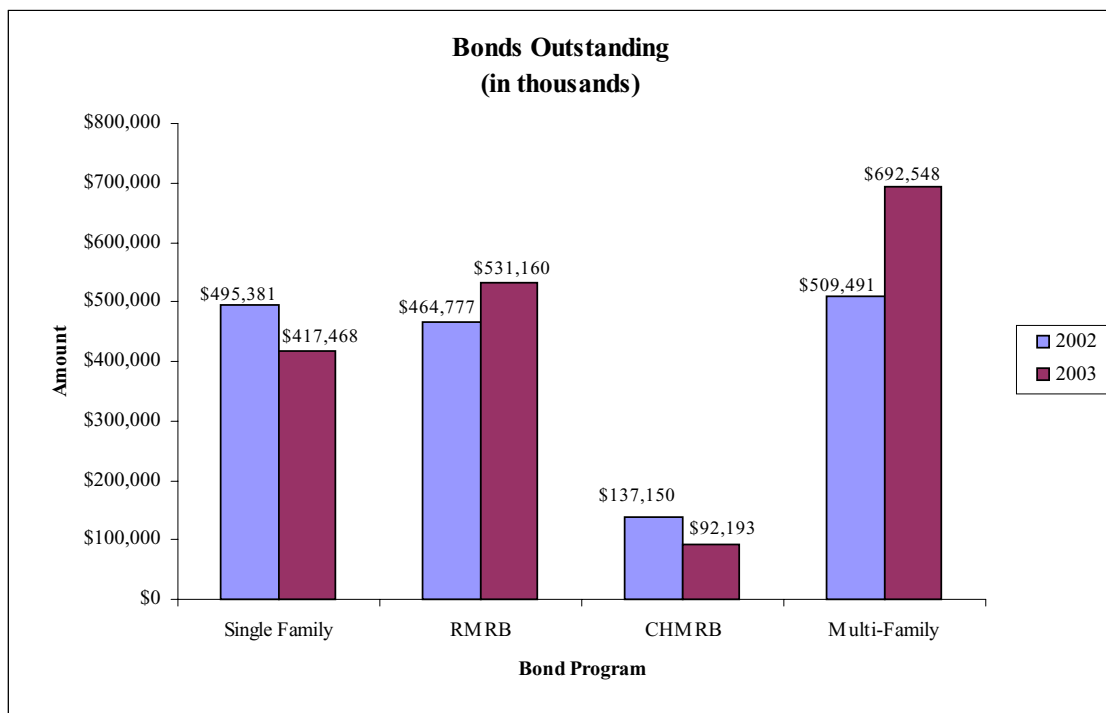
The fiscal year 2003 net assets of the Housing Initiatives decreased \$1,317,755 or 365.1% due to operating transfers to the Administration funds, which are primarily used to offset administrative costs. For the same reason, the net assets of the Compliance Program decreased by \$1,947,573 or 61.8%.

Net assets of the Single Family Bond Program decreased by \$3,829,627 or 6.1% primarily due to a (\$2,195,483) adjustment to the fair value of investments. In the same manner, the net assets of the Residential Mortgage Revenue Bonds (RMRB) decreased by \$5,354,877 due to a (\$3,039,119) adjustment to fair value of investments and a decrease in investment income.

## Department Debt

The Department's new debt issuances during fiscal year 2003 totaled \$376,295,000. The RMRB program issued \$190,595,000 in bonds and the Multi-Family Bond Program issued \$185,700,000. The Department also had \$251,534,464 in debt retirement during the year primarily due to consumer refinancing and paying off original loans. The net result was an increase in bonds payable of \$124,760,536 to \$1,732,907,279 of which \$12,766,000 is due within one year. For additional information, see Note 11, Bond Indebtedness, and supplementary bond information schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2003 and 2002 per bond program.



## Request for Information

This financial report is designed to provide a general overview of the Texas Department of Housing and Community Affairs' (TDHCA) operations for all parties interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Texas Department of Housing and Community Affairs, Director of Financial Administration, 507 Sabine Street, Austin, Texas, 78701.

BASIC

FINANCIAL STATEMENTS



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I

STATEMENT OF NET ASSETS - GOVERNMENT WIDE

As of August 31, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	\$ -	\$ 200	\$ 200
Cash in Bank	20,000	150,258	170,258
Cash in State Treasury	8,624,252	2,008,486	10,632,738
Cash Equivalents		22,913,420	22,913,420
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	-	904,173	904,173
Cash in State Treasury	1,967,211	-	1,967,211
Cash Equivalents	-	164,488,833	164,488,833
Short-term Investments	-	125,757,201	125,757,201
Loans and Contracts	-	7,149,873	7,149,873
Interest Receivable	-	9,971,983	9,971,983
Federal Receivable	3,931,559	-	3,931,559
Legislative Appropriations	11,749,954	-	11,749,954
Receivables From:			
Interest Receivable	63,537	69,813	133,350
Accounts Receivable	377,928	456,705	834,633
Other Intergovernmental	2,223,298	-	2,223,298
Interfund Receivable (Note 6)	291,387	-	291,387
Due From Other Agencies (Note 6)	507,893	-	507,893
Consumable Inventories	11,308	11,308	22,616
Loans and Contracts	2,171,214	87,423	2,258,637
Other Current Assets	-	554,071	554,071
Total Current Assets	<u>31,939,541</u>	<u>334,523,747</u>	<u>366,463,288</u>
Noncurrent Assets:			
Loans and Contracts	-	3,668,200	3,668,200
Capital Assets (Note 2):			
Non-Depreciable:			
Other Capital Assets	3,184	3,273	6,457
Depreciable:			
Furniture & Equipment	1,841,902	1,346,885	3,188,787
Accumulated Depreciation	(1,652,652)	(1,042,177)	(2,694,829)
Restricted Assets:			
Investments	-	1,004,010,867	1,004,010,867
Loans and Contracts	80,818,055	760,800,673	841,618,728
Other Non-Current Assets:			
Deferred Issuance Cost, net (Note 11)	-	11,379,321	11,379,321
Real Estate Owned, net	-	756,360	756,360
Total Noncurrent Assets	<u>81,010,489</u>	<u>1,780,923,402</u>	<u>1,861,933,891</u>
Total Assets	\$ <u>112,950,030</u>	\$ <u>2,115,447,149</u>	\$ <u>2,228,397,179</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I (Continued)

STATEMENT OF NET ASSETS - GOVERNMENT WIDE

As of August 31, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities:			
Payables:			
Accounts Payable	\$ 16,753,502	\$ 991,236	\$ 17,744,738
Accrued Bond Interest Payable	-	23,317,030	23,317,030
Payroll Payable	861,242	-	861,242
Interfund Payable (Note 6)	-	291,387	291,387
Due To Other Agencies (Note 6)	2,768,810	-	2,768,810
Deferred Revenues	80,705,770	10,562,494	91,268,264
Employees Compensable Leave (Note 4)	522,919	508,821	1,031,740
Notes and Loans Payable	-	61,470,000	61,470,000
Revenue Bonds Payable (Notes 4 & 11)	-	12,766,000	12,766,000
Other Current Liabilities	-	4,838,114	4,838,114
Total Current Liabilities	<u>101,612,243</u>	<u>114,745,082</u>	<u>216,357,325</u>
Noncurrent Liabilities:			
Employee Compensable Leave (Note 4)	211,097	137,621	348,718
Revenue Bonds Payable (Notes 4 & 11)	-	1,720,602,720	1,720,602,720
Other Non-Current Liabilities	-	171,135,861	171,135,861
Total Noncurrent Liabilities	<u>211,097</u>	<u>1,891,876,202</u>	<u>1,892,087,299</u>
Total Liabilities	<u>101,823,340</u>	<u>2,006,621,284</u>	<u>2,108,444,624</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	192,435	307,981	500,416
Restricted:			
Single Family Bonds	-	82,432,040	82,432,040
MultiFamily Bonds	-	1,632,144	1,632,144
Restricted by Grantor	275,970	-	275,970
Unrestricted	<u>10,658,285</u>	<u>24,453,700</u>	<u>35,111,985</u>
Total Net Assets	<u>\$ 11,126,690</u>	<u>\$ 108,825,865</u>	<u>\$ 119,952,555</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

**EXHIBIT II**  
**STATEMENT OF ACTIVITIES - GOVERNMENT WIDE**

For the Year Ended August 31, 2003

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	2003 Total
Primary Government						
Governmental Activities:						
Manufactured Housing	\$ 5,728,606	\$ 2,077,797	\$ -	\$ (3,650,809)	\$ -	\$ (3,650,809)
HOME Investment in Affordable Housing	30,572,299	91	30,626,635	54,427	-	54,427
Energy Assistance	57,915,755	32,350	47,347,090	(10,536,315)	-	(10,536,315)
Community Services	36,663,021	8,710	36,380,579	(273,732)	-	(273,732)
Community Development Block Grant	55,860	88,258	(25,033)	7,365	-	7,365
Section 8	10,234,948	-	10,079,533	(155,415)	-	(155,415)
Housing Trust Fund	7,063,186	-	765,486	(6,297,700)	-	(6,297,700)
Administration	2,684,977	-	1,315,299	(1,369,678)	-	(1,369,678)
<b>Total Governmental Activities</b>	<b>150,918,653</b>	<b>2,207,206</b>	<b>126,489,589</b>	<b>(22,221,858)</b>	<b>-</b>	<b>(22,221,858)</b>
Business-type Activities:						
Single Family Bonds	63,758,280	63,814,500	-	-	56,220	56,220
Multi-Family Bonds	36,746,965	37,591,939	-	-	844,974	844,974
Housing Trust Fund Program	129,946	35,207	-	-	(94,739)	(94,739)
Administration	11,510,938	6,967,703	-	-	(4,543,235)	(4,543,235)
<b>Total Business-type Activities</b>	<b>112,146,129</b>	<b>108,409,349</b>	<b>-</b>	<b>-</b>	<b>(3,736,780)</b>	<b>(3,736,780)</b>
<b>Total Primary Government</b>	<b>\$ 263,064,782</b>	<b>\$ 110,616,555</b>	<b>\$ 126,489,589</b>	<b>\$ (22,221,858)</b>	<b>\$ (3,736,780)</b>	<b>\$ (25,958,638)</b>

**General Revenues:**

Original Appropriations	\$ 10,287,250	\$ -	\$ 10,287,250
Additional Appropriations	1,325,332	-	1,325,332
Interest & Other Investment Income	120,160	515,358	635,518
Other Revenues	1,199,150	-	1,199,150
Appropriations Lapsed	(1,971,683)	-	(1,971,683)
Special item-gain (loss) on sales of capital assets	(1,038)	-	(1,038)
Legislative Transfers (Out)	(1,478,155)	-	(1,478,155)
Transfers In	1,428,942	-	1,428,942
Net (Decrease) in Fair Value of Investments	-	(6,195,744)	(6,195,744)
Extraordinary Item (loss on early extinguishment of debt)	-	(1,958,026)	(1,958,026)
<b>Total General Revenues and Transfers</b>	<b>10,909,958</b>	<b>(7,638,412)</b>	<b>3,271,546</b>
Change in Net Assets	(11,311,900)	(11,375,192)	(22,687,092)
Net Assets, September 1, 2002	22,454,387	120,202,156	142,656,543
Restatement (Note 13)	(15,797)	(1,099)	(16,896)
Net Assets, September 1, 2002, as Restated	22,438,590	120,201,057	142,639,647
<b>Net Assets - August 31, 2003</b>	<b>\$ 11,126,690</b>	<b>\$ 108,825,865</b>	<b>\$ 119,952,555</b>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III  
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS

As of August 31, 2003 with comparative totals for 2002

	General Fund	Special Revenue Fund	2003 Total	2002 Total
<b>ASSETS</b>				
Cash and Cash Equivalents (Note 3):				
Cash in Bank	\$ 20,000	\$ -	\$ 20,000	\$ 20,000
Cash in State Treasury	3,757,057	4,867,195	8,624,252	1,132,411
Restricted:				
Cash and Cash Equivalents (Note 3):				
Cash in State Treasury	1,967,211	-	1,967,211	4,485,856
Federal Receivable	3,931,559	-	3,931,559	1,027,014
Legislative Appropriations	11,749,954	-	11,749,954	23,817,593
Accounts Receivable	377,928	-	377,928	
Receivables From:				
Other Intergovernmental	2,223,298	-	2,223,298	2,408,105
Interest	63,537	-	63,537	108,817
Interfund Receivable (Note 6 )	291,387	-	291,387	292,378
Due From Other Agencies (Note 6)	507,893	-	507,893	196,526
Consumable Inventories	11,308	-	11,308	10,201
Loans and Contracts	2,171,214	-	2,171,214	2,854,345
Restricted - Loans & Contracts	80,818,055	-	80,818,055	56,954,396
Total Assets	<u>107,890,401</u>	<u>4,867,195</u>	<u>112,757,596</u>	<u>93,307,642</u>
<b>LIABILITIES</b>				
Liabilities:				
Payables From:				
Accounts Payable	12,579,134	4,174,369	16,753,503	7,760,045
Payroll Payable	861,242	-	861,242	922,525
Due To Other Agencies (Note 6)	2,768,810	-	2,768,810	4,051
Deferred Revenues	80,705,770	-	80,705,770	61,542,042
Total Liabilities	<u>96,914,956</u>	<u>4,174,369</u>	<u>101,089,325</u>	<u>70,228,663</u>
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>				
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	9,979,114	-	9,979,114	16,916,700
Inventories	11,308	-	11,308	10,201
Imprest	20,000	-	20,000	20,000
Undesignated	965,023	692,826	1,657,849	6,132,078
Total Fund Balances as of August 31	<u>10,975,445</u>	<u>692,826</u>	<u>11,668,271</u>	<u>23,078,979</u>
NOTE: Amounts reported for governmental activities in the statement of net assets are different because:				
Capital net assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds.	192,435	-	192,435	198,962
Long term liabilities relating to employees compensable leave are not due and payable in the current year therefore are not reported in the funds.	(734,016)		(734,016)	(823,554)
<b>NET ASSETS AS OF AUGUST 31</b>	<u>\$ 10,433,864</u>	<u>\$ 692,826</u>	<u>\$ 11,126,690</u>	<u>\$ 22,454,387</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
- GOVERNMENTAL FUNDS

Year Ended August 31, 2003 with comparative totals for 2002

	General Fund	Special Revenue Fund	2003 Total	2002 Total
<b>REVENUES</b>				
Legislative Appropriations:				
Original Appropriations (GR)	\$ 10,287,250	\$ -	\$ 10,287,250	\$ 10,805,988
Additional Appropriations (GR)	1,325,332	-	1,325,332	1,469,720
Federal Revenue (PR-OP G/C)	123,257,880	-	123,257,880	166,811,780
Federal Revenue Grant Pass-Thru Revenue(PR-OP G/C)	10,000	-	10,000	-
State Grant Pass-Through Revenue (PR-OP G/C)	1,021,269	-	1,021,269	1,863,257
Licenses, Fees & Permits (PR-C/S)	1,853,255	-	1,853,255	3,348,650
Interest and Other Investment Income (GR)	212,548	-	212,548	263,362
Sales of Goods and Services (PR-C/S)	353,952	-	353,952	528,158
Other (PR-OP G/C)	2,108,052	-	2,108,052	7,714,600
Other (GR)	1,199,148	-	1,199,148	506,084
Total Revenues	<u>141,628,686</u>	<u>-</u>	<u>141,628,686</u>	<u>193,311,599</u>
<b>EXPENDITURES</b>				
Salaries and Wages	8,793,150	-	8,793,150	9,294,916
Payroll Related Costs	2,000,751	-	2,000,751	1,937,239
Professional Fees and Services	611,015	-	611,015	492,788
Travel	522,021	-	522,021	641,240
Materials and Supplies	332,190	-	332,190	548,310
Communication and Utilities	254,028	-	254,028	289,540
Repairs and Maintenance	74,624	-	74,624	237,385
Rentals & Leases	1,045,934	-	1,045,934	1,230,460
Printing and Reproduction	69,688	-	69,688	101,696
Claims and Judgments	365,460	-	365,460	587,079
Federal Pass-Through Expenditures	15,995	-	15,995	21,522
Intergovernmental Payments	31,683,356	828,586	32,511,942	85,426,370
Public Assistance Payments	98,911,359	5,207,154	104,118,513	84,582,560
Other Expenditures	228,870	-	228,870	539,709
Capital Outlay	74,317	-	74,317	12,621
Total Expenditures/Expenses	<u>144,982,758</u>	<u>6,035,740</u>	<u>151,018,498</u>	<u>185,943,435</u>
Excess (deficit) of Revenues Over Expenditures	<u>(3,354,072)</u>	<u>(6,035,740)</u>	<u>(9,389,812)</u>	<u>7,368,164</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Net Change in Reserve for Inventories	-	-	-	7,161
Transfers In (Note 6)	-	6,728,566	6,728,566	-
Transfers Out (Note 6)	(5,299,624)	-	(5,299,624)	(5,610,888)
Legislative Transfers Out (Note 6)	(1,478,155)	-	(1,478,155)	(1,056,095)
Total Other Financing Sources and Uses	<u>(6,777,779)</u>	<u>6,728,566</u>	<u>(49,213)</u>	<u>(6,659,822)</u>
Net Change in Fund Balances/Net Assets	(10,131,851)	692,826	(9,439,025)	708,342
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>				
Fund Balances--Beginning	23,078,979	-	23,078,979	23,059,891
Appropriations Lapsed	(1,971,683)	-	(1,971,683)	(689,254)
Fund Balances - August 31	<u>\$ 10,975,445</u>	<u>\$ 692,826</u>	<u>\$ 11,668,271</u>	<u>\$ 23,078,979</u>

**EXHIBIT IV (Continued)**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**- GOVERNMENTAL FUNDS**  
Year Ended August 31 with comparative totals for 2002

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the statement of activities for the year ended August 31, 2003.

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>2003 Total</u>	<u>2002 Total</u>
Net Change in Fund Balances (Exhibit IV)			\$ (9,439,025)	\$ 708,342
Appropriations Lapsed (Exhibit IV)			<u>(1,971,683)</u>	<u>(689,254)</u>
Changes in Fund Balances			(11,410,708)	19,088
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:				
- capital outlay expense			74,317	12,621
- depreciation expense			(64,010)	(267,370)
- payroll expense due to Compensable Leave			89,539	38,871
- interagency transfer of assets			<u>(1,038)</u>	<u>23,716</u>
Changes in Net Assets, August 31, 2003 (Exhibit II)			<u>\$ (11,311,900)</u>	<u>\$ (173,074)</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V

STATEMENT OF NET ASSETS - PROPRIETARY FUND

As of August 31, 2003 with comparative totals for 2002

	2003	2002
	Total	Total
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents		
Cash on Hand	\$ 200	\$ 200
Cash in Bank (Note 3)	150,258	49,446
Cash in State Treasury (Note 3)	2,008,486	1,341,896
Cash Equivalents (Note 3)	22,913,420	23,408,146
Restricted Assets:		
Cash and Cash Equivalents (Note 3)		
Cash in Bank	904,173	1,166,285
Cash Equivalents	164,488,833	78,502,078
Short-term Investments (Note 3)	125,757,201	77,843,671
Loans and Contracts	7,149,873	7,808,841
Interest Receivable	9,971,983	9,985,608
Receivable:		
Interest Receivable	69,813	53,463
Accounts Receivable	456,705	772,711
Consumable Inventories	11,308	10,201
Loans and Contracts	87,423	100,373
Other Current Assets	554,071	259,850
Total Current Assets	<u>334,523,747</u>	<u>201,302,769</u>
Non-Current Assets		
Loans and Contracts	3,668,200	4,735,725
Capital Assets:		
Non-Depreciable		
Other Capital Assets (Note 2)	3,273	3,273
Depreciable		
Furniture and Equipment (Note 2)	1,346,885	1,419,708
Less: Accumulated Depreciation (Note 2)	(1,042,177)	(1,000,504)
Restricted Assets:		
Investments (Note 3)	1,004,010,867	1,057,738,391
Loans and Contracts	760,800,673	601,335,148
Other Non-current Assets		
Deferred Issuance Cost, net (Note 11)	11,379,321	12,418,092
Real Estate Owned, net	756,360	489,799
Total Non-Current Assets	<u>1,780,923,402</u>	<u>1,677,139,632</u>
<b>Total Assets</b>	<u>\$ 2,115,447,149</u>	<u>\$ 1,878,442,401</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)

STATEMENT OF NET ASSETS - PROPRIETARY FUND

As of August 31, 2003 with comparative totals for 2002

	2003	2002
	Total	Total
<b>LIABILITIES</b>		
Current Liabilities		
Payables:		
Accounts Payable	\$ 991,236	\$ 926,549
Accrued Bond Interest Payable	23,317,030	22,630,680
Interfund Payable (Note 6)	291,387	292,378
Deferred Revenues	10,562,494	9,501,713
Employee's Compensable Leave (Note 4)	508,821	450,537
Notes and Loans Payable	61,470,000	12,100,000
Revenue Bonds Payable (Notes 4 & 11)	12,766,000	10,134,573
Other Current Liabilities	4,838,114	2,137,296
Total Current Liabilities	<u>114,745,082</u>	<u>58,181,198</u>
Non-Current Liabilities		
Employee's Compensable Leave (Note 4)	137,621	129,924
Revenue Bonds Payable (Notes 4 & 11)	1,720,602,720	1,596,664,399
Other Non-Current Liabilities (Note 4)	171,135,861	103,264,724
Total Non-Current Liabilities	<u>1,891,876,202</u>	<u>1,700,059,047</u>
<b>Total Liabilities</b>	<u>2,006,621,284</u>	<u>1,758,240,245</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	307,981	422,477
Restricted:		
Single Family Bonds	82,432,040	92,150,373
Multi-Family Bonds	1,632,144	1,382,245
Unrestricted	24,453,700	26,247,061
<b>Total Net Assets</b>	<u>\$ 108,825,865</u>	<u>\$ 120,202,156</u>



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
PROPRIETARY FUND

Year Ended August 31, 2003 with comparative totals for 2002

	<b>2003</b>	<b>2002</b>
	<b>Total</b>	<b>Total</b>
<b>OPERATING REVENUES</b>		
Interest and Investment Income	\$ 99,245,827	\$ 102,620,477
Net Increase (Decrease) in Fair Value	(6,195,744)	24,642,250
State Grant Pass Through	-	175,000
Other Operating Revenues	9,678,880	7,972,526
Total Operating Revenues	<u>102,728,963</u>	<u>135,410,253</u>
<b>OPERATING EXPENSES</b>		
Salaries and Wages	6,344,583	5,917,030
Payroll Related Costs	1,637,196	1,614,672
Professional Fees and Services	1,174,212	1,291,819
Public Assistance Payments	-	175,000
Travel	215,641	209,733
Materials and Supplies	282,657	348,716
Communications and Utilities	137,745	130,631
Repairs and Maintenance	132,623	214,612
Rentals and Leases	944,944	913,991
Printing and Reproduction	46,541	64,782
Depreciation and Amortization	665,757	660,403
Interest	97,952,620	94,647,042
Other Operating Expenses	2,611,610	3,775,675
Total Operating Expenses	<u>112,146,129</u>	<u>109,964,106</u>
Operating Income/ (Loss)	<u>(9,417,166)</u>	<u>25,446,147</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain on Sale of Investments	-	749,726
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>749,726</u>
Income/(Loss) before Other Revenues, Expenses, Gains, Losses and Transfers	(9,417,166)	26,195,873
<b>OTHER REVENUES, EXPENSES, GAINS</b>		
<b>LOSSES AND TRANSFERS</b>		
Extraordinary Items	(1,958,026)	(1,857,920)
<b>CHANGE IN NET ASSETS</b>	<u>(11,375,192)</u>	<u>24,337,953</u>
Net Assets, Beginning of Year	120,202,156	96,164,551
Restatements (Note 13)	(1,099)	(300,348)
Net Assets, Beginning of Year, as Restated	<u>120,201,057</u>	<u>95,864,203</u>
<b>NET ASSETS, As of Year End</b>	<u>\$ 108,825,865</u>	<u>\$ 120,202,156</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year Ended August 31, 2003 with comparative totals for 2002

	<b>2003</b>	<b>2002</b>
	<b>Total</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from Loan Programs	\$ 140,534,118	\$ 56,943,121
Proceeds from Other Revenues	11,392,153	5,692,649
Payments to Suppliers for Goods/Services	(6,550,186)	(12,152,768)
Payments to Employees	(7,915,799)	(6,986,374)
Payments for Loans Provided	(189,632,260)	(118,419,379)
Net Cash (Used for) Operating Activities	<u>(52,171,974)</u>	<u>(74,922,751)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from Debt Issuance	427,482,921	423,379,610
Payments to/from Other Funds	(992)	(22,715)
Payments of Principal on Debt Issuance	(251,534,464)	(254,895,135)
Payments of Interest	(97,131,803)	(93,620,429)
Payments for Other Cost of Debt	(1,541,661)	(3,659,491)
Net Cash Provided by Noncapital Financing Activities	<u>77,274,001</u>	<u>71,181,840</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for Additions to Fixed Assets	(20,902)	(377,960)
Net Cash (Used for) Capital Activities	<u>(20,902)</u>	<u>(377,960)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Investments	836,355,380	580,008,900
Proceeds from Interest/Invest. Income	61,071,203	65,982,577
Payments to Acquire Investments	(836,510,389)	(686,185,992)
Net Cash Provided from (Used for) Investing Activities	<u>60,916,194</u>	<u>(40,194,515)</u>
Increase (Decrease) in Cash	85,997,319	(44,313,386)
Cash/Cash Equivalents, Beginning of Year	<u>104,468,051</u>	<u>148,781,437</u>
Cash/Cash Equivalents, End of Year	<u>\$ 190,465,370</u>	<u>\$ 104,468,051</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII (Continued)

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year Ended August 31, 2003 with comparative totals for 2002

	<b>2003</b>	<b>2002</b>
	<b>Total</b>	<b>Total</b>
Cash and Cash Equivalents and Short-Term Investments/		
Restricted Cash and Cash Equivalents and Short-Term Investments	\$ 316,222,571	\$ 182,311,722
Short-Term Investments not considered Cash Equivalents	(125,757,201)	(77,843,671)
Cash and Cash Equivalents, End of Year	<u>\$ 190,465,370</u>	<u>\$ 104,468,051</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (9,417,166)	\$ 25,446,147
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Amortization and Depreciation	665,757	660,403
Provision for Uncollectibles	340,896	840,310
Operating Income and Cash Flow Categories Classification Differences	41,732,060	896,114
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	316,006	(399,419)
(Increase) in Accrued Interest Receivable	(2,725)	(854,982)
(Increase) in Loans / Contracts	(158,726,082)	(80,889,178)
(Increase) in Property Owned	(266,561)	(358,429)
(Increase) Decrease in Acquisition Costs	1,038,771	(410,325)
Change in Other Assets and Liabilities, net	70,399,939	(15,323,845)
Increase (Decrease) in Deferred Revenues	1,060,781	(5,120,782)
Increase in Accrued Interest Payable	686,350	591,235
Total Adjustments	<u>(42,754,808)</u>	<u>(100,368,898)</u>
Net Cash (Used for) Operating Activities	<u>\$ (52,171,974)</u>	<u>\$ (74,922,751)</u>

NON CASH TRANSACTIONS

Increase (Decrease) in Fair Value of Investments for 2003 was (\$6,195,744) and \$24,642,250 for 2002

Loans and the related properties acquired were transferred to real estate owned in the amount of \$569,798 for 2003 and \$207,818 for 2002

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VIII

COMBINED STATEMENT OF FIDUCIARY NET ASSETS

As of August 31, 2003 with comparative totals for 2002

AGENCY FUND	2003 Total	2002 Total
<b>ASSETS</b>		
Current Assets:		
Restricted:		
Cash in State Treasury	\$ 11,636	\$ 3,869,188
Accounts Receivable	1,125	1,125
Total Current Assets	12,761	3,870,313
<b>Total Assets</b>	\$ 12,761	\$ 3,870,313
<b>LIABILITIES</b>		
Current Liabilities:		
Funds Held for Others	\$ 12,761	\$ 2,068,327
Total Current Liabilities	12,761	2,068,327
<b>Total Liabilities</b>	\$ 12,761	\$ 2,068,327
 <b>Total Net Assets</b>	\$ -	\$ 1,801,986

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IX

COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year Ended August 31, 2003 with comparative totals for 2002

<b>PRIVATE PURPOSE TRUST</b>	<b>2003 Total</b>	<b>2002 Total</b>
<b>ADDITIONS</b>		
Other Additions		
Transfer In (Note 6)	\$ 10,767,000	\$ 7,178,000
Total Additions	10,767,000	7,178,000
 <b>DEDUCTIONS</b>		
Intergovernmental Payments	5,840,420	5,376,014
Transfer Out (Note 6)	6,728,566	-
Total Deductions	12,568,986	5,376,014
 <b>NET INCREASE (DECREASE)</b>		
Net Assets-Beginning of the Year	(1,801,986)	1,801,986
	1,801,986	-
Net Assets-End of the Year	\$ -	\$ 1,801,986

NOTES TO THE  
FINANCIAL STATEMENTS

## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

### NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

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#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### ENTITY

Effective September 1, 1991, the Texas Department of Housing and Community Affairs (Department) was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very low to moderate income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the legislature in coordinating federal and state programs affecting local governments; and to continually inform the state and the public about the needs of local government (*Texas Government Code Ann., Chapter 2306*). The Department was created by merging two former agencies, the Texas Housing Agency and the Texas Department of Community Affairs. In addition, effective September 1, 1991 the powers, duties, and obligations of the Texas Department of Commerce relating to the Community Development Block Grant (CDBG) program were transferred to the newly-formed agency. The Department is an agency of the State of Texas and is included in the Basic Financial Statements of the State.

The regulation of manufactured housing was transferred from the Texas Department of Licensing and Regulation to the Department on September 1, 1995. The Manufactured Housing Division is administratively attached to the Department and is responsible for establishing standards and requirements for the construction and installation of manufactured housing that are reasonably necessary to protect the health, safety and welfare of the occupants of such housing and the general public. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

The Department transferred two budget strategies (CDBG and Local Government Services) to a newly created agency, Office of Rural Community Affairs (ORCA) during fiscal year 2003. The new agency was formed by the 77<sup>th</sup> Legislature pursuant to House Bill 7. The transfer was done incrementally based on the new agency's capacity to administer the programs. The Department provided administrative support services under an interagency contract.

The Department is governed by a Board, composed of seven members, all of whom are appointed by the Governor with the advice and consent of the Texas Senate. The Board then appoints the Executive Director, with the approval of the Governor.

The accompanying financial statements of the Department have been prepared to conform with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), and include all components as determined by an analysis of their relationship to the Department and are listed below. No component units have been identified which should have been blended into an appropriated fund.

##### FUND STRUCTURE

The accompanying financial statements are presented on the basis of major funds, each of which is considered a separate accounting entity.

##### **Government Wide Statements**

The Statement of Net Assets shows Governmental Activities and Business-type Activities consolidated on a full accrual basis. The Statement of Activities presents a government wide format of expenses, charges for services, operating grants and contributions and net expenses by both Governmental activities and Business-type activities. Both activities are further broken down by function and programs. The second section of the Statement of Activities shows general revenues not associated with a particular program but provides resources for the Department's programs and operations. The fiduciary activity is not included in the government wide statements.

Program revenues include charges for services in Manufactured Housing such as fees for titles, licenses, inspections and training. Single Family and Multifamily Bonds collect revenues from loan repayments of principal and interest used for the repayment of the bonds issued. Federal Program Grants from the Housing and Urban Development (HUD), the

## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

### NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

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Department of Energy (DOE), and Health and Human Services (HHS) provide funds for the HOME, Community Services, Comprehensive Energy Assistance, Weatherization Assistance and Section 8 programs.

The State of Texas provides general revenue and oil overcharge funds for the Housing Trust Fund program and the System Benefit Fund, which finances the Department's Energy Assistance program. Additionally, the Department receives funds from Investor Owned Utilities which also supports the Energy Assistance program. The Department collects applications, commitments and compliance fees related to the administration of the Low Income Tax Credit and Multifamily bond development programs. These programs have administrative costs during application intake and evaluation, through construction, and compliance monitoring (15 to 30 years) for tenant eligibility.

The Department has one non-operating loss in the Proprietary funds. It is a loss on the early extinguishment of debt and is the result of expensing capitalized costs related to the original issuance of bonds since the redemption of bonds occurred earlier than originally intended. This occurs due to early payoff of Single Family loans, which has increased in this historically low interest environment over the last year.

#### **Governmental Funds**

##### General Fund

The General Fund is the principal operating fund used to account for most of the Department's general activities. It accounts for all financial resources except those accounted for in other funds.

##### Special Revenue Fund

The System Benefit Fund was previously accounted for as a Private-Purpose Trust Fund administered by the Public Utility Commission. The Texas Comptroller changed its status to a Special Revenue Fund during fiscal year 2003. All remaining cash balances were transferred in from the Private-Purpose Trust Fund.

#### **Proprietary Funds**

##### Enterprise Funds (Business-Type Activity)

Account for operations financed and operated in a manner similar to private business. The intent is to recover costs through user charges and where a periodic determination of revenues earned, expenses incurred, and net income are appropriate for management control, accountability, contractual obligations and other purposes.

#### **Fiduciary Funds**

##### Private-Purpose Trust Funds

Private-Purpose Trust Funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments. The System Benefit Fund was accounted for in this fund as established by the Legislature as part of the State Electric Deregulation. It was reclassified to a Special Revenue Fund and cash balances were transferred to the newly created fund during fiscal year 2003.

##### Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

#### **Basis of Accounting**

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

### NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

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Governmental funds that build the fund financial statements are accounted for using the modified accrual method basis of accounting. Under the modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified basis of accrual. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

The Government-wide financial statements, proprietary funds and private-purpose trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary Funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The Department has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989 as allowed by GASB Statement No. 20.

### BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The state monitors its statewide budget by establishing the legal level of control at the agency level to ensure that expenditures are not made in excess of budgetary authority. Within the Department, procedures are used to ensure that expenditures do not exceed their total budget at the division level, but the State Comptroller ultimately ensures that each total authorized agency budget is not exceeded.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

### ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

#### Assets

##### Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

##### Investments

The Department has adopted the provisions of Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, (GASB Statement 31) which changed the manner in which certain investments are valued and affects the way in which unrealized gains and losses are recognized for financial reporting purposes. GASB Statement 31 requires investments to be reported at fair value on the balance sheet. The Department utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. Fair value of the Department's securitized mortgage loans (GNMA/FNMA) has been established by each bond issue's trustee using a pricing service.

The Department has reported all investment securities at fair value as of August 31, 2003 with exception of some money market investments and nonparticipating interest-earning investments contracts which are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

In accordance with GASB Statement 31, changes in the fair value are reported in the Combined Statement of Revenues, Expenses, and Changes in Net Assets as "Net Increase (Decrease) in the Fair Value of Investments."

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

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Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets in the General Fund include federal grants which are restricted by the grantor for specific program purposes and certain private purpose trust funds established by the State Legislature for specific purposes. The Proprietary Fund includes certain assets pledged to respective bond indentures, the use of which is restricted by those same bond covenants.

Inventories

Inventories include consumable inventories such as supplies and postage on hand at year-end. Inventories for governmental fund types and proprietary fund types are accounted for using the consumption method of accounting. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if any purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset (3, 5 or 6 years) using the straight-line method.

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset lives, using the straight-line method.

Loans and Contracts

Loans and contracts consist of loans in the General Fund made from state and federal funds for the purpose of Single Family loans and Multifamily development loans from the Housing Trust Fund and the HOME Program.

Restricted loans and contracts in proprietary funds consist of mortgage loans made from Single Family and Multifamily bond proceeds. Unrestricted loans and contracts consist of Multifamily development loans from the Housing Trust Fund and other Housing Initiative Programs. Loans receivable are carried at the unpaid principal balance outstanding, net of the allowance for estimated losses. Deferred commitment fees relating to the Single Family, Residential Mortgage Revenue Bonds (RMRB) Series 1987A and certain Multifamily programs are included as a reduction of loans receivable. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when they are past due 90 days as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the loans.

Real Estate Owned

Real estate owned are properties acquired through foreclosure that are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers and an allowance for estimated losses on such properties, which approximates the net realizable value of the property at foreclosure.

Loans secured by Single Family properties on which there is an indication that the borrower no longer has the ability to repay the loan and that foreclosure is likely are considered in-substance foreclosures and are classified as real estate owned in the accompanying balance sheet. Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

Allowance for Estimated Losses on Loans and Foreclosed Properties

The allowance for estimated losses on loans is available for future charge-offs on Single Family and Multifamily loans. The allowance for estimated losses on real estate owned is available for future charge-offs on foreclosed Single Family loans.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

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All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. During the year, management estimates the level of future losses to determine whether the allowances for estimated losses are adequate to absorb anticipated losses in the existing loan and real estate owned portfolios. Based on these estimates, a provision for estimated losses on loans and real estate owned is credited to the allowances in order to adjust the allowances to levels estimated to be adequate to absorb reasonably foreseeable losses.

While management uses available information to recognize losses in the loan and real estate owned portfolios, future additions may be necessary based on changes in economic conditions. However, it is the judgment of management that allowances are currently adequate to absorb reasonably foreseeable losses in the existing loan and real estate owned portfolios.

Commitment Fees

Commitment fees received in connection with the origination of loans are deferred and recognized using the interest method over the estimated lives of the related loans and mortgage-backed securities, or if the commitment expires unexercised it is credited to income upon expiration of the commitment.

Deferred Issuance Costs

Deferred insurance costs on bonds are amortized using the interest method over the contractual life of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of deferred issuance costs.

Discounts and Premiums on Debt

Discounts and premiums on debt are recognized using the interest method over the lives of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of discounts and premiums on debt.

**Liabilities**

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that become "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of assets.

Bonds Payable – Revenue Bonds

Revenue bonds are accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net assets.

Other Non-current Liabilities

Other non-current liabilities primarily account for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee.

**Fund Balance/Net Assets**

The difference between fund assets and liabilities is "Net Assets" on the Government-wide, Proprietary and Fiduciary Fund Statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

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Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Consumable Inventories

This represents the amount of supplies, postage and prepaid assets to be used in the next fiscal year.

Reserved for Unencumbered Appropriations

Subject to Lapse represents the unencumbered balance of appropriated funds at fiscal year-end which may not be encumbered in future periods.

For Future Operations represents the funds that can be carried forward for future operations.

Unreserved/Undesignated:

Unreserved represents the unappropriated balance at year-end.

Net Assets

Invested in Capital Assets consists of capital assets, including restricted capital assets, net of accumulated depreciation. The Department reports net assets as restricted when constraints placed on net assets are externally imposed by bond covenants and federal grants. Unrestricted Net Assets consist of net assets that do not meet the definition of Invested in Capital Assets or Restricted Net Assets.

**Interfund Transactions and Balances**

The Department may have the following types of transactions among funds:

1. Transfers - Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.
2. Legislative Sources/Uses - Budget transfers between agencies within the General Revenue Fund (0001).
3. Quasi-External Transactions - Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2003

**NOTE 2: CAPITAL ASSETS**

A summary of changes in Capital Assets for the year ended August 31, 2003, is presented below:

	PRIMARY GOVERNMENT					Balance 08/31/03
	Balance 09/01/02	* Adjustments	*** Reclassifications	Additions	Deletions	
<b>Governmental Activities:</b>						
Non-Depreciable Assets:						
Other Capital Assets, Net	\$ 3,184	\$ -	\$ -	\$ -	\$ -	\$ 3,184
Depreciable Assets:						
Furniture and Equipment	1,839,059	-	38,000	36,317	(71,474)	1,841,902
Less Accumulated Depreciation for:						
Furniture and Equipment	(1,643,280)	(15,797)	(633)	(63,377)	70,436	(1,652,651)
Depreciable Assets, Net	195,779	(15,797)	37,367	(27,060)	(1,038)	189,251
Governmental Activities Capital Assets, Net:	\$ 198,963	\$ (15,797)	\$ 37,367	\$ (27,060)	\$ (1,038)	\$ 192,435

	PRIMARY GOVERNMENT					Balance 08/31/03
	Balance 09/01/02	** Adjustments	*** Reclassifications	Additions	Deletions	
<b>Business-Type Activities:</b>						
Non-Depreciable Assets:						
Other Capital Assets, Net	\$ 3,273	\$ -	\$ -	\$ -	\$ -	\$ 3,273
Depreciable Assets:						
Furniture and Equipment	1,416,984	2,723	(38,000)	20,902	(55,724)	1,346,885
Less Accumulated Depreciation for:						
Furniture and Equipment	(998,879)	(1,624)	633	(98,031)	55,724	(1,042,177)
Depreciable Assets, Net	418,105	1,099	(37,367)	(77,129)	-	304,708
Business-Type Activities Capital Assets, Net:	\$ 421,378	\$ 1,099	\$ (37,367)	\$ (77,129)	\$ -	\$ 307,981

\* Correction of error in the financial statements of a prior period due to transfer of fully depreciated asset not recorded as such.

\*\* Correction of error in the financial statements of a prior period related to reconciliation of State Property Accounting (SPA) by Comptroller.

\*\*\* Related to transfer of capital asset and related accumulated depreciation between Departmental funds.

Depreciation expense was allocated wholly to the administrative function in both the governmental and business-type activities.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

**NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS**

The Department is authorized by statute to make investments following the “prudent person rule” and based upon provisions within the master bond indentures and its Investment Policy adopted by the Board in accordance with the Public Funds Investment Act. There were no significant violations of legal provisions during the period.

**Deposits of Cash in Bank**

- A. The carrying amount of \$1,074,431 for Cash in Bank (includes restricted assets) is presented below.
- B. The bank balance of the Department has been classified according to the following risk categories.
  - 1. Category 1 - Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity.
  - 2. Category 2 - Collateralized with securities held by the pledging financial institution’s trust department or agent in the governmental entity’s name.
  - 3. Category 3 – Uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity’s name).

Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
\$ 1,068,567	-	-	\$ 1,068,567	\$ 1,074,431

Consisting of the following:	Carrying Amount
Governmental Activities Demand Deposits (Exhibit I)	\$ 20,000
Business-type Activities (Exhibit I):	
Texas Treasury Safekeeping Trust Company	150,258
Restricted (Exhibit I):	
Texas Treasury Safekeeping Trust Company	231,485
Demand Deposits	672,688
<b>Total Deposits Carrying Amounts</b>	<b>\$ 1,074,431</b>

At August 31, 2003, the Department’s cash and deposits in the State Treasury amounted to \$12,599,949. Of that amount, \$12,599,949 was fully collateralized by securities held with a trustee in the State’s name, as reported to the Department by the Comptroller of Public Accounts of the State of Texas.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

**NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd.**

**Investments**

The types of investments in which the Department may invest are restricted by the provisions of the master bond indentures and the Department's Investment Policy adopted by its Board in accordance with the Public Funds Investment Act. The indentures allow for investments in direct obligations of or guaranteed by the U.S. Government; obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by agencies or intermediaries of the U.S. Government; obligations issued by public agencies or municipalities; obligations and general obligations of or guaranteed by the state; demand deposits, interest-bearing time deposits or certificates of deposit; repurchase agreements in U.S. Government securities; direct or general obligations of any state within the territorial U.S.; investment agreements with any bank or financial institution; commercial paper; and guaranteed investment contracts. Certain trust indentures restrict the Department from investing in certain of the aforementioned investments.

The fair values of investments as of the balance sheet date (including both short-term and long-term) are shown below. Investments are categorized to give an indication of the level of risk assumed by the Department at year-end. The three categories are:

- **Category 1** - Investments that are insured or registered, or for which the securities are held by the Department, or its agent in the Department's name.
- **Category 2** - Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Department's name.
- **Category 3** - Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Department's name.

\*The Department's Business-type Activities include investments in Category 3 that are comprised of Investment Agreements/Contracts entered into by the Department with Providers whose rating on long-term, unsecured, unsubordinated debt obligations must be maintained at "AAA" by Standard & Poor's, "Aaa" by Moody's, and/or other comparable high rating during the term of the Agreement/Contract. Should the rating fall below the requirement, the Provider shall substitute an acceptable Replacement Guarantor, deliver Collateral, or repay the principal of and accrued but unpaid interest on the investment.

A summary of investments by type and category at August 31, 2003 is as follows:

Type of Security	Category			Fair Value
	1	2	* 3	
Government Investments	\$ 7,461,782			\$ 7,461,782
Mortgage Backed Securities	709,786,922			709,786,922
Guaranteed Investment Contracts/Investment Agreements	908,544		\$ 412,517,333	413,425,877
Repurchase Agreements - TX Treasury Safekeeping Trust	107,035,481			107,035,481
<b>Totals</b>	<b>\$ 825,192,729</b>	<b>-</b>	<b>\$ 412,517,333</b>	<b>\$ 1,237,710,062</b>

Additionally, at August 31, 2003, the Department held uncategorized investments of \$79,460,259 in constant-dollar money market mutual funds that are not subject to collateralization.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2003

**NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd.**

A summary of investments as they are classified on the Statement of Net Assets (Exhibit I, Business-type Activities) is as follows:

	<b>Fair Value</b>
<b>Consisting of the following in the Proprietary Funds:</b>	
Cash Equivalents/Unrestricted	\$ 22,913,420
Cash Equivalents/Restricted	164,488,833
Restricted Short-Term Investments	125,757,201
Non-Current Restricted Investments	1,004,010,867
<b>Total Investments per Financial Statements</b>	<b>\$ 1,317,170,321</b>

Repurchase agreements and other qualified investment agreements with a carrying amount of \$520,461,358 at August 31, 2003 are generally secured by U.S. Government obligations or other marketable securities with market values in excess of the cost. At August 31, 2003, the agreements were with the following counterparties:

<b>Counterparty</b>	<b>Carrying Amount</b>
AEGON	\$ 43,803,859
AIG Matched Funding Corporation	1,217,671
American International Group	17,437,018
Bayerishone Landesbank	187,031,897
Berkshire Hathaway	5,637,940
CDC Funding Corporation	5,706,142
CORAND Central Fund	7,055,858
Core States Bank	594,984
Financial Guaranty Insurance Corporation	22,046,474
Lehman Brothers	1,041,915
MBIA Investment	11,822
Protective Life	1,144,081
SBC Warburg Dillion	107,035,481
Scott Fetzer Financial	1,000,000
Societe Generale	3,269,816
Transamerica Life	102,985,995
Trinity Funding Company	3,102,313
VR Municipal Mortgage	9,429,548
Westdeutsche Bank	908,544
<b>Total Counterparty Agreements</b>	<b>\$ 520,461,358</b>



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2003

**NOTE 4: SUMMARY OF LONG TERM LIABILITIES**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2003, the following changes occurred in liabilities.

Governmental Activities	Balance 9/1/02	Additions	Reductions	Balance 8/31/03	Amounts Due Within One Year
Compensable Leave	\$ 823,554	\$ 522,919	\$ 612,457	\$ 734,016	\$ 522,919
<b>Total Governmental Activities</b>	\$ 823,554	\$ 522,919	\$ 612,457	\$ 734,016	\$ 522,919
<b>Business-Type Activities</b>					
Revenue Bonds Payable	\$ 1,606,798,972	\$ 388,495,000	\$ 261,925,252	\$1,733,368,720	\$ 12,766,000
Compensable Leave	580,461	508,821	442,840	646,442	508,821
<b>Total Business-Type Activities</b>	\$ 1,607,379,433	\$ 389,003,821	\$ 262,368,092	\$1,734,015,162	\$ 13,274,821

**Employees' Compensable Leave**

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**NOTE 5: OPERATING LEASE OBLIGATIONS**

The Department has a five-year operating lease on its office space at its home office in Austin, through December 31, 2005. The lease does have a contingency clause on continued funding; however, that possibility is remote.

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

<b>Year Ended August 31, 2003</b>	
2004 (Future Year 1)	\$ 1,677,752
2005 (Future Year 2)	1,701,336
2006 (Future Year 3)	570,843
2007 (Future Year 4)	0
2008 (Future Year 5)	0
<b>Total Minimum Future Lease Rental Payments</b>	<b>\$ 3,949,931</b>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2003

**NOTE 6: INTERFUND BALANCES / ACTIVITIES**

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due To Other Agencies
- Transfers In or Transfers Out
- Legislative Transfers In or Transfers Out

The Department experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2003, follows:

Fund	Current Interfund Receivables	Current Interfund Payables
General Fund (01, 0127)		
General Revenue (0001)	\$ 188,510	
Consolidated Federal (0127)	102,877	
Proprietary Fund (0896)		\$ 291,387
<b>Total Interfund Receivable/ Payable (Exhibit I)</b>	<b>\$ 291,387</b>	<b>\$ 291,387</b>

The Department has no Non-Current Interfund Receivables or Interfund Payables.

Fund	Due From Other Agencies	Due To Other Agencies	Source
General Fund (01)			
Appd Fund 0001, D23 Fund 0077 (Agency 907, D23 Fund 0515)	\$ 507,893		State Pass-Through
Appd Fund 0127, D23 Fund 9000 (Agency 320, D23 Fund 5026)		\$ 2,768,810	N/A
<b>Total Due From/To Other Agencies (Exhibit I)</b>	<b>\$ 507,893</b>	<b>\$ 2,768,810</b>	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2003

**NOTE 6: INTERFUND BALANCES / ACTIVITIES Cont'd**

<u>General Fund (01)</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
Appd Fund 0001, D23 Fund 0066 (Agency 902, D23 Fund 0001)	\$	\$3,427,079	Transfer of Revenue collected over budget authority to the State of Texas
Appd Fund 0001, D23 Fund 0088 (Agency 902, D23 Fund 0001)		1,816,636	Transfer of Revenue collected over budget authority to the State of Texas
Appd Fund 0127, D23 Fund 0127 (Agency 357, D23 Fund 0555)	-	55,909	Transfer of cash balance to ORCA
<b>Subtotal</b>	\$	<b>\$5,299,624</b>	
 <b><u>Special Revenue (02)</u></b>			
Appd Fund 5100, D23 Fund 5100 (Agency 332, D23 Fund 0852)	\$6,728,566	\$ -	Fund type reclassification of the System Benefit Fund
<b>Subtotal</b>	<b>\$6,728,566</b>	<b>\$ -</b>	
 <b><u>Private Purpose Fund (20)</u></b>			
Appd Fund 0852, D23 Fund 0852 (Agency 332, D23 Fund 5100)	\$	\$6,728,566	Fund type reclassification of the System Benefit Fund
Appd Fund 0852, D23 Fund 0852 (Agency 473, D23 Fund 0852)	10,767,000	-	Cash transfer in from Public Utility Commission for the System Benefit Fund
<b>Subtotal</b>	<b>\$10,767,000</b>	<b>\$6,728,566</b>	
<b>Total Transfer In and Out (Exhibit IV &amp; IX)</b>	<b><u>\$17,495,566</u></b>	<b><u>\$12,028,190</u></b>	

<b>Fund</b>	<b>Legislative Transfers In</b>	<b>Legislative *Transfers Out</b>
General Fund (01)		
Appd Fund 0001, D23 Fund 0001		\$ 1,513,160
Appd Fund 0001, D23 Fund 0066		(15,919)
Appd Fund 0001, D23 Fund 0088		(19,086)
<b>Total Legislative Transfers (Exhibit IV)</b>		<b>\$ 1,478,155</b>

\* Note: Transfer of appropriation authority to ORCA for CDBG program.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal year ended August 31, 2003**

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**NOTE 7: CONTINGENT LIABILITIES**

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that the aggregate liabilities, if any, will not be material to the general purpose financial statements.

**NOTE 8: CONTINUANCE SUBJECT TO REVIEW**

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2011 unless continued in existence as provided by the Act. If abolished, the Department may continue until September 1, 2012 to close out its operations.

**NOTE 9: RISK FINANCING AND RELATED INSURANCE**

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. Currently there is no purchase of commercial insurance, nor is the Department involved in any risk pools with other government entities. The Department carries Public Official Liabilities Insurance coverage in the amount of \$10,000,000; errors and omissions insurance of \$350,000 related to loan servicing for others and a \$300,000 Public Employee Fidelity Bond.

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years.

The Department incurred no claims liability during fiscal years 2002 and 2003.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

**NOTE 10: SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES**

The Segment information below is for the Department's direct debt associated with the issuance of Single Family bonds only and does not include the Multifamily bonds where the Department is only a conduit issuer. Therefore, this note represents less than what is reported in the Business-type Activities as a whole.

**CONDENSED STATEMENT OF NET ASSETS**

	<u>Single Family Program Funds</u>	<u>Residential Mortgage Revenue Bond Funds</u>	<u>Collateralized Home Mortgage Revenue Funds</u>	<u>Single Family CHMRB Series 1993 Funds</u>	<u>Single Family CHMRB 1994 &amp; 1995 Funds</u>
<b>Restricted Assets:</b>					
Current Assets	\$ 71,617,238	\$ 72,885,254	\$ 693,317	\$ 2,077,123	\$ 1,061,856
Capital Assets	-	-	-	-	-
Other Assets	<u>420,469,737</u>	<u>486,694,013</u>	<u>45,699,174</u>	<u>17,382,397</u>	<u>32,963,155</u>
Total Assets	<u>492,086,975</u>	<u>559,579,267</u>	<u>46,392,491</u>	<u>19,459,520</u>	<u>34,025,011</u>
<b>Liabilities:</b>					
Current Liabilities	18,951,459	15,840,755	998,757	99,404	182,290
Long Term Liabilities	<u>414,597,907</u>	<u>526,275,666</u>	<u>43,202,828</u>	<u>17,970,000</u>	<u>31,020,000</u>
Total Liabilities	<u>\$ 433,549,366</u>	<u>\$ 542,116,421</u>	<u>\$ 44,201,585</u>	<u>\$ 18,069,404</u>	<u>\$ 31,202,290</u>
<b>Net Assets:</b>					
Restricted Net Assets	58,537,609	17,462,846	2,190,906	1,390,116	2,822,721
Unrestricted Net Assets	-	-	-	-	-
Amounts Invested in Capital Assets,	-	-	-	-	-
Net of Related Debt	-	-	-	-	-
Total Net Assets	<u>\$ 58,537,609</u>	<u>\$ 17,462,846</u>	<u>\$ 2,190,906</u>	<u>\$ 1,390,116</u>	<u>\$ 2,822,721</u>

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

**Operating Revenues:**

Interest and Investment Income	\$ 27,194,310	\$ 26,148,954	\$ 3,738,412	\$ 1,535,735	\$ 2,943,695
Net Increase (Decrease) in Fair Value	(2,195,483)	(3,039,119)	53,791	(312,633)	(702,300)
Other Operating Revenues	868,437	883,776	82,314	-	-
Operating Expenses	(27,004,925)	(27,973,174)	(3,643,812)	(1,481,178)	(2,672,127)
Depreciation and Amortization	<u>(285,970)</u>	<u>(241,367)</u>	<u>(9,853)</u>	<u>(7,609)</u>	<u>(8,598)</u>
Operating Income (Loss)	<u>(1,423,631)</u>	<u>(4,220,930)</u>	<u>220,852</u>	<u>(265,685)</u>	<u>(439,330)</u>
<b>Nonoperating Revenues (Expenses):</b>					
Other Nonoperating Revenues	-	-	-	-	-
(Expenses):	-	-	-	-	-
Special and Extraordinary Items	(1,294,615)	(741,876)	243,982	(66,123)	(99,394)
Transfer (Out)	<u>(1,111,381)</u>	<u>(392,071)</u>	<u>(11,527)</u>	<u>(35,279)</u>	<u>(99,427)</u>
Changes in Net Assets	(3,829,627)	(5,354,877)	453,307	(367,087)	(638,151)
Net Assets, September 1, 2002	<u>62,367,236</u>	<u>22,817,723</u>	<u>1,737,599</u>	<u>1,757,203</u>	<u>3,460,872</u>
Net Assets, August 31, 2003	<u>\$ 58,537,609</u>	<u>\$ 17,462,846</u>	<u>\$ 2,190,906</u>	<u>\$ 1,390,116</u>	<u>\$ 2,822,721</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2003

**NOTE 10: SEGMENT INFORMATION FOR BUSINESS-TYPE ACTIVITIES Cont'd.**

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Single Family CHMRB Series 1993 Funds	Single Family CHMRB 1994 & 1995 Funds
Net Cash Provided (Used) By:					
Operating Activities	\$ 30,562,530	\$ 2,119,553	\$ (81,816)	\$ (12,124)	\$ (16,940)
Noncapital Financing Activities	(106,689,175)	37,827,109	(19,589,628)	(10,161,333)	(22,698,991)
Capital and Related Financing Activities	-	-	-	-	-
Investing Activities					
Net Increase (Decrease)	111,717,125	(30,313,277)	19,678,596	11,119,863	22,840,668
Beginning Cash and Cash Equivalents	<u>30,015,123</u>	<u>4,853,236</u>	<u>442,727</u>	<u>1,037,872</u>	<u>763,581</u>
Ending Cash and Cash Equivalents	<u>\$ 65,605,603</u>	<u>\$ 14,486,621</u>	<u>\$ 449,879</u>	<u>\$ 1,984,278</u>	<u>\$ 888,318</u>

**NOTE 11: BONDED INDEBTEDNESS**

The Department has 76 bond issues outstanding at August 31, 2003. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State's General Revenue. The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplemental bond information is disclosed in Schedules 1-A, 1-B, 1-C and 1-D.)

Proceeds from the issuance of bonds under the Single Family and RMRB Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining RMRB programs were used to acquire pass-through certificates backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

Interest on bonds and collateralized mortgage obligations is payable periodically, except for capital appreciation bonds, on which interest is compounded semiannually and payable at maturity or upon redemption.

The Single Family, RMRB and CHMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily Single Family mortgage loans, mortgage-backed securities and investments. The Multifamily bonds are collateralized by varying methods, including, but not limited to, the mortgage loans on the applicable housing developments, certificates of deposit, letters of credit, guarantees provided by third parties and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The trust indentures contain positive and negative covenants. Events of default include the following: failure to make timely payment of both principal and interest on any outstanding bond; failure to make timely payment of any other monies required to be paid to the Trustee; and non-performance or non-observance of any other covenants, agreements or conditions contained in the indentures. Management believes they are in compliance with the covenants of the indentures.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2003

**NOTE 11: BONDED INDEBTEDNESS Cont'd**

Deferred issuance costs at August 31, 2003, consist of the following:

	<b>Amount</b>
Deferred Issuance Costs at August 31, 2003	\$ 31,020,929
Less Accumulated Amortization	(19,641,608)
Deferred Issuance Costs, net	<u>\$ 11,379,321</u>

CHANGES IN BONDS PAYABLE (amounts in thousands)

Description	Bonds Outstanding 9/1/02	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extin-guished	Bonds Outstanding 8/31/03	Amounts Due Within One Year
Single Family	\$ 498,175	\$ -	\$ 2,180	\$ 76,425	\$ 419,570	\$ 2,870
RMRB	464,295	190,595	4,880	120,845	529,165	6,545
CHMRB	58,300	-	-	16,100	42,200	-
SF CHMRB	77,435	-	-	28,445	48,990	-
Multifamily	509,942	185,700	2,620	40	692,982	3,351
<b>Total Principal</b>	<u>\$ 1,608,147</u>	<u>\$ 376,295</u>	<u>\$ 9,680</u>	<u>\$ 241,855</u>	<u>\$ 1,732,907</u>	<u>\$ 12,766</u>
Unamortized Premium	5,539				6,618	
Unamortized Refunding (Loss)	(6,887)				(6,156)	
<b>Total</b>	<u>\$ 1,606,799</u>				<u>\$ 1,733,369</u>	

DEBT SERVICE REQUIREMENTS

Principal only (amounts in thousands)

Description	2004	2005	2006	2007	2008	2009-2013	2014-2018
Single Family	\$ 2,870	\$ 4,385	\$ 4,585	\$ 4,920	\$ 5,285	\$ 23,905	\$ 81,135
RMRB	6,545	20,040	8,400	8,775	9,195	42,865	54,290
CHMRB	-	-	-	-	-	-	90
Multifamily	3,351	4,742	5,520	6,623	9,113	43,990	71,607
<b>Total</b>	<u>\$ 12,766</u>	<u>\$ 29,167</u>	<u>\$ 18,505</u>	<u>\$ 20,318</u>	<u>\$ 23,593</u>	<u>\$ 110,760</u>	<u>\$ 207,122</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

Principal only (amounts in thousands) -continued

Description	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	Total
Single Family	\$ 29,620	\$ 92,630	\$ 165,200	\$ 5,035	\$ -	\$ 419,570
RMRB	82,185	53,925	236,830	6,115	-	529,165
CHMRB	-	91,100	-	-	-	91,190
Multifamily	<u>104,468</u>	<u>147,152</u>	<u>118,217</u>	<u>98,063</u>	<u>80,136</u>	<u>692,982</u>
<b>Total</b>	<b>\$ <u>216,273</u></b>	<b>\$ <u>384,807</u></b>	<b>\$ <u>520,247</u></b>	<b>\$ <u>109,213</u></b>	<b>\$ <u>80,136</u></b>	<b>\$ <u>1,732,907</u></b>

Principal and Interest (amounts in thousands)

Description	2004	2005	2006	2007	2008	2009-2013	2014-2018
Single Family	\$ 27,407	\$ 28,752	\$ 28,745	\$ 28,852	\$ 28,956	\$ 138,188	\$ 181,451
RMRB	35,117	48,201	35,637	35,642	35,662	168,922	170,880
CHMRB	6,073	6,073	6,073	6,073	6,073	30,365	30,434
Multifamily	<u>56,145</u>	<u>57,830</u>	<u>58,195</u>	<u>59,167</u>	<u>60,458</u>	<u>292,648</u>	<u>294,200</u>
<b>Total</b>	<b>\$ <u>124,742</u></b>	<b>\$ <u>140,856</u></b>	<b>\$ <u>128,650</u></b>	<b>\$ <u>129,734</u></b>	<b>\$ <u>131,149</u></b>	<b>\$ <u>630,123</u></b>	<b>\$ <u>676,965</u></b>

Principal and Interest (amounts in thousands) -continued

Description	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	Total
Single Family	\$ 111,380	\$ 161,421	\$ 175,546	\$ 5,046	\$ -	\$ 915,744
RMRB	177,422	129,340	280,595	6,280	-	1,123,698
CHMRB	30,335	102,929	-	-	-	224,428
Multifamily	<u>294,430</u>	<u>285,109</u>	<u>204,617</u>	<u>143,246</u>	<u>94,476</u>	<u>1,900,521</u>
<b>Total</b>	<b>\$ <u>613,567</u></b>	<b>\$ <u>678,799</u></b>	<b>\$ <u>660,758</u></b>	<b>\$ <u>154,572</u></b>	<b>\$ <u>94,476</u></b>	<b>\$ <u>4,164,391</u></b>

EARLY EXTINGUISHMENT

Description	Par Value of Call	Type of Call	Source of Funds
Single Family	\$ 76,425,000	Mandatory	Mtg. Prepayment/Surplus Revenues
RMRB	120,845,000	Mandatory	Mtg. Prepayment/Surplus Revenues
CHMRB	16,100,000	Mandatory	Mtg. Prepayment/Surplus Revenues
SF CHMRB	28,445,000	Mandatory	Mtg. Prepayment/Surplus Revenues
Multifamily	<u>40,000</u>	Mandatory	Mtg. Prepayment/Surplus Revenues
<b>Total Early Extinguishment</b>	<b>\$ <u>241,855,000</u></b>		



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

**NOTE 12: SUBSEQUENT EVENTS**

On October 31, 2003, the Department issued \$17,100,000 in multifamily revenue bonds (Arlington Villas Apartments) made up as follows:

\$ 15,000,000 MF 2003 Series A  
 \$ 2,100,000 MF 2003 Series B

The multifamily bonds were issued for the primary purpose to finance the acquisition, construction and equipping of a multifamily residential rental development. Arlington Villas will be located in Arlington, Texas.

**NOTE 13: RESTATEMENT OF FUND BALANCES / RETAINED EARNINGS**

During fiscal year 2003, two adjustments were made which required the restatement of the amounts in fund balances and fund equity as shown and discussed below:

	General Revenue	Enterprise Fund	Totals
Net Assets August 31, 2002	\$22,454,387	\$120,202,156	\$142,656,543
Restatements:			
(a)	(15,797)	-	(15,797)
(b)	-	(1,099)	(1,099)
<b>Net Restatements</b>	<b>(15,797)</b>	<b>(1,099)</b>	<b>(16,896)</b>
<b>Fund Balance/Equity Sept. 1, 2002 as Restated</b>	<b>\$22,438,590</b>	<b>\$120,201,057</b>	<b>\$142,639,647</b>

- (a) Correction of error in the financial statements of a prior period due to transfer of fully depreciated asset not recorded as such.
- (b) Correction of error by Comptroller in the financial statements of a prior period related to reconciliation of State Property Accounting (SPA).

**NOTE 14: EMPLOYEES RETIREMENT PLANS**

Plan Description. The Department participates in the Employees Retirement System of Texas (the "System"), a public employee retirement system. The System provides service retirement, disability retirement benefits and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Subtitle B, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Employees Retirement System of Texas, P.O. Box 13207, Austin, Texas 78711-3207, or by calling (512) 476-6431.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS

For the fiscal year ended August 31, 2003

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Funding Policy. Under provisions of State law, plan members are required to contribute 6.0% of their annual covered salary and the Department contributes an amount equal to 6.0% of the Department's annual covered payroll. The Department's and the employees' contributions to the System for the three years ending August 31, 2003 are \$882,122, \$891,391 and \$788,309 respectively, equal to the required contributions for the year.

**NOTE 15: DEFERRED COMPENSATION**

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the *Texas Government Code, Ann., Section 609.001*. Two plans are available for employees' deferred compensation plan. Both plans are administered by the Employees Retirement System (ERS).

The state's 457 plan complies with *Internal Revenue Code Sec. 457*. Deductions, purchased investments and earnings attributed to the 457 plan are the property of the state subject only to the claims of the state's general creditors. This plan is reported as an agency fund of the state. The state also administers another plan, "Teksaver," created in accordance with *Internal Revenue Code Sec. 401(k)*. The assets of this plan do not belong to the state nor does the state have a liability related to this plan.

OTHER SUPPLEMENTARY  
INFORMATION

## SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

**SCHEDULE 1-A  
MISCELLANEOUS BOND INFORMATION  
Supplementary Bond Schedules**

For the fiscal year ended August 31, 2003  
(Amounts in Thousands)

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat.		First Call Date
				First Year	Last Year	
1991 Single Family Series A	\$ 81,605	4.80%	7.15%	1992	2012	09/01/2001
1995 Single Family Series A	85,760	4.15%	6.15%	1997	2027	09/01/2005
1995 Single Family Series C	71,760	6.44%	7.76%	2006	2017	09/01/2005
1996 Single Family Series A	15,000	4.50%	6.30%	2001	2028	09/01/2006
1996 Single Family Series B	42,140	5.50%	6.00%	2011	2017	09/01/2006
1996 Single Family Series C	2,000	8.30%	8.30%	2015	2017	09/01/2006
1996 Single Family Series D	70,760	5.45%	6.25%	2021	2028	09/01/2006
1996 Single Family Series E	98,730	3.90%	6.00%	1997	2017	09/01/2006
1997 Single Family Series A	44,465	5.25%	5.80%	2013	2029	09/01/2007
1997 Single Family Series B	9,510	5.45%	5.45%	2019	2019	09/01/2007
1997 Single Family Series C	25,525	6.80%	6.80%	2029	2029	09/01/2007
1997 Single Family Series D	44,795	5.65%	5.70%	2029	2029	09/01/2007
1997 Single Family Series F	20,000	6.77%	6.77%	2029	2029	09/01/2007
2002 Single Family Series A Junior Lien	10,000	7.01%	7.01%	2025	2026	09/01/2012
2002 Single Family Series A	38,750	5.45%	5.55%	2023	2034	03/01/2012
2002 Single Family Series B	52,695	5.35%	5.55%	2033	2033	03/01/2012
2002 Single Family Series C	12,950	2.80%	5.20%	2004	2017	03/01/2012
2002 Single Family Series D	13,605	2.00%	4.50%	2003	2012	03/01/2012
1989 RMRB Series A	44,000	6.60%	7.60%	1991	2016	07/01/1999
1989 RMRB Series B	45,000	7.85%	7.85%	2018	2018	07/01/2004
1998 RMRB Series A	102,055	4.05%	5.35%	2002	2031	01/01/2009
1998 RMRB Series B	14,300	5.30%	5.30%	2022	2022	01/01/2009
1999 RMRB Series A	25,615	4.80%	5.50%	2018	2021	01/01/2009
1999 RMRB Series B-1	52,260	6.32%	7.10%	2021	2032	07/01/2009
1999 RMRB Series B-2 (COBs)	50,000	3.90%	3.90%	2033	2033	05/01/2000
1999 RMRB Series C	12,150	5.05%	6.25%	2003	2024	07/01/2009
1999 RMRB Series D	26,355	4.30%	6.25%	2000	2021	07/01/2009
2000 RMRB Series A	50,000	5.10%	6.30%	2003	2031	07/01/2010
2000 RMRB Series B	82,975	5.70%	5.70%	2005	2033	07/01/2010
2000 RMRB Series C	13,675	5.82%	5.85%	2011	2025	07/01/2010
2000 RMRB Series D	18,265	4.55%	5.85%	2003	2020	07/01/2010
2000 RMRB Series E	10,000	7.45%	7.45%	2033	2033	07/01/2010
2001 RMRB Series A	52,715	3.15%	5.70%	2004	2033	07/01/2011
2001 RMRB Series B	15,585	5.00%	5.25%	2011	2022	07/01/2011
2001 RMRB Series C	32,225	2.55%	4.63%	2003	2015	07/01/2011
2001 RMRB Series D	300	5.35%	5.35%	2008	2033	07/01/2011
2002 RMRB Series A	42,310	2.25%	5.35%	2004	2034	07/01/2012
2002 RMRB Series B	74,655	1.25%	1.25%	2035	2035	10/01/2003
2003 RMRB Series A	73,630	1.70%	5.00%	2005	2034	01/01/2013
1992 Coll Home Mtg Rev Bds Series A	29,500	3.48%	10.13%	2023	2023	05/04/1995
1992 Coll Home Mtg Rev Bds Series B	30,000	3.48%	10.27%	2023	2023	05/04/1995
1992 Coll Home Mtg Rev Bds Series C	72,700	3.48%	10.27%	2024	2024	05/04/1995
1993 SF MRB CHMRB Series A	11,695	5.85%	5.85%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series B	15,000	6.62%	6.62%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series C	15,000	6.68%	6.68%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series D	8,000	6.76%	6.76%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series E	8,780	6.85%	6.85%	2025	2025	11/01/2004
1994 SF MRB CHMRB Series A	35,395	6.85%	6.85%	2026	2026	02/22/2005

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)**

**SCHEDULE 1-A (Continued)**

**MISCELLANEOUS BOND INFORMATION**

For the fiscal year ended August 31, 2003

(Amounts in Thousands)

Description of Issue	Bonds Issued To Date	Range Of Interest Rates	Scheduled Mat.		First Call Date
			First Year	Last Year	
1984 MF Private Placement (Summerbend)	\$ 10,100	(a)	1985	2022	09/01/1986
1987 South Texas Rental Housing	1,400	9.50% 9.50%	1988	2012	02/01/1988
1993 MF Series A&B(RemHill/HighPt Ref)	26,370	(Weekly rates)	2023	2023	02/01/2000
1993 Res Ren Project Revenue Bonds	16,775	3.30% 5.80%	1994	2024	01/01/2004
1996 MF Series A/B (Brighton's Mark)	10,174	6.13% 6.13%	2026	2026	01/01/2003
1996 MF Series A/B (Las Colinas)	15,469	5.65% 5.65%	2026	2026	01/01/2003
1996 MF Series A/B (Braxton's Mark)	14,867	5.81% 5.81%	2026	2026	01/01/2003
1996 MF Series A-D (DFW Pool)	22,150	6.00% 10.00%	1997	2026	07/01/2006
1996 MF Series A-D (Harbors/Plumtree)	13,050	5.90% 10.00%	1997	2026	07/01/2006
1996 MF Series A/B (NHP Foundation)	27,560	5.50% 6.40%	1997	2027	07/01/2007
1997 MF Series (Meadow Ridge)	13,575	5.05% 5.55%	2001	2030	02/01/2001
1998 MF Series (Pebble Brook)	10,900	4.95% 5.60%	2001	2030	06/01/2001
1998 MF Series A-C (Residence Oaks)	8,200	5.98% 7.18%	2001	2030	05/01/2001
1998 MF Series (Volente Project)	10,850	5.00% 5.63%	2001	2031	07/01/2001
1998 MF Series (Dallas Oxford Refndg)	10,300	7.25% 7.25%	2018	2018	01/01/2004
1998 MF Series (Greens of Hickory Trial)	13,500	5.20% 6.03%	2001	2030	09/01/2008
1999 MF Series (Mayfield)	11,445	5.70% 7.25%	2001	2031	05/01/2002
1999 MF Series (Woodglen Village)	10,660	7.38% 8.25%	2002	2039	12/01/2016
2000 MF Series (Timber Point Apts)	8,100	(variable rate)	2003	2032	07/01/2000 (b)
2000 MF Series (Oaks at Hampton)	10,060	7.20% 9.00%	2002	2040	03/01/2017 (b)
2000 MF Series (Deerwood Apts)	6,435	5.25% 6.40%	2003	2032	06/01/2010
2000 MF Series (Creek Point Apts)	7,200	(variable rate)	2004	2032	07/01/2000 (b)
2000 MF Series A/B (Parks @ Westmoreland)	9,990	7.20% 9.00%	2002	2040	07/01/2017 (b)
2000 MF Series (Honeycreek)	20,485	7.63% 8.15%	2004	2035	06/30/2007
2000 MF Series A-C (Highland Meadow Apts)	13,500	6.75% 8.00%	2004	2033	05/01/2019
2000 MF Series A/B (Greenbridge)	20,085	7.40% 10.00%	2003	2040	03/01/2014
2000 MF Series A-C (Collingham Park)	13,500	6.72% 7.72%	2004	2033	05/01/2019
2000 MF Series A/B (Williams Run)	12,850	7.65% 9.25%	2002	2040	01/01/2011
2000 MF Series A/B (Red Hills Villas)	10,300	8.40% 9.50%	2003	2040	12/01/2017
2001 MF Series (Bluffview Senior Apts)	10,700	7.65% 7.65%	2003	2041	05/01/2018
2001 MF Series (Knollwood Villas Apts)	13,750	7.65% 7.65%	2003	2041	05/01/2018
2001 MF Series (Skyway Villas)	13,250	6.00% 6.50%	2005	2034	12/01/2011
2001 MF Series A/B (Cobb Park)	7,785	6.77% 6.77%	2003	2041	07/01/2018
2001 MF Series (Greens Road Apts.)	8,375	5.30% 5.40%	2004	2034	12/01/2011
2001 MF Series A/B (Meridian Apts.)	14,310	5.45% 6.85%	2004	2034	12/01/2011
2001 MF Series A/B (Wildwood Apts.)	14,365	5.45% 6.75%	2004	2034	12/01/2011
2001 MF Series A-C (Fallbrook Apts.)	14,700	6.06% 6.78%	2005	2034	01/01/2012
2001 MF Series (Oak Hollow Apts.)	8,625	7.00% 7.90%	2003	2041	11/01/2018
2001 MF Series A/B (Hillside Apts.)	12,900	7.00% 9.25%	2003	2041	11/01/2018
2002 MF Series (Millstone Apts.)	12,700	5.35% 5.86%	2005	2035	06/01/2012
2002 MF Series (Sugar Creek Apts.)	11,950	6.00% 6.00%	2004	2042	01/01/2016
2002 MF Series (West Oaks Apts.)	10,150	7.15% 7.50%	2004	2042	12/01/2018
2002 MF Series (Park Meadows Apts)	4,600	6.53% 6.53%	2004	2034	05/01/2012
2002 MF Series (Clarkridge Villas Apts)	14,600	7.00% 7.00%	2004	2042	08/01/2019
2002 MF Series (Hickory Trace Apts)	11,920	7.00% 7.00%	2004	2042	12/01/2019
2002 MF Series (Green Crest Apts)	12,500	7.00% 7.00%	2004	2042	11/01/2019
2002 MF Series A/B (Ironwood Crossing)	16,970	5.50% 8.75%	2005	2042	10/01/2027

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**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)**

**SCHEDULE 1-A (Continued)**

**MISCELLANEOUS BOND INFORMATION**

For the fiscal year ended August 31, 2003

(Amounts in Thousands)

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***FOOTNOTES:***

- (a) Variable rate equal to 80% of the trustee bank's prime rate, subject to a maximum (15%) and minimum (8%) yield.
- (b) The taxable bonds shall be subject to redemption prior to maturity in whole or any part on any interest payment date after the completion date from the proceeds of an optional prepayment of the loan by the borrower.
- (c) Variable rate not to exceed the maximum rate permitted by applicable law, currently 12% per annum.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

**SCHEDULE 1-B**  
**MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS**  
**Supplementary Bond Schedules**  
 For the fiscal year ended August 31, 2003

Description of Issue	Bonds Outstanding 9/1/02	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/03	Amounts Due Within One Year
1991 Single Family Series A	\$ 13,605,000	\$	\$	13,605,000	\$ -	\$
1995 Single Family Series A	66,760,000			11,990,000	54,770,000	
1995 Single Family Series C	32,595,000			12,110,000	20,485,000	
1996 Single Family Series A	9,975,000				9,975,000	
1996 Single Family Series B	15,465,000			6,255,000	9,210,000	
1996 Single Family Series D	56,820,000			9,135,000	47,685,000	
1996 Single Family Series E	51,835,000		2,180,000	9,085,000	40,570,000	1,940,000
1997 Single Family Series A	42,865,000			775,000	42,090,000	
1997 Single Family Series B	9,510,000				9,510,000	
1997 Single Family Series C	15,310,000			3,875,000	11,435,000	
1997 Single Family Series D	41,755,000			5,000,000	36,755,000	
1997 Single Family Series F	13,680,000			2,845,000	10,835,000	
2002 Single Family Series A Junior Lien	10,000,000				10,000,000	
2002 Single Family Series A	38,750,000				38,750,000	
2002 Single Family Series B	52,695,000				52,695,000	
2002 Single Family Series C	12,950,000				12,950,000	
2002 Single Family Series D	13,605,000			1,750,000	11,855,000	930,000
1989 RMRB Series A	40,000			40,000	-	
1989 RMRB Series B	45,000			45,000	-	
1998 RMRB Series A	90,625,000		1,825,000	6,620,000	82,180,000	1,850,000
1998 RMRB Series B	13,560,000			450,000	13,110,000	
1999 RMRB Series A	16,370,000			3,770,000	12,600,000	
1999 RMRB Series B-1	49,520,000			2,070,000	47,450,000	
1999 RMRB Series C	12,150,000		95,000	90,000	11,965,000	110,000
1999 RMRB Series D	12,540,000		265,000	11,900,000	375,000	
2000 RMRB Series A	46,210,000		505,000	7,040,000	38,665,000	460,000
2000 RMRB Series B	81,955,000			3,180,000	78,775,000	
2000 RMRB Series C	13,425,000			635,000	12,790,000	
2000 RMRB Series D	17,815,000		395,000	1,150,000	16,270,000	835,000
2000 RMRB Series E	9,215,000			3,340,000	5,875,000	
2001 RMRB Series A	52,715,000			1,465,000	51,250,000	805,000
2001 RMRB Series B	15,585,000			520,000	15,065,000	
2001 RMRB Series C	32,225,000		1,795,000	3,805,000	26,625,000	1,820,000
2001 RMRB Series D	300,000			65,000	235,000	
2002 RMRB Series A		42,310,000		5,000	42,305,000	665,000
2002 RMRB Series B		74,655,000		74,655,000	-	
2003 RMRB Series A		73,630,000			73,630,000	
1992 Coll Home Mtg Rev Bds Series C	58,300,000			16,100,000	42,200,000	
1993 SF MRB CHMRB Series A	5,585,000			1,495,000	4,090,000	
1993 SF MRB CHMRB Series B	6,760,000			2,105,000	4,655,000	
1993 SF MRB CHMRB Series C	7,735,000			2,985,000	4,750,000	
1993 SF MRB CHMRB Series D	3,440,000			1,005,000	2,435,000	
1993 SF MRB CHMRB Series E	3,060,000			1,020,000	2,040,000	
1994 SF MRB CHMRB Series A	20,860,000			8,505,000	12,355,000	
1994 SF MRB CHMRB Series B	19,330,000			6,490,000	12,840,000	
1994 SF MRB CHMRB Series C	9,985,000			4,250,000	5,735,000	
1995 SF MRRB CHMRB Series A	680,000			590,000	90,000	
<b>Total Single Family Bonds</b>	<b>\$ 1,098,205,000</b>	<b>\$ 190,595,000</b>	<b>\$ 7,060,000</b>	<b>\$ 241,815,000</b>	<b>\$ 1,039,925,000</b>	<b>\$ 9,415,000</b>



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)**  
**SCHEDULE 1-B (Continued)**  
**MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS (Continued)**  
For the fiscal year ended August 31, 2003

Description of Issue	Bonds Outstanding 9/1/02	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/03	Amounts Due Within One Year
1984 MF Private Placement (Summerbend)	\$ 8,120,000	\$	\$	\$ -	\$ 8,120,000	\$
1987 MF Series (South Texas Rental Housing)	963,910		57,677	-	906,233	63,000
1993 MF Series A&B (Rem Hill/High Pt)	12,490,000			-	12,490,000	
1993 MF Res Ren Project Revenue Bonds (NCHM)	14,495,000		350,000	-	14,145,000	
1996 MF Series A&B (Brighton's Mark)	8,075,000			-	8,075,000	
1996 MF Series A&B (Marks of Las Colinas)	14,869,512			-	14,869,512	
1996 MF Series A&B (Braxton's Mark)	14,273,700			-	14,273,700	
1996 MF Series A-D (Dallas-Ft Worth Pool)	20,555,000		325,000	-	20,230,000	415,000
1996 MF Series A-D (Harbors/Plumtree)	12,035,000		210,000	-	11,825,000	225,000
1996 MF Series A&B (NHP Foundation)	25,475,000		460,000	-	25,015,000	490,000
1997 MF Series (Meadow Ridge Apartments)	13,130,000		180,000	-	12,950,000	190,000
1998 MF Series (Pebble Brook Apartments)	10,700,000		145,000	-	10,555,000	150,000
1998 MF Series A-C (Residence at the Oaks)	8,042,000		113,000	-	7,929,000	118,000
1998 MF Series (Volente Project)	10,630,000		135,000	-	10,495,000	150,000
1998 MF Series (Dallas-Oxford Rfdg)	10,300,000			-	10,300,000	
1998 MF Series A&B (Greens of Hickory Trail)	13,280,000		150,000	-	13,130,000	190,000
1999 MF Series A-C (Mayfield)	11,295,000		158,000	-	11,137,000	167,000
1999 MF Series (Woodglen Village)	10,652,724		45,580	-	10,607,144	49,000
2000 MF Series (Timber Point Apts)	8,100,000			-	8,100,000	200,000
2000 MF Series (Oaks @ Hampton)	10,041,362		47,680	-	9,993,682	52,000
2000 MF Series (Deerwood Apts)	6,435,000		40,000	-	6,395,000	75,000
2000 MF Series (Creek Point Apts)	7,200,000			-	7,200,000	100,000
2000 MF Series A/B (Parks @ Westmoreland)	9,986,291		46,738	-	9,939,553	51,000
2000 MF Series (Honeycreek)	20,485,000			-	20,485,000	9,000
2000 MF Series A-C (Highland Meadow Apts)	13,500,000			-	13,500,000	145,000
2000 MF Series A/B (Greenbridge)	20,085,000		37,807	-	20,047,193	75,000
2000 MF Series A-C (Collingham Park)	13,500,000			-	13,500,000	72,000
2000 MF Series A/B (Williams Run)	12,767,244		56,108	40,000	12,671,136	67,000
2000 MF Series A/B (Red Hills Villas)	10,300,000		27,858	-	10,272,142	40,000
2001 MF Series (Bluffview Senior Apts)	10,700,000		13,888	-	10,686,112	44,000
2001 MF Series (Knollwood Villas Apts)	13,750,000		17,845	-	13,732,155	56,000
2001 MF Series (Skyway Villas)	13,250,000			-	13,250,000	
2001 MF Series A/B (Cobb Park)	7,785,000		2,283	-	7,782,717	29,000
2001 MF Series (Greens Road Apts.)	8,375,000			-	8,375,000	
2001 MF Series (Meridian Apts.)	14,310,000			-	14,310,000	
2001 MF Series (Wildwood Apts.)	14,365,000			-	14,365,000	
2001 MF Series A-C (Fallbrook Apts.)	14,700,000			-	14,700,000	
2001 MF Series (Oak Hollow Apts.)	8,625,000			-	8,625,000	30,000
2001 MF Series A/B (Hillside Apts.)	12,900,000			-	12,900,000	39,000
2002 MF Series (Millstone Apts.)	12,700,000			-	12,700,000	
2002 MF Series (Sugar Creek Apts.)	11,950,000			-	11,950,000	30,000
2002 MF Series (West Oaks Apts.)	10,150,000			-	10,150,000	30,000
2002 MF Series (Park Meadows Apts.)	4,600,000			-	4,600,000	
2002 MF Series (Clarkridge Villas Apts)		14,600,000		-	14,600,000	
2002 MF Series (Hickory Trace Apts)		11,920,000		-	11,920,000	
2002 MF Series (Green Crest Apts)		12,500,000		-	12,500,000	
2002 MF Series (Iron Wood Crossing)		16,970,000		-	16,970,000	
2002 MF Series (Woodway Crossing)		9,100,000		-	9,100,000	
2003 MF Series (Reading Road)		12,200,000		-	12,200,000	
2003 MF Series (North Vista Apts)		14,000,000		-	14,000,000	
2003 MF Series (West Virginia Apts)		9,450,000		-	9,450,000	
2003 MF Series (Sphinx@Murdeaux)		15,085,000		-	15,085,000	
2003 MF Series (Primrose Houston)		16,900,000		-	16,900,000	
2003 MF Series (Timber Oaks Apts)		13,200,000		-	13,200,000	
2003 MF Series (Ash Creek Apts)		16,375,000		-	16,375,000	
2003 MF Series (Peninsula Apts)		12,400,000		-	12,400,000	
2003 MF Series (Evergreen @ Mesquite)		11,000,000		-	11,000,000	
<b>Total Multi-Family Bonds</b>	<b>\$ 509,941,743</b>	<b>\$ 185,700,000</b>	<b>\$ 2,619,464</b>	<b>\$ 40,000</b>	<b>\$ 692,982,279</b>	<b>\$ 3,351,000</b>
<b>TOTAL BONDS OUTSTANDING</b>	<b>\$ 1,608,146,743</b>	<b>\$ 376,295,000</b>	<b>\$ 9,679,464</b>	<b>\$ 241,855,000</b>	<b>\$ 1,732,907,279</b> (a)	<b>\$12,766,000</b>

**FOOTNOTES:**

(a) Bonds Outstanding balance at 8/31/03 does not include unamortized premium or discounts.  
Bonds Outstanding per schedule \$ 1,732,907,279  
Unamortized (Discount)/Premium:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE 1-C  
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

August 31, 2003  
(Amounts in Thousands)

DESCRIPTION		2004	2005	2006	2007
1991 SINGLE FAMILY, SERIES A	Principal				
1991 SINGLE FAMILY, SERIES A	Interest	\$	\$	\$	\$
1995 SINGLE FAMILY, SERIES A	Principal				
1995 SINGLE FAMILY, SERIES A	Interest	3,354	3,354	3,354	3,354
1995 SINGLE FAMILY, SERIES C	Principal				145
1995 SINGLE FAMILY, SERIES C	Interest	1,576	1,576	1,576	1,571
1996 SINGLE FAMILY, SERIES A	Principal				
1996 SINGLE FAMILY, SERIES A	Interest	628	628	628	628
1996 SINGLE FAMILY, SERIES B	Principal				
1996 SINGLE FAMILY, SERIES B	Interest	553	553	553	553
1996 SINGLE FAMILY, SERIES D	Principal				
1996 SINGLE FAMILY, SERIES D	Interest	2,955	2,955	2,955	2,955
1996 SINGLE FAMILY, SERIES E	Principal	1,940	2,010	2,115	2,190
1996 SINGLE FAMILY, SERIES E	Interest	2,256	2,153	2,043	1,926
1997 SINGLE FAMILY, SERIES A	Principal				
1997 SINGLE FAMILY, SERIES A	Interest	2,376	2,376	2,376	2,376
1997 SINGLE FAMILY, SERIES B	Principal				
1997 SINGLE FAMILY, SERIES B	Interest	518	518	518	518
1997 SINGLE FAMILY, SERIES C	Principal				
1997 SINGLE FAMILY, SERIES C	Interest	778	778	778	778
1997 SINGLE FAMILY, SERIES D	Principal				
1997 SINGLE FAMILY, SERIES D	Interest	2,086	2,086	2,086	2,086
1997 SINGLE FAMILY, SERIES F	Principal				
1997 SINGLE FAMILY, SERIES F	Interest	734	734	734	734
2002 SINGLE FAMILY SERIES A JUNIOR LIEN	Principal				
2002 SINGLE FAMILY SERIES A JUNIOR LIEN	Interest	701	701	701	701
2002 SINGLE FAMILY SERIES A	Principal				
2002 SINGLE FAMILY SERIES A	Interest	2,133	2,133	2,133	2,133
2002 SINGLE FAMILY SERIES B	Principal		880	925	980
2002 SINGLE FAMILY SERIES B	Interest	2,855	2,826	2,777	2,726
2002 SINGLE FAMILY SERIES C	Principal		435	460	485
2002 SINGLE FAMILY SERIES C	Interest	620	608	593	575
2002 SINGLE FAMILY SERIES D	Principal	930	1,060	1,085	1,120
2002 SINGLE FAMILY SERIES D	Interest	414	388	355	318
<b>Total Single Family Bonds</b>		<b>27,407</b>	<b>28,752</b>	<b>28,745</b>	<b>28,852</b>
1989 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal				
1989 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest				
1989 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal				
1989 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest				
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	1,850	1,920	2,010	2,095
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	4,114	4,033	3,947	3,855
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal				
1998 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	695	695	695	695
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal				
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	638	638	638	638
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES B-1	Principal				
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES B-1	Interest	3,118	3,118	3,118	3,118
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal	110	125	125	140
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	738	732	725	718

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE 1-C  
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

August 31, 2003  
(Amounts in Thousands)

	2008	2009-13	2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	TOTAL REQUIRED
\$		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		0	0	0	0	0	0	0	0
		0	5,565	0	49,205	0	0	0	54,770
3,354	16,770	16,429	15,130	10,587	0	0	0	0	75,686
	305	1,900	18,135	0	0	0	0	0	20,485
1,549	7,353	3,819	0	0	0	0	0	0	19,020
	0	0	0	0	0	9,975	0	0	9,975
628	3,140	3,140	3,140	3,151	0	0	0	0	15,711
	0	9,210	0	0	0	0	0	0	9,210
553	2,765	1,930	0	0	0	0	0	0	7,460
	0	0	3,140	10,255	34,290	0	0	0	47,685
2,955	14,775	14,775	14,348	13,603	0	0	0	0	72,276
	2,275	6,235	23,805	0	0	0	0	0	40,570
1,802	7,449	4,772	0	0	0	0	0	0	22,401
	0	11,915	0	0	30,175	0	0	0	42,090
2,376	11,880	8,750	8,750	8,750	1,749	0	0	0	51,759
	0	0	9,510	0	0	0	0	0	9,510
518	2,590	2,590	264	0	0	0	0	0	8,034
	0	0	0	0	11,435	0	0	0	11,435
778	3,890	3,890	3,890	3,890	767	0	0	0	20,217
	0	0	0	0	36,755	0	0	0	36,755
2,086	10,430	10,430	10,430	10,430	1,563	0	0	0	53,713
	0	0	0	0	10,835	0	0	0	10,835
734	3,670	3,670	3,670	3,670	722	0	0	0	19,072
	0	0	0	10,000	0	0	0	0	10,000
701	3,505	3,505	3,505	1,577	0	0	0	0	15,597
	0	990	11,775	12,675	10,870	2,440	0	0	38,750
2,133	10,665	10,638	8,710	5,078	2,112	11	0	0	47,879
	1,035	5,515	4,210	5,195	10,495	20,865	2,595	0	52,695
2,672	12,440	11,180	9,923	8,055	3,433	0	0	0	58,887
	515	3,750	7,305	0	0	0	0	0	12,950
555	2,366	798	0	0	0	0	0	0	6,115
	1,155	6,505	0	0	0	0	0	0	11,855
277	595	0	0	0	0	0	0	0	2,347
	28,956	138,188	181,451	111,380	161,421	175,546	5,046	0	915,744
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	2,185	4,700	15,725	0	0	51,695	0	0	82,180
3,757	17,610	17,223	13,235	13,235	4,456	0	0	0	85,465
	0	0	13,110	0	0	0	0	0	13,110
695	3,475	3,475	2,434	0	0	0	0	0	12,859
	0	7,905	4,695	0	0	0	0	0	12,600
638	3,190	3,126	598	0	0	0	0	0	10,104
	0	0	15,275	0	32,175	0	0	0	47,450
3,118	15,590	15,590	13,239	10,165	7,798	0	0	0	77,972
	155	1,010	255	0	10,045	0	0	0	11,965
711	3,400	3,153	3,140	522	0	0	0	0	13,839

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE 1-C  
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

August 31, 2003  
(Amounts in Thousands)

DESCRIPTION		2004	2005	2006	2007
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Principal				
1999 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Interest	23	23	23	23
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	460	490	520	555
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	2,373	2,349	2,322	2,293
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal		12,000		
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	4,575	4,459	3,877	3,877
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal				
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	747	747	747	747
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Principal	835	885	935	990
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Interest	831	791	748	702
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES E	Principal				
2000 RESIDENTIAL MTG REVENUE BONDS, SERIES E	Interest	438	438	438	438
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	805	860	915	975
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	2,757	2,717	2,673	2,626
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Principal				
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES B	Interest	776	776	776	776
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Principal	1,820	1,880	1,960	2,035
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES C	Interest	1,047	989	924	851
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Principal				
2001 RESIDENTIAL MTG REVENUE BONDS, SERIES D	Interest	13	13	13	13
2002 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal	665	690	720	740
2002 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	2,183	2,155	2,124	2,091
2003 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Principal		1,190	1,215	1,245
2003 RESIDENTIAL MTG REVENUE BONDS, SERIES A	Interest	3,506	3,488	3,449	3,406
Total Residential Mtg Revenue Bonds		35,117	48,201	35,637	35,642
1992 COLL HOME MTG REV BONDS, SERIES C	Principal				
1992 COLL HOME MTG REV BONDS, SERIES C	Interest	2,872	2,872	2,872	2,872
Total Coll Home Mtg Revenue Bonds		2,872	2,872	2,872	2,872
1993 SF MRB CHMRB, SERIES A	Principal				
1993 SF MRB CHMRB, SERIES A	Interest	239	239	239	239
1993 SF MRB CHMRB, SERIES B	Principal				
1993 SF MRB CHMRB, SERIES B	Interest	308	308	308	308
1993 SF MRB CHMRB, SERIES C	Principal				
1993 SF MRB CHMRB, SERIES C	Interest	317	317	317	317
1993 SF MRB CHMRB, SERIES D	Principal				
1993 SF MRB CHMRB, SERIES D	Interest	165	165	165	165
1993 SF MRB CHMRB, SERIES E	Principal				
1993 SF MRB CHMRB, SERIES E	Interest	140	140	140	140
Total Single Family MRB 1993 CHMRB		1,169	1,169	1,169	1,169

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE 1-C  
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

August 31, 2003  
(Amounts in Thousands)

2008	2009-13	2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	TOTAL REQUIRED
23	0	0	375	0	0	0	0	375
	115	115	73	0	0	0	0	418
575	620	0	8,220	0	27,225	0	0	38,665
2,261	11,056	11,035	8,716	8,485	4,721	0	0	55,611
	0	0	0	0	66,775	0	0	78,775
3,877	19,385	19,385	19,385	19,385	15,845	0	0	114,050
	0	0	9,115	3,675	0	0	0	12,790
747	3,735	3,735	2,047	287	0	0	0	13,539
1,065	6,450	3,240	1,870	0	0	0	0	16,270
652	2,353	741	148	0	0	0	0	6,966
	0	0	0	0	5,875	0	0	5,875
438	2,190	2,190	2,190	2,190	1,889	0	0	12,839
1,035	3,380	2,380	4,935	15,225	20,740	0	0	51,250
2,574	12,162	11,484	10,672	7,855	3,046	0	0	58,566
	2,810	5,960	6,295	0	0	0	0	15,065
776	3,685	2,486	714	0	0	0	0	10,765
2,125	12,470	4,335	0	0	0	0	0	26,625
770	2,401	169	0	0	0	0	0	7,151
5	45	45	45	40	55	0	0	235
13	56	44	31	21	6	0	0	223
770	4,380	5,500	6,905	8,860	11,720	1,355	0	42,305
2,057	9,684	8,428	6,820	4,782	2,051	25	0	42,400
1,280	7,000	8,945	11,345	16,080	20,570	4,760	0	73,630
3,360	15,970	14,211	11,795	8,488	3,953	140	0	71,766
35,662	168,922	170,880	177,422	129,340	280,595	6,280	0	1,123,698
	0	0	0	42,200	0	0	0	42,200
2,872	14,360	14,360	14,360	2,867	0	0	0	60,307
2,872	14,360	14,360	14,360	45,067	0	0	0	102,507
	0	0	0	4,090	0	0	0	4,090
239	1,195	1,195	1,195	524	0	0	0	5,304
	0	0	0	4,655	0	0	0	4,655
308	1,540	1,540	1,540	671	0	0	0	6,831
	0	0	0	4,750	0	0	0	4,750
317	1,585	1,585	1,585	693	0	0	0	7,033
	0	0	0	2,435	0	0	0	2,435
165	825	825	825	349	0	0	0	3,649
	0	0	0	2,040	0	0	0	2,040
140	700	700	700	298	0	0	0	3,098
1,169	5,845	5,845	5,845	20,505	0	0	0	43,885

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE I-C  
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

August 31, 2003  
(Amounts in Thousands)

DESCRIPTION		2004	2005	2006	2007
1994 SF MRB CHMRB, SERIES A	Principal				
1994 SF MRB CHMRB, SERIES A	Interest	846	846	846	846
1994 SF MRB CHMRB, SERIES B	Principal				
1994 SF MRB CHMRB, SERIES B	Interest	822	822	822	822
1994 SF MRB CHMRB, SERIES C	Principal				
1994 SF MRB CHMRB, SERIES C	Interest	358	358	358	358
Total Single Family MRB 1994 CHMRB		2,026	2,026	2,026	2,026
1995 SF MRRB CHMRB, SERIES A	Principal				
1995 SF MRRB CHMRB, SERIES A	Interest	6	6	6	6
Total Single Family MRB 1995 CHMRB		6	6	6	6
1984 MF PRIVATE PLACEMENT (SUMMERBEND)	Principal				
1984 MF PRIVATE PLACEMENT (SUMMERBEND)	Interest	735	735	735	735
1987 MF SERIES (SOUTH TEXAS RENTAL HOUSING)	Principal	63	70	77	84
1987 MF SERIES (SOUTH TEXAS RENTAL HOUSING)	Interest	83	77	70	63
1993 MF SERIES A&B (REM HILL/HIGH PT)	Principal				
1993 MF SERIES A&B (REM HILL/HIGH PT)	Interest	500	500	500	500
1993 MF RES REN PROJECT REVENUE BONDS (NCHM)	Principal				
1993 MF RES REN PROJECT REVENUE BONDS (NCHM)	Interest	813	813	813	813
1996 MF SERIES A&B (BRIGHTON'S MARK)	Principal				
1996 MF SERIES A&B (BRIGHTON'S MARK)	Interest	495	495	495	495
1996 MF SERIES A&B (MARKS OF LAS COLINAS)	Principal				
1996 MF SERIES A&B (MARKS OF LAS COLINAS)	Interest	840	840	840	840
1996 MF SERIES A&B (BRAXTON'S MARK)	Principal				
1996 MF SERIES A&B (BRAXTON'S MARK)	Interest	829	829	829	829
1996 MF SERIES A-D (DALLAS-FT WORTH POOL)	Principal	415	405	435	460
1996 MF SERIES A-D (DALLAS-FT WORTH POOL)	Interest	1,409	1,384	1,357	1,328
1996 MF SERIES A-D (HARBORS/PLUMTREE)	Principal	225	240	255	275
1996 MF SERIES A-D (HARBORS/PLUMTREE)	Interest	821	807	791	774
1996 MF SERIES A&B (NHP FOUNDATION)	Principal	490	525	545	585
1996 MF SERIES A&B (NHP FOUNDATION)	Interest	1,577	1,550	1,519	1,485
1997 MF SERIES (MEADOW RIDGE APARTMENTS)	Principal	190	200	215	225
1997 MF SERIES (MEADOW RIDGE APARTMENTS)	Interest	711	701	691	680
1998 MF SERIES (PEBBLE BROOK APARTMENTS)	Principal	150	160	170	180
1998 MF SERIES (PEBBLE BROOK APARTMENTS)	Interest	577	570	562	553
1998 MF SERIES A-C (RESIDENCE AT THE OAKS)	Principal	118	128	134	141
1998 MF SERIES A-C (RESIDENCE AT THE OAKS)	Interest	472	464	457	448
1998 MF SERIES (VOLENTE PROJECT)	Principal	150	160	165	175
1998 MF SERIES (VOLENTE PROJECT)	Interest	579	571	563	555
1998 MF SERIES (DALLAS-OXFORD RFDG)	Principal				
1998 MF SERIES (DALLAS-OXFORD RFDG)	Interest	747	747	747	747
1998 MF SERIES A&B (GREENS OF HICKORY TRAIL)	Principal	190	185	210	220
1998 MF SERIES A&B (GREENS OF HICKORY TRAIL)	Interest	703	692	681	668
1999 MF SERIES A-C (MAYFIELD)	Principal	167	177	187	199
1999 MF SERIES A-C (MAYFIELD)	Interest	630	620	607	599
1999 MF SERIES (WOODGLEN VILLAGE)	Principal	49	53	57	61
1999 MF SERIES(WOODGLEN VILLAGE)	Interest	781	777	773	769

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE 1-C  
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

August 31, 2003  
(Amounts in Thousands)

2008	2009-13	2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	TOTAL REQUIRED
	0	0	0	12,355	0	0	0	12,355
846	4,230	4,230	4,230	2,686	0	0	0	19,606
	0	0	0	12,840	0	0	0	12,840
822	4,110	4,110	4,110	2,597	0	0	0	19,037
	0	0	0	5,735	0	0	0	5,735
358	1,790	1,790	1,790	1,144	0	0	0	8,304
2,026	10,130	10,130	10,130	37,357	0	0	0	77,877
	0	90	0	0	0	0	0	90
6	30	9	0	0	0	0	0	69
6	30	99	0	0	0	0	0	159
	0	0	8,120	0	0	0	0	8,120
735	3,675	3,675	3,193	0	0	0	0	14,218
93	519	0	0	0	0	0	0	906
54	117	0	0	0	0	0	0	464
	0	0	12,490	0	0	0	0	12,490
500	2,500	2,500	2,491	0	0	0	0	9,991
2,095	0	3,440	0	8,610	0	0	0	14,145
813	3,475	2,691	2,495	254	0	0	0	12,980
	0	0	0	8,075	0	0	0	8,075
495	2,475	2,475	2,475	1,485	0	0	0	11,385
	0	0	0	14,870	0	0	0	14,870
840	4,200	4,200	4,200	2,523	0	0	0	19,323
	0	0	0	14,274	0	0	0	14,274
829	4,145	4,145	4,145	2,495	0	0	0	19,075
495	3,035	4,260	5,995	4,730	0	0	0	20,230
1,295	5,902	4,665	2,910	605	0	0	0	20,855
295	1,790	2,500	3,480	2,765	0	0	0	11,825
755	3,437	2,718	1,699	356	0	0	0	12,158
615	3,755	5,115	7,010	6,375	0	0	0	25,015
1,448	6,590	5,223	3,335	840	0	0	0	23,567
120	1,455	2,005	0	0	8,540	0	0	12,950
669	3,152	2,681	2,370	2,370	908	0	0	14,933
190	1,145	1,575	2,150	2,960	1,875	0	0	10,555
544	2,559	2,198	1,696	1,002	161	0	0	10,422
151	899	0	0	0	6,358	0	0	7,929
440	2,046	1,905	1,905	1,905	859	0	0	10,901
185	1,135	1,565	2,140	2,955	1,865	0	0	10,495
546	2,560	2,189	1,681	975	142	0	0	10,361
	0	10,300	0	0	0	0	0	10,300
747	3,735	3,735	494	0	0	0	0	11,699
240	1,455	2,000	2,710	3,650	2,270	0	0	13,130
654	3,033	2,565	1,964	1,148	178	0	0	12,286
209	1,247	1,653	2,196	2,914	2,188	0	0	11,137
587	2,737	2,325	1,782	1,058	194	0	0	11,139
66	412	596	860	1,242	1,795	2,593	2,823	10,607
764	3,736	3,552	3,287	2,905	2,353	1,555	235	21,487

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE 1-C  
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

August 31, 2003  
(Amounts in Thousands)

DESCRIPTION		2004	2005	2006	2007
2000 MF SERIES (TIMBER POINT APTS)	Principal	200	100	100	100
2000 MF SERIES (TIMBER POINT APTS)	Interest	4,322	4,268	4,214	4,493
2000 MF SERIES A&B (OAKS AT HAMPTON)	Principal	52	57	62	68
2000 MF SERIES A&B (OAKS AT HAMPTON)	Interest	726	721	715	710
2000 MF SERIES (DEERWOOD APTS)	Principal	75	75	85	85
2000 MF SERIES (DEERWOOD APTS)	Interest	400	396	392	387
2000 MF SERIES (CREEK POINT APTS)	Principal	100	100	100	100
2000 MF SERIES (CREEK POINT APTS)	Interest	3,644	3,605	3,563	3,511
2000 MF SERIES PARKS AT (WESTMORELAND)	Principal	51	56	61	67
2000 MF SERIES (PARKS AT WESTMORELAND)	Interest	845	840	835	829
2000 MF SERIES (HONEY CREEK)	Principal	9	113	122	131
2000 MF SERIES (HONEY CREEK)	Interest	1,562	1,557	1,548	1,539
2000 A/C MF SERIES (HIGHLAND MEADOWS)	Principal	145	155	165	177
2000 A/C MF SERIES (HIGHLAND MEADOWS)	Interest	914	902	889	875
2000 A&B MF SERIES (GREENBRIDGE)	Principal	75	83	92	119
2000 A&B MF SERIES (GREENBRIDGE)	Interest	1,487	1,479	1,469	1,459
2000 A/C MF SERIES (COLLINGHAM PARK)	Principal	72	151	162	172
2000 A/C MF SERIES (COLLINGHAM PARK)	Interest	913	902	890	877
2000 A&B MF SERIES (WILLIAMS RUN)	Principal	67	67	72	78
2000 A&B MF SERIES (WILLIAMS RUN)	Interest	967	962	956	950
2000 A&B MF SERIES (RED HILLS VILLAS)	Principal	40	44	49	54
2000 A&B MF SERIES (RED HILLS VILLAS)	Interest	865	861	857	852
2001A MF SERIES (BLUFFVIEW SR. APTS.)	Principal	44	47	51	55
2001A MF SERIES (BLUFFVIEW SR. APTS.)	Interest	917	913	909	905
2001A MF SERIES (KNOLLWOOD VILLAS APTS)	Principal	56	61	66	71
2001A MF SERIES (KNOLLWOOD VILLAS APTS)	Interest	1,182	1,179	1,174	1,168
2001A MF SERIES (SKYWAY VILLAS)	Principal		135	185	195
2001A MF SERIES (SKYWAY VILLAS)	Interest	737	734	725	715
2001A MF SERIES (COBB PARK)	Principal	29	32	35	38
2001A MF SERIES (COBB PARK)	Interest	617	614	611	608
2001 MF SERIES (GREENS ROAD APTS.)	Principal		100	105	110
2001 MF SERIES (GREENS ROAD APTS.)	Interest	449	446	441	435
2001 MF SERIES (MERIDIAN APTS.)	Principal		150	165	175
2001 MF SERIES (MERIDIAN APTS.)	Interest	838	833	822	811
2001 MF SERIES (WILDWOOD APTS.)	Principal		245	170	175
2001 MF SERIES (WILDWOOD APTS.)	Interest	827	818	807	796
2001 A/C MF SERIES (FALLBROOK APTS.)	Principal		86	180	193
2001 A/C MF SERIES (FALLBROOK APTS.)	Interest	899	898	887	875
2001 MF SERIES (OAK HOLLOW APTS.)	Principal	30	43	46	49
2001 MF SERIES (OAK HOLLOW APTS.)	Interest	680	677	673	670
2001 A/B MF SERIES (HILLSIDE APTS.)	Principal	39	57	63	69
2001 A/B MF SERIES (HILLSIDE APTS.)	Interest	1,023	1,018	1,012	1,006
2002 MF SERIES (MILLSTONE APTS.)	Principal		80	165	180
2002 MF SERIES (MILLSTONE APTS.)	Interest	699	698	690	680



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE I-C  
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

August 31, 2003  
(Amounts in Thousands)

2008	2009-13	2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	TOTAL REQUIRED
100	800	1,000	1,500	2,100	2,100	0	0	8,100
3,745	19,310	16,881	13,470	8,703	2,269	0	0	81,675
75	482	693	993	1,422	2,036	2,914	1,140	9,994
703	3,407	3,196	2,897	2,468	1,854	974	67	18,438
95	435	0	1,305	0	4,240	0	0	6,395
383	1,827	1,770	1,521	1,355	1,223	0	0	9,654
100	700	900	1,300	1,900	1,900	0	0	7,200
3,460	16,369	14,353	11,512	7,501	2,021	0	0	69,539
73	470	674	965	1,381	1,977	2,829	1,335	9,939
823	4,003	3,761	3,419	2,926	2,222	1,215	113	21,831
142	895	1,309	1,915	2,800	4,093	8,956	0	20,485
1,529	7,452	7,033	6,424	5,534	4,231	1,113	0	39,522
190	1,161	1,624	2,270	3,174	4,439	0	0	13,500
876	4,084	3,617	2,962	2,045	782	0	0	17,946
109	742	1,074	1,552	2,246	3,246	4,694	6,015	20,047
1,451	7,101	6,768	6,287	5,589	4,582	3,125	725	41,522
182	1,215	1,644	2,226	3,037	4,161	478	0	13,500
864	4,362	3,913	3,214	2,262	959	5	0	19,161
84	534	781	1,145	1,676	2,454	3,592	2,121	12,671
944	4,608	4,359	3,993	3,459	2,676	1,530	183	25,587
59	386	562	812	1,176	1,700	2,458	2,932	10,272
847	4,138	3,941	3,655	3,244	2,649	1,788	437	24,134
59	374	547	799	1,166	1,704	2,489	3,351	10,686
900	4,411	4,216	3,930	3,513	2,905	2,018	589	26,126
77	481	704	1,026	1,499	2,191	3,199	4,301	13,732
1,162	5,707	5,475	5,134	4,640	3,916	2,857	895	34,489
205	1,205	1,585	2,075	2,740	3,630	1,295	0	13,250
705	3,345	2,965	2,460	1,788	895	54	0	15,123
42	277	404	573	844	1,223	1,768	2,518	7,783
604	2,950	2,815	2,622	2,345	1,939	1,355	422	17,502
120	730	985	1,340	1,810	2,480	595	0	8,375
429	2,036	1,810	1,505	1,087	512	16	0	9,166
185	1,145	1,620	2,255	3,040	4,090	1,485	0	14,310
799	3,786	3,330	2,717	1,978	998	62	0	16,974
190	1,165	1,635	2,245	3,015	4,055	1,470	0	14,365
783	3,705	3,251	2,684	1,961	991	61	0	16,684
206	1,257	1,704	2,296	3,095	4,170	1,513	0	14,700
861	4,076	3,624	3,026	2,213	1,120	70	0	18,549
53	328	464	659	936	1,323	1,875	2,819	8,625
666	3,257	3,102	2,881	2,569	2,127	1,499	518	19,319
75	482	682	970	1,373	1,947	2,760	4,383	12,900
1,000	4,884	4,656	4,333	3,874	3,223	2,299	823	29,151
195	1,145	1,485	1,940	2,550	3,345	1,615	0	12,700
670	3,173	2,817	2,352	1,738	926	89	0	14,532

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE I-C  
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

August 31, 2003  
(Amounts in Thousands)

DESCRIPTION		2004	2005	2006	2007
2002 MF SERIES (SUGAR CREEK APTS.)	Principal	30	65	70	70
2002 MF SERIES (SUGAR CREEK APTS.)	Interest	717	714	710	705
2002 MF SERIES (WEST OAKS APTS.)	Principal	30	48	52	56
2002 MF SERIES (WEST OAKS APTS.)	Interest	760	757	753	749
2002 MF SERIES (PARK MEADOWS APTS.)	Principal		50	55	60
2002 MF SERIES (PARK MEADOWS APTS.)	Interest	300	299	295	292
2002 SERIES (CLARKRIDGE VILLAS APTS.)	Principal		69	74	79
2002 SERIES (CLARKRIDGE VILLAS APTS.)	Interest	1,022	1,019	1,014	1,009
2002 SERIES A (HICKORY TRACE APTS.)	Principal		47	60	64
2002 SERIES A (HICKORY TRACE APTS.)	Interest	834	833	829	825
2002 SERIES A (GREEN CREST APTS.)	Principal		49	63	67
2002 SERIES A (GREEN CREST APTS.)	Interest	875	873	869	865
2002 SERIES A/B (IRON WOOD CROSSING)	Principal			51	67
2002 SERIES A/B (IRON WOOD CROSSING)	Interest	1,222	1,222	1,220	1,215
2002 SERIES A (WOODWAY VILLAGE)	Principal			105	115
2002 SERIES A (WOODWAY VILLAGE)	Interest	469	469	466	461
2003 SERIES A/B (READING ROAD)	Principal				120
2003 SERIES A/B (READING ROAD)	Interest	600	651	651	650
2003 SERIES A/B (NORTH VISTA)	Principal				200
2003 SERIES A/B (NORTH VISTA)	Interest	699	699	699	694
2003 SERIES A/B (WEST VIRGINIA)	Principal				135
2003 SERIES A/B (WEST VIRGINIA)	Interest	472	472	472	469
2003 SERIES A/B (SPHINX @ MURDEAUX)	Principal		70	140	160
2003 SERIES A/B (SPHINX @ MURDEAUX)	Interest	1,457	1,982	1,987	1,993
2003 SERIES A/B (PRIMROSE HOUSTON)	Principal			11	71
2003 SERIES A/B (PRIMROSE HOUSTON)	Interest	1,164	1,164	1,164	1,161
2003 SERIES A/B (TIMBER OAKS)	Principal		4	47	51
2003 SERIES A/B (TIMBER OAKS)	Interest	937	937	934	930
2003 SERIES A/B (ASH CREEK APTS.)	Principal				59
2004 SERIES A/B (ASH CREEK APTS.)	Interest	1,100	1,100	1,100	1,098
2003 SERIES A/B (PENINSULA APTS.)	Principal				80
2004 SERIES A/B (PENINSULA APTS.)	Interest	647	647	647	645
2003 SERIES (EVERGREEN @ MESQUITE)	Principal			41	103
2003 SERIES (EVERGREEN @ MESQUITE)	Interest	704	757	756	751
Total Multi-Family Bonds		56,145	57,830	58,195	59,167
Total	\$	124,742.00	\$ 140,856.00	\$ 128,650.00	\$ 129,734.00
Less Interest		111,976	111,689	110,145	109,416
Total Principal	\$	12,766	\$ 29,167	\$ 18,505	\$ 20,318

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE I-C  
DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

August 31, 2003  
(Amounts in Thousands)

2008	2009-13	2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	TOTAL REQUIRED
80	490	465	0	0	0	0	10,680	11,950
701	3,424	3,257	3,205	3,205	3,205	3,205	2,137	25,185
60	371	531	758	1,082	1,547	2,208	3,407	10,150
745	3,647	3,478	3,240	2,898	2,408	1,709	609	21,753
60	390	525	730	1,005	1,390	335	0	4,600
288	1,368	1,219	1,017	736	348	11	0	6,173
85	526	747	1,058	1,500	2,127	3,014	5,321	14,600
1,003	4,914	4,693	4,380	3,936	3,305	2,412	1,041	29,748
69	426	603	853	1,211	1,716	2,432	4,439	11,920
820	4,018	3,838	3,585	3,227	2,719	1,999	899	24,426
72	446	632	895	1,270	1,799	2,551	4,656	12,500
860	4,214	4,026	3,760	3,384	2,851	2,095	943	25,615
73	477	737	1,128	1,620	2,295	3,254	7,268	16,970
1,209	5,931	5,668	5,274	4,781	4,100	3,135	1,592	36,569
125	740	990	7,025	0	0	0	0	9,100
455	2,173	1,961	1,617	0	0	0	0	8,071
120	940	1,290	1,770	2,375	3,125	2,460	0	12,200
644	3,076	2,788	2,392	1,860	1,139	235	0	14,686
210	1,205	1,550	2,040	2,675	3,500	2,620	0	14,000
685	3,277	2,956	2,504	1,907	1,127	202	0	15,449
145	815	1,040	1,370	1,805	2,375	1,765	0	9,450
463	2,212	1,995	1,692	1,290	762	134	0	10,433
165	935	1,180	1,505	1,900	2,425	3,090	3,515	15,085
1,998	10,112	4,614	2,914	2,509	1,990	1,318	455	33,329
77	492	736	1,094	1,556	2,192	10,671	0	16,900
1,155	5,666	5,423	5,068	4,615	3,987	1,836	0	32,403
56	368	568	879	1,322	1,858	2,601	5,446	13,200
925	4,541	4,338	4,024	3,580	3,041	2,294	1,228	27,709
76	490	734	1,063	1,488	2,082	10,383	0	16,375
1,092	5,353	5,111	4,786	4,369	3,783	1,941	0	30,833
160	955	1,275	1,725	8,205	0	0	0	12,400
639	3,069	2,794	2,400	453	0	0	0	11,941
110	668	919	1,263	1,738	2,391	2,101	1,666	11,000
744	3,598	3,339	2,984	2,494	1,820	972	429	19,348
60,458	292,648	294,200	294,430	285,109	204,617	143,246	94,476	1,900,521
\$ 131,149.00	\$ 630,123.00	\$ 676,965.00	\$ 613,567.00	\$ 678,799.00	\$ 660,758.00	\$ 154,572.00	\$ 94,476	\$ 4,164,391
107,556	519,363	469,843	397,294	293,992	140,511	45,359	14,340	2,431,484
\$ 23,593	\$ 110,760	\$ 207,122	\$ 216,273	\$ 384,807	\$ 520,247	\$ 109,213	\$ 80,136	\$ 1,732,907

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

SCHEDULE 1-D

ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS

For the fiscal year ended August 31, 2003

(Amounts in Thousands)

Description of Issue	Pledged, Other Sources and Related Expenditures for FY-03						Net Available For Debt Service
	Operating Revenue	Interest Earned On Investment	Other Pledged Revenues	Total Pledged Sources	Other Sources	Operating Expenses and Expend.	
<b>Single Family:</b>							
Series 95A, 95C, 96A/B, 96D/E, 97A-C, 97D/F, 2002A Jr. Lien, 2002A-D	\$ 7,132	\$ 20,914	\$ 76,425	\$ 104,471	\$ 17	\$ 1,064	\$ 103,424
Residential Mortgage Revenue:							
Series 98A/B, 99A, 99B-D, 2000A-E, 2001A-D, 2002A, 2003A	748	25,828	120,845	147,421	456	1,288	146,590
Coll. Home Mortgage Revenue:							
Series 92C	82	3,738	16,100	19,921		91	19,829
SF MRB CHMRB Series 93A-E		1,536	8,610	10,146		20	10,126
SF MRB CHMRB Series 94A-C		2,753	19,245	21,998		24	21,975
SF MRRB CHMRB Series 95A		191	590	781	--	1	780
Total Single Family	\$ 7,962	\$ 54,960	\$ 241,815	\$ 304,738	\$ 473	\$ 2,488	\$ 302,723
<b>Multifamily:</b>							
84 MF Priv Placement (Summerbend)	\$ 397	\$	\$	\$ 397	\$ 32	\$ 1	\$ 429
87 MF Series (South Texas)	89	13		102		0	102
93 MF Series A/B (Remington Hill / High Pt)	153	0		153	44	5	192
93 MF Series (NCHMP)	823			823	55		878
96 MF Series A/B (Brighton's/Las Colinas)	1,360			1,360	32	6	1,386
96 MF Series A/B (Braxton's Mark)	845	0		845	19	3	862
96 MF Series A-D (DFW Pool)	1,436			1,436			1,436
96 MF Series A-D (Harbors/Plumtree)	833			833	30		862
96 MF Series A/B (NHP Foundation)	1,599			1,599	65		1,664
97 MF Series (Meadow Ridge)	720			720	28		749
98 MF Series (Pebble Brook)	583			583	27		609
98 MF Series A-C (Residence Oaks)	478			478	17		495
98 MF Series (Volente)	586			586	26		613
98 MF Series (Greens-Hickory Tr.	709			709	26		735
98 MF Series (Dallas-Oxford)/rfdg	747			747	26		773
99 MF Series (Woodglen)	784			784	11		794
99 MF Series (Mayfield Apts.)	640			640	11		651
00 MF Series (Timber Pt Apts)	100			100	8		108
00 MF Series (Oaks at Hampton)	730			730	10		740
00 MF Series (Deerwood Apts)	403			403	6		409
00 MF Series (Creek Pt Apts)	89			89	7		96
00 MF Series A/B (Parks Westmoreld)	725			725	10		735
00 MF Series (Honey Creek)	1,562			1,562	20		1,582
00 MF Series A-C (Highland Meadows)	921			921	14		934
00 MF Series A/B (Greenbridge)	1,494			1,494	20		1,514
00 MF Series A-C (Collingham Pk)	915			915	14		928
00 MF Series A/B (Williams Run)	975		40	1,015	13		1,028
00 MF Series A/B (Red Hills Villa)	770			770	10		780
01 MF Series (Bluffview Apt)	813			813	11		824
01 MF Series (Knollwood Villa)	1,045			1,045	14		1,058
01 MF Series (Skyway Villa)	737			737	13	5	745
01 MF Series A/B (Cobb Park Apt)	591			591	8		599
01 MF Series (Greens Road Apt)	449			449	8		457
01 MF Series A/B (Meridian Apt)	838			838	14		852
01 MF Series A/B (Wildwood Branch)	828			828	14		842
01 MF Series A-C (Fallbrook Apt)	899			899	15		914
01 MF Series (Oak Hollow Apt)	643			643	9		651
01 MF Series A/B (Hillside Apt)	968			968	13		981
01 MF Series (Millstone Apt)	699			699	13		712
02 MF Series (Sugarcreek Apt)	727			727	12		739
02 MF Series (West Oaks Apt)	741			741	10		751
02 MF Series (Park Meadows Apts)	300			300	5		305
02 MF Series (Clarkridge Villas Apts)	1,008			1,008	14		1,022
02 MF Series (Hickory Trace Apts)	679			679	10		689
02 MF Series (Green Crest Apts)	702			702	10		712
02 MF Series (Ironwood Crossing)	792			792	13		806
02 MF Series (Woodway Village)	346			346	7		353
03 MF Series (Reading Road)	402			402	7		409
03 MF Series (North Vista)	324			324	7		331
03 MF Series (West Virginia)	156			156	3		159
03 MF Series (Sphinx @ Murdeaux)	220			220	5		225
03 MF Series (Primrose Houston)	266			266	6		272
03 MF Series (Timber Oaks)	83	6		89	2		91
03 MF Series (Ash Creek Apts)	13			13	0		13
03 MF Series (Peninsula Apts)	5			5	0		5
03 MF Series (Evergreen @ Mesquite)	5	4		9	0		9
Total Multifamily	\$ 36,744	\$ 23	\$ 40	\$ 36,807	\$ 825	\$ 20	\$ 37,612
<b>TOTAL*</b>	\$ 44,706	\$ 54,984	\$ 241,855	\$ 341,545	\$ 1,298	\$ 2,508	\$ 340,336

\* Totals may not add due to rounding.

**TDHCA (332) SCHEDULE 1-D (Continued)**  
**ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE - REVENUE BONDS**  
For the fiscal year ended August 31, 2003  
(Amounts in Thousands)

Description of Issue	Debt Service			Interest and Sinking Fund		Reserve Fund	
	Principal	Interest	Refunded or Extinguished	Min.	Act.	Minimum	Actual
<b>Single Family:</b>							
Series 95A, 95C, 96A/B, 96D/E, 97A-C, 97D/F, 2002A Jr. Lien, 2002A-D	\$ 2,180	\$ 26,227	\$ 76,425	n/a	n/a	\$ 1,758	\$ 1,779
<b>Residential Mortgage Revenue:</b>							
Series 98A/B, 99A, 99B-D, 2000A-E, 2001A-D, 2002A, 2003A	4,880	26,927	120,845	n/a	n/a	--	--
<b>Coll. Home Mortgage Revenue:</b>							
Series 92C	--	3,562	16,100	n/a	n/a	n/a	n/a
SF MRB CHMRB Series 93A-E	--	1,469	8,610	n/a	n/a	n/a	n/a
SF MRB CHMRB Series 94A-C	--	2,635	19,245	n/a	n/a	n/a	n/a
SF MRRB CHMRB Series 95A	--	21	590	n/a	n/a	n/a	n/a
<b>Total Single Family</b>	<b>\$ 7,060</b>	<b>\$ 60,841</b>	<b>\$ 241,815</b>			<b>\$ 1,758</b>	<b>\$ 1,779</b>
<b>Multifamily:</b>							
84 MF Priv Placement (Summerbend)	\$	\$ 396	\$	n/a	n/a	\$	\$
87 MR Series (South Texas)	58	89	--	n/a	n/a	843	977
93 MF Series A/B (Remington Hill / High Pt.)		148	--	n/a	n/a	n/a	n/a
93 MF Series (NCHMP)	350	823	--	n/a	n/a	n/a	n/a
96 MF Series A/B (Brighton's/Las Colinas)		1,354	--	n/a	n/a	n/a	n/a
96 MF Series A/B (Braxton's Mark)		841	--	n/a	n/a	n/a	n/a
96 MF Series A-D (DFW Pool)	325	1,436	--	n/a	n/a	n/a	n/a
96 MF Series A-D (Harbors/Plumtree)	210	833	--	n/a	n/a	n/a	n/a
96 MF Series A/B (NHP Foundation)	460	1,599	--	n/a	n/a	n/a	n/a
97 MF Series (Meadow Ridge)	180	720	--	n/a	n/a	n/a	n/a
98 MF Series (Pebble Brook)	145	583	--	n/a	n/a	n/a	n/a
98 MF Series A-C (Residence Oaks)	113	478	--	n/a	n/a	n/a	n/a
98 MF Series (Volente)	135	586	--	n/a	n/a	n/a	n/a
98 MF Series (Greens-Hickory Tr.	150	709	--	n/a	n/a	n/a	n/a
98 MF Series (Dallas-Oxford rfdg)		747	--	n/a	n/a	n/a	n/a
99 MF Series (Woodglen)	46	784	--	n/a	n/a	n/a	n/a
99 MF Series (Mayfield Apts)	158	640	--	n/a	n/a	n/a	n/a
00 MF Series (Timber Pt Apts)		100	--	n/a	n/a	n/a	n/a
00 MF Series (Oaks at Hampton)	48	730	--	n/a	n/a	n/a	n/a
00 MF Series (Deerwood Apts)	40	403	--	n/a	n/a	n/a	n/a
00 MF Series (Creek Pt Apts)		89	--	n/a	n/a	n/a	n/a
00 MF Series A/B (Parks Westmoreld)	47	725	--	n/a	n/a	n/a	n/a
00 MF Series (Honey Creek)		1,562	--	n/a	n/a	n/a	n/a
00 MF Series A-C (Highland Meadows)		921	--	n/a	n/a	n/a	n/a
00 MF Series A/B (Greenbridge)	38	1,494	--	n/a	n/a	n/a	n/a
00 MF Series A-C (Collingham Pk)		915	--	n/a	n/a	n/a	n/a
00 MF Series A/B (Williams Run)	56	975	40	n/a	n/a	n/a	n/a
00 MF Series A/B (Red Hills Villa)	28	770	--	n/a	n/a	n/a	n/a
01 MF Series (Bluffview Apt)	14	813	--	n/a	n/a	n/a	n/a
01 MF Series (Knollwood Villa)	18	1,045	--	n/a	n/a	n/a	n/a
01 MF Series (Skyway Villa)		737	--	n/a	n/a	n/a	n/a
01 MF Series A/B (Cobb Park Apt)	2	591	--	n/a	n/a	n/a	n/a
01 MF Series (Greens Road Apt)		449	--	n/a	n/a	n/a	n/a
01 MF Series A/B (Meridian Apt)		838	--	n/a	n/a	n/a	n/a
01 MF Series A/B (Wildwood Branch)		828	--	n/a	n/a	n/a	n/a
01 MF Series A-C (Fallbrook Apt)		899	--	n/a	n/a	n/a	n/a
01 MF Series (Oak Hollow Apt)		643	--	n/a	n/a	n/a	n/a
01 MF Series A/B (Hillside Apt)		968	--	n/a	n/a	n/a	n/a
01 MF Series (Millstone Apt)		699	--	n/a	n/a	n/a	n/a
02 MF Series (Sugarcreek Apt)		727	--	n/a	n/a	n/a	n/a
02 MF Series (West Oaks Apt)		741	--	n/a	n/a	n/a	n/a
02 MF Series (Park Meadows Apts)		300	--	n/a	n/a	n/a	n/a
02 MF Series (Clarkridge Villas Apts)		1,008	--	n/a	n/a	n/a	n/a
02 MF Series (Hickory Trace Apts)		679	--	n/a	n/a	n/a	n/a
02 MF Series (Green Crest Apts)		702	--	n/a	n/a	n/a	n/a
02 MF Series (Ironwood Crossing)		792	--	n/a	n/a	n/a	n/a
02 MF Series (Woodway Village)		346	--	n/a	n/a	n/a	n/a
03 MF Series (Reading Road)		402	--	n/a	n/a	n/a	n/a
03 MF Series (North Vista)		324	--	n/a	n/a	n/a	n/a
03 MF Series (West Virginia)		156	--	n/a	n/a	n/a	n/a
03 MF Series (Sphinx @ Murdeaux)		220	--	n/a	n/a	n/a	n/a
03 MF Series (Primrose Houston)		266	--	n/a	n/a	n/a	n/a
03 MF Series (Timber Oaks)		83	--	n/a	n/a	n/a	n/a
03 MF Series (Ash Creek Apts)		13	--	n/a	n/a	n/a	n/a
03 MF Series (Peninsula Apts)		5	--	n/a	n/a	n/a	n/a
03 MF Series (Evergreen @ Mesquite)		5	--	n/a	n/a	n/a	n/a
<b>Total Multifamily</b>	<b>\$ 2,619</b>	<b>\$ 36,727</b>	<b>\$ 40</b>	<b>--</b>	<b>--</b>	<b>\$ 843</b>	<b>\$ 977</b>
<b>TOTAL*</b>	<b>\$ 9,679</b>	<b>\$ 97,568</b>	<b>\$ 241,855</b>			<b>\$ 2,601</b>	<b>\$ 2,756</b>

\* Totals may not add due to rounding.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Rick Perry, Governor, and the Board of Directors  
Texas Department of Housing and Community Affairs

We have audited the basic financial statements of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2003 and have issued our report thereon dated December 15, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Department's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, including the Public Funds Investment Act (§2256, Texas Government Code), regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated December 15, 2003.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte + Touche LLP*

December 15, 2003

***Texas Department of  
Housing and Community  
Affairs—Revenue Bond  
Program***

*Financial Statements  
Year Ended August 31, 2003 and  
Independent Auditors' Report*

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS— REVENUE BOND PROGRAM

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## INDEPENDENT AUDITORS' REPORT

The Honorable Rick Perry, Governor, and the Board of Directors  
Texas Department of Housing and Community Affairs

We have audited the accompanying statement of net assets of Texas Department of Housing and Community Affairs—Revenue Bond Enterprise Fund (the “Fund”) as of August 31, 2003 and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended and supporting schedules 3 through 6 (supplementary information on pages 31 to 52). These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Revenue Bond Enterprise Fund of the Texas Department of Housing and Community Affairs (the “Department”) and are not intended to present fairly the financial position of the Department or the results of its operations and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Texas Department of Housing and Community Affairs—Revenue Bond Enterprise Fund at August 31, 2003 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, schedules 3 through 6 (supplementary information on pages 31 to 52) present fairly, in all material respects, the information set forth therein.

Management’s Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information by bond program, included as Schedules 1 and 2, listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. These schedules are also the responsibility of the Fund's management. Such schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

*Deloitte + Touche LLP*

December 15, 2003

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Texas Department of Housing and Community Affairs' Revenue Bond Program ("Bond Program") annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2003. Please read it in conjunction with the Department's Bond Program financial statements, which follow this section.

### Financial Highlights

- Decrease in the Bond Program net assets of \$7.7 million.
- Decrease in Operating Income (Loss) of the Bond Program of \$35.1 million to \$(9.5) million. This was a combination of a decrease in revenues and increases in expenses. The change in fair value of investments decreased from \$24.6 million in fiscal year 2002 to \$(6.2) million in fiscal year 2003, or \$30.8 million, which accounted for 88% of the decrease in operating income. There was an increase in expenses, particularly bond interest expense, of \$3.3 million to \$98 million.
- The Bond Program's debt outstanding of \$1.7 billion as of August 31, 2003 increased \$124.8 million. Debt issuances and debt retirements totaled \$376.2 million and \$251.5 million, respectively.
- Loan originations for the year totaled \$189.3 million in the Bond Program.

### Financial Statements

The financial statements provide more detailed information about the Bond Program's funds. The Bond Program has only one type of fund, the proprietary fund.

- **Proprietary Fund**—The Bond Program's activities in its proprietary fund are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of taxable and tax-exempt bonds whose proceeds are used primarily to fund various types of loans to finance low- and moderate-income housing. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes or debt service.

## Financial Analysis of the Revenue Bond Program

### Bond Program—Condensed Statement of Net Assets as of August 31, 2003

	Bond Program		Increase/(Decrease)	
	2003	2002	Amount	Percentage
<b>ASSETS:</b>				
Cash and investments	\$ 1,306,353,080	\$ 1,225,260,344	\$ 81,092,736	6.6 %
Loans, contracts and notes receivable	767,950,546	610,143,989	157,806,557	25.9
Interest receivable	9,986,771	9,985,608	1,163	0.0
Capital assets	271,130	379,820	(108,690)	(28.6)
Real estate owned	756,360	489,799	266,561	54.4
Deferred issuance cost	11,379,321	12,418,092	(1,038,771)	(8.4)
Other assets	551,526	270,051	281,475	104.2
<b>Total assets</b>	<b>2,097,248,734</b>	<b>1,858,947,703</b>	<b>238,301,031</b>	<b>12.8</b>
<b>LIABILITIES:</b>				
Bonds/notes payable	1,794,838,720	1,618,898,972	175,939,748	10.9
Interest payable	23,317,030	22,630,680	686,350	3.0
Deferred revenue	4,935,046	5,962,312	(1,027,266)	(17.2)
Other liabilities	177,089,370	106,683,895	70,405,475	66.0
<b>Total liabilities</b>	<b>2,000,180,166</b>	<b>1,754,175,859</b>	<b>246,004,307</b>	<b>14.0</b>
<b>NET ASSETS:</b>				
Invested in capital assets	271,130	379,820	(108,690)	(28.6)
Restricted	84,064,184	93,532,618	(9,468,434)	(10.1)
Unrestricted	12,733,254	10,859,406	1,873,848	17.3
<b>Total net assets</b>	<b>\$ 97,068,568</b>	<b>\$ 104,771,844</b>	<b>\$ (7,703,276)</b>	<b>(7.4)</b>

Net assets of the Bond Program decreased \$7,703,276, or 7.4%, to \$97,068,568. The decrease primarily resulted from a decrease in earnings of the Bond Program's investments, loans, and other programs and an increase in expenses. Restricted net assets of the Bond Program decreased \$9,468,434, or 10.1%. Unrestricted net assets decreased \$1,873,848, or 17.3%.

Cash and investments increased \$81,092,736, or 6.6%, to \$1,306,353,080, since funds were generated from debt issuances, reinvestment of loan repayments and interest earnings. The Bond Program loans receivable (current and noncurrent) increased \$157,806,557, or 25.9%, to \$767,950,546, due primarily to \$185,700,000 worth of mortgage loans originated under the Multi-Family Program. Total bonds and notes payable (current and noncurrent) increased \$175,939,748, or 10.9%, due to new debt issuances associated with the Bond Program's Single Family and Multi-Family Programs.

The following table illustrates a comparison between fiscal 2003 and 2002 for the Statement of Revenues, Expenses and Changes in Net Assets:

**Statement of Revenues, Expenses and Changes in Net Assets**

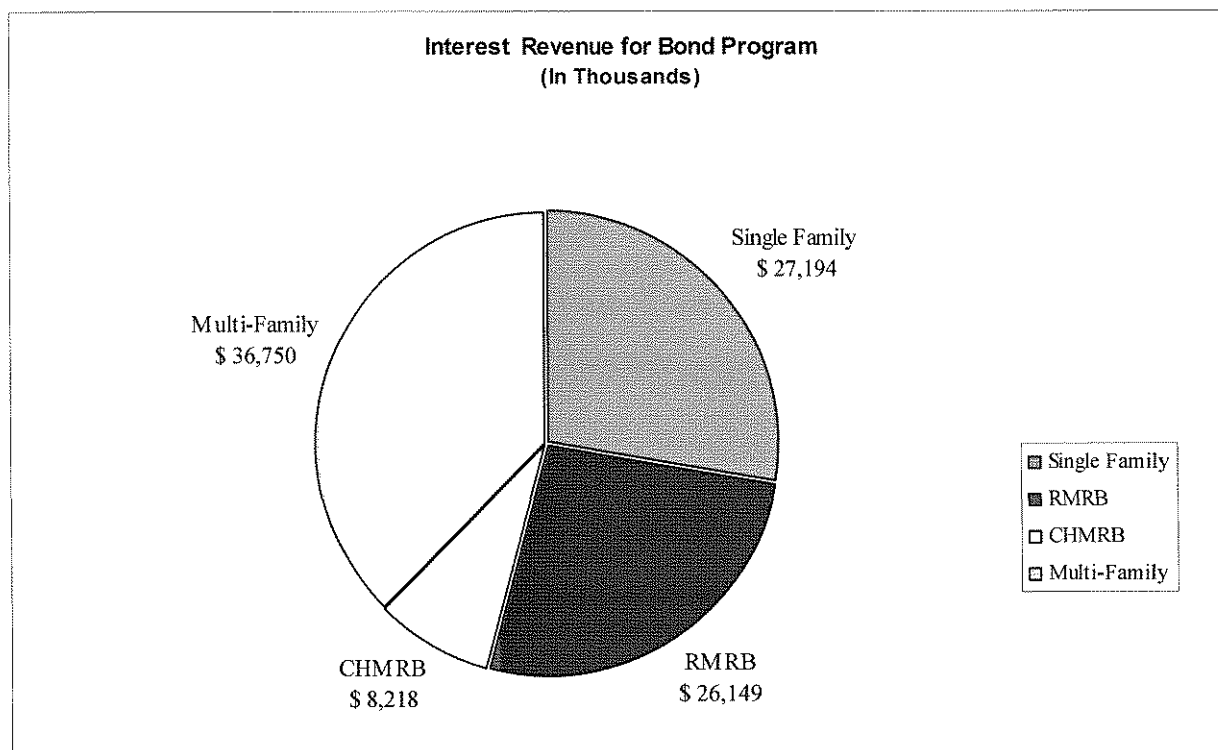
	2003	2002	Increase / (Decrease)	
			Amount	Percentage
<b>OPERATING REVENUES:</b>				
Interest and investment income	\$ 98,952,871	\$ 102,207,695	\$ (3,254,824)	3.2 %
Net increase (decrease) in fair value	(6,195,744)	24,642,250	(30,837,994)	(125.1)
Other operating revenues	<u>4,308,633</u>	<u>3,458,597</u>	<u>850,036</u>	24.6
Total operating revenues	<u>97,065,760</u>	<u>130,308,542</u>	<u>(33,242,782)</u>	(25.5)
<b>OPERATING EXPENSES:</b>				
Salaries and wages	3,279,480	3,285,919	(6,439)	(0.2)
Payroll-related costs	987,588	1,079,441	(91,853)	(8.5)
Professional fees and services	343,399	379,592	(36,193)	(9.5)
Travel	79,749	72,848	6,901	9.5
Materials and supplies	153,195	213,104	(59,909)	(28.1)
Communications and utilities	93,357	90,406	2,951	3.3
Repairs and maintenance	110,744	182,024	(71,280)	(39.2)
Rentals and leases	538,687	528,574	10,113	1.9
Printing and reproduction	30,639	34,625	(3,986)	(11.5)
Depreciation expense	654,117	650,190	3,927	0.6
Interest	97,952,620	94,647,042	3,305,578	3.5
Other operating expenses	<u>2,348,752</u>	<u>3,531,167</u>	<u>(1,182,415)</u>	(33.5)
Total operating expenses	<u>106,572,327</u>	<u>104,694,932</u>	<u>1,877,395</u>	1.8
OPERATING INCOME (LOSS)	(9,506,567)	25,613,610	(35,120,177)	(137.1)
<b>NONOPERATING REVENUES (EXPENSES) AND EXTRAORDINARY ITEMS</b>				
	<u>1,804,390</u>	<u>32,901</u>	<u>1,771,489</u>	5,384.3
CHANGE IN NET ASSETS	(7,702,177)	25,646,511	(33,348,688)	(130.0)
BEGINNING NET ASSETS	104,771,844	79,338,812	25,433,032	32.1
RESTATEMENTS	<u>(1,099)</u>	<u>(213,479)</u>	<u>212,380</u>	99.5
NET ASSETS—as restated	<u>104,770,745</u>	<u>79,125,333</u>	<u>25,645,412</u>	<u>32.4</u>
ENDING NET ASSETS	<u>\$ 97,068,568</u>	<u>\$ 104,771,844</u>	<u>\$ (7,703,276)</u>	(7.4)

Net assets of the Bond Program decreased from the August 31, 2002 amount by \$7,703,276, or 7.4 %, to \$97,068,568.

Earnings within the Bond Program's various bond indentures were \$97,065,760, of which \$95,210,695 is classified as restricted and \$1,855,065 as unrestricted. Restricted earnings are composed of \$98,730,769 in interest and investment income, \$(6,195,744) in fair value of investments and \$2,695,970 in other revenue.

Interest and investment income is restricted per bond covenants for debt service, fair value in investments is an unrealized loss due to the fact that the Bond Program holds investments until maturity, and other revenue is predominantly an accounting recognition of fees received in previous years that were deferred when received and are being amortized over a period of time. Unrestricted earnings are composed of \$222,402 in interest and investment income and \$1,632,663 in other operating revenue.

The graph below will illustrate the composition of interest revenue for the various bond indentures that make up the Bond Program:



Revenues of the Bond Program were interest and investment income of \$98,952,871 and a decrease of fair value of investments of \$6,195,744. Earned interest income consists primarily of interest earned on loans under the various lending programs within the Bond Program. Investment income consists of earned interest on the various investments held within the different bond indentures of the Bond Program. Interest and investment income are restricted to the specific bond indentures to pay debt service. Total revenue decreased \$33,242,782, which consisted primarily of the decrease in fair value of investments from a gain of \$24,642,250 in fiscal year 2002 to a loss of \$6,195,744 in fiscal year 2003.

Interest earned on program loans increased by \$3,817,956, or 9.7 %, due primarily to an increase of \$6,245,005, or 20.5%, within the Bond Program’s Multi-Family Program, due to higher loan amounts outstanding. The increase was offset by a decrease of \$2,350,874, or 27.4%, within the Single Family Bond Program, due to decreasing balances of higher interest rate loans.

Investment income decreased \$6,465,715, or 10.4%, and reflected lower investment yields. The primary decrease in investment income was within the Residential Mortgage Revenue Bond Program funds, which declined \$3,940,960, or 13.2%.

Expenses of the Bond Program consist primarily of interest expense of \$97,952,620, which increased \$3,305,578, or 3.5%, on the Bond Program's debt incurred to fund its various lending programs.

The Bond Program also generated \$222,402 of unrestricted investment income, which was used primarily to partially offset its administrative costs. The decrease in fair value of investments of \$6,195,744 accounted for more than half of the Bond Program's change in net assets of \$(7,702,177).

The following table shows the changes in net assets by bond indenture for the Bond Program for the fiscal years 2003 and 2002:

**Changes in Net Assets by Fund Groups  
(Amounts in thousands)**

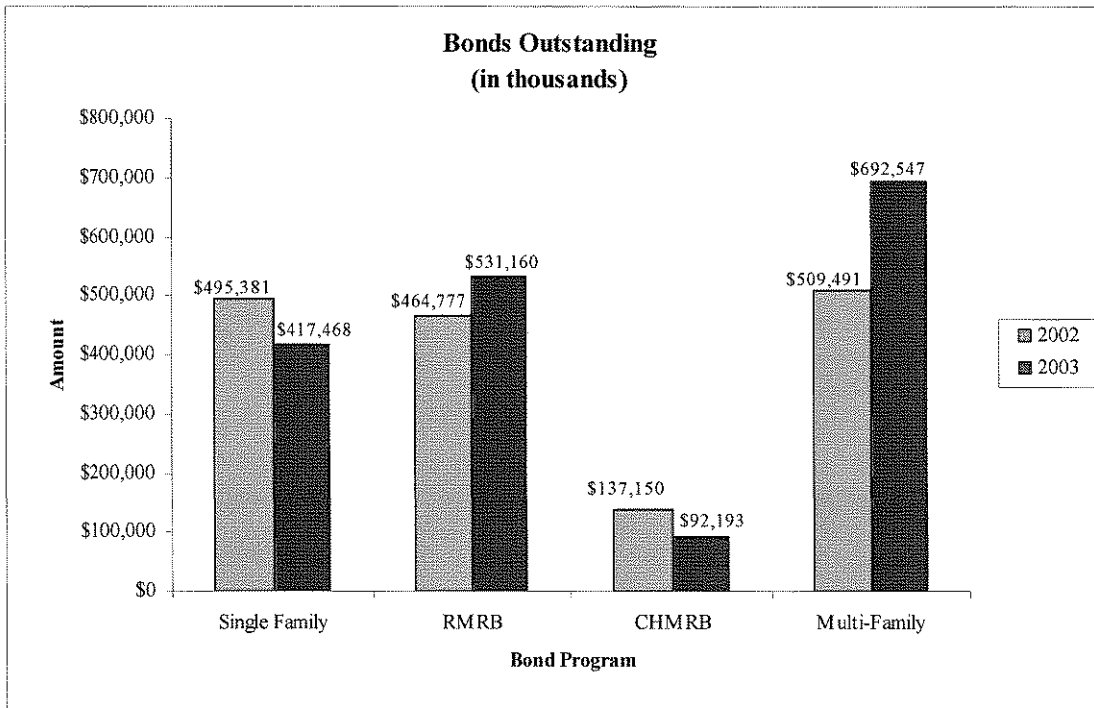
Fund	2003	2002	Increase/(Decrease)	
			Amount	Percentage
Single Family	\$58,538	\$ 62,367	\$ (3,829)	6.1 %
RMRB	17,463	22,818	(5,355)	(23.5)
CHMRB	2,191	1,738	453	26.1
Multifamily	1,632	1,382	250	18.1
1993 SF CHMRB	1,390	1,757	(367)	(20.9)
1994/1995 SF CHMRB	2,823	3,461	(638)	(18.4)
Commercial paper	28	10	18	180.0
General funds	<u>13,004</u>	<u>11,239</u>	<u>1,765</u>	15.7
Total	<u>\$97,069</u>	<u>\$104,772</u>	<u>\$ (7,703)</u>	(7.4)

Net assets of the Single Family Bond Programs decreased by \$3,829,627, or 6.1%, primarily due to a \$(2,195,483) adjustment to the fair value of investments. In the same manner, the net assets of the Residential Mortgage Revenue Bonds (RMRB) decreased by \$5,354,877 due to a \$(3,039,119) adjustment to fair value of investments and a decrease in investment income.

**Department Debt**

The Department's new debt issuances during fiscal year 2003 totaled \$376,295,000. The RMRB program Residential Mortgage Revenue Bond Program issued \$190,595,000 in bonds, and the Multi-Family Bond Program issued \$185,700,000. The Department also had \$251,534,464 in debt retirement during the year primarily due to consumer refinancing and paying off original loans. The net result was an increase in bonds payable of \$124,760,536 to \$1,732,907,279 of which \$12,766,000 is due within one year. For additional information, see Note 6, Bonds Payable, and supplementary bond information schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2003 and 2002 per bond program:



### Request for Information

This financial report is designed to provide a general overview of the Texas Department of Housing and Community Affairs' ("TDHCA") operations for all parties interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Texas Department of Housing and Community Affairs, Director of Financial Administration, 507 Sabine Street, Austin, Texas, 78701.



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**STATEMENT OF NET ASSETS  
AUGUST 31, 2003**

---

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents:		
Cash on hand	\$	200
Cash in bank		90,388
Cash in state treasury		1,263,371
Cash equivalents		9,838,047
Restricted assets:		
Cash and cash equivalents:		
Cash in bank		904,173
Cash equivalents		164,488,833
Short-term investments		125,757,201
Loans and contracts		7,149,873
Interest receivable		9,986,771
Consumable inventories		11,308
Other current assets		<u>540,218</u>
Total current assets		<u>320,030,383</u>

**NONCURRENT ASSETS:**

Capital assets—Nondepreciable—other capital assets		3,273
Depreciable:		
Furniture and equipment		1,238,404
Less accumulated depreciation		(970,547)
Restricted assets:		
Investments		1,004,010,867
Loans and contracts		759,800,673
Notes receivable		1,000,000
Other noncurrent assets:		
Deferred bond issuance cost—net		11,379,321
Real estate owned—net		<u>756,360</u>
Total noncurrent assets		<u>1,777,218,351</u>

**TOTAL ASSETS** \$ 2,097,248,734

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**STATEMENT OF NET ASSETS  
AUGUST 31, 2003**

---

**LIABILITIES**

**CURRENT LIABILITIES:**

Payables:

Accounts payable	\$ 334,659
Accrued bond interest payable	23,317,030
Interfund payables	291,387
Deferred revenues	4,935,046
Employees' compensable leave	407,057
Notes and loans payable	61,470,000
Revenue bonds payable	12,766,000
Other current liabilities	<u>4,831,723</u>

Total current liabilities 108,352,902

**NONCURRENT LIABILITIES:**

Employees' compensable leave	110,097
Revenue bonds payable	1,720,602,720
Other noncurrent liabilities	<u>171,114,447</u>

Total noncurrent liabilities 1,891,827,264

**TOTAL LIABILITIES**

2,000,180,166

**NET ASSETS:**

Invested in capital assets	271,130
Restricted	84,064,184
Unrestricted	<u>12,733,254</u>

**TOTAL NET ASSETS**

\$ 97,068,568

See accompanying notes to the financial statements.

(Concluded)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEAR ENDED AUGUST 31, 2003**

---

OPERATING REVENUES:	
Interest and investment income	\$ 98,952,871
Net decrease in fair value of investments	(6,195,744)
Other operating revenues	<u>4,308,633</u>
Total operating revenues	<u>97,065,760</u>
OPERATING EXPENSES:	
Salaries and wages	3,279,480
Payroll-related costs	987,588
Professional fees and services	343,399
Travel	79,749
Materials and supplies	153,195
Communications and utilities	93,357
Repairs and maintenance	110,744
Rentals and leases	538,687
Printing and reproduction	30,639
Depreciation and amortization	654,117
Interest	97,952,620
Other operating expenses	<u>2,348,752</u>
Total operating expenses	<u>106,572,327</u>
OPERATING LOSS	<u>(9,506,567)</u>
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS:	
Extraordinary items (loss on early extinguishment of debt)	(1,958,026)
Transfers in	<u>3,762,416</u>
Total other revenues, expenses, gains, losses and transfers	<u>1,804,390</u>
CHANGE IN NET ASSETS	<u>(7,702,177)</u>
NET ASSETS—September 1, 2002	104,771,844
RESTATEMENTS	<u>(1,099)</u>
NET ASSETS—September 1, 2002—as restated	<u>104,770,745</u>
NET ASSETS—August 31, 2003	<u>\$ 97,068,568</u>

See accompanying notes to the financial statements.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2003**

---

CASH FLOWS FROM OPERATING ACTIVITIES:

Proceeds from loan programs	\$ 140,132,735
Proceeds from other revenues	3,950,529
Payments to suppliers for goods/services	(5,297,315)
Payments to employees	(4,214,285)
Payments for loans provided	<u>(189,347,374)</u>
Net cash used in operating activities	<u>(54,775,710)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Proceeds from debt issuance	427,482,921
Payments for other costs of debt	(1,541,661)
Transfers from other funds	3,762,416
Payments to other funds	(992)
Payments of principal on debt	(251,534,464)
Payments of interest	<u>(97,131,803)</u>
Net cash provided by noncapital financing activities	<u>81,036,417</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING  
ACTIVITIES—Payments for additions to fixed assets

(20,902)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales and maturities of investments	836,355,380
Proceeds from interest and investment income	60,821,934
Payments to acquire investments	<u>(836,510,389)</u>
Net cash provided by investing activities	<u>60,666,925</u>

INCREASE IN CASH AND CASH EQUIVALENTS

86,906,730

CASH AND CASH EQUIVALENTS—Beginning of year

89,678,282

CASH AND CASH EQUIVALENTS—End of year

\$ 176,585,012

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2003**

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CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS/ RESTRICTED CASH AND CASH EQUIVALENTS AND SHORT-TERM TERM INVESTMENTS	\$ 302,342,213
SHORT-TERM INVESTMENTS NOT CONSIDERED CASH EQUIVALENTS	<u>(125,757,201)</u>
CASH AND CASH EQUIVALENTS—August 31, 2003	<u>\$ 176,585,012</u>
RECONCILIATION OF CASH FROM OPERATING ACTIVITIES TO OPERATING INCOME:	
Operating loss	\$ (9,506,567)
Adjustments to reconcile operating income to net cash used in operating activities:	
Amortization and depreciation	654,117
Provision for estimated losses	340,896
Operating income and cash flow categories—classification differences	41,987,163
Changes in assets and liabilities:	
Increase in accrued interest receivable	(1,163)
Increase in loans	(158,806,557)
Increase in property owned	(266,561)
Decrease in mortgage loan acquisition costs	1,038,771
Decrease in deferred revenues	(1,027,266)
Increase in other assets and liabilities—net	70,125,107
Increase in accrued interest payable	<u>686,350</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (54,775,710)</u>

During 2003, loans totaling \$569,798 were foreclosed, and the related properties acquired were transferred to real estate owned.

See accompanying notes to the financial statements.

(Concluded)

**Significant Accounting Policies**—The significant accounting policies of the Fund are as follows:

- a. *Fund Accounting*—The Program’s financial statements have been prepared on the basis of the governmental proprietary fund concept as set forth by the Governmental Accounting Standards Board (“GASB”). The governmental proprietary fund concept provides that financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of the services are presented as a proprietary fund. Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the liability is incurred. The Program has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989, as allowed by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.
- b. *Investments*—The Program follows the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. GASB Statement No. 31 requires certain types of investments to be reported at fair value on the balance sheet. The Program utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. Fair value of the Program’s securitized mortgage loans (“GNMA/FNMA”) has been estimated by each bond issue’s trustee using a pricing service.

The Program has reported all investment securities at fair value as of August 31, 2003, with the exception of certain money market investments and nonparticipating interest-earning investment contracts, which are reported at amortized cost (historical cost adjusted for amortization of premiums and accretion of discounts), provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors (see Note 2).

In accordance with GASB Statement No. 31, changes in the fair value of investments are reported in the statement of revenues, expenses and changes in net assets as net increase in fair value of investments.

- c. *Mortgage-Backed Securities*—The Program’s portfolio of mortgage-backed securities consists of pools of mortgage loans exchanged for mortgage-backed securities or mortgage pass-through certificates.
- d. *Note Receivable*—The note receivable represents a long-term receivable from a third party. It is due and payable in 2005.
- e. *Loans Receivable*—Loans receivable are carried at the unpaid principal balance outstanding less the allowance for estimated loan losses and deferred commitment fees. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when the loans are 90 days past due as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the single-family loans and the contractual lives, adjusted for actual repayments, of the multifamily loans.

- f. *Real Estate Owned*—Properties acquired through foreclosure are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers and an allowance for estimated losses on such properties. After foreclosure, foreclosed assets are carried at lower of cost or fair value minus selling costs.

Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

- g. *Allowance for Estimated Losses on Loans and Foreclosed Properties*—The allowance for estimated losses on loans is available for future chargeoffs on single-family and multifamily loans. The allowance for estimated losses on real estate owned is available for future chargeoffs on foreclosed single-family loans.

All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. Periodically, management estimates the likely level of future losses to determine whether the allowances for estimated losses are adequate to absorb anticipated losses in the existing loan and real estate owned portfolios. Based on these estimates, a provision for estimated losses on loans and real estate owned is made to the allowances in order to adjust the allowances to levels estimated to be adequate to absorb reasonably foreseeable losses.

While management uses available information to recognize losses in the loan and real estate owned portfolios, future adjustments may be necessary based on changes in economic conditions. However, it is the judgment of management that the allowances are currently adequate to absorb reasonably foreseeable losses in the existing loan and real estate owned portfolios.

- h. *Commitment Fees*—Commitment fees received in connection with the origination of loans are deferred and recognized using the interest method over the estimated life of the related loans and mortgage-backed securities, or if the commitment expires unexercised, it is credited to income upon expiration of the commitment.
- i. *Deferred Issuance Costs*—Deferred issuance costs on bonds are amortized using the interest method over the contractual life of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of deferred issuance costs.
- j. *Discounts and Premiums on Debt*—Discounts and premiums on debt are recognized using the interest method over the life of the bonds or collateralized mortgage obligations to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of discounts and premiums on debt.
- k. *Restricted Net Assets*—The net assets of the Program are restricted for various purposes of the bond trust indentures.
- l. *Invested in Capital Assets*—This component of net assets consists of capital assets, net of accumulated depreciation.
- m. *Cash Flows*—For purposes of reporting cash flows, cash and cash equivalents consist of cash and short-term investments with a maturity at the date of purchase of three months or less, which are highly liquid and are readily exchanged for cash at amounts equal to their stated value.

- n. *Interfund Transactions*—The Program has transactions between and with other funds of the Department. Quasi-external transactions are charges for services rendered by one fund to another, and they are accounted for as revenue or expense. All other interfund transactions are reported as transfers.
- o. *Gain/Loss on Refundings of Debt*—Any gain/loss on refunding of bonds is deferred and amortized as a component of interest expense using the interest method.
- p. *Loss on Early Extinguishment of Debt*—Any loss on extinguishment of debt prior to its stated maturity is recorded in the period the debt is retired.
- q. *Estimates*—In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheet and the reported revenues and expenses for the period. Actual results could differ significantly from those estimates. Management judgments and accounting estimates are made in the evaluation of the allowance for estimated losses on loans and real estate owned and in determination of the assumptions with respect to prepayments on loans and mortgage-backed securities in the recognition of deferred commitment fees to income.

**2. CASH AND CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES**

At August 31, 2003, the Program had cash and cash equivalents, investments and mortgage-backed securities as follows (in thousands):

	Fair Value
Cash and cash equivalents:	
Cash	\$ 2,258
Money market accounts	996
Mutual funds	78,464
Repurchase agreements	93,960
U.S. Treasury securities	<u>907</u>
	<u>\$ 176,585</u>
Investments:	
Guaranteed investment contracts	\$ 413,426
U.S. Treasury securities	6,555
Mortgage-backed securities	<u>709,787</u>
	<u>\$ 1,129,768</u>

At August 31, 2003, the Program's bank deposits amounted to \$994,561, with bank balances of \$994,561. The entire amount was in a depository fully collateralized by securities held with a Trustee in the Department's name or covered by Federal Deposit Insurance Corporation ("FDIC") insurance coverage. Collateralized cash held by and in the name of paying agents, trustees, and depositories amounted to zero. At August 31, 2003, the Program's cash and deposits in the State Treasury amounted to \$1,263,371. This amount was fully collateralized by securities held with a trustee in the State's name, as reported to the Department of Comptroller of Public Accounts of the State of Texas.



The types of investments in which the Department may invest are restricted by the provisions of the master bond indentures. The indentures generally allow for investments in direct obligations of or guaranteed by the U.S. government, obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by agencies or intermediaries of the U.S. government, obligations issued by public agencies or municipalities, obligations and general obligations of or guaranteed by the State, demand deposits, interest-bearing time deposits or certificates of deposit, repurchase agreements in U.S. government securities, direct or general obligations of any state within the territorial U.S., investment agreements with any bank or financial institution, commercial paper and guaranteed investment contracts. Certain trust indentures restrict the Department from investing in certain of the aforementioned investments.

All investments are registered or are securities held by the Department or its agent in the Department's name (Category 1), except for \$412,517,333 of investment agreements/contracts at August 31, 2003, which are unsecured. Additionally, the Department held uncategorized investments of approximately \$78,464,000 in constant-dollar money market mutual funds that are not subject to collateralization. The Department considers these investment agreements/contracts to be Category 3. Under an agreement with the Department, the counterparty must maintain a rating on long-term, unsecured, unsubordinated debt obligations at "AAA" by Standard & Poor's, "Aaa" by Moody's and/or other comparable high rating during the term of the agreement/contract. Should the rating fall below the requirement, the counterparty shall either substitute an acceptable replacement guarantor, deliver collateral or repay the principal of and accrued but unpaid interest on the investment. A summary of investments by type at August 31, 2003 is as follows (in thousands):

	<b>Fair Value</b>
Repurchase and other investment agreements	\$ 507,386
Pass-through certificates	709,787
Other U.S. government securities	7,462
Mutual funds*	<u>79,460</u>
<b>Total investments</b>	<b><u>\$ 1,304,095</u></b>

\*These constant-dollar money market mutual funds are not subject to categorization.

Repurchase agreements and other qualified investment agreements with a carrying amount of \$507,385,985 at August 31, 2003 are generally secured by U.S. government obligations or other marketable securities with market values in excess of the cost. At August 31, 2003, the agreements were with the following counterparties (amounts in thousands):

<b>Counterparty</b>	
AEGON	\$ 43,804
AIG Matched Funding Corporation	1,218
American International Group	17,437
Bayerishone Landesbank	187,032
Berkshire Hathaway	5,638
CDC Funding Corporation	5,706
CORAND Central Fund	7,056
Core States Bank	595
Financial Guaranty Insurance Corporation	22,046
Lehman Brothers	1,042
MBIA Investment	12
Protective Life	1,144
SBC Warburg Dillion	93,960
Scott Fetzer Financial	1,000
Societe Generale	3,270
Transamerica Life	102,986
Trinity Funding Company	3,102
VR Municipal Mortgage	9,430
Westdeutsche Bank	908
	<u>\$ 507,386</u>

### 3. RESTRICTED ASSETS

Cash in bank, cash equivalents, short-term investments, loans and contracts, interest receivable and investments (which include mortgage-backed securities) totaling \$2,085,234 are restricted by the trust indentures of the related bonds and collateralized mortgage obligations. The trust indentures of the Department also require the establishing of accounts for the segregation of assets and restricting the use of bond proceeds and other funds in connection with each bond program. Such restricted assets, primarily investments, are as follows at August 31, 2003 (in thousands):

Program	Mortgage and Debt Service Reserve	Unspent Bond Proceeds	Revenue Account	Self- Insurance	Rebate Account
Single-family	\$ 1,318	\$ 81,199	\$ 59,264	\$ 1,743	\$ 222
RMRB		129,212	25,677	401	1,422
CHMRB			1,833		
Multifamily	6,738	83,036	3,174		
93 SF CHMRB			1,976		7
94/95 SF CHMRB			1,779		21
Commercial Paper					172
	<u>\$ 8,056</u>	<u>\$ 293,447</u>	<u>\$ 93,703</u>	<u>\$ 2,144</u>	<u>\$ 1,844</u>
Total	<u>\$ 8,056</u>	<u>\$ 293,447</u>	<u>\$ 93,703</u>	<u>\$ 2,144</u>	<u>\$ 1,844</u>

Additionally, deferred issuance costs and real estate owned totaling \$11,379 and \$756, respectively, are also restricted.

#### 4. LOANS RECEIVABLE

Loans receivable as of August 31, 2003 consisted of the following (in thousands):

Single-family loans	\$ 75,391
Multifamily loans	689,715
RMRB (1987 Series A) single-family loans	3,014
Miscellaneous loans	<u>4,632</u>
 Total loans	 772,752
 Deferred commitment fees, net of accumulated amortization of \$38,487 in 2003	  (2,090)
Allowance for estimated loan losses	<u>(3,711)</u>
 Total	 <u>\$ 766,951</u>

All of the loans made directly by the Department are secured by real estate properties located in the state.

Single-family loans are collateralized by first-lien mortgages on the applicable real estate and (i) are federally insured or guaranteed or (ii) are insured by a private mortgage insurer approved by the Department for the amount by which the loan exceeds 80% of the original appraised value.

Certain properties acquired through foreclosure are covered by mortgage pool insurance. The mortgage pool insurance covers the unpaid principal balance of the loan at the ultimate date of sale, delinquent interest up to the claim settlement date and certain other expenses.

The single-family trust indenture requires the Department to obtain and maintain mortgage pool insurance on loans collateralizing each series of bonds issued under that trust indenture. Except with respect to four series, the requirement has been satisfied by purchasing and maintaining a mortgage pool insurance policy for each bond series. For loans collateralizing the other four series of bonds, the Department has entered into Mortgage Pool Self-Insurance Fund Agreements ("Agreements") with the trustee. The funding requirements of these Agreements have been met as of August 31, 2003.

Multifamily mortgage and lender loans are collateralized by first-lien mortgages on the applicable housing developments, letters of credit, guarantees provided by third parties and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The activity in the allowance for estimated loan losses is as follows (in thousands):

Balance at beginning of year	\$4,004
Provision for estimated losses on loans	<u>(293)</u>
 Balance at end of year	 <u>\$3,711</u>

## 5. REAL ESTATE OWNED

Real estate owned for the Program was as follows (in thousands):

Real estate owned	\$ 714
Allowance for estimated losses	<u>42</u>
Real estate owned—net	<u>\$ 756</u>

The activity in the allowance for estimated losses follows (in thousands):

Balance at beginning of year	\$ (12)
Amounts charged off	(3)
Provision for losses on real estate owned	<u>57</u>
Balance at end of year	<u>\$ 42</u>

The provision for loss on real estate owned was recorded to adjust real estate owned to the estimated fair value less estimated costs of disposal.

## 6. BONDS PAYABLE

Bonds payable activity for the year ended August 31, 2003 consisted of the following (in thousands):

	Original Face Amount	Balance September 1, 2002	Additions/ Accretions	Maturities/ Prepayments	Balance August 31, 2003	Final Maturity Date	Amounts Due Within One Year
Single-family:							
1991 Series A—4.8% to 7.15%	\$ 81,605	\$ 13,605	\$ -	\$ 13,605	\$ -	2012	
1995 Series A—4.15% to 6.15%	85,760	66,760		11,990	54,770	2027	
1995 Series C—6.44% to 7.76%	71,760	32,595		12,110	20,485	2017	
1996 Series A—4.5% to 6.3%	15,000	9,975			9,975	2028	
1996 Series B—5.5% to 6%	42,140	15,465		6,255	9,210	2017	
1996 Series D—5.45% to 6.25%	70,760	56,820		9,135	47,685	2028	
1996 Series E—3.9% to 6%	98,730	51,835		11,265	40,570	2017	\$ 1,940
1997 Series A—5.25% to 5.80%	44,465	42,865		775	42,090	2029	
1997 Series B—5.45%	9,510	9,510			9,510	2019	
1997 Series C—6.80%	25,525	15,310		3,875	11,435	2029	
1997 Series D—5.65% to 5.70%	44,795	41,755		5,000	36,755	2029	
1997 Series F—6.77%	20,000	13,680		2,845	10,835	2029	
2002 Series A—7.01%	10,000	10,000			10,000	2026	
2002 Series A—5.45% to 5.55%	38,750	38,750			38,750	2034	
2002 Series B—5.35% to 5.55%	52,695	52,695			52,695	2033	
2002 Series C—2.80% to 5.20%	12,950	12,950			12,950	2017	
2002 Series D—2.0% to 4.5%	13,605	<u>13,605</u>		<u>1,750</u>	<u>11,855</u>	2012	<u>930</u>
Total principal amount		498,175	\$ -	\$ 78,605	419,570		\$ 2,870
Unamortized premium		1,579			1,492		
Unamortized discount and losses on refundings		<u>(4,373)</u>			<u>(3,594)</u>		
Total single-family		<u>\$ 495,381</u>			<u>\$ 417,468</u>		

	Original Face Amount	Balance September 1, 2002	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2003	Final Maturity Date	Amounts Due Within One Year
<b>RMRB:</b>							
1989 Series A—6.6% to 7.6%	\$ 44,000	\$ 40		\$ 40		2016	
1989 Series B—7.85%	45,000	45		45		2018	
1998 Series A—4.05% to 5.35%	102,055	90,625		8,445	\$ 82,180	2031	\$1,850
1998 Series B—5.30%	14,300	13,560		450	13,110	2022	
1999 Series A—4.80% to 5.50%	25,615	16,370		3,770	12,600	2021	
1999 Series B-1—6.32% to 5.50%	52,260	49,520		2,070	47,450	2032	
1999 Series C—5.05% to 6.25%	12,150	12,150		185	11,965	2024	110
1999 Series D—4.30% to 6.25%	26,355	12,540		12,165	375	2021	
2000 Series A—5.10% to 6.30%	50,000	46,210		7,545	38,665	2031	460
2000 Series B—5.70%	82,975	81,955		3,180	78,775	2033	
2000 Series C—5.85% to 5.82%	13,675	13,425		635	12,790	2025	
2000 Series D—4.55% to 5.85%	18,265	17,815		1,545	16,270	2020	835
2000 Series E—7.45%	10,000	9,215		3,340	5,875	2033	
2001 Series A—3.15% to 5.70%	52,715	52,715		1,465	51,250	2033	805
2001 Series B—5.0% to 5.25%	15,585	15,585		520	15,065	2022	
2001 Series C—2.55% to 4.63%	32,225	32,225		5,600	26,625	2015	1,820
2001 Series D—5.35%	300	300		65	235	2033	
2002 Series A—2.25% to 5.35%	42,310		\$ 42,310	5	42,305	2034	665
2002 Series B—1.25%	74,655		74,655	74,655		2035	
2003 Series A—1.70% to 5.00%	73,630		73,630		73,630	2034	
<b>Total principal amount</b>		<b>464,295</b>	<b>\$190,595</b>	<b>\$125,725</b>	<b>529,165</b>		<b>\$6,545</b>
Unamortized premium		2,996			4,558		
Unamortized discount and loss on refundings		(2,514)			(2,562)		
<b>Total RMRB</b>		<b>\$464,777</b>			<b>\$531,161</b>		
<b>CHMRB:</b>							
1992 Series C—linked rate averaging 6.90%	\$ 72,700	\$ 58,300		\$ 16,100	\$ 42,200	2024	
<b>Total principal</b>		<b>58,300</b>		<b>\$ 16,100</b>	<b>42,200</b>		
Plus unamortized premium		1,415			1,003		
<b>Total CHMRB</b>		<b>\$ 59,715</b>			<b>\$ 43,203</b>		
<b>SF MRB CHMRB:</b>							
1993 Series A—5.85%	\$ 11,695	\$ 5,585		\$ 1,495	\$ 4,090	2025	
1993 Series B—6.62%	15,000	6,760		2,105	4,655	2025	
1993 Series C—6.68%	15,000	7,735		2,985	4,750	2025	
1993 Series D—6.76%	8,000	3,440		1,005	2,435	2025	
1993 Series E—6.85%	8,780	3,060		1,020	2,040	2025	
1994 Series A—6.85%	35,395	20,860		8,505	12,355	2026	
1994 Series B—6.4%	33,385	19,330		6,490	12,840	2026	
1994 Series C—6.25%	15,360	9,985		4,250	5,735	2026	
1995 MRRB Series A—6.26%	5,825	680		590	90	2015	
<b>Total SF MRB CHMRB</b>		<b>\$ 77,435</b>		<b>\$ 28,445</b>	<b>\$ 48,990</b>		

	Original Face Amount	Balance September 1, 2002	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2003	Final Maturity Date	Amounts Due Within One Year
Multifamily:							
1984 Series (Allied Bank Private Placement—Summer Bend at Las Colinas)—variable rate currently at 8%	\$10,100	\$ 8,120	\$ -		\$ 8,120	2022	
1987 Series (South Texas Rental Housing)—9.5%	1,400	964		\$ 58	906	2012	\$ 63
1993 Series A and B Refunding (High Point III Development/ Remington Hill Development)	26,370	12,490			12,490	2023	
1993 Residential Rental (National Center)—3.3% to 5.89%	16,775	14,495		350	14,145	2024	
1996 Series A and B (Brighton's Mark)—6.13%	9,748	8,075			8,075	2026	
1996 Series A and B (Marks of Las Colinas)—5.56%	14,870	14,870			14,870	2026	
1996 Series A and B (Braxton's Mark)—5.81%	14,274	14,274			14,274	2026	
1996 Series A, B, C and D (Dallas-Fort Worth)—6% to 10%	22,150	20,555		325	20,230	2026	415
1996 Series A, B, C and D (Harbors and Plumtree)—5.9% to 10%	13,050	12,035		210	11,825	2026	225
1996 Series A and B (NHP Foundation)—5.50% to 6.4%	27,560	25,475		460	25,015	2027	490
1997 Series (Meadow Ridge) 5.05% to 5.55%	13,575	13,130		180	12,950	2030	190
1998 Series (Pebble Brook)—4.95% to 5.60%	10,900	10,700		145	10,555	2030	150
1998 Series A, B and C (Residence Oaks)—5.98% to 7.18%	8,200	8,042		113	7,929	2030	118
1998 Series (Volente)—5.00% to 5.63%	10,850	10,630		135	10,495	2031	150
1998 Series (Dallas—Oxford Rfdg.)—7.25%	10,300	10,300			10,300	2018	
1998 Series (Greens)—5.2% to 6.03%	13,500	13,280		150	13,130	2030	190
1999 Series (Mayfield)—5.7% to 7.25%	11,445	11,295		158	11,137	2031	167
1999 Series (Woodglen Village)—7.38% to 8.25%	10,660	10,653		46	10,607	2039	49
2000 Series (Timber Point)—variable rate	8,100	8,100			8,100	2032	200
2000 Series (Oaks @ Hampton)—7.20% to 9.00%	10,060	10,041		48	9,993	2040	52
2000 Series (Deerwood)—5.25% to 6.40%	6,435	6,435		40	6,395	2032	75
2000 Series (Creek Point)—variable rate	7,200	7,200			7,200	2032	100
2000 Series A/B (Parks @ Westmoreland)—7.20% to 9.00%	9,990	9,986		47	9,939	2040	51
2000 Series (Honeycreek)—7.63% to 8.15%	20,485	20,485			20,485	2035	9
2000 MF Series A-C (Highland Meadow Apts)—6.75% to 8%	13,500	13,500			13,500	2033	145
2000 MF Series A/B (Greenbridge)—7.4% to 10%	20,085	20,085		38	20,047	2040	75
2000 MF Series A-C (Collingham Park)—6.72% to 7.72%	13,500	13,500			13,500	2,033	72
2000 MF Series A/B (Williams Run)—7.65% to 9.25%	12,850	12,767		96	12,671	2040	67

(Continued)

	Original Face Amount	Balance September 1, 2002	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2003	Final Maturity Date	Amounts Due Within One Year
2000 MF Series A/B (Red Hills Villas) - 8.4% to 9.5%	\$10,300	\$ 10,300	\$ -	\$ 28	\$ 10,272	2040	\$ 40
2001 MF Series (Bluffview Senior Apts)—7.65%	10,700	10,700		14	10,686	2041	44
2001 MF Series (Knollwood Villas Apts)—7.65%	13,750	13,750		18	13,732	2041	56
2001 MF Series (Skyway Villas)—6.0% to 6.5%	13,250	13,250			13,250	2034	
2001 MF Series A/B (Cobb Park)—6.77%	7,785	7,785		2	7,783	2041	29
2001 MF Series A (Greens Road Apts)—5.3% to 5.4%	8,375	8,375			8,375	2034	
2001 MF Series A (Meridian Apts)—5.45% to 6.85%	14,310	14,310			14,310	2034	
2001 MF Series A (Wildwood Apts)—5.45% to 6.75%	14,365	14,365			14,365	2034	
2001 MF Series A-C (Fallbrook Apts)—6.06% to 6.78%	14,700	14,700			14,700	2034	
2001 MF Series A (Oak Hollow Apts)—7.0% to 7.9%	8,625	8,625			8,625	2041	30
2001 MF Series A/B (Hillside Apts)—7.0% to 9.25%	12,900	12,900			12,900	2041	39
2002 MF Series A (Millstone Apts)—5.35% to 5.86%	12,700	12,700			12,700	2035	
2002 MF Series A (Sugar Creek Apts)—6.0%	11,950	11,950			11,950	2042	30
2002 MF Series A (West Oaks Apts)—7.15% to 7.5%	10,150	10,150			10,150	2042	30
2002 MF Series A (Park Meadows Apts)—6.53%	4,600	4,600			4,600	2034	
2002 MF Series A (Clarkridge Villas Apts)—7.0%	14,600		14,600		14,600	2042	
2002 MF Series A (Hickory Trace Apts)—7.0%	11,920		11,920		11,920	2042	
2002 MF Series A (Green Crest Apts)—7.0%	12,500		12,500		12,500	2042	
2002 MF Series A/B (Ironwood Crossing)—5.5% to 8.75%	16,970		16,970		16,970	2042	
2002 MF Series A/B (Woodway Village Apts)—4.9% to 5.2%	9,100		9,100		9,100	2023	
2003 MF Series A/B (Reading Road Apts)—Variable not to exceed 12%	12,200		12,200		12,200	2036	
2003 MF Series A/B (North Vista Apts)—4.1% to 5.41%	14,000		14,000		14,000	2036	
2003 MF Series A/B (West Virginia Apts)—4.15% to 5.41%	9,450		9,450		9,450	2036	
2003 MF Series A/B (Sphinx @ Murdeaux)—3.55% to 5.0%	15,085		15,085		15,085	2042	
2003 MF Series A/B (Primrose Houston School)—5.5% to 8.0%	16,900		16,900		16,900	2036	
2003 MF Series A/B (Timber Oaks Apts)—6.75 to 8.75%	13,200		13,200		13,200	2043	

(Continued)

	Original Face Amount	Balance September 1, 2002	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2003	Final Maturity Date	Amounts Due Within One Year
2003 MF Series A/B (Ash Creek Apts)—5.6% to 15.0%	\$16,375	\$ -	\$ 16,375	\$ -	\$ 16,375	2036	\$ -
2003 MF Series A/B (Peninsula Apts)—4.25 to 5.3%	12,400		12,400		12,400	2024	
2003 MF Series A/B (Evergreen @ Mesquite) 6.6% to 8.0%	11,000		<u>11,000</u>		<u>11,000</u>	2043	
Total principal amount		509,942	<u>\$185,700</u>	\$ 1,718	588,046		
Unamortized discount		<u>(451)</u>			<u>(435)</u>		
Total multifamily		<u>509,491</u>			<u>587,611</u>		
Total		<u>\$ 1,606,799</u>			<u>\$1,733,369</u>		

(Concluded)

Proceeds from the issuance of bonds under the single-family and RMRB Series 1987A programs were used to acquire loans. Proceeds from the issuance of bonds under CHMRB and remaining RMRB programs were used to acquire pass-through certificates backed by mortgage loans. Pass-through certificates were purchased with proceeds from the multifamily 1985 Series G. Proceeds from the remaining multifamily bond issues were used to finance mortgage loans.

Interest on bonds is payable periodically, except for capital appreciation bonds, on which interest is compounded semiannually and payable at maturity or upon redemption.

The single-family, RMRB and CHMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily single-family mortgage loans, mortgage-backed securities and investments. The multifamily bonds are collateralized by varying methods, including, but not limited to, the mortgage loans on the applicable housing developments, certificates of deposit, letters of credit, guarantees provided by third parties and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The trust indentures contain positive and negative covenants. Events of default include failure to make timely payment of both principal and interest on any outstanding bond; failure to make timely payment of any other monies required to be paid to the trustee; and nonperformance or nonobservance of any other covenants, agreements or conditions contained in the indentures. Management believes that it is in compliance with the covenants of the indentures.



Bond contractual maturities (principal only) at August 31, 2003 are as follows (in thousands):

Description	2004	2005	2006	2007	2008	2009 to 2013	2014 to 2018
Single-family	\$ 2,870	\$ 4,385	\$ 4,585	\$ 4,920	\$ 5,285	\$ 23,905	\$ 81,135
RMRB	6,545	20,040	8,400	8,775	9,195	42,865	54,290
CHMRB							90
Multifamily	<u>3,351</u>	<u>4,742</u>	<u>5,520</u>	<u>6,623</u>	<u>9,113</u>	<u>43,990</u>	<u>71,607</u>
Total	<u>\$ 12,766</u>	<u>\$ 29,167</u>	<u>\$ 18,505</u>	<u>\$ 20,318</u>	<u>\$ 23,593</u>	<u>\$ 110,760</u>	<u>\$ 207,122</u>

Description	2019 to 2023	2024 to 2028	2029 to 2033	2034 to 2038	2039 to 2043	Total
Single-family	\$ 29,620	\$ 92,630	\$ 165,200	\$ 5,035	\$ -	\$ 419,570
RMRB	82,185	53,925	236,830	6,115		529,165
CHMRB		91,100				91,190
Multifamily	<u>104,468</u>	<u>147,152</u>	<u>118,217</u>	<u>98,063</u>	<u>80,136</u>	<u>692,982</u>
Total	<u>\$216,273</u>	<u>\$384,807</u>	<u>\$520,247</u>	<u>\$109,213</u>	<u>\$ 80,136</u>	<u>\$ 1,732,907</u>

Actual maturities will differ from contractual maturities since the Department has the right to call or prepay obligations with or without call or prepayment penalties as the related loans and mortgage-backed securities mature or prepay.

Bond maturities (principal and interest) at August 31, 2003 are as follows (in thousands):

Description	2004	2005	2006	2007	2008	2009 to 2013	2014 to 2018
Single-family	\$ 27,407	\$ 28,752	\$ 28,745	\$ 28,852	\$ 28,956	\$ 138,188	\$ 181,451
RMRB	35,117	48,201	35,637	35,642	35,662	168,922	170,880
CHMRB	6,073	6,073	6,073	6,073	6,073	30,365	30,434
Multifamily	<u>56,145</u>	<u>57,830</u>	<u>58,195</u>	<u>59,167</u>	<u>60,458</u>	<u>292,648</u>	<u>294,200</u>
Total	<u>\$124,742</u>	<u>\$140,856</u>	<u>\$128,650</u>	<u>\$129,734</u>	<u>\$131,149</u>	<u>\$ 630,123</u>	<u>\$ 676,965</u>

Description	2019 to 2023	2024 to 2028	2029 to 2033	2034 to 2038	2039 to 2043	Total
Single-family	\$111,380	\$161,421	\$175,546	\$ 5,046	\$ -	\$ 915,744
RMRB	177,422	129,340	280,595	6,280		1,123,698
CHMRB	30,335	102,929				224,428
Multifamily	<u>294,430</u>	<u>285,109</u>	<u>204,617</u>	<u>143,246</u>	<u>94,476</u>	<u>1,900,521</u>
Total	<u>\$613,567</u>	<u>\$678,799</u>	<u>\$660,758</u>	<u>\$154,572</u>	<u>\$ 94,476</u>	<u>\$ 4,164,391</u>

Deferred issuance costs at August 31, 2003 consist of the following (in thousands):

Deferred issuance costs	\$ 31,021
Less accumulated amortization	<u>(19,642)</u>
	<u>\$ 11,379</u>

## 7. EMPLOYEE BENEFITS

**Plan Description**—The Department contributes to the Employees Retirement System of Texas (the “System”), a cost-sharing, multiple-employer, defined benefit plan. The Department has implemented GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which standardizes financial reporting for pensions by state and local government employers. The System provides service retirement, disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Subtitle B, which is subject to amendment by the Texas Legislature. The System’s annual financial report and other required disclosure information are available by writing the Employees Retirement System of Texas, P.O. Box 13207, Austin, Texas, 78711-3207 or by calling (512) 476-6431.

**Funding Policy**—Under provisions in State law, plan members are required to contribute 6% of their annual covered salary, and the Department contributes an amount equal to 6% of the Department’s covered payroll. The Department and the employees’ contributions to the System for the years ending August 31, 2003, 2002 and 2001 were \$882,122, \$891,391 and \$788,309, respectively, equal to the required contributions for each year.

## 8. SEGMENT FINANCIAL DATA

Segment financial data of the Program’s direct-debt activities at August 31, 2003 and for the year then ended are follows (in thousands):

	Single-Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Single-Family CHMRB Series 1993 Funds	Single-Family CHMRB 1994 and 1995 Funds	Combined Totals
CONDENSED STATEMENT OF NET ASSETS:						
Restricted assets:						
Current assets	\$ 71,617	\$ 72,885	\$ 693	\$ 2,077	\$ 1,062	\$ 77,618
Other assets	<u>420,470</u>	<u>486,694</u>	<u>45,699</u>	<u>17,382</u>	<u>32,963</u>	<u>1,139,169</u>
Total assets	<u>492,087</u>	<u>559,579</u>	<u>46,392</u>	<u>19,459</u>	<u>34,025</u>	1,216,787
Liabilities:						
Current liabilities	18,951	15,841	999	99	182	33,481
Long-term liabilities	<u>414,598</u>	<u>526,275</u>	<u>43,202</u>	<u>17,970</u>	<u>31,020</u>	<u>1,091,165</u>
Total liabilities	<u>433,549</u>	<u>542,116</u>	<u>44,201</u>	<u>18,069</u>	<u>31,202</u>	<u>1,124,646</u>
NET ASSETS—Restricted net assets	<u>\$ 58,538</u>	<u>\$ 17,463</u>	<u>\$ 2,191</u>	<u>\$ 1,390</u>	<u>\$ 2,823</u>	<u>\$ 92,141</u>

	Single-Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Single-Family CHMRB Series 1993 Funds	Single-Family CHMRB 1994 and 1995 Funds	Combined Totals
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS:						
Operating revenues:						
Interest and investment income	\$ 27,194	\$ 26,149	\$ 3,738	\$ 1,536	\$ 2,944	\$ 71,200
Net increase (decrease) in fair value	(2,195)	(3,039)	55	(313)	(702)	24,642
Other operating revenues	868	883	82			1,876
Operating expenses	(27,005)	(27,973)	(3,644)	(1,481)	(2,672)	67,176
Depreciation and amortization	(286)	(241)	(10)	(8)	(9)	520
Operating income (loss)	(1,424)	(4,221)	221	(266)	(439)	30,023
Non-operating revenues (expenses)—						
other non-operating revenues						750
(expenses):						
Special and extraordinary items	(1,294)	(742)	244	(66)	(99)	(1,858)
Transfers out	(1,111)	(392)	(12)	(35)	(100)	(2,311)
Change in net assets	(3,829)	(5,355)	453	(367)	(638)	26,604
Net assets—September 1, 2001	<u>62,367</u>	<u>22,818</u>	<u>1,738</u>	<u>1,757</u>	<u>3,461</u>	<u>65,537</u>
Net assets—August 31, 2002	<u>\$ 58,538</u>	<u>\$ 17,463</u>	<u>\$ 2,191</u>	<u>\$ 1,390</u>	<u>\$ 2,823</u>	<u>\$ 92,141</u>
CONDENSED STATEMENT OF CASH FLOWS:						
Net cash provided by (used in):						
Operating activities	\$ 30,563	\$ 2,120	\$ (82)	\$ (12)	\$ (17)	\$ 29,775
Noncapital financing activities	(106,689)	37,827	(19,590)	(10,161)	(22,699)	(7,805)
Investing activities	111,717	(30,313)	19,679	11,119	22,841	(68,126)
Cash and cash equivalents— September 1, 2002	<u>30,015</u>	<u>4,853</u>	<u>443</u>	<u>1,038</u>	<u>763</u>	<u>83,269</u>
Cash and cash equivalents— August 31, 2003	<u>\$ 65,606</u>	<u>\$ 14,487</u>	<u>\$ 450</u>	<u>\$ 1,984</u>	<u>\$ 888</u>	<u>\$ 37,113</u>

## 9. COMMITMENTS AND CONTINGENCIES

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that the aggregate liabilities, if any, will not be material to the financial statements.

## 10. RISK FINANCING AND RELATED INSURANCE ISSUES

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; efforts and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. Currently, there is no purchase of commercial insurance, nor is the Department involved in any risk pools with other government entities. The Department carries Public Official Liabilities Insurance coverage in the amount of \$10,000,000, errors and omissions insurance of \$350,000 related to loan servicing for others and a \$300,000 public employee fidelity bond.

**11. RESTATEMENT OF FUND BALANCES/RETAINED EARNINGS**

During the 2003 fiscal year, one adjustment was made that required the restatement of the amounts in fund equity, as shown and discussed below:

Fund equity at August 31, 2002	\$ 104,771,844
Restatements:	
Correction of error in the financial statements of a prior period	<u>(1,099)</u>
Net assets at September 1, 2002—as restated	<u>\$ 104,770,745</u>

**12. SUBSEQUENT EVENTS**

On October 31, 2003, the Department issued \$17,100,000 in multifamily revenue bonds (Arlington Villas Apartments), made up as follows:

\$ 15,000,000	MF 2003 Series A
\$ 2,100,000	MF 2003 Series B

The multifamily bonds were issued for the primary purpose of financing the acquisition, construction and equipping of multifamily residential rental development. Arlington Villas will be located in Arlington, Texas.

\* \* \* \* \*

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**SCHEDULE 1**

**SUPPLEMENTAL SCHEDULE—STATEMENT OF NET ASSETS INFORMATION BY INDIVIDUAL ACTIVITY  
AUGUST 31, 2003**

ASSETS	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	1993 CHMRB Program	1994/1995 CHMRB Program	Commercial Paper Program	Operating Fund	Total
<b>CURRENT ASSETS:</b>									
Cash and cash equivalents:									
Cash on hand	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ 200
Cash in bank								90,388	90,388
Cash in state treasury								1,263,371	1,263,371
Cash equivalents								9,838,047	9,838,047
Restricted assets:									
Cash and cash equivalents:									
Cash in bank	169,740	91,733		620,529	1	2	22,168		904,173
Cash equivalents	65,435,863	14,394,888	449,879	81,163,701	1,984,277	888,316	171,909		164,488,833
Short-term investments		55,651,004		8,636,197			61,470,000		125,757,201
Loans and contracts	3,916,394	110,273		3,032,000				91,206	7,149,873
Interest receivable	2,090,595	2,634,056	243,438	4,607,569	92,845	173,541	129,939		9,971,983
Receivable:									
Interest receivable								14,788	14,788
Consumable inventories								11,308	11,308
Other current assets	4,646	3,300		467,414		(3)		64,861	540,218
<b>Total current assets</b>	<b>71,617,238</b>	<b>72,885,254</b>	<b>693,317</b>	<b>98,527,410</b>	<b>2,077,123</b>	<b>1,061,856</b>	<b>61,794,016</b>	<b>11,374,169</b>	<b>320,030,383</b>
<b>NONCURRENT ASSETS:</b>									
Other receivables									
Capital assets:									
Nondepreciable:									
Other capital assets									
								3,273	3,273
Depreciable:									
Furniture and equipment									
								1,238,404	1,238,404
Less accumulated depreciation									
								(970,547)	(970,547)
Restricted assets:									
Investments	348,083,544	478,844,461	45,331,023	81,703,404	17,243,140	32,805,295			1,004,010,867
Loans, contracts and notes receivable	66,649,866	2,839,385		688,802,910				2,508,512	760,800,673
Other noncurrent assets:									
Deferred issuance cost—net	4,988,102	5,002,032	368,151	723,919	139,257	157,860			11,379,321
Real estate owned—net	748,225	8,135							756,360
<b>Total noncurrent assets</b>	<b>420,469,737</b>	<b>486,694,013</b>	<b>45,699,174</b>	<b>771,230,233</b>	<b>17,382,397</b>	<b>32,963,155</b>	<b>-</b>	<b>2,779,642</b>	<b>1,777,218,351</b>
<b>TOTAL ASSETS</b>	<b>\$492,086,975</b>	<b>\$559,579,267</b>	<b>\$46,392,491</b>	<b>\$869,757,643</b>	<b>\$19,459,520</b>	<b>\$34,025,011</b>	<b>\$61,794,016</b>	<b>\$14,153,811</b>	<b>\$2,097,248,734</b>

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**SCHEDULE 1**

**SUPPLEMENTAL SCHEDULE—STATEMENT OF NET ASSETS INFORMATION BY INDIVIDUAL ACTIVITY  
AUGUST 31, 2003**

<b>LIABILITIES</b>	<b>Single-Family Program</b>	<b>RMRB Program</b>	<b>CHMRB Program</b>	<b>Multifamily Program</b>	<b>1993 CHMRB Program</b>	<b>1994/1995 CHMRB Program</b>	<b>Commercial Paper Program</b>	<b>Operating Fund</b>	<b>Total</b>
<b>CURRENT LIABILITIES:</b>									
Payables:									
Accounts payable	\$ 61,015	\$ 16,076	\$ 833	\$ 691	\$ -	\$ -	\$ -	\$ 256,044	\$ 334,659
Accrued bond interest payable	12,313,719	4,295,056	143,589	6,173,627	97,428	169,346	124,265		23,317,030
Due to other funds								291,387	291,387
Due to other agencies									4,935,046
Deferred revenues	2,041,671	2,039,040	854,335					407,057	407,057
Employee's compensable leave									61,470,000
Notes and loans payable							61,470,000		61,470,000
Revenue bonds payable	2,870,000	6,545,000		3,351,000					12,766,000
Other current liabilities	1,665,054	2,945,583		(3,167)	1,976	12,944	171,909	37,424	4,831,723
<b>Total current liabilities</b>	<b>18,951,459</b>	<b>15,840,755</b>	<b>998,757</b>	<b>9,522,151</b>	<b>99,404</b>	<b>182,290</b>	<b>61,766,174</b>	<b>991,912</b>	<b>108,352,902</b>
<b>NONCURRENT LIABILITIES:</b>									
Employee's compensable leave								110,097	110,097
Revenue bonds payable	414,597,907	524,615,220	43,202,828	689,196,765	17,970,000	31,020,000			1,720,602,720
Other noncurrent liabilities		1,660,446		169,406,583				47,418	171,114,447
<b>Total noncurrent liabilities</b>	<b>414,597,907</b>	<b>526,275,666</b>	<b>43,202,828</b>	<b>858,603,348</b>	<b>17,970,000</b>	<b>31,020,000</b>		<b>157,515</b>	<b>1,891,827,264</b>
<b>TOTAL LIABILITIES</b>	<b>\$433,549,366</b>	<b>\$542,116,421</b>	<b>\$44,201,585</b>	<b>\$868,125,499</b>	<b>\$18,069,404</b>	<b>\$31,202,290</b>	<b>\$61,766,174</b>	<b>\$ 1,149,427</b>	<b>\$2,000,180,166</b>
<b>NET ASSETS</b>									
<b>INVESTED IN CAPITAL ASSETS—</b>									
Net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 271,130	\$ 271,130
<b>RESTRICTED</b>	<b>58,537,609</b>	<b>17,462,846</b>	<b>2,190,906</b>	<b>1,632,144</b>	<b>1,390,116</b>	<b>2,822,721</b>	<b>27,842</b>		<b>84,064,184</b>
<b>UNRESTRICTED</b>								<b>12,733,254</b>	<b>12,733,254</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 58,537,609</b>	<b>\$ 17,462,846</b>	<b>\$ 2,190,906</b>	<b>\$ 1,632,144</b>	<b>\$ 1,390,116</b>	<b>\$ 2,822,721</b>	<b>\$ 27,842</b>	<b>\$13,004,384</b>	<b>\$ 97,068,568</b>

See accompanying independent auditors' report.

(Concluded)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 2

SUPPLEMENTAL SCHEDULE—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS INFORMATION BY INDIVIDUAL ACTIVITY  
YEAR ENDED AUGUST 31, 2003

	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	1993 CHMRB Program	1994/1995 CHMRB Program	Commercial Paper Program	Operating Fund	Total
OPERATING REVENUES:									
Interest and investment income	\$27,194,310	\$26,148,954	\$3,738,412	\$36,750,496	\$1,535,735	\$2,943,695	\$418,867	\$ 222,402	\$ 98,952,871
Net increase (decrease) in fair value	(2,195,483)	(3,039,119)	53,791		(312,633)	(702,300)			(6,195,744)
Other operating revenues	868,437	883,776	82,314	841,443				1,632,663	4,308,633
Total operating revenues	25,867,264	23,993,611	3,874,517	37,591,939	1,223,102	2,241,395	418,867	1,855,065	97,065,760
OPERATING EXPENSES:									
Salaries and wages								3,279,480	3,279,480
Payroll related costs								987,588	987,588
Professional fees and services	14,555	22,500	4,500		5,000	3,000	40,026	253,818	343,399
Travel								79,749	79,749
Materials and supplies								153,195	153,195
Communications and utilities								93,357	93,357
Repairs and maintenance								110,744	110,744
Rentals and leases								538,687	538,687
Printing and reproduction								30,639	30,639
Depreciation and amortization	285,970	241,367	9,853	14,963	7,609	8,598		85,757	654,117
Interest	26,227,111	26,926,617	3,562,302	36,727,084	1,469,053	2,656,188	384,265		97,952,620
Claims and losses									
Other operating expenses	763,259	1,024,057	77,010	4,918	7,125	12,939	5,376	454,068	2,348,752
Total operating expenses	27,290,895	28,214,541	3,653,665	36,746,965	1,488,787	2,680,725	429,667	6,067,082	106,572,327
OPERATING INCOME (LOSS)	(1,423,631)	(4,220,930)	220,852	844,974	(265,685)	(439,330)	(10,800)	(4,212,017)	(9,506,567)
NON-OPERATING REVENUES (EXPENSES):									
Gain (loss) on sale of investments									
Total non-operating revenues (expenses)									
Income (loss) before other revenues, expenses, gains, losses and transfers	(1,423,631)	(4,220,930)	220,852	844,974	(265,685)	(439,330)	(10,800)	(4,212,017)	(9,506,567)
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS:									
Extraordinary items	(1,294,615)	(741,876)	243,982		(66,123)	(99,394)			(1,958,026)
Transfers in (out)	(1,111,381)	(392,071)	(11,527)	(595,075)	(35,279)	(99,427)	28,902	5,978,274	3,762,416
CHANGE IN NET ASSETS	(3,829,627)	(5,354,877)	453,307	249,899	(367,087)	(638,151)	18,102	1,766,257	(7,702,177)
NET ASSETS—September 1, 2002	62,367,236	22,817,723	1,737,599	1,382,245	1,757,203	3,460,872	9,740	11,239,226	104,771,844
Restatements								(1,099)	(1,099)
NET ASSETS—September 1, 2002—as restated	62,367,236	22,817,723	1,737,599	1,382,245	1,757,203	3,460,872	9,740	11,238,127	104,770,745
NET ASSETS—August 31, 2003	\$58,537,609	\$17,462,846	\$2,190,906	\$ 1,632,144	\$1,390,116	\$2,822,721	\$ 27,842	\$13,004,384	\$ 97,068,568

See accompanying independent auditors' report.

(Concluded)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 3

MISCELLANEOUS BOND INFORMATION  
AUGUST 31, 2003  
(Amounts in thousands)

Description of Issue	Original Principal Bonds Issued to Date	Range of		Schedule Maturities		First Call Date
		Interest	Rates	First Year	Last Year	
1991 Single Family Series A	81,605	4.80%	7.15%	1992	2012	09/01/2001
1995 Single Family Series A	85,760	4.15%	6.15%	1997	2027	09/01/2005
1995 Single Family Series C	71,760	6.44%	7.76%	2006	2017	09/01/2005
1996 Single Family Series A	15,000	4.50%	6.30%	2001	2028	09/01/2006
1996 Single Family Series B	42,140	5.50%	6.00%	2011	2017	09/01/2006
1996 Single Family Series C	2,000	8.30%	8.30%	2015	2017	09/01/2006
1996 Single Family Series D	70,760	5.45%	6.25%	2021	2028	09/01/2006
1996 Single Family Series E	98,730	3.90%	6.00%	1997	2017	09/01/2006
1997 Single Family Series A	44,465	5.25%	5.80%	2013	2029	09/01/2007
1997 Single Family Series B	9,510	5.45%	5.45%	2019	2019	09/01/2007
1997 Single Family Series C	25,525	6.80%	6.80%	2029	2029	09/01/2007
1997 Single Family Series D	44,795	5.65%	5.70%	2029	2029	09/01/2007
1997 Single Family Series F	20,000	6.77%	6.77%	2029	2029	09/01/2007
2002 Single Family Series A Junior Lien	10,000	7.01%	7.01%	2025	2026	09/01/2012
2002 Single Family Series A	38,750	5.45%	5.55%	2023	2034	03/01/2012
2002 Single Family Series B	52,695	5.35%	5.55%	2033	2033	03/01/2012
2002 Single Family Series C	12,950	2.80%	5.20%	2004	2017	03/01/2012
2002 Single Family Series D	13,605	2.00%	4.50%	2003	2012	03/01/2012
1989 RMRB Series A	44,000	6.60%	7.60%	1991	2016	07/01/1999
1989 RMRB Series B	45,000	7.85%	7.85%	2018	2018	07/01/2004
1998 RMRB Series A	102,055	4.05%	5.35%	2002	2031	01/01/2009
1998 RMRB Series B	14,300	5.30%	5.30%	2022	2022	01/01/2009
1999 RMRB Series A	25,615	4.80%	5.50%	2018	2021	01/01/2009
1999 RMRB Series B-1	52,260	6.32%	7.10%	2021	2032	07/01/2009
1999 RMRB Series B-2 (COBs)	50,000	3.90%	3.90%	2033	2033	05/01/2000
1999 RMRB Series C	12,150	5.05%	6.25%	2003	2024	07/01/2009
1999 RMRB Series D	26,355	4.30%	6.25%	2000	2021	07/01/2009
2000 RMRB Series A	50,000	5.10%	6.30%	2003	2031	07/01/2010
2000 RMRB Series B	82,975	5.70%	5.70%	2005	2033	07/01/2010
2000 RMRB Series C	13,675	5.82%	5.85%	2011	2025	07/01/2010
2000 RMRB Series D	18,265	4.55%	5.85%	2003	2020	07/01/2010
2000 RMRB Series E	10,000	7.45%	7.45%	2033	2033	07/01/2010
2001 RMRB Series A	52,715	3.15%	5.70%	2004	2033	07/01/2011
2001 RMRB Series B	15,585	5.00%	5.25%	2011	2022	07/01/2011
2001 RMRB Series C	32,225	2.55%	4.63%	2003	2015	07/01/2011
2001 RMRB Series D	300	5.35%	5.35%	2008	2033	07/01/2011
2002 RMRB Series A	42,310	2.25%	5.35%	2004	2034	07/01/2012
2002 RMRB Series B	74,655	1.25%	1.25%	2035	2035	10/01/2003
2003 RMRB Series A	73,630	1.70%	5.00%	2005	2034	01/01/2013
1992 Coll Home Mtg Rev Bds Series A	29,500	3.48%	10.13%	2023	2023	05/04/1995
1992 Coll Home Mtg Rev Bds Series B	30,000	3.48%	10.27%	2023	2023	05/04/1995
1992 Coll Home Mtg Rev Bds Series C	72,700	3.48%	10.27%	2024	2024	05/04/1995
1993 SF MRB CHMRB Series A	11,695	5.85%	5.85%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series B	15,000	6.62%	6.62%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series C	15,000	6.68%	6.68%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series D	8,000	6.76%	6.76%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series E	8,780	6.85%	6.85%	2025	2025	11/01/2004
1994 SF MRB CHMRB Series A	35,395	6.85%	6.85%	2026	2026	02/22/2005
1994 SF MRB CHMRB Series B	33,385	6.40%	6.40%	2026	2026	04/26/2005
1994 SF MRB CHMRB Series C	15,360	6.25%	6.25%	2026	2026	06/27/2005
1995 SF MRRB CHMRB Series A	5,825	6.26%	6.26%	2015	2015	02/22/2005
1995 SF MRRB CHMRB Series B	2,030	5.70%	5.70%	2010	2010	04/26/2005
TOTAL SINGLE FAMILY AND RMRB BONDS	\$1,860,790					

(Continued)



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 3

MISCELLANEOUS BOND INFORMATION  
AUGUST 31, 2003  
(Amounts in thousands)

Description of Issue	Original Principal Bonds Issued to Date	Range of		Schedule Maturities		First Call Date
		Interest	Rates	First Year	Last Year	
1984 MF Private Placement (Summerbend)	10,100	(a)		1985	2022	09/01/1986
1987 South Texas Rental Housing	1,400	9.50%		1988	2012	02/01/1988
1993 MF Series A&B(RemHill/HighPt Ref)	26,370	(weekly rates)		2023	2023	02/01/2000
1993 Res Ren Project Revenue Bonds	16,775	3.30%		1994	2024	01/01/2004
1996 MF Series A/B (Brighton's Mark)	10,174	6.13%		2026	2026	01/01/2003
1996 MF Series A/B (Las Colinas)	15,469	5.65%		2026	2026	01/01/2003
1996 MF Series A/B (Braxton's Mark)	14,867	5.81%		2026	2026	01/01/2003
1996 MF Series A-D (DFW Pool)	22,150	6.00%		1997	2026	07/01/2006
1996 MF Series A-D (Harbors/Plumtree)	13,050	5.90%		1997	2026	07/01/2006
1996 MF Series A/B (NHP Foundation)	27,560	5.50%		1997	2027	07/01/2007
1997 MF Series (Meadow Ridge)	13,575	5.05%		2001	2030	02/01/2001
1998 MF Series (Pebble Brook)	10,900	4.95%		2001	2030	06/01/2001
1998 MF Series A-C (Residence Oaks)	8,200	5.98%		2001	2030	05/01/2001
1998 MF Series (Volente Project)	10,850	5.00%		2001	2031	07/01/2001
1998 MF Series (Dallas Oxford Refndg)	10,300	7.25%		2018	2018	01/01/2004
1998 MF Series (Greens of Hickory Trail)	13,500	5.20%		2001	2030	09/01/2008
1999 MF Series (Mayfield)	11,445	5.70%		2001	2031	05/01/2002
1999 MF Series (Woodglen Village)	10,660	7.38%		2002	2039	12/01/2016
2000 MF Series (Timber Point Apts)	8,100	(variable rate)		2003	2032	07/01/2000
2000 MF Series (Oaks at Hampton)	10,060	7.20%		2002	2040	03/01/2017
2000 MF Series (Deerwood Apts)	6,435	5.25%		2003	2032	06/01/2010
2000 MF Series (Creek Point Apts)	7,200	(variable rate)		2004	2032	07/01/2000
2000 MF Series A/B (Parks @ Westmoreland)	9,990	7.20%		2002	2040	07/01/2017
2000 MF Series (Honeycreek)	20,485	7.63%		2004	2035	06/30/2007
2000 MF Series A-C (Highland Meadow Apts)	13,500	6.75%		2004	2033	05/01/2019
2000 MF Series A/B (Greenbridge)	20,085	7.40%		2003	2040	03/01/2014
2000 MF Series A-C (Collingham Park)	13,500	6.72%		2004	2033	05/01/2019
2000 MF Series A/B (Williams Run)	12,850	7.65%		2002	2040	01/01/2011
2000 MF Series A/B (Red Hills Villas)	10,300	8.40%		2003	2040	12/01/2017
2001 MF Series (Bluffview Senior Apts)	10,700	7.65%		2003	2041	05/01/2018
2001 MF Series (Knollwood Villas Apts)	13,750	7.65%		2003	2041	05/01/2018
2001 MF Series (Skyway Villas)	13,250	6.00%		2005	2034	12/01/2011
2001 MF Series A/B (Cobb Park)	7,785	6.77%		2003	2041	07/01/2018
2001 MF Series (Greens Road Apts.)	8,375	5.30%		2004	2034	12/01/2011
2001 MF Series A/B (Meridian Apts.)	14,310	5.45%		2004	2034	12/01/2011
2001 MF Series A/B (Wildwood Apts.)	14,365	5.45%		2004	2034	12/01/2011
2001 MF Series A-C (Fallbrook Apts.)	14,700	6.06%		2005	2034	01/01/2012
2001 MF Series (Oak Hollow Apts.)	8,625	7.00%		2003	2041	11/01/2018
2001 MF Series A/B (Hillside Apts.)	12,900	7.00%		2003	2041	11/01/2018
2002 MF Series (Millstone Apts.)	12,700	5.35%		2005	2035	06/01/2012
2002 MF Series (Sugar Creek Apts.)	11,950	6.00%		2004	2042	01/01/2016
2002 MF Series (West Oaks Apts.)	10,150	7.15%		2004	2042	12/01/2018
2002 MF Series (Park Meadows Apts)	4,600	6.53%		2004	2034	05/01/2012
2002 MF Series (Clarkridge Villas Apts)	14,600	7.00%		2004	2042	08/01/2019
2002 MF Series (Hickory Trace Apts)	11,920	7.00%		2004	2042	12/01/2019
2002 MF Series (Green Crest Apts)	12,500	7.00%		2004	2042	11/01/2019
2002 MF Series A/B (Ironwood Crossing)	16,970	5.50%		2005	2042	10/01/2027
2002 MF Series (Woodway Village Apts)	9,100	4.95%		2006	2023	01/01/2013
2003 MF Series A/B (Reading Road)	12,200	(c)		2007	2036	01/01/2004
2003 MF Series A/B (North Vista Apts)	14,000	4.10%		2006	2036	06/01/2013
2003 MF Series A/B (West Virginia Apts)	9,450	4.15%		2006	2036	06/01/2013
2003 MF Series A/B (Sphinx @ Murdeaux)	15,085	3.55%		2005	2042	06/20/2013
2003 MF Series A/B (Primrose Houston School)	16,900	5.50%		2006	2036	07/01/2003
2003 MF Series A/B (Timber Oaks Apts)	13,200	6.75%		2005	2043	06/01/2020
2003 MF Series A/B (Ash Creek Apts)	16,375	5.60%		2006	2036	10/01/2003
2003 MF Series A/B (Peninsula Apts)	12,400	4.25%		2007	2024	10/01/2013
2003 MF Series A (Evergreen @ Mesquite)	11,000	6.60%		2006	2043	09/01/2020

TOTAL MULTIFAMILY BONDS 723,710

TOTAL BONDS ISSUED \$2,584,500

(Concluded)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**NOTES TO SCHEDULE 3  
AUGUST 31, 2003**

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FOOTNOTES:

- a. Variable rate equal to 80% of the trustee bank's prime rate, subject to a maximum (15%) and minimum (8%) yield.
- b. The taxable bonds shall be subject to redemption prior to maturity in whole or any part on any interest payment date after the completion date from the proceeds of an optional prepayment of the loan by the borrower.
- c. Variable rate not to exceed the maximum rate permitted by applicable law, currently 12% per annum.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 4

CHANGES IN BOND INDEBTEDNESS  
AUGUST 31, 2003

Description of Issue	Bonds Outstanding September 1, 2002	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding August 31, 2003	Amounts Due Within One Year
1991 Single Family Series A	\$ 13,605,000			\$ 13,605,000		
1995 Single Family Series A	66,760,000			11,990,000	\$ 54,770,000	
1995 Single Family Series C	32,595,000			12,110,000	20,485,000	
1996 Single Family Series A	9,975,000				9,975,000	
1996 Single Family Series B	15,465,000			6,255,000	9,210,000	
1996 Single Family Series D	56,820,000			9,135,000	47,685,000	
1996 Single Family Series E	51,835,000		\$2,180,000	9,085,000	40,570,000	\$ 1,940,000
1997 Single Family Series A	42,865,000			775,000	42,090,000	
1997 Single Family Series B	9,510,000				9,510,000	
1997 Single Family Series C	15,310,000			3,875,000	11,435,000	
1997 Single Family Series D	41,755,000			5,000,000	36,755,000	
1997 Single Family Series F	13,680,000			2,845,000	10,835,000	
2002 Single Family Series A Junior Lien	10,000,000				10,000,000	
2002 Single Family Series A	38,750,000				38,750,000	
2002 Single Family Series B	52,695,000				52,695,000	
2002 Single Family Series C	12,950,000				12,950,000	
2002 Single Family Series D	13,605,000			1,750,000	11,855,000	930,000
1989 RMRB Series A	40,000			40,000		
1989 RMRB Series B	45,000			45,000		
1998 RMRB Series A	90,625,000		1,825,000	6,620,000	82,180,000	1,850,000
1998 RMRB Series B	13,560,000			450,000	13,110,000	
1999 RMRB Series A	16,370,000			3,770,000	12,600,000	
1999 RMRB Series B-1	49,520,000			2,070,000	47,450,000	
1999 RMRB Series C	12,150,000		95,000	90,000	11,965,000	110,000
1999 RMRB Series D	12,540,000		265,000	11,900,000	375,000	
2000 RMRB Series A	46,210,000		505,000	7,040,000	38,665,000	460,000
2000 RMRB Series B	81,955,000			3,180,000	78,775,000	
2000 RMRB Series C	13,425,000			635,000	12,790,000	
2000 RMRB Series D	17,815,000		395,000	1,150,000	16,270,000	835,000
2000 RMRB Series E	9,215,000			3,340,000	5,875,000	
2001 RMRB Series A	52,715,000			1,465,000	51,250,000	805,000
2001 RMRB Series B	15,585,000			520,000	15,065,000	
2001 RMRB Series C	32,225,000		1,795,000	3,805,000	26,625,000	1,820,000
2001 RMRB Series D	300,000			65,000	235,000	
2002 RMRB Series A		\$ 42,310,000		5,000	42,305,000	665,000
2002 RMRB Series B		74,655,000		74,655,000		
2003 RMRB Series A		73,630,000			73,630,000	
1992 Coll Home Mtg Rev Bds Series C	58,300,000			16,100,000	42,200,000	
1993 SF MRB CHMRB Series A	5,585,000			1,495,000	4,090,000	
1993 SF MRB CHMRB Series B	6,760,000			2,105,000	4,655,000	
1993 SF MRB CHMRB Series C	7,735,000			2,985,000	4,750,000	
1993 SF MRB CHMRB Series D	3,440,000			1,005,000	2,435,000	
1993 SF MRB CHMRB Series E	3,060,000			1,020,000	2,040,000	
1994 SF MRB CHMRB Series A	20,860,000			8,505,000	12,355,000	
1994 SF MRB CHMRB Series B	19,330,000			6,490,000	12,840,000	
1994 SF MRB CHMRB Series C	9,985,000			4,250,000	5,735,000	
1995 SF MRRB CHMRB Series A	680,000			590,000	90,000	
<b>Total Single Family Bonds</b>	<b>\$1,098,205,000</b>	<b>\$ 190,595,000</b>	<b>\$7,060,000</b>	<b>\$241,815,000</b>	<b>\$1,039,925,000</b>	<b>\$ 9,415,000</b>
1984 MF Private Placement (Summerbend)	\$ 8,120,000				\$ 8,120,000	
1987 MF Series (South Texas Rental Housing)	963,910		\$ 57,677		906,233	\$ 63,000
1993 MF Series A&B (Rem Hill/High Pt)	12,490,000				12,490,000	
1993 MF Res Ren Project Revenue Bonds (NCHM)	14,495,000		350,000		14,145,000	
1996 MF Series A&B (Brighton's Mark)	8,075,000				8,075,000	
1996 MF Series A&B (Marks of Las Colinas)	14,869,512				14,869,512	
1996 MF Series A&B (Braxton's Mark)	14,273,700				14,273,700	
1996 MF Series A-D (Dallas-Ft Worth Pool)	20,555,000		325,000		20,230,000	415,000
1996 MF Series A-D (Harbors/Plumtree)	12,035,000		210,000		11,825,000	225,000
1996 MF Series A&B (NHP Foundation)	25,475,000		460,000		25,015,000	490,000
1997 MF Series (Meadow Ridge Apartments)	13,130,000		180,000		12,950,000	190,000

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 4

CHANGES IN BOND INDEBTEDNESS  
AUGUST 31, 2003

Description of Issue	Bonds Outstanding September 1, 2002	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding August 31, 2003	Amounts Due Within One Year
1998 MF Series (Pebble Brook Apartments)	\$ 10,700,000		\$ 145,000		\$ 10,555,000	\$ 150,000
1998 MF Series A-C (Residence at the Oaks)	8,042,000		113,000		7,929,000	118,000
1998 MF Series (Volente Project)	10,630,000		135,000		10,495,000	150,000
1998 MF Series (Dallas-Oxford Rfdg)	10,300,000				10,300,000	
1998 MF Series A&B (Greens of Hickory Trail)	13,280,000		150,000		13,130,000	190,000
1999 MF Series A-C (Mayfield)	11,295,000		158,000		11,137,000	167,000
1999 MF Series (Woodglen Village)	10,652,724		45,580		10,607,144	49,000
2000 MF Series (Timber Point Apts)	8,100,000				8,100,000	200,000
2000 MF Series (Oaks @ Hampton)	10,041,362		47,680		9,993,682	52,000
2000 MF Series (Deerwood Apts)	6,435,000		40,000		6,395,000	75,000
2000 MF Series (Creek Point Apts)	7,200,000				7,200,000	100,000
2000 MF Series A/B (Parks @ Westmoreland)	9,986,291		46,738		9,939,553	51,000
2000 MF Series (Honeycreek)	20,485,000				20,485,000	9,000
2000 MF Series A-C (Highland Meadow Apts)	13,500,000				13,500,000	145,000
2000 MF Series A/B (Greenbridge)	20,085,000		37,807		20,047,193	75,000
2000 MF Series A-C (Collingham Park)	13,500,000				13,500,000	72,000
2000 MF Series A/B (Williams Run)	12,767,244		56,108	\$ 40,000	12,671,136	67,000
2000 MF Series A/B (Red Hills Villas)	10,300,000		27,858		10,272,142	40,000
2001 MF Series (Bluffview Senior Apts)	10,700,000		13,888		10,686,112	44,000
2001 MF Series (Knollwood Villas Apts)	13,750,000		17,845		13,732,155	56,000
2001 MF Series (Skyway Villas)	13,250,000				13,250,000	
2001 MF Series A/B (Cobb Park)	7,785,000		2,283		7,782,717	29,000
2001 MF Series (Greens Road Apts.)	8,375,000				8,375,000	
2001 MF Series (Meridian Apts.)	14,310,000				14,310,000	
2001 MF Series (Wildwood Apts.)	14,365,000				14,365,000	
2001 MF Series A-C (Fallbrook Apts.)	14,700,000				14,700,000	
2001 MF Series (Oak Hollow Apts.)	8,625,000				8,625,000	30,000
2001 MF Series A/B (Hillside Apts.)	12,900,000				12,900,000	39,000
2002 MF Series (Millstone Apts.)	12,700,000				12,700,000	
2002 MF Series (Sugar Creek Apts.)	11,950,000				11,950,000	30,000
2002 MF Series (West Oaks Apts.)	10,150,000				10,150,000	30,000
2002 MF Series (Park Meadows Apts.)	4,600,000				4,600,000	
2002 MF Series (Clarkridge Villas Apts)		\$ 14,600,000			14,600,000	
2002 MF Series (Hickory Trace Apts)		11,920,000			11,920,000	
2002 MF Series (Green Crest Apts)		12,500,000			12,500,000	
2002 MF Series (Iron Wood Crossing)		16,970,000			16,970,000	
2002 MF Series (Woodway Crossing)		9,100,000			9,100,000	
2003 MF Series (Reading Road)		12,200,000			12,200,000	
2003 MF Series (North Vista Apts)		14,000,000			14,000,000	
2003 MF Series (West Virginia Apts)		9,450,000			9,450,000	
2003 MF Series (Sphinx@Murdeaux)		15,085,000			15,085,000	
2003 MF Series (Primrose Houston)		16,900,000			16,900,000	
2003 MF Series (Timber Oaks Apts)		13,200,000			13,200,000	
2003 MF Series (Ash Creek Apts)		16,375,000			16,375,000	
2003 MF Series (Peninsula Apts)		12,400,000			12,400,000	
2003 MF Series (Evergreen @ Mesquite)		11,000,000			11,000,000	
<b>Total Multi-Family Bonds</b>	<b>509,941,743</b>	<b>185,700,000</b>	<b>2,619,464</b>	<b>40,000</b>	<b>692,982,279</b>	<b>3,351,000</b>
<b>TOTAL BONDS OUTSTANDING</b>	<b>\$1,608,146,743</b>	<b>\$ 376,295,000</b>	<b>\$9,679,464</b>	<b>\$241,855,000</b>	<b>\$1,732,907,279</b>	<b>\$12,766,000</b>

FOOTNOTES:

(a) Bonds outstanding balance at August 31, 2003 does not include unamortized premium or discounts.

Bonds outstanding per schedule	\$1,732,907,279
Unamortized (discount) premium:	
Single-family	1,491,789
RMRB	4,557,655
CHMRB	1,002,828
Multifamily	(434,514)
Unamortized deferred gain (loss) on refunding:	
Single-family	(3,593,882)
RMRB	(2,562,435)
<b>Bonds outstanding per statement of net assets</b>	<b>\$1,733,368,720</b>

(Concluded)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)**

**AUGUST 31, 2003**

**(Amounts in thousands)**

Description		2004	2005	2006	2007	2008
1995 Single Family, Series A	Principal					
1995 Single Family, Series A	Interest	\$ 3,354	\$ 3,354	\$ 3,354	\$ 3,354	\$ 3,354
1995 Single Family, Series C	Principal				145	305
1995 Single Family, Series C	Interest	1,576	1,576	1,576	1,571	1,549
1996 Single Family, Series A	Principal					
1996 Single Family, Series A	Interest	628	628	628	628	628
1996 Single Family, Series B	Principal					
1996 Single Family, Series B	Interest	553	553	553	553	553
1996 Single Family, Series D	Principal					
1996 Single Family, Series D	Interest	2,955	2,955	2,955	2,955	2,955
1996 Single Family, Series E	Principal	1,940	2,010	2,115	2,190	2,275
1996 Single Family, Series E	Interest	2,256	2,153	2,043	1,926	1,802
1997 Single Family, Series A	Principal					
1997 Single Family, Series A	Interest	2,376	2,376	2,376	2,376	2,376
1997 Single Family, Series B	Principal					
1997 Single Family, Series B	Interest	518	518	518	518	518
1997 Single Family, Series C	Principal					
1997 Single Family, Series C	Interest	778	778	778	778	778
1997 Single Family, Series D	Principal					
1997 Single Family, Series D	Interest	2,086	2,086	2,086	2,086	2,086
1997 Single Family, Series F	Principal					
1997 Single Family, Series F	Interest	734	734	734	734	734
2002 Single Family Series A Junior Lien	Principal					
2002 Single Family Series A Junior Lien	Interest	701	701	701	701	701
2002 Single Family Series A	Principal					
2002 Single Family Series A	Interest	2,133	2,133	2,133	2,133	2,133
2002 Single Family Series B	Principal		880	925	980	1,035
2002 Single Family Series B	Interest	2,855	2,826	2,777	2,726	2,672
2002 Single Family Series C	Principal		435	460	485	515
2002 Single Family Series C	Interest	620	608	593	575	555
2002 Single Family Series D	Principal	930	1,060	1,085	1,120	1,155
2002 Single Family Series D	Interest	414	388	355	318	277
<b>Total Single Family Bonds</b>		<b>27,407</b>	<b>28,752</b>	<b>28,745</b>	<b>28,852</b>	<b>28,956</b>
1998 Residential Mtg Revenue Bonds, Series A	Principal	1,850	1,920	2,010	2,095	2,185
1998 Residential Mtg Revenue Bonds, Series A	Interest	4,114	4,033	3,947	3,855	3,757
1998 Residential Mtg Revenue Bonds, Series B	Principal					
1998 Residential Mtg Revenue Bonds, Series B	Interest	695	695	695	695	695
1999 Residential Mtg Revenue Bonds, Series A	Principal					
1999 Residential Mtg Revenue Bonds, Series A	Interest	638	638	638	638	638
1999 Residential Mtg Revenue Bonds, Series B-1	Principal					
1999 Residential Mtg Revenue Bonds, Series B-1	Interest	3,118	3,118	3,118	3,118	3,118
1999 Residential Mtg Revenue Bonds, Series C	Principal	110	125	125	140	155
1999 Residential Mtg Revenue Bonds, Series C	Interest	738	732	725	718	711

**SCHEDULE 5**

2009-13	2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	Total Required
	\$ 5,565		\$ 49,205				\$ 54,770
\$ 16,770	16,429	\$ 15,130	10,587				75,686
1,900	18,135						20,485
7,353	3,819						19,020
				\$ 9,975			9,975
3,140	3,140	3,140	3,151				15,711
	9,210						9,210
2,765	1,930						7,460
		3,140	10,255	34,290			47,685
14,775	14,775	14,348	13,603				72,276
6,235	23,805						40,570
7,449	4,772						22,401
	11,915			30,175			42,090
11,880	8,750	8,750	8,750	1,749			51,759
		9,510					9,510
2,590	2,590	264					8,034
				11,435			11,435
3,890	3,890	3,890	3,890	767			20,217
				36,755			36,755
10,430	10,430	10,430	10,430	1,563			53,713
				10,835			10,835
3,670	3,670	3,670	3,670	722			19,072
			10,000				10,000
3,505	3,505	3,505	1,577				15,597
	990	11,775	12,675	10,870	2,440		38,750
10,665	10,638	8,710	5,078	2,112	11		47,879
5,515	4,210	5,195	10,495	20,865	2,595		52,695
12,440	11,180	9,923	8,055	3,433			58,887
3,750	7,305						12,950
2,366	798						6,115
6,505							11,855
595							2,347
<u>138,188</u>	<u>181,451</u>	<u>111,380</u>	<u>161,421</u>	<u>175,546</u>	<u>5,046</u>	<u>-</u>	<u>915,744</u>
4,700	15,725			51,695			82,180
17,610	17,223	13,235	13,235	4,456			85,465
		13,110					13,110
3,475	3,475	2,434					12,859
	7,905	4,695					12,600
3,190	3,126	598					10,104
		15,275		32,175			47,450
15,590	15,590	13,239	10,165	7,798			77,972
1,010	255		10,045				11,965
3,400	3,153	3,140	522				13,839

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)**

**AUGUST 31, 2003**

**(Amounts in thousands)**

Description		2004	2005	2006	2007	2008
1999 Residential Mtg Revenue Bonds, Series D	Principal	\$ 23	\$ 23	\$ 23	\$ 23	\$ 23
1999 Residential Mtg Revenue Bonds, Series D	Interest					
2000 Residential Mtg Revenue Bonds, Series A	Principal	460	490	520	555	575
2000 Residential Mtg Revenue Bonds, Series A	Interest	2,373	2,349	2,322	2,293	2,261
2000 Residential Mtg Revenue Bonds, Series B	Principal		12,000			
2000 Residential Mtg Revenue Bonds, Series B	Interest	4,575	4,459	3,877	3,877	3,877
2000 Residential Mtg Revenue Bonds, Series C	Principal					
2000 Residential Mtg Revenue Bonds, Series C	Interest	747	747	747	747	747
2000 Residential Mtg Revenue Bonds, Series D	Principal	835	885	935	990	1,065
2000 Residential Mtg Revenue Bonds, Series D	Interest	831	791	748	702	652
2000 Residential Mtg Revenue Bonds, Series E	Principal					
2000 Residential Mtg Revenue Bonds, Series E	Interest	438	438	438	438	438
2001 Residential Mtg Revenue Bonds, Series A	Principal	805	860	915	975	1,035
2001 Residential Mtg Revenue Bonds, Series A	Interest	2,757	2,717	2,673	2,626	2,574
2001 Residential Mtg Revenue Bonds, Series B	Principal					
2001 Residential Mtg Revenue Bonds, Series B	Interest	776	776	776	776	776
2001 Residential Mtg Revenue Bonds, Series C	Principal	1,820	1,880	1,960	2,035	2,125
2001 Residential Mtg Revenue Bonds, Series C	Interest	1,047	989	924	851	770
2001 Residential Mtg Revenue Bonds, Series D	Principal					5
2001 Residential Mtg Revenue Bonds, Series D	Interest	13	13	13	13	13
2002 Residential Mtg Revenue Bonds, Series A	Principal	665	690	720	740	770
2002 Residential Mtg Revenue Bonds, Series A	Interest	2,183	2,155	2,124	2,091	2,057
2003 Residential Mtg Revenue Bonds, Series A	Principal		1,190	1,215	1,245	1,280
2003 Residential Mtg Revenue Bonds, Series A	Interest	<u>3,506</u>	<u>3,488</u>	<u>3,449</u>	<u>3,406</u>	<u>3,360</u>
Total Residential Mtg Revenue Bonds		<u>35,117</u>	<u>48,201</u>	<u>35,637</u>	<u>35,642</u>	<u>35,662</u>
1992 Coll Home Mtg Rev Bonds, Series C	Principal					
1992 Coll Home Mtg Rev Bonds, Series C	Interest	<u>2,872</u>	<u>2,872</u>	<u>2,872</u>	<u>2,872</u>	<u>2,872</u>
Total Coll Home Mtg Revenue Bonds		<u>2,872</u>	<u>2,872</u>	<u>2,872</u>	<u>2,872</u>	<u>2,872</u>
1993 SF MRB CHMRB, Series A	Principal					
1993 SF MRB CHMRB, Series A	Interest	239	239	239	239	239
1993 SF MRB CHMRB, Series B	Principal					
1993 SF MRB CHMRB, Series B	Interest	308	308	308	308	308
1993 SF MRB CHMRB, Series C	Principal					
1993 SF MRB CHMRB, Series C	Interest	317	317	317	317	317
1993 SF MRB CHMRB, Series D	Principal					
1993 SF MRB CHMRB, Series D	Interest	165	165	165	165	165
1993 SF MRB CHMRB, Series E	Principal					
1993 SF MRB CHMRB, Series E	Interest	<u>140</u>	<u>140</u>	<u>140</u>	<u>140</u>	<u>140</u>
Total Single Family MRB 1993 CHMRB		<u>1,169</u>	<u>1,169</u>	<u>1,169</u>	<u>1,169</u>	<u>1,169</u>
1994 SF MRB CHMRB, Series A	Principal					
1994 SF MRB CHMRB, Series A	Interest	846	846	846	846	846

**SCHEDULE 5**

2009-13	2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	Total Required
		\$ 375					\$ 375
\$ 115	\$ 115	73					418
620		8,220		\$ 27,225			38,665
11,056	\$ 11,035	8,716	\$ 8,485	4,721			55,611
				66,775			78,775
19,385	19,385	19,385	19,385	15,845			114,050
		9,115	3,675				12,790
3,735	3,735	2,047	287				13,539
6,450	3,240	1,870					16,270
2,353	741	148					6,966
				5,875			5,875
2,190	2,190	2,190	2,190	1,889			12,839
3,380	2,380	4,935	15,225	20,740			51,250
12,162	11,484	10,672	7,855	3,046			58,566
2,810	5,960	6,295					15,065
3,685	2,486	714					10,765
12,470	4,335						26,625
2,401	169						7,151
45	45	45	40	55			235
56	44	31	21	6			223
4,380	5,500	6,905	8,860	11,720	\$ 1,355		42,305
9,684	8,428	6,820	4,782	2,051	25		42,400
7,000	8,945	11,345	16,080	20,570	4,760		73,630
15,970	14,211	11,795	8,488	3,953	140		71,766
<u>168,922</u>	<u>170,880</u>	<u>177,422</u>	<u>129,340</u>	<u>280,595</u>	<u>6,280</u>	<u>-</u>	<u>1,123,698</u>
			42,200				42,200
<u>14,360</u>	<u>14,360</u>	<u>14,360</u>	<u>2,867</u>				<u>60,307</u>
<u>14,360</u>	<u>14,360</u>	<u>14,360</u>	<u>45,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,507</u>
			4,090				4,090
1,195	1,195	1,195	524				5,304
			4,655				4,655
1,540	1,540	1,540	671				6,831
			4,750				4,750
1,585	1,585	1,585	693				7,033
			2,435				2,435
825	825	825	349				3,649
			2,040				2,040
<u>700</u>	<u>700</u>	<u>700</u>	<u>298</u>				<u>3,098</u>
<u>5,845</u>	<u>5,845</u>	<u>5,845</u>	<u>16,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,795</u>
			12,355				12,355
4,230	4,230	4,230	2,686				19,606

(Continued)



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)**

**AUGUST 31, 2003**

**(Amounts in thousands)**

Description		2004	2005	2006	2007	2008
1994 SF MRB CHMRB, Series B 1994 SF MRB CHMRB, Series B	Principal Interest	\$ 822	\$ 822	\$ 822	\$ 822	\$ 822
1994 SF MRB CHMRB, Series C 1994 SF MRB CHMRB, Series C	Principal Interest	358	358	358	358	358
Total Single Family MRB 1994 CHMRB		2,026	2,026	2,026	2,026	2,026
1995 SF MRRB CHMRB, Series A 1995 SF MRRB CHMRB, Series A	Principal Interest	6	6	6	6	6
Total Single Family MRB 1995 CHMRB		6	6	6	6	6
1984 MF Private Placement (Summerbend) 1984 MF Private Placement (Summerbend)	Principal Interest	735	735	735	735	735
1987 MF Series (South Texas Rental Housing) 1987 MF Series (South Texas Rental Housing)	Principal Interest	63 83	70 77	77 70	84 63	93 54
1993 MF Series A&B (Rem Hill/High Pt) 1993 MF Series A&B (Rem Hill/High Pt)	Principal Interest	500	500	500	500	500
1993 MF Res Ren Project Revenue Bonds (NCHM) 1993 MF Res Ren Project Revenue Bonds (NCHM)	Principal Interest	813	813	813	813	2,095 813
1996 MF Series A&B (Brighton's Mark) 1996 MF Series A&B (Brighton's Mark)	Principal Interest	495	495	495	495	495
1996 MF Series A&B (Marks of Las Colinas) 1996 MF Series A&B (Marks of Las Colinas)	Principal Interest	840	840	840	840	840
1996 MF Series A&B (Braxton's Mark) 1996 MF Series A&B (Braxton's Mark)	Principal Interest	829	829	829	829	829
1996 MF Series A-D (Dallas-Ft Worth Pool) 1996 MF Series A-D (Dallas-Ft Worth Pool)	Principal Interest	415 1,409	405 1,384	435 1,357	460 1,328	495 1,295
1996 MF Series A-D (Harbors/Plumtree) 1996 MF Series A-D (Harbors/Plumtree)	Principal Interest	225 821	240 807	255 791	275 774	295 755
1996 MF Series A&B (NHP Foundation) 1996 MF Series A&B (NHP Foundation)	Principal Interest	490 1,577	525 1,550	545 1,519	585 1,485	615 1,448
1997 MF Series (Meadow Ridge Apartments) 1997 MF Series (Meadow Ridge Apartments)	Principal Interest	190 711	200 701	215 691	225 680	120 669
1998 MF Series (Pebble Brook Apartments) 1998 MF Series (Pebble Brook Apartments)	Principal Interest	150 577	160 570	170 562	180 553	190 544
1998 MF Series A-C (Residence At The Oaks) 1998 MF Series A-C (Residence At The Oaks)	Principal Interest	118 472	128 464	134 457	141 448	151 440
1998 MF Series (Volente Project) 1998 MF Series (Volente Project)	Principal Interest	150 579	160 571	165 563	175 555	185 546
1998 MF Series (Dallas-Oxford Rfdg) 1998 MF Series (Dallas-Oxford Rfdg)	Principal Interest	747	747	747	747	747
1998 MF Series A&B (Greens Of Hickory Trail) 1998 MF Series A&B (Greens Of Hickory Trail)	Principal Interest	190 703	185 692	210 681	220 668	240 654
1999 MF Series A-C (Mayfield) 1999 MF Series A-C (Mayfield)	Principal Interest	167 630	177 620	187 607	199 599	209 587

**SCHEDULE 5**

2009-13	2014-18	2019-23	2024-28	2029-33	2034-38	2039-43	Total Required
			\$ 12,840				\$ 12,840
\$ 4,110	\$ 4,110	\$ 4,110	2,597				19,037
			5,735				5,735
1,790	1,790	1,790	1,144				8,304
10,130	10,130	10,130	25,002	-	-	-	65,522
	90						90
30	9						69
30	99	-	-	-	-	-	159
		8,120					8,120
3,675	3,675	3,193					14,218
519							906
117							464
		12,490					12,490
2,500	2,500	2,491					9,991
	3,440		8,610				14,145
3,475	2,691	2,495	254				12,980
			8,075				8,075
2,475	2,475	2,475	1,485				11,385
			14,870				14,870
4,200	4,200	4,200	2,523				19,323
			14,274				14,274
4,145	4,145	4,145	2,495				19,075
3,035	4,260	5,995	4,730				20,230
5,902	4,665	2,910	605				20,855
1,790	2,500	3,480	2,765				11,825
3,437	2,718	1,699	356				12,158
3,755	5,115	7,010	6,375				25,015
6,590	5,223	3,335	840				23,567
1,455	2,005			8,540			12,950
3,152	2,681	2,370	2,370	908			14,933
1,145	1,575	2,150	2,960	1,875			10,555
2,559	2,198	1,696	1,002	161			10,422
899				6,358			7,929
2,046	1,905	1,905	1,905	859			10,901
1,135	1,565	2,140	2,955	1,865			10,495
2,560	2,189	1,681	975	142			10,361
	10,300						10,300
3,735	3,735	494					11,699
1,455	2,000	2,710	3,650	2,270			13,130
3,033	2,565	1,964	1,148	178			12,286
1,247	1,653	2,196	2,914	2,188			11,137
2,737	2,325	1,782	1,058	194			11,139

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)**

**AUGUST 31, 2003**

**(Amounts in thousands)**

Description		2004	2005	2006	2007	2008
1999 MF Series (Woodglen Village)	Principal	\$ 49	\$ 53	\$ 57	\$ 61	\$ 66
1999 MF Series (Woodglen Village)	Interest	781	777	773	769	764
2000 MF Series (Timber Point Apts)	Principal	200	100	100	100	100
2000 MF Series (Timber Point Apts)	Interest	4,322	4,268	4,214	4,493	3,745
2000 MF Series A&B (Oaks At Hampton)	Principal	52	57	62	68	75
2000 MF Series A&B (Oaks At Hampton)	Interest	726	721	715	710	703
2000 MF Series (Deerwood Apts)	Principal	75	75	85	85	95
2000 MF Series (Deerwood Apts)	Interest	400	396	392	387	383
2000 MF Series (Creek Point Apts)	Principal	100	100	100	100	100
2000 MF Series (Creek Point Apts)	Interest	3,644	3,605	3,563	3,511	3,460
2000 MF Series (Parks At Westmoreland)	Principal	51	56	61	67	73
2000 MF Series (Parks At Westmoreland)	Interest	845	840	835	829	823
2000 MF Series (Honey Creek)	Principal	9	113	122	131	142
2000 MF Series (Honey Creek)	Interest	1,562	1,557	1,548	1,539	1,529
2000 A/C MF Series (Highland Meadows)	Principal	145	155	165	177	190
2000 A/C MF Series (Highland Meadows)	Interest	914	902	889	875	876
2000 A&B MF Series (Greenbridge)	Principal	75	83	92	119	109
2000 A&B MF Series (Greenbridge)	Interest	1,487	1,479	1,469	1,459	1,451
2000 A/C MF Series (Collingham Park)	Principal	72	151	162	172	182
2000 A/C MF Series (Collingham Park)	Interest	913	902	890	877	864
2000 A&B MF Series (Williams Run)	Principal	67	67	72	78	84
2000 A&B MF Series (Williams Run)	Interest	967	962	956	950	944
2000 A&B MF Series (Red Hills Villas)	Principal	40	44	49	54	59
2000 A&B MF Series (Red Hills Villas)	Interest	865	861	857	852	847
2001a MF Series (Bluffview Sr. Apts.)	Principal	44	47	51	55	59
2001a MF Series (Bluffview Sr. Apts.)	Interest	917	913	909	905	900
2001a MF Series (Knollwood Villas Apts)	Principal	56	61	66	71	77
2001a MF Series (Knollwood Villas Apts)	Interest	1,182	1,179	1,174	1,168	1,162
2001a MF Series (Skyway Villas)	Principal		135	185	195	205
2001a MF Series (Skyway Villas)	Interest	737	734	725	715	705
2001a MF Series (Cobb Park)	Principal	29	32	35	38	42
2001a MF Series (Cobb Park)	Interest	617	614	611	608	604
2001 MF Series (Greens Road Apts.)	Principal		100	105	110	120
2001 MF Series (Greens Road Apts.)	Interest	449	446	441	435	429
2001 MF Series (Meridian Apts.)	Principal		150	165	175	185
2001 MF Series (Meridian Apts.)	Interest	838	833	822	811	799
2001 MF Series (Wildwood Apts.)	Principal		245	170	175	190
2001 MF Series (Wildwood Apts.)	Interest	827	818	807	796	783
2001 A/C MF Series (Fallbrook Apts.)	Principal		86	180	193	206
2001 A/C MF Series (Fallbrook Apts.)	Interest	899	898	887	875	861
2001 MF Series (Oak Hollow Apts.)	Principal	30	43	46	49	53
2001 MF Series (Oak Hollow Apts.)	Interest	680	677	673	670	666
2001 A/B MF Series (Hillside Apts.)	Principal	39	57	63	69	75
2001 A/B MF Series (Hillside Apts.)	Interest	1,023	1,018	1,012	1,006	1,000

**SCHEDULE 5**

	<b>2009-13</b>	<b>2014-18</b>	<b>2019-23</b>	<b>2024-28</b>	<b>2029-33</b>	<b>2034-38</b>	<b>2039-43</b>	<b>Total Required</b>
\$	412	\$ 596	\$ 860	\$ 1,242	\$ 1,795	\$ 2,593	\$ 2,823	\$ 10,607
	3,736	3,552	3,287	2,905	2,353	1,555	235	21,487
	800	1,000	1,500	2,100	2,100			8,100
	19,310	16,881	13,470	8,703	2,269			81,675
	482	693	993	1,422	2,036	2,914	1,140	9,994
	3,407	3,196	2,897	2,468	1,854	974	67	18,438
	435		1,305		4,240			6,395
	1,827	1,770	1,521	1,355	1,223			9,654
	700	900	1,300	1,900	1,900			7,200
	16,369	14,353	11,512	7,501	2,021			69,539
	470	674	965	1,381	1,977	2,829	1,335	9,939
	4,003	3,761	3,419	2,926	2,222	1,215	113	21,831
	895	1,309	1,915	2,800	4,093	8,956		20,485
	7,452	7,033	6,424	5,534	4,231	1,113		39,522
	1,161	1,624	2,270	3,174	4,439			13,500
	4,084	3,617	2,962	2,045	782			17,946
	742	1,074	1,552	2,246	3,246	4,694	6,015	20,047
	7,101	6,768	6,287	5,589	4,582	3,125	725	41,522
	1,215	1,644	2,226	3,037	4,161	478		13,500
	4,362	3,913	3,214	2,262	959	5		19,161
	534	781	1,145	1,676	2,454	3,592	2,121	12,671
	4,608	4,359	3,993	3,459	2,676	1,530	183	25,587
	386	562	812	1,176	1,700	2,458	2,932	10,272
	4,138	3,941	3,655	3,244	2,649	1,788	437	24,134
	374	547	799	1,166	1,704	2,489	3,351	10,686
	4,411	4,216	3,930	3,513	2,905	2,018	589	26,126
	481	704	1,026	1,499	2,191	3,199	4,301	13,732
	5,707	5,475	5,134	4,640	3,916	2,857	895	34,489
	1,205	1,585	2,075	2,740	3,630	1,295		13,250
	3,345	2,965	2,460	1,788	895	54		15,123
	277	404	573	844	1,223	1,768	2,518	7,783
	2,950	2,815	2,622	2,345	1,939	1,355	422	17,502
	730	985	1,340	1,810	2,480	595		8,375
	2,036	1,810	1,505	1,087	512	16		9,166
	1,145	1,620	2,255	3,040	4,090	1,485		14,310
	3,786	3,330	2,717	1,978	998	62		16,974
	1,165	1,635	2,245	3,015	4,055	1,470		14,365
	3,705	3,251	2,684	1,961	991	61		16,684
	1,257	1,704	2,296	3,095	4,170	1,513		14,700
	4,076	3,624	3,026	2,213	1,120	70		18,549
	328	464	659	936	1,323	1,875	2,819	8,625
	3,257	3,102	2,881	2,569	2,127	1,499	518	19,319
	482	682	970	1,373	1,947	2,760	4,383	12,900
	4,884	4,656	4,333	3,874	3,223	2,299	823	29,151

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)**

**AUGUST 31, 2003**

**(Amounts in thousands)**

Description	2004	2005	2006	2007	2008
2002 MF Series (Millstone Apts.)		\$ 80	\$ 165	\$ 180	\$ 195
2002 MF Series (Millstone Apts.)	\$ 699	698	690	680	670
2002 MF Series (Sugar Creek Apts.)	30	65	70	70	80
2002 MF Series (Sugar Creek Apts.)	717	714	710	705	701
2002 MF Series (West Oaks Apts.)	30	48	52	56	60
2002 MF Series (West Oaks Apts.)	760	757	753	749	745
2002 MF Series (Park Meadows Apts.)		50	55	60	60
2002 MF Series (Park Meadows Apts.)	300	299	295	292	288
2002 Series (Clarkridge Villas Apts)		69	74	79	85
2002 Series (Clarkridge Villas Apts)	1,022	1,019	1,014	1,009	1,003
2002 Series A (Hickory Trace Apts)		47	60	64	69
2002 Series A (Hickory Trace Apts)	834	833	829	825	820
2002 Series A (Green Crest Apts)		49	63	67	72
2002 Series A (Green Crest Apts)	875	873	869	865	860
2002 Series A/B (Iron Wood Crossing)			51	67	73
2002 Series A/B (Iron Wood Crossing)	1,222	1,222	1,220	1,215	1,209
2002 Series A (Woodway Village)			105	115	125
2002 Series A (Woodway Village)	469	469	466	461	455
2003 Series A/B (Reading Road)				120	120
2003 Series A/B (Reading Road)	600	651	651	650	644
2003 Series A/B (North Vista)				200	210
2003 Series A/B (North Vista)	699	699	699	694	685
2003 Series A/B (West Virginia)				135	145
2003 Series A/B (West Virginia)	472	472	472	469	463
2003 Series A/B (Sphinx @ Murdeaux)		70	140	160	165
2003 Series A/B (Sphinx @ Murdeaux)	1,457	1,982	1,987	1,993	1,998
2003 Series A/B (Primrose Houston)			11	71	77
2003 Series A/B (Primrose Houston)	1,164	1,164	1,164	1,161	1,155
2003 Series A/B (Timber Oaks)		4	47	51	56
2003 Series A/B (Timber Oaks)	937	937	934	930	925
2003 Series A/B (Ash Creek Apts)				59	76
2003 Series A/B (Ash Creek Apts)	1,100	1,100	1,100	1,098	1,092
2003 Series A/B (Peninsula Apts)				80	160
2004 Series A/B (Peninsula Apts)	647	647	647	645	639
2003 Series (Evergreen @ Mesquite)			41	103	110
2003 Series (Evergreen @ Mesquite)	704	757	756	751	744
Total Multi-Family Bonds	<u>56,145</u>	<u>57,830</u>	<u>58,195</u>	<u>59,167</u>	<u>60,458</u>
Total	124,742	140,856	128,650	129,734	131,149
Less interest	<u>111,976</u>	<u>111,689</u>	<u>110,145</u>	<u>109,416</u>	<u>107,556</u>
Total Principal	<u>\$ 12,766</u>	<u>\$ 29,167</u>	<u>\$ 18,505</u>	<u>\$ 20,318</u>	<u>\$ 23,593</u>

Notes: The actual maturity of any class of bonds may be shorter than its stated maturity as a result of prepayments on the mortgage certificates or loans. No assurance can be given as to the rates of prepayments that actually will occur. Interest does not include accretions on capital appreciation bonds or amortization of premium/discount on bonds.

**SCHEDULE 5**

	<b>2009-13</b>	<b>2014-18</b>	<b>2019-23</b>	<b>2024-28</b>	<b>2029-33</b>	<b>2034-38</b>	<b>2039-43</b>	<b>Total Required</b>
\$	1,145	\$ 1,485	\$ 1,940	\$ 2,550	\$ 3,345	\$ 1,615		\$ 12,700
	3,173	2,817	2,352	1,738	926	89		14,532
	490	465					\$10,680	11,950
	3,424	3,257	3,205	3,205	3,205	3,205	2,137	25,185
	371	531	758	1,082	1,547	2,208	3,407	10,150
	3,647	3,478	3,240	2,898	2,408	1,709	609	21,753
	390	525	730	1,005	1,390	335		4,600
	1,368	1,219	1,017	736	348	11		6,173
	526	747	1,058	1,500	2,127	3,014	5,321	14,600
	4,914	4,693	4,380	3,936	3,305	2,412	1,041	29,748
	426	603	853	1,211	1,716	2,432	4,439	11,920
	4,018	3,838	3,585	3,227	2,719	1,999	899	24,426
	446	632	895	1,270	1,799	2,551	4,656	12,500
	4,214	4,026	3,760	3,384	2,851	2,095	943	25,615
	477	737	1,128	1,620	2,295	3,254	7,268	16,970
	5,931	5,668	5,274	4,781	4,100	3,135	1,592	36,569
	740	990	7,025					9,100
	2,173	1,961	1,617					8,071
	940	1,290	1,770	2,375	3,125	2,460		12,200
	3,076	2,788	2,392	1,860	1,139	235		14,686
	1,205	1,550	2,040	2,675	3,500	2,620		14,000
	3,277	2,956	2,504	1,907	1,127	202		15,449
	815	1,040	1,370	1,805	2,375	1,765		9,450
	2,212	1,995	1,692	1,290	762	134		10,433
	935	1,180	1,505	1,900	2,425	3,090	3,515	15,085
	10,112	4,614	2,914	2,509	1,990	1,318	455	33,329
	492	736	1,094	1,556	2,192	10,671		16,900
	5,666	5,423	5,068	4,615	3,987	1,836		32,403
	368	568	879	1,322	1,858	2,601	5,445	13,199
	4,541	4,338	4,024	3,580	3,041	2,294	1,228	27,709
	490	734	1,063	1,488	2,082	10,383		16,375
	5,353	5,111	4,786	4,369	3,783	1,941		30,833
	955	1,275	1,725	8,205				12,400
	3,069	2,794	2,400	453				11,941
	668	919	1,263	1,738	2,391	2,101	1,666	11,000
	3,598	3,339	2,984	2,494	1,820	972	429	19,348
	<u>292,648</u>	<u>294,200</u>	<u>286,310</u>	<u>285,109</u>	<u>204,617</u>	<u>143,246</u>	<u>94,475</u>	<u>1,892,400</u>
	630,123	676,965	613,567	678,799	660,758	154,572	94,476	4,164,391
	<u>519,363</u>	<u>469,843</u>	<u>397,294</u>	<u>293,992</u>	<u>140,511</u>	<u>45,359</u>	<u>14,340</u>	<u>2,431,484</u>
	<u>\$ 110,760</u>	<u>\$ 207,122</u>	<u>\$ 216,273</u>	<u>\$ 384,807</u>	<u>\$ 520,247</u>	<u>\$ 109,213</u>	<u>\$ 80,136</u>	<u>\$ 1,732,907</u>

(Concluded)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE—REVENUE BONDS**

**AUGUST 31, 2003**

**(Amounts in thousands)**

Description of Issue	Pledged and Other Sources Related Expenditures for Fiscal Year 2003						Net Available for Debt Service
	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	Total Pledged Sources	Other Sources	Operating Expenses and Expenditures	
Single Family:							
Series 95A, 95C, 96A/B, 96D/E, 97A-C, 97D/F, 2002A Jr. Lien, 2002A-D	\$ 7,132	\$20,914	\$ 76,425	\$104,471	\$ 17	\$1,064	\$103,424
Residential Mortgage Revenue:							
Series 98A/B, 99A, 99B-D, 2000A-E, 2001A-D, 2002A, 2003A	748	25,828	120,845	147,421	456	1,288	146,590
Coll. Home Mortgage Revenue:							
Series 92C	82	3,738	16,100	19,921		91	19,829
SF MRB CHMRB Series 93A-E		1,536	8,610	10,146		20	10,126
SF MRB CHMRB Series 94A-C		2,753	19,245	21,998		24	21,975
SF MRRB CHMRB Series 95A		191	590	781		1	780
<b>Total Single Family</b>	<b>7,962</b>	<b>54,960</b>	<b>241,815</b>	<b>304,738</b>	<b>473</b>	<b>2,488</b>	<b>302,723</b>
Multifamily:							
84 MF Priv Placement (Summerbend)	397			397	32	1	429
87 MF Series (South Texas)	89	13		102			102
93 MF Series A/B (Remington Hill/High Pt)	153			153	44	5	192
93 MF Series (NCHMP)	823			823	55		878
96 MF Series A/B (Brighton's/Las Colinas)	1,360			1,360	32	6	1,386
96 MF Series A/B (Braxton's Mark)	845			845	19	3	862
96 MF Series A-D (DFW Pool)	1,436			1,436			1,436
96 MF Series A-D (Harbors/Plumtree)	833			833	30		862
96 MF Series A/B (NHP Foundation)	1,599			1,599	65		1,664
97 MF Series (Meadow Ridge)	720			720	28		749
98 MF Series (Pebble Brook)	583			583	27		609
98 MF Series A-C (Residence Oaks)	478			478	17		495
98 MF Series (Volente)	586			586	26		613
98 MF Series (Greens-Hickory Tr.)	709			709	26		735
98 MF Series (Dallas-Oxford)/rfdg	747			747	26		773
99 MF Series (Woodglen)	784			784	11		794
99 MF Series (Mayfield Apts.)	640			640	11		651
00 MF Series (Timber Pt Apts)	100			100	8		108
00 MF Series (Oaks at Hampton)	730			730	10		740
00 MF Series (Deerwood Apts)	403			403	6		409
00 MF Series (Creek Pt Apts)	89			89	7		96
00 MF Series A/B (Parks Westmoreld)	725			725	10		735
00 MF Series (Honey Creek)	1,562			1,562	20		1,582
00 MF Series A-C (Highland Meadows)	921			921	14		934
00 MF Series A/B (Greenbridge)	1,494			1,494	20		1,514
00 MF Series A-C (Collingham Pk)	915			915	14		928
00 MF Series A/B (Williams Run)	975		40	1,015	13		1,028
00 MF Series A/B (Red Hills Villa)	770			770	10		780
01 MF Series (Bluffview Apt)	813			813	11		824
01 MF Series (Knollwood Villa)	1,045			1,045	14		1,058
01 MF Series (Skyway Villa)	737			737	13	5	745
01 MF Series A/B (Cobb Park Apt)	591			591	8		599
01 MF Series (Greens Road Apt)	449			449	8		457
01 MF Series A/B (Meridian Apt)	838			838	14		852
01 MF Series A/B (Wildwood Branch)	828			828	14		842
01 MF Series A-C (Fallbrook Apt)	899			899	15		914
01 MF Series (Oak Hollow Apt)	643			643	9		651
01 MF Series A/B (Hillside Apt)	968			968	13		981
01 MF Series (Millstone Apt)	699			699	13		712

**SCHEDULE 6**

<u>Debt Service</u>			<u>Interest and Sinking Fund</u>		<u>Reserve Fund</u>	
<u>Principal</u>	<u>Interest</u>	<u>Refunded or Extinguished</u>	<u>Minimum</u>	<u>Actual</u>	<u>Minimum</u>	<u>Actual</u>
\$ 2,180	\$ 26,227	\$ 76,425	\$ n/a	\$ n/a	\$ 1,758	\$ 1,779
4,880	26,927	120,845	n/a	n/a		
	3,562	16,100	n/a	n/a	n/a	n/a
	1,469	8,610	n/a	n/a	n/a	n/a
	2,635	19,245	n/a	n/a	n/a	n/a
	21	590	n/a	n/a	n/a	n/a
<u>7,060</u>	<u>60,841</u>	<u>241,815</u>			<u>1,758</u>	<u>1,779</u>
	396		n/a	n/a	n/a	n/a
58	89		n/a	n/a	843	977
	148		n/a	n/a	n/a	n/a
350	823		n/a	n/a	n/a	n/a
	1,354		n/a	n/a	n/a	n/a
	841		n/a	n/a	n/a	n/a
325	1,436		n/a	n/a	n/a	n/a
210	833		n/a	n/a	n/a	n/a
460	1,599		n/a	n/a	n/a	n/a
180	720		n/a	n/a	n/a	n/a
145	583		n/a	n/a	n/a	n/a
113	478		n/a	n/a	n/a	n/a
135	586		n/a	n/a	n/a	n/a
150	709		n/a	n/a	n/a	n/a
	747		n/a	n/a	n/a	n/a
46	784		n/a	n/a	n/a	n/a
158	640		n/a	n/a	n/a	n/a
	100		n/a	n/a	n/a	n/a
48	730		n/a	n/a	n/a	n/a
40	403		n/a	n/a	n/a	n/a
	89		n/a	n/a	n/a	n/a
47	725		n/a	n/a	n/a	n/a
	1,562		n/a	n/a	n/a	n/a
	921		n/a	n/a	n/a	n/a
38	1,494		n/a	n/a	n/a	n/a
	915		n/a	n/a	n/a	n/a
56	975	40	n/a	n/a	n/a	n/a
28	770		n/a	n/a	n/a	n/a
14	813		n/a	n/a	n/a	n/a
18	1,045		n/a	n/a	n/a	n/a
	737		n/a	n/a	n/a	n/a
2	591		n/a	n/a	n/a	n/a
	449		n/a	n/a	n/a	n/a
	838		n/a	n/a	n/a	n/a
	828		n/a	n/a	n/a	n/a
	899		n/a	n/a	n/a	n/a
	643		n/a	n/a	n/a	n/a
	968		n/a	n/a	n/a	n/a
	699		n/a	n/a	n/a	n/a

(Continued)



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE—REVENUE BONDS**

**AUGUST 31, 2003**

**(Amounts in thousands)**

Description of Issue	Pledged and Other Sources Related Expenditures for Fiscal Year 2003						Net Available for Debt Service
	Operating Revenues	Interest Earned on Investments	Other Pledged Revenues	Total Pledged Sources	Other Sources	Operating Expenses and Expenditures	
02 MF Series (Sugarcreek Apt)	\$ 727	\$ -	\$ -	\$ 727	\$ 12	\$ -	\$ 739
02 MF Series (West Oaks Apt)	741			741	10		751
02 MF Series (Park Meadows Apts)	300			300	5		305
02 MF Series (Clarkridge Villas Apts)	1,008			1,008	14		1,022
02 MF Series (Hickory Trace Apts)	679			679	10		689
02 MF Series (Green Crest Apts)	702			702	10		712
02 MF Series (Ironwood Crossing)	792			792	13		806
02 MF Series (Woodway Village)	346			346	7		353
03 MF Series (Reading Road)	402			402	7		409
03 MF Series (North Vista)	324			324	7		331
03 MF Series (West Virginia)	156			156	3		159
03 MF Series (Primrose Houston)	266			266	6		272
03 MF Series (Timber Oaks)	83	6		89	2		91
03 MF Series (Ash Creek Apts)	13			13			13
03 MF Series (Peninsula Apts)	5			5			5
03 MF Series (Evergreen @ Mesquite)	5	4		9			9
<b>Total Multifamily</b>	<u>27,686</u>	<u>10</u>	<u>40</u>	<u>27,736</u>	<u>488</u>	<u>5</u>	<u>28,216</u>
<b>TOTAL*</b>	<u>\$28,406</u>	<u>\$ 11</u>	<u>\$ 40</u>	<u>\$ 28,457</u>	<u>\$516</u>	<u>\$ 5</u>	<u>\$ 28,967</u>

\*Totals may not add due to rounding.

SCHEDULE 6

Debt Service			Interest and Sinking Fund		Reserve Fund	
Principal	Interest	Refunded or Extinguished	Minimum	Actual	Minimum	Actual
\$ -	\$ 727	\$ -	\$ n/a	\$ n/a	\$ n/a	\$ n/a
	741		n/a	n/a	n/a	n/a
	300		n/a	n/a	n/a	n/a
	1,008		n/a	n/a	n/a	n/a
	679		n/a	n/a	n/a	n/a
	702		n/a	n/a	n/a	n/a
	792		n/a	n/a	n/a	n/a
	346		n/a	n/a	n/a	n/a
	402		n/a	n/a	n/a	n/a
	324		n/a	n/a	n/a	n/a
	156		n/a	n/a	n/a	n/a
	266		n/a	n/a	n/a	n/a
	83		n/a	n/a	n/a	n/a
	13		n/a	n/a	n/a	n/a
	5		n/a	n/a	n/a	n/a
	5		n/a	n/a	n/a	n/a
<u>2,619</u>	<u>36,727</u>	<u>40</u>			<u>843</u>	<u>977</u>
<u>\$ 9,679</u>	<u>\$ 97,568</u>	<u>\$ 241,855</u>			<u>\$ 2,601</u>	<u>\$ 2,756</u>

(Concluded)

***Texas Department of Housing  
and Community Affairs—  
Housing Finance Division***

*Computation of Unencumbered Fund Balances  
August 31, 2003 and  
Independent Auditors' Report*



## INDEPENDENT AUDITORS' REPORT

Governing Board  
Texas Department of Housing and Community Affairs

We have audited the accompanying Computation of Unencumbered Fund Balances (the "Computation") of the Texas Department of Housing and Community Affairs—Housing Finance Division (the "Division") as of August 31, 2003. The Computation is the responsibility of Division management. Our responsibility is to express an opinion based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Computation is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Computation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Computation. We believe that our audit provides a reasonable basis for our opinion.

The Computation is presented on the basis of criteria described in Note 2 to the Computation for compliance with the provisions of Chapter 2306, Texas Government Code, Sections 2306.204 and 2306.205. The Computation is not intended to present unencumbered fund balances in accordance with accounting principles generally accepted in the United States of America. Unencumbered fund balances determined under the basis of presentation described in Note 2 may materially differ from those determined under accounting principles generally accepted in the United States of America.

In our opinion, the aforementioned Computation presents fairly, in all material respects, the unencumbered fund balances of the Division as of August 31, 2003, in conformity with the criteria specified by management of the Division for compliance with the computations described in the Texas Government Code, Sections 2306.204 and 2306.205, as set forth in Note 2 to the Computation.

This report is intended solely for the information and use of the Division's management and the Governing Board in accordance with the Texas Government Code, Sections 2306.204 and 2306.205, and is not intended to be and should not be used by anyone other than these specific parties.

*Deloitte + Touche LLP*

December 15, 2003

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION**

**COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2003 (Dollars in thousands)**

	SFMRB Program	RMRB Program	CHMRB Program	M/F Program	1993 SF CHMRB Program	1994/1995 SF CHMRB Program	Commercial Paper Program	Operating Fund	
<b>BOND LIABILITIES:</b>									
Bonds payable/commercial paper notes payable	\$419,570	\$529,165	\$42,200	\$692,982	\$17,970	\$31,020	\$61,470	\$ -	
Accrued interest payable on bonds	12,314	4,295	144	6,174	97	169	124		
Total	<u>\$431,884</u>	<u>\$533,460</u>	<u>\$42,344</u>	<u>\$699,156</u>	<u>\$18,067</u>	<u>\$31,189</u>	<u>\$61,594</u>	<u>\$ -</u>	
ASSET TEST RATIO	102.00%	102.00%	102.00%	100.00%	100.00%	100.00%	100.00%	0.00%	
<b>QUALIFYING ASSETS:</b>									
Cash and temporary investments	\$ 65,606	\$ 14,487	\$ 450	\$ 82,011	\$ 1,984	\$ 888	\$ 194	\$11,192	
Investments at fair value	102,861	158,670	5,434	90,113		988	61,470		
Mortgage-backed securities at fair value	245,222	375,826	39,897		17,243	31,817			
Less fair value adjustment	(6,704)	(6,783)	(2,422)		(954)	(1,823)			
Unamortized premium/discount	435	1,277	299	3	143	263			
Loans/notes receivable—net	71,683	3,011		692,747				2,600	
Real estate owned—net	748	8							
Accrued interest receivable	2,091	2,634	243	4,608	93	174	130	15	
Subtotal	<u>481,942</u>	<u>549,130</u>	<u>43,901</u>	<u>869,482</u>	<u>18,509</u>	<u>32,307</u>	<u>61,794</u>	<u>13,807</u>	
<b>LESS RESTRICTIONS:</b>									
Self-insurance fund	1,743	401							
Operating reserve fund	4,271	387	24	526	15	26	11	33	
Debt service fund	1,889	561		3,102				23	
Rebate payable	605	1,835			2	13	172		
Due to lenders/other departments				169,407				48	
Housing assistance programs	17,592	6,066							
Board/department restrictions	2,000	1,500					17	9,838	
Amounts reserved for special redemptions subsequent to August 31, 2003	2,285								
Subtotal	<u>30,385</u>	<u>10,750</u>	<u>24</u>	<u>173,035</u>	<u>17</u>	<u>39</u>	<u>200</u>	<u>9,942</u>	
Total qualifying assets less restrictions	451,557	538,380	43,877	696,447	18,492	32,268	61,594	3,865	
LESS ASSET TEST REQUIREMENT	440,522	544,129	43,191	699,156	18,067	31,189	61,594		
AMOUNT NEEDED TO MEET ASSET TEST REQUIREMENT		5,749		2,709				(3,865)	TOTAL
UNENCUMBERED FUND BALANCES	<u>\$ 11,035</u>	<u>\$ -</u>	<u>\$ 686</u>	<u>\$ -</u>	<u>\$ 425</u>	<u>\$ 1,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$13,225</u>

See accompanying independent auditors' report and accompanying notes to the Computation.

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS— HOUSING FINANCE DIVISION

## NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES AUGUST 31, 2003 (IN THOUSANDS)

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### 1. BACKGROUND OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

*General Statement*—The Texas Department of Housing and Community Affairs (the “Department”), was created effective September 1, 1991 by an act of the 72nd Texas Legislature, pursuant to Senate Bill 546 (subsequently codified as Chapter 2306, Texas Government Code) (the “Department Act”), passed by the Texas Legislature on May 24, 1991 and signed by the Governor of the State of Texas. Effective September 1, 1991, the Department was established to assist local governments in helping residents overcome financial, social and environmental problems; to address low- to moderate-income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the Legislature in coordinating federal and state programs affecting local governments; and to continually inform the State and the public about the needs of local government. The Department was created by merging two former agencies: the Texas Housing Agency and the Texas Department of Community Affairs.

The Department is governed by a Governing Board composed of seven members appointed by the Governor with advice and consent of the Senate. The Department is administered by an Executive Director to be employed by the Board with the approval of the Governor. The Department is authorized to issue tax-exempt or taxable bonds, notes or other obligations to finance or refinance multifamily housing developments and single-family residential housing. Bonds and notes of the Department do not constitute a debt of the State or any political subdivision thereof. The Department Act specifically provides for the assumption by the Department of the outstanding indebtedness of the former agencies. The Housing Finance Division (the “Division”) of the Department is required to continue to carry out all covenants with respect to any bonds outstanding, including the payments of any bonds from the sources provided in the proceedings authorizing such bonds. The Department Act requires a portion of the unencumbered fund balances, as defined, of the Division of the Department to be transferred to the Housing Trust Fund from the bond programs should certain conditions be met.

The Division operates several bond programs under separate trust indentures, as follows:

- *General—Single-Family*—Since 1979, the year of creation of the Texas Housing Agency (the “Agency”), a predecessor to the Department, through August 31, 2003, the Agency or the Department has issued 27 series of Residential Mortgage Revenue Bonds, 31 series of Single-Family Mortgage Revenue Bonds, three series of Junior Lien Single-Family Mortgage Revenue Refunding Bonds, 10 series of GNMA/FNMA Collateralized Home Mortgage Revenue Bonds, 11 series of Collateralized Home Mortgage Revenue Bonds and two series of Government National Mortgage Association (“GNMA”) Collateralized Home Mortgage Revenue Bonds. As of August 31, 2003, the outstanding principal amount of bonded indebtedness of the Department for single-family housing purposes was \$1,039,925.

**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2003 (IN THOUSANDS) (CONTINUED)**

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- *General—Multifamily*—The Department and the Agency have issued 128 multifamily housing revenue bonds, which have been issued pursuant to separate trust indentures and are secured by individual trust estates, which are separate and distinct from each other. As of August 31, 2003, 57 series were outstanding, with an aggregate outstanding principal amount of \$692,982.
- *Single-Family Mortgage Revenue Bonds (“SFMRBs”)*—The Department has issued 31 series of Single-Family Mortgage Revenue and Refunding Bonds under a Single-Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980, and 35 indentures supplemental thereto, which are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of August 31, 2003, 16 series were outstanding, with an aggregate outstanding principal amount totaling \$419,570.
- *Junior Lien Bonds*—The Department has issued three series of its Junior Lien Single-Family Mortgage Revenue Refunding Bonds (the “Junior Lien Bonds”) pursuant to a Junior Lien Trust Indenture, as supplemented by the First Supplemental Junior Lien Trust Indenture and the Second Supplemental Junior Lien Trust Indenture, each dated as of May 1, 1994, and the Third Supplemental Junior Lien Trust Indenture dated as of March 27, 2002, by and between the Department and Bank One, Texas, NA, as trustee. The Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to the SFMRBs by the trust estate held under the SFMRB Indenture. As of August 31, 2003, one series is outstanding, with an aggregate outstanding principal of \$10,000.
- *Residential Mortgage Revenue Bonds (“RMRBs”)*—As of August 31, 2003, the Department has issued 27 series of Residential Mortgage Revenue and Refunding Bonds pursuant to the Residential Mortgage Revenue Bond Trust Indenture and 24 separate Series Supplements, which are secured on an equal and ratable basis by the trust estate established by the RMRB Indenture. As of August 31, 2003, 16 series were outstanding, with an aggregate outstanding principal amount of \$529,165.
- *Collateralized Home Mortgage Revenue Bonds (“CHMRBs”)*—The Department has issued 11 series of Collateralized Home Mortgage Revenue Bonds pursuant to the Collateralized Home Mortgage Revenue Bond Master Indenture and six separate Series Supplements, which are secured on an equal and ratable basis by the trust estate established by such trust indentures. As of August 31, 2003, one series of CHMRBs was outstanding, with an aggregate outstanding principal amount of \$42,200.
- *Single-Family Collateralized Home Mortgage Revenue Bonds—1993 (“SFCHMRB—1993”)*—The Department has issued five series of Single-Family Mortgage Revenue Bonds under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture dated as of November 1, 1993, amended as of February 1, 1995, by and between the Department and Bank One, Texas, NA, as trustee. As of August 31, 2003, five series of the SFCHMRB—1993s were outstanding, with an aggregate outstanding principal amount of \$17,970.

**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2003 (IN THOUSANDS) (CONTINUED)**

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- *Single-Family Collateralized Home Mortgage Revenue Bonds—1994 (“SFCHMRB—1994”)*—The Department has issued three series of Single-Family Mortgage Revenue Bonds in 1994 and 1995 under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Master Trust Indenture dated as of November 1, 1994, supplemented by a First Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture dated as of November 1, 1994, as amended as of February 1, 1995, by and between the Department and Bank One, Texas, NA, as trustee. As of August 31, 2003, three series of the SFCHMRB—1994s were outstanding, with an aggregate outstanding principal amount of \$30,930.
- *Single-Family Collateralized Home Mortgage Revenue Bonds—1995 (“SFCHMRB—1995”)*—The Department has issued two series of single family mortgage revenue refunding bonds in 1995 for the purpose of refunding certain notes that previously refunded certain bonds outstanding, under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Master Trust Indenture, First Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture and Second Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture, each dated as of November 1, 1994, each amended as of February 1, 1995, and each by and between the Department and Bank One, Texas, NA, as trustee. As of August 31, 2003, one series of SFCHMRB—1995s was outstanding, with an aggregate outstanding principal amount of \$90.
- *Housing Trust Fund*—The Department Act provided for a transfer of a portion of the unencumbered fund balance from the bond programs for use in the Housing Trust Fund. The fund will be used to provide assistance for low- and very-low-income persons and families in financing, acquiring, rehabilitating and developing affordable, decent and safe housing. The fund will be made available to local units of government, public housing authorities, the Department, community housing development organizations and nonprofit organizations, as well as eligible low- and very-low-income individuals and families.
- *Commercial Paper Notes*—By resolution adopted November 10, 1994, the Department’s Governing Board has authorized the issuance of two series of commercial paper notes, its Single-Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series A, and its Single-Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series B (the “Notes”). Pursuant to the resolution, the Department is authorized to issue the Notes in an aggregate principal amount not to exceed \$75,000 outstanding. Proceeds of the initial issuance of the Notes and of future issues not issued to refund outstanding Notes will be used to redeem certain of the Department’s single-family mortgage revenue bonds, which are subject to redemption as a result of the receipt by the Department of prepayments of the related underlying mortgage loans. Such prepayments may, at a future date, be recycled into new mortgage loans by the Department. The Notes are being issued in anticipation of the issuance of refunding bonds that will refund the Notes.



**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2003 (IN THOUSANDS) (CONTINUED)**

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**2. BASIS OF PRESENTATION**

Management of the Department has determined the following criteria and definitions should be used in the computation of unencumbered fund balances specified by the Department Act, Texas Government Code, Sections 2306.204 and 2306.205. These criteria and definitions were determined based on the requirements of the bond trust indentures, the Department Governing Board's designated purposes and financial advisors' recommendations for credit rating purposes.

**Definition of Unencumbered Fund Balance**—The bond trust indentures of the Department include certain restrictions and encumbrances on Department assets for the benefit, protection and security of the owners of the outstanding Department bonds. In addition, the Department's financial advisor has recommended that additional restrictions be maintained in the determination of unencumbered fund balance for ensuring the maintenance of parity over the immediate future.

The unencumbered fund balances of the Department represent qualifying assets less restrictions in excess of a percentage (the "Asset Test Ratio") of the total bond liabilities specified in the respective bond trust indentures. Unencumbered fund balances cannot be less than zero.

Generally, the unencumbered fund balances cannot be distributed or utilized except when certain conditions have been met within the bond trust indentures, including filing of a statement of projected revenues that projects that anticipated cash flows will be sufficient to pay Department expenses of the Division—Revenue Bond Enterprise Fund and aggregate debt service through the maturity of the bonds and to maintain all other reserve fund requirements of the respective bond trust indentures.

**Total Bond Liabilities**—The following represents the amounts included in determination of total bond liabilities:

- The bonds and commercial paper notes payable represent the contractual balance of bonds and commercial paper notes outstanding at August 31, 2003. Where the bonds are concerned, the amount excludes unamortized bond premiums or discounts.
- Accrued interest on bonds and commercial paper notes payable represents contractual interest due on outstanding balances at August 31, 2003.

**Asset Test Ratio**—This represents the ratio in excess of total bond liabilities considered necessary by the respective bond trust indentures.

**Asset Test Requirement**—This represents the encumbered qualifying assets considered necessary by the respective bond trust indentures. These amounts are calculated by multiplying the total bond liabilities by the Asset Test Ratio for the related programs.

**Qualifying Assets**—Qualifying assets exclude deferred issuance costs, deferred commitment fees, other assets and the interfund receivables (payables). The following is a summary of amounts considered to be qualifying assets in determination of unencumbered fund balance by the respective bond trust indentures and the Bond Rating Agencies:

- Cash, cash equivalents and investments are included at fair value.

**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2003 (IN THOUSANDS) (CONTINUED)**

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- Fair value adjustment represents the adjustment to eliminate the unrealized gain or loss in investments marked to fair value, since these funds are not currently available.
- Mortgage-backed securities are included at fair value. Deferred commitment fees are excluded.
- Unamortized premium/discount represents adjustment to value investments at par.
- Loans are included at their current contractual balances outstanding, net of the estimated allowance for estimated loan losses. Deferred commitment fees are excluded.
- Real estate owned is included at the carrying amount, net of the estimated allowance for estimated losses.
- Accrued interest receivable is included at the contractual balances of accrued interest on investments, mortgage-backed securities and loans.

**Restrictions**—The restrictions represent amounts to be deducted from qualifying assets for amounts required by the respective bond trust indentures, other Governing Board-designated purposes, or recommendations by the Department's financial advisors in the determination of unencumbered fund balance. The restrictions consist of the following:

- Self-insurance fund represents a required fund within the single-family and RMRB programs that is restricted for losses on self-insured loan pool programs.
- Operating reserve fund represents a restriction of approximately six months' operating expenses of the related bond programs. The single-family operating reserve also includes an estimate for 2004 cost of issuance.
- Debt service fund represents qualifying assets restricted for debt service requirements by the respective bond trust indentures.
- Rebate payable represents a restriction for amounts calculated to be payable under the rebate rules of the U.S. Treasury.
- Amounts due to lenders/other funds represents qualifying assets that are due to lenders under the bond trust indentures, as well as due to other Department funds, and are not available for any other purposes.
- Amounts reserved for Housing Assistance Programs represent amounts that are restricted for certain Department programs as designated by the Governing Board and respective bond trust indentures and therefore are not available for any other purpose as of August 31, 2003.
- Board/Department restrictions represent funds designated for a specific purpose by either Board action or management decision.
- Amounts reserved for special redemptions subsequent to August 31, 2003 represent amounts calculated for the redemption of bonds (debt service) according to provisions stipulated in each bond series' respective supplemental indenture.

**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2003 (IN THOUSANDS) (CONTINUED)**

A summary of the restrictions within the Housing Assistance Programs follows:

	<b>Single- Family Program</b>		<b>RMRB Program</b>
Mortgage/housing development:			
Down Payment Assistance Program	\$ 356		
REO Foreclosure Expense for Special Loan Programs	41		
1991 Series A:			
Self-help/HCA&IL Prog	767		
1994 Series A Jr. Lien Mortgage Loan Revenue (designated for future DPAP)	1,488		
1994 Series A Jr. Lien Acquisition:			
Down Payment Assistance	15		
Mortgage Loan Rate Buydown Prog	810		
1994 Series B Jr. Lien Acquisition:			
Contract for Deed Conversion Program	77		
1996 Series A-C Special Mortgage Loan Fund (designated for P57A)	682		
1996 Series D&E Special Mortgage Loan Fund (designated for P57A)	2,889		
1997 Series D-F Special Mortgage Loan Fund (designated for P57A)	747		
2002 Jr. Lien Acquisition Fund Account	173		
2002 Jr. Lien Preservation Program	3,961		
2002 Jr. Lien Bootstrap	2,000		
2002 Jr. Lien Down Payment Assistance	1,066		
2002 A-C Special Mortgage Loan Fund	1,157		
2002 A-C Servicing Release Premium Fund (designated for SF Debt Service)	197		
2002 A-C Down Payment Assistance Program	<u>1,166</u>		
	<u>\$ 17,592</u>		
1998 A/B RMRB Special Mortgage Loan Fund	\$ 1,072		
1999 B-D RMRB Down Payment Assistance Prog	5		
2000 B-E Servicing Release Premium Fund (designated for RMRB Debt Service)	295		
2000 A RMRB Down Payment Assistance Program	15		
2001 A-C RMRB Servicing Release Premium Fund (designated for RMRB Debt Service)	32		
2001 DE RMRB Servicing Release Premium Fund (designated for RMRB Debt Service)	3		
2001 Down Payment Assistance Program	78		
2001 ABC Special Mortgage Loan Fund (designated for P59)	2,739		
2001 DE Special Mortgage Loan Fund (designated for P59)	126		
2002 A Down Payment Assistance	572		
2002 A Servicing Release Premium Fund (designated for RMRB Debt Service)	108		
2003 A Down Payment Assistance	<u>1,021</u>		
	<u>\$ 6,066</u>		

**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
 AUGUST 31, 2003 (IN THOUSANDS) (CONTINUED)**

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As of 2003 the following additional restrictions existed:

	<b>Operating Fund</b>
Pending arbitrage computation:	
Residual—CMO Defeasance	\$ 619
90 CHMRB/Colonias Contract for Deed	350
90 CHMRB/Colonias Contract for Deed—Interest	59
90 CHMRB/Colonias Contract for Deed (SB 867 Reserve)	163
91 CHMRB Residual/Bootstrap FY03	596
Arkansas Development Finance Authority/Below Market Interest Rate Program	2,159
Multi-Family Housing Preservation	100
Bond Programs/COI	188
Colonias project/bond contingency reserve	2,365
Future operating and general contingencies	2,509
M/F bond issuance fees reserved for HTF and/or other program use	<u>730</u>
	<b><u>\$9,838</u></b>

\* \* \* \* \*

***Texas Department of  
Housing and  
Community Affairs***

*Report to Management  
Year Ended August 31, 2003*



Board of Directors  
Texas Department of Housing and Community Affairs

In planning and performing our audit of the basic financial statements of the Texas Department of Housing and Community Affairs ("TDHCA") for the year ended August 31, 2003 (on which we have issued our report dated December 15, 2003), we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on TDHCA's internal control. Our consideration of the internal control would not necessarily disclose all matters in TDHCA's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A description of the responsibility of management for establishing and maintaining the internal control, and the objectives of and inherent limitations in such a structure, is set forth in the attached Appendix and should be read in conjunction with this report. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving TDHCA's internal control and its operations that we consider to be material weaknesses as defined above.

The recommendations included in the Exhibit concern administrative and operating matters that resulted from our observations during our audit and are not based on a special study.

This report is intended for the information and use of the Board of Directors and is not intended to be and should not be used by anyone other than those specified parties. We would be pleased to discuss these observations with you and to assist you in implementing them.

*Deloitte + Touche LLP*

December 15, 2003

ADMINISTRATIVE AND OPERATING MATTERS

RESERVE FOR UNCOLLECTIBLE MORTGAGE LOANS

Observation

TDHCA has used a set rate of 40% to determine reserves for uncollectible mortgage loans that are offset against loans receivable. Based on examination of delinquency rate reports prepared in the current year, the historical rate exceeds the delinquency rates of loans currently outstanding. Since current delinquency rates are actually lower than the historical reserve rate, TDHCA would benefit by updating the reserve rate to more appropriately represent amounts currently at risk of default.

Recommendation

Implement procedures to review the reserve calculation on mortgage loans annually to ensure that the rates used to record reserves in delinquent accounts are reasonable.

Management Response

TDHCA has revised the current year loan schedule to include a reserve calculation based on the average monthly delinquency rates of loans outstanding at August 31, 2003. Analysis to determine reasonableness of reserve percentages will also be performed annually or more frequently if factors present themselves to deem it necessary.

## UPDATE OF PRIOR-YEAR COMMENTS

### INSURANCE COVERAGE

#### Observation

During the year ended August 31, 2002, the insurance policy for Directors' and Officers' ("D&O") insurance lapsed. The decision regarding renewal was discussed with Executive and the Legal Department and a decision to not renew was reached after considering the cost of premiums compared to the historical benefits.

#### Recommendation

Reconsider the status of the D&O insurance policy. Options to reduce monthly premiums may be to discuss alternatives with insurance representatives for lowering the risk factors associated with TDHCA directors and officers. Also, TDHCA may be able to obtain lower premiums through alternate insurance carriers or lowering coverage benefits.

#### Management Response

The State Office of Risk Management ("SORM") currently has oversight regarding all insurance policies entered into by State agencies, including D&O coverage. The Department is required to send all policies for SORM's review before bidding and/or renewing a policy. SORM is responsible for evaluating the necessity of a policy and for seeking out competitive prices if the coverage is deemed necessary. TDHCA was notified that SORM offers a statewide D&O (Public Officials) program. TDHCA purchased a D&O policy through the SORM-sponsored program. The \$10,000,000 policy period began April 11, 2003 and ends April 11, 2004.

#### Status

Resolved.

### LOANS

#### Observation

The loan loss reserve for regular loans is currently calculated based on a flat dollar reserve amount (\$2,790) per loan delinquent over 90 days. The flat amount was based on a reserve methodology proposed by external auditors several years ago in association with their audit of TDHCA. The basis for this reserve amount has not been documented.

#### Recommendation

Analyze historical loan losses (for TDHCA or for similar agencies throughout the United States) for regular loans and design a reserve methodology that is based on actual loss experience. Maintain documentation of the calculation methodology as part of the accounting records of the organization.



Management Response

The Department has analyzed historical loan losses for the last five fiscal years and has determined the average loan loss to be \$392. For fiscal year 2003, the Department used a reserve amount of \$400 per loan delinquent over 90 days. The per loan reserve amount will be adjusted annually based the preceding five-year historical loan loss average.

Status

Resolved.

**MANAGEMENT'S RESPONSIBILITY FOR AND THE  
OBJECTIVES AND LIMITATIONS OF THE INTERNAL CONTROL**

The following comments concerning management's responsibility for internal control and the objectives of and the inherent limitations in the internal control are adapted from the Statements on Auditing Standards of the American Institute of Certified Public Accountants.

**Management's Responsibility**

Management is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control, policies and procedures.

**Objectives**

The objectives of internal control are to provide management with reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

**Limitations**

Because of inherent limitations in any internal control, errors or fraud nevertheless may occur and not be detected. Also, projection of any evaluation of the internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

**FINANCIAL SERVICES**

**BOARD ACTION REQUEST**  
**February 11, 2004**

**Action Items**

First Quarter Investment Report

**Required Action**

Presentation of the Department's First Quarter Investment Report.

**Background**

Compliance with the Public Funds Investment Act.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION**

**PUBLIC FUNDS INVESTMENT ACT  
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)  
QUARTER ENDING November 30, 2003**

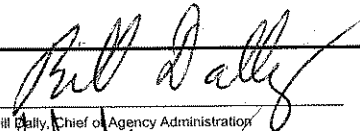
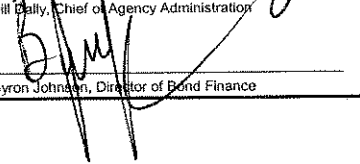
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Internal Management Report (Sec. 2256.023)  
Quarter Ending November 30, 2003

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

INDENTURE	FAIR VALUE (MARKET) @ 08/31/03	CARRYING VALUE @ 08/31/03	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 11/30/03	FAIR VALUE (MARKET) @ 11/30/03	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT REC'BL @ 11/30/03	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS					
Single Family	413,519,407.16	406,815,567.70	107,100,623.33	(135,880,534.40)	(14,474,812.63)	0.00	363,560,844.00	373,281,822.61	3,017,139.15	1,590,690.11	0.00
RMRB	548,890,352.33	542,107,507.87	42,377,605.04	(18,302,221.80)	(18,829,797.41)	0.00	547,353,093.70	558,585,871.59	4,449,933.43	3,752,146.55	0.00
CHMRB	45,780,903.02	43,358,601.56	4,750,197.90	(217,397.35)	(4,601,459.90)	0.00	43,289,942.21	45,629,902.25	(82,341.42)	204,851.76	0.00
Multi Family	171,503,300.78	171,503,300.78	71,890,663.08	(84,550,157.49)	0.00	0.00	158,843,806.37	158,843,806.37	-	209,743.82	0.00
SF CHMRB 1993	19,227,416.70	18,273,764.83	87,326.68	(814,109.07)	(1,914,214.30)	0.00	15,632,768.14	16,607,381.84	20,961.83	81,637.33	0.00
SF CHMRB 1994/1995	33,693,811.17	31,870,496.93	99,680.15	(569,055.42)	(3,372,208.39)	0.00	28,028,913.27	29,851,612.50	(415.01)	154,422.92	0.00
Commercial Paper	61,641,909.47	61,641,909.47	40,638,518.34	(40,625,000.00)	0.00	0.00	61,655,427.81	61,655,427.81	-	129,544.82	0.00
General Fund	9,838,047.34	9,838,047.34	1,880,587.69	(130,500.50)	0.00	0.00	11,588,134.53	11,588,134.53	-	1,641.65	0.00
Housing Trust Fund	8,180,956.77	8,180,956.77	2,837,202.06	(2,984,441.74)	0.00	0.00	8,033,717.09	8,033,717.09	-	1,117.07	0.00
Administration	133,383.70	133,383.70	524.48	0.00	0.00	0.00	133,908.18	133,908.18	-	18.97	0.00
Compliance	1,857,720.90	1,857,720.90	0.00	(543,603.82)	0.00	0.00	1,314,117.08	1,314,117.08	-	186.17	0.00
Housing Initiatives	2,903,311.46	2,903,311.46	59,818.88	(586,621.40)	0.00	0.00	2,376,508.94	2,376,508.94	-	336.68	0.00
<b>TOTAL</b>	<b>1,317,170,320.80</b>	<b>1,298,484,569.31</b>	<b>271,722,747.63</b>	<b>(285,203,642.99)</b>	<b>(43,192,492.63)</b>	<b>0.00</b>	<b>1,241,811,181.32</b>	<b>1,267,902,210.79</b>	<b>7,405,277.98</b>	<b>6,126,337.65</b>	<b>0.00</b>

\* No relationship can be drawn between the "ACCRUED INT REC'BL @ 11/30/03" figures and the corresponding investment values, because of various factors (e.g. purchase date of investment; interest payment terms-daily, monthly & semi-annual; etc.).  
In addition to the aforementioned factors with regards to the Multi Family Indenture, the Department is carrying \$ 155,212,958 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.

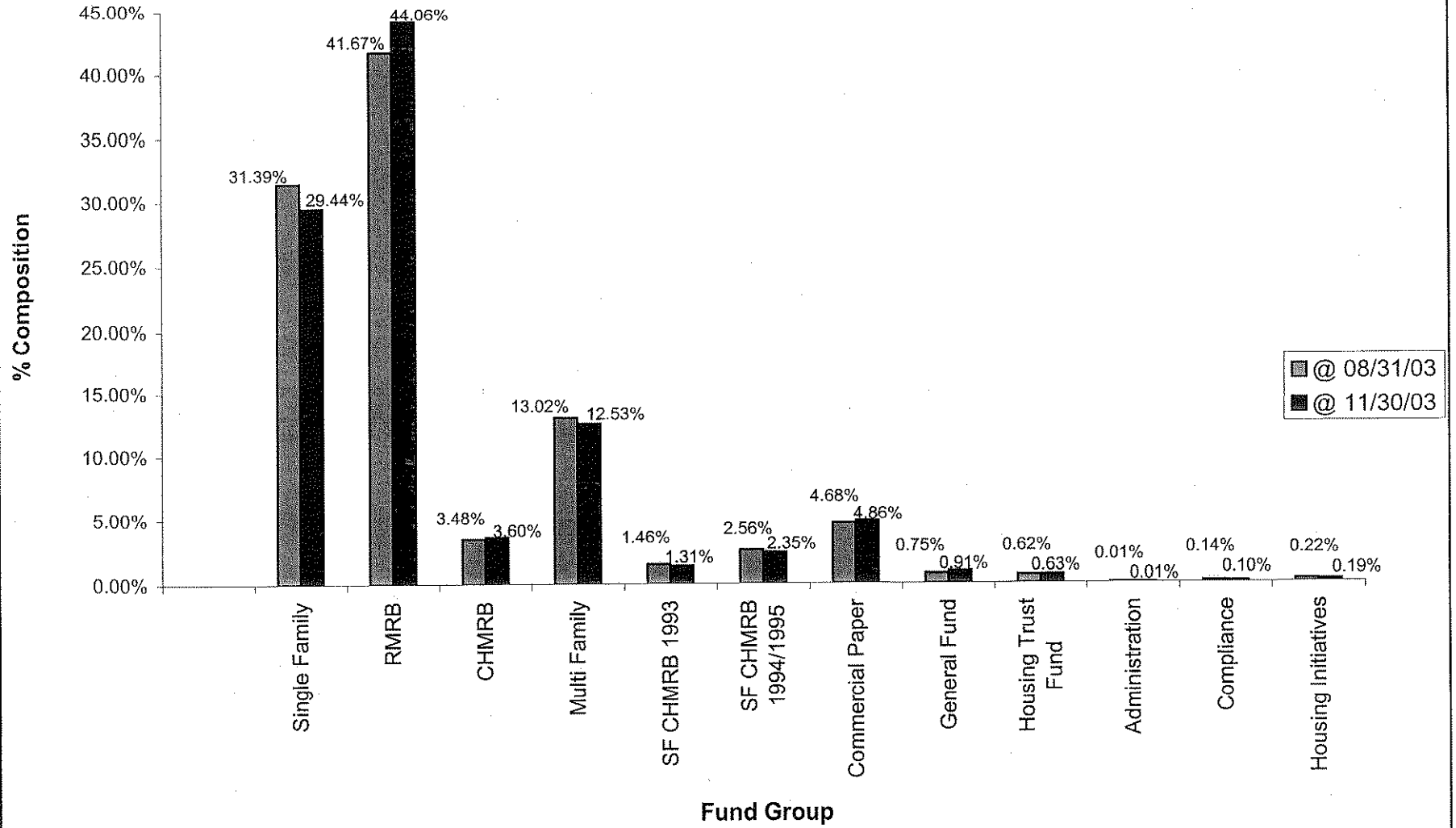
	Date 1/26/04
Bill Dally, Chief of Agency Administration	
	Date 1/21/04
Byron Johnson, Director of Bond Finance	

**PUBLIC FUNDS INVESTMENT ACT  
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)  
QUARTER ENDING NOVEMBER 30, 2003**

**Supplemental Information:**

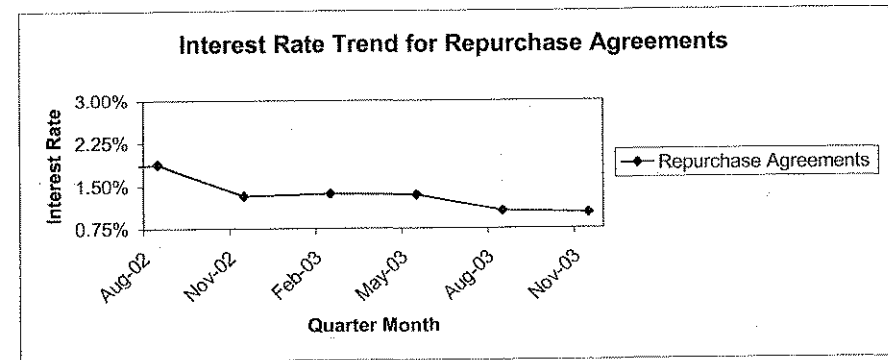
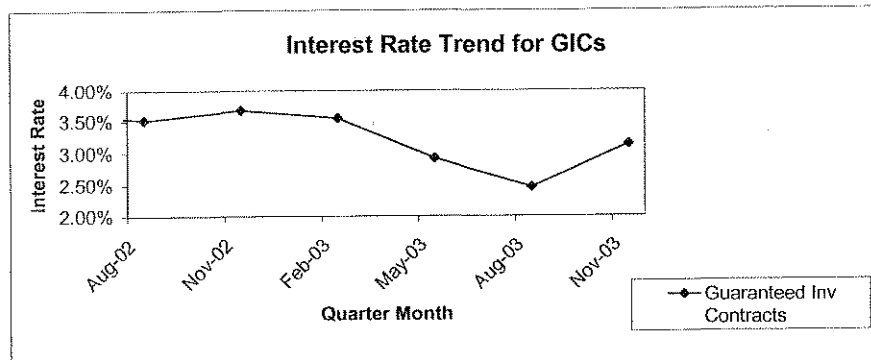
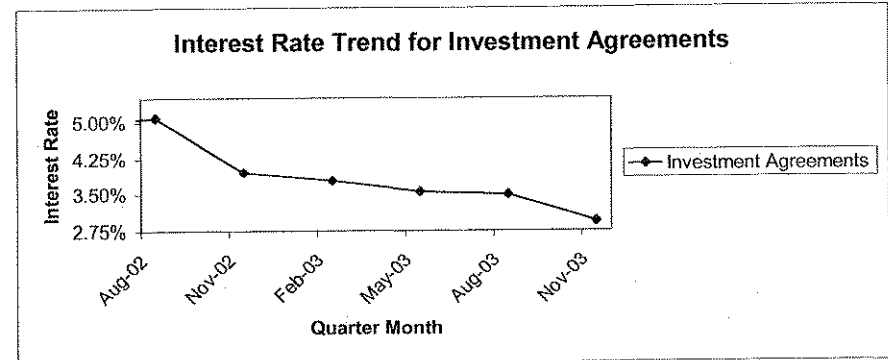
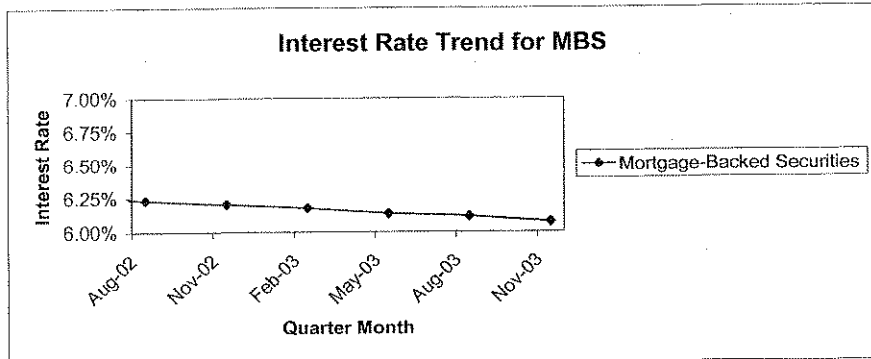
- 1) Bar Graph - Comparison of Market by Fund Group between Quarters
- 2) Analysis of Portfolio Interest Rate Trends and Maturities
- 3) Bar Graph - Comparison of Market Valuation by Investment Type between Quarters
- 4) Supplemental Public Funds Investment Act Report by Investment Type
- 5) Detail of Investments including maturity dates by Fund Group

### Market Valuation Comparison By Fund Group



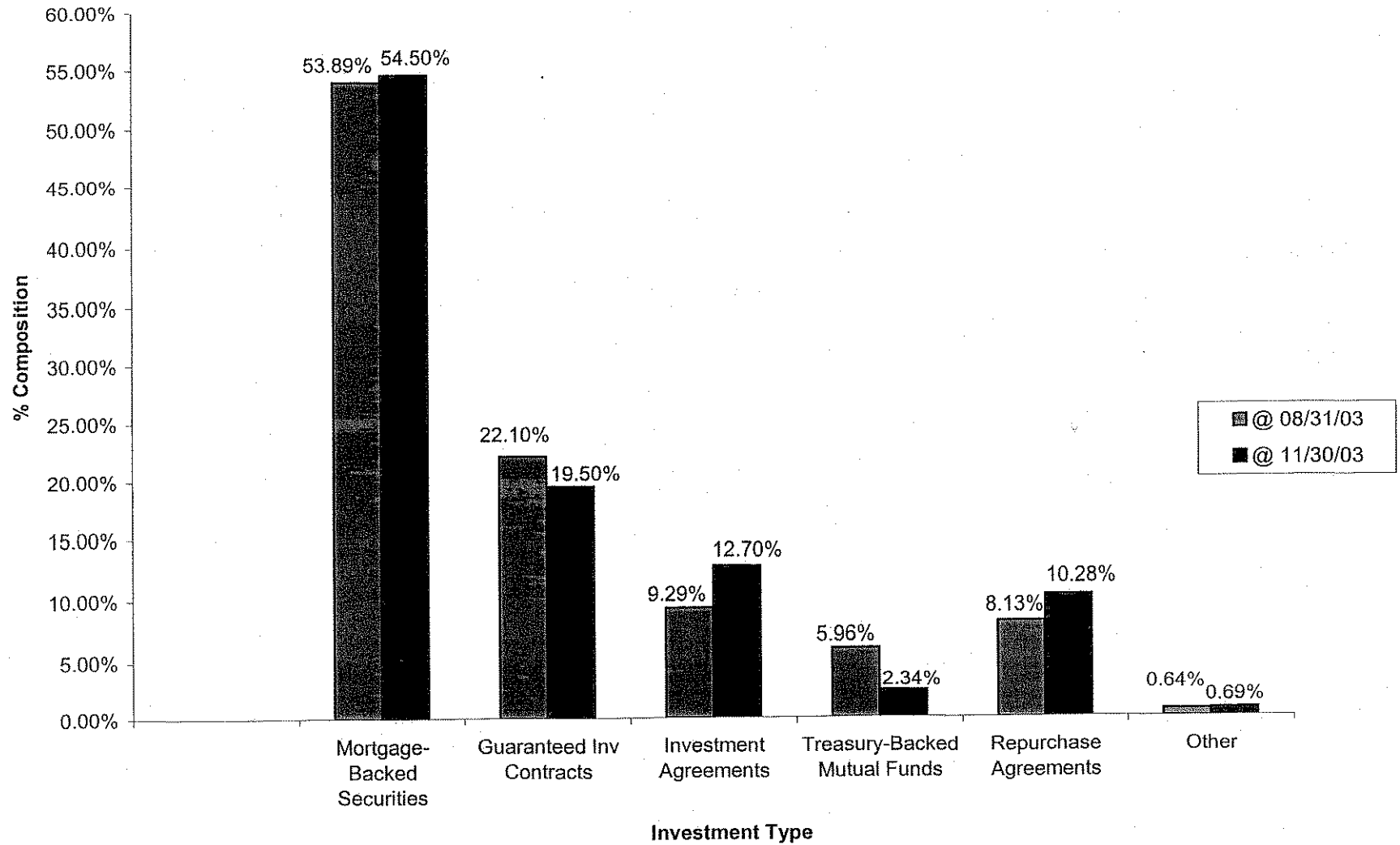
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
 HOUSING FINANCE DIVISION  
 PUBLIC FUNDS INVESTMENT ACT  
 Supplemental Schedule of Portfolio Interest Rate Trends and Maturities  
 Quarter Ending November 30, 2003

INVESTMENT TYPE	Range of Interest for Current Quarter		Portfolio % Composition	Weighted Avg Rate Beg Carrying Value @ 08/31/03	Weighted Avg Rate Beg Market Value @ 08/31/03	Weighted Avg Rate End Carrying Value @ 11/30/03	Weighted Avg Rate End Market Value @ 11/30/03	Weighted Avg Maturity Beg Carrying Value @ 08/31/03		Weighted Avg Maturity Beg Market Value @ 08/31/03		Weighted Avg Maturity End Carrying Value @ 11/30/03		Weighted Avg Maturity End Market Value @ 11/30/03	
	HI	LOW		Months	Days	Months	Days	Months	Days	Months	Days	Months	Days		
Mortgage-Backed Securities	8.75%	4.80%	54.50%	6.09%	6.09%	6.05%	6.07%	307	2	306	5	305	15	305	21
Guaranteed Inv Contracts	6.09%	1.22%	19.50%	2.46%	2.46%	3.13%	3.13%	160	16	160	16	127	26	127	26
Investment Agreements	7.55%	1.10%	12.70%	3.48%	3.48%	2.93%	2.93%	55	6	55	6	62	29	62	29
Money Markets	0.53%	0.12%	0.08%	0.55%	0.55%	0.52%	0.52%	1	0	1	0	1	0	1	0
Treasury-Backed Mutual Funds	0.53%	0.48%	2.34%	0.49%	0.49%	0.49%	0.49%	1	0	1	0	1	0	1	0
Repurchase Agreements	1.02%	1.02%	10.25%	1.05%	1.05%	1.02%	1.02%	0	2	0	2	0	1	0	1
Treasury Bills	5.81%	3.25%	0.03%	3.99%	3.99%	3.98%	3.98%	1	0	1	0	0	25	0	25
Treasury Bonds/Notes	13.88%	3.25%	0.59%	12.45%	12.45%	11.99%	11.99%	86	6	90	10	78	26	78	26





### Market Valuation Comparison by Investment Type


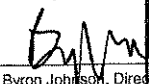


TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Supplemental Schedule  
Quarter Ending November 30, 2003

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

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 08/31/03	CARRYING VALUE @ 08/31/03	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 11/30/03	FAIR VALUE (MARKET) @ 11/30/03	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS				
Mortgage-Backed Securities	709,786,922.00	692,702,958.64	16,896,041.00	0.00	(43,192,492.63)	0.00	666,406,507.01	690,996,651.28	7,506,180.91	0.00
Guaranteed Inv Contracts	291,110,381.58	291,110,381.58	87,921,848.48	(131,808,719.00)	0.00	0.00	247,223,511.06	247,223,511.06	-	0.00
Investment Agreements	122,315,495.73	122,315,495.73	73,089,312.88	(34,400,578.70)	0.00	0.00	161,004,229.91	161,004,229.91	-	0.00
Treasury-Backed Mutual Funds	78,464,561.22	78,464,561.22	4,734,904.91	(53,570,398.44)	0.00	0.00	29,629,067.69	29,629,067.69	-	0.00
Repurchase Agreements	107,035,480.93	107,035,480.93	87,500,785.77	(64,225,083.27)	0.00	0.00	130,311,183.43	130,311,183.43	-	0.00
Money Markets	995,697.77	995,697.77	396,281.35	(397,253.24)	0.00	0.00	994,725.88	994,725.88	-	0.00
Treasury Bills	319,985.16	319,985.16	0.00	(2,954.69)	0.00	0.00	317,030.47	317,030.47	-	0.00
Treasury Bonds/Notes	7,141,796.41	5,540,008.28	1,183,573.24	(798,656.65)	0.00	0.00	5,924,925.87	7,425,811.07	(100,902.93)	0.00
<b>TOTAL</b>	<b>1,317,170,320.80</b>	<b>1,298,484,569.31</b>	<b>271,722,747.63</b>	<b>(285,203,642.99)</b>	<b>(43,192,492.63)</b>	<b>0.00</b>	<b>1,241,811,181.32</b>	<b>1,267,902,210.79</b>	<b>7,405,277.98</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.

	Date <u>1/26/04</u>
Bill Dally, Chief of Agency Administration	
	Date <u>1/21/04</u>
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, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Repo Agmt	1980 SF Surplus Rev	1.02	11/26/03	12/01/03	372,498.17	372,498.17	17,770.02				390,268.19	390,268.19	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.02	11/26/03	12/01/03	1,762,901.64	1,762,901.64		(1,762,505.86)			395.78	395.78	-	0.00
Trsy Bond	1980 SF Surplus Rev	13.88	08/05/82	05/15/11	1,990,105.71	2,584,926.66	132.59				1,990,238.30	2,536,387.46	(48,671.79)	0.00
zICs	1980 SF Surplus Rev	6.08	11/14/96	09/30/29	1,206,134.74	1,206,134.74	130,657.00				1,336,791.74	1,336,791.74	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.02	11/26/03	12/01/03	5.97	5.97	0.00				5.97	5.97	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.02	11/26/03	12/01/03	3,136.95	3,136.95	523.23				3,660.18	3,660.18	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.02	11/26/03	12/01/03	41,407.66	41,407.66	103.32				41,510.98	41,510.98	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.02	11/26/03	12/01/03	356,383.10	356,383.10	216,100.51				572,483.61	572,483.61	-	0.00
<b>1980 SF Surplus Rev Total</b>					<b>5,732,573.94</b>	<b>6,327,394.89</b>	<b>365,286.67</b>	<b>(1,762,505.86)</b>	<b>0.00</b>	<b>0.00</b>	<b>4,335,354.75</b>	<b>4,881,503.91</b>	<b>(48,671.79)</b>	<b>0.00</b>
Repo Agmt	1982 A SF	1.02	11/26/03	12/01/03	788.26	788.26		(183.29)			604.97	604.97	-	0.00
zICs	1982 A SF	6.08	11/14/96	09/30/29	14,579.13	14,579.13	9,057.77				23,636.90	23,636.90	-	0.00
<b>1982 A SF Total</b>					<b>15,367.39</b>	<b>15,367.39</b>	<b>9,057.77</b>	<b>(183.29)</b>	<b>0.00</b>	<b>0.00</b>	<b>24,241.87</b>	<b>24,241.87</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1983 A&B SF	1.02	11/26/03	12/01/03	123,186.33	123,186.33		(117,640.86)			5,545.47	5,545.47	-	0.00
zICs	1983 A&B SF	6.08	11/14/96	09/30/29	766,981.48	766,981.48	1,001,012.37				1,767,993.85	1,767,993.85	-	0.00
Trsy Note	1983 A&B SF	13.25	08/05/85	05/15/14	714.69	1,076.18	0.12				714.81	1,069.88	(6.42)	0.00
<b>1983 A&amp;B SF Total</b>					<b>890,882.50</b>	<b>891,243.99</b>	<b>1,001,012.49</b>	<b>(117,640.86)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,774,254.13</b>	<b>1,774,609.20</b>	<b>(6.42)</b>	<b>0.00</b>
Repo Agmt	1984 A&B SF	1.02	11/26/03	12/01/03	139,046.99	139,046.99		(108,961.78)			30,085.21	30,085.21	-	0.00
Trsy Bond	1984 A&B SF	13.25	08/05/85	05/15/14	406.87	612.82	0.06				406.93	609.24	(3.64)	0.00
zICs	1984 A&B SF	6.08	11/14/96	09/30/29	1,416,143.38	1,416,143.38	348,331.72				1,764,475.10	1,764,475.10	-	0.00
<b>1984 A&amp;B SF Total</b>					<b>1,555,597.24</b>	<b>1,555,803.19</b>	<b>348,331.78</b>	<b>(108,961.78)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,794,957.24</b>	<b>1,795,169.55</b>	<b>(3.64)</b>	<b>0.00</b>
Repo Agmt	1985 A SF	1.02	11/26/03	12/01/03	29,979.60	29,979.60		(29,979.03)			0.57	0.57	-	0.00
zICs	1985 A SF	6.08	11/14/96	09/30/29			838,877.00				838,877.00	838,877.00	-	0.00
<b>1985 A SF Total</b>					<b>29,979.60</b>	<b>29,979.60</b>	<b>838,877.00</b>	<b>(29,979.03)</b>	<b>0.00</b>	<b>0.00</b>	<b>838,877.57</b>	<b>838,877.57</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1985 B&C SF	1.02	11/26/03	12/01/03	7,474.42	7,474.42		(7,470.78)			3.64	3.64	-	0.00
zICs	1985 B&C SF	6.08	11/14/96	09/30/29	132,772.93	132,772.93	135,919.00				268,691.93	268,691.93	-	0.00
<b>1985 B&amp;C SF Total</b>					<b>140,247.35</b>	<b>140,247.35</b>	<b>135,919.00</b>	<b>(7,470.78)</b>	<b>0.00</b>	<b>0.00</b>	<b>268,695.57</b>	<b>268,695.57</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1987 B SF	1.02	11/26/03	12/01/03	74,151.93	74,151.93		(34,172.76)			39,979.17	39,979.17	-	0.00
zICs	1987 B SF	6.08	11/14/96	09/30/29	414,467.02	414,467.02	773,334.00				1,187,801.02	1,187,801.02	-	0.00
Repo Agmt	1987 B SF				80,185.17	80,185.17		(80,185.17)					-	0.00
Trsy Bond	1987 B SF	13.88	06/05/82	05/15/11	496,959.51	644,201.38	0.00				496,959.51	632,104.71	(12,096.67)	0.00
<b>1987 B SF Total</b>					<b>1,065,763.63</b>	<b>1,213,005.50</b>	<b>773,334.00</b>	<b>(114,357.93)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,724,739.70</b>	<b>1,859,884.90</b>	<b>(12,096.67)</b>	<b>0.00</b>
Repo Agmt	1995 A&B SF	1.02	11/26/03	12/01/03	10,383,537.71	10,383,537.71		(10,375,137.50)			8,400.21	8,400.21	-	0.00
zICs	1995 A&B SF	6.08	11/14/96	09/30/29	1,935,185.15	1,935,185.15	4,264,148.34				6,199,333.49	6,199,333.49	-	0.00
Repo Agmt	1995 A&B SF	1.02	11/26/03	12/01/03	0.30	0.30	0.00				0.30	0.30	-	0.00
zICs	1995 A&B SF	6.08	11/14/96	09/30/29	2,441.39	2,441.39	0.00				2,441.39	2,441.39	-	0.00
FNMA	1995 A&B SF	6.15	05/30/96	04/01/26	475,044.83	494,500.98		(6,222.18)			468,822.45	493,027.37	4,748.57	0.00
FNMA	1995 A&B SF	6.15	06/27/96	05/01/26	282,828.69	293,804.41		(4,966.03)			277,862.66	291,604.96	2,766.58	0.00
FNMA	1995 A&B SF	6.15	07/15/96	06/01/26	387,755.11	404,232.77		(2,384.61)			385,370.30	405,865.48	4,017.52	0.00
FNMA	1995 A&B SF	6.15	07/30/96	06/01/26	333,538.64	348,002.03		(49,139.78)			284,398.86	299,773.59	911.34	0.00
FNMA	1995 A&B SF	6.15	08/15/96	07/01/26	544,994.94	568,323.11		(5,202.31)			539,792.63	568,669.17	5,548.37	0.00
FNMA	1995 A&B SF	6.15	08/29/96	08/01/26	394,204.58	406,234.95		(2,822.42)			391,382.16	407,473.47	4,060.94	0.00
FNMA	1995 A&B SF	6.15	09/17/96	08/01/26	374,770.83	385,524.28		(110,483.31)			264,287.52	274,666.26	(374.71)	0.00
FNMA	1995 A&B SF	6.15	10/30/96	10/01/26	750,318.11	771,819.19		(46,451.03)			703,867.08	731,292.21	6,124.05	0.00
FNMA	1995 A&B SF	6.15	12/23/96	11/01/26	653,284.96	672,260.06		(15,388.22)			637,896.74	663,174.37	6,302.53	0.00
FNMA	1995 A&B SF	6.15	03/27/97	01/01/27	330,381.25	339,628.50		(5,677.04)			324,704.21	337,224.68	3,273.22	0.00
FNMA	1995 A&B SF	6.15	07/15/97	03/01/27	135,716.13	139,619.16		(57,619.27)			78,096.86	81,168.93	(830.96)	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Trsy Bond	1996 A-C SF	13.88	08/05/82	05/15/11	440,976.49	571,632.02	0.00				440,976.49	560,898.04	(10,733.98)	0.00
Repo Agmt	1996 A-C SF	1.02	11/26/03	12/01/03	0.59	0.59		(0.40)			0.19	0.19	-	0.00
Inv Agmt	1996 A-C SF	6.13	02/26/97	09/01/28	681,455.47	681,455.47	55,789.71				737,245.18	737,245.18	-	0.00
GNMA	1996 A-C SF	5.45	03/18/99	02/20/29	115,813.64	115,892.04			(521.22)		115,292.42	116,353.11	1,162.29	0.00
GNMA	1996 A-C SF	5.45	06/24/99	05/20/29	128,695.89	128,560.76			(707.68)		127,988.21	129,165.70	1,177.49	0.00
GNMA	1996 A-C SF	5.45	07/29/99	06/20/29	190,373.44	190,173.55			(16,919.77)		173,453.67	175,049.44	1,595.68	0.00
GNMA	1996 A-C SF	5.45	10/14/99	08/20/29	155,249.10	155,086.09			(686.15)		154,562.95	155,984.93	1,584.99	0.00
GNMA	1996 A-C SF	5.45	08/26/99	07/20/29	123,611.02	123,481.23			(533.11)		123,077.91	124,210.23	1,262.11	0.00
GNMA	1996 A-C SF	5.45	12/01/99	10/20/29	91,804.82	91,808.32			(23,732.55)		68,172.27	68,799.45	723.68	0.00
GNMA	1996 A-C SF	5.45	01/27/00	12/20/29	264,805.95	264,527.90			(1,154.01)		263,651.94	266,077.54	2,703.65	0.00
GNMA	1996 A-C SF	6.15	11/12/02	11/20/32	17,764.39	18,378.62			(50.49)		17,713.90	18,660.90	332.77	0.00
GNMA	1996 A-C SF	5.40	11/12/02	10/20/32	19,453.09	19,530.29			(64.04)		19,389.05	19,703.50	237.25	0.00
GNMA	1996 A-C SF	6.15	01/10/03	09/20/32	16,600.23	17,173.85			(51.36)		16,548.87	17,433.22	310.73	0.00
GNMA	1996 A-C SF	5.40	09/26/02	09/20/32	12,335.20	12,383.85			(40.38)		12,294.82	12,493.92	150.45	0.00
GNMA	1996 A-C SF	6.15	10/10/02	09/20/32	19,897.41	20,585.41			(60.18)		19,837.23	20,897.76	372.53	0.00
GNMA	1996 A-C SF	5.40	10/10/02	09/20/32	8,457.20	8,490.76			(27.72)		8,429.48	8,566.19	103.15	0.00
GNMA	1996 A-C SF	6.15	10/21/02	10/20/32	16,154.19	16,712.75			(59.17)		16,095.02	16,955.47	301.89	0.00
GNMA	1996 A-C SF	5.40	10/21/02	10/20/32	10,793.18	10,836.02			(35.17)		10,758.01	10,932.48	131.63	0.00
GNMA	1996 A-C SF	6.15	10/29/02	10/20/32	6,729.71	6,962.41			(20.15)		6,709.56	7,068.27	126.01	0.00
GNMA	1996 A-C SF	5.40	10/29/02	09/20/32	3,002.21	3,014.13			(10.09)		2,992.12	3,040.66	36.62	0.00
GNMA	1996 A-C SF	6.15	11/05/02	10/20/32	5,769.41	5,968.90			(16.31)		5,753.10	6,060.68	108.09	0.00
GNMA	1996 A-C SF	5.40	11/05/02	09/20/32	7,548.79	7,578.75			(26.61)		7,522.18	7,644.18	92.04	0.00
GNMA	1996 A-C SF	6.15	11/19/02	11/20/32	9,376.78	9,701.00			(28.31)		9,350.47	9,850.34	175.65	0.00
GNMA	1996 A-C SF	5.40	11/19/02	11/20/32	10,425.48	10,466.86			(33.78)		10,391.70	10,560.24	127.16	0.00
GNMA	1996 A-C SF	6.15	11/26/02	11/20/32	55,277.24	57,188.57			(202.50)		55,074.74	58,019.11	1,033.04	0.00
GNMA	1996 A-C SF	5.40	11/26/02	11/20/32	19,911.02	19,990.04			(86.16)		19,824.86	20,146.38	242.50	0.00
GNMA	1996 A-C SF	6.15	11/26/02	11/20/32	15,201.93	15,727.57			(43.39)		15,158.54	15,968.94	284.76	0.00
GNMA	1996 A-C SF	5.40	11/26/02	11/20/32	11,957.48	12,004.93			(38.67)		11,918.81	12,112.10	145.84	0.00
GNMA	1996 A-C SF	6.15	12/12/02	12/20/32	20,279.81	20,981.02			(57.02)		20,222.79	21,303.91	379.91	0.00
GNMA	1996 A-C SF	5.40	12/12/02	12/20/32	5,705.14	5,727.78			(18.80)		5,686.34	5,778.56	68.58	0.00
GNMA	1996 A-C SF	6.15	12/19/02	12/20/32	18,436.68	19,074.17			(105.87)		18,330.81	19,310.80	342.50	0.00
GNMA	1996 A-C SF	5.40	12/19/02	11/20/32	11,269.46	11,314.19			(5,547.24)		5,722.22	5,815.02	48.07	0.00
GNMA	1996 A-C SF	6.15	12/30/02	12/20/32	14,886.53	15,401.27			(42.04)		14,844.49	15,638.10	278.87	0.00
GNMA	1996 A-C SF	5.40	12/30/02	12/20/32	15,587.14	15,649.00			(50.12)		15,537.02	15,789.00	190.12	0.00
GNMA	1996 A-C SF	6.15	12/30/02	12/20/32	17,097.86	17,689.06			(48.52)		17,049.34	17,960.82	320.28	0.00
GNMA	1996 A-C SF	5.40	12/30/02	12/20/32	10,351.04	10,392.11			(33.20)		10,317.84	10,485.17	126.26	0.00
GNMA	1996 A-C SF	6.15	01/07/03	12/20/32	6,052.02	6,261.27			(17.49)		6,034.53	6,357.13	113.35	0.00
GNMA	1996 A-C SF	6.15	01/23/03	01/20/33	32,731.04	33,858.16			(95.09)		32,635.95	34,381.37	618.30	0.00
GNMA	1996 A-C SF	5.40	01/23/03	01/20/33	19,536.95	19,609.75			(93.18)		19,443.77	19,757.14	240.57	0.00
GNMA	1996 A-C SF	6.15	01/23/03	01/20/33	14,775.02	15,283.81			(40.98)		14,734.04	15,522.05	279.22	0.00
GNMA	1996 A-C SF	5.40	01/23/03	01/20/33	5,389.84	5,409.92			(17.18)		5,372.66	5,459.23	66.49	0.00
GNMA	1996 A-C SF	6.15	01/30/03	01/20/33	21,459.00	22,197.95			(61.05)		21,397.95	22,542.34	405.44	0.00
GNMA	1996 A-C SF	5.40	01/30/03	01/20/33	27,994.45	28,098.77			(94.59)		27,899.86	28,349.53	345.35	0.00
GNMA	1996 A-C SF	6.15	02/12/03	02/20/33	38,528.30	39,855.05			(4,478.19)		34,050.11	35,871.16	494.30	0.00
GNMA	1996 A-C SF	6.15	02/20/03	02/20/33	25,789.07	26,677.14			(2,282.91)		23,506.16	24,763.30	369.07	0.00
GNMA	1996 A-C SF	5.40	03/03/03	03/20/33	6,168.26	6,191.25			(19.44)		6,148.82	6,247.94	76.13	0.00
GNMA	1996 A-C SF	6.15	02/27/03	02/20/33	30,952.70	32,018.58			(85.71)		30,866.99	32,517.81	584.94	0.00
GNMA	1996 A-C SF	5.40	02/27/03	01/20/33	5,600.83	5,621.69			(17.85)		5,582.98	5,672.95	69.11	0.00
GNMA	1996 A-C SF	6.15	02/27/03	02/27/23	4,763.02	4,927.04			(13.14)		4,749.88	5,003.92	90.02	0.00
GNMA	1996 A-C SF	6.15	03/12/03	02/20/33	21,871.49	22,624.64			(60.57)		21,810.92	22,977.39	413.32	0.00
GNMA	1996 A-C SF	6.15	03/24/03	03/20/33	16,841.12	17,421.06			(46.40)		16,794.72	17,692.94	318.28	0.00
GNMA	1996 A-C SF	5.40	03/24/03	02/20/33	11,134.00	11,175.48			(58.93)		11,077.07	11,255.60	137.05	0.00
GNMA	1996 A-C SF	6.15	04/02/03	04/20/33	30,868.46	31,931.45			(93.70)		30,774.76	32,420.84	582.89	0.00
GNMA	1996 A-C SF	6.15	04/02/03	03/20/33	8,349.69	8,637.23			(22.91)		8,326.78	8,772.11	157.79	0.00
GNMA	1996 A-C SF	6.15	04/10/03	03/20/33	22,870.02	23,657.57			(78.53)		22,791.49	24,010.42	431.38	0.00
GNMA	1996 A-C SF	6.15	04/10/03	03/20/33	7,242.61	7,492.01			(19.81)		7,222.80	7,609.08	136.88	0.00
GNMA	1996 A-C SF	5.40	04/10/03	01/20/33	4,769.76	4,787.53			(15.22)		4,754.54	4,831.17	58.86	0.00











Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in	Recognized Gain
					Carrying Value 08/31/03	Market Value 08/31/03					Carrying Value 11/30/03	Market Value 11/30/03	In Market Value	
GNMA	2002 A-D SF MRB	5.40	02/27/03	01/20/33	111,571.35	111,987.10			(355.81)		111,215.54	113,008.02	1,376.73	0.00
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	94,881.80	98,149.13			(261.57)		94,620.23	99,680.67	1,793.11	0.00
GNMA	2002 A-D SF MRB	6.15	03/12/03	02/20/33	435,890.93	450,694.27			(1,206.52)		434,484.41	457,721.27	8,233.52	0.00
GNMA	2002 A-D SF MRB	6.15	03/24/03	03/20/33	335,483.77	347,036.40			(924.25)		334,559.52	352,452.24	6,340.09	0.00
GNMA	2002 A-D SF MRB	5.40	03/24/03	02/20/33	221,794.85	222,621.34			(1,134.11)		220,660.74	224,217.17	2,729.94	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	04/20/33	614,915.28	636,090.34			(1,866.57)		613,048.71	645,835.44	11,611.67	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	03/20/33	166,330.30	172,058.01			(456.53)		165,873.77	174,744.94	3,143.46	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	455,582.24	471,270.55			(1,564.14)		454,018.10	478,299.64	8,593.23	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	144,276.24	149,244.50			(394.63)		143,881.61	151,576.61	2,726.74	0.00
GNMA	2002 A-D SF MRB	5.40	04/10/03	01/20/33	95,016.04	95,370.10			(303.02)		94,713.02	96,239.53	1,172.45	0.00
GNMA	2002 A-D SF MRB	6.15	04/17/03	04/20/33	331,227.97	342,634.05			(1,040.49)		330,187.48	347,846.38	6,252.82	0.00
GNMA	2002 A-D SF MRB	5.40	04/24/03	03/20/33	113,830.02	114,254.19			(358.70)		113,471.32	115,300.15	1,404.66	0.00
GNMA	2002 A-D SF MRB	6.15	04/24/03	04/20/33	176,818.16	182,907.03			(725.42)		176,092.74	185,510.45	3,328.84	0.00
GNMA	2002 A-D SF MRB	6.15	04/29/03	03/20/33	91,506.20	94,857.28			(256.83)		91,249.37	96,129.52	1,729.07	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	106,838.42	110,310.59			(299.10)		106,339.32	112,026.49	2,015.00	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	206,165.88	213,265.36			(567.62)		205,598.26	216,593.96	3,896.22	0.00
GNMA	2002 A-D SF MRB	5.40	05/08/03	03/20/33	115,758.70	116,190.06			(364.80)		115,393.90	117,253.72	1,428.46	0.00
GNMA	2002 A-D SF MRB	6.15	05/15/03	04/20/33	187,023.87	193,464.18			(591.60)		186,432.27	196,402.84	3,530.36	0.00
GNMA	2002 A-D SF MRB	6.15	05/22/03	05/20/33	66,526.78	68,817.69			(180.23)		66,346.55	69,694.87	1,257.41	0.00
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33	86,101.07	88,377.31			(330.93)		85,770.14	89,287.62	1,241.24	0.00
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33	175,561.17	181,606.76			(472.67)		175,088.50	184,452.50	3,318.41	0.00
GNMA	2002 A-D SF MRB	5.40	06/10/03	04/20/33	136,238.90	136,746.56			(426.79)		135,812.11	138,001.01	1,881.24	0.00
GNMA	2002 A-D SF MRB	6.15	06/19/03	05/20/33	85,043.00	87,971.52			(229.64)		84,813.36	89,349.30	1,607.42	0.00
GNMA	2002 A-D SF MRB	6.15	06/19/03	10/20/32	94,563.11	97,832.83			(267.28)		94,295.83	99,337.01	1,771.46	0.00
GNMA	2002 A-D SF MRB	6.15	06/19/03	06/20/33	76,469.59	79,102.88			(79.10)		76,255.92	80,334.20	1,444.99	0.00
GNMA	2002 A-D SF MRB	6.15	06/26/03	04/20/33	96,436.31	99,757.16			(262.06)		96,174.25	101,317.79	1,822.89	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	54,140.18	56,004.54			(234.58)		53,905.60	56,788.56	1,018.60	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	100,123.25	103,571.07			(437.71)		99,685.54	105,016.85	1,883.49	0.00
GNMA	2002 A-D SF MRB	6.15	07/24/03	07/20/33	166,209.78	171,933.34			(504.03)		165,705.75	174,567.93	3,138.62	0.00
GNMA	2002 A-D SF MRB	6.15	07/30/03	07/20/33	50,306.91	52,039.26			(135.93)		50,170.98	52,854.19	950.86	0.00
GNMA	2002 A-D SF MRB	6.15	09/04/03	08/20/33			57,937.56		(666.09)		57,271.47	60,334.44	3,062.97	0.00
GNMA	2002 A-D SF MRB	6.15	09/18/03	07/20/33			102,554.80		(1,181.05)		101,373.75	106,795.37	5,421.62	0.00
GNMA	2002 A-D SF MRB	6.15	09/30/03	09/20/33			358,849.90		(4,314.47)		354,535.43	373,496.50	18,961.07	0.00
GNMA	2002 A-D SF MRB	6.15	10/09/03	08/20/33			160,152.42		(1,702.53)		158,449.89	166,924.02	8,474.13	0.00
GNMA	2002 A-D SF MRB	6.15	10/16/03	10/20/33			108,833.60		(1,155.75)		107,677.85	113,436.62	5,758.77	0.00
FNMA	2002 A-D SF MRB	5.40	07/24/03	11/01/32	79,446.83	81,996.87			(191.41)		79,255.22	82,503.89	698.43	0.00
FNMA	2002 A-D SF MRB	6.40	08/14/03	09/01/32	119,740.89	119,277.68			(456.82)		119,282.07	120,231.30	1,412.44	0.00
FNMA	2002 A-D SF MRB	6.15	08/14/03	12/01/31	89,482.73	71,532.48			(394.10)		69,098.63	71,920.90	772.52	0.00
FNMA	2002 A-D SF MRB	6.40	08/28/03	11/01/32	50,091.00	50,091.00			(120.57)		49,970.43	52,018.72	2,048.29	0.00
Repo Agmt	2002 A-D SF MRB	1.02	11/26/03	12/01/03	11,143.71	11,143.71	79,242,773.59				79,253,917.30	79,253,917.30	-	0.00
Repo Agmt	2002 A-D SF MRB	1.02	11/26/03	12/01/03	1,156,640.14	1,156,640.14	2,884.92				1,159,525.06	1,159,525.06	-	0.00
GICs	2002 A-D SF MRB				80,031,101.87	80,031,101.87		(80,031,101.87)					-	0.00
	<b>2002 A-D SF MRB Total</b>				<b>105,603,985.67</b>	<b>106,065,967.81</b>	<b>82,424,857.32</b>	<b>(84,916,591.88)</b>	<b>(310,833.29)</b>	<b>0.00</b>	<b>102,801,417.82</b>	<b>103,607,224.09</b>	<b>343,824.13</b>	<b>0.00</b>
Repo Agmt	1991 A S/F (1980 A Rfdg)	1.02	11/26/03	12/01/03	19,573.90	19,573.90		(14,498.80)			5,075.10	5,075.10	-	0.00
GICs	1991 A S/F (1980 A Rfdg)	6.08	11/14/96	09/30/29	747,254.09	747,254.09		(164,838.00)			582,416.09	582,416.09	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfdg)	1.02	11/26/03	12/01/03	80.10	80.10	2,297.56				2,377.66	2,377.66	-	0.00
GICs	1991 A S/F (1980 A Rfdg)	6.08	11/14/96	09/30/29	6.65	6.65	466,984.00				466,980.65	466,980.65	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfdg)	1.02	11/26/03	12/01/03	16,026.35	16,026.35		(16,023.60)			2.75	-	-	0.00
GICs	1991 A S/F (1980 A Rfdg)	4.51	06/26/02	03/01/34	709,850.93	709,850.93	16,027.00				725,877.93	725,877.93	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfdg)	1.02	11/26/03	12/01/03	0.08	0.08	0.00				0.08	0.08	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfdg)	1.02	11/26/03	12/01/03	0.52	0.52	0.00				0.52	0.52	-	0.00
GICs	1991 A S/F (1980 A Rfdg)	6.08	11/14/96	09/30/29	8.98	8.98	0.00				8.98	8.98	-	0.00
	<b>1991 A S/F (1980 A Rfdg) Total</b>				<b>1,492,801.60</b>	<b>1,492,801.60</b>	<b>485,308.56</b>	<b>(195,360.40)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,782,749.76</b>	<b>1,782,749.76</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1994 A&B SF (1983 Rfdg)	1.02	11/26/03	12/01/03	607.20	607.20	63.30				670.50	670.50	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdg)	1.02	11/26/03	12/01/03	5.21	5.21	0.48				5.69	5.69	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in In Market Value	Recognized Gain
							1,906.00				20,993.26	20,993.26	-	0.00
GICs	1994 A&B SF (1983 Rfdg)	6.08	11/14/96	09/30/29	19,087.26	19,087.26					23,121.37	24,315.09	234.19	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	05/30/96	04/01/26	23,428.24	24,387.77			(306.87)		13,703.61	14,381.36	136.44	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	06/27/96	05/01/26	13,948.53	14,489.84			(244.92)		19,005.68	20,016.45	198.14	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	07/15/96	06/01/26	19,123.29	19,935.92			(117.61)		14,025.95	14,784.19	44.95	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	07/30/96	06/01/26	16,449.43	17,162.72			(2,423.48)		26,621.43	28,045.59	273.64	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	08/15/96	07/01/26	26,878.00	28,028.52			(256.57)		19,302.16	20,095.76	200.28	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	08/29/96	08/01/26	19,441.35	20,034.67			(139.19)		13,034.12	13,545.98	(18.47)	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	09/16/96	08/01/26	18,482.93	19,013.26			(5,446.81)		34,713.40	36,065.95	302.03	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	10/30/96	10/01/26	37,004.27	38,054.79			(2,290.87)		31,459.33	32,705.98	310.82	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	12/23/96	11/01/26	32,218.25	33,154.08			(758.92)		16,013.71	16,631.19	161.43	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	03/27/97	01/01/27	16,293.69	16,749.74			(279.98)		3,851.63	4,003.15	(41.00)	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	07/15/97	03/01/27	6,693.27	6,885.79			(2,841.64)		16,517.69	17,226.79	170.21	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.15	09/29/97	07/01/27	16,591.30	17,130.19			(73.61)		102,076.14	107,791.58	1,656.24	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	07/30/96	07/20/26	110,301.72	114,360.92			(8,225.58)		32,083.45	33,890.18	608.49	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	03/28/96	03/20/26	32,283.17	33,481.41			(199.72)		101,899.45	107,595.69	1,694.74	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	08/15/96	07/20/26	108,999.15	113,000.65			(7,099.70)		47,702.44	50,373.35	905.17	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	04/29/96	04/20/26	47,982.10	49,747.84			(279.66)		86,720.51	91,572.44	1,412.79	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	05/15/96	05/20/26	93,559.73	96,998.87			(6,839.22)		67,487.41	71,287.73	1,176.15	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	05/30/96	05/20/26	70,704.43	73,328.60			(3,217.02)		150,003.48	158,416.79	2,453.90	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	06/17/96	06/20/26	161,525.10	167,484.51			(11,521.62)		37,121.17	39,190.82	518.25	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	06/29/96	06/20/26	42,425.97	43,977.37			(5,304.80)		126,746.13	133,786.15	2,117.91	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	07/15/96	06/20/26	135,366.39	140,288.50			(8,620.26)		95,716.46	100,424.23	1,612.70	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	08/29/96	08/20/26	102,767.90	105,862.97			(7,051.44)		57,649.17	60,419.08	1,089.67	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	09/18/96	09/20/26	57,937.55	59,617.79			(288.38)		41,222.41	43,229.61	634.30	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	09/26/96	09/20/26	46,329.68	47,702.58			(5,107.27)		132,165.29	138,532.36	2,215.12	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	10/30/96	10/20/26	142,550.78	146,702.73			(10,385.49)		79,368.34	83,293.23	1,409.83	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	11/26/96	11/20/26	82,788.56	85,303.62			(3,420.22)		39,909.87	41,812.59	611.68	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	12/23/96	12/20/26	45,084.81	46,375.85			(5,174.94)		72,302.22	75,751.44	1,259.41	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	01/18/97	12/20/26	76,392.58	78,582.39			(4,090.36)		53,959.30	56,601.56	999.07	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	01/30/97	01/20/27	54,236.38	55,879.57			(277.08)		48,846.25	51,234.79	690.00	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	02/13/97	02/20/27	56,187.90	57,886.44			(7,341.65)		23,915.08	25,044.39	298.28	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	02/27/97	02/20/27	29,075.50	29,906.53			(5,160.42)		52,712.75	55,141.11	906.58	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	03/27/97	03/20/27	55,441.71	56,963.49			(2,728.96)		31,366.20	32,777.05	579.11	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	04/29/97	04/20/27	31,529.13	32,360.87			(162.93)		24,468.63	25,569.23	256.13	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	05/29/97	05/20/27	32,011.76	32,856.23			(7,543.13)		15,328.94	16,028.59	188.21	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	06/26/97	06/20/27	18,920.39	19,431.83			(3,591.45)		48,456.04	51,129.98	681.87	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	08/18/97	07/20/27	54,725.16	56,717.23			(6,269.12)		65,005.30	67,983.63	1,201.73	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	09/29/97	08/20/27	65,312.15	67,088.75			(306.85)		16,502.24	17,229.82	15.16	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	02/26/98	02/20/28	27,634.54	28,346.96			(11,132.30)		22,010.45	22,980.89	400.50	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	03/26/98	01/20/28	22,107.84	22,677.78			(97.39)		21,370.94	22,313.16	283.04	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	04/29/98	04/20/28	25,570.02	26,229.22			(4,199.08)		37,923.21	39,595.24	516.25	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	06/25/98	05/20/28	44,832.35	45,988.13			(6,909.14)		23,419.31	24,451.87	424.27	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	07/16/98	06/20/28	23,595.38	24,203.67			(176.07)		36,813.92	38,437.05	560.99	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	09/10/98	07/20/28	41,200.03	42,262.17			(4,386.11)		60,874.19	63,558.13	1,005.73	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.15	11/19/98	10/20/28	65,097.48	66,775.69			(4,223.29)		15,660.71	15,660.71	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdg)	1.02	11/26/03	12/01/03	15,365.28	15,365.28	295.43				810,196.48	810,196.48	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdg)	1.02	11/26/03	12/01/03	810,196.48	810,196.48	0.00				76,685.16	76,685.16	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdg)	1.02	11/26/03	12/01/03	76,494.36	76,494.36	190.80				9,970.85	9,970.85	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdg)	1.02	11/26/03	12/01/03	9,946.04	9,946.04	24.81				1,806,396.44	1,806,396.44	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdg)	1.02	11/26/03	12/01/03	1,487,849.74	1,487,849.74	318,546.70				5,385.48	5,600.25	49.62	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.75	02/20/98	01/01/28	5,414.75	5,579.90			(29.27)		7,362.86	7,652.15	18.69	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.25	03/27/98	03/01/28	9,105.13	9,375.73			(1,742.27)		9,809.59	10,195.01	54.66	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.25	06/29/98	05/01/28	11,129.07	11,459.83			(1,318.48)		86,153.61	90,140.80	1,188.96	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.75	02/20/98	01/20/28	97,160.71	99,958.94			(11,907.10)		8,047.79	8,363.99	76.05	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.25	11/30/98	09/01/28	8,080.27	8,320.42			(32.48)		97,802.25	102,328.54	1,430.28	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	03/27/98	03/20/28	107,500.51	110,596.52			(9,698.26)		77,472.68	81,058.12	1,177.02	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	05/19/98	05/20/28	83,625.72	86,034.14			(6,153.04)					

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning	Beginning	Accretions/Purchases	Amortizations/Sales	Ending		Change in In Market Value	Recognized Gain	
					Carrying Value 08/31/03	Market Value 08/31/03			Carrying Value 11/30/03	Market Value 11/30/03			
GNMA	1994 A&B SF (1983 Rfdg)	5.45	07/28/00	06/20/30	37,352.69	37,254.83		(160.24)		37,192.45	37,507.47	412.88	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	08/14/98	07/20/28	42,631.79	43,859.59		(185.70)		42,446.09	44,410.50	736.61	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	06/29/98	06/20/28	24,294.38	24,994.06		(864.13)		23,430.25	24,514.60	384.67	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	09/18/98	09/20/28	35,661.37	36,688.42		(1,344.10)		34,317.27	35,905.47	561.15	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.25	03/31/99	11/01/28	4,325.88	4,454.45		(25.07)		4,300.81	4,469.79	40.41	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	11/30/98	11/20/28	23,696.10	24,378.55		(2,364.42)		21,331.68	22,318.91	304.78	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	11/30/98	11/20/28	19,721.77	20,289.76		(1,245.56)		18,476.21	19,331.29	287.09	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	11/30/98	10/20/28	9,458.97	9,731.39		(39.36)		9,419.61	9,855.55	163.52	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	05/27/99	11/01/28	5,455.75	5,622.15		(34.51)		5,421.24	5,637.44	49.80	0.00
FNMA	1994 A&B SF (1983 Rfdg)	6.25	02/16/99	02/20/29	54,425.59	55,972.37		(4,229.20)		50,196.39	52,501.41	758.24	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	03/31/99	02/20/29	8,069.66	8,299.00		(33.91)		8,035.75	8,404.75	139.66	0.00
GNMA	1994 A&B SF (1983 Rfdg)	6.25	05/27/99	05/20/29	12,277.75	12,826.68		(123.59)		12,154.17	12,712.29	209.19	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	07/30/99	07/20/29	23,557.00	23,532.27		(111.36)		23,445.84	23,661.34	240.43	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	08/28/99	08/20/29	20,042.03	20,020.99		(93.22)		19,948.81	20,132.34	204.57	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	09/20/99	09/01/29	3,909.58	3,900.79		(8.33)		3,891.25	3,927.02	44.56	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	09/20/99	09/20/29	13,056.55	13,042.84		(55.06)		13,001.49	13,121.10	113.32	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	12/20/99	12/01/29	8,950.09	8,929.95		(53.38)		8,896.71	8,978.47	101.90	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	01/19/00	12/01/29	5,483.70	5,471.36		(30.56)		5,453.14	5,503.25	62.45	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	10/29/99	10/20/29	35,772.13	35,734.57		(203.65)		35,568.48	35,895.71	364.79	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	11/18/99	11/20/29	10,228.78	10,218.04		(50.47)		10,178.31	10,271.95	104.38	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	12/30/99	12/20/29	79,821.44	79,737.63		(2,126.53)		77,694.91	78,409.70	798.60	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	01/28/00	01/20/30	24,142.67	24,079.42		(102.81)		24,039.86	24,243.48	266.87	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	02/22/00	01/20/30	8,085.99	8,064.80		(32.50)		8,053.49	8,121.70	89.40	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	03/27/00	02/20/30	11,602.00	11,571.60		(46.51)		11,555.49	11,653.37	128.28	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	04/27/00	03/01/30	5,488.89	5,461.17		(23.55)		5,465.34	5,502.61	64.99	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	04/27/00	04/20/30	21,040.79	20,985.66		(1,238.49)		19,804.30	19,972.04	222.87	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	05/30/00	04/20/30	3,253.81	3,245.29		(13.26)		3,240.55	3,268.00	35.97	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	06/21/00	05/20/30	14,799.41	14,760.64		(60.19)		14,739.22	14,864.06	163.61	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	09/18/00	09/20/30	31,410.43	31,328.13		(131.23)		31,279.20	31,544.13	347.23	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	07/24/00	06/01/30	6,633.04	6,599.54		(27.91)		6,605.13	6,650.18	78.55	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	07/30/99	07/20/29	195,516.64	195,311.35		(924.26)		194,592.38	196,382.63	1,995.54	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	08/26/99	08/20/29	166,342.97	166,168.31		(773.73)		165,569.24	167,092.48	1,897.90	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	09/20/99	08/01/29	32,448.39	32,375.38		(152.25)		32,296.14	32,592.94	369.81	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	09/20/99	09/20/29	108,365.77	108,251.99		(456.96)		107,908.81	108,901.57	1,106.54	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	12/20/99	12/01/29	74,282.85	74,115.71		(442.98)		73,839.87	74,518.46	845.73	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	01/19/00	12/01/29	45,513.35	45,410.94		(253.65)		45,259.70	45,675.64	518.35	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	10/28/99	10/20/29	296,898.56	296,586.82		(1,690.23)		295,208.33	297,924.25	3,027.66	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	11/18/99	11/20/29	84,896.25	84,807.11		(418.83)		84,477.42	85,254.61	868.33	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	12/30/99	12/30/29	662,495.42	661,799.80		(17,649.70)		644,845.72	650,778.30	6,628.20	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	01/28/00	01/20/30	200,377.57	199,852.58		(853.22)		199,524.35	201,214.32	2,214.96	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	02/22/00	01/20/30	67,111.48	66,935.65		(269.79)		66,841.69	67,407.84	741.98	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	03/27/00	02/20/30	26,225.37	26,156.66		(104.62)		26,120.75	26,341.99	289.95	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	06/22/99	06/20/29	144,786.86	144,634.85		(697.20)		144,089.68	145,415.31	1,477.66	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	07/30/99	07/20/29	237,240.93	236,991.83		(8,366.76)		228,874.17	230,979.81	2,354.74	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	08/26/99	08/20/29	203,345.16	203,131.65		(906.81)		202,438.35	204,300.78	2,075.94	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	09/20/99	09/20/29	123,930.15	123,800.02		(698.09)		123,232.06	124,365.79	1,263.86	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	12/21/99	11/01/29	70,107.10	69,949.36		(930.47)		69,176.63	69,812.36	793.47	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	10/29/99	10/20/29	277,134.81	276,843.82		(1,369.24)		275,765.57	278,302.61	2,828.03	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	11/18/99	11/20/29	328,578.47	328,233.46		(1,504.94)		327,073.98	330,083.06	3,354.09	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	12/30/99	12/20/29	426,352.32	425,904.65		(19,023.01)		407,329.31	411,076.74	4,195.10	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	01/28/00	01/20/30	329,094.28	328,232.05		(8,608.42)		320,485.86	323,200.38	3,576.75	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	02/22/00	01/20/30	222,578.93	221,995.77		(12,481.97)		210,096.96	211,876.48	2,362.68	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	03/27/00	02/20/30	95,461.91	95,211.80		(414.79)		95,047.12	95,852.17	1,055.16	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	02/23/00	01/01/30	39,930.42	39,840.58		(267.35)		39,663.07	40,027.57	454.34	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	07/28/00	06/20/30	310,016.84	309,204.60		(1,329.93)		308,686.91	311,301.49	3,426.82	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	03/27/00	02/20/30	70,067.78	69,884.20		(281.43)		69,786.35	70,377.44	774.67	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	04/27/00	03/01/30	45,556.51	45,326.45		(195.40)		45,361.11	45,670.47	539.42	0.00

Investment Type	Issue	Current Interest	Current Purchase	Current Maturity	Beginning Carrying Value	Beginning Market Value	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value	Ending Market Value	Change in In Market Value	Recognized Gain
		Rate	Date	Date	08/31/03	08/31/03					11/30/03	11/30/03	In Market Value	
GNMA	1994 A&B SF (1983 Rfdg)	5.45	04/27/00	04/20/30	174,632.54	174,175.00			(10,262.51)		164,370.03	165,762.24	1,849.75	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	05/30/00	04/20/30	27,005.45	26,934.70			(110.05)		26,895.40	27,123.20	298.55	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	06/21/00	05/20/30	122,831.01	122,509.19			(499.62)		122,331.39	123,367.54	1,357.97	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	09/18/00	09/20/30	260,697.80	260,014.77			(1,089.08)		259,608.72	261,807.61	2,881.92	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	07/24/00	06/01/30	55,052.06	54,774.05			(231.67)		54,820.39	55,194.27	651.89	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	07/24/00	06/20/30	388,898.89	387,879.97			(21,629.89)		367,269.00	370,379.77	4,129.69	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	08/28/00	08/20/30	51,949.81	51,813.70			(217.40)		51,732.41	52,170.58	574.28	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	03/27/00	02/20/30	14,373.90	14,336.24			(62.45)		14,311.45	14,432.67	158.88	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	04/27/00	03/20/30	120,578.47	120,262.55			(538.79)		120,039.68	121,056.42	1,322.66	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	05/30/00	05/20/30	119,907.95	119,593.79			(871.63)		119,036.32	120,044.56	1,322.40	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	06/21/00	06/20/30	219,882.60	219,306.51			(855.27)		219,027.33	220,882.49	2,431.25	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	05/31/00	05/01/30	40,067.93	39,865.59			(165.33)		39,902.60	40,174.74	474.48	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	10/23/00	09/20/30	44,857.02	44,739.49			(170.37)		44,686.65	45,065.15	496.03	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	10/30/00	10/20/30	64,800.34	64,630.56			(323.81)		64,476.53	65,022.65	715.90	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	07/24/00	06/01/30	111,380.73	110,818.26			(569.35)		110,811.38	111,567.11	1,318.20	0.00
GNMA	1994 A&B SF (1983 Rfdg)	5.45	12/21/00	05/20/30	26,392.41	26,323.26			(140.03)		26,252.38	26,474.74	291.51	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	10/06/00	09/01/30	45,812.58	45,581.23			(208.13)		45,604.45	45,915.47	542.37	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	10/30/00	08/01/30	50,588.55	50,333.08			(256.62)		50,331.93	50,675.19	598.73	0.00
FNMA	1994 A&B SF (1983 Rfdg)	5.45	02/12/01	02/01/30	17,984.79	17,946.35			(70.31)		17,014.48	17,170.84	194.80	0.00
<b>1994 A&amp;B SF (1983 Rfdg) Total</b>					<b>12,438,699.59</b>	<b>12,513,047.12</b>	<b>321,027.52</b>	<b>0.00</b>	<b>(330,899.70)</b>	<b>0.00</b>	<b>12,428,827.41</b>	<b>12,619,483.86</b>	<b>116,308.92</b>	<b>0.00</b>
Repo Agmt	1995 C SF (1985 A&B Rfdg)	1.02	11/26/03	12/01/03	2,359,763.14	2,359,763.14					5,075.19	5,075.19	-	0.00
GICs	1995 C SF (1985 A&B Rfdg)	6.08	11/14/96	09/30/29			105,194.90		(2,354,687.95)		105,194.90	105,194.90	-	0.00
Repo Agmt	1995 C SF (1985 A&B Rfdg)	1.02	11/26/03	12/01/03	204.28	204.28			(203.83)		0.45	0.45	-	0.00
GICs	1995 C SF (1985 A&B Rfdg)	6.08	11/14/96	09/30/29	6,753.95	6,753.95	204.00				6,957.95	6,957.95	-	0.00
<b>1995 C SF (1985 A&amp;B Rfdg) Total</b>					<b>2,366,721.37</b>	<b>2,366,721.37</b>	<b>105,398.90</b>	<b>(2,354,891.78)</b>	<b>0.00</b>	<b>0.00</b>	<b>117,228.49</b>	<b>117,228.49</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Single Family Investment Summary</b>					<b>406,815,567.70</b>	<b>413,519,407.16</b>	<b>107,100,623.33</b>	<b>(135,880,534.40)</b>	<b>(14,474,812.63)</b>	<b>0.00</b>	<b>363,560,844.00</b>	<b>373,281,822.61</b>	<b>3,017,139.15</b>	<b>0.00</b>







Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Value In Market	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	01/22/02	12/20/31	455,164.95	467,906.37			(104,371.94)		350,793.01	367,341.35	3,806.92	0.00
FNMA	2000 BCDE RMRB	6.10	05/10/01	04/01/31	428,727.19	440,732.84			(1,423.45)		427,303.74	444,331.49	5,022.10	0.00
GNMA	2000 BCDE RMRB	6.10	02/25/02	02/20/32	645,987.26	663,953.52			(121,451.97)		524,535.25	549,237.59	8,736.04	0.00
FNMA	2000 BCDE RMRB	6.10	05/30/01	04/01/31	325,198.11	334,302.59			(28,980.36)		296,215.75	308,019.75	2,897.52	0.00
GNMA	2000 BCDE RMRB	6.10	07/12/01	05/01/31	499,238.74	513,218.93			(67,901.02)		431,337.72	448,526.22	3,208.31	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	892,945.51	917,780.20			(8,603.62)		884,341.89	925,988.82	16,812.24	0.00
GNMA	2000 BCDE RMRB	6.10	05/24/02	05/20/32	456,037.41	468,720.78			(1,379.50)		454,657.91	476,089.44	8,728.16	0.00
GNMA	2000 BCDE RMRB	6.10	03/21/02	02/20/32	377,246.01	387,738.02			(1,426.27)		375,819.74	393,518.48	7,206.73	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/02	04/20/32	511,111.14	525,326.22			(1,630.42)		509,480.72	533,474.06	9,778.26	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/02	04/20/32	847,112.94	870,672.94			(70,181.02)		776,931.92	813,520.52	13,028.60	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	434,867.20	446,961.77			(1,404.00)		433,463.20	453,876.58	8,318.81	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	02/20/32	46,853.39	47,950.92			(141.95)		46,511.44	48,701.83	892.86	0.00
GNMA	2000 BCDE RMRB	6.10	08/29/02	08/20/32	1,707,936.10	1,755,437.40			(99,615.45)		1,608,320.65	1,684,062.40	28,240.45	0.00
GNMA	2000 BCDE RMRB	6.10	06/03/02	05/20/32	827,710.31	850,730.68			(2,389.25)		825,321.06	864,188.48	15,847.05	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/02	06/20/32	711,258.58	731,040.18			(2,569.19)		708,689.39	742,064.18	13,593.19	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/02	06/20/32	819,112.22	841,893.45			(2,714.54)		816,397.68	854,844.86	15,685.95	0.00
GNMA	2000 BCDE RMRB	6.10	06/25/02	06/20/32	736,616.30	757,103.16			(2,253.31)		734,362.99	768,946.86	14,097.01	0.00
GNMA	2000 BCDE RMRB	6.10	07/05/02	06/20/32	1,592,239.02	1,636,522.54			(4,784.73)		1,587,454.29	1,662,213.38	30,475.57	0.00
GNMA	2000 BCDE RMRB	6.10	07/15/02	07/20/32	536,083.93	551,003.83			(68,212.33)		467,881.60	489,915.88	7,124.38	0.00
GNMA	2000 BCDE RMRB	6.10	07/22/02	07/20/32	972,893.98	999,952.21			(3,015.66)		969,878.32	1,015,553.47	18,616.92	0.00
GNMA	2000 BCDE RMRB	6.10	07/29/02	07/20/32	484,184.22	497,650.40			(37,266.30)		446,917.92	467,964.93	7,580.83	0.00
GNMA	2000 BCDE RMRB	6.10	08/01/02	07/20/32	473,411.78	486,578.35			(1,659.46)		471,752.32	493,968.88	9,049.99	0.00
GNMA	2000 BCDE RMRB	6.10	08/12/02	08/20/32	2,154,051.45	2,213,960.16			(57,910.71)		2,096,140.74	2,194,855.75	38,806.30	0.00
GNMA	2000 BCDE RMRB	6.10	08/23/02	08/20/32	1,885,470.66	1,937,909.57			(6,623.75)		1,878,846.91	1,967,328.78	36,042.94	0.00
GNMA	2000 BCDE RMRB	6.10	11/12/02	10/20/32	781,392.89	803,125.07			(2,626.20)		778,766.69	815,441.69	14,942.82	0.00
GNMA	2000 BCDE RMRB	6.10	09/12/02	08/20/32	1,132,819.23	1,164,325.32			(3,768.01)		1,129,051.22	1,182,222.41	21,665.10	0.00
GNMA	2000 BCDE RMRB	6.10	09/19/02	09/20/32	1,018,906.12	1,047,244.05			(50,934.99)		967,971.13	1,013,556.47	17,247.41	0.00
GNMA	2000 BCDE RMRB	6.10	09/26/02	09/20/32	1,914,773.10	1,968,026.97			(58,853.30)		1,855,919.80	1,943,321.92	34,148.25	0.00
GNMA	2000 BCDE RMRB	6.10	10/10/02	10/20/32	1,995,439.94	2,050,937.33			(6,909.67)		1,988,530.07	2,082,177.30	38,149.84	0.00
GNMA	2000 BCDE RMRB	6.10	10/21/02	10/20/32	1,550,749.71	1,593,879.33			(62,200.19)		1,488,549.52	1,558,650.82	26,971.68	0.00
GNMA	2000 BCDE RMRB	6.10	10/29/02	11/20/32	1,050,348.06	1,079,560.46			(128,713.43)		921,834.63	965,037.81	14,190.78	0.00
FNMA	2000 BCDE RMRB	6.10	08/31/01	06/01/31	687,948.09	707,212.71			(2,755.23)		685,192.86	712,497.25	8,039.77	0.00
GNMA	2000 BCDE RMRB	6.10	11/05/02	10/20/32	723,864.30	743,998.49			(3,025.79)		720,838.51	754,785.45	13,814.75	0.00
GNMA	2000 BCDE RMRB	6.10	11/19/02	11/20/32	209,923.35	215,761.76			(628.82)		209,294.53	219,150.98	4,018.04	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	428,232.26	440,142.31			(2,101.90)		426,130.36	446,198.43	8,158.02	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	281,282.40	299,383.57			(903.45)		290,378.95	304,053.96	5,573.84	0.00
GNMA	2000 BCDE RMRB	6.10	12/12/02	11/20/32	177,730.82	182,673.89			(1,093.70)		176,637.12	184,955.61	3,375.42	0.00
GNMA	2000 BCDE RMRB	6.10	12/19/02	06/20/32	67,361.62	69,235.09			(205.80)		67,155.82	70,318.43	1,289.14	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	09/20/32	98,596.83	101,339.02			(1,022.01)		97,574.82	102,169.98	1,852.97	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	11/20/32	36,651.81	37,671.18			(104.21)		36,547.60	38,268.76	701.79	0.00
GNMA	2000 BCDE RMRB	6.10	01/07/03	12/20/32	136,599.49	140,398.62			(692.75)		135,906.74	142,307.10	2,601.23	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	129,979.82	133,573.94			(675.10)		129,304.72	135,396.76	2,497.92	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	506,873.36	520,889.09			(1,965.02)		504,908.34	528,696.50	9,772.43	0.00
GNMA	2000 BCDE RMRB	6.10	02/12/03	02/20/33	250,626.06	257,556.21			(883.39)		249,762.67	261,529.93	4,837.11	0.00
FNMA	2000 BCDE RMRB	6.10	10/17/01	09/01/31	456,951.98	470,060.22			(2,777.47)		454,174.51	472,400.81	5,118.06	0.00
GNMA	2000 BCDE RMRB	6.10	02/20/03	02/20/33	524,052.04	538,542.79			(1,483.42)		522,568.62	547,188.80	10,129.43	0.00
GNMA	2000 BCDE RMRB	6.10	02/27/03	02/20/33	107,417.08	110,387.31			(298.50)		107,118.58	112,165.35	2,076.54	0.00
GNMA	2000 BCDE RMRB	6.10	03/24/03	03/20/33	250,285.70	257,206.43			(706.91)		249,578.79	261,337.40	4,837.88	0.00
GNMA	2000 BCDE RMRB	6.10	04/02/03	03/20/33	155,656.43	159,960.54			(435.33)		155,221.10	162,534.17	3,008.96	0.00
GNMA	2000 BCDE RMRB	6.10	04/10/03	04/20/33	90,497.94	93,000.33			(259.80)		90,238.14	94,489.60	1,749.07	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/03	04/20/33	208,849.43	214,624.40			(614.04)		208,235.39	218,046.16	4,035.80	0.00
GNMA	2000 BCDE RMRB	6.10	04/24/03	04/20/33	76,332.09	78,442.78			(215.08)		76,117.01	79,703.18	1,475.48	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/03	04/20/33	551,015.13	566,251.44			(1,529.05)		549,486.08	575,374.45	10,652.06	0.00
GNMA	2000 BCDE RMRB	6.10	05/08/03	04/20/33	190,344.47	195,607.75			(670.13)		189,674.34	198,610.61	3,672.99	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/03	04/20/33	74,978.81	77,052.08			(205.70)		74,773.11	78,295.85	1,449.57	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/03	05/20/33	202,195.66	207,786.85			(560.40)		201,635.46	211,135.27	3,908.82	0.00
GNMA	2000 BCDE RMRB	6.10	05/29/03	04/20/33	152,088.86	156,294.32			(424.13)		151,664.73	158,810.23	2,940.04	0.00
GNMA	2000 BCDE RMRB	6.10	08/10/03	05/20/33	194,938.04	200,328.34			(623.96)		194,314.08	203,468.96	3,764.58	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	340,176.04	349,582.37			(936.65)		339,239.39	355,222.25	6,576.53	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	130,815.57	134,432.80			(360.51)		130,455.06	138,601.29	2,529.00	0.00
GNMA	2000 BCDE RMRB	6.10	06/26/03	06/20/33	166,290.27	170,888.41			(511.55)		165,778.72	173,589.18	3,212.32	0.00
GNMA	2000 BCDE RMRB	6.10	07/03/03	07/20/33	123,722.81	127,143.90			(334.43)		123,388.38	129,201.67	2,392.20	0.00
GNMA	2000 BCDE RMRB	6.10	07/10/03	07/20/33	610,883.19	627,774.94			(1,793.48)		609,089.71	637,786.24	11,804.78	0.00
GNMA	2000 BCDE RMRB	6.10	07/17/03	07/20/33	303,254.79	311,640.19			(1,175.33)		302,079.46	316,311.56	5,846.70	0.00
GNMA	2000 BCDE RMRB	6.10	07/24/03	07/20/33	50,969.30	52,378.67			(137.16)		50,832.14	53,227.03	985.52	0.00
GNMA	2000 BCDE RMRB	6.10	07/30/03	07/20/33	450,979.89	463,450.09			(1,384.18)		449,595.71	470,777.87	8,711.96	0.00
GNMA	2000 BCDE RMRB	6.10	08/07/03	08/20/33	236,393.77	242,930.38			(648.49)		235,745.28	246,852.13	4,570.24	0.00
GNMA	2000 BCDE RMRB	6.10	08/14/03	08/20/33	244,593.64	251,356.98			(654.70)		243,938.94	255,431.83	4,729.55	0.00
FNMA	2000 BCDE RMRB	6.10	12/27/01	10/01/31	291,896.95	300,070.95			(52,107.51)		239,789.44	249,344.88	1,381.44	0.00
GNMA	2000 BCDE RMRB	6.10	08/21/03	08/20/33	217,373.55	223,384.22			(986.05)		216,387.50	226,582.33	4,184.16	0.00
GNMA	2000 BCDE RMRB	6.10	08/28/03	08/20/33	357,406.22	367,289.98			(1,463.96)		355,942.26	372,712.05	6,887.03	0.00
GNMA	2000 BCDE RMRB	6.10	09/04/03	08/20/33			211,929.00		(1,419.33)		210,509.67	220,427.58	9,917.91	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	09/20/33			523,309.00		(3,999.22)		519,309.78	543,776.43	24,466.65	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	09/20/33			85,145.00		(556.95)		84,588.05	88,573.31	3,985.26	0.00
GNMA	2000 BCDE RMRB	6.10	09/29/03	09/20/33			447,303.00		(3,007.53)		444,295.47	465,227.91	20,932.44	0.00
GNMA	2000 BCDE RMRB	6.10	10/09/03	09/20/33			339,269.00		(2,544.95)		336,724.05	352,588.40	15,864.35	0.00
GNMA	2000 BCDE RMRB	6.10	10/16/03	09/20/33			92,382.00		(520.48)		91,861.52	96,189.46	4,327.94	0.00
GNMA	2000 BCDE RMRB	5.40	10/23/03	10/20/33			349,443.48		(2,165.46)		347,278.02	351,243.66	3,965.64	0.00
GNMA	2000 BCDE RMRB	6.10	10/23/03	10/20/33			254,044.00		(1,430.85)		252,613.15	264,514.71	11,901.56	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33			158,823.26		(1,026.10)		157,797.16	159,599.29	1,802.13	0.00
GNMA	2000 BCDE RMRB	6.10	10/30/03	08/20/33			61,754.00		(959.96)		60,794.04	63,658.28	2,864.24	0.00
GNMA	2000 BCDE RMRB	5.40	11/13/03	11/20/33			556,891.41		(2,865.20)		554,026.21	560,349.71	6,323.50	0.00
GNMA	2000 BCDE RMRB	6.10	11/13/03	11/20/33			143,907.00		(683.56)		143,223.44	149,971.24	6,747.80	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33			523,771.46		(2,487.91)		521,283.55	527,024.08	5,740.53	0.00
GNMA	2000 BCDE RMRB	6.10	11/20/03	10/20/33			49,458.00		(234.93)		49,223.07	51,542.16	2,319.09	0.00
GNMA	2000 BCDE RMRB	5.40	11/28/03	11/20/33			342,204.43		(1,625.47)		340,578.96	340,578.96	-	0.00
FNMA	2000 BCDE RMRB	6.10	06/10/02	05/01/32	183,458.06	188,595.43			(971.20)		182,486.86	189,758.83	2,134.60	0.00
FNMA	2000 BCDE RMRB	6.10	07/29/02	07/01/32	397,283.61	398,128.72			(1,468.65)		385,814.96	401,460.77	4,800.70	0.00
FNMA	2000 BCDE RMRB	6.10	09/12/02	07/01/32	433,602.92	445,745.10			(1,590.65)		432,012.27	449,531.50	5,377.05	0.00
FNMA	2000 BCDE RMRB	6.10	10/29/02	10/01/32	346,999.00	356,716.02			(1,179.11)		345,819.89	359,843.79	4,306.88	0.00
FNMA	2000 BCDE RMRB	6.10	04/10/03	03/01/33	274,866.04	282,529.97			(768.02)		274,098.02	285,213.40	3,451.45	0.00
FNMA	2000 BCDE RMRB	6.10	07/03/03	05/01/33	276,805.43	284,523.45			(755.11)		276,050.32	287,244.80	3,476.56	0.00
FNMA	2000 BCDE RMRB	6.10	08/14/03	08/01/33	259,021.77	266,243.93			(1,297.85)		257,723.92	268,175.31	3,229.23	0.00
FNMA	2000 BCDE RMRB	6.10	09/04/03	08/01/33			276,090.00		(3,723.50)		272,366.50	283,411.68	11,045.18	0.00
Inv Agmt	2000 BCDE RMRB	6.73	10/26/00	04/01/04	24,390,396.35	24,390,396.35		(4,416,351.64)			19,974,044.71	19,974,044.71	-	0.00
Repo Agmt	2000 BCDE RMRB	1.02	11/26/03	12/01/03	8.58	8.58	0.00				8.58	8.58	-	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33			29,057.52		(30.57)		29,026.95	29,026.95	-	0.00
GNMA	2000 BCDE RMRB	5.40	10/20/03	10/20/33			13,206.74		(17.38)		13,189.36	13,189.36	-	0.00
GNMA	2000 BCDE RMRB	5.40	11/19/03	10/20/33			46,307.59		(206.88)		46,307.59	46,307.59	-	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33			43,553.54		(135.16)		43,346.66	43,346.66	-	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33			28,455.57		(135.16)		28,320.41	28,320.41	-	0.00
<b>2000 BCDE RMRB Total</b>					<b>116,434,369.51</b>	<b>118,769,958.05</b>	<b>11,078,273.64</b>	<b>(4,416,351.64)</b>	<b>(3,846,550.56)</b>	<b>0.00</b>	<b>119,249,740.95</b>	<b>123,108,390.05</b>	<b>1,523,060.56</b>	<b>0.00</b>
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	32,444.54	32,444.54	27,267.74				59,712.28	59,712.28	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	2,955.13	2,955.13	7.33				2,962.46	2,962.46	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	77,921.12	77,921.12		(22,145.38)			55,775.74	55,775.74	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	68.39	68.39		(43.00)			25.39	25.39	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	410.54	410.54		(410.28)			0.26	0.26	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	0.85	0.85	0.00				0.85	0.85	-	0.00
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	4,582,401.75	4,582,401.75	4,338,213.11				8,920,614.86	8,920,614.86	-	0.00
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	85,148.17	85,148.17	3,498.93				88,647.10	88,647.10	-	0.00
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	7,961.24	7,961.24	0.00				7,961.24	7,961.24	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	0.50	0.50	0.00				0.50	0.50	-	0.00
GICs	2001 A-E RMRB	4.71	10/30/01	07/01/33	2,909,096.59	2,909,096.59	0.00				2,909,096.59	2,909,096.59	-	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	569,122.09	622,572.59			(96,178.31)		472,843.78	520,104.82	(6,289.46)	0.00
GNMA	2001 A-E RMRB	8.19	10/28/91	01/20/16	40,729.30	44,585.27			(462.74)		40,266.56	44,314.90	192.37	0.00





Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.95	09/26/02	09/20/32	559,208.47	545,915.10			(75,160.68)		484,047.79	478,441.09	7,686.67	0.00
GNMA	2001 A-E RMRB	5.45	10/10/02	09/20/32	1,204,778.21	1,212,856.70			(4,239.25)		1,200,538.96	1,222,385.67	13,768.22	0.00
GNMA	2001 A-E RMRB	4.95	10/10/02	09/20/32	470,771.15	459,580.08			(1,851.45)		468,919.70	483,488.22	5,759.59	0.00
GNMA	2001 A-E RMRB	5.45	10/21/02	10/20/32	443,983.83	446,960.92			(175,772.40)		268,211.43	273,092.20	1,903.68	0.00
GNMA	2001 A-E RMRB	4.95	10/21/02	10/20/32	449,855.62	439,161.76			(1,599.71)		448,255.91	443,063.79	5,501.74	0.00
GNMA	2001 A-E RMRB	5.45	10/29/02	11/20/32	191,819.13	193,105.35			(58,723.99)		133,095.14	135,517.12	1,135.76	0.00
GNMA	2001 A-E RMRB	4.95	10/29/02	11/20/32	331,240.38	323,366.21			(1,195.35)		330,045.03	326,222.14	4,051.28	0.00
GNMA	2001 A-E RMRB	5.45	11/05/02	10/20/32	448,742.78	451,751.77			(2,067.08)		446,675.70	454,804.04	5,119.35	0.00
GNMA	2001 A-E RMRB	4.95	11/05/02	10/20/32	272,318.47	265,844.98			(965.63)		271,352.84	268,209.79	3,330.44	0.00
GNMA	2001 A-E RMRB	5.45	11/19/02	11/20/32	229,737.56	231,278.04			(782.47)		228,955.09	233,121.48	2,625.91	0.00
GNMA	2001 A-E RMRB	4.95	11/19/02	11/20/32	77,574.36	75,730.28			(274.55)		77,299.81	76,404.45	948.72	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	561,100.67	564,863.06			(1,817.48)		559,283.19	569,460.70	6,415.12	0.00
GNMA	2001 A-E RMRB	4.95	11/26/02	11/20/32	83,829.60	81,836.83			(295.82)		83,533.78	82,586.21	1,025.20	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	355,438.63	357,821.98			(1,171.14)		354,267.49	360,714.25	4,063.41	0.00
GNMA	2001 A-E RMRB	4.95	12/12/02	11/20/32	200,400.02	195,636.15			(724.27)		199,675.75	197,362.90	2,451.02	0.00
GNMA	2001 A-E RMRB	5.45	12/12/02	11/20/32	544,759.12	548,411.94			(1,924.22)		542,834.90	552,713.09	6,225.37	0.00
GNMA	2001 A-E RMRB	5.45	12/19/02	12/20/32	516,980.95	520,427.37			(73,991.45)		442,989.50	451,030.42	4,594.50	0.00
GNMA	2001 A-E RMRB	4.95	12/19/02	11/20/32	69,041.91	67,400.65			(241.94)		68,799.97	68,003.06	844.35	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	461,349.55	464,443.08			(1,686.16)		459,663.39	468,028.09	5,271.17	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	108,028.62	108,752.99			(395.42)		107,633.20	109,591.85	1,234.28	0.00
GNMA	2001 A-E RMRB	4.95	12/30/02	12/20/32	135,656.18	132,431.39			(531.05)		135,125.13	133,559.98	1,659.94	0.00
GNMA	2001 A-E RMRB	5.45	01/09/03	12/20/32	117,552.89	118,341.12			(659.58)		116,893.31	119,020.46	1,338.92	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	478,557.82	481,699.07			(1,873.12)		476,684.70	485,325.44	5,499.49	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	400,940.78	391,308.49			(1,595.01)		399,345.77	394,635.50	4,922.02	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	195,563.48	196,847.16			(639.69)		194,923.79	198,457.13	2,249.66	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	61,053.63	59,586.86			(392.24)		60,661.39	59,945.90	751.28	0.00
GNMA	2001 A-E RMRB	5.45	01/30/03	12/20/32	303,227.06	305,260.31			(1,280.72)		301,946.34	307,440.98	3,461.39	0.00
GNMA	2001 A-E RMRB	4.95	01/30/03	01/20/33	80,775.10	78,834.54			(279.82)		80,495.28	79,545.84	991.12	0.00
GNMA	2001 A-E RMRB	5.45	02/12/03	01/20/33	330,136.71	332,303.73			(1,158.07)		328,978.64	334,941.95	3,796.29	0.00
GNMA	2001 A-E RMRB	4.95	02/12/03	02/20/33	252,685.66	248,815.09			(956.28)		251,729.38	248,760.24	3,101.43	0.00
GNMA	2001 A-E RMRB	5.45	02/20/03	02/20/33	190,276.78	191,525.75			(603.74)		189,673.04	193,111.19	2,189.18	0.00
GNMA	2001 A-E RMRB	5.45	02/27/03	02/20/33	96,986.29	97,622.91			(304.60)		96,681.69	98,434.23	1,115.92	0.00
GNMA	2001 A-E RMRB	4.95	02/27/03	02/20/33	149,120.81	145,538.29			(516.63)		148,604.16	146,851.39	1,829.73	0.00
GNMA	2001 A-E RMRB	5.45	03/12/03	10/20/32	50,272.75	50,609.84			(161.73)		50,111.02	51,022.91	574.80	0.00
GNMA	2001 A-E RMRB	4.95	03/12/03	02/20/33	204,368.96	199,459.16			(906.24)		203,462.72	201,062.87	2,509.95	0.00
GNMA	2001 A-E RMRB	5.45	03/20/03	02/20/33	338,764.57	340,988.21			(1,456.25)		337,308.32	343,422.61	3,890.65	0.00
GNMA	2001 A-E RMRB	4.95	03/20/03	02/20/33	219,346.88	214,077.24			(762.25)		218,584.63	216,006.43	2,691.44	0.00
GNMA	2001 A-E RMRB	5.45	04/02/03	03/20/33	241,670.44	243,256.77			(812.57)		240,867.87	245,223.84	2,779.64	0.00
GNMA	2001 A-E RMRB	5.45	04/10/03	03/20/33	132,029.96	132,896.61			(446.30)		131,583.66	133,968.85	1,518.54	0.00
GNMA	2001 A-E RMRB	5.45	04/17/03	03/20/33	59,941.04	60,334.49			(187.13)		59,753.91	60,837.06	689.70	0.00
GNMA	2001 A-E RMRB	5.45	04/29/03	04/20/33	234,559.70	236,099.36			(960.66)		233,599.04	237,833.43	2,694.73	0.00
GNMA	2001 A-E RMRB	5.45	05/08/03	04/20/33	219,046.44	220,484.26			(850.05)		218,196.39	222,151.58	2,517.37	0.00
GNMA	2001 A-E RMRB	4.95	05/08/03	04/20/33	154,040.36	150,339.66			(528.97)		153,511.39	151,700.72	1,890.03	0.00
GNMA	2001 A-E RMRB	4.95	05/15/03	04/20/33	156,450.12	152,691.52			(537.68)		155,912.44	154,073.45	1,919.81	0.00
GNMA	2001 A-E RMRB	5.45	05/22/03	04/20/33	162,261.57	163,326.68			(627.90)		161,633.67	164,583.56	1,864.80	0.00
GNMA	2001 A-E RMRB	5.45	05/29/03	05/20/33	300,885.54	302,860.55			(1,045.25)		299,840.29	305,275.42	3,460.12	0.00
GNMA	2001 A-E RMRB	5.45	06/10/03	05/20/33	278,338.20	280,165.20			(869.10)		277,469.10	282,498.69	3,202.59	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	179,782.71	180,962.80			(702.48)		179,080.23	182,326.37	2,066.05	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	239,915.96	241,490.77			(1,137.39)		238,778.57	243,106.85	2,753.47	0.00
GNMA	2001 A-E RMRB	5.45	06/26/03	06/20/33	113,960.58	114,708.61			(349.48)		113,611.10	115,670.49	1,311.36	0.00
GNMA	2001 A-E RMRB	5.45	07/10/03	06/20/33	52,337.96	52,681.51			(160.49)		52,177.47	53,123.28	602.26	0.00
GNMA	2001 A-E RMRB	5.45	07/17/03	07/20/33	129,603.25	130,453.97			(395.07)		129,208.18	131,550.31	1,491.41	0.00
GNMA	2001 A-E RMRB	5.45	07/24/03	07/20/33	52,381.04	52,724.87			(259.68)		52,121.36	53,066.15	600.96	0.00
GNMA	2001 A-E RMRB	5.45	07/30/03	07/20/33	55,071.82	55,433.30			(167.88)		54,903.94	55,899.17	633.75	0.00
GNMA	2001 A-E RMRB	5.45	08/07/03	07/20/33	108,461.09	109,173.03			(384.81)		108,076.28	110,035.35	1,247.13	0.00
GNMA	2001 A-E RMRB	5.45	08/28/03	08/20/33	60,702.33	61,100.78			(310.83)		60,391.50	61,486.20	696.25	0.00
GNMA	2001 A-E RMRB	5.45	09/04/03	08/20/33			86,552.00		(1,016.72)		85,535.28	87,085.76	1,550.48	0.00
GNMA	2001 A-E RMRB	5.45	09/18/03	07/20/33			108,917.00		(1,281.81)		107,635.19	109,586.26	1,951.07	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain	
GNMA	2001 A-E RMRB	5.45	09/29/03	09/20/33			57,445.00		(676.51)		56,768.49	57,797.53	1,029.04	0.00	
GNMA	2001 A-E RMRB	4.95	09/29/03	09/20/33			132,066.00		(1,577.29)		130,488.71	128,949.59	(1,539.12)	0.00	
GNMA	2001 A-E RMRB	5.45	10/23/03	10/20/33			53,180.00		(571.43)		52,608.57	53,562.19	953.62	0.00	
GNMA	2001 A-E RMRB	5.45	11/13/03	10/20/33			54,575.00		(532.11)		54,042.89	55,022.52	979.63	0.00	
GNMA	2001 A-E RMRB	5.45	11/20/03	10/20/33			56,378.00		(549.69)		55,828.31	56,840.30	1,011.99	0.00	
GNMA	2001 A-E RMRB	5.45	11/26/03	06/20/33			68,568.00		(668.54)		67,899.46	67,899.46	-	0.00	
FNMA	2001 A-E RMRB	5.45	04/17/02	03/01/32	306,321.74	305,927.77			(1,338.89)		304,982.85	307,982.88	3,394.00	0.00	
FNMA	2001 A-E RMRB	4.95	05/15/02	04/01/32	224,606.29	217,930.73			(1,365.76)		223,240.53	219,748.09	(3,183.12)	0.00	
FNMA	2001 A-E RMRB	4.95	06/10/02	06/01/32	241,058.08	233,893.55			(57,666.86)		183,391.22	180,522.19	(2,869.03)	0.00	
FNMA	2001 A-E RMRB	4.95	07/22/02	06/01/32	262,322.66	254,526.12			(2,020.89)		260,301.77	256,229.53	(4,072.24)	0.00	
FNMA	2001 A-E RMRB	5.45	09/19/02	08/01/32	252,425.80	252,101.16			(839.27)		251,586.53	254,061.32	2,799.43	0.00	
FNMA	2001 A-E RMRB	4.95	09/28/02	09/01/32	295,626.88	286,840.50			(1,091.33)		294,535.55	289,927.74	(4,607.81)	0.00	
FNMA	2001 A-E RMRB	5.45	01/23/03	11/01/32	325,346.56	324,928.13			(1,670.99)		323,675.57	326,859.48	3,602.34	0.00	
FNMA	2001 A-E RMRB	4.95	07/24/03	09/01/32	245,352.39	238,060.22			(1,029.69)		244,322.70	240,500.43	(3,469.90)	0.00	
FNMA	2001 A-E RMRB	5.45	09/18/03	01/01/33			72,154.00		(493.74)		71,660.26	72,359.96	699.70	0.00	
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	3,444,083.83	3,444,083.83		(682,184.83)			2,761,899.00	2,761,899.00	-	0.00	
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	126,479.02	126,479.02	315.44				126,794.46	126,794.46	-	0.00	
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	2,738,592.91	2,738,592.91		(1,164,426.82)			1,574,166.09	1,574,166.09	-	0.00	
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	173,693.68	173,693.68	433.21				174,126.89	174,126.89	-	0.00	
Repo Agmt	2001 A-E RMRB	1.02	11/26/03	12/01/03	585.25	585.25	1.61				586.86	586.86	-	0.00	
GNMA	2001 A-E RMRB	5.49	03/12/03	03/20/33	5,117.30	5,162.52			(15.86)		5,101.44	5,202.11	55.45	0.00	
GNMA	2001 A-E RMRB	5.49	03/20/03	02/20/33	12,413.94	12,523.63			(38.69)		12,375.25	12,619.44	134.50	0.00	
GNMA	2001 A-E RMRB	5.49	04/02/03	03/20/33	66,865.42	67,456.26			(209.31)		66,656.11	67,971.40	724.45	0.00	
GNMA	2001 A-E RMRB	4.80	04/02/03	03/20/33	11,972.68	11,574.53			(42.15)		11,930.53	11,691.72	(159.34)	0.00	
GNMA	2001 A-E RMRB	5.49	04/10/03	03/20/33	18,053.39	18,212.91			(56.87)		17,996.52	18,351.62	195.58	0.00	
GNMA	2001 A-E RMRB	4.80	04/10/03	04/20/33	73,678.46	71,228.33			(259.15)		73,419.31	71,949.81	(980.63)	0.00	
GNMA	2001 A-E RMRB	5.49	04/17/03	04/20/33	85,716.51	86,473.92			(271.33)		85,445.18	87,131.22	928.63	0.00	
GNMA	2001 A-E RMRB	4.80	04/17/03	03/20/33	10,077.95	9,742.83			(37.64)		10,040.31	9,839.35	(134.16)	0.00	
GNMA	2001 A-E RMRB	5.49	04/24/03	04/20/33	19,718.61	19,892.84			(60.74)		19,657.87	20,045.76	213.66	0.00	
GNMA	2001 A-E RMRB	4.80	04/24/03	04/20/33	24,790.49	23,966.10			(85.81)		24,703.68	24,209.24	(329.95)	0.00	
GNMA	2001 A-E RMRB	5.49	04/29/03	04/20/33	13,677.00	13,797.84			(47.94)		13,629.06	13,897.97	148.07	0.00	
GNMA	2001 A-E RMRB	4.80	04/29/03	03/20/33	10,311.29	9,968.38			(36.30)		10,274.99	10,069.32	(137.24)	0.00	
GNMA	2001 A-E RMRB	5.49	05/08/03	05/20/33	41,995.86	42,366.93			(129.96)		41,865.50	42,692.00	455.03	0.00	
GNMA	2001 A-E RMRB				13,805.88	13,346.76			(13,805.88)					459.12	0.00
GNMA	2001 A-E RMRB	5.49	05/15/03	05/20/33	15,875.64	16,015.92			(49.04)		15,826.60	16,138.90	172.02	0.00	
GNMA	2001 A-E RMRB	4.80	05/15/03	04/20/33	40,963.02	39,600.82			(144.64)		40,818.38	40,001.40	(545.22)	0.00	
GNMA	2001 A-E RMRB	5.49	05/22/03	05/20/33	50,769.81	51,218.42			(178.29)		50,591.52	51,589.81	549.68	0.00	
GNMA	2001 A-E RMRB	4.80	05/22/03	04/20/33	27,685.10	26,764.46			(97.21)		27,587.89	27,035.71	(368.46)	0.00	
GNMA	2001 A-E RMRB	5.49	05/29/03	05/20/33	33,609.41	33,906.38			(141.33)		33,468.08	34,128.48	363.43	0.00	
GNMA	2001 A-E RMRB	4.80	05/29/03	05/20/33	21,104.28	20,402.47			(74.17)		21,030.11	20,609.20	(280.90)	0.00	
GNMA	2001 A-E RMRB	5.49	06/10/03	05/20/33	21,765.77	21,958.10			(66.86)		21,698.91	22,127.08	235.84	0.00	
GNMA	2001 A-E RMRB	4.80	06/10/03	05/20/33	37,815.72	36,558.19			(132.69)		37,683.03	36,928.80	(503.30)	0.00	
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	12,060.45	12,167.02			(49.81)		12,010.64	12,247.64	130.43	0.00	
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	11,089.09	10,720.34			(38.38)		11,050.71	10,829.52	(147.56)	0.00	
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	26,219.53	26,451.20			(80.38)		26,139.15	26,654.93	284.11	0.00	
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	22,558.07	21,807.92			(78.52)		22,479.55	22,029.61	(309.21)	0.00	
GNMA	2001 A-E RMRB	5.49	06/26/03	06/20/33	5,342.98	5,390.19			(16.27)		5,326.71	5,431.83	57.91	0.00	
GNMA	2001 A-E RMRB	4.80	06/26/03	06/20/33	11,465.73	11,084.44			(41.20)		11,424.53	11,195.86	(152.82)	0.00	
GNMA	2001 A-E RMRB	5.49	07/03/03	06/20/33	27,331.28	27,572.78			(83.48)		27,247.80	27,765.46	296.16	0.00	
GNMA	2001 A-E RMRB	5.49	07/10/03	06/20/33	34,032.06	34,332.77			(117.19)		33,914.87	34,584.10	368.52	0.00	
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33	15,119.34	14,616.55			(68.68)		15,050.66	14,749.42	(201.55)	0.00	
GNMA	2001 A-E RMRB	4.80	07/17/03	06/20/33	82,323.83	79,586.21			(347.74)		81,976.09	80,335.33	(1,096.86)	0.00	
GNMA	2001 A-E RMRB	5.49	07/24/03	07/20/33	53,807.50	54,282.95			(163.47)		53,644.03	54,702.56	583.08	0.00	
GNMA	2001 A-E RMRB	4.80	07/24/03	07/20/33	41,811.98	40,421.55			(264.74)		41,547.24	40,715.67	(558.86)	0.00	
GNMA	2001 A-E RMRB	5.49	07/30/03	07/20/33	12,556.75	12,667.71			(50.99)		12,505.76	12,752.53	135.81	0.00	
GNMA	2001 A-E RMRB	5.49	08/07/03	07/20/33	29,233.62	29,491.93			(91.09)		29,142.53	29,717.57	316.73	0.00	
GNMA	2001 A-E RMRB	4.80	08/07/03	06/20/33	11,499.31	11,116.91			(39.73)		11,459.58	11,230.21	(153.03)	0.00	
GNMA	2001 A-E RMRB	5.49	08/14/03	08/20/33	17,065.85	17,216.65			(81.98)		16,983.87	17,319.00	184.33	0.00	

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.80	08/14/03	07/20/33	33,496.71	32,362.80			(115.24)		33,381.47	32,713.33	445.77	0.00
GNMA	2001 A-E RMRB	5.49	08/21/03	08/20/33	12,937.36	13,051.68			(36.90)		12,898.48	13,152.97	140.19	0.00
GNMA	2001 A-E RMRB	5.49	08/28/03	08/20/33	23,252.06	23,457.52			(70.58)		23,181.48	23,638.91	251.97	0.00
GNMA	2001 A-E RMRB	4.80	08/28/03	08/20/33	13,727.35	13,270.86			(52.88)		13,674.47	13,400.78	182.80	0.00
GNMA	2001 A-E RMRB	5.49	09/04/03	08/20/33			17,004.22		(220.82)		16,783.40	17,114.57	331.17	0.00
GNMA	2001 A-E RMRB	4.80	09/04/03	09/20/33			11,893.21		(142.78)		11,750.43	11,515.25	(235.18)	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33			55,304.31		(662.62)		54,641.89	55,719.91	1,078.22	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33			49,269.96		(599.53)		48,670.43	47,096.28	(974.15)	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33			31,586.24		(464.12)		31,122.12	31,736.24	614.12	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33			17,904.67		(215.06)		17,689.61	17,335.55	(354.06)	0.00
GNMA	2001 A-E RMRB	5.49	09/29/03	09/20/33			70,223.25		(910.97)		69,312.28	70,679.98	1,367.70	0.00
GNMA	2001 A-E RMRB	4.80	09/29/03	09/20/33			65,728.09		(789.88)		64,938.23	63,638.48	(1,299.75)	0.00
GNMA	2001 A-E RMRB	5.49	10/16/03	09/20/33			10,489.18		(112.63)		10,376.55	10,581.31	204.76	0.00
GNMA	2001 A-E RMRB	5.49	10/30/03	10/20/33			111,069.04		(1,529.12)		109,539.92	109,539.92	-	0.00
GNMA	2001 A-E RMRB	4.80	10/30/03	10/20/33			289,960.60		(3,626.62)		286,333.98	286,333.99	0.01	0.00
GNMA	2001 A-E RMRB	5.49	11/13/03	10/20/33			22,039.91		(214.89)		21,825.02	21,825.02	-	0.00
GNMA	2001 A-E RMRB	4.80	11/13/03	10/20/33			148,190.19		(1,444.85)		146,745.34	143,808.21	(2,937.13)	0.00
GNMA	2001 A-E RMRB	5.49	11/20/03	11/20/33			5,887.63		(57.40)		5,830.23	5,945.27	115.04	0.00
GNMA	2001 A-E RMRB	4.80	11/20/03	11/20/33			182,836.15		(1,780.70)		180,855.45	180,855.45	-	0.00
GNMA	2001 A-E RMRB	5.49	11/26/03	10/20/33			6,931.96		(67.59)		6,864.37	6,864.37	-	0.00
GNMA	2001 A-E RMRB	4.80	11/26/03	11/20/33			58,640.54		(552.25)		58,088.29	58,088.29	-	0.00
GNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33	30,124.60	30,147.90			(92.86)		30,031.74	30,370.59	315.55	0.00
FNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33			24,658.74		(227.95)		24,430.79	23,861.04	(569.75)	0.00
FNMA	2001 A-E RMRB	4.80	09/18/03	07/01/33										0.00
<b>2001 A-E RMRB Total</b>					<b>91,498,154.35</b>	<b>92,782,531.21</b>	<b>6,236,990.25</b>	<b>(1,869,210.31)</b>	<b>(3,255,186.08)</b>	<b>0.00</b>	<b>92,610,748.22</b>	<b>94,554,098.86</b>	<b>658,973.78</b>	<b>0.00</b>
Repo Agmt	2002 RMRB	1.02	11/26/03	12/01/03	107,513.77	107,513.77	103,154.90				210,668.67	210,668.67	-	0.00
Repo Agmt	2002 RMRB	1.02	11/26/03	12/01/03	4,235.04	4,235.04		(2,508.93)			1,726.11	1,726.11	-	0.00
GICs	2002 RMRB	1.63	12/18/02	08/01/04	568,165.32	568,165.32		(93,248.32)			474,917.00	474,917.00	-	0.00
Repo Agmt	2002 RMRB	1.02	11/26/03	12/01/03	5,654.29	5,654.29		(1,524.08)			4,130.21	4,130.21	-	0.00
Repo Agmt	2002 RMRB	1.02	11/26/03	12/01/03	507,093.21	507,093.21	1,264.82				508,358.03	508,358.03	-	0.00
GICs	2002 RMRB	4.20	12/18/02	04/01/34	426,500.33	426,500.33	329,220.00				755,720.33	755,720.33	-	0.00
Mutual Fund	2002 RMRB	0.83	11/01/03	12/01/03				1.46			1.46	1.46	-	0.00
Repo Agmt	2002 RMRB	1.02	11/26/03	12/01/03	57.32	57.32	0.04				57.36	57.36	-	0.00
GICs	2002 RMRB	1.63	12/18/02	08/01/04	499,662.99	499,662.99		(0.03)			499,662.96	499,662.96	-	0.00
Mutual Fund	2002 RMRB	0.83	11/01/03	12/01/03			845.52				845.52	845.52	-	0.00
GNMA	2002 RMRB	5.49	03/12/03	03/20/33	41,830.43	42,200.06			(129.62)		41,700.81	42,523.67	453.23	0.00
GNMA	2002 RMRB	5.49	03/20/03	02/20/33	101,475.52	102,372.18			(316.33)		101,159.19	103,155.31	1,099.46	0.00
GNMA	2002 RMRB	5.49	04/02/03	03/20/33	546,578.77	551,408.42			(1,711.00)		544,867.77	555,619.32	5,921.90	0.00
GNMA	2002 RMRB	4.80	04/02/03	03/20/33	97,868.32	94,613.78			(344.55)		97,523.77	95,571.81	(1,302.58)	0.00
GNMA	2002 RMRB	5.49	04/10/03	03/20/33	147,574.16	148,878.14			(464.91)		147,109.25	150,012.07	1,598.84	0.00
GNMA	2002 RMRB	4.80	04/10/03	04/20/33	602,270.69	582,242.65			(2,118.39)		600,152.30	588,140.17	(8,015.91)	0.00
GNMA	2002 RMRB	5.49	04/17/03	04/20/33	700,673.44	706,864.70			(2,217.98)		698,455.46	712,237.66	7,590.94	0.00
GNMA	2002 RMRB	4.80	04/17/03	03/20/33	82,390.41	79,640.91			(307.76)		82,072.65	80,429.95	(1,096.80)	0.00
GNMA	2002 RMRB	5.49	04/24/03	04/20/33	161,185.89	162,610.15			(496.48)		160,689.41	163,860.19	1,746.52	0.00
GNMA	2002 RMRB	4.80	04/24/03	04/20/33	202,645.20	195,906.39			(709.50)		201,935.70	197,893.92	(2,697.03)	0.00
GNMA	2002 RMRB	5.49	04/29/03	04/20/33	111,799.88	112,787.77			(391.95)		111,407.93	113,606.28	1,210.46	0.00
GNMA	2002 RMRB	4.80	04/29/03	03/20/33	84,287.56	81,484.64			(296.74)		83,990.82	82,309.73	(1,121.83)	0.00
GNMA	2002 RMRB	5.49	05/08/03	05/20/33	343,287.11	346,320.45			(1,062.29)		342,224.82	348,977.74	3,719.58	0.00
GNMA	2002 RMRB				112,853.57	109,100.71			(112,853.57)					0.00
GNMA	2002 RMRB	5.49	05/15/03	05/20/33	129,772.49	130,919.18			(400.79)		129,371.70	131,924.51	1,406.12	0.00
GNMA	2002 RMRB	4.80	05/15/03	04/20/33	334,844.44	323,709.45			(1,182.32)		333,662.12	326,993.83	(4,456.70)	0.00
GNMA	2002 RMRB	5.49	05/22/03	05/20/33	415,008.27	418,675.35			(1,457.37)		413,550.90	421,711.25	4,493.27	0.00
GNMA	2002 RMRB	4.80	05/22/03	04/20/33	226,306.63	218,780.97			(794.63)		225,512.00	220,998.33	(3,011.99)	0.00
GNMA	2002 RMRB	5.49	05/29/03	05/20/33	274,733.74	277,161.34			(1,155.17)		273,578.57	278,976.94	2,970.77	0.00
GNMA	2002 RMRB	4.80	05/29/03	05/20/33	172,512.98	166,776.20			(606.24)		171,906.74	168,466.01	(2,296.05)	0.00
GNMA	2002 RMRB	5.49	06/10/03	05/20/33	177,920.16	179,492.28			(546.52)		177,373.64	180,873.65	1,927.89	0.00
GNMA	2002 RMRB	4.80	06/10/03	05/20/33	309,117.58	298,838.11			(1,084.66)		308,032.92	301,867.59	(4,114.14)	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	98,585.94	99,457.06			(407.18)		98,178.76	100,116.06	1,066.18	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in In Market Value	Recognized Gain
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	90,645.68	87,631.33			(313.65)		90,331.83	88,523.83	1,206.35	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	214,326.63	216,220.45			(657.09)		213,669.54	217,885.75	2,322.39	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	184,396.68	178,264.70			(641.88)		183,754.80	180,076.90	2,454.08	0.00
GNMA	2002 RMRB	5.49	06/26/03	06/20/33	43,675.19	44,061.11			(132.93)		43,542.26	44,401.46	473.28	0.00
GNMA	2002 RMRB	4.80	06/26/03	06/20/33	93,724.43	90,607.70			(336.86)		93,387.55	91,518.38	1,247.56	0.00
GNMA	2002 RMRB	5.49	07/03/03	06/20/33	223,414.37	225,388.50			(682.34)		222,732.03	227,127.07	2,420.91	0.00
GNMA	2002 RMRB	5.49	07/10/03	06/20/33	278,188.64	280,646.75			(957.89)		277,230.75	282,701.18	3,012.32	0.00
GNMA	2002 RMRB	4.80	07/10/03	06/20/33	123,590.14	119,480.25			(561.44)		123,028.70	120,566.26	1,647.45	0.00
GNMA	2002 RMRB	4.80	07/17/03	06/20/33	672,940.64	650,562.53			(2,842.48)		670,098.16	656,686.04	8,965.99	0.00
GNMA	2002 RMRB	5.49	07/24/03	07/20/33	439,839.30	443,725.79			(1,336.17)		438,503.13	447,155.84	4,766.22	0.00
GNMA	2002 RMRB	4.80	07/24/03	07/20/33	341,784.09	330,418.33			(2,164.07)		339,620.02	332,822.49	4,568.23	0.00
GNMA	2002 RMRB	5.49	07/30/03	07/20/33	102,642.84	103,549.81			(416.82)		102,226.02	104,243.19	1,110.20	0.00
GNMA	2002 RMRB	5.49	08/07/03	07/20/33	236,964.70	241,076.23			(744.56)		236,220.14	242,920.80	2,589.13	0.00
GNMA	2002 RMRB	4.80	08/07/03	06/20/33	93,998.95	90,673.09			(324.78)		93,674.17	91,799.27	1,250.96	0.00
GNMA	2002 RMRB	5.49	08/14/03	08/20/33	139,501.59	140,734.24			(670.17)		138,831.42	141,570.89	1,506.82	0.00
GNMA	2002 RMRB	4.80	08/14/03	07/20/33	273,812.52	264,707.10			(942.07)		272,870.45	267,408.92	3,643.89	0.00
GNMA	2002 RMRB	5.49	08/21/03	08/20/33	105,754.01	106,688.46			(318.03)		105,435.98	107,516.48	1,146.05	0.00
GNMA	2002 RMRB	5.49	08/28/03	08/20/33	190,069.58	191,749.06			(577.00)		189,492.58	193,231.73	2,059.67	0.00
GNMA	2002 RMRB	4.80	08/28/03	08/20/33	112,211.65	108,480.14			(432.18)		111,779.47	109,542.19	1,494.23	0.00
GNMA	2002 RMRB	5.49	09/04/03	09/20/33			138,997.78		(1,805.13)		137,192.65	139,899.79	2,707.14	0.00
GNMA	2002 RMRB	4.80	09/04/03	09/20/33			97,218.79		(1,167.16)		96,051.63	94,129.14	(1,922.49)	0.00
GNMA	2002 RMRB	5.49	09/18/03	09/20/33			452,074.69		(5,416.39)		446,658.30	455,471.93	8,813.63	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33			402,748.04		(4,900.85)		397,847.19	389,884.23	(7,962.96)	0.00
GNMA	2002 RMRB	5.49	09/18/03	09/20/33			258,195.76		(3,793.80)		254,401.96	259,421.91	5,019.95	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33			146,358.33		(1,758.00)		144,600.33	141,706.13	(2,894.20)	0.00
GNMA	2002 RMRB	5.49	09/29/03	09/20/33			574,026.75		(7,446.51)		566,580.24	577,760.21	11,179.97	0.00
GNMA	2002 RMRB	4.80	09/29/03	09/20/33			537,281.91		(6,456.56)		530,825.35	520,200.81	(10,624.54)	0.00
GNMA	2002 RMRB	5.49	10/16/03	09/20/33			85,741.82		(920.63)		84,821.19	86,494.92	1,673.73	0.00
GNMA	2002 RMRB	5.49	10/30/03	10/20/33			907,912.96		(12,499.52)		895,413.44	895,413.44	-	0.00
GNMA	2002 RMRB	4.80	10/30/03	10/20/33			2,370,228.40		(29,645.08)		2,340,583.32	2,340,583.31	(0.01)	0.00
GNMA	2002 RMRB	5.49	11/13/03	10/20/33			180,161.09		(1,756.57)		178,404.52	178,404.52	-	0.00
GNMA	2002 RMRB	4.80	11/13/03	10/20/33			1,211,352.81		(11,810.69)		1,199,542.12	1,175,533.11	(24,009.01)	0.00
GNMA	2002 RMRB	5.49	11/20/03	11/20/33			48,127.37		(469.25)		47,658.12	48,598.54	940.42	0.00
GNMA	2002 RMRB	4.80	11/20/03	11/20/33			1,492,924.85		(14,556.02)		1,478,368.83	1,478,368.83	-	0.00
GNMA	2002 RMRB	5.49	11/26/03	10/20/33			56,864.04		(552.47)		56,311.57	56,111.57	-	0.00
GNMA	2002 RMRB	4.80	11/26/03	11/20/33			462,997.46		(4,514.22)		458,483.24	458,483.23	(0.01)	0.00
GNMA	2002 RMRB	5.49	05/29/03	04/01/33	246,247.74	246,438.26			(758.11)		245,489.63	248,258.63	2,579.46	0.00
FNMA	2002 RMRB	4.80	09/18/03	07/01/33			201,568.26		(1,863.39)		199,704.87	195,047.60	(4,657.27)	0.00
GICs	2002 RMRB	1.63	12/18/02	08/01/04	30,192,779.90	30,192,779.90		(9,624,581.11)			20,568,198.79	20,568,198.79	-	0.00
Repo Agnit	2002 RMRB	1.02	11/26/03	12/01/03	8,032.61	8,032.61	20.09				8,052.70	8,052.70	-	0.00
Repo Agnit	2002 RMRB				49,198.14	49,198.14			(49,198.14)				-	0.00
Repo Agnit	2002 RMRB				18,810.75	18,810.75			(18,810.75)				-	0.00
<b>2002 RMRB Total</b>					<b>42,072,946.22</b>	<b>41,979,248.39</b>	<b>10,059,087.94</b>	<b>(9,789,871.36)</b>	<b>(258,199.93)</b>	<b>0.00</b>	<b>42,083,962.87</b>	<b>42,086,065.65</b>	<b>95,800.61</b>	<b>0.00</b>
Repo Agnit	1999 B-D RMRB	1.02	11/26/03	12/01/03	4,766.37	4,766.37	0.00				4,766.37	4,766.37	-	0.00
Repo Agnit	1999 B-D RMRB	1.02	11/26/03	12/01/03	109.94	109.94		(72.36)			37.58	37.58	-	0.00
GICs	1999 B-D RMRB	6.40	12/02/99	07/01/32	5,771,358.04	5,771,358.04	5,591,770.00				11,363,128.04	11,363,128.04	-	0.00
Repo Agnit	1999 B-D RMRB	1.02	11/26/03	12/01/03	46.39	46.39	0.02				46.41	46.41	-	0.00
GICs	1999 B-D RMRB	6.40	12/02/99	07/01/32	480,309.18	480,309.18		(0.02)			480,309.16	480,309.16	-	0.00
GNMA	1999 B-D RMRB	8.18	04/01/91	01/20/21	117,719.31	127,920.09			(604.65)		116,914.66	127,760.12	644.68	0.00
GNMA	1999 B-D RMRB	8.18	08/01/90	06/20/20	289,809.82	315,147.05			(3,057.54)		286,752.28	313,577.30	1,487.79	0.00
GNMA	1999 B-D RMRB	7.18	08/01/90	06/20/20	166,003.45	176,761.16			(2,127.75)		163,875.70	175,457.37	823.96	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	1,057,254.74	1,160,561.78			(300,783.43)		756,471.31	838,172.98	(21,605.37)	0.00
GNMA	1999 B-D RMRB	8.18	07/02/90	05/20/20	211,922.77	230,450.57			(53,516.02)		158,406.75	173,225.34	(3,709.21)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	499,166.50	542,807.29			(75,866.70)		423,299.80	462,898.63	(4,041.96)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	08/20/20	519,528.60	564,949.51			(38,313.92)		481,214.68	526,231.24	(404.35)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	132,981.85	144,608.04			(1,061.15)		131,920.70	144,261.55	714.66	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	08/20/20	326,966.38	355,552.07			(2,370.37)		324,596.01	354,961.19	1,779.49	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in	Recognized Gain
					Carrying Value 08/31/03	Market Value 08/31/03					Carrying Value 11/30/03	Market Value 11/30/03	In Market Value	
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	336,305.23	365,707.42			(60,866.47)		275,438.78	301,205.42	(3,835.53)	0.00
GNMA	1999 B-D RMRB	7.18	11/01/90	09/20/20	277,344.79	295,317.84			(122,151.31)		155,193.48	166,161.53	(7,005.00)	0.00
GNMA	1999 B-D RMRB	8.18	12/03/90	10/20/20	126,702.56	137,779.75			(1,536.90)		125,165.66	136,874.58	831.73	0.00
GNMA	1999 B-D RMRB	8.75	12/28/89	09/20/18	2,263,508.48	2,501,438.50			(216,859.75)		2,046,648.73	2,269,106.09	(15,472.66)	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	10/20/18	200,433.93	221,502.65			(85,185.18)		115,248.75	127,775.54	(8,541.93)	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	09/20/18	285,855.35	315,903.17			(34,091.66)		251,763.49	279,128.51	(2,682.80)	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	11/20/18	414,792.71	458,393.87			(4,004.64)		410,788.07	455,438.03	1,048.80	0.00
GNMA	1999 B-D RMRB	6.75	01/01/90	12/20/18	187,977.70	207,737.07			(1,582.82)		186,394.88	206,654.78	500.53	0.00
GNMA	1999 B-D RMRB	8.75	02/27/90	01/20/19	221,731.15	245,181.22			(1,758.29)		219,974.86	244,019.60	594.67	0.00
GNMA	1999 B-D RMRB	8.75	05/29/90	04/20/19	170,432.45	188,457.18			(1,800.89)		168,631.56	187,064.09	407.80	0.00
GNMA	1999 B-D RMRB	8.75	06/28/90	05/20/19	56,113.71	62,048.22			(469.73)		55,643.98	61,726.22	147.73	0.00
GNMA	1999 B-D RMRB	7.18	02/01/91	11/20/20	402,006.55	428,058.20			(51,767.31)		350,239.24	374,991.83	(1,299.06)	0.00
GNMA	1999 B-D RMRB	8.18	02/25/91	11/20/20	298,783.62	324,905.43			(48,362.64)		250,400.98	273,825.44	(2,697.35)	0.00
GNMA	1999 B-D RMRB	7.18	05/02/91	02/20/21	302,991.72	322,544.57			(40,996.58)		261,995.14	280,453.27	(1,094.72)	0.00
GNMA	1999 B-D RMRB	8.75	09/28/90	08/20/19	170,465.44	188,493.63			(1,494.20)		168,971.24	187,440.87	441.44	0.00
GNMA	1999 B-D RMRB	8.75	10/23/90	09/20/19	125,631.11	138,917.72			(1,581.69)		124,049.42	137,608.86	272.83	0.00
GNMA	1999 B-D RMRB	8.75	11/28/90	09/20/19	152,102.98	168,189.22			(1,061.61)		151,041.37	167,551.19	423.58	0.00
GNMA	1999 B-D RMRB	8.75	12/21/90	09/20/19	84,447.74	93,378.82			(593.61)		83,854.13	93,019.93	234.72	0.00
GNMA	1999 B-D RMRB	8.75	01/25/91	12/20/19	252,676.65	279,399.43			(42,950.94)		209,725.71	232,650.09	(3,798.40)	0.00
GNMA	1999 B-D RMRB	8.75	02/22/91	12/20/19	74,974.47	82,903.65			(519.37)		74,455.10	82,593.50	209.22	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	02/20/20	102,625.01	113,471.28			(725.26)		101,899.75	113,031.91	285.89	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	12/20/19	92,109.08	101,850.44			(689.76)		91,439.32	101,434.25	263.57	0.00
GNMA	1999 B-D RMRB	8.18	05/02/91	03/20/21	571,851.85	621,404.66			(88,575.89)		473,275.96	517,178.82	(5,649.95)	0.00
GNMA	1999 B-D RMRB	6.10	07/28/00	07/20/30	3,259,105.62	3,335,596.83			(582,573.18)		2,676,532.44	2,789,856.82	36,833.17	0.00
FNMA	1999 B-D RMRB	6.10	04/28/00	04/01/30	397,492.56	406,952.88			(64,841.89)		332,650.67	344,356.65	2,245.66	0.00
GNMA	1999 B-D RMRB	6.10	04/20/00	04/20/30	2,556,507.12	2,616,508.34			(336,784.77)		2,219,722.35	2,313,705.39	33,981.82	0.00
GNMA	1999 B-D RMRB	6.10	04/27/00	04/20/30	2,282,095.52	2,335,656.30			(9,264.68)		2,272,830.84	2,369,062.50	42,670.88	0.00
GNMA	1999 B-D RMRB	6.10	06/26/00	06/20/30	3,804,157.37	3,893,440.94			(212,101.24)		3,592,056.13	3,744,143.79	62,804.09	0.00
GNMA	1999 B-D RMRB	6.10	05/30/00	03/20/30	3,723,873.20	3,811,272.50			(298,429.20)		3,425,444.00	3,570,477.30	57,634.00	0.00
FNMA	1999 B-D RMRB	6.10	05/30/00	05/01/30	405,266.17	414,911.50			(99,655.33)		305,610.84	316,365.29	1,109.12	0.00
FNMA	1999 B-D RMRB	6.10	06/26/00	06/01/30	169,000.91	173,023.13			(61,303.73)		107,697.18	111,487.04	(232.36)	0.00
GNMA	1999 B-D RMRB	6.10	09/14/00	08/20/30	5,869,427.81	6,007,183.28			(801,383.27)		5,068,044.54	5,282,625.55	76,825.54	0.00
GNMA	1999 B-D RMRB	6.10	10/19/00	09/20/30	1,943,661.26	1,989,278.99			(94,625.47)		1,849,035.79	1,927,323.97	32,670.45	0.00
GNMA	1999 B-D RMRB	6.10	10/23/00	10/20/30	586,991.02	600,767.70			(2,305.34)		584,685.68	609,441.27	10,978.91	0.00
GNMA	1999 B-D RMRB	6.10	10/27/00	10/20/30	281,454.99	288,060.74			(1,191.02)		280,263.97	292,130.35	5,260.63	0.00
GNMA	1999 B-D RMRB	6.10	10/30/00	10/20/30	566,626.83	579,925.56			(2,080.93)		564,545.90	588,448.77	10,604.14	0.00
FNMA	1999 B-D RMRB	6.10	07/24/00	07/01/30	189,850.05	194,368.48			(66,829.86)		123,020.19	127,349.27	(189.35)	0.00
GNMA	1999 B-D RMRB	6.10	01/16/01	12/20/30	249,461.30	255,316.16			(1,202.69)		248,258.61	258,769.88	4,656.41	0.00
GNMA	1999 B-D RMRB	6.10	01/29/01	12/20/30	145,458.37	148,872.28			(646.22)		144,812.15	150,943.50	2,717.44	0.00
GNMA	1999 B-D RMRB	6.10	11/16/00	11/20/30	117,720.56	120,483.46			(4,246.90)		113,473.66	118,278.13	2,041.57	0.00
GNMA	1999 B-D RMRB	6.10	12/21/00	11/20/30	783,330.55	801,715.32			(3,658.98)		779,671.57	812,682.86	14,626.52	0.00
GNMA	1999 B-D RMRB	6.10	12/27/00	12/20/30	430,766.60	440,876.89			(52,975.15)		377,791.45	393,787.14	5,885.60	0.00
GNMA	1999 B-D RMRB	6.10	02/20/01	01/20/31	280,502.33	286,984.74			(932.85)		279,569.48	291,367.31	5,315.42	0.00
GNMA	1999 B-D RMRB	6.10	03/15/01	03/20/31	494,232.44	505,654.15			(1,618.63)		492,613.81	513,402.11	9,366.59	0.00
GNMA	1999 B-D RMRB	6.10	03/29/01	03/20/31	198,179.59	202,759.52			(643.97)		197,535.62	205,871.62	3,756.07	0.00
GNMA	1999 B-D RMRB	6.10	05/10/01	04/20/31	1,251,557.71	1,280,481.21			(95,677.96)		1,155,879.75	1,204,657.88	19,854.63	0.00
FNMA	1999 B-D RMRB	6.10	09/11/00	08/01/30	1,296,306.14	1,327,158.23			(8,584.32)		1,287,721.82	1,333,036.75	14,462.84	0.00
FNMA	1999 B-D RMRB	6.10	10/06/00	10/01/30	241,369.62	247,114.22			(87,450.45)		153,919.17	159,335.59	(328.18)	0.00
GNMA	1999 B-D RMRB	6.10	05/30/01	05/20/31	504,725.28	516,389.48			(1,855.12)		502,870.16	524,091.28	9,556.92	0.00
GNMA	1999 B-D RMRB	6.10	06/18/01	04/20/31	283,815.77	290,374.75			(1,817.16)		281,998.61	293,898.95	5,341.36	0.00
GNMA	1999 B-D RMRB	6.10	07/25/01	06/20/31	956,600.91	978,707.96			(160,094.12)		796,506.79	830,119.38	11,505.54	0.00
GNMA	1999 B-D RMRB	6.10	08/31/01	08/20/31	796,950.53	815,368.06			(2,552.51)		794,398.02	827,921.62	15,106.07	0.00
FNMA	1999 B-D RMRB	6.10	12/27/00	11/01/30	442,398.91	452,928.00			(4,901.15)		437,497.76	452,893.31	4,866.46	0.00
FNMA	1999 B-D RMRB	6.10	01/12/01	12/01/30	193,863.25	198,477.20			(756.47)		193,106.78	199,902.21	2,181.48	0.00
FNMA	1999 B-D RMRB	6.10	02/05/01	01/01/31	322,644.01	330,322.94			(1,847.33)		320,796.68	332,085.52	3,609.91	0.00
GNMA	1999 B-D RMRB	6.10	12/27/01	10/20/31	68,868.07	70,459.61			(227.19)		68,640.88	71,537.53	1,305.11	0.00
GNMA	1999 B-D RMRB	6.10	09/20/01	08/20/31	493,020.93	504,414.64			(1,907.06)		491,113.87	511,838.88	9,331.30	0.00
GNMA	1999 B-D RMRB	6.10	09/28/01	09/20/31	280,840.00	287,330.21			(939.01)		279,900.99	291,712.81	5,321.61	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning	Beginning	Accruals/Purchases	Amortizations/Sales	Maturities	Transfers	Ending	Ending	Change in	Recognized Gain
					Carrying Value 08/31/03	Market Value 08/31/03					Carrying Value 11/30/03	Market Value 11/30/03	In Market Value	
GNMA	1999 B-D RMRB	6.10	10/17/01	09/20/31	190,247.39	194,644.01			(680.90)		189,566.49	197,566.20	3,603.09	0.00
GNMA	1999 B-D RMRB	6.10	10/30/01	05/20/31	45,049.03	46,090.11			(201.94)		44,847.09	46,739.64	851.47	0.00
FNMA	1999 B-D RMRB	6.10	03/15/01	02/01/31	386,418.19	395,614.94			(1,515.47)		384,902.72	398,447.45	4,347.98	0.00
GNMA	1999 B-D RMRB	6.10	01/22/02	12/20/31	186,738.35	191,053.87			(567.95)		186,170.40	194,026.79	3,540.87	0.00
GNMA	1999 B-D RMRB	6.10	01/30/02	01/20/32	268,393.75	274,548.02			(855.12)		267,538.63	276,807.36	5,114.46	0.00
GNMA	1999 B-D RMRB	6.10	02/25/02	02/20/32	1,592,273.44	1,628,784.27			(5,667.06)		1,586,606.38	1,653,434.24	30,317.03	0.00
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	79,060.48	80,873.34			(434.65)		78,625.83	81,937.55	1,498.86	0.00
GNMA	1999 B-D RMRB	6.10	05/24/02	05/20/32	333,748.22	341,401.07			(1,078.91)		332,669.31	346,681.34	6,359.18	0.00
GNMA	1999 B-D RMRB	6.10	03/21/02	03/20/32	1,075,325.06	1,099,982.26			(3,310.60)		1,072,014.46	1,117,167.71	20,496.05	0.00
GNMA	1999 B-D RMRB	6.10	04/17/02	03/20/32	1,455,226.95	1,488,595.30			(168,868.86)		1,286,359.09	1,340,539.49	20,813.05	0.00
GNMA	1999 B-D RMRB	6.10	04/29/02	04/20/32	864,837.19	884,667.91			(64,939.01)		799,898.18	833,589.89	13,860.99	0.00
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	100,574.55	102,880.72			(298.06)		100,276.49	104,500.14	1,917.48	0.00
GNMA	1999 B-D RMRB	6.10	06/03/02	05/20/32	495,334.24	506,692.25			(1,994.02)		493,340.22	514,119.71	9,421.48	0.00
GNMA	1999 B-D RMRB	6.10	06/10/02	05/20/32	106,694.50	109,141.00			(318.04)		106,376.46	110,857.04	2,034.08	0.00
GNMA	1999 B-D RMRB	6.10	06/19/02	04/20/32	313,290.08	320,473.82			(1,110.77)		312,179.31	325,328.30	5,965.25	0.00
GNMA	1999 B-D RMRB	6.10	06/25/02	05/20/32	65,498.21	67,000.08			(194.11)		65,304.10	68,054.71	1,248.74	0.00
GNMA	1999 B-D RMRB	6.10	06/28/02	06/20/32	225,262.36	230,427.63			(744.87)		224,517.49	233,974.17	4,291.41	0.00
GNMA	1999 B-D RMRB	6.10	09/26/02	09/20/32	86,924.80	88,917.99			(249.42)		86,675.38	90,326.15	1,657.58	0.00
GNMA	1999 B-D RMRB	6.10	10/21/02	09/20/32	101,147.73	103,467.05			(290.45)		100,857.28	105,105.39	1,928.79	0.00
GNMA	1999 B-D RMRB	6.10	10/29/02	10/20/32	77,260.37	79,031.95			(862.75)		76,297.62	79,511.28	1,442.08	0.00
GNMA	1999 B-D RMRB	6.10	11/12/02	10/20/32	96,320.19	98,528.81			(325.69)		95,994.50	100,037.79	1,834.67	0.00
GNMA	1999 B-D RMRB	6.10	11/26/02	11/20/32	97,289.52	99,520.37			(278.76)		97,010.76	101,096.85	1,855.24	0.00
GNMA	1999 B-D RMRB	6.10	12/19/02	12/20/32	112,690.98	115,274.98			(317.31)		112,373.67	117,106.85	2,149.18	0.00
GNMA	1999 B-D RMRB	6.10	01/30/03	01/20/33	112,122.12	114,675.14			(313.56)		111,808.56	116,520.17	2,158.59	0.00
GNMA	1999 B-D RMRB	6.10	02/12/03	01/20/33	73,720.40	75,399.01			(207.12)		73,513.28	76,611.13	1,419.24	0.00
FNMA	1999 B-D RMRB	6.10	10/17/01	09/01/31	183,249.34	187,486.06			(966.20)		182,283.14	188,846.64	2,126.78	0.00
FNMA	1999 B-D RMRB	6.10	01/28/02	11/01/31	276,206.34	282,594.28			(873.96)		275,334.36	284,946.30	3,225.98	0.00
FNMA	1999 B-D RMRB	6.10	04/17/02	02/01/32	36,872.70	37,725.20			(110.70)		36,762.00	38,071.09	458.59	0.00
Repo Agmt	1999 B-D RMRB	1.02	11/26/03	12/01/03	91,759.00	91,759.00		(85,000.00)			6,759.00	6,759.00	-	0.00
Repo Agmt	1999 B-D RMRB	1.02	11/26/03	12/01/03	2.69	2.69	0.00				2.69	2.69	-	0.00
	1999 B-D RMRB Total				61,757,471.09	63,784,720.55	5,591,770.02	(85,072.38)	(4,623,107.64)	0.00	62,641,061.09	65,277,188.91	608,878.36	0.00
Repo Agmt	2000 A RMRB	1.02	11/26/03	12/01/03	272,819.34	272,819.34	680.45				273,499.79	273,499.79	-	0.00
Repo Agmt	2000 A RMRB	1.02	11/26/03	12/01/03	15,392.21	15,392.21	38.41				15,430.62	15,430.62	-	0.00
Repo Agmt	2000 A RMRB	1.02	11/26/03	12/01/03	26,083.58	26,083.58		(26,056.67)			26.91	26.91	-	0.00
GICs	2000 A RMRB	6.51	05/01/00	07/01/31	3,071,450.42	3,071,450.42	3,363,537.00				6,434,987.42	6,434,987.42	-	0.00
Repo Agmt	2000 A RMRB	1.02	11/26/03	12/01/03	0.34	0.34	0.00				0.34	0.34	-	0.00
GICs	2000 A RMRB	6.51	05/01/00	07/01/31	30,862.27	30,862.27	0.00				30,862.27	30,862.27	-	0.00
GNMA	2000 A RMRB	6.45	07/28/00	07/20/30	1,197,874.67	1,238,901.88			(90,126.86)		1,107,747.81	1,163,378.91	14,603.89	0.00
GNMA	2000 A RMRB	6.45	09/14/00	08/20/30	4,774,752.02	4,938,287.28			(341,248.95)		4,433,503.07	4,656,153.59	59,115.26	0.00
GNMA	2000 A RMRB	6.45	10/16/00	09/20/30	1,633,280.48	1,689,220.34			(71,052.83)		1,562,227.65	1,640,682.72	22,515.21	0.00
GNMA	2000 A RMRB	6.45	10/23/00	10/20/30	1,471,541.06	1,521,941.34			(218,923.62)		1,252,617.44	1,315,523.89	12,506.17	0.00
GNMA	2000 A RMRB	6.45	10/30/00	10/20/30	797,522.20	824,837.34			(3,181.59)		794,340.61	834,232.40	12,578.65	0.00
FNMA	2000 A RMRB	6.45	07/28/00	06/01/30	407,687.87	421,524.80			(1,399.53)		406,288.34	423,372.76	3,247.49	0.00
GNMA	2000 A RMRB	6.45	01/08/01	12/20/30	432,853.58	447,678.79			(1,388.29)		431,465.27	453,133.46	6,842.96	0.00
GNMA	2000 A RMRB	6.45	01/29/01	01/20/31	371,264.66	383,857.96			(1,236.31)		370,028.35	388,577.87	5,956.22	0.00
GNMA	2000 A RMRB	6.45	11/16/00	11/20/30	1,307,960.81	1,352,758.47			(4,752.38)		1,303,208.43	1,368,655.56	20,649.47	0.00
GNMA	2000 A RMRB	6.45	11/29/00	11/20/30	670,409.35	693,370.87			(62,248.48)		608,160.87	638,702.71	7,580.32	0.00
GNMA	2000 A RMRB	6.45	12/21/00	11/20/30	1,069,806.83	1,106,447.71			(83,814.02)		982,690.98	1,032,041.72	12,709.86	0.00
GNMA	2000 A RMRB	6.45	12/27/00	11/20/30	545,073.34	563,742.10			(2,337.36)		481,259.32	484,423.76	4,495.68	0.00
GNMA	2000 A RMRB	6.45	02/20/01	01/20/31	563,978.20	583,108.34			(2,280.69)		561,640.84	589,795.90	9,024.92	0.00
GNMA	2000 A RMRB	6.45	02/28/01	02/20/31	643,683.68	665,517.43			(69,626.58)		641,402.99	673,556.52	10,319.78	0.00
GNMA	2000 A RMRB	6.45	03/15/01	06/20/31	631,865.92	653,298.81			(615.57)		562,239.34	590,424.40	6,752.17	0.00
GNMA	2000 A RMRB	6.45	03/29/01	02/20/31	183,317.78	189,535.90			(1,828.46)		182,702.19	191,861.05	2,940.72	0.00
GNMA	2000 A RMRB	6.45	04/30/01	04/20/31	530,104.80	548,085.95			(89,868.69)		528,276.34	554,758.83	8,501.34	0.00
FNMA	2000 A RMRB	6.45	09/11/00	08/01/30	827,992.71	856,094.78			(505.43)		738,124.02	769,162.14	2,936.05	0.00
FNMA	2000 A RMRB	6.45	10/06/00	09/01/30	158,445.69	163,823.34			(943.76)		157,940.26	164,581.65	1,263.74	0.00
FNMA	2000 A RMRB	6.45	11/16/00	10/01/30	292,824.28	302,762.74					291,880.52	304,154.10	2,335.12	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in In Market Value	Recognized Gain
GNMA	2000 A RMRB	6.45	05/30/01	05/30/31	572,329.96	591,743.39			(1,852.79)		570,477.17	599,075.19	9,184.59	0.00
GNMA	2000 A RMRB	6.45	06/18/01	03/20/31	315,158.89	325,849.08			(1,026.35)		314,132.54	329,880.00	5,057.27	0.00
GNMA	2000 A RMRB	6.45	07/16/01	06/20/31	220,675.77	228,161.09			(743.21)		219,932.56	230,957.78	3,539.90	0.00
GNMA	2000 A RMRB	6.45	08/08/01	07/20/31	284,917.64	294,582.05			(850.89)		284,066.75	298,307.02	4,575.86	0.00
GNMA	2000 A RMRB	6.45	08/31/01	08/20/31	716,840.41	741,155.64			(296,096.97)		420,743.44	441,835.31	(3,223.36)	0.00
FNMA	2000 A RMRB	6.45	12/27/00	11/01/30	525,238.59	543,065.19			(55,024.19)		470,214.40	489,986.92	1,945.92	0.00
FNMA	2000 A RMRB	6.45	02/05/01	01/01/31	98,553.29	101,898.19			(434.24)		98,119.05	102,244.98	781.01	0.00
GNMA	2000 A RMRB	6.45	11/29/01	11/20/31	880,328.43	910,169.17			(110,039.27)		770,289.16	808,903.76	8,753.86	0.00
GNMA	2000 A RMRB	6.45	12/17/01	11/20/31	730,623.88	755,406.64			(172,607.84)		558,016.04	585,989.38	3,190.58	0.00
GNMA	2000 A RMRB	6.45	12/27/01	12/20/31	873,392.73	903,018.21			(2,652.24)		870,740.49	914,390.71	14,024.74	0.00
GNMA	2000 A RMRB	6.45	09/25/01	09/20/31	873,873.10	903,514.88			(216,945.14)		656,927.96	689,859.76	3,290.02	0.00
GNMA	2000 A RMRB	6.45	09/28/01	09/20/31	1,273,673.50	1,316,876.51			(14,385.48)		1,259,288.02	1,322,416.13	19,925.10	0.00
GNMA	2000 A RMRB	6.45	10/17/01	10/20/31	679,188.10	702,205.48			(75,181.36)		603,986.74	634,264.60	7,240.48	0.00
GNMA	2000 A RMRB	6.45	10/30/01	10/20/31	884,705.28	914,714.48			(165,841.16)		728,864.12	765,402.08	6,528.76	0.00
GNMA	2000 A RMRB	6.45	11/15/01	11/20/31	516,375.34	533,890.79			(142,489.92)		373,885.42	392,828.30	1,227.43	0.00
FNMA	2000 A RMRB	6.45	03/29/01	02/01/31	328,771.14	339,929.63			(3,134.68)		325,636.48	339,329.47	2,534.52	0.00
GNMA	2000 A RMRB	6.45	01/22/02	01/20/32	944,644.34	976,648.89			(3,350.67)		941,293.67	988,010.07	14,711.85	0.00
GNMA	2000 A RMRB	6.45	01/30/02	12/20/31	207,557.50	214,587.85			(1,985.59)		205,571.91	215,877.23	3,264.97	0.00
GNMA	2000 A RMRB	6.45	02/25/02	02/20/32	2,185,473.77	2,259,517.62			(49,906.87)		2,135,566.90	2,241,555.09	31,944.34	0.00
FNMA	2000 A RMRB	6.45	07/12/01	06/01/31	293,085.70	302,918.73			(77,460.34)		215,625.36	224,644.97	(813.42)	0.00
GNMA	2000 A RMRB	6.45	05/15/02	04/20/32	93,463.68	96,630.23			(265.66)		93,198.02	97,823.44	1,458.87	0.00
GNMA	2000 A RMRB	6.45	05/24/02	05/20/32	223,209.83	230,772.18			(1,132.71)		222,077.12	233,098.81	3,459.34	0.00
GNMA	2000 A RMRB	6.45	03/21/02	02/20/32	771,750.98	797,897.90			(61,359.18)		710,391.82	745,648.57	9,109.83	0.00
GNMA	2000 A RMRB	6.45	04/17/02	03/20/32	615,601.65	636,458.23			(54,698.00)		560,903.65	588,741.30	6,981.07	0.00
GNMA	2000 A RMRB	6.45	04/29/02	04/20/32	143,419.09	148,278.13			(405.06)		143,014.03	150,111.62	2,298.75	0.00
GNMA	2000 A RMRB	6.45	05/15/02	03/20/32	70,041.81	72,414.83			(195.90)		69,845.91	73,312.36	1,093.43	0.00
GNMA	2000 A RMRB	6.45	08/29/02	04/20/32	49,945.48	51,637.63			(139.17)		49,806.31	52,278.20	779.74	0.00
GNMA	2000 A RMRB	6.45	08/29/02	08/20/32	68,772.79	69,035.05			(180.66)		66,592.13	69,897.10	1,042.71	0.00
GNMA	2000 A RMRB	6.45	06/03/02	05/20/32	72,824.05	75,291.33			(563.54)		72,260.51	75,846.80	1,119.01	0.00
GNMA	2000 A RMRB	6.45	07/05/02	03/20/32	49,533.32	51,211.51			(806.63)		48,726.69	51,145.00	740.12	0.00
GNMA	2000 A RMRB	6.45	08/01/02	05/20/32	63,806.67	65,968.44			(176.31)		63,630.36	66,788.33	996.20	0.00
GNMA	2000 A RMRB	6.45	11/12/02	11/20/32	137,525.19	142,184.54			(368.69)		137,156.50	143,963.58	2,147.73	0.00
GNMA	2000 A RMRB	6.45	09/12/02	08/20/32	60,886.86	62,949.71			(174.36)		60,712.50	63,725.66	950.31	0.00
GNMA	2000 A RMRB	6.45	10/21/02	10/20/32	76,730.41	79,330.04			(204.80)		76,525.61	80,323.58	1,198.34	0.00
GNMA	2000 A RMRB	6.45	10/29/02	10/20/32	66,883.96	69,149.99			(186.63)		66,697.33	70,007.52	1,044.16	0.00
GNMA	2000 A RMRB	6.45	11/26/02	11/20/32	46,333.80	47,903.59			(122.84)		46,210.96	48,504.41	723.66	0.00
GNMA	2000 A RMRB	6.45	12/19/02	11/20/32	223,760.54	231,341.55			(100,556.45)		123,204.09	129,318.71	(1,466.38)	0.00
GNMA	2000 A RMRB	6.45	12/30/02	12/20/32	69,360.06	71,709.98			(182.67)		69,177.39	72,610.66	1,083.35	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	81,773.40	84,538.98			(495.56)		81,277.84	85,310.85	1,267.43	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	148,809.63	153,635.61			(440.82)		148,368.81	155,520.95	2,326.16	0.00
FNMA	2000 A RMRB	6.45	09/28/01	09/01/31	348,272.35	359,956.89			(1,066.07)		347,206.28	361,729.92	2,639.10	0.00
FNMA	2000 A RMRB	6.45	10/17/01	09/01/31	224,722.69	232,262.14			(696.34)		224,026.35	233,397.37	1,831.57	0.00
GNMA	2000 A RMRB	6.45	02/20/03	02/20/33	118,501.41	120,441.49			(431.02)		118,070.39	121,829.80	1,819.33	0.00
FNMA	2000 A RMRB	6.45	12/27/01	11/01/31	220,532.88	227,931.76			(1,820.96)		218,711.92	227,860.64	1,749.84	0.00
FNMA	2000 A RMRB	6.45	04/17/02	03/01/32	126,223.47	130,464.58			(396.34)		125,827.13	131,098.03	1,029.79	0.00
Repo Agmt	2000 A RMRB	1.02	11/26/03	12/01/03	32,815.37	32,815.37		(30,000.00)			2,815.37	2,815.37	-	0.00
Repo Agmt	2000 A RMRB	1.02	11/26/03	12/01/03	21,170.70	21,170.70	0.00				21,170.70	21,170.70	-	0.00
<b>2000 A RMRB Total</b>					<b>39,558,707.48</b>	<b>40,784,670.22</b>	<b>3,364,255.86</b>	<b>(56,058.67)</b>	<b>(2,743,570.80)</b>	<b>0.00</b>	<b>40,121,335.87</b>	<b>41,761,419.50</b>	<b>412,120.89</b>	<b>0.00</b>
GICs	2003A RMRB	1.22	08/20/03	02/01/05	1,020,889.50	1,020,889.50	1,384.20				1,022,273.70	1,022,273.70	-	0.00
GICs	2003A RMRB	4.13	08/20/03	07/01/34	2,757,872.77	2,757,872.77	3,739.33				2,761,612.10	2,761,612.10	-	0.00
GICs	2003A RMRB	1.22	08/20/03	02/01/05	71,056,914.00	71,056,914.00	98,344.36				71,153,258.36	71,153,258.36	-	0.00
Repo Agmt	2003A RMRB				403,097.40	403,097.40		(403,097.40)					-	0.00
<b>2003A RMRB Total</b>					<b>75,238,773.67</b>	<b>75,238,773.67</b>	<b>101,467.89</b>	<b>(403,097.40)</b>	<b>0.00</b>	<b>0.00</b>	<b>74,937,144.16</b>	<b>74,937,144.16</b>	<b>0.00</b>	<b>0.00</b>
GNMA	1999 A RMRB	7.50	08/31/89	07/20/18	639,257.71	685,303.56			(37,310.58)		601,947.15	648,505.82	512.82	0.00
GNMA	1999 A RMRB	7.50	10/31/89	09/20/18	1,594,115.78	1,708,940.23			(148,166.78)		1,445,949.00	1,557,788.48	(2,964.97)	0.00
GNMA	1999 A RMRB	8.75	10/31/89	09/20/18	378,810.31	418,629.24			(53,229.46)		325,580.85	360,969.43	(4,430.35)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change In In Market Value	Recognized Gain
GNMA	1999 A RMRB	7.50	11/30/89	10/20/18	1,125,138.25	1,206,182.16			(73,757.73)		1,051,380.52	1,132,701.40	276.97	0.00
GNMA	1999 A RMRB	8.75	11/30/89	09/20/18	163,066.76	180,207.64			(33,818.69)		129,448.07	143,518.26	(3,070.69)	0.00
GNMA	1999 A RMRB	7.50	01/01/90	11/20/18	608,907.23	652,766.93			(6,280.93)		602,626.30	649,237.49	2,751.49	0.00
GNMA	1999 A RMRB	8.75	01/01/90	11/20/18	142,990.84	159,021.42			(1,134.71)		141,856.13	157,274.99	388.28	0.00
GNMA	1999 A RMRB	7.50	01/01/90	12/20/18	421,034.17	451,361.37			(3,762.80)		417,271.37	449,546.00	1,947.43	0.00
GNMA	1999 A RMRB	7.50	02/27/90	12/20/18	142,316.68	152,567.84			(1,280.97)		141,035.71	151,944.43	657.56	0.00
GNMA	1999 A RMRB	8.75	05/29/90	02/20/19	320,155.15	354,014.46			(69,606.56)		250,548.59	277,935.28	(6,472.62)	0.00
GNMA	1999 A RMRB	7.50	03/30/90	01/20/19	452,855.92	485,375.07			(6,034.12)		446,821.80	481,296.68	1,955.73	0.00
GNMA	1999 A RMRB	8.75	03/30/90	01/20/19	359,273.68	397,270.04			(68,332.75)		290,940.93	322,742.68	(6,194.61)	0.00
GNMA	1999 A RMRB	7.50	04/26/90	03/20/19	548,480.10	587,866.02			(121,814.56)		426,665.54	459,585.34	(6,466.12)	0.00
GNMA	1999 A RMRB	8.75	04/26/90	03/20/19	262,623.03	290,397.75			(3,421.86)		259,201.17	287,533.57	557.68	0.00
GNMA	1999 A RMRB	7.50	05/29/90	04/20/19	524,399.54	562,056.19			(35,918.58)		488,480.96	526,170.11	32.50	0.00
GNMA	1999 A RMRB	7.50	06/28/90	04/20/19	151,513.83	162,393.92			(25,032.87)		126,480.96	136,239.73	(1,121.32)	0.00
GNMA	1999 A RMRB	8.75	06/28/90	04/20/19	180,437.58	199,520.45			(1,673.19)		178,764.39	198,304.52	457.26	0.00
GNMA	1999 A RMRB	7.50	10/31/90	07/20/19	82,895.41	88,848.04			(838.37)		82,057.04	88,388.22	378.55	0.00
GNMA	1999 A RMRB	7.50	12/21/90	08/20/19	55,465.83	59,448.78			(528.27)		54,937.56	59,176.31	255.80	0.00
GNMA	1999 A RMRB	8.75	12/21/90	08/20/19	57,969.30	64,100.08			(25,135.77)		32,833.53	36,422.47	(2,541.84)	0.00
GNMA	1999 A RMRB	7.50	03/29/91	11/20/19	45,829.81	49,120.79			(373.98)		45,455.83	48,963.00	216.19	0.00
GNMA	1999 A RMRB	8.75	04/26/91	01/20/20	257,953.31	285,216.00			(49,213.57)		208,739.74	231,543.77	(4,458.66)	0.00
GNMA	1999 A RMRB	8.75	04/29/91	02/20/20	164,686.22	182,091.70			(1,143.34)		163,542.88	181,409.36	481.00	0.00
GNMA	1999 A RMRB	7.50	04/29/91	12/20/19	153,092.65	164,086.11			(1,275.45)		151,817.20	163,530.80	720.14	0.00
GNMA	1999 A RMRB	5.35	01/31/01	08/20/30	61,657.52	61,163.03			(460.33)		61,197.19	61,473.19	770.49	0.00
GNMA	1999 A RMRB	5.35	01/31/01	01/20/31	462,784.76	458,841.83			(1,806.62)		460,978.14	462,863.54	5,828.33	0.00
GNMA	1999 A RMRB	5.35	03/15/01	01/20/31	125,856.06	124,783.77			(501.16)		125,354.90	125,867.60	1,584.99	0.00
GNMA	1999 A RMRB	5.35	05/10/01	04/20/31	246,159.43	244,062.15			(925.13)		245,234.30	246,237.31	3,100.29	0.00
GNMA	1999 A RMRB	5.35	06/22/01	05/20/31	57,520.02	57,029.95			(213.37)		57,306.65	57,541.03	724.45	0.00
GNMA	1999 A RMRB	5.35	06/29/01	05/20/31	153,166.52	151,861.54			(619.66)		152,546.86	153,170.78	1,928.90	0.00
FNMA	1999 A RMRB	5.35	03/15/01	10/01/30	264,165.28	261,563.25			(1,197.94)		262,967.34	263,932.43	3,567.12	0.00
FNMA	1999 A RMRB	5.35	06/18/01	03/01/31	75,077.22	74,243.11			(847.62)		74,229.60	74,422.60	1,027.11	0.00
GNMA	1999 A RMRB	5.35	03/18/02	02/20/32	41,760.75	41,404.95			(143.85)		41,616.90	41,798.35	537.25	0.00
Repo Agmt	1999 A RMRB	1.02	11/26/03	12/01/03	3,005.35	3,005.35	0.00				3,005.35	3,005.35	-	0.00
Repo Agmt	1999 A RMRB	1.02	11/26/03	12/01/03	401,199.23	401,199.23	0.00				401,199.23	401,199.23	-	0.00
<b>1999 A RMRB Total</b>					<b>10,725,621.23</b>	<b>11,424,943.95</b>	<b>0.00</b>	<b>0.00</b>	<b>(775,601.55)</b>	<b>0.00</b>	<b>9,950,019.68</b>	<b>10,642,239.55</b>	<b>(7,102.85)</b>	<b>0.00</b>
<b>Total Residential Mortgage Revenue Bonds Investment Summary</b>					<b>542,107,507.87</b>	<b>548,890,352.33</b>	<b>42,377,805.04</b>	<b>(18,302,221.80)</b>	<b>(18,829,797.41)</b>	<b>0.00</b>	<b>547,353,093.70</b>	<b>558,585,871.59</b>	<b>4,449,933.43</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs  
Collateralized Home Mortgage Revenue Bonds Investment Summary  
For Period Ending November 30, 2003**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Repo Agmt	1990 A&B CHMRB	1.02	11/26/03	12/01/03	45,488.07	45,488.07	113.47				45,601.54	45,601.54	-	0.00
Repo Agmt	1990 A&B CHMRB	1.02	11/26/03	12/01/03	73,549.53	73,549.53	183.46				73,732.99	73,732.99	-	0.00
Mutual Fund	1990 A&B CHMRB	0.53	11/01/03	12/01/03	203,354.79	203,354.79		(203,331.59)			23.20	23.20	-	0.00
Repo Agmt	1990 A&B CHMRB	1.02	11/26/03	12/01/03			203,688.57				203,688.57	203,688.57	-	0.00
<b>1990 A&amp;B CHMRB Total</b>					<b>322,392.39</b>	<b>322,392.39</b>	<b>203,985.50</b>	<b>(203,331.59)</b>	<b>0.00</b>	<b>0.00</b>	<b>323,046.30</b>	<b>323,046.30</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1991 A CHMRB	1.02	11/26/03	12/01/03	95,985.65	95,985.65	239.40				96,225.05	96,225.05	-	0.00
Repo Agmt	1991 A CHMRB	1.02	11/26/03	12/01/03	6,398.71	6,398.71	15.95				6,414.66	6,414.66	-	0.00
<b>1991 A CHMRB Total</b>					<b>102,384.36</b>	<b>102,384.36</b>	<b>255.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>102,639.71</b>	<b>102,639.71</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1992 A-C CHMRB	1.02	11/26/03	12/01/03	15,101.35	15,101.35		(14,065.76)			1,035.59	1,035.59	-	0.00
GICs	1992 A-C CHMRB	6.09	06/29/92	07/02/24	1,772,119.36	1,772,119.36	4,545,932.09				6,318,051.45	6,318,051.45	-	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	75,553.99	80,703.88		(454.65)			75,099.34	80,337.57	88.34	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	306,926.53	327,847.17		(2,375.41)			304,551.12	325,793.74	321.98	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	456,885.80	487,903.86		(77,308.45)			379,577.35	405,995.85	(4,599.56)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	2,519,612.53	2,687,907.66		(168,679.25)			2,350,933.28	2,511,815.24	(7,413.17)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	2,174,014.17	2,319,225.36		(230,445.04)			1,943,569.13	2,076,573.83	(12,206.48)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	711,423.28	758,942.12		(98,795.28)			612,628.00	654,552.11	(5,594.73)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	1,530,077.97	1,632,278.07		(74,122.87)			1,455,955.10	1,555,590.81	(2,564.39)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	1,985,348.32	2,116,640.06		(67,352.05)			1,917,996.27	2,047,360.72	(1,927.29)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	823,485.12	878,040.75		(162,081.21)			661,403.91	710,753.15	(5,206.39)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	728,085.18	775,659.53		(167,514.99)			560,570.19	601,915.24	(6,229.30)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	628,605.41	669,679.57		(95,177.43)			533,427.98	572,771.14	(1,731.00)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	861,991.91	918,315.96		(85,715.51)			776,276.40	833,530.95	930.50	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	652,611.39	695,254.15		(86,816.89)			565,794.50	607,524.87	(912.39)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	412,388.37	439,334.54		(139,017.14)			273,371.23	293,533.82	(6,783.58)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	141,748.01	151,010.07		(79,661.00)			62,087.01	66,666.25	(4,682.82)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	1,038,905.07	1,106,788.93		(207,482.07)			831,423.00	892,744.90	(6,561.96)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	77,209.31	82,254.30		(673.32)			76,535.99	82,180.93	599.95	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	1,359,493.68	1,445,458.95		(187,337.79)			1,172,155.89	1,256,231.85	(1,889.31)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	1,596,868.14	1,697,843.37		(220,886.62)			1,375,981.52	1,474,677.40	(2,279.35)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	1,779,143.04	1,891,644.11		(367,218.46)			1,411,924.58	1,513,198.56	(11,227.09)	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	3,562,072.51	3,562,072.51	0.00				3,562,072.51	3,562,072.51	-	0.00
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	251,136.08	268,253.94		(3,635.87)			247,500.21	264,763.50	145.43	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	2,327,624.66	2,479,715.71		(403,030.33)			1,924,594.33	2,066,543.48	(10,141.90)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	4,989,136.79	5,304,616.33		(722,593.72)			4,266,543.07	4,572,572.04	(9,450.57)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	3,806,069.62	4,046,739.94		(165,069.02)			3,641,000.60	3,902,160.90	20,489.98	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	6,240,185.99	6,634,773.49		(788,015.53)			5,452,170.46	5,843,241.65	(3,516.31)	0.00
Repo Agmt	1992 A-C CHMRB	1.02	11/26/03	12/01/03	10,001.23	10,001.23	24.96				10,026.19	10,026.19	-	0.00
<b>1992 A-C CHMRB Total</b>					<b>42,933,824.81</b>	<b>45,356,126.27</b>	<b>4,545,957.05</b>	<b>(14,065.76)</b>	<b>(4,601,459.90)</b>	<b>0.00</b>	<b>42,864,256.20</b>	<b>45,204,216.24</b>	<b>(82,341.42)</b>	<b>0.00</b>
<b>Total CHMRB Investment Summary</b>					<b>43,358,601.56</b>	<b>45,780,903.02</b>	<b>4,750,197.90</b>	<b>(217,397.35)</b>	<b>(4,601,459.90)</b>	<b>0.00</b>	<b>43,289,942.21</b>	<b>45,629,902.25</b>	<b>(82,341.42)</b>	<b>0.00</b>

Texas Department of Housing and Community Affairs  
Multi Family Investment Summary  
For Period Ending November 30, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Money Mkt	1996 A&B MF (Brighton/LC)				155,831.98	155,831.98		(155,831.98)					-	0.00
Money Mkt	1996 A&B MF (Brighton/LC)				99,327.45	99,327.45		(99,327.45)					-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	0.46	11/01/03	12/01/03	44,787.38	44,787.38		(44,788.26)			19.12	19.12	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	0.46	11/01/03	12/01/03	75,754.67	75,754.67		(75,725.91)			28.76	28.76	-	0.00
Money Mkt	1996 A&B MF (Brighton/LC)				54,041.31	54,041.31		(54,041.31)					-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	0.46	11/01/03	12/01/03	31,967.16	31,967.16	6,214.18				38,181.34	38,181.34	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LC)	0.46	11/01/03	12/01/03	19,483.98	19,483.98	6,334.90				25,818.88	25,818.88	-	0.00
	<b>1996 A&amp;B MF (Brighton/LC) Total</b>				481,193.93	481,193.93	12,549.08	(429,694.91)	0.00	0.00	64,048.10	64,048.10	0.00	0.00
Mutual Fund	1998 M/F (Dai-Oxford Rfdg)	0.46	11/01/03	12/01/03	18,801.02	18,801.02	11,903.34				30,704.36	30,704.36	-	0.00
Mutual Fund	1998 M/F (Dai-Oxford Rfdg)	0.46	11/01/03	12/01/03	459.46	459.46	0.38				459.84	459.84	-	0.00
	<b>1998 M/F (Dai-Oxford Rfdg) Total</b>				19,260.48	19,260.48	11,903.72	0.00	0.00	0.00	31,164.20	31,164.20	0.00	0.00
Mutual Fund	1984 A & B M/F (Sum Bnd)	0.46	11/01/03	12/01/03	244.36	244.36		(227.68)			16.68	16.68	-	0.00
Money Market	1984 A & B M/F (Sum Bnd)	0.45	10/01/03	11/01/03	32,403.60	32,403.60	8,406.02				40,809.62	40,809.62	-	0.00
	<b>1984 A &amp; B M/F (Sum Bnd) Total</b>				32,647.96	32,647.96	8,406.02	(227.68)	0.00	0.00	40,826.30	40,826.30	0.00	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.46	11/01/03	12/01/03	182,349.48	182,349.48	156.44				182,505.92	182,505.92	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.46	11/01/03	12/01/03	74,859.76	74,859.76		(74,840.12)			19.64	19.64	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.83	11/01/03	12/01/03	0.24	0.24	0.00				0.24	0.24	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.46	11/01/03	12/01/03	37,571.23	37,571.23		(29,680.80)			7,890.43	7,890.43	-	0.00
	<b>1996 A&amp;B MF (Braxton's) Total</b>				294,780.71	294,780.71	156.44	(104,520.92)	0.00	0.00	190,416.23	190,416.23	0.00	0.00
Trsy Note	1993 A&B M/F(Reming. Hill)	4.87	11/12/03	04/08/04	813,603.85	813,603.85		(798,655.65)			14,948.20	14,948.20	-	0.00
Trsy Note	1993 A&B M/F(Reming. Hill)	5.73	10/10/03	04/08/04			845,414.39				845,414.39	845,414.39	-	0.00
Repo Agmt	1993 A&B M/F(Reming. Hill)	1.02	11/28/03	12/01/03	521.60	521.60	0.97				522.57	522.57	-	0.00
Trsy Bill	1993 A&B M/F(Reming. Hill)	5.81	11/12/03	12/11/03	92,908.97	92,908.97		(2,954.69)			89,954.28	89,954.28	-	0.00
Repo Agmt	1993 A&B M/F(Reming. Hill)	1.02	11/28/03	12/01/03	22,501.49	22,501.49	56.14				22,557.63	22,557.63	-	0.00
	<b>1993 A&amp;B M/F(Reming. Hill) Total</b>				929,535.91	929,535.91	845,471.50	(801,610.34)	0.00	0.00	973,397.07	973,397.07	0.00	0.00
Repo Agmt	1987 South Tx. Rental Hsng	1.02	11/26/03	12/01/03	977,260.38	977,260.38	2,437.51				979,697.89	979,697.89	-	0.00
	<b>1987 South Tx. Rental Hsng Total</b>				977,260.38	977,260.38	2,437.51	0.00	0.00	0.00	979,697.89	979,697.89	0.00	0.00
Inv Agmt	1993 NCHMP	3.05	12/29/93	12/31/23	203,748.39	203,748.39	305,620.79				509,369.18	509,369.18	-	0.00
Inv 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
	<b>1993 NCHMP Total</b>				1,203,748.39	1,203,748.39	305,620.79	0.00	0.00	0.00	1,509,369.18	1,509,369.18	0.00	0.00
Mutual Fund	1996 A-D M/F(DFW)	0.46	11/01/03	12/01/03	2,790.78	2,790.78		(5.73)			2,785.05	2,785.05	-	0.00
Mutual Fund	1996 A-D M/F(DFW)	0.46	11/01/03	12/01/03	22.24	22.24	0.00				22.24	22.24	-	0.00
Mutual Fund	1996 A-D M/F(DFW)	0.46	11/01/03	12/01/03	0.81	0.81	0.00				0.81	0.81	-	0.00
Inv Agmt	1996 A-D M/F(DFW)	6.50	08/12/96	07/01/26	94,862.64	94,862.64		(80,064.55)			14,798.09	14,798.09	-	0.00
Mutual Fund	1996 A-D M/F(DFW)	0.46	11/01/03	12/01/03	17,688.83	17,688.83	0.00				17,688.83	17,688.83	-	0.00
Mutual Fund	1996 A-D M/F(DFW)	0.46	11/01/03	12/01/03	113,000.00	113,000.00		(28,021.42)			84,978.58	84,978.58	-	0.00
Mutual Fund	1996 A-D M/F(DFW)	0.46	11/01/03	12/01/03	0.24	0.24	0.00				0.24	0.24	-	0.00
Inv Agmt	1996 A-D M/F(DFW)	7.23	08/06/96	07/01/26	34,180.00	34,180.00	0.00				34,180.00	34,180.00	-	0.00
Inv Agmt	1996 A-D M/F(DFW)	7.23	08/06/96	07/01/26	1,084,382.95	1,084,382.95	94,929.90				1,179,312.85	1,179,312.85	-	0.00
Inv Agmt	1996 A-D M/F(DFW)	7.23	08/06/96	07/01/26	25,518.05	25,518.05	0.00				25,518.05	25,518.05	-	0.00
Trsy Bill	1996 A-D M/F(DFW)	3.25	08/12/03	12/31/03	227,076.19	227,076.19	0.00				227,076.19	227,076.19	-	0.00
Trsy Note	1996 A-D M/F(DFW)	3.25	09/12/03	12/31/03			113,097.94				113,097.94	113,097.94	-	0.00
Trsy Note	1996 A-D M/F(DFW)	3.25	11/12/03	12/31/03			224,771.52				224,771.52	224,771.52	-	0.00
Mutual Fund	1996 A-D M/F(DFW)	0.46	11/01/03	12/01/03	1,327.97	1,327.97	2,495.45				3,823.42	3,823.42	-	0.00
	<b>1996 A-D M/F(DFW) Total</b>				1,600,850.70	1,600,850.70	435,294.81	(108,091.70)	0.00	0.00	1,928,053.81	1,928,053.81	0.00	0.00
Mutual Fund	1996 A-D M/F(H/Plumtree)	0.46	11/01/03	12/01/03	106,699.32	106,699.32	6,885.52				113,584.84	113,584.84	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in In Market Value	Recognized Gain
Mutual Fund	1996 A-D M/F (H/Plumtree)	0.46	11/01/03	12/01/03	82,577.65	82,577.65	30,659.38				113,237.03	113,237.03	-	0.00
Inv Agmt	1996 A-D M/F (H/Plumtree)	6.25	11/12/96	07/01/26	304,517.39	304,517.39		(53,661.84)			250,855.55	250,855.55	-	0.00
Mutual Fund	1996 A-D M/F (H/Plumtree)	0.46	11/01/03	12/01/03	86,955.84	86,955.84	20,001.00				86,955.84	86,955.84	-	0.00
Mutual Fund	1996 A-D M/F (H/Plumtree)	0.46	11/01/03	12/01/03	0.01	0.01	0.00				0.01	0.01	-	0.00
Inv Agmt	1996 A-D M/F (H/Plumtree)	6.75	11/05/96	07/01/26	86,743.95	86,743.95	0.00				86,743.95	86,743.95	-	0.00
Inv Agmt	1996 A-D M/F (H/Plumtree)	6.75	11/05/96	07/01/26	777,671.25	777,671.25	0.00				777,671.25	777,671.25	-	0.00
Inv Agmt	1996 A-D M/F (H/Plumtree)	6.75	11/05/96	07/01/26	177,500.00	177,500.00	0.00				177,500.00	177,500.00	-	0.00
Inv Agmt	1996 A-D M/F (H/Plumtree)	5.90	11/12/96	07/01/26	144,257.10	144,257.10	192,489.88				336,746.98	336,746.98	-	0.00
Inv Agmt	1996 A-D M/F (H/Plumtree)	5.90	11/12/96	07/01/26	18,440.29	18,440.29	21,417.36				39,857.65	39,857.65	-	0.00
Inv Agmt	1996 A-D M/F (H/Plumtree)	5.90	11/12/96	07/01/26	32,906.75	32,906.75	47,390.85				80,297.60	80,297.60	-	0.00
	<b>1996 A-D M/F (H/Plumtree) Total</b>				1,798,269.55	1,798,269.55	318,823.99	(53,661.84)	0.00	0.00	2,063,431.70	2,063,431.70	0.00	0.00
Mutual Fund	1996 A&B M/F (NHP Project)	0.46	11/01/03	12/01/03	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)	0.46	11/01/03	12/01/03	123,032.70	123,032.70		(4,471.38)			118,561.32	118,561.32	-	0.00
Mutual Fund	1996 A&B M/F (NHP Project)	0.46	11/01/03	12/01/03	7.38	7.38	0.75				8.13	8.13	-	0.00
Inv Agmt	1996 A&B M/F (NHP Project)	6.20	12/31/96	01/01/27	191,240.00	191,240.00	11,645.00				202,885.00	202,885.00	-	0.00
Mutual Fund	1996 A&B M/F (NHP Project)	0.46	11/01/03	12/01/03	97,573.36	97,573.36		(97,571.60)			1.76	1.76	-	0.00
Inv Agmt	1996 A&B M/F (NHP Project)	6.20	12/31/96	01/01/27	315,065.59	315,065.59		(95,986.22)			219,079.37	219,079.37	-	0.00
Mutual Fund	1996 A&B M/F (NHP Project)	0.46	11/01/03	12/01/03	2,000.00	2,000.00	0.00				2,000.00	2,000.00	-	0.00
Inv Agmt	1996 A&B M/F (NHP Project)	6.20	11/21/96	01/01/27	349,789.22	349,789.22	159,051.76				508,840.98	508,840.98	-	0.00
Mutual Fund	1996 A&B M/F (NHP Project)	0.46	11/01/03	12/01/03	3,815.02	3,815.02		(3,815.00)			0.02	0.02	-	0.00
Inv Agmt	1996 A&B M/F (NHP Project)	6.70	11/21/96	01/01/27	1.00	1.00	0.00				1.00	1.00	-	0.00
Mutual Fund	1996 A&B M/F (NHP Project)	0.46	11/01/03	12/01/03	0.02	0.02	0.00				0.02	0.02	-	0.00
Inv Agmt	1996 A&B M/F (NHP Project)	6.70	11/21/96	01/01/27	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)	0.46	11/01/03	12/01/03	2.12	2.12		(1.85)			0.27	0.27	-	0.00
Inv Agmt	1996 A&B M/F (NHP Project)	6.20	11/26/96	01/01/27	343,971.00	343,971.00	515,960.00				859,931.00	859,931.00	-	0.00
	<b>1996 A&amp;B M/F (NHP Project) Total</b>				3,552,508.32	3,552,508.32	686,657.51	(201,846.05)	0.00	0.00	4,037,319.78	4,037,319.78	0.00	0.00
Mutual Fund	1997 M/F (Meadow Ridge)	0.46	11/01/03	12/01/03			76,973.15				76,973.15	76,973.15	-	0.00
Mutual Fund	1997 M/F (Meadow Ridge)				750.17	750.17		(750.17)					-	0.00
Inv Agmt	1997 M/F (Meadow Ridge)	5.45	12/18/97	07/31/18	83,682.19	83,682.19	144,655.10				228,337.29	228,337.29	-	0.00
Mutual Fund	1997 M/F (Meadow Ridge)	0.46	11/01/03	12/01/03	3.38	3.38	0.00				3.38	3.38	-	0.00
	<b>1997 M/F (Meadow Ridge) Total</b>				84,435.74	84,435.74	221,828.25	(750.17)	0.00	0.00	305,313.82	305,313.82	0.00	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.46	11/01/03	12/01/03	19,497.31	19,497.31	6,810.41				26,307.72	26,307.72	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.46	11/01/03	12/01/03	60,856.71	60,856.71	3,931.85				64,788.56	64,788.56	-	0.00
Inv Agmt	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30	126,002.67	126,002.67	166,762.96				292,765.63	292,765.63	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.46	11/01/03	12/01/03	39,407.14	39,407.14	33.80				39,440.94	39,440.94	-	0.00
	<b>1998 M/F (Pebble Brook) Total</b>				245,763.83	245,763.83	177,539.02	0.00	0.00	0.00	423,302.85	423,302.85	0.00	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.53	11/01/03	12/01/03	219,386.65	219,386.65	25.47				219,412.12	219,412.12	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.53	11/01/03	12/01/03	15.15	15.15	0.00				15.15	15.15	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.53	11/01/03	12/01/03	13,874.48	13,874.48	81,863.83				75,738.31	75,738.31	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.53	11/01/03	12/01/03	101,579.22	101,579.22	8,845.60				110,424.82	110,424.82	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.53	11/01/03	12/01/03	31,175.19	31,175.19		(21,339.54)			9,835.65	9,835.65	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.53	11/01/03	12/01/03	111,971.10	111,971.10		(90,436.97)			21,534.13	21,534.13	-	0.00
Mutual Fund	1998 M/F (Residence Oaks)	0.53	11/01/03	12/01/03	120,176.86	120,176.86	32,937.87				153,114.73	153,114.73	-	0.00
	<b>1998 M/F (Residence Oaks) Total</b>				598,178.65	598,178.65	103,672.77	(111,776.51)	0.00	0.00	590,074.91	590,074.91	0.00	0.00
Mutual Fund	1998 M/F (Volente Project)	0.46	11/01/03	12/01/03	3,067.82	3,067.82	19,853.16				22,920.98	22,920.98	-	0.00
Mutual Fund	1998 M/F (Volente Project)				0.32	0.32		(0.32)					-	0.00
Inv Agmt	1998 M/F (Volente Project)	5.22	05/14/98	01/01/31	134,020.49	134,020.49	183,118.74				317,139.23	317,139.23	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.46	11/01/03	12/01/03	3,869.40	3,869.40	4.53				3,873.93	3,873.93	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.46	11/01/03	12/01/03	1.24	1.24	0.00				1.24	1.24	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.46	11/01/03	12/01/03	15,602.25	15,602.25		(2,193.70)			13,408.55	13,408.55	-	0.00
	<b>1998 M/F (Volente Project) Total</b>				156,561.52	156,561.52	202,976.43	(2,194.02)	0.00	0.00	357,343.93	357,343.93	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory)	0.46	11/01/03	12/01/03	100,028.53	100,028.53	9,393.00				109,421.53	109,421.53	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Mutual Fund	1998 M/F (Greens-Hickory)	0.46	11/01/03	12/01/03	232,285.21	232,285.21	110,141.32				342,426.53	342,426.53	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory)	0.46	11/01/03	12/01/03	170.67	170.67		(168.70)			1.97	1.97	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory)				100,000.00	100,000.00		(100,000.00)					-	0.00
Inv Agmt	1998 M/F (Greens-Hickory)	4.94	03/22/01	09/01/30	0.08	0.08	45,000.78				45,000.86	45,000.86	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory)				353,149.50	353,149.50		(353,149.50)					-	0.00
Inv Agmt	1998 M/F (Greens-Hickory)	4.94	09/10/98	09/01/30	0.31	0.31	175,070.07				175,070.38	175,070.38	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory)				16,287.50	16,287.50		(16,287.50)					-	0.00
Inv Agmt	1998 M/F (Greens-Hickory)	4.94	03/22/01	09/01/30	11,822.03	11,822.03	7,502.60				19,324.63	19,324.63	-	0.00
	<b>1998 M/F (Greens-Hickory) Total</b>				813,743.83	813,743.83	347,107.77	(469,605.70)	0.00	0.00	691,245.90	691,245.90	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.53	11/01/03	12/01/03	153,042.98	153,042.98	50,296.49				203,339.47	203,339.47	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.53	11/01/03	12/01/03	1.78	1.78	0.00				1.78	1.78	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.53	11/01/03	12/01/03	134,749.21	134,749.21		(31,982.82)			102,766.59	102,766.59	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.53	11/01/03	12/01/03	39,867.66	39,867.66	12,042.56				51,910.22	51,910.22	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.53	11/01/03	12/01/03	54,666.68	54,666.68		(40,458.00)			14,208.68	14,208.68	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.53	11/01/03	12/01/03	158,726.52	158,726.52		(106,215.27)			52,511.25	52,511.25	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.53	11/01/03	12/01/03	0.16	0.16	0.00				0.16	0.16	-	0.00
	<b>1999 M/F (Mayfield Apts) Total</b>				541,054.99	541,054.99	62,339.05	(178,655.89)	0.00	0.00	424,738.15	424,738.15	0.00	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.53	11/01/03	12/01/03	22,195.24	22,195.24	1,629.53				23,824.77	23,824.77	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.46	11/01/03	12/01/03	83,641.71	83,641.71		(2,390.08)			81,251.63	81,251.63	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.53	11/01/03	12/01/03	82.25	82.25	0.00				82.25	82.25	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.53	11/01/03	12/01/03	140,761.60	140,761.60		(139,356.58)			1,405.02	1,405.02	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.53	11/01/03	12/01/03	248,044.24	248,044.24	126,329.48				374,373.72	374,373.72	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.53	11/01/03	12/01/03	13.63	13.63	0.00				13.63	13.63	-	0.00
	<b>1999 M/F (Woodglen Village) Total</b>				494,738.67	494,738.67	127,959.01	(141,746.66)	0.00	0.00	480,951.02	480,951.02	0.00	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.46	11/01/03	12/01/03	2,594.79	2,594.79	11,424.08				14,018.87	14,018.87	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)				10,760.51	10,760.51		(10,760.51)					-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.46	11/01/03	12/01/03	2.33	2.33	0.00				2.33	2.33	-	0.00
	<b>2000 M/F (Timber Point Apts) Total</b>				13,357.63	13,357.63	11,424.08	(10,760.51)	0.00	0.00	14,021.20	14,021.20	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks at H)	0.46	11/01/03	12/01/03	170,989.67	170,989.67	4,503.37				175,493.04	175,493.04	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at H)	0.46	11/01/03	12/01/03	80,296.53	80,296.53	12,849.01				93,145.54	93,145.54	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at H)	0.46	11/01/03	12/01/03	674.36	674.36	0.80				675.16	675.16	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at H)	0.46	11/01/03	12/01/03	0.04	0.04	0.00				0.04	0.04	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at H)	0.46	11/01/03	12/01/03	94,621.36	94,621.36	10.61				94,631.97	94,631.97	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at H)	0.46	11/01/03	12/01/03	17,725.58	17,725.58	2,457.61				20,183.19	20,183.19	-	0.00
	<b>2000 A&amp;B M/F (Oaks at H) Total</b>				364,307.54	364,307.54	19,821.40	0.00	0.00	0.00	384,128.94	384,128.94	0.00	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	0.46	11/01/03	12/01/03	0.02	0.02	0.00				0.02	0.02	-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)				41,393.78	41,393.78		(41,393.78)					-	0.00
Inv Agmt	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	81,783.91	81,783.91		(78,978.05)			2,805.86	2,805.86	-	0.00
	<b>2000 M/F (Deerwood Apts) Total</b>				123,177.71	123,177.71	0.00	(120,371.83)	0.00	0.00	2,805.88	2,805.88	0.00	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.53	11/01/03	12/01/03	2,800.65	2,800.65	5,158.19				7,958.84	7,958.84	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.53	11/01/03	12/01/03	9,108.69	9,108.69		(9,107.73)			0.96	0.96	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.53	11/01/03	12/01/03	0.30	0.30	0.00				0.30	0.30	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.53	11/01/03	12/01/03	226.15	226.15	0.02				226.17	226.17	-	0.00
	<b>2000 M/F (Creek Point Apts) Total</b>				12,135.79	12,135.79	5,158.21	(9,107.73)	0.00	0.00	8,186.27	8,186.27	0.00	0.00
Mutual Fund	2000 M/F (Parks @ W)	0.46	11/01/03	12/01/03	7,685.85	7,685.85	7,433.23				15,119.08	15,119.08	-	0.00
Mutual Fund	2000 M/F (Parks @ W)	0.46	11/01/03	12/01/03	78,177.55	78,177.55	12,846.53				91,024.08	91,024.08	-	0.00
Mutual Fund	2000 M/F (Parks @ W)	0.46	11/01/03	12/01/03	10.87	10.87	0.00				10.87	10.87	-	0.00
Mutual Fund	2000 M/F (Parks @ W)	0.46	11/01/03	12/01/03	259.11	259.11	0.31				259.42	259.42	-	0.00
Mutual Fund	2000 M/F (Parks @ W)	0.46	11/01/03	12/01/03	91,021.57	91,021.57	10.41				91,031.98	91,031.98	-	0.00
Mutual Fund	2000 M/F (Parks @ W)	0.46	11/01/03	12/01/03	151,389.14	151,389.14	902.11				152,291.25	152,291.25	-	0.00
	<b>2000 M/F (Parks @ W) Total</b>				328,544.09	328,544.09	21,192.59	0.00	0.00	0.00	349,736.68	349,736.68	0.00	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Mutual Fund	2000 M/F (Honey Creek)	0.53	11/01/03	12/01/03	62,617.39	62,617.39	17,970.23				80,587.62	80,587.62	-	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.53	11/01/03	12/01/03	155,076.79	155,076.79		(116,284.24)			38,792.55	38,792.55	-	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.53	11/01/03	12/01/03	167,810.01	167,810.01		(57,786.48)			110,023.53	110,023.53	-	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.53	11/01/03	12/01/03	2.15	2.15		(1.97)			0.18	0.18	-	0.00
	<b>2000 M/F (Honey Creek) Total</b>				385,506.34	385,506.34	17,970.23	(174,072.69)	0.00	0.00	229,403.88	229,403.88	0.00	0.00
Mutual Fund	2000 A-C MF High Meadows	0.53	11/01/03	12/01/03	119,731.75	119,731.75	23,926.15				143,657.90	143,657.90	-	0.00
	<b>2000 A-C MF High Meadows Total</b>				119,731.75	119,731.75	23,926.15	0.00	0.00	0.00	143,657.90	143,657.90	0.00	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.46	11/01/03	12/01/03			134,296.79				134,296.79	134,296.79	-	0.00
Inv Agmt	2000 A/B MF Greenbridge				573,576.20	573,576.20		(573,576.20)					-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.46	11/01/03	12/01/03	33,333.30	33,333.30	9,999.99				43,333.29	43,333.29	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.46	11/01/03	12/01/03	14.55	14.55	10,276.86				10,291.41	10,291.41	-	0.00
Inv Agmt	2000 A/B MF Greenbridge	6.15	11/09/00	11/01/40	463,403.00	463,403.00	0.00				463,403.00	463,403.00	-	0.00
	<b>2000 A/B MF Greenbridge Total</b>				1,070,327.05	1,070,327.05	154,573.84	(573,576.20)	0.00	0.00	651,324.49	651,324.49	0.00	0.00
Mutual Fund	2000 A-C MF Collingham				83.91	83.91		(83.91)					-	0.00
Mutual Fund	2000 A-C MF Collingham	0.53	11/01/03	12/01/03	170,959.55	170,959.55	35,541.31				206,500.86	206,500.86	-	0.00
	<b>2000 A-C MF Collingham Total</b>				171,043.46	171,043.46	35,541.31	(83.91)	0.00	0.00	206,500.86	206,500.86	0.00	0.00
Mutual Fund	2000 A/B MF Williams Run	0.46	11/01/03	12/01/03	4,063.71	4,063.71	29,982.67				34,046.38	34,046.38	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.46	11/01/03	12/01/03	13,489.28	13,489.28		(13,474.56)			14.72	14.72	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.46	11/01/03	12/01/03	6,996.33	6,996.33	30.44				7,026.77	7,026.77	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.46	11/01/03	12/01/03	1,397.91	1,397.91	1.64				1,399.55	1,399.55	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.46	11/01/03	12/01/03	0.66	0.66	0.00				0.66	0.66	-	0.00
	<b>2000 A/B MF Williams Run Total</b>				25,947.89	25,947.89	30,014.75	(13,474.56)	0.00	0.00	42,488.08	42,488.08	0.00	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.46	11/01/03	12/01/03	11,647.55	11,647.55	13.66				11,661.21	11,661.21	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.46	11/01/03	12/01/03	14,978.57	14,978.57	7,012.70				21,991.27	21,991.27	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.46	11/01/03	12/01/03	40,406.50	40,406.50	8,845.52				49,252.02	49,252.02	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.46	11/01/03	12/01/03	89,472.79	89,472.79		(335.29)			89,137.50	89,137.50	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.46	11/01/03	12/01/03	70,851.21	70,851.21	103,108.31				173,959.52	173,959.52	-	0.00
	<b>2000 A/B MF Red Hills Villas Total</b>				227,356.62	227,356.62	118,980.19	(335.29)	0.00	0.00	346,001.52	346,001.52	0.00	0.00
Mutual Fund	2001A MF Bluffview Apts.	0.46	11/01/03	12/01/03	3,160.59	3,160.59		(3,159.26)			1.33	1.33	-	0.00
Mutual Fund	2001A MF Bluffview Apts.	0.46	11/01/03	12/01/03	7,892.61	7,892.61	2,870.35				10,762.96	10,762.96	-	0.00
Mutual Fund	2001A MF Bluffview Apts.	0.46	11/01/03	12/01/03	128,907.23	128,907.23	26,607.32				155,514.55	155,514.55	-	0.00
Mutual Fund	2001A MF Bluffview Apts.	0.46	11/01/03	12/01/03	29,216.14	29,216.14	12,539.99				41,756.13	41,756.13	-	0.00
Mutual Fund	2001A MF Bluffview Apts.	0.46	11/01/03	12/01/03	99,890.27	99,890.27		(499.30)			99,390.97	99,390.97	-	0.00
Mutual Fund	2001A MF Bluffview Apts.	0.53	11/01/03	12/01/03	3,803.65	3,803.65	4.47				3,808.12	3,808.12	-	0.00
	<b>2001A MF Bluffview Apts. Total</b>				272,870.49	272,870.49	42,022.13	(3,658.56)	0.00	0.00	311,234.06	311,234.06	0.00	0.00
Mutual Fund	2001A MF Knollwood Villas				5.15	5.15		(5.15)					-	0.00
Mutual Fund	2001A MF Knollwood Villas	0.46	11/01/03	12/01/03	22,658.28	22,658.28	3,596.83				26,255.11	26,255.11	-	0.00
Mutual Fund	2001A MF Knollwood Villas	0.46	11/01/03	12/01/03	142,340.86	142,340.86	44,765.68				187,106.54	187,106.54	-	0.00
Mutual Fund	2001A MF Knollwood Villas	0.46	11/01/03	12/01/03	30,851.51	30,851.51	13,241.17				44,092.68	44,092.68	-	0.00
Mutual Fund	2001A MF Knollwood Villas	0.46	11/01/03	12/01/03	129,651.85	129,651.85	181.57				129,833.42	129,833.42	-	0.00
Mutual Fund	2001A MF Knollwood Villas	0.46	11/01/03	12/01/03	270,514.73	270,514.73	317.35				270,832.08	270,832.08	-	0.00
	<b>2001A MF Knollwood Villas Total</b>				596,022.38	596,022.38	62,102.60	(5.15)	0.00	0.00	658,119.83	658,119.83	0.00	0.00
Mutual Fund	2001A MF Skyway Villas	0.46	11/01/03	12/01/03	14,255.92	14,255.92	8,207.49				22,463.41	22,463.41	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.46	11/01/03	12/01/03	77,306.87	77,306.87		(21,589.00)			55,717.87	55,717.87	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.46	11/01/03	12/01/03			14,000.00				14,000.00	14,000.00	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.46	11/01/03	12/01/03			13,693.85				13,693.85	13,693.85	-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	54,775.40	54,775.40		(51,582.30)			3,193.10	3,193.10	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.46	11/01/03	12/01/03			143,692.20				143,692.20	143,692.20	-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	143,692.20	143,692.20	0.00				143,692.20	143,692.20	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
	<b>2001A MF Skyway Villas Total</b>				290,030.39	290,030.39	179,593.54	(73,171.30)	0.00	0.00	396,452.63	396,452.63	0.00	0.00
Mutual Fund	2001AB (Cobb Park)	0.46	11/01/03	12/01/03	11,979.14	11,979.14	14.05				11,993.19	11,993.19	-	0.00
Mutual Fund	2001AB (Cobb Park)	0.46	11/01/03	12/01/03	1,975.21	1,975.21	5,871.24				7,846.45	7,846.45	-	0.00
Mutual Fund	2001AB (Cobb Park)	0.46	11/01/03	12/01/03	100,390.88	100,390.88	13,305.76				113,696.64	113,696.64	-	0.00
Mutual Fund	2001AB (Cobb Park)	0.46	11/01/03	12/01/03	17,223.50	17,223.50	8,623.46				25,846.96	25,846.96	-	0.00
Mutual Fund	2001AB (Cobb Park)	0.46	11/01/03	12/01/03	72,319.88	72,319.88		(72,310.04)			9.84	9.84	-	0.00
Mutual Fund	2001AB (Cobb Park)	0.46	11/01/03	12/01/03	51,175.21	51,175.21	60.03				51,235.24	51,235.24	-	0.00
Mutual Fund	2001AB (Cobb Park)	0.46	11/01/03	12/01/03	25,535.40	25,535.40	29.96				25,565.36	25,565.36	-	0.00
	<b>2001AB (Cobb Park) Total</b>				280,599.22	280,599.22	27,904.50	(72,310.04)	0.00	0.00	236,193.68	236,193.68	0.00	0.00
Mutual Fund	2001A MF Greens Road Apts	0.83	11/01/03	12/01/03	12,239.84	12,239.84		(9,181.50)			3,058.34	3,058.34	-	0.00
Mutual Fund	2001A MF Greens Road Apts				92,401.49	92,401.49		(92,401.49)					-	0.00
Inv Agmt	2001A MF Greens Road Apts	4.01	09/14/01	06/01/34	31.92	31.92	231,001.34				231,033.26	231,033.26	-	0.00
Mutual Fund	2001A MF Greens Road Apts				574.40	574.40		(574.40)					-	0.00
Mutual Fund	2001A MF Greens Road Apts				37.66	37.66		(37.66)					-	0.00
	<b>2001A MF Greens Road Apts Total</b>				105,285.31	105,285.31	231,001.34	(102,185.05)	0.00	0.00	234,091.60	234,091.60	0.00	0.00
Mutual Fund	2001AB MF Meridian Apts	0.46	11/01/03	12/01/03	60,852.29	60,852.29		(60,840.17)			12.12	12.12	-	0.00
Inv Agmt	2001AB MF Meridian Apts				7,675.85	7,675.85		(7,675.85)					-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.53	11/01/03	12/01/03	36.97	36.97		(36.96)			0.01	0.01	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.53	11/01/03	12/01/03			335,081.25				335,081.25	335,081.25	-	0.00
	<b>2001AB MF Meridian Apts Total</b>				68,565.11	68,565.11	335,081.25	(68,552.98)	0.00	0.00	335,093.38	335,093.38	0.00	0.00
Mutual Fund	2001AB MF Wildwood				9.46	9.46		(9.46)					-	0.00
Inv Agmt	2001AB MF Wildwood				772,010.12	772,010.12		(772,010.12)					-	0.00
Mutual Fund	2001AB MF Wildwood	0.53	11/01/03	12/01/03	87.43	87.43		(87.41)			0.02	0.02	-	0.00
Mutual Fund	2001AB MF Wildwood	0.53	11/01/03	12/01/03	664.08	664.08		(602.44)			61.64	61.64	-	0.00
Mutual Fund	2001AB MF Wildwood	0.53	11/01/03	12/01/03	2,842.33	2,842.33	326,965.17				329,807.50	329,807.50	-	0.00
	<b>2001AB MF Wildwood Total</b>				775,613.42	775,613.42	326,965.17	(772,709.43)	0.00	0.00	329,869.16	329,869.16	0.00	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.83	11/01/03	12/01/03	92,509.61	92,509.61	72.57				92,582.18	92,582.18	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.53	11/01/03	12/01/03	87,919.77	87,919.77		(73,118.46)			14,801.31	14,801.31	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.83	11/01/03	12/01/03			31.59				31.59	31.59	-	0.00
	<b>2001ABC MF Fallbrook Apts Total</b>				180,429.38	180,429.38	104.16	(73,118.46)	0.00	0.00	107,415.08	107,415.08	0.00	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	11/01/03	12/01/03	430,000.00	430,000.00	0.00				430,000.00	430,000.00	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	11/01/03	12/01/03			18,891.67				18,891.67	18,891.67	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	11/01/03	12/01/03			20,431.56				20,431.56	20,431.56	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	11/01/03	12/01/03	68,988.20	68,988.20	14,988.77				83,974.97	83,974.97	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	11/01/03	12/01/03			115,986.63				115,986.63	115,986.63	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	11/01/03	12/01/03	530.11	530.11		(366.49)			163.62	163.62	-	0.00
	<b>2001 MF Oak Hollow Apts Total</b>				499,518.31	499,518.31	170,296.63	(366.49)	0.00	0.00	669,448.45	669,448.45	0.00	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	11/01/03	12/01/03	100,000.00	100,000.00	0.00				100,000.00	100,000.00	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	11/01/03	12/01/03			21,370.94				21,370.94	21,370.94	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	11/01/03	12/01/03			31,515.32				31,515.32	31,515.32	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	11/01/03	12/01/03	116,494.42	116,494.42	4,699.83				121,194.25	121,194.25	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	11/01/03	12/01/03			196,219.39				196,219.39	196,219.39	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	11/01/03	12/01/03	183.33	183.33		(145.28)			38.05	38.05	-	0.00
	<b>2001AB MF Hillside Apts Total</b>				216,677.75	216,677.75	253,805.48	(145.28)	0.00	0.00	470,337.95	470,337.95	0.00	0.00
Mutual Fund	2002A MF Millstone Apts	0.12	11/01/03	12/01/03	1.03	1.03	0.00				1.03	1.03	-	0.00
Money Market	2002A MF Millstone Apts	0.12	11/01/03	12/01/03			0.52				0.52	0.52	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.12	11/01/03	12/01/03	13,219.95	13,219.95	3.88				13,223.83	13,223.83	-	0.00
	<b>2002A MF Millstone Apts Total</b>				13,220.98	13,220.98	4.40	0.00	0.00	0.00	13,225.38	13,225.38	0.00	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.12	11/01/03	12/01/03	42,670.35	42,670.35	12.64				42,682.99	42,682.99	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Mutual Fund	2002 MF SugarCreek Apts	0.12	11/01/03	12/01/03	1.63	1.63	0.00				1.63	1.63	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.12	11/01/03	12/01/03	44.74	44.74	0.00				44.74	44.74	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.12	11/01/03	12/01/03	193,524.59	193,524.59	56.62				193,581.21	193,581.21	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.12	11/01/03	12/01/03	26.75	26.75	0.00				26.75	26.75	-	0.00
	<b>2002 MF SugarCreek Apts Total</b>				<b>236,268.06</b>	<b>236,268.06</b>	<b>69.26</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>236,337.32</b>	<b>236,337.32</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF West Oaks Apts	0.46	11/01/03	12/01/03	0.69	0.69	0.00				0.69	0.69	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.46	11/01/03	12/01/03	2,800.00	2,800.00	8,406.46				11,206.46	11,206.46	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.46	11/01/03	12/01/03	24.78	24.78	0.03				24.81	24.81	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.46	11/01/03	12/01/03	3.55	3.55	84,852.84				84,856.39	84,856.39	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.46	11/01/03	12/01/03	3,798.43	3,798.43	11,383.03				15,181.46	15,181.46	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.46	11/01/03	12/01/03	17,789.00	17,789.00	53,407.99				71,196.99	71,196.99	-	0.00
Money Market	2002 MF West Oaks Apts	0.46	11/01/03	12/01/03									-	0.00
	<b>2002 MF West Oaks Apts Total</b>				<b>24,416.45</b>	<b>24,416.45</b>	<b>158,050.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>182,466.80</b>	<b>182,466.80</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 Park Meadows	0.53	11/01/03	12/01/03	44.94	44.94	150,192.06				150,237.00	150,237.00	-	0.00
Mutual Fund	2002 Park Meadows	0.53	11/01/03	12/01/03	100,517.67	100,517.67	113.05				100,630.72	100,630.72	-	0.00
	<b>2002 Park Meadows Total</b>				<b>100,562.61</b>	<b>100,562.61</b>	<b>150,305.11</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>250,867.72</b>	<b>250,867.72</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Clarkridge Villas	0.46	11/01/03	12/01/03	157.99	157.99	1,221,024.62				1,221,182.61	1,221,182.61	-	0.00
Inv Agmt	2002 MF Clarkridge Villas	1.60	09/05/02	01/02/04			276,050.29				276,050.29	276,050.29	-	0.00
Mutual Fund	2002 MF Clarkridge Villas				124,204.54	124,204.54		(124,204.54)					-	0.00
Inv Agmt	2002 MF Clarkridge Villas				6,677,469.18	6,677,469.18		(6,677,469.18)					-	0.00
Mutual Fund	2002 MF Clarkridge Villas	0.46	11/01/03	12/01/03	649.22	649.22		(294.17)			355.05	355.05	-	0.00
Mutual Fund	2002 MF Clarkridge Villas	0.46	11/01/03	12/01/03	84,517.85	84,517.85		(63,880.13)			20,637.72	20,637.72	-	0.00
Inv Agmt	2002 MF Clarkridge Villas	1.60	09/06/02	01/02/04	378,389.25	378,389.25		(169,272.34)			209,116.91	209,116.91	-	0.00
	<b>2002 MF Clarkridge Villas Total</b>				<b>7,265,388.03</b>	<b>7,265,388.03</b>	<b>1,497,074.91</b>	<b>(7,035,120.36)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,727,342.58</b>	<b>1,727,342.58</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Hickory Trace Apts				331,245.62	331,245.62		(331,245.62)					-	0.00
Inv Agmt	2002 MF Hickory Trace Apts	1.32	11/08/02	01/01/05	7,656,763.21	7,656,763.21		(2,349,548.43)			5,307,214.78	5,307,214.78	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.46	11/01/03	12/01/03	69,533.96	69,533.96		(42,429.45)			27,104.51	27,104.51	-	0.00
Inv Agmt	2002 MF Hickory Trace Apts	1.32	11/08/02	01/01/05	596,201.68	596,201.68		(139,066.66)			457,135.02	457,135.02	-	0.00
	<b>2002 MF Hickory Trace Apts Total</b>				<b>8,653,744.47</b>	<b>8,653,744.47</b>	<b>0.00</b>	<b>(2,862,290.16)</b>	<b>0.00</b>	<b>0.00</b>	<b>5,791,454.31</b>	<b>5,791,454.31</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Green Crest Apts	0.46	11/01/03	12/01/03			5.61				5.61	5.61	-	0.00
Inv Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04	753,013.74	753,013.74	347,628.14				1,100,641.88	1,100,641.88	-	0.00
Inv Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04	4,703,473.97	4,703,473.97		(3,731,172.91)			972,301.06	972,301.06	-	0.00
Inv Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04	458,961.40	458,961.40		(200,587.44)			258,373.96	258,373.96	-	0.00
	<b>2002 MF Green Crest Apts Total</b>				<b>5,915,449.11</b>	<b>5,915,449.11</b>	<b>347,633.75</b>	<b>(3,931,760.35)</b>	<b>0.00</b>	<b>0.00</b>	<b>2,331,322.51</b>	<b>2,331,322.51</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Ironwood Crossing	0.46	11/01/03	12/01/03	195.81	195.81	0.23				196.04	196.04	-	0.00
Inv Agmt	2002 MF Ironwood Crossing	1.58	11/22/02	12/31/04	877,398.51	877,398.51	3,393.15				880,791.66	880,791.66	-	0.00
Mutual Fund	2002 MF Ironwood Crossing	0.46	11/01/03	12/01/03	1,550.32	1,550.32	3.57				1,553.89	1,553.89	-	0.00
Mutual Fund	2002 MF Ironwood Crossing	0.46	11/01/03	12/01/03	170.99	170.99	0.60				171.59	171.59	-	0.00
Inv Agmt	2002 MF Ironwood Crossing	1.58	11/22/02	12/31/04	9,606,218.00	9,606,218.00	35,286.64				9,641,504.64	9,641,504.64	-	0.00
Inv Agmt	2002 MF Ironwood Crossing	1.58	11/22/02	12/31/04	554,685.00	554,685.00	1,460.89				556,145.89	556,145.89	-	0.00
Mutual Fund	2002 MF Ironwood Crossing				10.01	10.01		(10.01)					-	0.00
Inv Agmt	2002 MF Ironwood Crossing	1.58	11/22/02	12/31/04	1,423,573.53	1,423,573.53		(244,435.25)			1,179,138.28	1,179,138.28	-	0.00
Mutual Fund	2002 MF Ironwood Crossing	0.46	11/01/03	12/01/03	197.06	197.06	0.24				197.30	197.30	-	0.00
	<b>2002 MF Ironwood Crossing Total</b>				<b>12,463,999.23</b>	<b>12,463,999.23</b>	<b>40,145.12</b>	<b>(244,445.26)</b>	<b>0.00</b>	<b>0.00</b>	<b>12,259,699.09</b>	<b>12,259,699.09</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Woodway Village	0.46	11/01/03	12/01/03	3,024.98	3,024.98		(2,000.00)			1,024.98	1,024.98	-	0.00
Mutual Fund	2002 MF Woodway Village	0.46	11/01/03	12/01/03	3,002,585.22	3,002,585.22		(2,145,872.28)			856,712.94	856,712.94	-	0.00
Mutual Fund	2002 MF Woodway Village	0.46	11/01/03	12/01/03	55,626.91	55,626.91	43.78				55,670.69	55,670.69	-	0.00
Mutual Fund	2002 MF Woodway Village	0.46	11/01/03	12/01/03	127,913.09	127,913.09	95.48				128,008.57	128,008.57	-	0.00
Mutual Fund	2002 MF Woodway Village	0.46	11/01/03	12/01/03	664,667.93	664,667.93	498.12				665,164.05	665,164.05	-	0.00
Mutual Fund	2002 MF Woodway Village	0.46	11/01/03	12/01/03	10,273.79	10,273.79	7.68				10,281.47	10,281.47	-	0.00
	<b>2002 MF Woodway Village Total</b>				<b>3,864,091.92</b>	<b>3,864,091.92</b>	<b>643.06</b>	<b>(2,147,872.28)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,716,862.70</b>	<b>1,716,862.70</b>	<b>0.00</b>	<b>0.00</b>

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Inv Agmt	2003 AB MF Reading Road	0.01	02/12/03	09/01/04	7,726,554.59	7,726,554.59		(4,466,060.36)			3,260,494.23	3,260,494.23	-	0.00
Inv Agmt	2003 AB MF Reading Road	0.01	02/12/03	09/01/04	1,576,157.20	1,576,157.20	6,884.88				1,582,842.08	1,582,842.08	-	0.00
Money Market	2003 AB MF Reading Road	0.53	11/01/03	12/01/03	180,059.32	180,059.32	147.31				180,206.63	180,206.63	-	0.00
	<b>2003 AB MF Reading Road Total</b>				9,482,771.11	9,482,771.11	6,832.19	(4,466,060.36)	0.00	0.00	5,023,542.94	5,023,542.94	0.00	0.00
Mutual Fund	2003 AB MF North Vista	0.53	11/01/03	12/01/03	701,988.47	701,988.47	1,062.85				703,051.32	703,051.32	-	0.00
Mutual Fund	2003 AB MF North Vista	0.53	11/01/03	12/01/03	12,324,315.06	12,324,315.06		(6,314,499.66)			6,009,815.40	6,009,815.40	-	0.00
Mutual Fund	2003 AB MF North Vista	0.53	11/01/03	12/01/03	199.07	199.07	60,776.20				60,975.27	60,975.27	-	0.00
Money Market	2003 AB MF North Vista	0.53	11/01/03	12/01/03	54,580.92	54,580.92		(54,580.87)			0.05	0.05	-	0.00
Money Market	2003 AB MF North Vista	0.53	11/01/03	12/01/03	223,249.40	223,249.40	167,437.05				390,686.45	390,686.45	-	0.00
Money Market	2003 AB MF North Vista	0.53	11/01/03	12/01/03	7,286.12	7,286.12	5,858.34				13,144.46	13,144.46	-	0.00
	<b>2003 AB MF North Vista Total</b>				13,311,619.04	13,311,619.04	235,134.44	(6,369,080.53)	0.00	0.00	7,177,672.95	7,177,672.95	0.00	0.00
Mutual Fund	2003 AB MF West Virginia	0.46	11/01/03	12/01/03	9,458,220.34	9,458,220.34	0.00				9,458,220.34	9,458,220.34	-	0.00
Mutual Fund	2003 AB MF West Virginia	0.53	11/01/03	12/01/03	247.20	247.20	41,390.19				41,637.39	41,637.39	-	0.00
Money Market	2003 AB MF West Virginia	0.53	11/01/03	12/01/03	30,504.30	30,504.30		(30,504.28)			0.02	0.02	-	0.00
Money Market	2003 AB MF West Virginia	0.53	11/01/03	12/01/03	128,842.41	128,842.41	85,894.94				214,737.35	214,737.35	-	0.00
Money Market	2003 AB MF West Virginia	0.53	11/01/03	12/01/03	4,682.67	4,682.67	3,121.78				7,804.45	7,804.45	-	0.00
Mutual Fund	2003 AB MF West Virginia	0.53	11/01/03	12/01/03	43,393.46	43,393.46	0.00				43,393.46	43,393.46	-	0.00
	<b>2003 AB MF West Virginia Total</b>				9,665,890.38	9,665,890.38	130,406.91	(30,504.28)	0.00	0.00	9,765,793.01	9,765,793.01	0.00	0.00
Money Market	2003 MF Sphinx Murdeaux	0.46	11/01/03	12/01/03	7,099.28	7,099.28		(2,967.35)			4,131.93	4,131.93	-	0.00
Inv Agmt	2003 MF Sphinx Murdeaux	1.22	05/13/03	12/31/04	15,077,827.44	15,077,827.44	0.00				15,077,827.44	15,077,827.44	-	0.00
Money Market	2003 MF Sphinx Murdeaux	0.46	11/01/03	12/01/03			70,968.54				70,968.54	70,968.54	-	0.00
Money Market	2003 MF Sphinx Murdeaux	0.46	11/01/03	12/01/03			1,014.72				1,014.72	1,014.72	-	0.00
Inv Agmt	2003 MF Sphinx Murdeaux				38,649.18	38,649.18		(38,649.18)					-	0.00
Inv Agmt	2003 MF Sphinx Murdeaux	1.22	05/13/03	12/31/04	753,870.00	753,870.00		(2,967.35)			750,902.65	750,902.65	-	0.00
Mutual Fund	2003 MF Sphinx Murdeaux				33,338.91	33,338.91		(33,338.91)					-	0.00
	<b>2003 MF Sphinx Murdeaux Total</b>				15,910,784.81	15,910,784.81	71,983.26	(77,922.79)	0.00	0.00	15,904,845.28	15,904,845.28	0.00	0.00
Mutual Fund	2003 AB MF Primrose	0.46	11/01/03	12/01/03			50.93				50.93	50.93	-	0.00
Money Market	2003 AB MF Primrose	0.46	11/01/03	12/01/03	0.01	0.01	24.14				24.15	24.15	-	0.00
Mutual Fund	2003 AB MF Primrose	0.46	11/01/03	12/01/03	576,452.41	576,452.41		(315,561.01)			260,891.40	260,891.40	-	0.00
Inv Agmt	2003 AB MF Primrose	1.35	05/23/03	04/15/05			11,977,485.18				11,977,485.18	11,977,485.18	-	0.00
Mutual Fund	2003 AB MF Primrose	0.46	11/01/03	12/01/03			48,956.98				48,956.98	48,956.98	-	0.00
Inv Agmt	2003 AB MF Primrose	1.35	05/23/03	04/15/05			625,905.98				625,905.98	625,905.98	-	0.00
Mutual Fund	2003 AB MF Primrose	0.46	11/01/03	12/01/03			2,625.18				2,625.18	2,625.18	-	0.00
Mutual Fund	2003 AB MF Primrose				13,737,135.01	13,737,135.01		(13,737,135.01)					-	0.00
Mutual Fund	2003 AB MF Primrose				867,640.79	867,640.79		(867,640.79)					-	0.00
Mutual Fund	2003 AB MF Primrose				12,313.96	12,313.96		(12,313.96)					-	0.00
	<b>2003 AB MF Primrose Total</b>				15,193,542.18	15,193,542.18	12,655,048.39	(14,932,650.77)	0.00	0.00	12,915,939.80	12,915,939.80	0.00	0.00
Mutual Fund	2003 AB MF Timber Oaks				47.81	47.81		(47.81)					-	0.00
Inv Agmt	2003 AB MF Timber Oaks	1.10	08/15/03	04/01/05	1,500,611.00	1,500,611.00	0.00				1,500,611.00	1,500,611.00	-	0.00
Mutual Fund	2003 AB MF Timber Oaks	0.46	11/01/03	12/01/03	13.54	13.54	1,110.29				1,123.83	1,123.83	-	0.00
Inv Agmt	2003 AB MF Timber Oaks	1.10	08/15/03	04/01/05	425,027.00	425,027.00	0.00				425,027.00	425,027.00	-	0.00
Mutual Fund	2003 AB MF Timber Oaks				292.64	292.64		(292.64)					-	0.00
Inv Agmt	2003 AB MF Timber Oaks	1.10	08/15/03	04/01/05	9,184,401.00	9,184,401.00		(665,749.00)			8,518,652.00	8,518,652.00	-	0.00
Mutual Fund	2003 AB MF Timber Oaks	0.46	11/01/03	12/01/03	83,323.62	83,323.62		(52,621.12)			30,702.50	30,702.50	-	0.00
Inv Agmt	2003 AB MF Timber Oaks	1.10	08/15/03	04/01/05	1,006,711.11	1,006,711.11		(156,166.66)			850,544.45	850,544.45	-	0.00
	<b>2003 AB MF Timber Oaks Total</b>				12,200,427.72	12,200,427.72	1,110.29	(874,877.23)	0.00	0.00	11,326,660.78	11,326,660.78	0.00	0.00
Mutual Fund	2003 AB MF Ash Creek	0.46	11/01/03	12/01/03	134,447.00	134,447.00	105,232.82				239,679.82	239,679.82	-	0.00
Inv Agmt	2003 AB MF Ash Creek	1.31	09/17/03	04/15/05			1,061,020.00				1,061,020.00	1,061,020.00	-	0.00
Inv Agmt	2003 AB MF Ash Creek	1.31	09/17/03	04/15/05			12,567,169.75				12,567,169.75	12,567,169.75	-	0.00
Mutual Fund	2003 AB MF Ash Creek				13,270,553.00	13,270,553.00		(13,270,553.00)					-	0.00
Mutual Fund	2003 AB MF Ash Creek	0.46	11/01/03	12/01/03	1,375,000.00	1,375,000.00		(1,360,869.11)			14,130.89	14,130.89	-	0.00
Mutual Fund	2003 AB MF Ash Creek	0.46	11/01/03	12/01/03			13,194.44				13,194.44	13,194.44	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Mutual Fund	2003 AB MF Ash Creek	0.46	11/01/03	12/01/03	297,612.50	297,612.50		(286,621.21)			10,991.29	10,991.29	-	0.00
	<b>2003 AB MF Ash Creek Total</b>				15,077,612.50	15,077,612.50	13,746,617.01	(14,918,043.32)	0.00	0.00	13,906,186.19	13,906,186.19	0.00	0.00
Inv Agmt	2003 AB MF Peninsula	1.10	10/03/03	01/15/05			450,943.08				450,943.08	450,943.08	-	0.00
Mutual Fund	2003 AB MF Peninsula				630,877.25	630,877.25		(630,877.25)					-	0.00
Mutual Fund	2003 AB MF Peninsula	0.46	11/01/03	12/01/03	11,402,274.50	11,402,274.50		(11,382,978.96)			19,295.54	19,295.54	-	0.00
Inv Agmt	2003 AB MF Peninsula	1.10	10/03/03	01/15/05			11,403,400.00				11,403,400.00	11,403,400.00	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.46	11/01/03	12/01/03	493,142.75	493,142.75		(493,024.95)			117.80	117.80	-	0.00
Inv Agmt	2003 AB MF Peninsula	1.10	10/03/03	01/15/05			50.00				50.00	50.00	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.46	11/01/03	12/01/03	130,507.57	130,507.57	176,911.71				307,419.28	307,419.28	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.46	11/01/03	12/01/03	85,581.75	85,581.75		(50,703.62)			34,878.13	34,878.13	-	0.00
	<b>2003 AB MF Peninsula Total</b>				12,742,383.82	12,742,383.82	12,031,304.79	(12,557,584.78)	0.00	0.00	12,216,103.83	12,216,103.83	0.00	0.00
Inv Agmt	2003 A MF Evergreen				9,429,547.17	9,429,547.17		(9,429,547.17)					-	0.00
Mutual Fund	2003 A MF Evergreen	0.46	11/01/03	12/01/03			178,312.47				178,312.47	178,312.47	-	0.00
Mutual Fund	2003 A MF Evergreen	0.46	11/01/03	12/01/03			13.27				13.27	13.27	-	0.00
Mutual Fund	2003 A MF Evergreen	0.46	11/01/03	12/01/03			1,748.01				1,748.01	1,748.01	-	0.00
Mutual Fund	2003 A MF Evergreen	0.46	11/01/03	12/01/03			121,803.15				121,803.15	121,803.15	-	0.00
Inv Agmt	2003 A MF Evergreen	7.55	08/29/03	08/27/06			9,188,526.42				9,188,526.42	9,188,526.42	-	0.00
Mutual Fund	2003 A MF Evergreen	0.46	11/01/03	12/01/03			4.34				4.34	4.34	-	0.00
	<b>2003 A MF Evergreen Total</b>				9,429,547.17	9,429,547.17	9,490,407.66	(9,429,547.17)	0.00	0.00	9,490,407.66	9,490,407.66	0.00	0.00
Mutual Fund	2003 AB Arlington Villas	0.46	11/01/03	12/01/03			0.80				0.80	0.80	-	0.00
Inv Agmt	2003 AB Arlington Villas	1.10	11/20/03	03/15/05			927,264.00				927,264.00	927,264.00	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.46	11/01/03	12/01/03			0.06				0.06	0.06	-	0.00
Inv Agmt	2003 AB Arlington Villas	1.10	11/20/03	03/15/05			12,637,375.00				12,637,375.00	12,637,375.00	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.46	11/01/03	12/01/03			51,944.00				51,944.00	51,944.00	-	0.00
Inv Agmt	2003 AB Arlington Villas	1.10	11/20/03	03/15/05			750,000.00				750,000.00	750,000.00	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.46	11/01/03	12/01/03			0.30				0.30	0.30	-	0.00
Inv Agmt	2003 AB Arlington Villas	1.10	11/20/03	03/15/05			1,013,285.00				1,013,285.00	1,013,285.00	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.46	11/01/03	12/01/03			10,000.00				10,000.00	10,000.00	-	0.00
	<b>2003 AB Arlington Villas Total</b>				0.00	0.00	15,389,869.16	0.00	0.00	0.00	15,389,869.16	15,389,869.16	0.00	0.00
<b>Total Multi-Family Investment Summary</b>					171,503,300.78	171,503,300.78	71,890,663.08	(84,550,157.49)	0.00	0.00	158,843,806.37	158,843,806.37	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, 2003**

Investment		Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in In Market Value	Recognized Gain
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	7,373.86	7,373.86	18.43				7,392.29	7,392.29	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	354,275.18	354,275.18		(243,080.01)			111,195.17	111,195.17	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	257,574.05	257,574.05		(130,334.49)			127,239.56	127,239.56	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	417,694.70	417,694.70		(257,869.58)			159,825.12	159,825.12	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	338,853.30	338,853.30	87,306.90				426,160.20	426,160.20	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	608,133.27	608,133.27		(182,824.99)			425,308.28	425,308.28	-	0.00
FNMA	1993 SF MRB CHMRB	6.10	06/30/94	06/01/24	376,169.22	391,534.04			(2,746.26)		373,422.96	392,329.09	3,541.31	0.00
FNMA	1993 SF MRB CHMRB	6.90	08/17/94	08/01/24	506,524.11	539,308.76			(7,835.74)		434,688.37	463,560.04	(3,912.98)	0.00
FNMA	1993 SF MRB CHMRB	6.97	08/17/94	07/01/24	652,932.33	696,536.36			(7,942.80)		644,989.53	688,876.66	283.10	0.00
FNMA	1993 SF MRB CHMRB	7.06	08/17/94	07/01/24	450,871.55	480,552.13			(2,422.59)		448,448.96	480,384.91	2,255.37	0.00
FNMA	1993 SF MRB CHMRB	6.90	05/26/95	01/01/25	133,905.49	143,069.38			(750.77)		133,154.72	142,493.93	175.32	0.00
FNMA	1993 SF MRB CHMRB	7.10	08/15/95	05/01/25	216,661.68	232,511.67			(4,127.21)		212,534.47	229,289.93	885.47	0.00
GNMA	1993 SF MRB CHMRB	6.10	06/30/94	06/20/24	3,121,170.03	3,234,190.44			(178,699.17)		2,942,470.86	3,106,104.61	50,613.34	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/17/94	08/20/24	3,419,597.83	3,640,477.88			(668,454.61)		2,751,143.22	2,951,939.43	(20,083.84)	0.00
GNMA	1993 SF MRB CHMRB	6.97	08/17/94	08/20/24	2,638,748.30	2,813,520.80			(388,000.62)		2,250,747.68	2,417,690.49	(7,829.49)	0.00
GNMA	1993 SF MRB CHMRB	7.06	08/17/94	08/20/24	1,104,862.89	1,175,982.77			(165,356.94)		939,505.95	1,005,754.62	(4,871.21)	0.00
GNMA	1993 SF MRB CHMRB	6.10	01/27/95	10/20/24	413,545.17	428,724.33			(2,477.51)		411,067.66	434,134.44	7,887.62	0.00
GNMA	1993 SF MRB CHMRB	6.97	02/18/95	12/20/24	941,533.13	1,004,786.30			(150,435.94)		791,097.19	850,530.12	(3,820.24)	0.00
GNMA	1993 SF MRB CHMRB	6.90	03/30/95	02/20/25	235,230.23	250,212.62			(49,713.11)		185,517.12	198,923.16	(1,576.35)	0.00
GNMA	1993 SF MRB CHMRB	7.06	03/30/95	12/20/24	198,729.28	211,626.50			(4,082.86)		194,646.42	208,475.27	931.63	0.00
GNMA	1993 SF MRB CHMRB	6.97	06/01/95	05/20/25	41,040.57	43,750.50			(305.20)		40,735.37	43,755.97	310.67	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/15/95	02/20/25	54,777.38	58,301.41			(264.53)		54,512.85	58,487.34	450.46	0.00
GNMA	1993 SF MRB CHMRB	7.06	06/29/95	04/20/25	106,775.04	113,845.31			(63,116.33)		43,658.71	46,739.07	(3,789.91)	0.00
GNMA	1993 SF MRB CHMRB	7.10	06/29/95	05/20/25	581,117.64	618,331.71			(2,942.25)		578,175.39	618,748.14	3,358.68	0.00
GNMA	1993 SF MRB CHMRB	7.06	08/15/95	06/20/25	184,356.49	196,059.29			(78,837.98)		105,518.51	112,871.69	(4,349.62)	0.00
GNMA	1993 SF MRB CHMRB	7.10	08/15/95	08/20/25	910,939.69	970,017.92			(71,701.88)		839,237.81	898,818.54	502.50	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	1.47	1.47	0.00				1.47	1.47	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	5.48	5.48	0.00				5.48	5.48	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	353.51	353.51	1.35				354.86	354.86	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	3.13	3.13	0.00				3.13	3.13	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	11/26/03	12/01/03	8.83	8.83	0.00				8.83	8.83	-	0.00
<b>1993 SF MRB CHMRB Total</b>					<b>18,273,764.83</b>	<b>19,227,416.70</b>	<b>87,326.68</b>	<b>(814,109.07)</b>	<b>(1,914,214.30)</b>	<b>0.00</b>	<b>15,632,768.14</b>	<b>16,607,381.84</b>	<b>20,961.83</b>	<b>0.00</b>
<b>Total 1993 SF MRB CHMRB Investment Summary</b>					<b>18,273,764.83</b>	<b>19,227,416.70</b>	<b>87,326.68</b>	<b>(814,109.07)</b>	<b>(1,914,214.30)</b>	<b>0.00</b>	<b>15,632,768.14</b>	<b>16,607,381.84</b>	<b>20,961.83</b>	<b>0.00</b>

**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, 2003**

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in In Market Value	Recognized Gain
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/03	Market Value 08/31/03					Carrying Value 11/30/03	Market Value 11/30/03		
Repo Agmt	1994 SF MRB CHMRB	1.02	11/26/03	12/01/03	14,003.39	14,003.39	34.94				14,038.33	14,038.33	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	11/26/03	12/01/03	7,085.97	7,085.97	17.65				7,103.62	7,103.62	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	11/26/03	12/01/03	811,363.58	811,363.58		(344,652.20)			466,711.38	466,711.38	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	11/26/03	12/01/03	343.32	343.32		(326.71)			18.61	18.61	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	11/26/03	12/01/03	417.26	417.26		(409.83)			7.43	7.43	-	0.00
Repo Agmt	1994 SF MRB CHMRB	6.42	04/29/95	11/01/26	749,701.09	749,701.09		(190,817.91)			558,883.18	558,883.18	-	0.00
GICs	1994 SF MRB CHMRB	6.05	06/27/96	11/01/26	163,813.85	163,813.85					263,435.20	263,435.20	-	0.00
GICs	1994 SF MRB CHMRB	7.10	06/29/95	04/01/25	831,462.47	892,038.95	99,621.35		(5,418.76)		826,043.71	890,839.03	4,218.84	0.00
FNMA	1994 SF MRB CHMRB	7.10	07/28/95	05/01/25	276,532.83	296,468.49		(98,347.29)			178,185.54	192,025.70	(6,095.50)	0.00
FNMA	1994 SF MRB CHMRB	6.70	08/30/95	07/01/25	487,640.27	517,906.34		(40,597.87)			447,042.40	475,985.53	(1,322.94)	0.00
FNMA	1994 SF MRB CHMRB	6.70	09/19/95	08/01/25	465,993.17	494,916.33		(3,975.26)			462,017.91	491,931.28	990.21	0.00
FNMA	1994 SF MRB CHMRB	7.10	08/28/95	07/01/25	18,643.35	20,013.66		(2,090.86)			16,552.49	17,861.83	(61.17)	0.00
FNMA	1994 SF MRB CHMRB	6.70	01/12/96	11/01/25	490,812.61	521,139.96		(12,883.82)			477,928.99	509,739.44	483.10	0.00
FNMA	1994 SF MRB CHMRB	7.10	01/30/96	09/01/25	71,853.95	76,799.15		(366.53)			71,287.42	76,804.07	371.45	0.00
FNMA	1994 SF MRB CHMRB	7.10	02/28/96	09/01/25	133,874.39	142,827.66		(631.41)			133,242.98	142,898.89	702.64	0.00
FNMA	1994 SF MRB CHMRB	7.10	02/28/96	05/01/25	116,623.30	124,787.31		(535.94)			116,087.36	124,829.87	578.50	0.00
FNMA	1994 SF MRB CHMRB	6.70	03/28/96	10/01/25	160,911.62	169,840.29		(1,117.74)			159,793.88	169,086.09	363.54	0.00
FNMA	1994 SF MRB CHMRB	6.70	07/30/96	07/01/25	190,145.92	200,383.05		(1,017.90)			189,128.02	199,813.24	448.09	0.00
FNMA	1994 SF MRB CHMRB	7.10	08/29/96	08/01/26	128,124.26	136,544.99		(44,458.19)			83,666.07	89,649.30	(2,437.50)	0.00
FNMA	1994 SF MRB CHMRB	6.70	09/16/96	08/01/26	117,723.80	123,859.40		(568.22)			117,155.58	123,572.58	281.40	0.00
FNMA	1994 SF MRB CHMRB	6.70	11/14/96	07/01/26	187,925.05	177,187.41		(787.84)			167,137.21	176,745.75	346.18	0.00
FNMA	1994 SF MRB CHMRB	6.72	02/13/97	11/01/26	77,333.40	81,855.94		(6,797.43)			70,535.97	74,815.91	(242.60)	0.00
FNMA	1994 SF MRB CHMRB	7.10	03/27/97	01/01/26	103,659.93	110,500.09		(496.77)			103,163.16	110,546.77	543.45	0.00
FNMA	1994 SF MRB CHMRB	6.72	05/15/97	12/01/26	232,624.24	247,859.67		(1,740.76)			230,883.48	246,517.64	398.73	0.00
GNMA	1994 SF MRB CHMRB	7.10	06/29/95	05/20/25	3,605,043.02	3,834,030.73		(545,789.65)			3,059,253.37	3,272,332.56	(15,908.62)	0.00
GNMA	1994 SF MRB CHMRB	7.10	07/28/95	07/20/25	1,114,145.32	1,185,984.55		(155,259.54)			958,885.78	1,026,599.20	(4,125.81)	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/30/95	08/20/25	3,225,969.76	3,413,036.33		(370,984.07)			2,854,985.69	3,048,616.77	6,564.51	0.00
GNMA	1994 SF MRB CHMRB	6.70	12/01/99	06/20/25	361,892.16	382,712.01		(2,878.80)			359,015.36	383,198.86	3,363.65	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/30/95	07/20/25	940,457.82	1,001,504.28		(77,430.00)			863,027.82	924,347.21	272.93	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/30/95	08/20/25	935,842.75	990,577.69		(251,205.57)			684,637.18	731,415.95	(7,956.17)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/30/95	08/20/25	422,464.88	449,866.65		(2,763.92)			419,700.96	449,500.31	2,397.58	0.00
GNMA	1994 SF MRB CHMRB	7.10	09/19/95	08/20/25	240,043.88	255,525.31		(1,113.07)			238,930.81	255,806.92	1,394.68	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/19/95	09/20/25	513,951.38	544,428.78		(3,266.61)			510,684.77	545,996.96	4,834.79	0.00
GNMA	1994 SF MRB CHMRB	7.10	09/23/95	08/20/25	16,519.61	17,583.95		(2,810.95)			13,708.66	14,676.03	(96.97)	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/28/95	09/20/25	843,487.68	893,477.51		(178,262.67)			665,225.01	711,199.98	(4,014.86)	0.00
GNMA	1994 SF MRB CHMRB	6.72	09/18/97	11/01/26	62,005.52	66,121.02		(262.72)			61,742.80	65,999.27	140.97	0.00
GNMA	1994 SF MRB CHMRB	6.70	07/30/96	06/20/26	127,139.28	134,414.18		(560.62)			126,578.66	135,068.58	1,215.02	0.00
GNMA	1994 SF MRB CHMRB	6.70	01/12/96	11/20/25	1,425,015.62	1,508,627.18		(232,489.65)			1,192,525.97	1,274,231.76	(1,905.77)	0.00
GNMA	1994 SF MRB CHMRB	7.10	01/30/96	10/20/25	575,823.84	612,590.59		(68,499.00)			507,324.64	542,829.75	(1,261.84)	0.00
GNMA	1994 SF MRB CHMRB	7.10	02/28/96	12/20/25	173,127.01	184,031.52		(1,100.90)			172,026.11	183,915.61	984.99	0.00
GNMA	1994 SF MRB CHMRB	6.70	02/28/96	01/20/26	461,681.69	488,111.57		(134,617.90)			327,063.79	349,009.64	(4,484.03)	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/15/96	07/20/26	275,930.53	291,389.24		(1,725.33)			274,205.20	292,265.76	2,801.85	0.00
GNMA	1994 SF MRB CHMRB	6.70	05/30/96	11/20/25	424,923.46	448,841.00		(2,924.15)			421,999.31	449,895.68	3,978.83	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/15/96	08/20/26	521,746.44	554,483.71		(2,252.47)			519,493.97	555,224.46	2,993.22	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/29/96	08/20/26	593,538.18	630,909.58		(64,797.07)			528,741.11	565,223.64	(888.87)	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/16/96	08/20/26	463,212.14	490,026.98		(54,806.92)			408,405.22	436,073.65	853.59	0.00
GNMA	1994 SF MRB CHMRB	6.70	11/14/96	10/20/26	325,910.30	344,776.90		(1,618.24)			324,292.06	346,262.04	3,103.38	0.00
GNMA	1994 SF MRB CHMRB	6.70	12/01/99	06/20/26	101,686.28	107,425.12		(41,897.74)			59,788.54	63,751.43	(1,775.95)	0.00
GNMA	1994 SF MRB CHMRB	6.72	11/18/96	10/20/26	3,132,893.84	3,312,255.38		(346,558.61)			2,786,135.23	2,972,878.89	7,182.12	0.00
GNMA	1994 SF MRB CHMRB	6.72	01/16/97	12/20/26	707,175.98	747,776.96		(77,528.47)			629,647.51	671,910.19	1,661.70	0.00
GNMA	1994 SF MRB CHMRB	7.10	01/30/97	12/20/26	228,310.03	242,898.64		(1,105.08)			227,204.95	243,095.36	1,301.80	0.00
GNMA	1994 SF MRB CHMRB	7.10	03/27/97	03/20/27	256,273.31	272,169.95		(1,050.65)			255,222.66	272,593.20	1,473.90	0.00
GNMA	1994 SF MRB CHMRB	6.72	05/15/97	01/20/27	538,952.86	569,213.65		(74,172.48)			464,780.38	495,407.41	366.24	0.00
GNMA	1994 SF MRB CHMRB	6.70	07/30/97	06/20/27	650,261.82	688,771.56		(79,166.05)			571,095.77	608,799.65	1,194.14	0.00

Investment Type	Issue	Current	Current	Current	Beginning	Beginning	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending	Ending	Change in in Market Value	Recognized Gain
		Interest Rate	Purchase Date	Maturity Date	Carrying Value 08/31/03	Market Value 08/31/03					Carrying Value 11/30/03	Market Value 11/30/03		
SNMA	1994 SF MRB CHMRB	6.72	09/18/97	09/20/27	879,124.33	928,338.96			(262,360.38)		616,763.95	657,302.73	(8,675.85)	0.00
SNMA	1994 SF MRB CHMRB	6.05	09/27/96	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	1.02	11/26/03	12/01/03	551.65	551.65	1.56				553.21	553.21	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	11/26/03	12/01/03	421.01	421.01	1.57				422.58	422.58	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	11/26/03	12/01/03	79.39	79.39	0.51				79.90	79.90	-	0.00
	<b>1994 SF MRB CHMRB Total</b>				<b>30,038,242.04</b>	<b>31,747,037.13</b>	<b>99,677.58</b>	<b>(536,206.65)</b>	<b>(3,263,089.67)</b>	<b>0.00</b>	<b>26,338,623.30</b>	<b>28,043,770.06</b>	<b>(3,648.33)</b>	<b>0.00</b>
Repo Agmt	1995 A/B SF MR RfdgBonds	1.02	11/26/03	12/01/03	53,058.19	53,058.19		(32,848.77)			20,209.42	20,209.42	-	0.00
SNMA	1995 A/B SF MR RfdgBonds	7.10	06/29/95	06/20/25	1,659,516.80	1,766,103.99			(108,579.66)		1,550,937.14	1,660,067.17	2,542.84	0.00
SNMA	1995 A/B SF MR RfdgBonds	7.10	02/28/96	07/01/25	118,687.39	126,419.35			(539.06)		118,148.33	126,570.77	690.48	0.00
Repo Agmt	1995 A/B SF MR RfdgBonds	1.02	11/26/03	12/01/03	992.51	992.51	2.57				995.08	995.08	-	0.00
	<b>1995 A/B SF MR RfdgBonds Total</b>				<b>1,832,254.89</b>	<b>1,946,574.04</b>	<b>2.57</b>	<b>(32,848.77)</b>	<b>(109,118.72)</b>	<b>0.00</b>	<b>1,690,289.97</b>	<b>1,807,842.44</b>	<b>3,233.32</b>	<b>0.00</b>
	<b>Total 1994/1995 SF MRB CHMRB Investment Summary</b>				<b>31,870,496.93</b>	<b>33,693,611.17</b>	<b>99,680.15</b>	<b>(569,055.42)</b>	<b>(3,372,208.39)</b>	<b>0.00</b>	<b>28,028,913.27</b>	<b>29,851,612.50</b>	<b>(415.01)</b>	<b>0.00</b>



Texas Department of Housing and Community Affairs  
Comm Paper Investment Summary  
For Period Ending November 30, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Repo Agmt	Commercial Paper	1.02	11/26/03	12/01/03	171,909.47	171,909.47	13,518.34				185,427.81	185,427.81	-	0.00
GICs	Commercial Paper	2.00	10/23/03	04/14/04	17,095,000.00	17,095,000.00		(13,095,000.00)			4,000,000.00	4,000,000.00	-	0.00
GICs	Commercial Paper	1.97	10/23/03	04/14/04	9,375,000.00	9,375,000.00	40,625,000.00				50,000,000.00	50,000,000.00	-	0.00
GICs	Commercial Paper	1.97	10/23/03	04/14/04	35,000,000.00	35,000,000.00		(27,530,000.00)			7,470,000.00	7,470,000.00	-	0.00
<b>Commercial Paper Total</b>					61,641,909.47	61,641,909.47	40,638,518.34	(40,625,000.00)	0.00	0.00	61,655,427.81	61,655,427.81	0.00	0.00
<b>Total Commercial Paper Investment Summary</b>					61,641,909.47	61,641,909.47	40,638,518.34	(40,625,000.00)	0.00	0.00	61,655,427.81	61,655,427.81	0.00	0.00

Texas Department of Housing and Community Affairs  
 General Fund Investment Summary  
 For Period Ending November 30, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in In Market Value	Recognized Gain
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	2,508,846.24	2,508,846.24	8,257.58				2,515,103.82	2,515,103.82	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	2,365,108.12	2,365,108.12	170,917.35				2,536,025.47	2,536,025.47	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	2,159,455.72	2,159,455.72	8,275.99				2,167,731.71	2,167,731.71	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	350,325.84	350,325.84		(3,722.88)			346,602.96	346,602.96	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	307,409.59	307,409.59	766.74				308,176.33	308,176.33	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	163,388.57	163,388.57		(23,135.77)			140,252.80	140,252.80	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	595,501.04	595,501.04		(103,641.85)			491,859.19	491,859.19	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	99,860.30	99,860.30	249.07				100,109.37	100,109.37	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	59,485.10	59,485.10	8,446.18				67,931.28	67,931.28	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	618,936.42	618,936.42	1,543.78				620,480.20	620,480.20	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	422,113.85	422,113.85	1,250,773.89				1,672,887.54	1,672,887.54	-	0.00
Repo Agmt	General Fund	1.02	11/26/03	12/01/03	187,616.75	187,616.75	433,357.11				620,973.86	620,973.86	-	0.00
<b>General Fund Total</b>					<b>9,838,047.34</b>	<b>9,838,047.34</b>	<b>1,880,587.69</b>	<b>(130,500.50)</b>	<b>0.00</b>	<b>0.00</b>	<b>11,588,134.53</b>	<b>11,588,134.53</b>	<b>0.00</b>	<b>0.00</b>
<b>Total General Fund Investment Summary</b>					<b>9,838,047.34</b>	<b>9,838,047.34</b>	<b>1,880,587.69</b>	<b>(130,500.50)</b>	<b>0.00</b>	<b>0.00</b>	<b>11,588,134.53</b>	<b>11,588,134.53</b>	<b>0.00</b>	<b>0.00</b>

Texas Department of Housing and Community Affairs  
Housing Trust Fund Investment Summary  
For Period Ending November 30, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change In In Market Value	Recognized Gain
Repo Agmt	Housing Assistance Fund	1.02	11/26/03	12/01/03	524,078.87	524,078.87	14,989.76				539,068.63	539,068.63	-	0.00
Repo Agmt	Housing Trust Fund	1.02	11/26/03	12/01/03	1,293,436.05	1,293,436.05		(497,078.00)			796,358.05	796,358.05	-	0.00
Repo Agmt	Housing Trust Fund				823,702.03	823,702.03		(823,702.03)					-	0.00
Repo Agmt	Housing Trust Fund	1.02	11/26/03	12/01/03	132,638.75	132,638.75	15,909.05				148,547.80	148,547.80	-	0.00
Repo Agmt	Housing Trust Fund				595,412.92	595,412.92		(595,412.92)					-	0.00
Repo Agmt	Housing Trust Fund				24,837.91	24,837.91		(24,837.91)					-	0.00
Repo Agmt	Housing Trust Fund				7,838.55	7,838.55		(7,838.55)					-	0.00
Repo Agmt	Housing Trust Fund				1,008,692.37	1,008,692.37		(1,008,692.37)					-	0.00
Repo Agmt	Housing Trust Fund	1.02	11/26/03	12/01/03	1,921,945.43	1,921,945.43	4,671.21				1,926,616.64	1,926,616.64	-	0.00
Repo Agmt	Housing Trust Fund	1.02	11/26/03	12/01/03	1,102,996.36	1,102,996.36		(26,879.96)			1,076,116.40	1,076,116.40	-	0.00
Repo Agmt	Housing Trust Fund	1.02	11/26/03	12/01/03	385,164.00	385,164.00	17,964.12				403,128.12	403,128.12	-	0.00
Repo Agmt	Housing Trust Fund	1.02	11/26/03	12/01/03	360,213.53	360,213.53	850.25				361,063.78	361,063.78	-	0.00
Repo Agmt	Housing Trust Fund	1.02	11/26/03	12/01/03			780,790.58				780,790.58	780,790.58	-	0.00
Repo Agmt	Housing Trust Fund	1.02	11/26/03	12/01/03			2,002,027.09				2,002,027.09	2,002,027.09	-	0.00
Repo Agmt	Housing Trust Fund	1.02	11/26/03	12/01/03									-	0.00
<b>Housing Trust Fund Total</b>					<b>8,180,956.77</b>	<b>8,180,956.77</b>	<b>2,837,202.06</b>	<b>(2,984,441.74)</b>	<b>0.00</b>	<b>0.00</b>	<b>8,033,717.09</b>	<b>8,033,717.09</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Housing Trust Fund Investment Summary</b>					<b>8,180,956.77</b>	<b>8,180,956.77</b>	<b>2,837,202.06</b>	<b>(2,984,441.74)</b>	<b>0.00</b>	<b>0.00</b>	<b>8,033,717.09</b>	<b>8,033,717.09</b>	<b>0.00</b>	<b>0.00</b>

Texas Department of Housing and Community Affairs  
Administration Investment Summary  
For Period Ending November 30, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in In Market Value	Recognized Gain
Repo Agent	Administration	1.02	11/26/03	12/01/03	133,383.70	133,383.70	524.48				133,908.18	133,908.18		0.00
	<b>Administration Total</b>				133,383.70	133,383.70	524.48				133,908.18	133,908.18	0.00	0.00
	<b>Total Administration Investment Summary</b>				133,383.70	133,383.70	524.48	0.00	0.00	0.00	133,908.18	133,908.18	0.00	0.00

Texas Department of Housing and Community Affairs  
 Compliance Investment Summary  
 For Period Ending November 30, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in In Market Value	Recognized Gain
Repo Agmt	RTC	1.02	11/26/03	12/01/03	660,866.67	660,866.67		(228,755.75)			432,110.92	432,110.92	-	0.00
Repo Agmt	Multi Family	1.02	11/26/03	12/01/03	477,169.47	477,169.47		(14,726.46)			462,443.01	462,443.01	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.02	11/26/03	12/01/03	719,684.76	719,684.76		(300,121.61)			419,563.15	419,563.15	-	0.00
<b>Compliance Total</b>					1,857,720.90	1,857,720.90	0.00	(543,603.82)	0.00	0.00	1,314,117.08	1,314,117.08	0.00	0.00
<b>Total Compliance Investment Summary</b>					1,857,720.90	1,857,720.90	0.00	(543,603.82)	0.00	0.00	1,314,117.08	1,314,117.08	0.00	0.00

Texas Department of Housing and Community Affairs  
Housing Initiatives Investment Summary  
For Period Ending November 30, 2003

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/03	Beginning Market Value 08/31/03	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/03	Ending Market Value 11/30/03	Change in Market Value	Recognized Gain
Repo Agmt	S/F Interim Construction	1.02	11/26/03	12/01/03	433,875.45	433,875.45	1,030.26				434,905.71	434,905.71	-	0.00
Repo Agmt	S/F Interim Construction	1.02	11/26/03	12/01/03	391.93	391.93		(29.45)			362.48	362.48	-	0.00
Repo Agmt	S/F Interim Construction	1.02	11/26/03	12/01/03	222.96	222.96		(28.54)			194.42	194.42	-	0.00
Repo Agmt	Mtg. Credit Certificate	1.02	11/26/03	12/01/03	65,254.21	65,254.21	199.27				65,453.48	65,453.48	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.02	11/26/03	12/01/03	503,218.18	503,218.18		(27,275.02)			475,943.16	475,943.16	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.02	11/26/03	12/01/03	1,695,092.76	1,695,092.76		(559,288.39)			1,135,804.37	1,135,804.37	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.02	11/26/03	12/01/03	205,255.97	205,255.97	58,589.35				263,845.32	263,845.32	-	0.00
<b>Housing Initiatives Total</b>					<b>2,903,311.46</b>	<b>2,903,311.46</b>	<b>59,818.88</b>	<b>(586,621.40)</b>	<b>0.00</b>	<b>0.00</b>	<b>2,376,508.94</b>	<b>2,376,508.94</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Housing Initiatives Investment Summary</b>					<b>2,903,311.46</b>	<b>2,903,311.46</b>	<b>59,818.88</b>	<b>(586,621.40)</b>	<b>0.00</b>	<b>0.00</b>	<b>2,376,508.94</b>	<b>2,376,508.94</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Investment Summary</b>					<b>1,298,484,589.31</b>	<b>1,317,170,320.80</b>	<b>271,722,747.63</b>	<b>(285,203,642.99)</b>	<b>(43,192,492.63)</b>	<b>0.00</b>	<b>1,241,811,181.32</b>	<b>1,267,902,210.79</b>	<b>7,405,277.98</b>	<b>0.00</b>

**PROGRAMS COMMITTEE MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**The Westin Galleria Dallas**  
**13340 Dallas Parkway, Consular/Congressional Room, Dallas, Texas 75240**  
**February 11, 2004                      8:00 a.m.**

**A G E N D A**

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

C. Kent Conine  
Committee 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 Programs Committee of the Board of the Texas Department of Housing and Community Affairs will meet to consider and possibly act on the following:

**ACTION ITEMS**

- |        |   |                   |
|--------|---|-------------------|
| Item 1 | Presentation, Discussion and Possible Approval of Minutes of Programs Committee Meeting of January 13, 2004   | C. Kent Conine    |
| Item 2 | Presentation and Discussion on Staff Updates to Committee on Requested Items from Previous Program Committee Meeting:<br>2003 Performance by Funding Source, Specific Activities and Income Categories<br>2004 Projected Housing Funding By Activity<br>Bond and Tax Credit Funding | Edwina Carrington |
| Item 3 | Presentation, Discussion and Possible Approval of Suggested Changes To Performance Measures   | Edwina Carrington |

**EXECUTIVE SESSION**

If permitted by law, the Committee may discuss any item listed on this agenda in Executive Session

C. Kent Conine

**OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

C. Kent Conine

**ADJOURN**

C. Kent Conine

*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 sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.*

**PROGRAMS COMMITTEE MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
507 Sabine, Room 437, Austin, Texas 78701  
January 13, 2004 9:00 a. m.

**Summary of Minutes**

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

The Programs Committee Meeting of the Texas Department of Housing and Community Affairs of January 13, 2004 was called to order by Committee Chairman C. Kent Conine at 9:10 a.m. It was held at 507 Sabine, Room 437, Austin, Texas. Roll call certified a quorum was present. Vidal Gonzalez was absent.

Members present:

C. Kent Conine -- Chair

Beth Anderson -- 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 department staff and motions made by the Committee.

Mr. Conine called for public comment and no one wished to give any comments.

**ACTION ITEMS**

**1) Presentation and Discussion of Role of Programs Committee, Items for Committee Discussions in FY 2004 Including Prioritizing of Items for the Programs Committee**

Mr. Conine stated this Committee will review the responsibilities and role and decide how to move forward with discussions. He stated the Committee will review the duties and determine if they are appropriate or if any duty need to be changed, revised, etc.

Ms. Carrington stated this is comprehensive evaluation of the list of the duties for this Committee and under the duty listed as "Evaluate program structures" to add "rules".

Ms. Anderson stated that the benefits of having an active program committee to advise the board and to work with staff on program evolution there are two items which are priorities and effectiveness of the programs. Effectiveness is different than compliance. She wants to make sure to encapsulate the notions of classic program evaluation where one is evaluating effectiveness based on some agreed upon criteria.

The duties listed were:

- Evaluate program structures.
- Approve marketing plans for programs.
- Approve evaluation methods for lender fund allocations.
- Review and evaluate program compliance.
- Review and approve housing programs.
- Evaluate new products for housing programs.



Mr. Conine and Ms. Anderson had suggestions for changes to these and they are:

“Review and approve housing programs” to change to “Review, evaluate and approve the effectiveness of housing programs”

“Review and evaluate program compliance” to change to “Review and evaluate program compliance and effectiveness”

“Evaluate program structures” to change to “Review program structures, rules and priorities”

Motion made by Beth Anderson and seconded by C. Kent Conine to change the duties to: Evaluate program structures, rules and priorities; Approve marketing plans for programs; Approve evaluation methods for lender fund allocations; Review and evaluate program compliance and effectiveness; Review, evaluate and approve the effectiveness of housing programs; and evaluate new products for housing programs.

Passed Unanimously

Ms. Carrington provided the Committee with the funding charts from the State Low Income Housing Plan approved by the Board in December of 2003. One chart reflected the total funding by programs and total funds committed for 2003. The second chart reflected the 2004 projected funds which included the amount of federal dollars, state funding, and any other funds that might come to the Department. On the 2004 projected allocation amount the federal funding is up to 99% for the department.

Ms. Anderson stated the chart comparison of year to year funds is helpful and Mr. Conine asked that any future charts have the amount of dollars and producing so many dollars of rental multi-family housing across the state or single family housing, etc.

Ms. Carrington stated that additional pages will be added to the charts which reflect how many units of multi family housing are produced or single family providing so many home ownership opportunities for so many families in Texas, HOME program provides so many homes, etc.

Mr. Conine stated staff could do this in units or in dollars.

Ms. Anderson would like to have the total dollars projected and show that so much is going into single family mortgages verses down payment assistance, verses owner occupied rehab and do this by activity. She asked Communications to tell the story that reflects the accomplishments of the department. Make the data tell the story of accomplishments.

Mr. Conine suggested the department figure out a way to communicate this information to not only the board but to the public and the state legislature as well. He also asked for copies of information that reflects funding, etc. for each legislative district that is given the Legislators when a visit is made to that office. The board members could pick which ones they wanted to review and he asked for this as soon as possible. He also asked that at the Programs Committee meetings that a review of each of the programs be completed so that the Committee can ask questions and make recommendations to the full on any changes that might need to be made.

The Single Family Bond Program will be discussed in February and this will be the first program for review. The next program area to review is the HOME program and various functions as it spreads through single family and multi family (this which might take several meetings). In future meetings, the committee will decide what program will be next, etc. The HOME Program review will start in March, 2004.

Ms. Anderson stated she would like to have a report on performance measures.

Ms. Sarah Anderson stated the department has the opportunity to submit requests for changes to the Legislative Budget Board on the performance measures now. Her staff is working with individual

divisions to review specific performance measures as the measures now in place do not reflect the agency mission and there is a need to change several.

She will present a draft of the idea of the direction that staff is taking at the next programs committee meeting. These plans will then be presented to the full board in March.

Ms. Beth Anderson complimented Sarah Anderson and her staff who are beginning the process of taking a look at these performance measures and determining if they are reflective of the mission of the department and reflective of what the department does and of the billing and funding sources.

**EXECUTIVE SESSION**

Consultation with Attorney Pursuant to Sec. 551.071, Texas Government Code

If permitted by law, the Committee may discuss any item listed on this agenda in Executive Session

**OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

There was no Executive Session held.

**ADJOURN**

The meeting adjourned at 9:50 a.m.

Respectfully submitted,

Delores Groneck  
Board Secretary

pcmindec



## Memorandum

**To:** TDHCA Programs Committee  
**From:** Edwina Carrington, Executive Director  
**cc:**  
**Date:** 2/4/04  
**Re:** Follow up to requested information from the January 13, 2004 Programs Committee meeting.  
**Message:**

The following information is being provided per requests at the January 13, 2004 Programs Committee meeting:

- Tables with FY 2003 performance broken out by funding source, specific activities, and income categories.
- Pie chart of FY 2003 housing funds committed by activity
- Pie chart of FY 2003 number of households served by activity
- FY 2003 Rider 3 performance by funding source
- Table and pie chart of FY 2004 projected housing funding by activity
- Bond and tax credit multiplier estimates

Table 8A: Total Department Funding and Performance for FY 2003

State Total	All Programs <sup>1</sup>	HOME	HTF <sup>2</sup>	HTC <sup>3</sup>	Single Family Bond Program	Multifamily Bond Program	Section 8	OCI <sup>4</sup>
<b>All Activities</b>								
Total Funding	\$ 464,096,192	\$ 60,857,754	\$ 9,587,219	\$ 59,931,028	\$ 40,000,000	\$ 185,900,000	\$ 10,205,690	\$ 6,652,000
Actual Dollar Amount Committed	\$ 492,389,672	\$ 60,857,754	\$ 7,329,741	\$ 59,931,028	\$ 72,339,407	\$ 185,900,000	\$ 10,205,690	\$ 6,652,000
Target Number	491,723	2,160	1,390	6,100	1,860	1,100		3,408
Actual Number Served	571,275	2,867	1,735	14,055	1,275	3,560	2,262	\$ 2,802
2004 Projected Funding	\$ 483,832,401	\$ 45,000,000	\$ 3,247,460	\$ 38,000,000	\$ 161,000,000	\$ 150,000,000	\$ 11,119,039	\$ 8,000,000
2004 Target Number	538,038	2,300	1,686	10,763	1,770	1,999	2,200	3,850
<b>Multifamily Development</b>								
Actual Dollar Amount Committed	\$ 244,897,203	\$ 1,764,859	\$ 4,212,998	\$ 53,019,346		\$ 185,900,000		
Actual Number Served	16,941	30	1,616	11,735		3,560		
<b>Multifamily Rehabilitation</b>								
Actual Dollar Amount Committed	\$ 8,643,425	\$ 1,615,000	\$ 116,743	\$ 6,911,682				
Actual Number Served	2,599	257	22	2,320				
<b>Rental Payment Assistance</b>								
Actual Dollar Amount Committed	\$ 15,558,278	\$ 5,352,588					\$ 10,205,690	
Actual Number Served	2,826	564					2,262	
<b>Single Family Development</b>								
Actual Dollar Amount Committed	\$ 8,888,300	\$ 5,888,300	\$ 3,000,000					
Actual Number Served	562	465	97					
<b>Single Family Financing and Homebuyer Assistance</b>								
Actual Dollar Amount Committed	\$ 77,637,779	\$ 5,298,372			\$ 72,339,407			\$ 4,352,000
Actual Number Served	2,001	726			1,275			149
<b>Single Family Owner-Occupied Assistance</b>								
Actual Dollar Amount Committed	\$ 40,938,635	\$ 40,938,635						
Actual Number Served	825	825						
<b>Community Affairs/Self-Help Centers</b>								
Actual Dollar Amount Committed	\$ 95,826,052							\$ 2,300,000
Actual Number Served	545,521							2,653
<b>Extremely Low Income</b>								
Actual Dollar Amount Committed	\$ 61,755,863	\$ 45,703,546	\$ 842,208	\$ 3,830,759	\$ 3,214,799		\$ 8,164,551	
Actual Number Served	4,300	1,400	155	839	96		1,810	
<b>Very Low Income</b>								
Actual Dollar Amount Committed	\$ 402,928,380	\$ 6,562,399	\$ 6,487,533	\$ 56,100,269	\$ 50,010,988	\$ 185,900,000	\$ 2,041,139	\$ 6,652,000
Actual Number Served	565,884	430	1,580	13,216	976	3,560	452	2,802
<b>Low Income</b>								
Actual Dollar Amount Committed	\$ 21,709,458	\$ 8,591,809			\$ 13,117,649			
Actual Number Served	1,183	1,037			146			
<b>Moderate Income and Up</b>								
Actual Dollar Amount Committed	\$ 5,995,971				\$ 5,995,971			
Actual Number Served	57				57			

<sup>1</sup>All Programs total includes 440,000 individuals in the target number and the rest are households. The number served and very low income totals include 453,380 individuals.

<sup>2</sup>HTF funding includes capacity building and predevelopment funds for organizations; the final number served and geographic benefit is not known.

<sup>3</sup>HTC funding includes \$643,316 National Pool Credits, \$38,786,240 of the nine percent tax credits, and \$21,144,788 four percent tax credits. The total includes 7,358 four percent units.

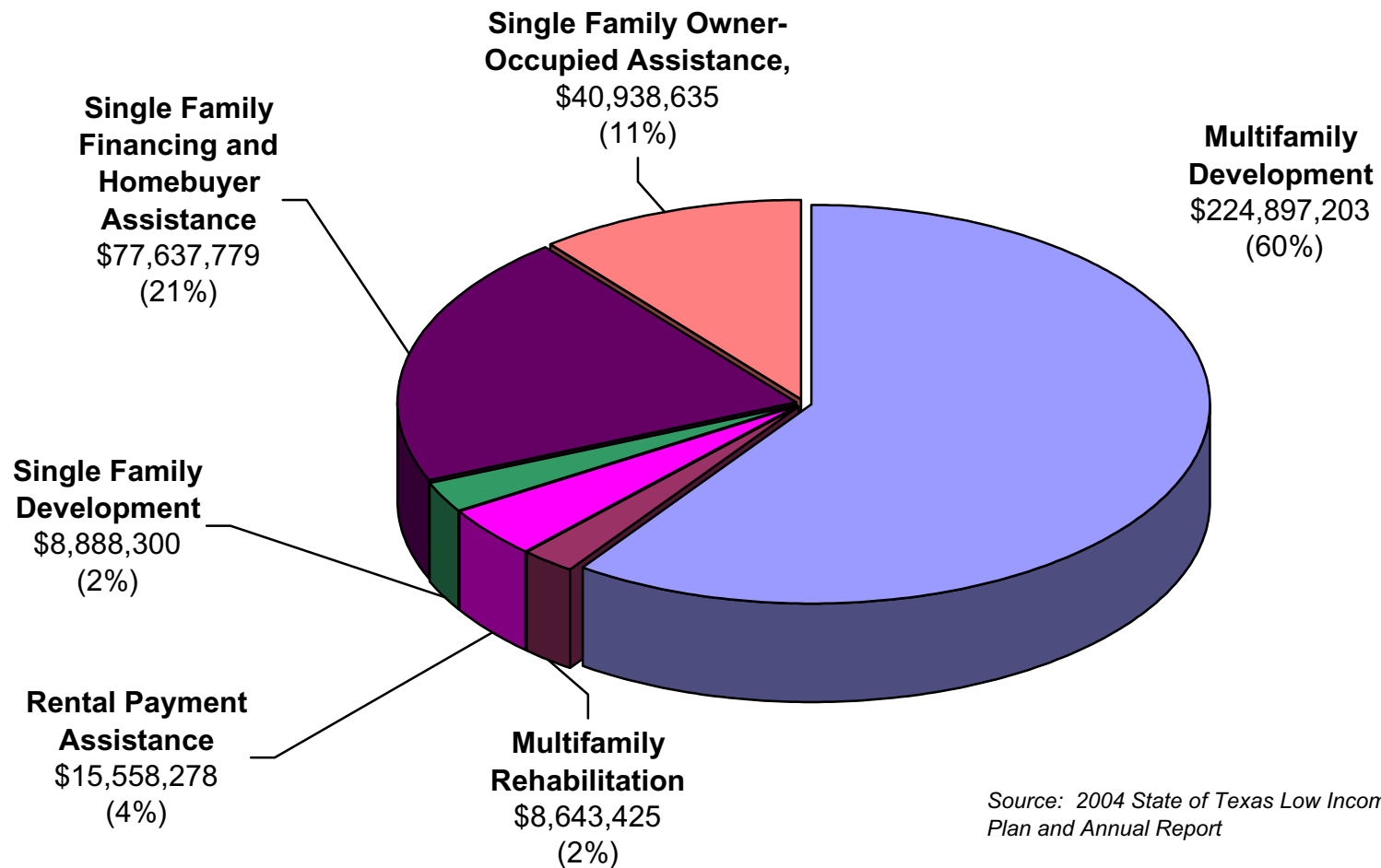
<sup>4</sup>Most of OCI funding is internal, except for the Self-Help Centers. OCI activities funded internally are not included in the grand totals.

<sup>5</sup>Target numbers and numbers served is individuals, not households.

Table 8B: Total Department Funding and Performance for FY 2003, Community Affairs

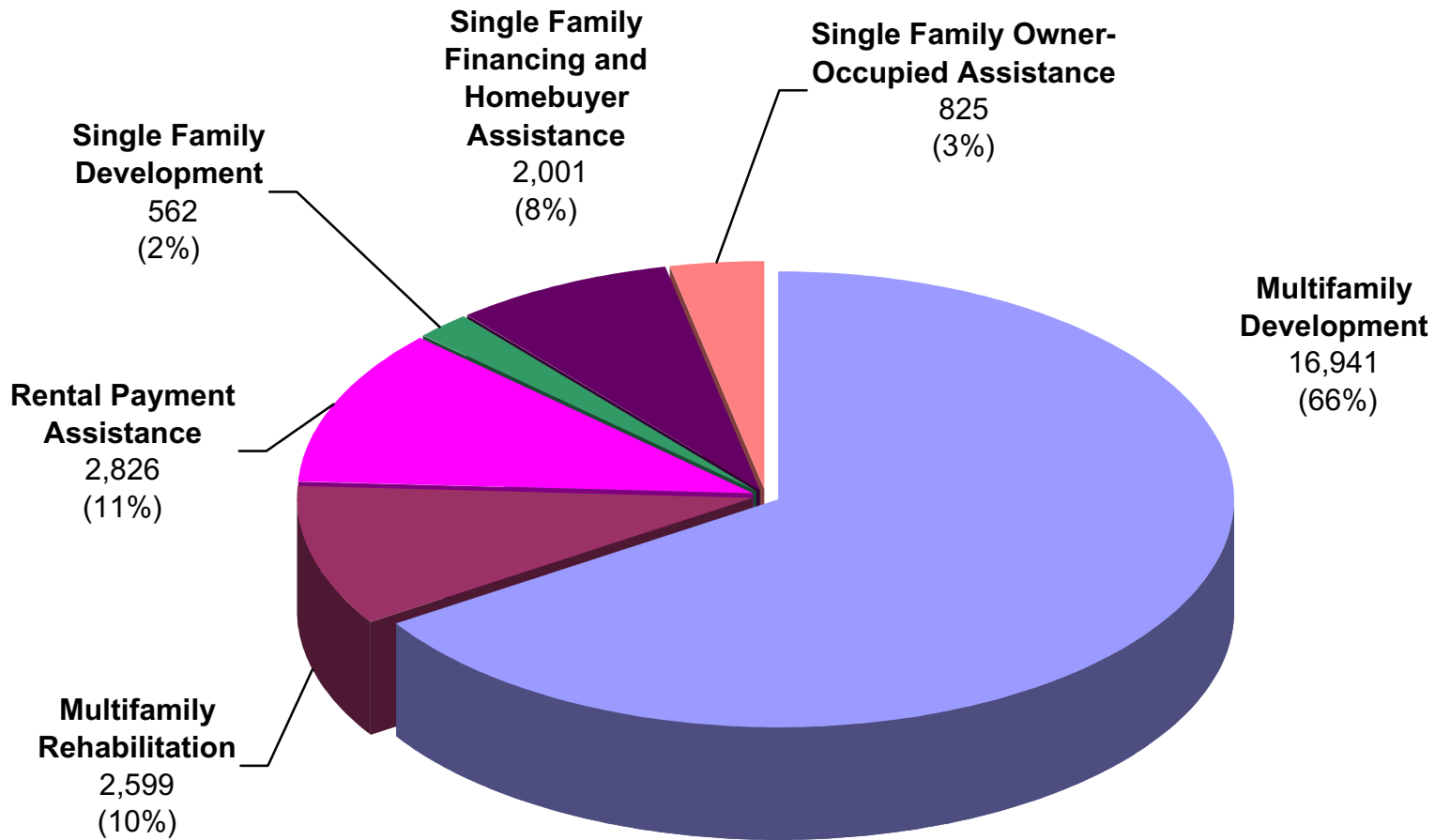
State Total	ESGP <sup>5</sup>	CSBG <sup>5</sup>	EN TERP <sup>5</sup>	CFNP	CEAP	WAP	SBF
<b>All Activities</b>							
Total Funding	\$ 4,687,000	\$ 30,947,421	\$ 276,889	\$ 302,246	\$ 35,417,390	\$ 12,916,554	\$ 10,767,000
Actual Dollar Amount Committed	\$ 4,475,534	\$ 29,400,049	\$ 247,279	\$ 302,246	\$ 35,417,390	\$ 12,916,554	\$ 10,767,000
Target Number		420,000		No Direct	47,241	5,319	3,145
Actual Number Served	138,756	313,798	826	Service	82,442	4,864	2,182
2004 Projected Funding	\$ 4,703,000	\$ 30,947,421	\$ -	\$ 346,017	\$ 28,320,465	\$ 11,148,999	\$ -
2004 Target Number		440,000			69,736	3,734	0
<b>Multifamily Development</b>							
Actual Dollar Amount Committed							
Actual Number Served							
<b>Multifamily Rehabilitation</b>							
Actual Dollar Amount Committed							
Actual Number Served							
<b>Rental Payment Assistance</b>							
Actual Dollar Amount Committed							
Actual Number Served							
<b>Single Family Development</b>							
Actual Dollar Amount Committed							
Actual Number Served							
<b>Single Family Financing and Homebuyer Assistance</b>							
Actual Dollar Amount Committed							
Actual Number Served							
<b>Single Family Owner-Occupied Assistance</b>							
Actual Dollar Amount Committed							
Actual Number Served							
<b>Community Affairs/Self-Help Centers</b>							
Actual Dollar Amount Committed	\$ 4,475,534	\$ 29,400,049	\$ 247,279	\$ 302,246	\$ 35,417,390	\$ 12,916,554	\$ 10,767,000
Actual Number Served	138,756	313,798	826		82,442	4,864	2,182
<b>Extremely Low Income</b>							
Actual Dollar Amount Committed							
Actual Number Served							
<b>Very Low Income</b>							
Actual Dollar Amount Committed	\$ 4,475,534	\$ 29,400,049	\$ 247,279	\$ 302,246	\$ 35,417,390	\$ 12,916,554	\$ 10,767,000
Actual Number Served	138,756	313,798	826		82,442	4,864	2,182
<b>Low Income</b>							
Actual Dollar Amount Committed							
Actual Number Served							
<b>Moderate Income and Up</b>							
Actual Dollar Amount Committed							
Actual Number Served							

## FY 2003 Housing Funds Committed by Activity\*



Source: 2004 State of Texas Low Income Housing Plan and Annual Report

## FY 2003 Number of Households Served by Activity\*

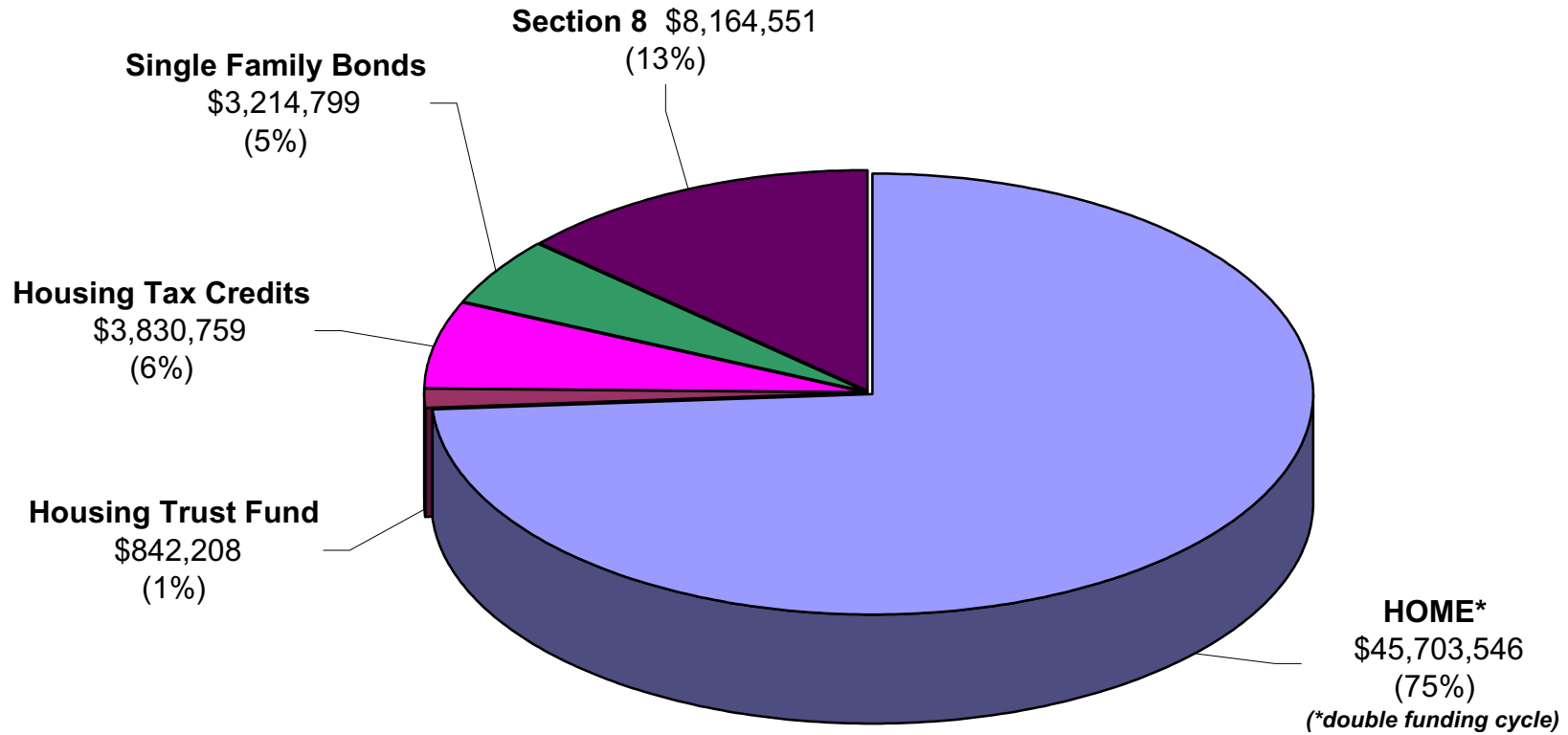


\*Source: 2004 State of Texas Low Income Housing Plan and Annual Report

# FY 2003 Rider 3 (0-30% AMFI) Performance by Funding Source\*

Annual Goal: \$30,000

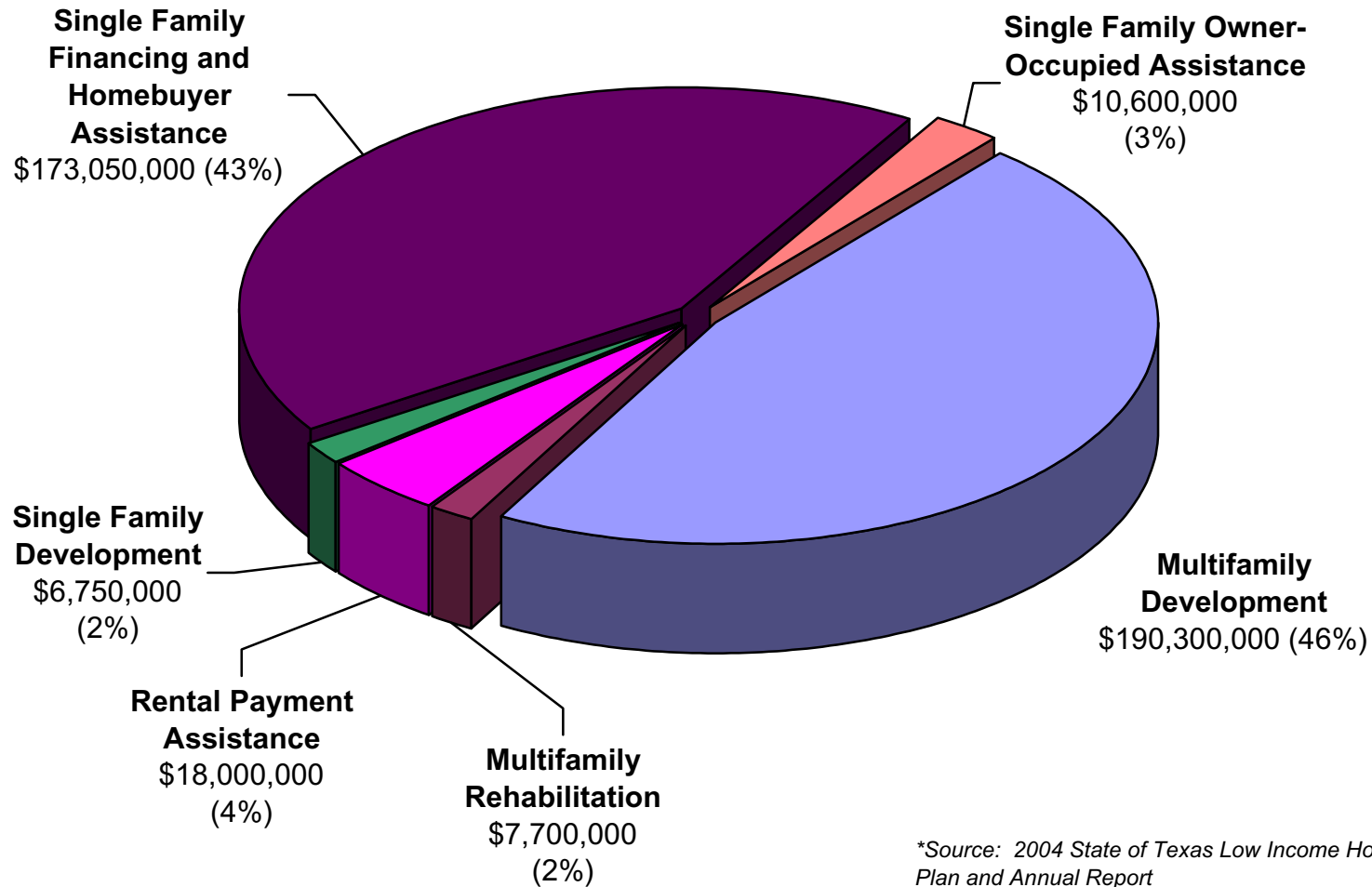
FY 2003 Performance: \$61,755,863



\*Source: 2004 State of Texas Low Income Housing Plan and Annual Report



## 2004 Projected Housing Funding by Activity\*



\*Source: 2004 State of Texas Low Income Housing Plan and Annual Report

## FY 2004 Projected Housing Funding by Activity\*

### **Multifamily Development**

Housing Tax Credits	\$	32,300,000
Multifamily Bonds	\$	150,000,000
Housing Trust Fund	\$	2,500,000
HOME Development Fund	\$	2,000,000
HOME CHDO funds	\$	3,500,000
<b>Total:</b>	<b>\$</b>	<b>190,300,000</b>

### **Multifamily Rehabilitation**

Housing Tax Credits	\$	5,700,000
HOME Preservation	\$	2,000,000
<b>Total:</b>	<b>\$</b>	<b>7,700,000</b>

### **Single Family Financing and Homebuyer Assistance**

Single Family Bonds	\$	161,000,000
HOME CHDO	\$	1,750,000
HOME Homebuyer Assistance	\$	7,700,000
Contract for Deed Conversions	\$	2,000,000
HOME Persons with Disabilities	\$	600,000
<b>Total:</b>	<b>\$</b>	<b>173,050,000</b>

### **Single Family Development**

HOME CHDO	\$	1,750,000
Bootstrap (various)	\$	4,000,000
Colonia Model Subdivision Program	\$	1,000,000
<b>Total:</b>	<b>\$</b>	<b>6,750,000</b>

### **Single Family Owner-Occupied Assistance**

HOME	\$	10,000,000
HOME Persons with Disabilities	\$	600,000
<b>Total:</b>	<b>\$</b>	<b>10,600,000</b>

### **Rental Payment Assistance**

Section 8	\$	11,000,000
HOME TBRA	\$	4,400,000
HOME Olmstead	\$	2,000,000
HOME Persons with Disabilities	\$	600,000
<b>Total:</b>	<b>\$</b>	<b>18,000,000</b>

**Total Projected Housing Funds for  
FY 2004\*\*** **\$ 406,400,000**

\*Source: 2004 State of Texas Low Income Housing Plan and Annual Report

\*\*less administrative, capacity building, and border field office funds

## Bond and Tax Credit Multiplier Estimates

### 9% TDHCA Housing Tax Credits\*

TDHCA Allocation	\$	38,000,000
X number of years award received		x 10
	\$	380,000,000
X syndication rate	\$	0.80
Equity Value	\$	304,000,000 (per year)

Assuming that the tax credit is financing 60% of the development cost:	\$	304,000,000 (60%)
Other development costs	\$	202,666,667 (40%)

**Total Development cost (investment) as a result of \$38 million in tax credits:**                      **\$                      506,666,667 (per year)**

### TDHCA Multifamily Bonds\*

Projected amount of bond allocation available for 2004:	\$	150,000,000 (60%)
(Assuming that the bonds finance 60% of the development cost and other source of funds includes 4% tax credits)	\$	100,000,000 (40%)

**Total cost of development:**                      **\$                      250,000,000 (for FY 2004)**

### Costs Associated with Other Bond Issuer Deals\*\*

Total Bond Amount Available	\$	311,000,000 (60%)
(Assuming that the bonds finance 60% of the development cost)		207,333,333 (40%)

**Total cost of development:**                      **\$                      518,333,333 (per year)**

Equity from credit contribution (based on historical data)	x .26	134,766,667
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per year calculation (divide by 10)		13,476,667
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syndication rate	\$	0.80
<b>Credit Allocation Estimate</b>	<b>\$</b>	<b>16,845,833</b>

<b>FY 2004 Estimate of Total Cost of Development Generated by Bonds and Tax Credits:</b>	<b>\$                      1,275,000,000</b>
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\*Source: 2004 State of Texas Low Income Housing Plan and Annual Report

\*\*Source: Bond Review Board

# CENTER FOR HOUSING RESEARCH, PLANNING, AND COMMUNICATIONS

## PROGRAMS COMMITTEE ACTION REQUEST

February 11, 2004

### Action Item

Proposed changes to the TDHCA performance measures for FY 2006-2007.

### Required Action

Review, discussion, and possible approval of proposed changes to the TDHCA performance measures for FY 2006-2007.

- See Attachment A for a side by side comparison of current and proposed measures. *Please note that the left side of the tables reflect current measures and the right side the proposed measures. Bolded items represent key measures that are reported to the Legislative Budget Board quarterly and the non-bolded items represent non-key measures which are maintained internally, but are not reported.*

### Background

#### ***Overview***<sup>1</sup>

The Strategic Planning and Performance Budgeting (SPPB) System is a mission- and goal-driven, results oriented system that combines strategic planning and performance budgeting in Texas into the State's appropriations process. The SPPB System is used to make state funding decisions based on whether or not a state agency is accomplishing expected results.

The SPPB System has three major components: strategic planning, performance budgeting (the General Appropriations Act [GAA] and agency operating budgets), and performance monitoring. The strategic plan is a five-year planning document that contains an agency's mission, goals, and objectives and the measures with which performance will be tracked. The GAA operates as the State's budget by allocating resources and setting performance targets based on the strategies identified by an agency in the strategic plan. An agency's operating budget provides a further breakdown of the funds allocated in the GAA and outlines projected performance. Performance is reported to and monitored by the Legislative Budget Board (LBB) and the Governor's Office of Budget and Planning (GOBP) on a frequent basis. Each of these components is interrelated and involves performance measures as a critical element in the SPPB System.

Performance measures are:

- Part of the strategic plan; they indicate how progress toward agency goals and objectives will be measured.
- Used by decision-makers in allocating resources and determining appropriation levels.
- Intended to help focus agency efforts on achieving priority goals and objectives.
- Monitoring tools to help guide government and make it accountable to the taxpayer.

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<sup>1</sup> Legislative Budget Board, "Guide to Performance Measures Management (2000 edition)," p.3

### ***Strategic Planning***<sup>2</sup>

During this phase, an agency develops a five-year strategic plan that includes performance measures. Development of this plan includes approval by the LBB and GOBP of strategic budget structures which include the goals, objectives, and strategies. These structures are the major components of the strategic plan, and form the basis for an agency's appropriation.

- An agency may propose revisions to their strategic planning and budgeting elements including revisions to performance measures and definitions (such as additions, deletions, name changes, and content/definition changes).
- The LBB and GOBP review requested changes and either accept them or propose alternatives and negotiate with agencies regarding the changes.
- The LBB and GOBP approve negotiated budget structure changes and changes to performance measures and measure definitions prior to submission by agencies of legislative appropriations requests.

### ***Objectives***<sup>3</sup>

Good performance measures should provide information that is meaningful and useful to decision-makers. They should flow from the mission, goals, objectives, and strategies with an emphasis on serving the agency's customers. A good system plays an integral part of daily operations and is well supported by executive management.

An effective measurement system should satisfy the following criteria:

- **Results-Oriented:** focuses primarily on outcomes and outputs
- **Selective:** concentrates on the most important indicators of performance
- **Useful:** provides information of value to the agency and decision-makers
- **Accessible:** provides periodic information about results
- **Reliable:** provides accurate, consistent information over time

The Department is undertaking the proposed changes in an effort to:

1. Reflect legislative and organization changes, and ensure that these changes are institutionalized from applications through accounting.
2. Make performance measures more useful for long-term planning.
3. Deliver more accurate information regarding agency performance.
4. Give a better picture to the legislature of what TDHCA does.

### ***Overview of Suggested Changes:***

- The housing goals have been categorized as multifamily and single family and then further delineated by activity.
- Duties transferred to Portfolio Management and Compliance through the reorganization are now reflected in the measures.
- A technical assistance measure reflecting the information clearinghouse responsibilities of the agency have been added and merged with the Office of Colonia Initiatives technical assistance requirements.
- The poor/homeless and manufactured housing goals only required minor changes to definitions and wording of measures.

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<sup>2</sup> Legislative Budget Board, "Guide to Performance Measures Management (2000 edition)," p.4

<sup>3</sup> Legislative Budget Board, "Guide to Performance Measures Management (2000 edition)," p.7,8

## Appendix A -- Performance Measures Comparison

2004-2005 Current

2006-2007 Proposed

### A. Affordable Housing

Goal: To Increase and Preserve the Availability of Safe, Decent, and Affordable Housing for Very Low, Low, and Moderate Income Persons and Families

1. Objective: Make loans, grants, and incentives available to fund eligible housing activities and preserve/create single-family and multifamily units for very low, low, and moderate income households

**Outcome 1. Percent of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-Related Assistance**

**Outcome 2. Percent of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-Related Assistance**

**Outcome 3. Percent of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-Related Assistance**

**Outcome 4. Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-Related Assistance**

Outcome 5: Percent of Multifamily Rental Units Benefiting Very Low, Low, and Moderate Income Households

### A. Affordable Housing

*No change in goal or objective; add 2 outcomes*

**Outcome: Percent of Single Family Funds Allocated Within Established Time Frames**

**Outcome: Percent of Multifamily Funds Allocated Within Established Time Frames**

**Blue Bold: Key Measures**

Red Non-bold: Non Key Measures

## Appendix A -- Performance Measures Comparison

**A.1.1. Strategy: Provide State Housing Loans and Grants Through Housing Trust Fund for Very Low and Low Income Households**

**Output: Projected Number of Very Low and Low Income Households Benefiting from Housing Trust Fund Loans and Grants**

**A.1.2. Strategy: Provide Federal Housing Loans and Grants Through the HOME Program for Very Low and Low Income Families**

**Output: Projected Number of Very Low and Low Income Households Benefiting from HOME Investment Partnership Loans or Grants**

Efficiency: Average Amount of Subsidy Provided Per Household by the HOME Program

Explanatory: Rate of Default on HOME Investment Program

Explanatory: Number of HOME Investment Program Loans or Grants Awarded

**A.1.3. Strategy: Provide Federal Rental Assistance Through Section 8 for the Very Low Income Households**

**Output: Number of Very Low Income Households Receiving Section 8 Certificates**

Efficiency: Average Cost Per Household Served Under Section 8

**A.1.4. Strategy: Provide Federal Tax Credits to Develop Rental Housing for Very Low and Low Income Households**

**Output: Number of Rental Units Projected to be Set Aside for Very Low and Low Income Households from Federal Tax Credits Provided Through TDHCA**

Explanatory: Number of Federal Tax Credit Allocations Made by TDHCA

Efficiency: Projected Average Cost Per Unit Developed

**A.1.5. Strategy: Provide Federal Mortgage Loans Through the Department's (MF) Mortgage Revenue Bond Program**

**Output: Number of Very Low and Low Income Households That Received Loans Through the MRB Program**

**Output: Number of Moderate Income Households That Received Loans Through the MRB Program**

Efficiency: Average Amount Provided Per First-Time Homebuyer Loan

Explanatory: Number of Lenders Participating in the First-Time Homebuyer Program

**A.1.6. Strategy: Provide Federal Mortgage Loans Through the Department's (SF) Mortgage Revenue Bond Program**

**Output: Number of Multifamily Rental Units Acquired, Rehabilitated, Constructed, or Preserved Through the MRB Program**

Efficiency: Average Cost Per Multifamily Rental Units Constructed

Efficiency: Average Cost Per Acquired, Rehabilitated, or Preserved Unit

Explanatory: Rate of Default on Multifamily Housing Development Loans

**A.1.1. Strategy: Single Family Assistance**

**Output: Single Family Loans and Grants - number units**

**Output: Financing and Homebuyer Assistance - number units (no dbl count)**

HOME Comm Hsg Dev Org number units, average amount

HOME non-Comm Hsg Dev Org number units, average amount

First Time Homebuyer number units, average amount

Down Payment Asst Program number units, average amount

**Output: Tenant Based Rental Assistance - number units (no dbl count)**

HOME number units, average amount

Section 8 number units, average amount

**Output: Single Family New Construction - number units (no dbl count)**

HOME number units, average amount

Housing Trust Fund number units, average amount

**Output: Single Family Rehabilitation - number units (no dbl count)**

HOME number units, average amount

Housing Trust Fund number units, average amount

**A.1.2. Strategy: Multifamily Assistance**

**Output: Multifamily Loans and Grants - number units (no dbl count)**

**Output: Multifamily New Construction - number units (no dbl count)**

Housing Tax Credit number units, average amount

Housing Trust Fund number units, average amount

Multifamily Bond number units, average amount

HOME Comm Hsg Dev Org number units, average amount

HOME non-Comm Hsg Dev Org number units, average amount

**Output: Multifamily Rehabilitation/Acquisition - number units (no dbl count)**

Housing Tax Credit number units, average amount

Housing Trust Fund number units, average amount

Multifamily Bond number units, average amount

**Blue Bold: Key Measures**

Red Non-bold: Non Key Measures

## Appendix A -- Performance Measures Comparison

### **B. Colonia Initiatives**

Goal: To Improve the Living Conditions and Lives of Border Residents in Texas

1. Objective: To promote and enhance home ownership opportunities along with the development of safe neighborhoods and effective community services for colonia residents and/or residents of low, very low, and extremely low income along the Texas-Mexico border

Outcome 1. Percent of CDBG-eligible Colonia Areas Receiving Technical Assistance from the Field Offices

#### **B.1.2. Strategy: To Provide Technical Assistance to Colonias Through Field Offices**

**Output: Number of On-site Technical Assistance Visits Conducted Annually from the Field Offices**

Output: Number of Colonia Residents Receiving Technical Assistance Annually Through the Colonia Field Offices

Output: Number of Entities and/or Individuals Receiving Informational Resources

### **B. Technical Assistance**

Goal: To Promote Improved Housing Conditions for Extremely Low, Very Low, and Low Income Households by Providing Information and Technical Assistance

1. Objective: To provide information and technical assistance regarding affordable housing resources and community support services

**Outcome: Percent of Information and Technical Assistance Requests Completed within Established Time Frames**

#### **B.1.1. Strategy: Provide Information to the Public and Provide Technical Assistance Through the Housing Center**

**Output: Number of Information and Technical Assistance Requests Completed**

Output: Number of Short Term Information and Technical Assistance Requests Completed (Phone)

Output: Number of Long Term Information and Technical Assistance Requests Completed (Mail or Email)

2. Objective: To promote and enhance home ownership opportunities along with the development of safe neighborhoods and effective community services for colonia residents and/or residents of low, very low, and extremely low income along the Texas-Mexico border

#### **B.1.2. Strategy: Provide Technical Assistance to Colonias Through Office of Colonia Initiatives Field Offices**

**Output: Number of On-site Technical Assistance Visits Conducted Annually from the Colonias Field Offices**

Output: Number of Colonia Residents Receiving Technical Assistance Annually Through the Colonia Field Offices

Output: Number of Entities and/or Individuals Receiving Informational Resources

**Blue Bold: Key Measures**

Red Non-bold: Non Key Measures



## Appendix A -- Performance Measures Comparison

### C. Poor and Homeless

Goal: Improve Living Conditions for the Poor and Homeless and Reduce the Cost of Home Energy for Very Low Income Texans

1.Objective: To Ease the Hardships of Poverty and Homelessness for 16 Percent of the Population of Very Low Income Persons Each Year

**Outcome 1. Percent of Persons in Poverty that Received Homeless and Poverty-Related Assistance**

Outcome 2. Percent of Emergency Shelters Assisted

Outcome 3. Percent of Persons Assisted That Achieve Incomes Above Poverty Level

**C.1.1. Strategy: Administer Homeless and Poverty-Related Funds Through a Network of Community Action Agencies and Other Local Organizations**

**Output: Number of Persons Assisted Through Homeless and Poverty-Related Funds**

**Output: Number of Persons Assisted that Achieve Incomes Above Poverty Level**

**Output: Number of Shelters Assisted**

Efficiency: Average Agency Administrative Cost Per Person Assisted

Explanatory: Total Number of Emergency Shelters

Explanatory: Total Number of Persons in Poverty

2. Objective: To Reduce the Cost of Home Energy for 6 Percent of Very Low Income Households Each Year

**Outcome 1. Percent of Very Low Income Households Receiving Energy Assistance**

**C.2.1. Strategy: Administer the State Energy Assistance Programs by Providing Grants to Local Organizations for Energy-Related Improvements**

**Output: Number of Households Assisted Through the Comprehensive Energy Assistance Program**

**Output: Number of Units Weatherized by the Department**

Output: Number of Units Weatherized with System Benefit Funds (SBF)

Efficiency: Average Cost Per Household Served

Efficiency: Average Cost Per Home Weatherized

Explanatory: Number of Very Low Income Households Eligible for Energy Assistance

### C. Poor and Homeless

*Minor changes to definitions, targets, and wording of measures*

**Blue Bold: Key Measures**

Red Non-bold: Non Key Measures

## Appendix A -- Performance Measures Comparison

### **D. Ensure Compliance**

Goal: Ensure Compliance with Texas Department of Housing and Community Affairs Federal and State Program Mandates

1. Objective: To Monitor 100 Percent of Multifamily and Single-Family Rental Properties and the Required Amount of Federally Funded Sub-Recipients to Determine Compliance with Federal and State Regulations Annually

**Outcome 1. Percent of Multifamily and/or Single-Family Rental Properties Monitored Annually**

**Outcome 2. Percent of Federally-Funded Sub-Recipients Monitored Annually**

Outcome 3. Percent of Properties in Compliance

**D.1.1. Strategy: To Review Housing Property Documents to Ensure Long-Term Affordability Standards**

**Output: Number of On-Site Reviews Conducted**

**Explanatory: Total Number of Units Administered**

Output: Number of Desk Reviews Conducted

Output: Total Number of Project Owners and Managers Receiving Technical Training

Efficiency: Average Cost Per On-Site Review

Efficiency: Average Cost Per Desk Review

Explanatory: Total Number of Multifamily and/or Single-Family Rental Properties in the TDHCA Portfolio

**D.1.2. Strategy: Review the Financial Documents of Sub-Recipients of Federal and State Grants/Loans for Financial Accountability and Fiscal Responsibility**

**Output: Number of On-Site Financial Reviews Conducted**

**Output: Number of Single Audit Reviews Conducted**

**Explanatory: Number of Sub-Recipients Funded by TDHCA**

Efficiency: Average Cost Per On-Site Financial Review

Efficiency: Average Cost Per Single Audit Review

**Blue Bold: Key Measures**

Red Non-bold: Non Key Measures

### **D. Ensure Compliance**

Goal: Ensure Compliance with Texas Department of Housing and Community Affairs Federal and State Program Requirements

1. Objective: To Monitor 100 Percent of Multifamily and Single-Family Rental Properties and the Required Amount of Federally Funded Sub-Recipients to Determine Compliance with Federal and State Regulations Annually

**Outcome 1. Percent of Multifamily and/or Single-Family Rental Properties Monitored Annually**

**Outcome 2: Percent of Open Contracts Monitored**

Outcome 3: Percent of Properties in Material Non-Compliance

**D.1.1. Strategy: Rental Housing Compliance Monitoring**

**Output: Number of Monitoring Reviews Conducted\***

Output: Number of onsite monitoring reviews (8609\* onsite)

Output: Number of desk reviews (desk, fair hsg report, substantial constr\*, constr insp\*)

Output: Number of Technical Asst and Public Information Requests Completed\* (1-800 calls\*, training, open records\*, complaints\*)

Output: Number of Application Instruments Processed\* (compliance status\*, LURA\*, application site insp\*)

**Explanatory: Number of Units Administered**

Explanatory: Number of Restricted Units Administered\*

Explanatory: Number of Non-Restricted Units Administered\*

Explanatory: Number of Rental Developments in the Compliance Monitoring Portfolio

Efficiency: Average budgeted cost to monitor a rental property\*

**D.1.2. Strategy: Portfolio and Contract Management**

**Output: Number of Monitoring Reviews Conducted\***

Output: Number of onsite monitoring reviews (onsite, tech asst visits\*)

Output: Number of desk reviews\* (desk\*, setup\*, draw\*, environmental\*, rectification, amendment and revision reviews\*)

**Output: Number of Completed Contracts Reviewed During Single Audit Process**

**Explanatory: Number of Contracts Administered in the PMC Database\* (by activity)**

Output: Number of Technical Asst and Public Information Requests Completed\* (tech asst calls\*, training\*, open records\*, complaints\*)

Efficiency: Average cost to monitor a contract\*

\*New measure or newly measured activity

## Appendix A -- Performance Measures Comparison

### **E. Manufactured Housing**

Goal: To Protect the Public by Regulating the Manufactured Housing Industry in Accordance with State and Federal Laws

1. Objective: Operate a Regulatory System Ensure Responsive Titling/Licensing/Other

**Outcome 1. Percent of Consumer Complaint Inspections Conducted within 30 Days of Request**

**Outcome 2. Percent of Complaints Resulting in Disciplinary Action**

Outcome 3. Percent of Applications Processed within Established Time Frames

Outcome 4. Percent of Documented Complaints Resolved within Six Months

Outcome 5. Recidivism Rate for Those Receiving Disciplinary Action

**E.1.1. Strategy: Provide Titling and Licensing Services in a Timely and Efficient Manner**

**Output: Number of Manufactured Housing Titles Issued**

**Output: Number of Licenses Issued**

**Explanatory: Number of Manufactured Homes Titled in Texas**

Efficiency: Average Cost Per Manufactured Housing Title Issued

**E.2.1. Strategy: Conduct Installation Inspections of Manufactured Homes in a Timely and Efficient Manner**

**Output: Number of Routine Installation Inspections Conducted**

**Explanatory: Number of Installation Reports Received**

Output: Number of Non-Routine Inspections Conducted

Efficiency: Average Cost Per Routine Inspection

Explanatory: Number of Installation Inspections with Deviations

**E.3.1. Strategy: To Process Consumer Complaints, Conduct Investigations, and Take Administrative Actions to Protect the General Public and Consumers**

**Output: Number of Complaints Resolved**

**Efficiency: Average Time for Complaint Resolution**

**Explanatory: Number of Jurisdictional Complaints Received**

Efficiency: Average Cost Per Complaint Resolved

### **E. Manufactured Housing**

*Minor changes to definitions, targets, and wording of measures*

**Blue Bold: Key Measures**

Red Non-bold: Non Key Measures

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 11, 2004**

**Action Items**

Request approval of the 2004 Housing Tax Credit Rural Rescue Policy (“the Policy”) that will enable developments with funding from TX-USDA-RHS that are experiencing foreclosure or loan acceleration to be submitted to the Board for recommendation for a forward commitment of low income housing tax credits from the 2005 credit ceiling.

**Required Action**

Approval of attached Policy.

**Background and Recommendations**

The 2003 Housing Tax Credit Rural Rescue Policy was approved by the Board at the March 2003 Board Meeting. Staff is now returning for approval of the 2004 Rural Rescue Policy. It is provided as a blackline - denoting revisions from the approved 2003 policy. Changes were minimal. Additional background on the policy is provided below.

During the 2003 QAP public comment period, TDHCA staff garnered public input on many issues. A half-day meeting was held in Temple, TX with representatives from TDHCA, Office of Rural Community Affairs (ORCA), Rural Rental Housing Association (RRHA), United States Department of Agriculture Rural Housing Services (RHS) and several rural HTC developers. The meeting was held to discuss pressing rural issues as they relate to the HTC program. One recurring issue was the dilemma associated with RHS developments facing foreclosure or loan acceleration that have missed the HTC filing deadline, but need assistance prior to the following year’s credit cycle. These developments were termed rural “rescue” developments. It was suggested at the time that these rescue developments be able to request credits any time in a calendar year and be granted a forward commitment from the following year’s credits. Based on these discussions, the following language was added to the 2003 QAP:

“The Board may utilize the forward commitment authority to allocate credits to TX-USDA-RHS Developments which are experiencing foreclosure or loan acceleration at any time during the 2003 calendar year.”

This language allows TDHCA to allocate credits to a set-aside that is generally undersubscribed. By allowing these credit applications, and awards, for this type of development, the Department will better be able to meet the needs of rural low income Texans. The QAP language grants the Board the authority to enact this process; however, the specific details of how these requests would be handled has not yet been determined. The attached policy outlines the steps that will be taken upon receipt of one of these requests.

For the 2003 calendar year, no applications were received for Rural Rescue developments wanting to utilize this process. However, staff recommends once again renewing the policy, with revisions, as several rural applicants have indicated an interest in pursuing this program in 2004.

**Low-Income Housing Tax Credit (HTC) Program**  
**2004 Policy for Granting Forward Commitments to Rural “Rescue” Developments**

I. Introduction

§~~5049~~.10(c) of the 200~~43~~ Qualified Allocation Plan and Rules (QAP) states: “The Board may utilize the forward commitment authority to allocate credits to TX-USDA-RHS Developments which are experiencing foreclosure or loan acceleration at any time during the 200~~43~~ calendar year.” This language was included in the QAP so that RHS developments that have already experienced foreclosure~~having been foreclosed~~, facing foreclosure or loan acceleration or which are otherwise in danger of default and foreclosure, that missed the ~~L~~HTC filing deadline, would still have an opportunity to receive credits without a delay until the following year’s credit cycle. These developments are termed rural “rescue” developments.

Because the QAP did not include the details of how these requests, and awards, would be handled, this policy provides the procedures for application, staff review and recommendation specifically for rural “rescue” developments.

II. Definitions

All definitions used in this policy are definitions found in the 2004 QAP.

III. Eligibility

Applications must:

1. be funded through RHS; and
2. must be able to provide evidence that the loan:
  - a. has been foreclosed and is in the RHS inventory, or
  - b. is being foreclosed, or
  - c. is being accelerated, or
  - d. is in imminent danger of foreclosure or acceleration.

IV. Procedures for Intake and Review

1. Applications for rural rescue deals may be submitted between ~~March 2, 2004~~ February 28, 2003 and ~~November 15, 2004~~ October 31, 2003 and must be submitted in accordance with §~~5049~~.22 of the QAP. A complete Application must be submitted at least ~~3060~~ days prior to the date of the Board meeting at which the Applicant would like the Board to act on the proposed Development. Applications must include the full Application Fee of \$20 per Unit as further described in §~~5049~~.21(c) of the QAP. Applicants must submit documents in accordance with the procedures set out in the 200~~43~~ Application Submission Procedures Manual for Volumes I, II, III and IV. Volume IV, evidencing Selection Criteria, MUST be submitted.
2. Applicant~~s~~ do not need to participate in the Pre-Application process outlined in §~~5049~~.8 of the QAP, nor will they need to submit pre-certification documents identified in §~~4950~~.9(~~ed~~) of the QAP.
3. Application will be reviewed to confirm that the Application is eligible under §§~~5049~~.5 and ~~5049~~.6 of the QAP and to ensure that the Application is eligible as a rural “rescue” Development as described in paragraph III of this ~~p~~Policy.
4. Applications will be reviewed for Threshold Criteria as further described in §~~5049~~.9(~~fe~~) of the QAP. Applications that satisfy the Threshold Criteria will then be scored according to the Selection Criteria outlined in §~~5049~~.9(~~gf~~) of the QAP. As described ~~in~~ under §§~~4950~~.3(1) and ~~50.9(d)(3)~~ of the QAP, applicants will be notified of Administrative Deficiencies to ensure that a complete Application has been submitted.

5. After the Application is found to meet all Threshold Requirements and a score assigned to the Application, the Application will be evaluated by the Real Estate Analysis Division and the Portfolio Management and Compliance Division in accordance with §§~~49~~50.9(ed)(4) and (5).
6. Prior to the Development being recommended to the Board, RHS must provide TDHCA with a copy of the physical site inspection report performed by RHS, as provided in §~~49~~50.9(de)(~~7~~6) of the QAP.
7. Consistent with §5049.2 of the QAP, the Office of Rural Community Affairs (ORCA) will be actively involved in the review of the application.

#### V. Procedures for Recommendation to the Board

Consistent with §~~50~~49.9(ih) of the QAP, staff will make its recommendation to the Executive Award and Review Advisory Committee (“The Committee”). The Office of Rural Community Affairs (ORCA) will be in attendance at these meetings and give feedback on the proposed recommendation. The Committee will make commitment recommendations to the Board. Staff will provide the Board with a written, documented recommendation to the Board which will address at a minimum the financial or programmatic viability of each Application and a breakdown of which Selection Criteria were met by the Applicant. The Board will make its decision based on §5049.10(a) of the QAP.

Any awards made to a rural “rescue” Development will be credited against the Rural ~~Regional AllocationSet-Aside~~, and more specifically the TX-USDA-RHS ~~AllocationSet-Aside~~, for the 200~~5~~4 Application Round. For purposes of allocating based on the regional allocation formula, any award made to a rural “rescue” Development will also be credited against the region in which each Development is located for the 200~~5~~4 Application Round.

#### VI. Applicability

All Developments submitted under this policy are subject to all rules, definitions, policies and deadlines of TDHCA, as more specifically outlined in the Qualified Allocation Plan and Rules and the Underwriting Rules and Guidelines, except as specifically excepted above.

#### VII. Limitation on Allocation

No more than \$250,000 in credits will be forward committed from the 200~~5~~4 credit ceiling by this ~~p~~Policy.

**CENTER FOR HOUSING RESEARCH, PLANNING, AND COMMUNICATIONS**

**BOARD ACTION REQUEST**

**February 11, 2004**

**Action Item**

Amended Rule for Public Comment Procedures and Topics at Public Hearings and Meetings, for Publication in the *Texas Register* for Public Comment: Amendment to Title 10, Part 1, Subchapter A, Section 1.10.

**Required Action**

Final approval of the amended administrative rule.

- See Attachment A for the final version of the amended rule.
- See Attachment B for the black-lined version of the amended rule.

**Background**

Per Section 4 of Senate Bill 264, passed during the 78<sup>th</sup> Texas Legislative Session, amending §2306.0661, Texas Government Code, the Board shall adopt rules governing the topics that may be considered at a public hearing. The rules must require the Department to consider the following topics in relation to a proposed housing development:

- (1) the developer market study;
- (2) the location;
- (3) the compliance history of the developer;
- (4) the financial feasibility;
- (5) the appropriateness of the development's size and configuration in relation to the housing needs of the community in which the development is located;
- (6) the development's proximity to other low income housing developments;
- (7) the availability of adequate public facilities and services;
- (8) the anticipated impact on local school districts;
- (9) zoning and other land use considerations; and
- (10) any other topics that the board by rule determines to be appropriate.

The proposed rule was published in the Texas Register and made available on the Department's web site on January 9<sup>th</sup>. The public comment period was from January 9<sup>th</sup> until February 9<sup>th</sup> 2004. As of February 4, the Department had not receive any comments regarding the proposed rule.

## Attachment A – Final Version of the Amended Rule

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 1</u>	ADMINISTRATION
<u>SUBCHAPTER A</u>	GENERAL POLICIES AND PROCEDURES
<u>RULE §1.10</u>	<b>Public Comment Procedures and Topics at Public Hearings and Meetings</b>

a) Purpose. The purpose of this section is to establish procedures for hearing public comments on issues being presented at meetings open to the public held by the Texas Department of Housing and Community Affairs and topics to be considered in accordance with Sections 2306.032 and 2306.0661 (f) of the Texas Government Code.

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

(1) Board - The Governing Board of the Department.

(2) Department - The Texas Department of Housing and Community Affairs.

(3) Meeting - A deliberation between a quorum of the board of the Department, or between a quorum of the board of the Department and another person, as defined under § 551.001(4) of the Texas Government Code.

(4) Open Meetings Act - Chapter 551, Texas Government Code.

(c) Procedures.

(1) Members of the public may give testimony at the beginning of a board meeting.

(2) Members of the public may also give testimony on any agenda item of a board meeting after the presentation made by department staff and motions made by the board. The Board may consider the staff's presentation for purposes of this rule to be staff's written presentation in the Board's meeting book and posted on the Department's website.

(3) The Department shall provide witness affirmation forms at each board meeting for the public to complete in order to give public testimony.



(d) Reasonable limits. The Department may set reasonable limits on the number, frequency and length of presentations before it, but may not unfairly discriminate among speakers for or against a particular point of view.

(1) The board may consider the following when limiting the amount of time and the frequency each member of the public is allowed to provide testimony:

(A) the number of witness affirmations received;

(B) the number of agenda items to be heard; and

(C) the time duration for the meeting.

(2) If the board limits the number of presentations, the board will limit the number of presentations equally among those speakers that are for a particular point of view and those speakers that are against a particular point of view, if practical.

(e) Topics. The Department shall consider the following topics in relation to a proposed housing development:

(1) the developer market study;

(2) the location;

(3) the compliance history of the developer;

(4) the financial feasibility;

(5) the appropriateness of the development's size and configuration in relation to the housing needs of the community in which the development is located;

(6) the development's proximity to other low income housing developments;

(7) the availability of adequate public facilities and services;

(8) the anticipated impact on local school districts;

(9) zoning and other land use considerations; and

(10) any other topics that the board by rule determines to be appropriate.

(f) Inquiry made at meeting (§551.042, Texas Government Code). Members of the public may raise a subject that has not been included in the notice for the meeting; however, any discussion of the subject by the board must be limited to a proposal to place the subject on the agenda for a future meeting.

(1) The notice requirements under the Open Meetings Act do not apply to:

(A) a statement of specific factual information given in response to the inquiry; or

(B) a recitation of existing policy in response to the inquiry.

(2) Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.

(g) This rule does not entitle a member of the public to choose the items to be discussed.

**Attachment B – Black-lined Version of the Amended Rule**

<b><u>TITLE 10</u></b>	<b>COMMUNITY DEVELOPMENT</b>
<b><u>PART 1</u></b>	<b>TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS</b>
<b><u>CHAPTER 1</u></b>	<b>ADMINISTRATION</b>
<b><u>SUBCHAPTER A</u></b>	<b>GENERAL POLICIES AND PROCEDURES</b>
<b>RULE §1.10</b>	<b>Public Comment <u>Procedures and Topics</u> at Public Hearings and Meetings</b>

a) Purpose. The purpose of this section is to establish procedures for hearing public comments on issues being presented at meetings open to the public held by the Texas Department of Housing and Community Affairs and topics to be considered in accordance with Sections §2306.032 and 2306.0661 (f) of the Texas Government Code.

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

(1) Board - The board-Governing Board of directors of the Department.

(2) Department - The Texas Department of Housing and Community Affairs.

(3) Meeting - A deliberation between a quorum of the board of the Department, or between a quorum of the board of the Department and another person, as defined under § 551.001(4) of the Texas Government Code.

(4) Open Meetings Act - Chapter 551, Texas Government Code.

(c) Procedures.

(1) Members of the public may give testimony at the beginning of a board meeting.

(2) Members of the public may also give testimony on any agenda item of a board meeting after the presentation made by department staff and motions made by the board. The Board may consider the staff's presentation for purposes of this rule to be staff's written presentation in the Board's meeting book and posted on the Department's website.

(3) The Department shall provide witness affirmation forms at each board meeting for the public to complete in order to give public testimony.

(d) Reasonable limits. The Department may set reasonable limits on the number, frequency and length of presentations before it, but may not unfairly discriminate among speakers for or against a particular point of view.

(1) The board may consider the following when limiting the amount of time and the frequency each member of the public is allowed to provide testimony:

(A) the number of witness affirmations received;

(B) the number of agenda items to be heard; and

(C) the time duration for the meeting.

(2) If the board limits the number of presentations, the board will limit the number of presentations equally among those speakers that are for a particular point of view and those speakers that are against a particular point of view, if practical.

(e) Topics. The Department shall consider the following topics in relation to a proposed housing development:

(A) the market study;

(B) the proposed location of the Development, including supporting broad geographic dispersion;

(C) the compliance history of the Applicant and/or Developer;

(D) the Applicant and/or Developer's efforts to engage the neighborhood;

(E) the financial feasibility of the Development;

(F) the Development's proposed size and configuration;

(G) the housing needs of the community in which the Development will be located and the needs of the community, area, region and state;

(H) the Development's proximity to other rent restricted developments, including avoiding overconcentration;

(I) the availability of adequate public and private facilities and services;

(J) the anticipated impact on local school districts, giving due consideration to the authorized land use;

(K) zoning and other land use considerations;

(L) laws relating to fair housing including affirmatively furthering fair housing;

(M) the efficient use of the tax credits;

(N) consistency with local needs, including consideration of revitalization or preservation needs;

(O) the allocation of credits among many different entities without diminishing the quality of the housing;

(P) meeting a compelling housing need;

(Q) providing integrated, affordable housing for individuals and families with different levels of income; and

(R) any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes and the policies of Chapter 2306, Texas Government Code.

(ef) Inquiry made at meeting (§551.042, Texas Government Code). Members of the public may raise a subject that has not been included in the notice for the meeting; however, any discussion of the subject by the board must be limited to a proposal to place the subject on the agenda for a future meeting.

(1) The notice requirements under the Open Meetings Act do not apply to:

(A) a statement of specific factual information given in response to the inquiry; or

(B) a recitation of existing policy in response to the inquiry.

(2) Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.

(fg) This rule does not entitle a member of the public to choose the items to be discussed.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 11, 2004**

**Action Item**

Request for amendments to a Housing Trust Fund (HTF) contract involving material changes.

**Requested Action**

Consider and approve the request for amendment.

**Background and Recommendations**

On August 31, 2003 the Department entered into a contract with the Orange County Housing Authority (OCHA) to provide a grant in the amount of \$162,000 under the State Energy Conservation Office (SECO) fund administered by the HTF program. The purpose of the grant is to install energy efficient features in two apartment complexes owned by the housing authority, Village Oaks Apartments in Vidor and Cove Terrace Apartments in the City of Orange. The borrower is now requesting that the following amendments be made to the contract:

- 1) Transfer ownership from the Orange County Housing Authority to the Housing Authority of the City of Orange.
- 2) Substitute West Orange Apartments in the City of Orange for Village Oaks Apartments.
- 3) Reduce the grant award amount from \$162,000 to \$81,000.

According to a letter from the U.S. Department of Housing and Urban Development (HUD), the HUD Fort Worth Office of Public Housing has been operating as the Board of Commissioners for Orange County Housing Authority because of an assertion that the OCHA was administering its housing programs in a discriminatory manner. Consequently, considerable attention has been placed on desegregating the properties that constitute the OCHA, as well as in keeping with the requirements on the *Young v. Jackson* litigation. It has been determined that low-income housing program participants in the area would be better served by a realignment of the OCHA inventory. Specifically, the public housing sites at West Orange and Cove Terrace are to be absorbed by the City of Orange Housing Authority, and Village Oaks in Vidor and another complex in Bridge City are to be sold via a public sale.

The U.S. Department of Housing and Urban Development plans to transfer ownership of West Orange Apartments and Cove Terrace Apartments from Orange County Housing Authority to the Housing Authority of the City of Orange. This transfer has not been finalized; however, the approval of the transfer by TDHCA will be subject to obtaining documentation of the transfer. It should be noted that the applicant and the replacement entity are both amenable to this transfer.

Since HUD is selling Village Oaks, the replacement of Village Oaks Apartments with another development, West Orange Apartments, is necessary in order to utilize the SECO funds. The same energy efficient features originally proposed for Village Oaks will be utilized in the West Orange Apartments. These features include the replacement of exterior doors, windows and air conditioning units with more efficient products in accordance with the TDHCA energy features guidelines.

The West Orange Apartments contains 20 units, all of which will be set aside for extremely low income individuals. Village Oaks contains 74 units and Cove Terrace contains 34 units. By replacing Village Oaks with West Orange Apartments there will be a decrease in total units served from 108 units to 54 units. Per the Department's contract with SECO, SECO funds can not exceed \$1,500 per unit. Therefore, the maximum eligible grant amount must be **reduced from \$162,000 to \$81,000**. SECO staff member, Felix Lopez, has recommended to the SECO manager that this request be approved, but no formal approval from SECO has been received yet.

The requested amendments are recommended by staff for approval based on the following conditions:

1. Evidence of final transfer of West Orange Apartments and Cove Terrace Apartments to the Housing Authority of the City of Orange;
2. Compliance Report from the Portfolio Management and Compliance Division indicating that the Housing Authority of the City of Orange is not in Material Noncompliance with the Department.
3. Written approval of the amendment from the State Energy Conservation Office.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Fort Worth Regional Office, Region VI  
Office of Public Housing  
801 Cherry Street  
Post Office Box 2905  
Fort Worth, Texas 76113-2905

JAN 27 PM 2:38

January 22, 2003

Emily Price  
Texas Department of Housing and Community Affairs  
PO Box 13941  
Austin, TX 78711

Dear Ms. Price:

The purpose of this correspondence is to inform you of the current situation regarding the Orange County Housing Authority (OCHA) per our earlier telephone conversation. This office is aware that the OCHA applied for, and was subsequently awarded, a State Energy Conservation Office (SECO) Grant to help fund the implementation of energy efficient rehabilitation of the residential units within the OCHA inventory.

Since 1993, the HUD Fort Worth Office of Public Housing has been operating as the Board of Commissioners for this housing authority because of an assertion that the OCHA was administering its housing programs in a discriminatory manner. Consequently, considerable attention has been placed on desegregating the properties that constitute the OCHA, as well as in keeping with the requirements of the *Young v. Jackson* litigation. It has been determined that low-income housing program participants, in the area, would be better serviced by a realignment of the OCHA inventory. Specifically, the public housing sites at West Orange and Cove are to be absorbed by the City of Orange Housing Authority, and Vidor and Bridge City are to be sold via a public sale.

It is our hope, with your agency's approval, that the SECO funds awarded to the OCHA can be redirected toward the sites at West Orange and Cove, both of which will remain public housing administered by the City of Orange. Please direct any questions regarding this matter to Carrie Dobbins, Director, Technical Branch, at (817) 978-5701.

Sincerely,

A handwritten signature in cursive script that reads "Eileen Rogers".

Eileen Rogers  
Director  
Office of Public Housing





# HOUSING AUTHORITY OF ORANGE COUNTY, TEXAS

**LEASING AND OCCUPANCY DEPARTMENT**

205 Vidor Drive

Vidor, Texas 77662

(409) 769-8739 ext. 1

FAX (409) 769-5482

October 8, 2003

Texas Department Housing and  
Community Affairs  
Housing Trust Fund-Attn: Keith Hoffpauir  
P.O.Box 13941  
Austin Texas 78711-3941

Re: HTF/SECO Application revision

Dear Mr. Hoffpauir:

The Orange County Housing Authority (OCHA) is submitting for your review a **revised** proposal for OCHA's approved HTF-SECO Development Funding.

Orange County Housing Authority is a small agency located in Southeast Texas. OCHA's public housing communities are located in highly accessible areas of the four cities with close proximity to the central office. In an effort to replace windows in 108 units at the Vidor Apartments and Cove Apartments Complexes the housing authority was initially approved for \$162,000.00 to replace windows in a 108 units with energy efficient windows and seal all gaps and cracks. The Housing Authority was leveraging funds in the amount of \$223,560.00 to enable the Orange County Housing Authority to complete it's renovation of the units in one year versus spreading the project over three years. OCHA is requesting your approval for a revision to the application whereby the OCHA is substituting the West Orange apartment site for the Vidor location. The number of units is reduced to 54. The work to be completed will be the replacement of exterior doors, windows and AC units with better energy efficient products in accordance with TDHCA energy features list. OCHA is requesting the \$162,000 and will leverage \$189,560 for a total project cost of \$351,560. In addition, the OCHA will be transferring operations and ownership of the two sites (West Orange & Cove) to the Housing Authority of the City of Orange whose Executive Director is Mr. Frank Anderson. Mr. Frank Anderson will become the point of contact for the two sites and can be reached at 409-883-5882.

The program described throughout the **revised** application represents our best strategy toward ensuring that our units are more efficient for our residents.

Sincerely,

  
Tammy Padilla  
Deputy Director

10/11/03 11:49 AM



**BOND FINANCE DIVISION**

**BOARD ACTION REQUEST**

**February 11, 2004**

**Action Items**

Resolution authorizing a restructuring of Single Family Mortgage Revenue Bonds, 2002 Series A/B/C/D (Program 57A).

**Required Action**

Approve the attached resolution authorizing a restructuring of Single Family Mortgage Revenue Bonds, 2002 Series A/B/C/D (Program 57A).

**Background**

TDHCA closed its Single Family Mortgage Revenue Bonds, 2002 Series A/B/C/D (Program 57A) on June 26, 2002. The mortgage interest rates ranged from 5.90% to 6.65%. After the bond closing, mortgage rates declined dramatically and have not rebounded. TDHCA has funded and closed \$21.4 million in mortgage loans under Program 57A. Program 57A's mortgage loan origination period will terminate on September 1, 2005. The table below reflects Program 57A's balances as of February 2, 2004.

<b>Bond Proceeds</b>	<b>Amount</b>	<b>Amount of Loans Originated</b>	<b>Current Mortgage Rate(s)</b>
Original Amount of Lendable Proceeds	\$100.6 million	\$21.4 million	---
Unreserved Balances			
Assisted Funds	\$14.3 million	\$15.1 million	6.65%
+ Assisted Expanded Approval Funds	\$ 9.8 million	\$ .2 million	6.20%/6.50%
+ Unassisted Funds	\$54.2 million	\$ 6.1 million	5.90%/6.15%
= Total Unreserved Balances	\$78.3 million	---	---
+ Loans in Mortgage Pipeline	\$ .9 million	---	---
= Total Unspent Proceeds Balance	\$79.2 million	---	---

**Program 57A Restructuring Summary**

Bond Finance recommends the following changes for Program 57A:

1. Maintain Expanded Approval Loans in Program 57A,
2. Reduce assisted mortgage rate from 6.65% to 5.90%,

3. Reduce unassisted mortgage rate from 6.15% to 5.90% and
4. Change unassisted mortgage funds to assisted mortgage funds with 4% assistance.

The following table summarizes the recommend changes (unreserved and pipeline balances).

	<b>Before Program 57A Restructuring</b>		<b>After Program 57A Restructuring</b>	
Assisted Funds	\$15.1 million	6.65%	\$69.4 million	5.90%
Expanded Approval	\$ 9.8 million	6.20%/6.50%	\$ 9.8 million	6.20%/6.50%
Unassisted Funds	\$54.3 million	5.90%/6.15%	\$ 0.0	N/A

By executing a restructuring of Program 57A as outlined above, staff anticipates all available funds will be converted into mortgage loans by the end of the mortgage origination period.

### **Expanded Approval Program Update**

Feedback from lenders who regularly originate Expanded Approval (“EA”) loans frequently included comments that TDHCA’s program was not profitable and that private mortgage insurance increased the cost of the loan for borrowers. Bond Finance has increased origination and discount points for EA loans from two total points to three total points. Presently, the Bond Finance and Single Family Production Divisions are examining several alternatives for enhancing private mortgage insurance availability with EA loans.

### **Recommendation**

Approve the attached resolution authorizing the restructuring of Single Family Mortgage Revenue Bonds, 2002 Series A/B/C/D (Program 57A).

**Resolution No. 04-010**

RESOLUTION APPROVING THE SECOND AMENDMENT TO THIRTY-SECOND SUPPLEMENTAL SINGLE FAMILY MORTGAGE REVENUE BOND TRUST INDENTURE AND THE SECOND AMENDMENT TO PROGRAM ADMINISTRATION AND SERVICING AGREEMENT; AUTHORIZING AND APPROVING THE RESTRUCTURING OF MORTGAGE LOANS MADE AVAILABLE THROUGH BOND PROGRAM NO. 57A; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; 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 and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, 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 single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Department has issued its Single Family Mortgage Revenue Bonds, 2002 Series A in the aggregate principal amount of \$38,750,000 (the "Series A Bonds") pursuant to the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980, as amended by the supplemental indentures numbered First through Thirty-Fifth thereto (as amended, the "Single Family Indenture"), between the Department, as successor to the Texas Housing Agency and J.P. Morgan Trust Company, National Association, as successor trustee (the "Trustee"), as supplemented by the Thirty-Second Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2002 (as amended by the First Amendment to Thirty-Second Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated March 24, 2003, collectively, the "Thirty-Second Supplement"), with respect to the Series A Bonds, for the purpose, among others, of providing funds to implement the Department's Single Family Mortgage Revenue Bond Program designated as Bond Program No. 57A (the "Program"); and

WHEREAS, the Department, Countrywide Home Loans, Inc. (the "Servicer") and the Trustee entered into the Program Administration and the Servicing Agreement dated as of October 1, 2001 (the "Original Servicing Agreement") to set forth, with respect to the Program, certain terms and conditions relating to the purchase and servicing by the Servicer of Mortgage Loans, the issuance by the Servicer or Fannie Mae, as the case may be, of Mortgage Certificates representing participation interests in such Mortgage Loans, the disbursement by the Trustee on behalf of the Department of Bond proceeds under the Indenture to purchase such Mortgage Certificates and the establishment of reasonable procedures to ensure compliance with applicable provisions of federal income tax law; and

WHEREAS, in connection with the implementation of the Program, the Department, the Servicer and the Trustee entered into the First Amendment to Program Administration and Servicing Agreement for Texas Department of Housing and Community Affairs Bond Program No. 57 and No. 57A dated June 26, 2002 (the "First Amendment" and together with the Original Servicing Agreement, collectively, the "Servicing Agreement"); and

WHEREAS, the Department desires to restructure mortgage loans made available under the Program by authorizing and approving (i) the amendment of the Thirty-Second Supplement and the Servicing Agreement in order to (A) effect a reduction in the interest rate borne by Assisted Mortgage Loans (as defined in the Thirty-Second Supplement) to 5.90% under the Program, and (B) make down payment and closing cost assistance available to Non-Assisted Mortgage Loans (as defined in the Thirty-Second Supplement) in an amount equal to 4% of the principal amount of the mortgage loan; (ii) the use of 0% loan funds in an amount necessary to achieve the reduction of the interest rate on Assisted Mortgage Loans, (iii) the transfer of up to \$2,850,000 of funds held under the Single Family Indenture and the use of an amount not to exceed \$300,000 of Department funds to achieve the reduction of the interest rate on Assisted Mortgage Loans and to provide moneys to be used to provide down payment and closing cost assistance for Non-Assisted Mortgage Loans, (iv) all actions to be taken with respect thereto, and (v) the execution and delivery of all documents and instruments in connection therewith;

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

## ARTICLE I

### AUTHORIZATION OF AMENDMENT; APPROVAL OF DOCUMENTS

Section 1.1—Authorization of Second Amendment to Thirty-Second Supplement and Second Amendment to Program Administration and Servicing Agreement. The Board hereby authorizes the execution and delivery by the authorized representatives of the Department named in this Resolution of (i) the Second Amendment to Thirty-Second Supplemental Residential Mortgage Revenue Bond Trust Indenture in substantially the form attached hereto as Exhibit “A” between the Department and the Trustee, and consented to by MBIA Insurance Corporation, and (ii) the Second Amendment to Program Administration and Servicing Agreement in substantially the form attached hereto as Exhibit “B” to effect a reduction in the interest rate borne by Assisted Mortgage Loans to 5.90% under the Program and to make down payment and closing cost assistance available to Non-Assisted Mortgage Loans in an amount equal to 4% of the principal amount of the mortgage loan.

Section 1.2--0% Loan Funds. The use of an amount not to exceed \$750,000 of 0% loan funds to achieve the reduction of the interest rate borne by Assisted Mortgage Loans under the Program is hereby authorized.

Section 1.3-Transfer of Single Family Indenture Funds. The transfer of funds held under the Single Family Indenture in an amount not to exceed \$2,850,000 to achieve the reduction of the interest rate borne by Assisted Mortgage Loans and to provide moneys to be used to provide down payment and closing cost assistance for Non-Assisted Mortgage Loans under the Program is hereby authorized.

Section 1.4-Department Contribution. The contribution of Department funds in an amount not to exceed \$300,000 to achieve the reduction of the interest rate borne by Assisted Mortgage Loans and to provide moneys to be used to provide down payment and closing cost assistance for Non-Assisted Mortgage Loans under the Program is hereby authorized.

Section 1.5--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.6--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chair and Vice Chairman of the Board; the Secretary of the Board; the Executive Director of the Department; and the Director of Bond Finance of the Department.

## ARTICLE II

### GENERAL PROVISIONS

Section 2.1--Purpose of Resolution. The Board has expressly determined and hereby confirms that the reduction of the interest rate borne by Assisted Mortgage Loans under the Program will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.3--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 11th day of February, 2004.

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Elizabeth Anderson, Chair

ATTEST:

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Delores Groneck, Secretary

(SEAL)

**Housing Tax Credit Program  
Board Action Request  
February 11, 2004**

**Action Item**

Request, review, and board determination of two (2) four percent (4%) tax credit applications with TDHCA as the issuer.

**Recommendation**

Staff is recommending that the board review and approve the issuance of four percent (4%) Tax Credit Determination Notices with **TDHCA** as the Issuer 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>	<b>Applicant Proposed Tax Exempt Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Credit Allocation</b>
03469	Providence at Bellfort Village	Houston	TDHCA	248	248	\$23,837,992	\$16,000,000	\$739,659	\$716,805
03473	Woodline Park	Houston ETJ	TDHCA	252	252	\$21,710,287	\$13,800,000	\$659,796	\$659,734





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**REQUEST FOR BOARD APPROVAL  
Multifamily Finance Production**

**2003 Private Activity Multifamily Revenue Bonds**

**Providence at Belfort  
NW quadrant of Belfort Avenue and South Gessner  
Houston, Texas  
Ascot Park Townhomes Limited Partnership  
248 Units**

**\$13,700,000 Tax Exempt – Series 2004  
\$2,300,000 Private loan with Municipal Mortgage & Equity, LLC**

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**TABLE OF EXHIBITS**

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<b>TAB 1</b>	<b>TDHCA Board Presentation</b>
<b>TAB 2</b>	<b>Bond Resolution</b>
<b>TAB 3</b>	<b>HTC Profile and Board Summary</b>
<b>TAB 4</b>	<b>Sources &amp; Uses of Funds Estimated Cost of Issuance</b>
<b>TAB 5</b>	<b>Department's Real Estate Analysis</b>
<b>TAB 6</b>	<b>Rental Restrictions Explanation Results and Analysis</b>
<b>TAB 7</b>	<b>Development Location Maps</b>
<b>TAB 8</b>	<b>TDHCA Compliance Summary Report</b>
<b>TAB 9</b>	<b>Public Input and Hearing Transcript (December 17, 2003)</b>

**BOARD APPROVAL  
MEMORANDUM  
February 11, 2004**

**DEVELOPMENT:** Providence at Bellfort Apartments, Houston, Harris County, Texas

**PROGRAM:** Texas Department of Housing & Community Affairs  
2003 Multifamily Housing Revenue Bonds  
(Reservation received 10/23/2003)

**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 Ascot Park Townhomes Limited Partnership, a Texas limited partnership (the "Owner" or "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a proposed 248-unit multifamily residential rental development to be constructed on approximately 12 acres of land located at the northwest quadrant of Bellfort Avenue and South Gessner, Houston, Harris County, Texas 77071 (the development). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental development. The Borrower intends to lease the units of the Development to senior citizens.

**BOND AMOUNT:** \$ 13,700,000 Series 2004 Tax Exempt Bonds  
\$ 2,300,000 Taxable Loan Debt  
\$ 16,000,000 Total Debt

(\*) In addition to the loan of proceeds of the Bonds, the Borrower will receive a loan in the amount of \$2,300,000 from Municipal Mortgage & Equity, LLC. The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Development 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 October 23, 2003 pursuant to the Texas Bond Review Board's 2003 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before February 20 2004, the anticipated closing date is February 18, 2004.

**BORROWER:** Ascot Park Townhomes Limited Partnership, a Texas limited

partnership, the general partner of which is Chicory GP-Bellfort, Inc, a Texas corporation . Leon J. Backes is President.

**COMPLIANCE HISTORY:**

The Compliance Status Summary completed on July 29, 2003 reveals that the principal of the general partner above has a total of one (2) property being monitored by the Department with a material non-compliance threshold score of less than 30. .

**ISSUANCE TEAM/ADVISORS:**

MuniMae TEI Holdings, LLC or an affiliate thereof (“Bond Purchaser”)  
MMA Financial Bond Warehousing, LLC (“Equity Provider”)  
The Bank of New York (“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.

**DEVELOPMENT DESCRIPTION:**

The development is a 248-unit apartment community to be constructed on a 12.36 acre site located at the northwest quadrant of Bellfort Avenue and South Gessner, Houston, Harris County, Texas 77071 (the development). The development will consist of twelve (12) two and three-story, wood-framed apartment building consisting of a total of 262,560 net rentable square feet and an average unit size of 1,059 square feet. The units feature large floor plans with high grade finishes including built in cabinets, ceiling fans, high grade appliance packages, stainless steel sinks, designer countertops, central heat and air and high grade carpet and ceramic tile finishes. In addition to the residential buildings, the Development will have one community building with laundry, maintenance and full kitchen facilities. There will be picnic areas, one community swimming pool and gathering areas interspersed among the buildings. The design concept is to create a village complete with walkways connecting the units, and as focus of the village, the community building. A variety of plant and tree species will be provided based on Texas drought resistant and low maintenance requirements. As much as possible, materials used will be selected based on energy conservation renewable resources. This will include Type V construction with wood framing and concrete slab on grade. Colors are chosen from a palette compatible with the surrounding architecture and scenery

<u>Units</u>	<u>Unit Type</u>	<u>Square Feet</u>	<u>Proposed Net Rent</u>
95	2-Bedrooms/1-Baths	960	\$762.00
<u>153</u>	3-Bedrooms/2-Baths	1,120	\$879.00
248	Total Units		

**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 development 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 an executed Supportive Services Agreement 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)  
\$68,500 Issuance Fee (.50% of the bond amount paid at closing)

**DEPARTMENT  
ANNUAL FEES:**

\$13,700 Bond Administration (0.10% of first year bond amount)  
\$6,200 Compliance (\$25/unit/year adjusted annually for CPI)

*(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development 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:**

\$6,200 to TDHCA 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 \$739,659 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 Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$6,060,595 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 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 2004 Bonds will be 5.375% through and including August 31, 2005 ("Construction Loan Period") and then 6.70% per annum thereafter until maturity which shall occur on February 1, 2044. The Department's Real Estate Analysis division underwrote the transaction using a blended rate of XXX as the rate.

**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 Development 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, 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, 2021 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.

**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 Development 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, provided, however, that the foregoing 106% redemption premium shall equal 100% in the event of any redemption of the Bonds at the direction of the Holders upon the occurrence of an Event of Taxability that is due solely to a change in the Code or the Regulations.
- (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, 2021 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, 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, The Bank of New York (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 ten (10) 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 Development 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.
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 Development.
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 and borrower equity are deposited and used to fund the payment of interest during the construction period.
7. Lease-Up Fund – Funded from syndication proceeds or other funds provided by the Borrower other than proceeds of the Bonds. Such amount, plus other funds transferred therein pursuant to the Indenture, will be applied to pay the Operating Expenses of the Development to the extent that the Development's net cash flow is insufficient to pay such amounts. On the date that on which the Development achieves a certain debt service coverage ratio, amounts remaining in the Lease-Up Fund will be used to pay any deferred and unpaid developer's fees, and the balance, if any, will be released to the Borrower.

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 Development.
10. Bond Proceeds Clearance Fund – Funded from bond proceeds deposited in the Bond Proceeds Account of the Construction Fund. Amounts on deposit in this Fund are used to redeem bonds as necessary to meet stabilization and debt service coverage requirements after completion of Construction.
11. Temporary Funds and Accounts – The Trustee may establish and maintain one or more temporary funds and account for so long as is necessary.

Essentially, all of the Bond proceeds will be deposited into the Construction Fund and the Capitalized Interest Fund and disbursed there from during the Construction Phase (over 18 to 24 months) to finance the construction of the Development and to pay interest on the Bonds. 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 2003. 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 – The Bank of New York was selected as bond trustee by the Department pursuant to a request for proposal process in December 2003.
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 2003.

**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. 04-011

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (PROVIDENCE AT BELLFORT APARTMENTS) SERIES 2004; 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 (Providence at Bellfort Apartments) Series 2004 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and The Bank of New York, (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 Ascot Park Townhomes, LP, 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 10, 2002, 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 amount equal to the interest on the Bonds and to pay other costs described in the Financing 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 (the "Deed 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 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, in order to assure compliance with Sections 142(d) and 145 of the Code, 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;

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the "Asset Oversight Agreement"), with respect to the Project for the purpose of monitoring the operation and maintenance of the Project; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Assignments, the Regulatory Agreement and the Asset Oversight Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Deed of Trust and the Note; 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 Deed of Trust and the Note 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: (a)(i) the interest rate on the Bonds shall be (A) from the date of issuance through and including August 31, 2005, 5.375% per annum, and (B) from September 1, 2005 and thereafter until the maturity date thereof 6.70% (provided, however, that the interest rate is subject to adjustment as set forth in the Indenture); (ii) the aggregate principal amount of the Bonds shall be \$13,700,000; and (iii) the final maturity of the Bonds shall occur on February 1, 2044.

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 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 Asset Oversight Agreement. That the form and substance of the Asset Oversight 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 Asset Oversight Agreement to the Borrower.

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 - Financing Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Assignments
- Exhibit F - Asset Oversight Agreement
- Exhibit G - Deed of Trust

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 and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration 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, and the Secretary to 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 of the Department; 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 to the Board hereby is 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 G to the Regulatory Agreement and shall be annually redetermined by the Issuer, as stated in Section 5 of the Regulatory 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, 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 Chapter 33, 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 11th day of February, 2004.

By: \_\_\_\_\_  
Elizabeth Anderson, Chair

[SEAL]

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



## EXHIBIT A

### DESCRIPTION OF PROJECT

Owner: Ascot Park Townhomes Limited Partnership, a Texas limited partnership

Project: The Project is a 248-unit multifamily facility to be known as Providence at Bellfort and to be located at the northwest quadrant of Bellfort Avenue and South Gessner, Houston, Harris County, Texas. The Project will consist of twelve (12) two-story and three-story residential apartment buildings with approximately 262,560 net rentable square feet and an approximate average unit size of 1,059 square feet. The unit mix will consist of:

95 two-bedroom/one-bath units

153 three-bedroom/two-bath units

248 Total Units

Unit sizes will range from approximately 960 square feet to approximately 1,120 square feet.

The Project will include an administration office, a business center, a fitness room, an activity room, a community room, a computer lab, kitchen facilities, and public restrooms. On-site amenities will include a swimming pool, a children's play area, playground equipment, and a picnic area, 200 carports and approximately 200 uncovered parking spaces.



**HOUSING TAX CREDIT PROGRAM  
2003 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Providence at Belfort**

TDHCA#: 03469

**DEVELOPMENT AND OWNER INFORMATION**

Development Location: Houston QCT: N DDA: N TTC: N  
 Development Owner: Ascot Park Townhomes, LP  
 General Partner(s): Chicory GP - Belfort, Inc., 100%, Contact: Saleem Jafar  
 Construction Category: New  
 Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA  
 Development Type: Family

**Annual Tax Credit Allocation Calculation**

Applicant Request: \$739,659 Eligible Basis Amt: \$716,805 Equity/Gap Amt.: \$944,450

**Annual Tax Credit Allocation Recommendation: \$716,805**

Total Tax Credit Allocation Over Ten Years: \$7,168,050

**PROPERTY INFORMATION**

**Unit and Building Information**

Total Units: 248 LIHTC Units: 248 % of LIHTC Units: 100  
 Gross Square Footage: 270,704 Net Rentable Square Footage: 262,560  
 Average Square Footage/Unit: 1059  
 Number of Buildings: 11  
 Currently Occupied: N

**Development Cost**

Total Cost: \$23,837,992 Total Cost/Net Rentable Sq. Ft.: 90.79

**Income and Expenses**

Effective Gross Income:<sup>1</sup> \$2,358,595 Ttl. Expenses: \$1,021,395 Net Operating Inc.: \$1,337,200  
 Estimated 1st Year DCR: 1.11

**DEVELOPMENT TEAM**

Consultant: Not Utilized Manager: To Be Determined  
 Attorney: Cherry, Howell & Landry, LLP Architect: Beeler Guest Owens  
 Accountant: Novogradac & Company Engineer: To Be Determined  
 Market Analyst: Butler Burgher, LLC Lender: MMA Financial  
 Contractor: Provident Housing Construction, LLC Syndicator: MMA Financial

**PUBLIC COMMENT<sup>2</sup>**

From Citizens:	From Legislators or Local Officials:
# in Support: 1	Sen. Rodney Ellis, District 13 - NC
# in Opposition: 156	Rep. Ron Wilson, District 131 - NC
# on Petition in Opposition: 281	Congressman Chris Bell, District 25 - O
<b>Public Hearing:</b>	Mayor Lee P. Brown - NC
# in Support: 11	Daisy A. Stiner, Director, City of Houston, Housing & Community Development Department; Consistent with the City of Houston's Consolidated Plan.
# in Opposition: 101	
# Neutral: 10	

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support

**CONDITION(S) TO COMMITMENT**

1. Per §49.12( c ) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

**DEVELOPMENT’S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:**

Score  Utilization of Set-Aside  Geographic Distrib.  Tax Exempt Bond.  Housing Type

Other Comments including discretionary factors (if applicable).

\_\_\_\_\_  
Robert Onion, Multifamily Finance Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Brooke Boston, Director of Multifamily Finance Production Date

**DEVELOPMENT’S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

Score  Utilization of Set-Aside  Geographic Distrib.  Tax Exempt Bond  Housing Type

Other Comments including discretionary factors (if applicable).\_\_\_\_\_

\_\_\_\_\_  
Edwina P. Carrington, Executive Director

\_\_\_\_\_  
Date

Chairman of Executive Award and Review Advisory Committee

**TDHCA Board of Director’s Approval and description of discretionary factors (if applicable).**

Chairperson Signature: \_\_\_\_\_

Elizabeth Anderson, Board Chair

\_\_\_\_\_  
Date

## Providence of Bellfort Apartments

### Estimated Sources & Uses of Funds

#### Sources of Funds

Bond Proceeds, Series 2004 Bonds (Tax-Exempt)	\$ 13,700,000
Taxable Debt	\$ 2,300,000
LIHTC Equity	6,174,000
Interest Income	79,169
Deferred Developer's Fee	1,313,295
<b>Total Sources</b>	<b>\$ 23,566,464</b>

#### Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 18,162,684
Capitalized Interest (Constr. Interest)	1,531,050
Rent Up Reserve	314,580
Developer's Overhead & Fee	2,657,775
Costs of Issuance	
Direct Bond Related	202,875
Bond Purchaser Costs	437,500
Other Transaction Costs	35,000
Real Estate Closing Costs	225,000
<b>Total Uses</b>	<b>\$ 23,566,464</b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 68,500
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit)	6,200
TDHCA Bond Counsel and Direct Expenses (Note 1)	70,000
TDHCA Financial Advisor and Direct Expenses	30,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	2,500
Trustee's Fees (Note 1)	4,750
Trustee's Counsel (Note 1)	3,250
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	1,250
Texas Bond Review Board Application Fee	500
Texas Bond Review Board Issuance Fee (.025% of Reservation)	2,425
TEFRA Hearing Publication Expenses	2,500
<b>Total Direct Bond Related</b>	<b>\$ 202,875</b>

#### Bond Purchase Costs

Loan Origination Fee	412,500
Application Fee	25,000
<b>Total</b>	<b>\$ 437,500</b>

#### Other Transaction Costs

Tax Credit Determination Fee (4% annual tax cr.)	30,000
Tax Credit Application Fee (\$20/u)	5,000

## Providence of Bellfort Apartments

<b>Total</b>	<u>\$ 35,000</u>
<b>Real Estate Closing Costs</b>	
Title & Recording (Const.& Perm.)	115,000
Property Taxes	50,000
Borrower's Bond Counsel	60,000
<b>Total Real Estate Costs</b>	<u>\$ 225,000</u>
<b>Estimated Total Costs of Issuance</b>	<u>\$ 900,375</u>

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

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  
MULTIFAMILY UNDERWRITING ANALYSIS**

**DATE:** January 30, 2004

**PROGRAM:** 4% LIHTC  
MRB

**FILE NUMBER:** 03469  
2003-064

**DEVELOPMENT NAME**

Providence at Belfort

**APPLICANT**

**Name:** Ascot Park Townhomes, LP      **Type:** For Profit  
**Address:** 5400 LBJ Freeway, Suite 975      **City:** Dallas      **State:** TX  
**Zip:** 75240      **Contact:** Matt Harris      **Phone:** (972) 239-8500      **Fax:** (972) 239-8373

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b> Chicory GP – Belfort, Inc.	<b>(%):</b> 0.01	<b>Title:</b> Managing General Partner
<b>Name:</b> Leon J. Backes	<b>(%):</b> N/A	<b>Title:</b> 50% Owner of MGP
<b>Name:</b> Saleem Jafar	<b>(%):</b> N/A	<b>Title:</b> 50% Owner of MGP
<b>Name:</b> Provident Odyssey Partners, LP	<b>(%):</b> N/A	<b>Title:</b> Developer
<b>Name:</b> Leon J. Backes	<b>(%):</b> N/A	<b>Title:</b> President and 100% Owner of Provident Odyssey Partners, LP
<b>Name:</b> Sphinx Development Company	<b>(%):</b> N/A	<b>Title:</b> Co-Developer
<b>Name:</b> Jay Oji	<b>(%):</b> N/A	<b>Title:</b> President and 100% Owner of Sphinx Development

**PROPERTY LOCATION**

**Location:** 11152 South Gessner       QCT       DDA  
**City:** Houston      **County:** Harris      **Zip:** 77071

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$739,659	N/A	N/A	N/A
2) \$15,000,000	6.7%	40 yrs	40 yrs
3) \$1,200,000	9.4%	40 yrs	11 yrs (est)

**Other Requested Terms:** 1) Annual ten-year allocation of low-income housing tax credits  
2) Tax-Exempt mortgage revenue bond, subsequent implied adjustment to **\$13,700,000**  
3) Taxable bonds, subsequent implied adjustment to **\$2,300,000** in direct taxable debt

**Proposed Use of Funds:** New Construction      **Property Type:** Multifamily

**RECOMMENDATION**

- RECOMMEND APPROVAL OF AN HTC ALLOCATION NOT TO EXCEED \$716,805 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF 40-YEAR TERM DEBT STRUCTURED AS \$13,700,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS AT AN INTEREST RATE OF 6.7% AND

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

\$2,300,000 IN TAXABLE LOAN AT AN INTEREST RATE OF 9.4%.

**CONDITIONS**

- Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 248    **# Rental Buildings:** 11    **# Common Area Bldgs:** 1    **# of Floors:** 3    **Age:** N/A yrs  
**Net Rentable SF:** 262,560    **Av Un SF:** 1,059    **Common Area SF:** 8,144    **Gross Bldg SF:** 270,704

**STRUCTURAL MATERIALS**

Wood frame on a post-tensioned concrete slab on grade, 15% stone veneer/20% Hardiplank siding/65% stucco exterior wall covering, 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, ceiling fans, laminated counter tops, and cable

**ON-SITE AMENITIES**

8,144-SF community building with grand salon, management offices, fitness & laundry facilities, kitchen, restrooms, children's classroom, central mailroom, swimming pool, equipped children's play area are located near the front of the property. In addition perimeter fencing with limited access gates are also planned for the site

**Uncovered Parking:** 400 spaces    **Carports:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Providence at Bellfort is a relatively dense (20 units per acre) new construction development of 248 units of affordable housing located in southwest Houston. The development is comprised of eleven sporadically distributed large garden style walk-up residential buildings as follows:

- (7) Building Type A with nine two- bedroom/ two-bath units, fifteen three- bedroom/ two-bath units;
- (4) Building Type B with eight two- bedroom/ two-bath units, twelve three- bedroom/ two-bath units;

**Architectural Review:** The building elevations are attractive and functional, with hipped and gabled roofs, mixed stone veneer and stucco exterior wall coverings, and large windows. The units have exterior storage closets and semi-private entries off of interior breezeways and all bedrooms feature walk-in closets. All of the eleven residential structures have an extensive amount of corridors.

**Supportive Services:** The Applicant has entered into a contract with New Horizons Ranch and Center, Inc. to provide supportive services to the residents of the development for \$18,000 annually. These services will be provided at no cost to the tenants. Services to be provided will include after school programs for children, health screening, family counseling, computer education, and social events.

**Schedule:** The Applicant anticipates construction to begin in March of 2004 and to be completed in June of 2005. The development should be placed in service in August of 2005 and substantially leased-up in August of 2005.

**SITE ISSUES**

**SITE DESCRIPTION**

**Size:** 12.36 acres    538,402 square feet    **Zoning/ Permitted Uses:** No zoning  
**Flood Zone Designation:** Zone X    **Status of Off-Sites:** Partially Improved

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**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is an irregularly-shaped parcel located in Houston, approximately 7 miles from the Houston central business district. The site is situated on the west side of South Gessner approximately 565 feet north of West Bellfort.

**Adjacent Land Uses:**

- **North:** a post office and single-family residential beyond
- **South:** a Wal-Mart store and a Wells Fargo branch bank with West Bellfort beyond
- **East:** South Gessner Drive and St. Albert Catholic Church
- **West:** Jehovah’s Witness Worship Facility and single-family residential beyond

**Site Access:** Access to the property is from the east side along South Gessner Road or the west side from Benning Drive. The development is to have one main entry off of South Gessner Road and one additional entry on the west side from Benning Drive. The site has excellent access due to the presence of US 59, Beltway 8, and Loop 610 which provides connections to all other major roads serving the Houston area.

**Public Transportation:** Metro does provide bus service to the neighborhood.

**Shopping & Services:** “Sharpstown Mall is located approximately five miles north of the subject site at the northwest quadrant of US 59 and Bellaire. Westwood Mall is located approximately two and a half miles north of the subject site at the northwest quadrant of US 59 and Bissonett. Additionally, there is numerous neighborhood retail facilities located along major thoroughfares to adequately serve the residents of the primary market area.” (p.51)

**Site Inspection Findings:** TDHCA staff performed a site inspection on December 17, 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 26, 2003 was prepared by HBC Terracon and contained the following findings and recommendations: “Based on the scope of services and limitations of this assessment, HBC/Terracon did not identify recognized environmental conditions in connection with the site, which in our opinion, warrant additional investigation at this time.” (p.2)

**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.

<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>	\$25,020	\$28,620	\$32,160	\$35,760	\$38,640	\$41,460

**MARKET HIGHLIGHTS**

A market feasibility study dated December 29, 2003 was prepared by Butler& Burgher and highlighted the following findings:

**Definition of Primary Market Area:** “The Primary Market Area is defined as Bellaire to the north, the Loop 610 and S. Post Oak Road to the east, S. Main to the south, and Beltway 8 to the west.” (p. 51)

**Population:** The estimated 2003 population of the PMA was 201,319 and is expected to increase by 7% to approximately 215,541 by 2008. Within the primary market area there were estimated to be 72,701 households in 2003.

**Total Primary Market Demand for Rental Units:** “The data establishes that within the Primary Market Area are residents in their late early 30s, whose income is generally less than the Houston MSA median income (\$59,100 for 2003). The data establishes that a sales and service clientele, who have limited buying power, populates the immediate area. Furthermore, 49.08% of the PMA earn less than \$37,200, the high end



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of the income to qualify for LIHTC property under this program. This data suggests that a large segment of the current population needs affordable units and could not afford mid to upper-end units.” (p.62)

<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	237	2%	72	2%
Resident Turnover	13,080	98%	3,985	98%
<b>TOTAL ANNUAL DEMAND</b>	<b>13,317</b>	<b>100%</b>	<b>4,057</b>	<b>100%</b>

Ref: p. 65

**Inclusive Capture Rate:** “The capture rate of 6.14% for the Primary Market Area is acceptable under the TDHCA concentration guidelines. It considers the future completion of the subject LIHTC units (248 units) and other units currently under construction and unstabilized units.” (p. 66) The Market Analysts’ income band was lowered all the way to \$0 due to the fact they considered vouchers could be used, thus the percentage of income eligible renters was much higher. The Underwriter calculated an inclusive capture rate of 20% based upon a supply of unstabilized comparable affordable units of 817 divided by a revised demand of 4,057 (based on a reduced income eligible range of 15% vs. the Market Analyst’s 49%).

**Market Rent Comparables:** The Market Analyst surveyed six comparable apartment projects totaling 1,255 units in the market area. “In order to estimate the market rents for the subject on rent-restricted and market units, we have surveyed a variety of competing complexes, which range in age from 1980 to 2002.” (p. 68)

<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>	\$762	\$764	-\$2	\$815	-\$53
<b>3-Bedroom (60%)</b>	\$879	\$882	-\$3	\$950	-\$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)

**Primary Market Occupancy Rates:** “The LIHTC product had occupancies that range from 95% to 98% with an average of 97%. The low end of the range represents a property in a lease up.” (p. 73)

**Absorption Projections:** “The developer has projected an absorption rate of 20 units per month for the subject, as encumbered by LIHTC. Based on previous history, this rate is reasonable and would result in a twelve-month absorption period to obtain stabilized physical occupancy.” (p. 67)

The Underwriter found the market study to provide sufficient information to complete this report and make a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s income, secondary income, and vacancy and collection loss assumptions are within the Department’s maximum guidelines. As a result, the Applicant’s effective gross income figure is comparable to the Underwriter’s estimate.

**Expenses:** The Applicant’s total expense estimate of \$3,899 per unit is more than 5% lower than a database-derived estimate of \$4,119 per unit for comparably-sized developments. The Applicant’s budget shows several line item estimates that deviate significantly when compared to the database averages, particularly the general and administrative (\$41.4K lower), property tax (\$22.1K higher). The Underwriter discussed these differences with the Applicant but was unable to reconcile them.

**Conclusion:** Due to the difference in total annual operating expenses, the Applicant’s net operating income figure is more than 5% higher than the Underwriter’s estimate. Because this difference is greater than 5%, the Underwriter’s proforma is used to determine the Development’s debt service capacity. Both the Underwriter’s and the Applicant’s proformas indicate the Development can support the proposed debt with an initial debt coverage ratio that is within the Department’s guideline of 1.10 to 1.30.

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ACQUISITION VALUATION INFORMATION			
ASSESSED VALUE			
Land: (15.3654) acres	\$508,900	Assessment for the Year of:	2003
1 acre	\$33,120	Valuation by:	Harris County Appraisal District
Total: prorated 12.36 acres	\$409,363	Tax Rate:	2.9626
EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Earnest Money Contract		
Contract Expiration Date:	3/ 1/ 2004	Anticipated Closing Date:	2/ 10/ 2004
Acquisition Cost:	\$1,346,000	Other Terms/Conditions:	\$20,000 earnest money
Seller: Ruffino 73 Ltd.		Related to Development Team Member:	No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The site cost of \$1,346,000 (\$2.50/SF, \$108,900/acre or \$5,427/unit) is assumed to be reasonable since the acquisition is an arm’s-length transaction. The closing costs represented as \$253,840 are extremely high and quite possibly excessive. While these costs have not been substantiated they were also excluded from the eligible basis calculation by the Applicant and therefore only serve to increase the gap of funds needed which will increase the required deferral of developer fee. It should also be noted however, that these closing costs were initially identified by the Applicant at only \$53K in the original application. The initial application and the most current sources and uses from the lender imprecisely reflect the acquisition price of a flat \$1.3M. As a result of the Underwriter’s query on the subject this large increase in closing costs and adjustments to numerous other budgeted line items was provided by the Applicant in a revised development cost schedule. The Underwriter requested and the Applicant made numerous attempts to reconcile these adjustments with the differences in line items as reflected in the lender’s sources and uses statement. The most current developer’s budget is still inconsistent in detail on several items with the latest sources and uses provided by the lender however the total development costs are now estimated to be within \$100 of each other.

**Sitework Cost:** The Applicant’s claimed sitework costs of \$7,500 per unit are within the cost guidelines for multifamily projects. Moreover the Applicant only included as eligible \$6,750 per unit thereby accounting for some of the site work costs as ineligible.

**Direct Construction Cost:** The Applicant’s direct construction cost estimate is \$434K or 4% higher than the Underwriter’s Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

**Ineligible Costs:** The Applicant added \$314,584 in “reserve interest per MMA” as an eligible cost in their most recent version of the development cost schedule. This cost also appears to be listed in the lender’s sources and uses as “Rent-up reserve interest after completion” and as such is clearly an ineligible cost for the calculation of tax credit basis. The Underwriter moved this cost to reserves, resulting in an equivalent reduction in the Applicant’s eligible basis.

**Fees:** The Applicant’s general requirements, contractor’s general and administrative fees, and contractor’s profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines based on their own construction costs. Consequently the Applicant’s eligible fees in these areas have been reduced by \$26,040 with the overage effectively moved to ineligible costs. The Applicant’s developer fees also exceed 15% of the Applicant’s adjusted eligible basis and therefore the eligible portion of the Applicant’s developer fee must be reduced by \$36,119.

**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 by the Underwriter, is used to calculate eligible basis and determine the HTC allocation. As a result an eligible basis of

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\$20,078,582 is used to determine a credit allocation of \$716,805 from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE	
INTERIM TO PERMANENT FINANCING	
<b>Source:</b> MMA Financial	<b>Contact:</b> Richard Monfred
<b>Tax-Exempt Amount:</b> \$13,700,000	<b>Interest Rate:</b> 6.70%
<b>Taxable Amount:</b> \$2,800,000	<b>Interest Rate:</b> 9.40%
<b>Additional Information:</b>	While the effective date has remained the same, this commitment has been significantly modified at least three times to reflect what is listed here as of January 28, 2004. The Applicant and lender have since indicated the taxable tail will be in the form of a loan limited to \$2.3 M.
<b>Amortization:</b> 40 Yrs	<b>Term:</b> 40 yrs
<b>Annual Payment:</b> To be determined	<b>Lien Priority:</b> 1st
<b>Commitment:</b> <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	
<b>Commitment Date:</b> 12/ 29/ 2003	

LIHTC SYNDICATION	
<b>Source:</b> MMA Financial	<b>Contact:</b> Richard Monfred
<b>Address:</b> 101 Arch Street	<b>City:</b> Boston
<b>State:</b> MA	<b>Zip:</b> 02110
<b>Phone:</b> (617) 439-3911	<b>Fax:</b> (617) 439-9978
<b>Net Proceeds:</b> \$6,174,000	<b>Net Syndication Rate (per \$1.00 of 10-yr LIHTC):</b> 83¢
<b>Commitment:</b> <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	<b>Date:</b> 1/ 7/ 2004

APPLICANT EQUITY	
<b>Amount:</b> \$850,346	<b>Source:</b> Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Permanent Financing:** TDHCA will issue the tax-exempt bonds in the amount of \$13,700,000. While state tax-exempt multifamily revenue bonds are typically limited to \$15,000,000, this issue is further limited by the original reservation amount requested at the time of the lottery in October of 2002. This has caused some confusion over the structure of the debt which was mostly clarified in the most recent version of the financing commitment. The most recent information indicates that the taxable debt will be limited to \$2.3M and will be in the form of a direct loan from the lender rather than taxable bonds. While it is not entirely clear from the commitment, the Underwriter assumed that the taxable debt would be retired with priority and calculated a blended rate of 6.94%. This resulted in an acceptable aggregate debt coverage ratio. If the taxable portion is paid without priority the blended rate would increase by 15 basis points to 7.09% and the anticipated debt service would increase accordingly but the resulting debt coverage ratio would still be acceptable.

**LIHTC Syndication:** MMA Financial has offered terms for syndication of the tax credits. The commitment letter shows net proceeds are anticipated to be \$6,174,000 based on credits of \$743,917 and a syndication factor of 83% for the 99.9% acquired credits. The lender's latest sources and use statement reflects somewhat lower syndication proceeds of \$5,835,696, but the basis for this amount was not provided. Based upon the Underwriter's recommended credit amount and the syndicator's committed syndication rate, the anticipated syndication proceeds are \$5,948,890.

**Deferred Developer's Fees:** The Applicant's original sources and uses reflected the deferral of only \$850,346 or 33% of the eligible fee, however, significant changes to the debt amounts and uses of funds have since occurred. The most recent sources and uses provided by the lender indicates deferred developer fee of \$1,422,775 but this statement included a taxable loan for \$500K more than currently contemplated. Thus the

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anticipated deferred developer fee is expected to rise by this amount. The Underwriter estimates deferred developer's fees to rise to \$1,889,102 or approximately 73% of the total eligible fees.

**Financing Conclusions:** Based on the Applicant's estimate of eligible basis as adjusted by the Underwriter, the HTC allocation should not exceed \$716,805 annually for ten years, resulting in syndication proceeds of approximately \$5,948,890. Based on this analysis, the Applicant's deferred developer fee will be \$1,889,102 which represents approximately 73% of the eligible fee but which should be repayable from cash flow within ten years.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, and General Contractor are all related entities. These are common relationships for HTC-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.
- The principal of the General Partner, Leon J. Backes, submitted an unaudited financial statement as of November 30, 2003 and is anticipated to be guarantor of the development.
- The principal of the General Partner, Saleem A. Jafar, submitted an unaudited financial statement as of December 21, 2003 and is anticipated to be guarantor of the development.

**Background & Experience:**

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- One of the two owners of the General Partner, Leon Backes has listed participation in three previous affordable housing developments totaling 792 units.
- The Co-developer, Jay O. Oji, has completed three affordable housing developments totaling 560 units since 1994.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant inconsistencies in the application could affect the financial feasibility of the project.

**Underwriter:**

*Carl Hoover*

**Date:** January 30, 2004

**Director of Real Estate Analysis:**

*Tom Gouris*

**Date:** January 30, 2004

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Providence at Bellfort, Houston, MFB #2003-064 / 4% HTC #03469**

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, Trsh
TC (60%)	95	2	2	960	\$804	\$764	\$72,580	\$0.80	\$40.00	\$43.31
TC (60%)	153	3	2	1,120	930	882	134,946	0.79	48.00	49.31
<b>TOTAL:</b>	<b>248</b>		<b>AVERAGE:</b>	<b>1,059</b>	<b>\$882</b>	<b>\$837</b>	<b>\$207,526</b>	<b>\$0.79</b>	<b>\$44.94</b>	<b>\$47.01</b>

<b>INCOME</b>				<b>TOTAL NET RENTABLE SQ FT: 262,560</b>		<b>TDHCA</b>		<b>APPLICANT</b>		<b>USS Region 6</b>	
<b>POTENTIAL GROSS RENT</b>											
Secondary Income		Per Unit Per Month:	\$20.00			\$2,490,312	\$2,482,524				IREM Region Houston
Other Support Income: (describe)						59,520	59,520	\$20.00		Per Unit Per Month	
						0					
<b>POTENTIAL GROSS INCOME</b>											
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			\$2,549,832	\$2,542,044				
Employee or Other Non-Rental Units or Concessions						(191,237)	(177,948)	-7.00%		of Potential Gross Rent	
						0					
<b>EFFECTIVE GROSS INCOME</b>											
						\$2,358,595	\$2,364,096				
<b>EXPENSES</b>				<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>			<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative		3.69%	\$350	0.33		\$86,916	\$45,500	\$0.17	\$183	1.92%	
Management		4.00%	380	0.36		94,344	\$94,564	0.36	381	4.00%	
Payroll & Payroll Tax		9.15%	870	0.82		215,760	\$198,830	0.76	802	8.41%	
Repairs & Maintenance		3.95%	375	0.35		93,115	\$106,009	0.40	427	4.48%	
Utilities		4.01%	382	0.36		94,694	\$73,160	0.28	295	3.09%	
Water, Sewer, & Trash		4.36%	415	0.39		102,899	\$90,520	0.34	365	3.83%	
Property Insurance		2.12%	201	0.19		49,886	\$52,512	0.20	212	2.22%	
Property Tax	2.9626	7.47%	711	0.67		176,260	\$198,400	0.76	800	8.39%	
Reserve for Replacements		2.10%	200	0.19		49,600	\$49,600	0.19	200	2.10%	
Other Expenses: Supp.Serv, Comp		2.46%	234	0.22		57,920	\$57,920	0.22	234	2.45%	
<b>TOTAL EXPENSES</b>		<b>43.31%</b>	<b>\$4,119</b>	<b>\$3.89</b>		<b>\$1,021,395</b>	<b>\$967,015</b>	<b>\$3.68</b>	<b>\$3,899</b>	<b>40.90%</b>	
<b>NET OPERATING INC</b>		<b>56.69%</b>	<b>\$5,392</b>	<b>\$5.09</b>		<b>\$1,337,200</b>	<b>\$1,397,081</b>	<b>\$5.32</b>	<b>\$5,633</b>	<b>59.10%</b>	
<b>DEBT SERVICE</b>											
First Lien Mortgage		50.24%	\$4,778	\$4.51		\$1,184,934	\$1,197,814	\$4.56	\$4,830	50.67%	
Trustee Fee		0.15%	\$14	\$0.01		\$3,500		\$0.00	\$0	0.00%	
TDHCA Admin. Fees		0.68%	\$65	\$0.06		16,000		\$0.00	\$0	0.00%	
Asset Oversight Fees		0.16%	\$15	\$0.01		3,720		\$0.00	\$0	0.00%	
<b>NET CASH FLOW</b>		<b>5.62%</b>	<b>\$534</b>	<b>\$0.50</b>		<b>\$132,546</b>	<b>\$199,267</b>	<b>\$0.76</b>	<b>\$803</b>	<b>8.43%</b>	
<b>INITIAL AGGREGATE DEBT COVERAGE RATIO</b>						1.11	1.17				
<b>INITIAL BONDS &amp; TRUSTEE FEE-ONLY DEBT COVERAGE RATIO</b>						1.13					
<b>RECOMMENDED BONDS-ONLY DEBT COVERAGE RATIO</b>						1.13					

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>		<b>APPLICANT</b>		<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT								
Acquisition Cost (site or bldg)		5.95%	\$5,645	\$5.33		\$1,399,840	\$1,599,840	\$6.09	\$6,451	6.71%		
Off-Sites		0.00%	0	0.00		0	0	0.00	0	0.00%		
Sitework		7.11%	6,750	6.38		1,674,001	1,674,001	6.38	6,750	7.02%		
Direct Construction		47.16%	44,773	42.29		11,103,807	11,272,500	42.93	45,454	47.29%		
Contingency	4.61%	2.50%	2,373	2.24		588,625	588,625	2.24	2,373	2.47%		
General Req'ts	6.00%	3.26%	3,091	2.92		766,668	787,950	3.00	3,177	3.31%		
Contractor's G & A	2.00%	1.09%	1,030	0.97		255,556	262,650	1.00	1,059	1.10%		
Contractor's Profit	6.00%	3.26%	3,091	2.92		766,668	787,950	3.00	3,177	3.31%		
Indirect Construction		3.42%	3,244	3.06		804,500	804,500	3.06	3,244	3.37%		
Ineligible Costs		7.57%	7,189	6.79		1,782,828	1,782,828	6.79	7,189	7.48%		
Developer's G & A	2.70%	1.98%	1,879	1.78		466,048	531,013	2.02	2,141	2.23%		
Developer's Profit	12.30%	9.02%	8,565	8.09		2,124,051	2,124,051	8.09	8,565	8.91%		
Interim Financing		5.55%	5,272	4.98		1,307,500	1,307,500	4.98	5,272	5.48%		
Reserves		2.15%	2,041	1.93		506,046	314,584	1.20	1,268	1.32%		
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$94,944</b>	<b>\$89.68</b>		<b>\$23,546,139</b>	<b>\$23,837,992</b>	<b>\$90.79</b>	<b>\$96,121</b>	<b>100.00%</b>		
<b>Recap-Hard Construction Costs</b>		<b>64.36%</b>	<b>\$61,110</b>	<b>\$57.72</b>		<b>\$15,155,326</b>	<b>\$15,373,676</b>	<b>\$58.55</b>	<b>\$61,991</b>	<b>64.49%</b>		

<b>SOURCES OF FUNDS</b>				<b>RECOMMENDED</b>			
Tax-Exempt Bonds	58.18%	\$55,242	\$52.18	\$13,700,000	\$13,700,000	\$13,700,000	Developer Fee Available
Taxable Bonds/ Additional Financing	9.77%	\$9,274	\$8.76	2,300,000	2,300,000	2,300,000	\$2,590,099
HTC Syndication Proceeds	24.78%	\$23,531	\$22.23	5,835,696	5,835,696	5,948,890	% of Dev. Fee Deferred
Deferred Developer Fees	6.04%	\$5,737	\$5.42	1,422,775	1,422,775	1,889,102	73%
Additional (Excess) Funds Required	1.22%	\$1,160	\$1.10	287,668	579,521	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$23,546,139</b>	<b>\$23,837,992</b>	<b>\$23,837,992</b>	<b>\$5,271,264</b>

**MULTIFAMILY COMPARATIVE ANALYSIS**(continued)  
**Providence at Bellfort, Houston, MFB #2003-064 / 4% HTC #03469**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook  
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$42.97	\$11,282,203
Adjustments				
Exterior Wall Finish	1.40%		\$0.60	\$157,951
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.68)	(177,666)
Floor Cover			2.00	525,120
Porches/Balconies	\$18.00	68,319	4.68	1,229,742
Plumbing	\$605	744	1.71	450,120
Built-In Appliances	\$1,650	248	1.56	409,200
Stairs/Fireplaces	\$1,700	88	0.57	149,600
Floor Insulation			0.00	0
Heating/Cooling			1.53	401,717
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	\$52.94	8,144	1.64	431,176
Other:			0.00	0
<b>SUBTOTAL</b>			<b>56.59</b>	<b>14,859,163</b>
Current Cost Multiplier	1.03		1.70	445,775
Local Multiplier	0.89		(6.23)	(1,634,508)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$52.07</b>	<b>\$13,670,430</b>
Plans, specs, survy, bld prm	3.90%		(\$2.03)	(\$533,147)
Interim Construction Interest	3.38%		(1.76)	(461,377)
Contractor's OH & Profit	11.50%		(5.99)	(1,572,099)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$42.29</b>	<b>\$11,103,807</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$16,000,000	Amort	480
Int Rate	6.94%	DCR	1.13

<b>Secondary</b>		Amort	
Int Rate		Subtotal DCR	\$1.13

<b>All-In</b>		Amort	
Rate		Aggregate DCR	1.11

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$1,184,934
Trustee Fee	3,500
TDHCA Admin. Fees Asset Oversight	19,720
<b>NET CASH FLOW</b>	<b>\$129,046</b>

<b>Primary</b>	\$16,000,000	Term	480
Int Rate	6.94%	DCR	1.13

<b>Secondary</b>		Term	
Int Rate		Subtotal DCR	1.13

<b>All-In</b>		Term	
Rate		Aggregate DCR	1.11

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

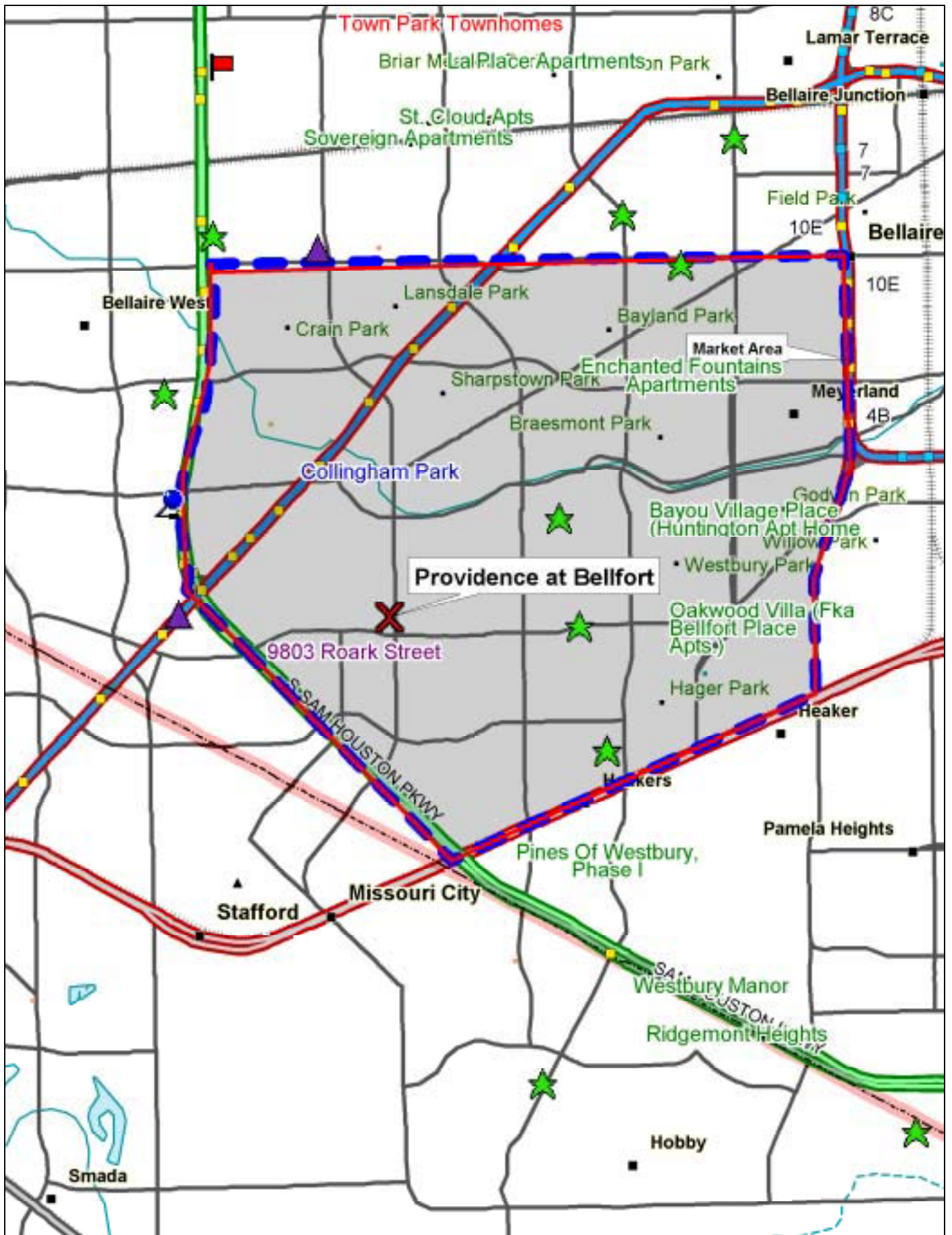
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,490,312	\$2,565,021	\$2,641,972	\$2,721,231	\$2,802,868	\$3,249,292	\$3,766,820	\$4,366,777	\$5,868,583
Secondary Income	59,520	61,306	63,145	65,039	66,990	77,660	90,029	104,369	140,263
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,549,832	2,626,327	2,705,117	2,786,270	2,869,858	3,326,952	3,856,850	4,471,146	6,008,846
Vacancy & Collection Loss	(191,237)	(196,975)	(202,884)	(208,970)	(215,239)	(249,521)	(289,264)	(335,336)	(450,663)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$2,358,595</b>	<b>\$2,429,352</b>	<b>\$2,502,233</b>	<b>\$2,577,300</b>	<b>\$2,654,619</b>	<b>\$3,077,431</b>	<b>\$3,567,586</b>	<b>\$4,135,810</b>	<b>\$5,558,183</b>
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$86,916	\$90,393	\$94,008	\$97,769	\$101,680	\$123,709	\$150,511	\$183,119	\$271,061
Management	94,344	97,174	100,089	103,092	106,185	123,097	142,703	165,432	222,327
Payroll & Payroll Tax	215,760	224,390	233,366	242,701	252,409	307,094	373,627	454,574	672,880
Repairs & Maintenance	93,115	96,840	100,714	104,742	108,932	132,532	161,246	196,180	290,395
Utilities	94,694	98,481	102,421	106,517	110,778	134,779	163,979	199,505	295,316
Water, Sewer & Trash	102,899	107,015	111,296	115,747	120,377	146,457	178,188	216,793	320,906
Insurance	49,886	51,882	53,957	56,115	58,360	71,004	86,387	105,103	155,578
Property Tax	176,260	183,311	190,643	198,269	206,200	250,874	305,226	371,354	549,695
Reserve for Replacements	49,600	51,584	53,647	55,793	58,025	70,596	85,891	104,500	154,685
Other	57,920	60,237	62,646	65,152	67,758	82,438	100,299	122,029	180,632
<b>TOTAL EXPENSES</b>	<b>\$1,021,395</b>	<b>\$1,061,307</b>	<b>\$1,102,788</b>	<b>\$1,145,898</b>	<b>\$1,190,703</b>	<b>\$1,442,580</b>	<b>\$1,748,056</b>	<b>\$2,118,589</b>	<b>\$3,113,476</b>
<b>NET OPERATING INCOME</b>	<b>\$1,337,200</b>	<b>\$1,368,045</b>	<b>\$1,399,445</b>	<b>\$1,431,402</b>	<b>\$1,463,916</b>	<b>\$1,634,851</b>	<b>\$1,819,530</b>	<b>\$2,017,221</b>	<b>\$2,444,706</b>
DEBT SERVICE									
First Lien Mortgage	\$1,184,934	\$1,184,934	\$1,184,934	\$1,184,934	\$1,184,934	\$1,184,934	\$1,184,934	\$1,184,934	\$1,184,934
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees Asset Ov	19,720	19,643	19,561	19,473	19,378	18,794	17,968	3,720	3,720
<b>NET CASH FLOW</b>	<b>\$129,046</b>	<b>\$159,969</b>	<b>\$191,451</b>	<b>\$223,495</b>	<b>\$256,104</b>	<b>\$427,624</b>	<b>\$613,129</b>	<b>\$825,067</b>	<b>\$1,252,553</b>
AGGREGATE DCR	1.11	1.13	1.16	1.19	1.21	1.35	1.51	1.69	2.05

**LIHTC Allocation Calculation - Providence at Bellfort, Houston, MFB #2003-064 / 4% HTC #0346**

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	\$1,599,840	\$1,399,840		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,674,001	\$1,674,001	\$1,674,001	\$1,674,001
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$11,272,500	\$11,103,807	\$11,272,500	\$11,103,807
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$262,650	\$255,556	\$258,930	\$255,556
Contractor profit	\$787,950	\$766,668	\$776,790	\$766,668
General requirements	\$787,950	\$766,668	\$776,790	\$766,668
<b>(5) Contingencies</b>				
	\$588,625	\$588,625	\$588,625	\$588,625
<b>(6) Eligible Indirect Fees</b>				
	\$804,500	\$804,500	\$804,500	\$804,500
<b>(7) Eligible Financing Fees</b>				
	\$1,307,500	\$1,307,500	\$1,307,500	\$1,307,500
<b>(8) All Ineligible Costs</b>				
	\$1,782,828	\$1,782,828		
<b>(9) Developer Fees</b>			\$2,618,945	
Developer overhead	\$531,013	\$466,048		\$466,048
Developer fee	\$2,124,051	\$2,124,051		\$2,124,051
<b>(10) Development Reserves</b>				
	\$314,584	\$506,046		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$23,837,992</b>	<b>\$23,546,139</b>	<b>\$20,078,582</b>	<b>\$19,857,425</b>

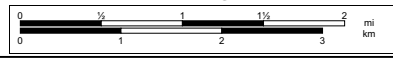
<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$20,078,582	\$19,857,425
High Cost Area Adjustment		100%	100%
<b>TOTAL ADJUSTED BASIS</b>		\$20,078,582	\$19,857,425
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$20,078,582	\$19,857,425
Applicable Percentage		3.57%	3.57%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$716,805	\$708,910

Syndication Proceeds	0.8299	\$5,948,890	\$5,883,365
<b>Total Credits (Eligible Basis Method)</b>		<b>\$716,805</b>	<b>\$708,910</b>
Syndication Proceeds		\$5,948,890	\$5,883,365
Requested Credits		\$739,659	
Syndication Proceeds		\$6,138,556	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,837,992</b>	
Credit Amount		\$944,431	



© 2001 DeLorme. XMap® Business 1v3, GDT, Inc., Rel. 01/2001  
 Zoom Level: 11-4 Datum: WGS84

Scale 1 : 75 000  
 1" = 1.8 mi





# 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) - 2003

**MSA/County:** Houston      **Area Median Family Income (Annual):** \$59,100

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 <small>(provided by the local PHA)</small>	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		\$ 521	\$ 625	\$ 835
2	23,850	28,620	38,150	1-Bedroom	558	670	894		558	670	894
<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>42</b>	<b>628</b>	<b>762</b>	<b>1,030</b>
4	29,800	35,760	47,700	3-Bedroom	775	930	1,240	51	724	879	1,189
5	32,200	38,640	51,500	4-Bedroom	863	1,036	1,382		863	1,036	1,382
6	34,550	41,460	55,300	5-Bedroom	953	1,144	1,525		953	1,144	1,525
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) \$32,160 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.

**PROVIDENCE AT BELLFORT APARTMENTS**

**RESULTS & ANALYSIS:**

**Tenants** in the 60% AMFI bracket will **save \$54 to \$73** per month (leaving 2.0% to 2.4% more of their monthly income for food, child care and other living expenses).  
 This is a monthly savings off the market rents of **6.6% to 7.7%**.

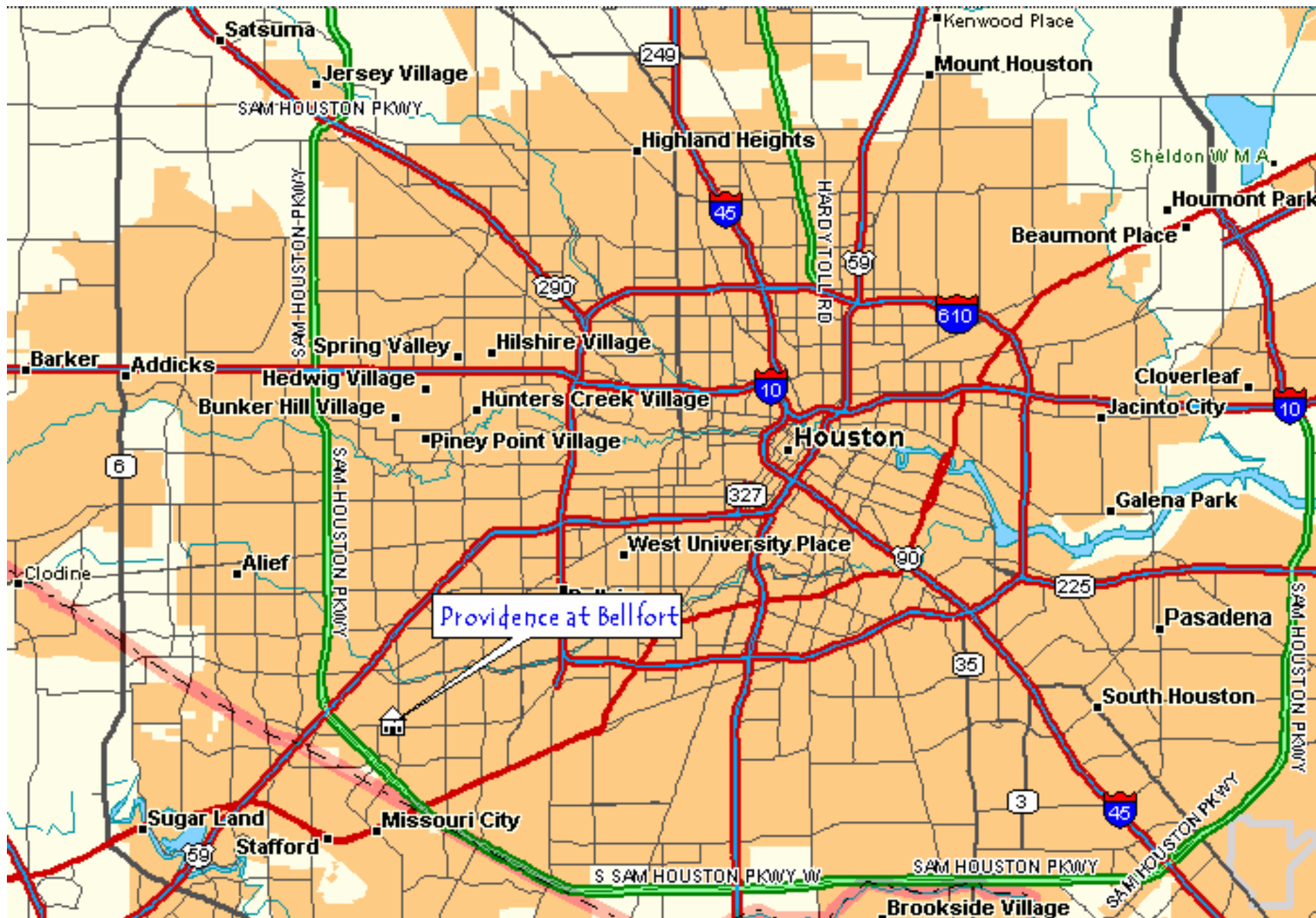
**PROJECT INFORMATION**

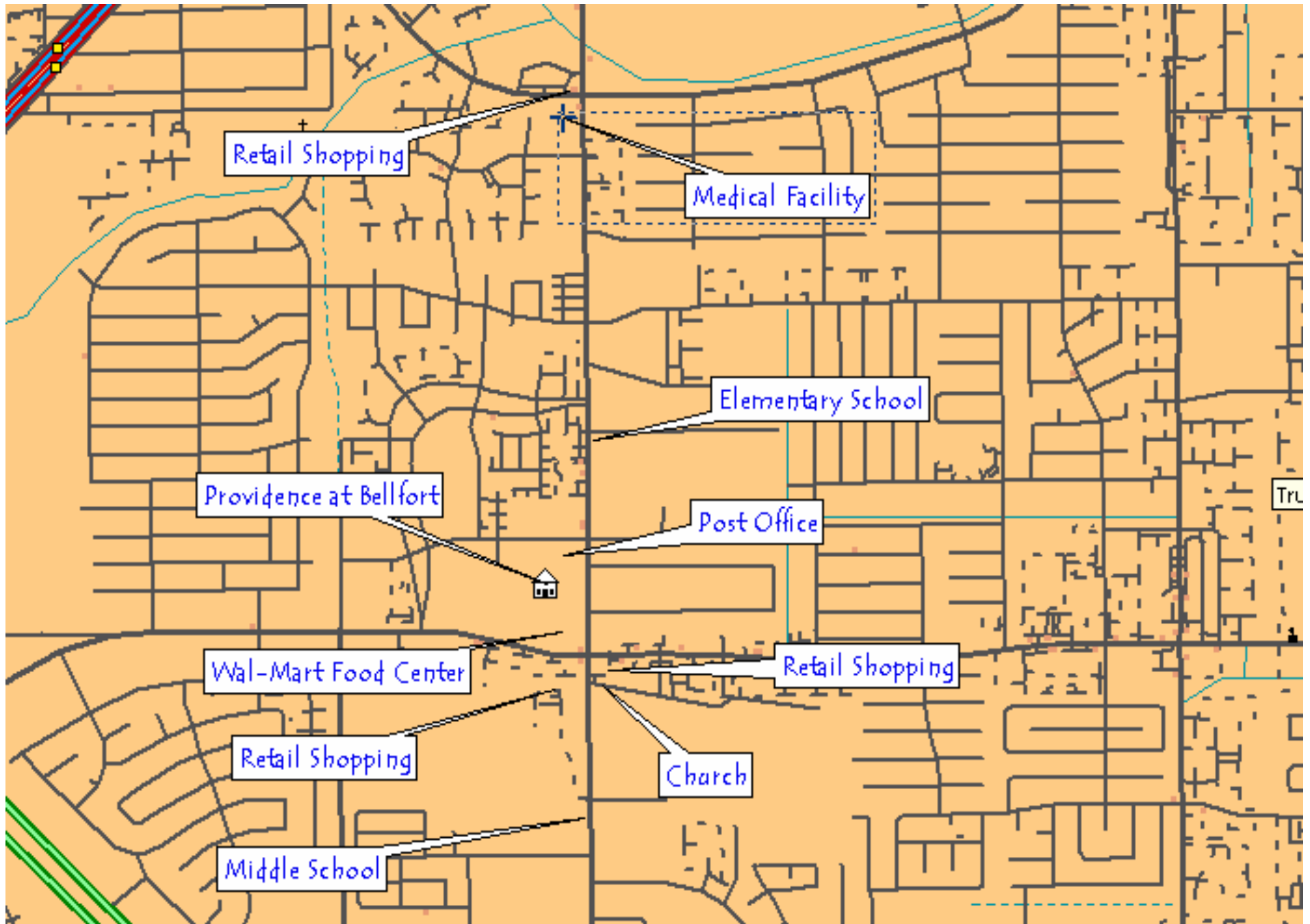
<b>Unit Mix</b>				
Unit Description		2-Bedroom	3-Bedroom	
Square Footage		960	1,120	
Rents if Offered at Market Rates		\$816	\$952	
Rent per Square Foot		\$0.85	\$0.85	

**SAVINGS ANALYSIS FOR 60% AMFI GROUPING**

Rent Cap for 60% AMFI Set-Aside		\$762	\$879	
<b>Monthly Savings for Tenant</b>		<b>\$54</b>	<b>\$73</b>	
Rent per square foot		\$0.79	\$0.78	
Maximum Monthly Income - 60% AMFI		\$2,680	\$3,100	
<b>Monthly Savings as % of Monthly Income</b>		<b>2.0%</b>	<b>2.4%</b>	
<b>% DISCOUNT OFF MONTHLY RENT</b>		<b>6.6%</b>	<b>7.7%</b>	

**Appraisal information provided by:** Butler Burgher, Inc, 8150 N. Central Expressway, Suite 801, Dallas, Texas 75206. Report dated January 19, 2004.





# Developer Evaluation

Project ID # **03469**

Name: **Providence @ Belfort Village** City: **Houston**

LIHTC 9%  LIHTC 4%  HOME  BOND  HTF  SECO  ESGP  Other

No Previous Participation in Texas  Members of the development team have been disbarred by HUD

National Previous Participation Certification Received:  N/A  Yes  No

Noncompliance Reported on National Previous Participation Certification:  Yes  No

## Portfolio Management and Compliance

Projects in Material Noncompliance: No  Yes  # of Projects: 0  
Total # of Projects monitored: 0 Projects grouped by score 0-9 0 10-19 0 20-29 0  
Total # monitored with a score less than 30: 0 # not yet monitored or pending review: 2

## Program Monitoring/Draws

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

## Asset Management

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Sara Carr Newsom Date February 02, 2004

## Multifamily Finance Production

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by S Roth Date 1/27/2004

## Single Family Finance Production

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Community Affairs

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Office of Colonia Initiatives

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Real Estate Analysis (Cost Certification and Workout)

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Loan Administration

Not applicable  No delinquencies found  Delinquencies found   
Delinquencies found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Stephanie D'Couto Date 1/30/2004

Executive Director: \_\_\_\_\_

Executed: \_\_\_\_\_

# Status Summary

**Project ID#** 03469

**Name:** Providence @ Bellfort Village

**City** Houston

LIHTC 9     LIHTC 4

HOME     HTF

Bond     SEC

ESGP     Other

Developer	Role	Disbar
Ascot Park Townhomes, LP	Owner/Applicant Name	<input type="checkbox"/>
Chicory GP-Bellfort, Inc.	General Partner (.01%)	<input type="checkbox"/>
Leon J. Backes	President (100% Ownership)	<input type="checkbox"/>

## Projects/Contracts Monitored by the Department

Program	Project ID	Project Name	Score
LIHTC	02474	Quail Creek Apartments	N/A
LIHTC	02475	Rose Court @ Thorntree	N/A

**Out of State Response Received:** N/A

**Non-Compliance Reported**

**Completed By:** Jo En Taylor

**Date:** 1/27/2004

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Division

## Public Comment Summary

### Providence at Bellfort

#### Public Hearing

<i>Total Number Attended</i>	122
<i>Total Number Opposed</i>	101
<i>Total Number Supported</i>	11
<i>Total Number Neutral</i>	10
<i>Total Number that Spoke</i>	42

#### Public Officials Letters Received

<i>Opposition</i>	1
Congressman Chris Bell	
<i>Support</i>	0

#### General Public Letters and Emails Received

<i>Opposition (*)</i>	156
<i>Support</i>	1
<i>Petition in Opposition (*)</i>	281

#### Summary of Opposition

- 1 *Increase in Traffic*
- 2 *Over burden area schools*
- 3 *Additional burden to police/fire departments*
- 4 *Need more commercial/retail development not apartments*
- 5 *Excessive apartments in area now*
- 6 *Increase in crime*
- 7 *Huge profit for the developer*
- 8 *Decrease in property values of existing single family homes*
- 9 *Not in my area*
- 10 *Deteriorate education in schools*
- 11 *Increase flooding in the area*
- 12 *Put it some place else in Fondren SW area*
- 13 *Increase taxes*
- 14 *Low occupancy rates in other apartments in area*

(\*) Many of the same people signed the petition as well as sent letters

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS  
ASCOT PARK TOWNHOMES LIMITED PARTNERSHIP

PUBLIC HEARING

Milne Elementary School Cafeteria  
7800 Portal  
Houston, Texas

December 17, 2003  
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator



I N D E X

<u>SPEAKER</u>	<u>PAGE</u>
Elaine Heller	27
Geraldine Trappey	28
Dan Barr	30
Pastor Nathan Johnson	32
Ruth Hurst	34
Marcy Williams	37
Richard Rabe	38
Jim Myers	39
David Sepulveda	42
Elain Gaskamp	43
Mary Tom Barr	45
Eugene Thomas	47
Craig Holloway	48
Tim Douglass	49
Judy Chaney	50
Reverend H.J. Johnson	53
Candice Dismuke	54
William French	56
Elbert White	58
Kathryn White	59
Paulette Goltz	60
Kenneth McCowan	62
Christina Almmagro	64
Ann Shaw	65
Marvin Shaw	66
Tom Atwood	67
Shirley Tudzin	68
Kirk Fretty	69
Susan Gregory	71
T. Shephard	71
Donald Perkins	73
Mitchell Fontenot	76
Evelyn Sandler	79
Neal Davis	80
Brenda Stewart	81
Karen Domino	82
Audria Dinwiddie	82
Harry Clarky	84
Lisa Wagner	85
William Oyola	86
Sanford Herman	87
Lela Jones	89

P R O C E E D I N G S

1  
2 MS. MEYER: Again, my name is Robbye Meyer and  
3 I'm with the Texas Department of Housing and Community  
4 Affairs. First of all, and foremost, if you have any  
5 cell phones or pagers, I've requested that you either  
6 turn them to silent mode or turn them off. I'd hate to  
7 kick somebody out of a meeting just because you had your  
8 cell phone going.

9 Also, please don't answer it in here if it does  
10 vibrate on you. If you could get out the door, I would  
11 appreciate it so it wouldn't interrupt the rest of the  
12 meeting.

13 I'm going to read a brief speech that I have to  
14 do for the public hearing to start, then I will do a brief  
15 presentation. The developer will also do a brief  
16 presentation to give you some more information about the  
17 particular development itself.

18 And then I will open the floor up to public  
19 comment. Once we get the public comment section out of  
20 the way, if there are any additional questions, then we  
21 will be glad to answer those questions at the end of the  
22 meeting. Okay.

23 Again, my name is Robbye Meyer and I'm with the  
24 Texas Department of Housing and Community Affairs. And I

1 would like to proceed with the public hearing. And let  
2 the record show that is at 6:18 p.m. on Wednesday,  
3 December 17, 2003 and we are at the Milne Elementary  
4 School located at 7800 Portal, Houston, Texas 77071.

5 I'm here to conduct the public meeting on  
6 behalf of the Texas Department of Housing and Community  
7 Affairs with respect to an issuance of tax exempt  
8 multifamily revenue bonds for a residential rental  
9 community. This hearing is required by the Internal  
10 Revenue Code.

11 The sole purpose of this hearing is to provide  
12 a reasonable opportunity for interested individuals to  
13 express their views regarding the development and the  
14 proposed bond issuance. No decisions regarding this  
15 development will be made at this hearing. The  
16 department's board is scheduled to meet to consider this  
17 transaction on February 12, 2004.

18 In addition to providing your comments at this  
19 hearing, the public is also invited to provide comment  
20 directly to the board at their meeting. Also, if you  
21 would like to send written comments to the staff, you're  
22 welcome to do that. And I will give you a card at the end  
23 of the -- if you want to do that, I'll give you an  
24 information card to send that information in. That

1 information will need to be received by 5:00 on January  
2 30.

3           The bonds will be issued as tax exempt  
4 multifamily revenue bonds in the aggregate principal  
5 amount not to exceed \$13,700,000 and taxable bonds, if  
6 necessary, in an amount to be determined and issued in one  
7 or more series by the Texas Department of Housing and  
8 Community Affairs.

9           The proceeds of the bonds will loaned to Ascot  
10 Park Townhomes Limited Partnership or related person or  
11 affiliate entity thereof to finance a portion of the cost  
12 of acquiring, constructing and equipping a multifamily  
13 rental housing community described as follows: 248 unit  
14 multifamily residential rental development to be  
15 constructed on approximately 12 acres of land located at  
16 the southwest quadrant of Bellfort Avenue and South  
17 Gessner in Houston, Harris County, Texas.

18           The proposed multifamily rental housing  
19 community will be initially owned and operated by the  
20 borrower or a related person or entity thereof.

21           As I mentioned in the speech, that this will be  
22 funded by tax exempt bonds. And it's always confusing to  
23 a lot of people. This is one source of financing that  
24 this particular development will be using. The tax

1 exemption is not for property taxes. The tax exemption  
2 goes to the purchaser of the bonds.

3 By doing that, the -- since the bond purchaser  
4 does not have to pay income tax on his investment, then  
5 he's willing to accept a lower rate of return, which  
6 allows for a lower interest rate to the development, which  
7 allows the developer, in turn, to build a market rate  
8 product that would be as any other complex that you would  
9 see on the street at a lesser cost to the development.

10 There's also another financing piece here for  
11 housing tax credits. That is a credit to the development.

12 It's an IRS tax credit. Again, it doesn't have anything  
13 to do with your property taxes. This particular  
14 development will be paying its property taxes and LURA  
15 taxes. So if there's any question there, they will be  
16 paying their taxes.

17 The tax credit is -- it's an equity injection  
18 into the development. What that allows is the developer  
19 to charge to affordable rents to lesser individuals within  
20 the City of Houston and surrounding area.

21 Along with that -- those two pieces, there's  
22 also a compliance period. That compliance period is for  
23 30 years, or as long as the bonds are outstanding. Now,  
24 if the bonds are outstanding for 40 years, then that

1 compliance period will be as long as those bonds are  
2 outstanding. But no less than 30 years.

3           That compliance period is monitored by the  
4 Texas Department of Housing and Community Affairs by --  
5 they go out and do site audits, they look at the tenancy,  
6 they look at the incomes that those tenants are -- that  
7 they have and they make sure that they are complying with  
8 the LURA, and that is a land use restriction agreement.

9           They also make sure that the property is being  
10 up kept. And that always happens to be a concern with  
11 surrounding neighborhoods, to make sure that the  
12 properties are well-kept and that is one of the things  
13 that we monitor for, just to give you some basic things  
14 that they're looking for.

15           A lot of people ask me, well, why don't you  
16 build single family houses, we don't want multifamily  
17 houses -- well -- or multifamily complexes? Part of that  
18 reason is that we can't -- a lot of families can't afford  
19 single family dwellings. In some cases, they can afford  
20 the mortgage on it, but if something major goes wrong, if  
21 they have a roof problem or they have a plumbing leak or  
22 maintenance on the lawn and those kind of things, a lot of  
23 times those things aren't able for them to be able to do,  
24 and then we force them into a foreclosure situation, and

1 that's not something that the department wants to do.

2 So not everyone can afford single family  
3 dwellings, so that's the reason why we do build and help  
4 support multifamily developments.

5 The tax exempt bond program is administered  
6 through the Texas Bond Review Board. TDHCA happens to be  
7 an issuer for those bonds, and we work through the Texas  
8 Bond Review Board.

9 This particular development received what's  
10 called a reservation of allocation on October 23. By  
11 that, we have 120 days to close this transaction as far as  
12 the bonds are concerned, and that reservation will expire  
13 on February 20, 2004.

14 This is not a section 8 project based housing  
15 development. Other -- a lot of people have called me and  
16 asked me that question. The development is required to  
17 allow section 8 tenancy, however, it's not a project based  
18 housing development, and I want you to be sure that you  
19 understand that. HUD is not involved in this program. It  
20 is a private industry, it's a private developer, and the  
21 federal government's not in the middle of it, as far as  
22 HUD is concerned.

23 This particular development, again, will be  
24 located in the northwest quadrant of Bellfort Avenue and

1 South Gessner. It will consist of 14 three story  
2 residential buildings and one non-residential building.  
3 It will have 248 units, 95 two bedroom two bath units with  
4 an average square footage of 960 square feet; 153 three  
5 bedroom two bath units with an average square footage of  
6 1120.

7 It will service families at 60 percent of the  
8 area median income. For the Houston/MSA area that is  
9 59,100. To give you an example, a family of four cannot  
10 earn more than 35,760 in order to be able to qualify to  
11 live in this particular development. Maximum rents for  
12 two bedrooms are approximately \$762 and a maximum rent for  
13 a three bedroom is approximately \$879.

14 Again, if you have any cell phones or pagers,  
15 I'd ask you to please turn them off. Whenever we get into  
16 the public comments section, you will have two minutes to  
17 make comments. And I will be monitoring that time.

18 I'm going to turn it over to the developer for  
19 just a few minutes and let him give you a brief  
20 presentation and a little bit more detailed information  
21 about the particular development. And then I will start  
22 the public comment at that time.

23 MR. FISHER: Good evening. I've recognized  
24 many of your from the meeting that we had last week.



1 Thank you all again for coming this evening to voice your  
2 concerns and to have input into what we're trying to  
3 develop in your community.

4 My name is Bill Fisher. I am with Provident  
5 Realty. We are the developer/sponsor of this housing  
6 community. And I will try and run through a brief  
7 presentation that will tell you a little bit more about us  
8 and a little bit more about what we're trying to do, and  
9 then we'll open it up for public comment.

10 And, as Ms. Meyer stated, it was what I think  
11 did at the meeting a week ago, once the public comment  
12 process is over, you know, we will stay and answer  
13 questions for you and try to get some additional input.  
14 And I mention that only because the way we left off last  
15 week was, there seemed to be an interest in seeing perhaps  
16 the senior housing development in this location as opposed  
17 to a family development.

18 What we are talking about tonight is a family  
19 development, and I had promised the neighbors that I would  
20 explore that and we continue to do that, and I've been  
21 working with some of the members in your neighborhood on  
22 that and we will continue to do so. And so to the extent  
23 that that's of an interest, you know, we want to have that  
24 dialogue and your counsel member is here, and I think he's

1 interested in hearing your feedback on the possibility of  
2 doing a senior housing development. So with that said,  
3 I'll begin.

4 The name of this development will be Providence  
5 at Bellfort. You know, these are townhome quality units.

6 You're seeing the exterior finishes of the clubhouse and  
7 the buildings in these renderings that we've brought here  
8 tonight. The exteriors will be natural stone and stucco  
9 100 percent.

10 This is a relatively low density project, about  
11 17 units to the acre. We're not in the Harris County  
12 flood control area. I do have my civil engineer here  
13 tonight who will speak and during his two minutes and try  
14 and address any concern around that. We'll meet all the  
15 city codes and ordinances associated with developing  
16 housing in this particular location.

17 As Ms. Meyer said, this is not public housing.  
18 We have no relationship with housing authority. We're a  
19 for profit entity that's subject to property taxes from  
20 all taxing jurisdictions.

21 We have been doing this for quite a while.  
22 I've been doing affordable housing in this state since  
23 1997. I've done nearly 7,000 units in -- all over the  
24 state, from down in the valley, Austin, Dallas/Fort Worth

1 area. I've won many national awards, which you will see I  
2 some of the subsequent photos.

3 For those of you who are interested in reaching  
4 out, we would be happy to provide you references from  
5 other neighborhoods where we have developed these  
6 communities in. I think that, who's leadership will tell  
7 you that we meet our promises, we make our commitments in  
8 writing. We typically put them in the form of deed  
9 restrictions and we allow the community to monitor them  
10 and I think they'll tell you that they really haven't had  
11 to do a lot of monitoring because we do exactly what we  
12 said we're going to do.

13 And we have some example letters that officials  
14 have written on our developments in the past. We're a  
15 company with over \$500,000,000 in assets. In addition to  
16 this type of housing, we do do some residential lot  
17 development and quite a bit of retail development,  
18 relationships with Wal-Mart, Super Target, the Albertsons  
19 store group, those types of things.

20 We've been established and in business for over  
21 20 years. We were the recipient of the 2000 National  
22 Association of Home Builders, Affordable Housing  
23 Development of the Year in the year 2000 for a senior  
24 housing development that was done in Arlington, Texas.

1           Our U.S. Senator Kay Bailey Hutchinson came to  
2 the ribbon cutting of one of these developments in the  
3 Dallas area, in DeSoto. We've won commendations from the  
4 mayor in DeSoto for a development we did there. The mayor  
5 of Dallas for developments we've done there. And this is  
6 all based upon quality and fitting in with the community  
7 and working with the community.

8           We are recognized as a model for developing  
9 affordable housing because we do the things that we're  
10 doing tonight and that we did last week, which is try and  
11 engage the community, work with you, hear your input to  
12 try and make the developments as nice as they can be and  
13 to allay your concerns, many of which are mislaid, and  
14 provide safeguards and mechanisms for you to monitor that  
15 so that your concerns can be addressed.

16           Our architects are national award winning.  
17 They won the best development for one here on the upper  
18 side in the Continental House. And here's some pictures  
19 of some that we have done. Interior shots of the types of  
20 finishes that you see inside these communities. The  
21 exterior look of them, clubhouse shot.

22           We see a lot of misdirected concerns, which I  
23 think we tried to address last week. We're not in the  
24 flood control area, we will not, you know, increase

1 flooding in your neighborhood. We'll be held to that  
2 standard. And I have offered to do a flood study if that  
3 would allay the community's concern to show that we will  
4 not do that. And we will hire somebody to do that and  
5 have it reviewed, although it is not a requirement for our  
6 development.

7           As Ms. Meyer said, we are a for profit entity,  
8 we pay full property taxes, we do pay our fair share to  
9 the school and all the taxing districts. And we're not  
10 public housing. One of the things that we get in this  
11 program, is we build as nice a community that has been  
12 developed in the area.

13           And, as a result of the only subsidy we  
14 receive, which is in the financing, it allows us to charge  
15 a rent that is competitive with the properties, that I  
16 think many of you expressed concerns about last week.

17           We raise the standard in the neighborhood. It  
18 prevents the slum lord from continuing to let his property  
19 go down. We charge a very competitive rent to theirs.  
20 They either keep their property up, or it puts us in a  
21 position where later on, they can be replaced, and I do  
22 know this area has demolished apartments over the years.

23           These -- and I think even one of the ladies  
24 here who managed one of these properties agreed, people

1 line up to live here. And it gives us an advantage  
2 because it allows us to carefully screen our residents.  
3 We run a criminal background check on everyone age 18 or  
4 older. There was a question asked about what database we  
5 use. We try and use as a wide a reach database as we can.  
6 You know, we certainly do a statewide criminal background  
7 check.

8 We were tonight that you could do it to  
9 incorporate a national background check, and that's  
10 something that we would agree to do and, again, agreed to  
11 in writing and put into part of our deed restrictions.

12 You know, we're private pay. Our families walk  
13 into the clubhouse and write a check for their rent just  
14 like you do your mortgage payment every month. We do  
15 accept people with section 8 vouchers holders -- with  
16 vouchers. But the voucher hold has to meet the same  
17 screening criteria every other resident did. And in your  
18 handout package, there is a list of our screening criteria  
19 and I've also done a blow up here of that.

20 We -- for whatever reason, we get very few  
21 voucher holders. About 1 percent of our family residents  
22 use a voucher. Now, we did talk briefly about seniors.  
23 About 25 to 30 percent of our seniors, if we did a senior  
24 development, would be paying their rent with a section 8

1 voucher or would become from referral from the housing  
2 authority. But the senior property would be age  
3 restricted, everyone would be 55 or older. So that's the  
4 distinction on the voucher issue.

5           One of the things that we got from the school  
6 district is that Valley West, which is really the  
7 elementary school close to our development, is land  
8 locked. And, in an effort to try and garner the  
9 community's support, we offered if we could get the  
10 neighborhood association to support what we were trying to  
11 do, after your getting your input is, purchase about a  
12 three and a half acre that is contiguous to the school and  
13 donate it for their use.

14           They're land locked over there. They've  
15 already spread into the park next door and this is  
16 probably one of the best schools in the area, and that's  
17 their concern is forever being locked into the facility  
18 that they have. So that was their concern; they felt like  
19 if they had some more area, they could accommodate a lot  
20 more students by dividing up their programs. And we have  
21 offered, as part of a cooperative effort on this housing  
22 community, to do that for the school district.

23           You know, we hear, you're going to lower my  
24 property values. These are \$90,000 units. This is a \$28

1 million investment in your community. It's -- the studies  
2 have been done extensively by every major university,  
3 Harvard, Georgetown, Duke, several in North Carolina, and  
4 there's just no empirical evidence that a high quality  
5 development like this does anything other than enhance the  
6 neighborhood.

7 Our resident income levels Ms. Meyer touched on  
8 and our rents run from 750 to 900. We screen, you must be  
9 employed, you must have good credit and you can have no  
10 criminal history.

11 They're a lot of market demands for our units.  
12 I know there's been some comments. We do know there are  
13 apartments in southwest Houston. But I want to point out  
14 that we offer -- the majority of our units, 153 of them,  
15 are three bedroom two baths. Only 1 percent of the rental  
16 stock in this area are that floor plan. So we offer a --  
17 really, we're not competing with a lot of the existing  
18 communities, but we're going to draw quite a few of their  
19 residents out here, at this point crammed into smaller  
20 units, which is part, I think, of some of the community's  
21 concern about apartments and why you see a lot of people  
22 outside their apartments, is because they're overcrowded.  
23 And we offer a floor plan -- this design -- to not do  
24 that.



1           Had a meeting with some of the apartment owners  
2 in the area. And I think even they agree with the quality  
3 of this development and the floor plans that we offer,  
4 that this property would be filled very quickly.

5           The income restrictions are always an issue  
6 with neighbors. Eighty percent of people who live and  
7 rent apartments in Harris County qualify to live in our  
8 property. So, yes, we do have income limits. But they  
9 screen out very few renters. What screens out renters on  
10 our property is screening criteria. Do you have a  
11 criminal background, do you have good credit, have you  
12 been evicted, do you owe utility bills, because you cannot  
13 live there if you have any of those.

14           Who lives in our properties? People that want  
15 to live in your community and oftentimes cannot afford a  
16 single family home yet. Now, the people of my generation,  
17 we all lived in apartments first. We didn't buy single  
18 family homes, we moved into apartments. So we began our  
19 families in apartments. And then we built ourselves up  
20 economically and socially and we stepped out and we bought  
21 a single family home in the neighborhood. And that's the  
22 purpose of our property.

23           And we run a whole lot of additional programs  
24 that are designed to strengthen the families, help them

1 save, give them shopping dollars and have positive  
2 economic development and allow them ultimately to step out  
3 after living on our property and buy a home in your  
4 neighborhood.

5           The people who live there are the teachers, the  
6 school administrators, the people who work your retail  
7 stores, the managers, those are the people that qualify to  
8 live on our properties. And new policeman with young  
9 children. We have quite a few of those on our properties  
10 all around the state.

11           This was one of the better submarkets. I mean,  
12 there has not been a lot of new apartment development in  
13 this area. There are about -- approximately 14,000  
14 housing units in the multifamily category being built or  
15 developed in Houston right now. There's been virtually  
16 nothing done on this side of town for quite some time.

17           In our primary market area, there's a little  
18 less than 21,000 units and occupancy is north of 90  
19 percent. And I think you know how substandard many of  
20 these older apartments that were built in the 70s and the  
21 80s are, and that's really where the vacancy is.

22           We are bootstrapped for home ownership. We  
23 make the rent affordable, our families save money as a  
24 result of that. We provide free after school programs,

1 latch key programs for the families with children. It  
2 generally does an important thing for our families, which  
3 are typically one income households, that's why they  
4 qualify.

5           It's mom and dad and two or three children.  
6 Mom is typically not working, or dad if he's the unskilled  
7 one. And there's diminishing returns for them to get a  
8 job because, yes, they're going to earn income, but  
9 they've got to pay for day care babysitting. We provide  
10 that at no additional cost to the residences.

11           We have a full time employee who does nothing  
12 but organize the family programs on our properties. Our  
13 kids come home from school, they go into an extra large  
14 clubhouse, there is organized homework help for them,  
15 there's after school activities, we have play areas, we  
16 have a pool, we have a computer lab with internet access  
17 to help them do their homework and we give them a place to  
18 go during those latch key hours from 3:00 to 6:00, which  
19 is when 80 percent of juvenile crime happens in any  
20 community.

21           And, again, we provide a safe haven for the --  
22 our families with children, and we facilitate them  
23 becoming two income households. And that's what makes  
24 them homeowners down the road. They save money, they

1 build up their credit, they have the income to buy a  
2 house.

3           This is a nice area. I mean, I know you've had  
4 challenges on some of your streets, but you all live here  
5 because this is a nice area. This is a site for the type  
6 of development that we do. We're in between the post  
7 office, the Wells Fargo and the brand new Wal-Mart grocery  
8 store.

9           You know, this is not -- it's right up on  
10 Gessner Road, it's across from St. Albert's Catholic  
11 Church and the old building for the Mount Olive/Riceville  
12 Baptist Church. And it is not a single family home site.  
13 This site is just right for a housing development. And  
14 that's why we're here. That's why we're here. It offers  
15 the thing that our families look for in the area and it is  
16 in Houston. I think even your land planners in the city  
17 would agree that this is a right housing in field use.

18           New stock in Harris County is just concentrated  
19 elsewhere, it's up in the Greenspoint area on the north  
20 side of town. You have a lot of amenities close to my  
21 property. The grocery store is next door, the bank, the  
22 free standing Eckerd Drug Store, the post office is on the  
23 other side.

24           The two churches are across the street, the day

1 care is up -- the Valley West Elementary School's across  
2 the street a block away, and, of course, directly across  
3 the street is a community center. So you can see why I'm  
4 attracted and our families who will live there are  
5 attracted to this location.

6           There is transportation -- when I say  
7 transportation, it's access to the highway. So our  
8 families own cars and they go to work. You have to have a  
9 job to live on our property, unless you have some type of  
10 verified disability.

11           We have a positive -- we make a positive  
12 contribution to the economics in the City of Houston. The  
13 economy's been slow. This is a \$20 million construction  
14 contract. We'll employ 150 people for the 18 months of  
15 construction. Some periods it'll be more than that. We  
16 offer 12 full time employment positions on the property,  
17 to operate this property. We pay full property taxes.

18           We do have a positive economic development  
19 impact in the City of Houston and reasonable costs housing  
20 gives these families shopping dollars to go to the local  
21 store and generate sales taxes. And as you look across  
22 the board, it's a positive economic impact.

23           You know, we've met with the independent school  
24 district, I won't bore you with that detail. There's

1 certainly room for our kids based on their demographic  
2 study. We've offered to expand their facilities as I  
3 mentioned earlier. And there are certainly spots, even if  
4 every child in our community was from our the area, which  
5 is not what the demographer would tell, but at least half  
6 of them will already live here and be moving from other  
7 substandard housing.

8           But the reality is, even if they were all new  
9 to this area, there is capacity in place. And we have met  
10 with your principal of the elementary school and the HISD  
11 did have their area superintendent here for that meeting,  
12 Bill Lawson.

13           You know, we've heard at the other meeting, the  
14 neighborhood's not -- you know, if I did a for sale  
15 housing development in this area, there didn't seem to be  
16 much concern about that. There didn't seem to be much  
17 concern if we did a senior housing development. The crux  
18 of the issue seem to be the issue of family status and  
19 having residents who are going to have families, and  
20 making sure we -- that they're folks.

21           We're just asking you all to respect our  
22 private property rights. We even have the right to build  
23 on the property if it fits and meets the ordinances. We  
24 have families that we serve, and they have a right to live

1 in your community. That's why they'll move here, that's  
2 why they'll live on our property.

3 Our children want the same thing your children  
4 want. They want to go to the best schools, they want to  
5 be there, they want to play with their friends after  
6 school and they want to do well. And everyone gets an  
7 equal housing opportunity. Again, we're here because of  
8 the schools, the retail, the access to the highway and  
9 transportation, the new hospital is literally up the  
10 street from us, the Hermann Memorial Hospital.

11 The good thing about what we will do here is,  
12 under the rules of this type of financing, there's a three  
13 year limit within one mile. So the extent that we can  
14 work together and support something that will fit, that  
15 you can monitor, and that you approve the exterior  
16 finishes and ensure that there are mechanisms in place to  
17 make sure we're honoring our promises, it will foreclose  
18 out another housing development financed with this program  
19 in this area for approximately -- well, three years under  
20 the current rule.

21 It also forecloses something that's real  
22 important, which is the property just being sold to  
23 someone who's not going to engage the community. We've  
24 certainly tried to reach out to the neighborhood leaders,

1 we've come to meetings out here, we've met with your  
2 elected officials, we've tried to make you people aware  
3 that what we're doing and what we're trying to accomplish.

4           The purpose of these meetings, for us, is  
5 input. Three story buildings. Don't like three story, I  
6 like two. That's something we would consider. Two  
7 hundred and fifty units, too many. You know, how about  
8 something less. You know, we want the buildings to look  
9 just like they look now. We can assure that.

10           There's a lot of things that we can do working  
11 together. We want to see landscaping, screening, trees,  
12 whatever those issues might be, that is -- now is the  
13 opportunity to do that. This is a development process  
14 that you'll look at six weeks from now and, yes, a lot of  
15 this will be set. If we can work together on something,  
16 your input will be heard and I will agree to put those  
17 things on a case by case basis in the development.

18           You know, we've offered to join the local HOA  
19 and contribute economically to the homeowners association.  
20 We've said we'll pay at least \$10,000 annually in dues to  
21 the local HOA. We have, you know, committed to the school  
22 with support to finance their land expansion.

23           We participate in the local crime watch. We  
24 have a full time courtesy patrol, dawn to dusk, dusk to



1 dawn. And those people are in and out of our property,  
2 they have patrol cars and to the extent that we can work  
3 together, we generally co-op with the local neighborhood.

4 That courtesy patrol expanding their perimeter from just  
5 our property to include the surrounding neighborhood.

6 And anything we're telling you tonight we'll  
7 put in writing. And if it's appropriate, we'll put it in  
8 the deed restriction and if you want, and we're certainly  
9 open to that, having designated HOAs, having the right to  
10 monitor our performance. And Ms. Meyer has already told  
11 you, one good thing you get with me is, I'm a long term  
12 owner.

13 I can't sell this property, I'm not going to be  
14 in and out of the community. And if there's a concern  
15 about this property, you know, you normally have to go  
16 through the local city code enforcement. You have the  
17 Texas Department of Housing, and they'll tell you, one  
18 phone call on a non-compliance issue, which includes  
19 maintenance and upkeep of the property, they'll have an  
20 audit team out here and if we're not in compliance, the  
21 attorney general enforces their restrictions.

22 So right or wrong, good or bad, I offer some  
23 things that address some of the concerns that you've had  
24 with other properties, and I'd like you to consider that

1 this evening. As I mentioned, I do know some of you are  
2 clearly going to speak in support of my development, I  
3 know some of your are going to speak in opposition to it.

4 But one thing I am asking, because we have  
5 discussed the alternative of a senior housing development,  
6 if you are open to -- if you're opposed to a family  
7 development, open to a senior housing development, if you  
8 would put that on the record, that would be helpful for  
9 what we might be able to accomplish going forward.

10 And with that said, I will turn it over to  
11 the --

12 VOICE: [inaudible].

13 MR. FISHER: Pardon?

14 VOICE: Did you explain the senior housing  
15 development?

16 MR. FISHER: Yes, I was -- I think they wanted  
17 to do that after the public hearing, but, yes, I -- what  
18 the councilman is saying is, I will stay after the public  
19 hearing and explain exactly -- and many of you stayed and  
20 are aware of what we talked about with the possibility of  
21 a senior housing development and what would be required  
22 and the good -- the pros and the cons to that. I think  
23 everybody was certainly in favor of it after our  
24 discussion, but he wants to make sure that we get, you

1 know, your input on it and that I'm clear on the record  
2 what strings I think come with a senior housing  
3 development.

4 And with that said, I'll turn it back to --

5 MS. MEYER: I will call out everyone that has  
6 signed it that has said, yes, they want to speak. Once we  
7 get through with all of those, if there's anybody else  
8 that has changed their mind or you came in late -- if you  
9 did come in late and you haven't signed in, I would  
10 appreciate it if you would sign in. There's sign in  
11 sheets over here on the table.

12 If you want to speak, you have to sign in. You  
13 don't have a choice in that matter. But I will go through  
14 and pick out everybody that has -- had said, yes. And  
15 then if you want to after, I will open it up and you can  
16 just let me know and we'll check you off the list.

17 The first person that I have is Elaine Hellen?

18 MS. HELLER: Heller. Well, first of all, I was  
19 unaware of what was told tonight. It didn't -- I won't  
20 say, change my mind, but it improved the image that I had.  
21 Can you hear? Oh, I'm sorry. It improved -- what he was  
22 saying, it improved the image that I had in my mind.

23 Because what I was concerned about was that it would be a  
24 development like the one on Gessner now, the very -- you

1 know, to me, the one that's there now is not  
2 particularly -- does not particularly enhance our area.  
3 And this one does have various features, I have to admit,  
4 that are quite different.

5 I still worry that there would be tremendous  
6 traffic congestion on Gessner because right now it is that  
7 way, and it could get worse with this particular facility  
8 built. I worry about the aspect of crime, even though I  
9 understand they're going to have a security force, they're  
10 going to make all types of changes and arrangements to  
11 perhaps prevent that.

12 I just have concerns. We've been a resident  
13 for 37 years in Braeburn Valley, and I want to see our  
14 area stay, you know, beautiful and attractive to potential  
15 home buyers. I just want to see that the area's  
16 maintained. And I just have worries, and some of you, I  
17 know, do, too.

18 So we'll just have to see what happens. Yes, I  
19 would be very much in favor of the senior development. I  
20 think that would be perhaps very interesting to have that  
21 in our area. I have -- you know, I'm -- at this point,  
22 I'm not sure just how I feel about it.

23 Thank you very much.

24 MS. MEYER: Geraldine Trappey.

1 MS. TRAPPEY: Last week we met at Braeburn  
2 Valley. And we filled the auditorium. Yes? You can't  
3 hear me?

4 We filled the auditorium. Not one person there  
5 was in favor of this. The man speaks well, that's why  
6 he's here to promote it. He leaves a lot of things not  
7 said.

8 You cannot give three and a half acres to a  
9 school that's filled with -- to capacity, and say you're  
10 helping the school. The HISD does not have money to build  
11 more to that school. So you can give all the land you  
12 want. If you don't have money to build the building, you  
13 have nothing.

14 He said it was going to raise the standard in  
15 this area. Excuse me. I don't even have to say anything  
16 about that.

17 He talks about these children who are going to  
18 go school and go back and go in the clubhouse. Last week  
19 I proved, without a shadow of a doubt, that if there were  
20 only two children per unit, that clubhouse would have to  
21 accommodate 500 children. It doesn't take a genius to  
22 figure out you cannot entertain 500 kids -- or 400, let's  
23 just bring it down some.

24 And these children are not prisoners. They are

1 not escorted to school and escorted back. It is getting  
2 from the school to the home that means we're going to have  
3 visitors in our neighborhoods. And don't think we won't.

4 He talks about the parents. One parent is  
5 going to stay home. Then he says, our homeowners go to  
6 work. Some of these -- well, and I don't know the  
7 statistics, but nowadays, most families consist of one  
8 parent. If that parent stays home, that parent is on some  
9 kind of welfare. If that parent goes to work, then what  
10 he said is not true.

11 We shot holes in everything he said. We do  
12 not -- we need this in our area. Why isn't the complex  
13 across the street full? Why did it go bankrupt after five  
14 months? I don't care what it looks like today. What is  
15 it going to look like later?

16 We don't need it, we don't want it. And  
17 somebody here, who's going to speak later, has all the  
18 statistics on that. She does that far better than I  
19 could. We just need to say, no, to this. If he wants to  
20 put senior housing there, I'm fine with that. But not  
21 more damn kids.

22 MS. MEYER: Dan Barr.

23 MR. BARR: Good evening. My name is Dan Barr.

24 And it's kind of tough to follow this lady, she did a

1 very good job, but I'll try to make a few comments as  
2 well.

3 I think one of the major problems that we have  
4 in terms of a facility like this, is the fact that we're  
5 way over apartmented. Now, I know he mentioned in his  
6 presentation that, well, if we built this and we took  
7 people out of some of the older apartments, that then  
8 maybe they could be torn down or something.

9 But I know several of us in our neighborhood  
10 around the 1320 area of Fondren, or the Fondren and  
11 Airport area, we're worried right now because we've got  
12 apartments sitting there we've -- that some of the people  
13 in this hall have been working on for two to three years  
14 to get them torn down, but there's still people squatting  
15 there. So I think one of the major problems I have is,  
16 we've got more than enough apartments in the area.

17 I'm also concerned about the fact that we  
18 definitely need to have some information studies on flood.  
19 Our street, North Garden, where we live, has had water in  
20 it the last two series of storms and it didn't have any  
21 water in it for the first 20 years we lived there.

22 We have a fine group of police officers who  
23 work out of the Fondren store front. They're probably one  
24 of the best groups of police officers in the city, but,

1 let's face it, the City of Houston doesn't have enough  
2 police, and here, again, we create the kind of exposure  
3 like she's talking about with kids roaming through the  
4 neighborhoods.

5           And I think maybe perhaps we're talking about  
6 the fact that the elementary school is easily accessible.

7       Well, once again, we're going to have a bussing  
8 transportation problem to get these people to a junior  
9 high or a senior high. And we're having plenty of  
10 problems on those and I don't think we need to add to it.

11           The traffic, right now, it's awfully hard  
12 sometimes to get in and out of the post office, which is  
13 important to the business that I'm in, because I need to  
14 go there almost every day. It's difficult to get in  
15 there, the traffic is heavy.

16           I generally -- I just think that what we're  
17 dealing with here is we're dealing with a situation where  
18 you've gone one -- maybe one apartment too far. And I  
19 certainly -- perhaps, after careful study, maybe something  
20 like a senior thing might be a good alternative. I --  
21 we're hearing a lot of wonderful sounding things tonight,  
22 and I really appreciate the time the developer's taking  
23 and all the folks that are here.

24           And I also want to say thank you to everybody



1 who came to this hall. They might -- I just think it's  
2 time that we just stopped this thing now and find some  
3 other use for the land. And thank you very much.

4 MS. MEYER: Pastor Nathan Johnson.

5 PASTOR JOHNSON: Good evening. I'm Pastor  
6 Nathan Johnson of the Antioch Baptist Church, and I stand  
7 in support of the project. I stand in support of it first  
8 and foremost because I'm in support of families. I  
9 realize we have a lot of seniors in the house. I know  
10 that most of you have grandchildren. I think that you  
11 would want good housing for them to stay in, even if it  
12 was not in this community.

13 I know of the track record of the developer. I  
14 think the things that he has said that he would do and his  
15 record of doing those things far exceeds many developers  
16 who come into our areas. Even single family homes. So I  
17 stand in full support of it.

18 I have members who live in this area. My  
19 church is downtown, but I have members who live in this  
20 area. And so I stand because I am a proponent for  
21 families.

22 Thank you.

23 VOICE: Are you a homeowner here in this area?

24 PASTOR JOHNSON: I have members who live in

1 this area.

2 VOICE: No, are you a homeowner in this area?

3 PASTOR JOHNSON: No, ma'am. No, ma'am, I'm  
4 not.

5 VOICE: Thank you.

6 (Several people speaking at once.)

7 VOICE: Ms. Meyer? Ms. Meyer, are we going to  
8 have an intelligent meeting here tonight? I don't think  
9 anyone interrupted any other speakers.

10 MS. MEYER: As long as we're in public comment,  
11 please don't ask any questions of the people that are at  
12 the mike. We will have questions afterwards. And you're  
13 welcome to ask questions at that time.

14 (Several people speaking at once.)

15 MS. MEYER: The next speaker -- I said if  
16 there's a speaker making public comment, please do not ask  
17 them questions while they're making their comments. Or  
18 even when they just finish. There will be time for  
19 questions afterwards, and if you'd like to ask anybody,  
20 that's fine.

21 The next speaker we have is Ruth Hurst.

22 VOICE: Ms. Meyer, could we please include that  
23 they announce whether they are or are not homeowners in  
24 the area?

1 MS. MEYER: That's not a requirement of the  
2 hearing, ma'am.

3 VOICE: It's very important.

4 (Several people speaking at once.)

5 MS. HURST: Good evening everyone. My name is  
6 Ruth Hurst. I've been a homeowner in the Fondren  
7 Southwest in Braeburn Valley for 30 years, and a volunteer  
8 activist in this community for ten. I have been apartment  
9 relations chairperson for New Braeswood Revitalization for  
10 approximately eight years. What my job in this area has  
11 been is to raise the quality of life, sir, for everyone in  
12 this area, including all of the apartment families and all  
13 of the residents in our area.

14 As a mother of five, I'm an extremely,  
15 extremely active mother and family member. Thank you.

16 I see the generations today. They are  
17 different than when I was raised and when I raised by  
18 children. The children today do not respect their folks  
19 like we did. So I just had to say that.

20 I have here a map that -- we did revitalization  
21 in the beginning of -- oh, the early 90s, and we worked  
22 with the planning department. And in our Fondren  
23 Southwest area and the area that I work in, we have 97  
24 multifamily dwellings in this particular area, right here

1 that we're working in.

2           The orange shows the multifamily dwellings,  
3 okay. And, Ms. Meyer, I have a map for you of that  
4 same -- here -- that you can -- may take back with you. I  
5 am definitely concerned. We have many issues that some of  
6 my constituents are going to share with you. But I have  
7 chosen to go in on our element that we're working with the  
8 Houston Police Department.

9           As a graduate of the Houston Citizens Police  
10 Department Citizens Alumni, as co-chair of the city-wide  
11 PIP, which is the positive interaction group, as  
12 chairperson of the cluster meetings that we have in the  
13 Fondren Southwest, and working with the apartment owners  
14 and managers to try to get that family going and get the  
15 crime and address the issues in each individual area.

16           I can truthfully tell you that I made a phone  
17 call this morning. I know the severity of it, but I will  
18 share with you, and if you'll forgive, I only got these  
19 statistics today, so I haven't had a chance to get them in  
20 my brain.

21           In our area, we have 97 which is there. Our  
22 17th District Fondren store front, it's -- I didn't bring  
23 the map out, I didn't have a map, but it's --

24           MS. MEYER: Ms. Hurst, it's -- your time is

1 concluded. If there's somebody that would like --

2 VOICE: She [inaudible].

3 MS. MEYER: Okay. And your name is?

4 VOICE: Susan Bradbury [phonetic].

5 MS. MEYER: Okay. Thank you.

6 MS. HURST: Thank you, Susan. What I've chosen  
7 to do, is to take the 17th District Fondren division store  
8 front -- I mean, Fondren division command station and tell  
9 you that we added in the Gulton [phonetic] area to our 97.  
10 We have added 65 more complexes. And in the -- I have no  
11 idea how many single family dwellings there are, and at  
12 this point I'm -- it doesn't help me in the work I'm  
13 doing.

14 But we have a 130,000 families in the 17th  
15 District of the Fondren division under Captain Brian  
16 Lumkin. I will share with you that we have 180 officers  
17 in -- under his command, but only 150 are officers on the  
18 street. And it doesn't take a mathematician to take that  
19 and add the businesses, the schools and the residential to  
20 know that we are overburdened in apartments.

21 It has nothing to do with children, it has  
22 nothing to do with anything. Flooding is coming, just  
23 many, many things are happening because we are  
24 overburdened with multifamily dwellings. And we have

1 affluent people in multifamily dwellings, so it has  
2 nothing to do with that. We have no more green space and  
3 flooding is inevitable.

4 I urge you not to go forward with this project.

5 MS. MEYER: Marcy Williams.

6 MS. WILLIAMS: Good evening. My name is Marcy  
7 Williams. I'm also an active member in the community. I  
8 chair members of 11 different projects in the community,  
9 along with my church. I also chair basically a  
10 beautification committee and we do a lot of clean ups and  
11 things like this, and everybody in the community has seen  
12 one time or another the clean ups that I've been  
13 presented. I've done 22 major ones, 96 mini clean ups  
14 since I retired in 1996. And I also oppose this.

15 Now, our developer has told us there is -- that  
16 we are not in the flood plain. I agree with him 100  
17 percent. This is what the statistics are. But on  
18 November 17, 2003 we had a little rain in this community,  
19 right? And I managed to take some pictures. In taking  
20 these pictures I want you to see, we do not have problems  
21 with flooding in this community. There are none they tell  
22 us. Well, we have the pictures here to prove it. And  
23 this is my point.

24 I have lived in the community 20 years, and

1 never did I have any water on my street. Now, take a  
2 look. This is my plight. To all of you. We want to  
3 oppose this proposition.

4 Thank you for hearing.

5 MS. MEYER: Richard Rabe.

6 MR. RABE: I, too, have lived in this area now  
7 about 12 years. Grew up in this area. And, you know, the  
8 developers really, you know, paint a lovely picture and  
9 all that, how they want to help our community. My one and  
10 only thing, if they really want to help our community,  
11 they should buy an existing apartment complex and  
12 refurbish it and bring it up to the quality  
13 [indiscernible].

14 You know, it's -- Mr. Fisher, you've got a  
15 beautiful picture over here, and it's no doubt that you  
16 are going to fill this place up. But all of the out-of-  
17 town owners that we have on all the 97 apartments that  
18 plague our community right now, they have no interest.  
19 You may.

20 But what's going to happen is, you're going to  
21 fill your property up and these out-of-town owners that  
22 are not spending any money on their projects right now  
23 upkeeping them, you're going to get the better customers.  
24 So what are they going to do to maintain their rent

1 roles? They're going to drop the rent roles to keep their  
2 apartment complexes filled to capacity where they -- and  
3 you know what? Where's the bottom.

4 We would much rather have some of the existing  
5 apartment complexes purchased and refurbished to bring  
6 them up to this standard. I mean, it's no doubt you've  
7 got a lovely standard here, but we've got too many  
8 complexes in this area that are substandard, and it is a  
9 shame to build another unit when we have so many that are  
10 not in good shape right now.

11 Thank you.

12 MS. MEYER: Jim Myers.

13 MR. MYERS: Good evening. I'm Jim Myers. I'm  
14 president of Southwest Houston 2000. I'm a resident of  
15 this community for 28 years in the West Bellfort Property  
16 Owners Association, and I have a prepared statement.

17 Our organization is a 501C3 non-profit  
18 organization, tax exempt, that has a coalition -- not a  
19 membership group, but a coalition -- a 33 member board  
20 that is made up of homeowners associations, businesses,  
21 schools, institutions in this area, apartment owners and  
22 apartment managers in the 10 square miles, roughly, that  
23 we call the Greater Fondren Southwest area.

24 Since 1991, 13 years ago, Southwest Houston



1 2000 has worked persistently with the city, county and  
2 state officials to revitalize our community by improving  
3 community infrastructure, beautifying our streets and  
4 roads, parks, expanding and improving our 12 area schools,  
5 improving transportation, mobility and encouraging  
6 businesses and others to come into our area.

7           We have created strong lines of communication  
8 among the businesses, the churches, the synagogues,  
9 schools, homeowners and apartment residents, as well as  
10 their managers.

11           Whatever numbers you feel have been spouted  
12 about as far as how many apartment complexes we currently  
13 have, we certainly are overbuilt. And when we look at the  
14 numbers about how many of those are occupied and  
15 unoccupied, our statistics show about 12 to 16 percent are  
16 vacant at any one time, according to the City of Houston  
17 averages. This means about 2200, 2400 units are always  
18 available for rent.

19           Additionally, the rental rate at the Providence  
20 at Bellfort Village is approximately \$200 higher than the  
21 typical COH, or City of Houston, rental rates. And,  
22 practically speaking, that means apartment dwellers can  
23 actually make some payments for houses, rather than  
24 switching over or cross over into three bedroom homes.

1           The research that you have heard about with  
2 HISD goes to speak to the fact that the land is not  
3 enough, that there is no bond money, won't be any bond  
4 money to build for three to four years, which means  
5 another six years before that land can be built upon for  
6 which the students can use, unless we want to send through  
7 T bills -- T buildings.

8           So we, Southwest Houston 2000, are opposed to  
9 the issuance of tax exempt revenue bonds to this limited  
10 partnership because there are ample rentable existing  
11 facilities, and, in fact, those across the street, to  
12 serve these federally designated income capped families.

13           Providence at Bellfort Village rental rates are  
14 above the City of Houston market rates, again, deterring  
15 family crossover, and the Providence at Bellfort Village  
16 rental rates equal home ownership payments in our area.

17           We have prepared this letter, and also we have  
18 handouts available at the table, with addresses for our  
19 residents to use to write further to our elected officials  
20 and other board members.

21           I thank you very much.

22           MS. MEYER: David Sepulveda.

23           MR. SEPULVEDA: My name is David Sepulveda. I  
24 am a civil engineer with Barry and Partners here in

1 Houston, and I've been hired by the developer to do the  
2 civil engineering on this project.

3 VOICE: A little louder.

4 VOICE: Speak louder.

5 MR. SEPULVEDA: Is that better? Okay. What I  
6 wanted to talk about briefly was the drainage for this  
7 site. I understand that's a big concern, not only here,  
8 but throughout the city. A lot of people have had  
9 problems with that recently over the years. What we are  
10 doing here is, as part of our development, we are going to  
11 provide a detention pond on the site to mitigate the  
12 improvements that we are making.

13 Basically, what that means is that, the water  
14 from the site will be drained through a detention pond and  
15 restricted and held temporarily before it is released into  
16 the public system in Gessner Road. Our system on site  
17 will be designed to City of Houston and Harris County  
18 standards. Both of those government agencies will have  
19 the opportunity to review -- and will have to approve the  
20 plans before we can move forward.

21 I've heard some folks here express concern  
22 about flooding that they have had recently around their  
23 streets and in their neighborhoods. What we are doing  
24 here is not meant to solve that problem. That is really

1 beyond the scope of what we are trying to do or what any  
2 private developer can do. That's really a City of Houston  
3 and Harris County flood control district issue.

4           What we can do, and what we are going to do,  
5 is, like I said, mitigate our improvements such that they  
6 will not negatively impact the situation as it is right  
7 now. So I guess, if you think about some of the  
8 complaints we've been getting, that we're having flooding  
9 right now in our streets, basically what you're saying is  
10 that you don't want any development anywhere in this area  
11 and you would be opposed to any development whatsoever.

12           What we are going to do is we are planning to  
13 develop, but like I said, mitigate those impacts so that  
14 there is no negative impact on what we're trying to do.

15           MS. MEYER: Elain Gaskamp.

16           MS. GASCAMP: Good evening. I'm a resident,  
17 and have been, of Southwest Houston and in the  
18 neighborhood of Glenshire for 30 years. I am the past  
19 president of that community. I'm also a stakeholder  
20 representing Keller Williams Realty in super neighborhood  
21 36. Also, I am a certified teacher in the State of Texas,  
22 as well as a licensed real estate broker.

23           I'm going to visit with you this evening about  
24 the school situation. I made contact with Bell

1 Elementary, Milne Elementary, Valley West Elementary,  
2 Gross Elementary and Welch Middle School today, speaking  
3 with representatives from those schools. I found, as we  
4 all thought, that all of these schools are capped to  
5 capacity.

6           The enrollment at Valley West specifically  
7 increased from 335 last year to 529 this year. We talk  
8 not only about putting T buildings on the school grounds,  
9 maxing out the land on each of these school areas with T  
10 buildings, maxing out the cafeteria space, providing  
11 inadequacy for these children in each of these schools to  
12 have a lunch period that is a three hour period of time.

13           Some of these elementary children -- and they  
14 start at the lower grades having their lunch period first.

15       For example, Valley West starts at ten minutes to 10:00.

16       School is over about 2:30 in the afternoon. Any one of  
17 you mothers know that a child who eats lunch at 9:40 or  
18 9:50 in the morning, before that child leaves school,  
19 they're hungry again.

20           The older children, the fifth graders, go last,  
21 so they get into the lunch room about noon. They had  
22 started class about 8:00 in the morning. As you know,  
23 your 10 or 11 year old child, by that time, they're brain  
24 dead, they're starving.

1           So adding more people to a community, maxing  
2 out the schools with T buildings as a solution, does not  
3 give any relief to these children, does not provide them  
4 with a desirable educational experience. They are there  
5 to learn. They cannot learn if they do not have a nice  
6 quality environment in which to do so. We're talking over  
7 4200 students in these five schools alone. Adding more  
8 apartments will not give relief.

9           One last remark, please remember the impact  
10 that yet another apartment complex will have on our  
11 children and their schools. Land is cheap here, but the  
12 educational experience of our children is priceless.

13           Thank you very much.

14           MS. MEYER: Mary Tom Barr.

15           MS. BARR: I'm Mary Tom Barr and I live in the  
16 West Airport division and have for over 20 years. I've  
17 found that it seems that our flooding -- we never had  
18 flooding.

19           VOICE: Louder.

20           MS. BARR: We never flooding. Is that better?  
21 This past rain, our streets were rivers. Now, I don't  
22 think adding anything to the sewer system is going to help  
23 our flooding system. Of course, all the water always  
24 carried off before, is sure doesn't now.

1           As far as the schools go, heck, they have done  
2 on the news at night how the HISD, they have plenty of  
3 land. They don't seem to have the money to buy -- to  
4 build the schools that will accommodate the students  
5 properly. So just giving land is not going to be an  
6 option. It's not going to do anything.

7           The traffic is terrible already. Here we  
8 have -- yes, we have a post office, we have Welch, we have  
9 all this other amenities, but we don't have a way to  
10 handle any more traffic that will be put on the streets  
11 because of this new apartment.

12           So -- and security he mentioned. That sounds  
13 great. But just to have a security company come, I'm  
14 sorry, but that's not all that satisfactory. Our police  
15 department -- the store front is great, they do wonderful  
16 with their services, but they're spread so thin that  
17 they're not going to be able to really give adequate  
18 service to the people that they try to serve their best.

19           I don't know what else I can say, except I  
20 don't see anything really great about this. I'm really  
21 opposed to it.

22           Thank you very much.

23           MS. MEYER: Eugene Thomas.

24           MR. THOMAS: My name is Eugene Thomas. I am a

1 housing advocate for the State of Texas. I support this  
2 project wholeheartedly. I support the developer and what  
3 it stands for and what he has done and what he's trying to  
4 do in this community. I have a great investment in this  
5 area. I have two granddaughters and a daughter who lives  
6 in this area.

7           And I am in support of this project 100 percent  
8 on their behalf because they need an opportunity just like  
9 everyone else to make it in this life and in this  
10 community. Housing is needed in this area. They are for  
11 working families. These people are going to work.

12           The developer's made a proven point in his  
13 projects. I followed him throughout the state and what  
14 they've done. They've kept their word.

15           And I think, if it takes more involvement from  
16 the community in working with these developers in some of  
17 these projects, you would have a better community, if we  
18 will work together with them and make this work.

19           The reason why our development works is because  
20 we work with them. We did not work against them. You  
21 have to go and work with the constituents no matter who  
22 they are. They are workers, they want to be a part, the  
23 developer is good, he's going to keep his word. What they  
24 said they'd do, that's what they're going to do.



1           They're going to build just what they said  
2 they're going to build. They're going to provide the  
3 security they said they're going to provide. You could  
4 talk about the flood, you could talk about the schools.  
5 Those issues will be addressed.

6           What we're talking about tonight is affordable  
7 housing for families. And that's what I'm here to  
8 support, is affordable housing for families.

9           Thank you.

10          MS. MEYER: Craig Holloway.

11          MR. HOLLOWAY: Good evening. My name's Craig  
12 Holloway and I, too, am a supporter of this housing  
13 project here. My first residence, when I graduated  
14 college, was about a mile north of Fondren. I had an  
15 opportunity to live in this community for a period of  
16 time.

17                 It was my first residence as I graduated  
18 college. I worked -- I went to work, I went to church. I  
19 did not have any children, but I had an opportunity. I  
20 could not afford a home. Some of you have been here 20,  
21 25 years. You were living in the communities that you're  
22 living in when I lived here.

23                 From then, I do have a home now. I do not live  
24 in the community, but I got my start in this community. I

1 worked 20 minutes from here.

2           This is all about opportunity. And from what  
3 I'm hearing, it sounds like the opportunity starts at 55.  
4 You're okay with the senior, but you're not okay with the  
5 other one.

6           Thank you.

7           MS. MEYER: Tim Douglass.

8           MR. DOUGLASS: Good evening. My name is Tim  
9 Douglass and I'm an officer with Flagship Properties  
10 Corporation. Flagship is a privately owned real estate  
11 developer in the Houston area. We have 10,000 units in  
12 Houston, another 10,000 around the state.

13           Flagship has a long history of involvement in  
14 this area. We are owners and managers of five apartment  
15 complexes with about 1500 units. We bought them and --  
16 about 10 years ago. We have spent hundreds of thousands,  
17 if not a million dollars, fixing each one of them up. We  
18 run them with the highest standards.

19           I'm sure that this development is a terrific  
20 development. It's very difficult for a property  
21 developer -- a real estate developer -- an apartment  
22 developer to speak against another apartment development.  
23 We use these very same standards to screen our people.  
24 We -- but I want you to understand that my -- our concern

1 is an economic concern.

2           With the numbers of units available today in  
3 this area, thousands; with the vacancy rate that it is  
4 today, 10 or 12 percent; there are thousands of units  
5 available at any one time. They're priced at a lower rate  
6 and more reasonably affordable for families to come in.

7           We have the same criteria of the number of  
8 people per unit, the number of people for bedrooms. We  
9 have the same rental criteria at Flagship on not having  
10 anybody having a felony that lives in the apartments. Not  
11 everybody runs with those criteria, but Flagship does.

12           We're opposed to this on economic grounds.  
13 There is not a need, there is a potential here for another  
14 failure of an apartment development and we don't need that  
15 in our area.

16           Thank you.

17           MS. MEYER: Judy Chaney.

18           MS. CHANEY: I fit along with that sentiment  
19 except for --

20           MS. MEYER: Could you speak into the mike?

21           MS. CHANEY: I fit along with that gentleman,  
22 except I manage one of those places that you're talking  
23 bad about. I'm an apartment manager. True to form,  
24 everything he said is true. Is that the way it really is?

1 No. First of all, no offense, but when these guys call  
2 these places projects, that's what they are. Projects.  
3 We are an apartment complex. We are not a project.

4 I manage Beacon Hill apartments at 8110 Creek  
5 Bend. I have been there for 12 years. I know my  
6 neighborhood, I know my residents. And let me tell you,  
7 it is not those people who are in charge of that property,  
8 whether you want to believe them or not. I am in charge  
9 of Beacon Hill. I rent the units, I know who lives there,  
10 I know who doesn't live there.

11 And 121 units is the hardest thing in the world  
12 in this neighborhood to keep track of. Yes, they're going  
13 to screen all of their residents. I've got two residents  
14 on my property right now that I screened. They don't have  
15 any criminal history. Know what? They're first time  
16 leasers. Do you want to know what happened at Beacon Hill  
17 last week, Ruth? I had a shoot out. It was the friends  
18 of the people that didn't have the criminal history.

19 Now, can I prove that? No. I can't prove  
20 that. They're on a lease until June and I can't get rid  
21 of them, so I'm stuck with them. Has that ever happened  
22 at Beacon Hill before? No.

23 Now, you want to talk about the park that we  
24 just built for all the nice little kids? It has school

1 trailers on it right now.

2           Unfortunately, he's right. My property value  
3 did go up. I own a condo at Braesbend Condominiums and it  
4 upped by taxes. My taxes doubled. The \$40,000 condo that  
5 I bought two years ago is now worth \$50,000. And that's  
6 great because I'm leaving the neighborhood because I am  
7 not living in this neighborhood with the projects.

8           Half of the people that live at Braesbend  
9 Condos I feel so sorry for because they are elderly.  
10 They're stuck there. The owners that don't live at  
11 Braesbend Condos, which is like 60 percent, you know who  
12 they're leasing to? Housing.

13           You want to talk about courtesy officers? They  
14 have as much right as nothing when they live on a  
15 property. I have two courtesy officers. You want to talk  
16 about patrols? You know what they get paid an hour? \$6,  
17 \$7 an hour and most of them can't even write.

18           I'm in the business, I know what I'm talking  
19 about. Our post office. The poor mailman said -- we get  
20 our mail now at 7:00 -- he said, I can't keep up. Well,  
21 gee, let's just build 280 more units.

22           The occupancy in this area is not 90 percent.  
23 I don't know where they got their figures. But I know  
24 where I get my figures, and I know what I'm talking about.

1 Bless the polices' heart. I understand that they're good  
2 police. During my shoot out that happened at 11:00, the  
3 officers showed up at 4:00 in the morning. Geez.

4 He says that we don't -- we have enough grocery  
5 stores. We just closed five of them. Come on you guys.

6 MS. MEYER: Leslie Freddy.

7 VOICE: She's just leaving.

8 MS. MEYER: Okay. Reverend H. J. Johnson.

9 REVEREND JOHNSON: Good evening. I'm from a  
10 little town called Galveston and Houston and Dallas. And  
11 normally, when we speak, we just kind of stay way back,  
12 but, good evening, everybody. It is so good to see you.

13 Let me first thank Ms. Meyer for coming to  
14 Houston and sharing this evening with us so we could  
15 express our concerns about this development.

16 First of all, I like the people to have  
17 dialogue and to discuss and to respect each other. And,  
18 of course, I will do that with you. Let me first of  
19 all -- I'm a product of Houston, Texas. I'm a product of  
20 Texas Southern University. I lived in Houston and third  
21 ward. I lived entirely, so to speak, in a shotgun house.

22 You may not know what those are, but I lived there.

23 Difficult to sleep in at night because of the  
24 lack of housing. But yet I'm matriculated to schools, I

1 go on to Texas Seven, I'm a product of that school. And I  
2 am really concerned that we as human beings will always be  
3 concerned about other human beings.

4 Now, Providence in Dallas has built one of the  
5 most attractive -- it just enhances the neighborhood so  
6 much, and it is filled. I just want to speak on behalf of  
7 Providence and Bill Fisher.

8 And let me simply say the others, expression  
9 is -- you should do that. But give Providence a chance to  
10 work with you. Give Bill Fisher a chance to work with you  
11 and you may be surprised as to what you can do together.

12 Thank you very kindly.

13 MS. MEYER: Candice Dismuke.

14 MS. DISMUKE: Good evening. I am a member of  
15 the West Airport Homeowners Community. I am really  
16 shocked to know that -- I have two little girls and I'm  
17 really surprised to know that we're not 100 percent  
18 welcome, or at least that's the way I feel, based upon  
19 this meeting.

20 We did look in Northfield to purchase a home.  
21 We looked in all the different areas. We didn't look at  
22 Beacon Hill, it wasn't necessarily the standard we were  
23 looking for. And I was happy to see that there's actually  
24 something in this community that's going to be built

1 that's in the area that I wanted to live in, that I might  
2 actually be interested in living in.

3 My daughter's are one and three. I'm a college  
4 professor. I'm young, I know, but I am. I taught in HISD  
5 at Dowling Middle School, taught reading, so I know all  
6 about the problems that we have here in this area, and  
7 around Houston. I know about the flooding. I know about  
8 all those things.

9 But I also am very happy to know that someone's  
10 trying to do something about the way things are over here.

11 Those apartments, they're not the best to live in. Those  
12 townhomes are not the best to live in, but someone's  
13 trying to create something in our area that actually is  
14 going to look a lot better than what we have.

15 And hopefully maybe it will dry out some of  
16 those areas that we're not so interested in, some of those  
17 apartments. And people might migrate to this project.

18 So before we just completely close our minds to  
19 what's going on, speaking from a 28 year old  
20 perspective -- 28, speaking from a 28 year older  
21 perspective -- I'm really excited about what's going on  
22 here. Give the young folks a chance.

23 We're not all bad. We don't all have bad  
24 children who run around and tear up things and shoot at



1 people. That's not what we do. I am a graduate of the  
2 University of Houston. I'm a graduate of Texas Southern.  
3 I'm currently working on my doctorate at Rice.

4 So could you give me a chance and give our kids  
5 a chance and just let us know that we are welcome here.  
6 And that when they're children's friends come by and want  
7 to go to a private school right down the road at the  
8 Amanti School, let us know that we're welcome.

9 We just want to live close to our schools and  
10 close to our family members. I have a family member that  
11 lives right here on Kitty Brook. We just want to be by  
12 our Aunt Grace, just like everybody else. So just give us  
13 a chance, give us a shot, okay?

14 Thank you guys for your time. Thank you so  
15 much.

16 MS. MEYER: I'm not really sure who this other  
17 one -- last name Frank possibly?

18 MR. FRENCH: William French?

19 MS. MEYER: Could be.

20 MR. FRENCH: I'd like to introduce myself. I'm  
21 William French with GTF Design.

22 VOICE: Use the mike.

23 MR. FRENCH: I'm sorry. I'd like to introduce  
24 myself. William French for GTF Design. We designed the

1 Bellfort at -- Bellfort Village for Providence. First,  
2 I'd like to go over the community center, which will house  
3 the leasing offices, the fitness center, business center,  
4 childrens activities, after school programs that I'm sure  
5 every -- just about everybody will be using at this site.

6           There's a nice grand salon with a kitchen to be  
7 able to be leased out -- rented out for special occasions,  
8 birthday parties. The mail center is also in this. A  
9 resort style swimming pool that we normally don't even put  
10 on our market rate deals, very nice, with Providence.  
11 It's really allowing us to design some really high quality  
12 stuff for this project.

13           We have fitness areas out -- exterior. Some  
14 playgrounds and an all sports court, which will allow  
15 tennis, certain roller blades, basketball, the like. And  
16 then on the outside, there's a clock tower just to  
17 reinforce the sense of community that Providence is really  
18 trying to bring out in the architecture and to bring out  
19 also with their clients -- their residents.

20           The buildings themselves will be a combination  
21 of two and three story splits just to break up the look of  
22 the project. And the stone -- there's 20 percent stone,  
23 80 percent stucco. So this is, once again, is just as  
24 nice or even nicer than most market rate deals.

1           The units themselves will have balconies with  
2 private storage on them. They'll have a arch niche, which  
3 I know I've designed many projects and just arch niches is  
4 not something we usually normally put into market rate  
5 deals, but we're putting them in here. It's just one more  
6 thing to add to the sense of that you are in a very well  
7 done community and taking pride in your community.

8           They have fans in all the bedrooms. Garden  
9 tubs in master baths and believe me, I've been looking for  
10 houses and that's hard to come in a house. But the -- oh,  
11 I'm sorry, the clubhouse also will be 80 percent stone and  
12 20 percent stucco, so that is -- as you can see here, on  
13 the site plan, there's a lot of open area, lot of trees.

14           We obviously have our detention pond to make  
15 sure that we don't add to the flooding. We take care of  
16 the area that we're having problem -- that there is a  
17 problem with. And the -- we've laid this out so that, I  
18 believe it will be adding to the community and that' all I  
19 have to say. But I really believe that, in designing many  
20 of these projects, they must be an asset to your  
21 community, and especially definitely not a hindrance.

22           Thank you.

23           MS. MEYER: I have Mr. and Mrs. Elbert White.  
24 Do both of you want to speak, or one of you? I'm going to

1 have a team. Okay.

2 MR. WHITE: Hey, that's the way it works around  
3 my house.

4 MS. MEYER: Good answer.

5 MR. WHITE: First of all, I'd like to say good  
6 evening to each and every one. Can you hear me? My  
7 speech is going to be very short, very swift. Short and  
8 swift. I'd just like to say that we have lived in this  
9 neighborhood since 1984. Our first house we bought was at  
10 Fondren -- Village at Fondren. It was a townhouse. Then  
11 we moved over here to 1203 Pecan Manor. Our children have  
12 gone to school here. Louie Welch, Kay Bell and Westberry  
13 High School.

14 I am saying I am in support of something that,  
15 hey, that I have never had. But we, as old people -- I'm  
16 55 and older, I know how we think, and, hey, it's judgment  
17 time. How can we send our young people off to war to  
18 protect us when we can't offer them a place for happiness.

19 Thank you.

20 MRS. WHITE: Good evening. My name is Kathryn  
21 and this is my husband Elbert. I'm like the young just  
22 saying, don't knock something down before you try it.

23 I think this would be a good opportunity  
24 because we raised three boys here and my husband has a

1 son, too, but he wasn't raised by us -- you know, by me.  
2 But I just wanted to say that my kids went to school in  
3 this neighborhood and I think this is a good neighborhood.

4 Oh, we can put up all the Walgreens and we can  
5 put up all the CVS's on every corner of the street, but we  
6 can't put these projects up, you know. And you all call  
7 it a project. I call it units, you know, apartments or  
8 whatever.

9 But this would be a good opportunity, you know,  
10 to have in the neighborhood. And let's just give it a try  
11 before we knock it down.

12 Thank you.

13 MR. WHITE: I've got one other thing to say. I  
14 served in the U.S. Army in Vietnam. We can work together  
15 when trouble comes, but when it comes and falls upon us,  
16 where can we stand? Everybody has a good thing about the  
17 USA. That's what I said. You object; I agree. But we're  
18 all here together, we're not fighting.

19 Thank you.

20 MS. MEYER: Paulette Goltz.

21 MS. GOLTZ: Can you hear me? Okay. I live in  
22 this area. I've lived in this area off and on for about  
23 the last 10 years. And just to begin with, I live on  
24 Creek Bend and Braesbend. And with the Concord that came

1 in last year, it now takes me 10 minutes to get out of my  
2 street because of all the buses that are parked there in  
3 the morning.

4 Not to mention the kids that torture me and my  
5 dog while we're out walking in the morning. And their  
6 parents don't bother to do anything about it.

7 I'm really opposed to it. These places start  
8 out with really good intentions, and they look great.  
9 I've managed a place like this. And it kicks your butt.  
10 Seriously.

11 All the after school programs in the world, you  
12 can't force the people to do them. They say, we're not a  
13 section 8 property, but you do take section 8. Okay. So  
14 what happens invariably is that -- and they talk market  
15 rate, okay.

16 Unfortunately, this area is so low occupied,  
17 would you please really tell where you're going to get  
18 somebody to move into that apartment and pay \$800 a month  
19 if they're not subsidized somehow. Okay. And those are  
20 usually single families. It's a mother with three or four  
21 kids and she does not control those children. She doesn't  
22 even control herself.

23 I worked on a property like that for nearly  
24 five years. And when I came off of that property, I

1 needed serious psychiatric counseling. I cannot tell you  
2 about the things that went on on that property. And that  
3 property actually was well recognized nationally by a good  
4 company, the same as this one right here. It was well  
5 recognized.

6 And they said, you're a great asset to the  
7 community. Those kids were still out terrorizing that  
8 community. Absolutely terrorizing it. We offered  
9 programs, we offered the community center, we had swimming  
10 pools, we had free lessons, we took those kids to museums,  
11 we took them to concerts, we took them to basketball  
12 games. We had ex-football players that were helping us as  
13 coaches.

14 I mean, there was nothing that we did not do  
15 and we still got our butts kicked at that community. And  
16 that's exactly what's going to happen with this community.  
17 I can guarantee you. I can promise you.

18 MS. MEYER: I understand that Congresswoman Lee  
19 is here?

20 VOICE: [inaudible].

21 MS. MEYER: Oh, he -- Mr. McCowan does? Ken,  
22 you want to come up?

23 MR. McCOWAN: Hi. My name is Kenneth McCowan.  
24 I'm speaking of behalf of --

1 VOICE: Speak louder.

2 MR. McCOWAN: Okay. I've lived in the  
3 neighborhood for 30 years, and I remember --

4 VOICE: Can you --

5 MR. McCOWAN: I've lived in the neighborhood  
6 for 30 years. I remember when Fondren Road was a dirt  
7 road. For a living, I managed commercial properties. I  
8 managed the Creek Bend Apartments when those apartments  
9 belonged to the FDIC about 10 years ago.

10 VOICE: [inaudible].

11 MR. McCOWAN: Pardon me?

12 VOICE: [inaudible].

13 MR. McCOWAN: What -- I -- you know --

14 VOICE: [inaudible].

15 MR. McCOWAN: I don't remember what address it  
16 is. But the Creek Bend Apartments right back here. There  
17 are 250 some units that I managed. I lived in the South  
18 Meadow addition between -- right off of Fondren and  
19 Airport. I know what some of your concerns are, but let  
20 me tell you this, is that that is a good looking project.  
21 From the ones that I have managed, that is a good looking  
22 project.

23 We had some units in my neighborhood in the  
24 South Meadow addition that we petitioned to be demolished.



1 So I know what your concerns are. There are a lot of  
2 apartments in this area here that I, too, myself am not  
3 happy with and would like to see go. But I am looking  
4 these kind of projects right here to come to the  
5 neighborhood that would give the people a good opportunity  
6 to have a good quality of life and a good place that they  
7 can live in and be proud of.

8 I understand a lot about the tax credit  
9 programs that the state sponsors. And I understand there  
10 are strict guidelines that they have, and if they don't  
11 adhere to or stick to those guidelines, there will be some  
12 serious consequences. So I'm asking that you give this  
13 developer an opportunity to come to the neighborhood and  
14 show what they can do.

15 As far as the flooding is concerned, I lived in  
16 the neighborhood for 30 years. I understand some of the  
17 flooding concerns, but I live on Candlegreen Lane and it  
18 has never flooded on my street in 30 years.

19 Thank you very much.

20 MS. MEYER: Patrick Herron. You got a message  
21 here, maybe. I just want to -- I don't want to pass you  
22 up. Okay, we're not here. Beverly Scarborough?

23 MS. SCARBORO: I think you've answered my  
24 question.

1 MS. MEYER: Okay. Christina Almmagro.

2 MS. ALMMAGRO: [inaudible].

3 MS. MEYER: You've got to come to the  
4 microphone.

5 MS. ALMMAGRO: I've only lived in the  
6 neighborhood for four years, and it's very nice and I  
7 really like it. I just want to say a couple of things.

8 One man mentioned if you want to -- if you  
9 really want to help, why don't you tear down some of the  
10 really bad properties, build a property there. Somebody  
11 suggested that maybe we have an issue of ages, of reverse  
12 ageism. We don't mind if there's a senior housing, but we  
13 don't want it for young people.

14 Well, seniors don't add to the traffic problems  
15 in the morning during rush hour. Seniors don't add to the  
16 crime statistics. And, there was one other thing I've  
17 already -- but I forgot what it was.

18 VOICE: The school [inaudible].

19 MS. ALMMAGRO: And the schools, yes, they don't  
20 overcrowd the schools. So that may be part of the reason.

21 It's not because they're old, but it's their lifestyle.  
22 And, well, I'm basically against it. Mr. Fisher was an  
23 excellent speaker, but -- he had me almost convinced, but,  
24 the rest of your showed me the light.

1 Thank you.

2 MS. MEYER: Ann Shaw.

3 MS. SHAW: First, I want to say that I'm very  
4 saddened to see the Texas Department of Housing practicing  
5 the ultimate in prejudice. How come they don't give tax  
6 exempt bonds so that somebody can build low rent housing  
7 in Tanglewood? And the Galleria?

8 VOICE: River Oaks.

9 MS. SHAW: River Oaks.

10 VOICE: Memorial.

11 MS. SHAW: I want to ask Ms Meyer a question.  
12 Ms. Meyer, you said that if you built single family homes  
13 on that property, that they wouldn't be able to afford it.  
14 Single -- what about single family homes for senior  
15 citizens? Many of them have big homes, they want to move  
16 into a smaller home.

17 Many of them don't want to drive that much,  
18 many of them don't drive period. You know, after they get  
19 to be a certain age and they have -- will not -- right in  
20 that development they have a bank, they have shopping.  
21 This is ideal for single -- for senior citizen, single  
22 family homes.

23 And, as a matter of fact, I feel -- the  
24 gentleman, I didn't get his name, from Provident Builders,

1 said how they have done deals, partnerships with Wal-Mart,  
2 I am sure if he approached Wal-Mart, they would be all for  
3 it. They would probably partner with him.

4 Now another question is, why do you give tax  
5 exempt bonds to somebody, to a company that does not  
6 reside in the State of Texas? Can you answer that?

7 MS. MEYER: At the question and answers I will.

8 MS. SHAW: Uh-huh.

9 MS. MEYER: Not during comment.

10 MS. SHAW: Yeah, okay. That is all I wanted to  
11 say.

12 MS. MEYER: Okay. Marvin Shaw.

13 MR. SHAW: My name is Marvin Shaw. I've been  
14 living in this area for 27 years. And I paid a lot of  
15 money for my home, and it has gone down and it seems like  
16 we're recovering some now. But if this development goes  
17 through, and they don't understand and they ignore that  
18 it's a low income project. And it is a project. We don't  
19 need another project in our area. And that's all I came  
20 to say.

21 MS. MEYER: Tom Atwood.

22 MR. ATWOOD: Good evening. Can everybody hear  
23 me? Okay. Most topics have been covered, which I was  
24 going to talk about, except one thing and that is -- we've

1 covered the flooding, which I'm very concerned about.

2 We've covered the traffic, which I'm very concerned about.

3           There's been a lot of talk about young men or  
4 young families wanting somewhere to live. But how are  
5 they going to work? There's no industry around. They're  
6 going to have to go places to get to their work, And  
7 there's no transport. There's no -- you -- most people  
8 are opposed to a rail system. The only city, I believe,  
9 that is opposed to a rail system.

10           Anyway, my point is this, there's utilities to  
11 think about. According to the Water Quality Association  
12 of America, each and every one of you use approximately 50  
13 gallons of drinking water a day. And if you're going to  
14 have 280 homes built, that's going to need approximately  
15 20, 21 million gallons of water a year.

16           We have problems in the heat of the summer  
17 where water may be rationed. It's going to be a big  
18 stress on our fire division -- fire officers. Where's  
19 this water going to come from? You know, we don't have  
20 Niagra Falls anywhere near us.

21           And the other utilities, we have to look at  
22 those also. But the flooding, the traffic, and the  
23 utilities is a concern. And that's one of the reasons  
24 that I'm opposed at this so-called project.

1                   We have enough people living in the Southwest  
2 area. And this is just going to cause human  
3 [indiscernible].

4                   I'm finished. Thank you.

5                   MS. MEYER: Shirley Tudzin. Did I butcher your  
6 name?

7                   MS. TUDZIN: Yeah.

8                   MS. MEYER: I'm sorry.

9                   MS. TUDZIN: I'm Shirley Tudzin. I have --

10                  VOICE: Turn your mike on.

11                  MS. TUDZIN: I'm Shirley Tudzin. I have lived  
12 in Maplewood West subdivision since 1977. We were  
13 supposed to have beautiful townhouses along Fondren. You  
14 know what's there now. There are apartments that were  
15 built for seniors only. And then the law changed. And  
16 those apartments had to accept families. And everything  
17 changed. There are so many apartments in this area. And  
18 you can't build beautiful houses. We need to save some of  
19 the land for homeowners.

20                  I'm against this. I'm not against people. I'm  
21 against the apartments. And I just hope that this does  
22 not go through.

23                  Thank you.

24                  MS. MEYER: Mr. Fretty. Could you state your

1 name for the record?

2 MR. FRETTY: Good evening. My name is Kirk  
3 Fretty. I'm a Harris County Deputy. I live in the area.  
4 My family and I have been living here about eight years.  
5 I forgot your name, sure, but we had this argument last  
6 week.

7 I would like to say that I really think -- he  
8 actually -- he went out and he did his homework this time.  
9 Okay, he had a better presentation. I'm not in support  
10 of it. I can't stand what he's saying.

11 But what I'm saying is this, I think -- the  
12 reason I'm saying he did his homework is, he went out and  
13 he got basically the people who's going to be living in  
14 the apartment complex. He went and got African Americans  
15 to come in here and say that they support the group, you  
16 know, support what he's building.

17 And that's who's going to be living there, you  
18 know, the minorities, the Black Americans and Hispanics.  
19 That's who's going to be living in the apartment complex.

20 And he did his homework, he went in and he got people  
21 come in and support something that doesn't have a direct  
22 effect to them and their families.

23 They don't live in the area. They could care  
24 less what's happening in this area. They don't have

1 anything to do with this area. So why would you come in  
2 here and say that you agree to something that doesn't  
3 direct you -- that doesn't have a direct effect to you and  
4 your families. I think you guys are totally wrong by  
5 coming in here and doing that.

6 I'm appalled by it. I really am. Because I  
7 have a young daughter who's four years old who attends  
8 Valley West Elementary. The population in the school is  
9 going to go up. She's not going to get the direct  
10 attention that she needs because she has special needs.  
11 And being that she has special needs, she's -- now her  
12 teacher is not going to be able to come and give her that  
13 direct attention that she needs because of over  
14 population. It's not going to happen.

15 I have a 15 year old son. He doesn't even go  
16 to school over here. I don't want him to, you know.

17 And I just want to thank you all -- I want to  
18 thank you guys for listening and I think we're here for a  
19 good cause and we need to just keep fighting. That's all  
20 I want to say.

21 MS. MEYER: Susan Gregory.

22 MS. GREGORY: I am not a speaker. I'm glad I  
23 gave Ruth my minute. All I've got to say is this. I am a  
24 board member of West Bellfort POA. I'm a stakeholder for



1 Super Neighborhood 36. I'm a volunteer here in the  
2 neighborhood. I'm also a realtor.

3           And I want to tell you that Mr. Fisher has got  
4 it all wrong and I'd love for that lady -- I don't know if  
5 she's still here. Has she left? Oh, you're still here,  
6 good. I can find you a house -- I've got three listings  
7 in the neighborhood. I can sell you those houses for the  
8 same amount you're going to pay for the rent, okay. Give  
9 me a call. I'll give you my card when we leave.

10           And, Mr. Fisher, my invitation is still going  
11 on for you. We -- I invited you last week to stay with me  
12 for a year. You live in a gated community in Dallas.  
13 Hip, hip, hoorah for you. We don't. I want you to come  
14 and live with me, I've got plenty of room. I've got a  
15 pool; you can jump in the pool.

16           And I want you live here for a year and I want  
17 you to do a survey on our community because whatever you  
18 all did, you did wrong. Okay?

19           MS. MEYER: T. Shephard.

20           MS. SHEPHARD: Good evening. I'm Celin A.  
21 [phonetic] Shephard, and my husband and I have lived in  
22 this neighborhood for about four years.

23           Something that I've not heard is that, usually  
24 on Wednesday nights, we drive the neighborhood patrol over

1 in Northfield, and we see the foot traffic that goes down  
2 Duffield and Cobblefield where the crime has gone up and  
3 we know this because he's a board member on the WBPOA, and  
4 we see the traffic. They're either leaving one of the  
5 multifamily, or going to the multifamily.

6 My concern is that we've heard before, while  
7 there are apartments up and down Fondren, rehab them. You  
8 can rehab them per door cheaper than you're about to build  
9 those because you're big enough to get the price breaks on  
10 the materials. I know this because I do the same thing.

11 One of my concerns is, why don't you put it in  
12 Sugarland and Pearland since part of this whole idea of  
13 moderate and low income is to put them near neighborhoods  
14 to be like everybody else.

15 My other concern is that those low income  
16 families are also the ones that are greatest at risk of  
17 losing their jobs. And because of that, then they won't  
18 pay the rent. We're not getting 750 a door right now up  
19 and down Fondren. The reason we know that, there's always  
20 a sign that says, one month, two months free rent, \$99  
21 rent. If you go around the corner, right there on  
22 Airport, there's two more units -- apartment buildings  
23 that you see that are never full.

24 We don't need it. You'll not get 900. You're

1 competing with Westheimer. You're competing with -- near  
2 town, at the rents you're talking about, that those folks  
3 are obviously living there. You've got a demand, move to  
4 that area, near town. Why don't you give the tax credit.

5 My other concern is, as those occupancies, you  
6 won't meet at the 750 a door for two/two and 900 for a  
7 three/two it means, as the woman said, you're going to  
8 have to lower those rents to compete with this  
9 neighborhood. If they can barely keep them full at the  
10 prices they have, they're not going to be able to keep  
11 them full at 750 a door.

12 I know it because I do leasing on my own  
13 property. And I know what the game is when you talk about  
14 having standards on who can come in your property. We  
15 don't allow folks with more than a class C misdemeanor.  
16 But they have friends, they have boyfriends, they have  
17 girlfriends.

18 MS. MEYER: Donald Perkins.

19 MR. PERKINS: My name is Donald Perkins. I'm a  
20 resident of this area. I live in the Glenshire Patio  
21 Homes. I'm also an employee of the City of Houston, but  
22 I'm not speaking as an employee of the City of Houston,  
23 I'm speaking as a resident. And I'm really glad that our  
24 Council Member Mark Goldberg is here to hear our

1 complaints and our plight.

2           One of the things I do want to say is that  
3 everyone who has spoken for, doesn't really live in this  
4 community or really have a stake, but everyone who is  
5 against or opposed to this are a stakeholder in this  
6 community.

7           I don't want our community to look like what  
8 already exists. Now, you drive down Fondren, it's just  
9 full of apartments. You drive down South Braeswood near  
10 the Fiesta, it's horrible. You drive down West Bellfort  
11 near Bob White, it's horrible. And I don't feel like  
12 Gessner has to look or reflect like those corridors.

13           Now, one of the things I do notice as I listen  
14 to your presentation, you said that hold for three years,  
15 you know, you have to worry about another tax exempt  
16 multifamily coming within one mile. Well, it's the law  
17 that you cannot really have another tax exempt property  
18 within one mile of that development.

19           People are flocking to the area, that's what  
20 the presentation is saying. Well, of course, if you have  
21 property that's free rent, \$99 move in special, all  
22 those -- all the other entices to get you to move into  
23 those complexes, of course, you have people flocking in  
24 because it's subsidized housing.

1                   We have too many apartments in this area. It's  
2 over inundated. And we're trying to keep the established  
3 homeowners here to keep the property values at the level  
4 that they are. I know for a fact that you gave a lot of  
5 lip service about, okay, we're going to have deed  
6 restrictions for our apartment complex. Well, I'm a  
7 planner with the City of Houston. And I asked my plan  
8 director, Bob Litke, about this, and there's no such thing  
9 as an apartment complex that's deed restricted because  
10 he's the one [inaudible].

11                   I do know that -- for a fact that, for this to  
12 be a done deal, which I'm not sure is a done deal, you  
13 need the support of the mayor and the Housing Communities  
14 Development Department. So I urge you guys to really send  
15 e-mails and call the mayor's office. If it's not Mayor  
16 Brown, call Mayor Elect Bill White because pretty much  
17 it's going to be his problem after January 2.

18                   Also call Daisy Stiner with the Housing  
19 Communities Development Department. I'm not speaking as a  
20 city employee, but I'm speaking as a citizen from this  
21 area to call those people because they work for you.

22                   I work, I guess, not really for myself, but, I  
23 [indiscernible] for my community and I love my community.  
24 I want to make the best of it, but I think this community

1 has too many, too many, too many apartments.

2 Thank you.

3 MS. MEYER: Mitchell Fontenot.

4 MR. FONTENOT: Thank you, and good evening.

5 I'm Mitchell Fontenot, a resident of Glenshire  
6 subdivision. We've been in Houston now for almost 13  
7 years, living in Glenshire for a little over six years.

8 I've heard most of my arguments in opposition  
9 to the development made, but there is one thing that I'd  
10 like for us to consider. Quality of life. Many people  
11 have spoken to some of the challenges, educational, law  
12 enforcement, flooding, those kinds of things.

13 The families that are going to live there  
14 should be afforded the quality of life that allows them to  
15 reach, aspire and reach the American dream, to become  
16 constructive, productive citizens of this society.

17 If you move -- if you develop this property,  
18 not only will those children not have the quality of  
19 education that most of us who seek and have the ability to  
20 place our children in environments where they can learn in  
21 a healthy environment where they're stimulated, where they  
22 have the one on one attention that the brother over here  
23 spoke about, those things will not be afforded to those  
24 children.

1           So what is it that we're actually creating?  
2 What is it that we're actually affording these families  
3 that are coming -- are going to come in to this area? It  
4 is very conspicuous.

5           As someone mentioned earlier, that we don't see  
6 these types of developments in Bellaire, in Memorial, in  
7 Tanglewood, River Oaks, and a number of other communities.

8           It is very conspicuous that it ends up in our  
9 communities. And why is that? I'm sure that's a loaded  
10 question.

11           But the quality of life that you're affording  
12 these families that will come into that development is  
13 worth consideration. If you're bringing them into an  
14 environment -- and most urban dwellers are challenged by a  
15 plethora of things, among them being education, among them  
16 being police protection, among them being just the quality  
17 of life that people who enjoy to walk the neighborhoods  
18 and walk their dogs without being harassed. That quality  
19 of life, I suspect, will not be afforded to the residents  
20 at that property.

21           Then you ask yourself, what is it that you're  
22 contributing to? Are you part of a solution to beautify  
23 the community, because there's no doubt those are  
24 beautiful developments. Or are you part of a problem?

1 Because you're not able to afford those families going  
2 into those developments, the quality of life -- because  
3 the quality of life is more than what -- than the  
4 structure that you're living in. Quality of life means a  
5 place to work, a place to worship, a place to raise your  
6 family in a safe, sanitary environment.

7           Please consider the quality of life that you  
8 would afford the families at that location, because I  
9 would suggest to you that if you had the opportunity to  
10 live there at that location -- and we don't live very far  
11 from there -- there are at least 12 other places in the  
12 City of Houston that you would prefer to raise your  
13 family.

14           And we're trying to protect what we've been  
15 able to accomplish. It's the quality of life, brothers  
16 and sisters, it is the quality of life. We owe it to our  
17 children. I'm not going to begrudge anyone who needs to  
18 make a profit. We live in a capitalistic society, that is  
19 a very American way of life. But the quality of life for  
20 the children in those families are equally as important as  
21 the profit that we would make on that type of development.

22           Thank you.

23           MS. MEYER: I don't have anyone else that is  
24 listed, yes or a question mark, that would like to speak.



1 Is there anybody else that would like to -- yes, ma'am.

2 Did you sign in --

3 VOICE: No, I did not, because I didn't know  
4 [inaudible].

5 MS. MEYER: If you could state your name for  
6 the record, then I'll get you a form.

7 MS. SANDLER: My name is Evelyn Sandler, and my  
8 husband and I have lived here for 26 years. We live  
9 around the corner in the Patio Homes. I have a new next  
10 door neighbor with one little girl, and the little girl  
11 goes to elementary school. I asked her if she comes over  
12 here to Milne. The mother said, I would not send my  
13 daughter to that school; it's overcrowded.

14 Another family down the street from us, two  
15 small children, go to private schools, do not go to  
16 schools here in the neighborhood. Too overcrowded.

17 Another thing, Mr. Fisher is a name dropper.  
18 Target, Albertsons, this store, that store. We had a  
19 Target close, Albertsons close, Palais Royale close, Kmart  
20 close, Randalls close. I don't look for Wal-Mart to be  
21 here a whole long time either because all the other stores  
22 around are closing.

23 And that's all I have to say. I'm opposed to  
24 these apartments.

1 MS. MEYER: Is there anyone else that would  
2 like to make a comment?

3 VOICE: Can I speak?

4 MS. MEYER: Yes. Did you sign in, sir?

5 VOICE: Yes, I did.

6 MS. MEYER: And your name?

7 VOICE: Neal Davis.

8 MS. MEYER: Okay.

9 MR. DAVIS: My name is Neal Davis. I'm a  
10 resident of Braeburn Valley. At one time I was president  
11 of the neighborhood association. The reason why I became  
12 president was to try help out things. Ruth has done an  
13 admirable job taking care of the neighborhood.

14 We had problems, when I first move in, it was  
15 the crime in the neighborhood. I checked with the police,  
16 Braeburn Valley didn't have that problem. But if you will  
17 notice what happens every New Year's Eve, that's -- it's  
18 very disconcerting when you see what's going on, because I  
19 don't think neighbors step out in their backyard and  
20 they're shooting off their weapons. Those are the  
21 apartment complexes that you're hearing that at.

22 There is people that do not have a stake --  
23 when you are a renter, you have no stake. You can pick up  
24 and leave whenever you want. You don't care. We're

1 trying -- we're thinking about trying to move out. But  
2 the problem that we have is because the property values  
3 have been depressed in our neighborhoods, in the far and  
4 southwest area. You can't move out. You don't have the  
5 equity built up that do in neighborhoods like Meyerland or  
6 Bellaire because of what has happened with the apartment  
7 complexes.

8 I feel extremely strong about any more units  
9 being added. I would love to see them all ripped down.  
10 That's not going to happen until something changes. But I  
11 think that just the fact that rental units does not lend  
12 itself to a well to do neighborhood, a caring  
13 neighborhood. They don't care. You see the trash outside  
14 the apartment complex because they don't pick it up. They  
15 don't care.

16 Thank you.

17 MS. MEYER: Is there anyone else that would  
18 like to make comment?

19 VOICE: May I say something? I have already  
20 been a speaker here.

21 MS. MEYER: If you've already spoken, you got  
22 your one chance. Is there anybody else? Yes, ma'am? Did  
23 you sign in, ma'am?

24 MS. STEWART: Yes.

1 MS. MEYER: And your name?

2 MS. STEWART: It's Brenda Stewart. Brenda  
3 Stewart.

4 MS. MEYER: Brenda Stewart.

5 MS. STEWART: I've lived here in Braeburn  
6 Valley since 1973. That was before the existence of  
7 Fondren Southwest. South Braeswood was a two lane street.  
8 In 1980, when the economy went south, all of these  
9 wonderful apartments were luxury apartments. Look at them  
10 now.

11 That's -- the whole neighborhood is -- we've  
12 been depressed since 1980, while Meyerland, Bellaire have  
13 all gone upward and they've all got luxury apartments.

14 MS. MEYER: I think I saw one other hand over  
15 here.

16 VOICE: [inaudible].

17 MS. MEYER: Okay. Anyone else that wants to  
18 make comment? Yes, ma'am? You have not signed in? If I  
19 can get you sign in. State your name for the record and  
20 then --

21 MS. DOMINO: Good evening. My name is Karen  
22 Domino, and I'm not a resident here. However, I do work  
23 for your state senator, Rodney Ellis, and I wanted to make  
24 sure that you knew that I was here taking copious notes

1 and I will definitely take them back to Senator Ellis,  
2 because he does care.

3 MS. DINWIDDIE: My name is Audria Dinwiddie.  
4 I'm part of the management team of Crystal Falls  
5 Apartments. I've work there and lived there for 15 years.  
6 And we do care about our property and we do run a really  
7 respectable business. We check everyone that moves in, we  
8 don't put up with anything. We have a zero tolerance  
9 policy. So I do feel like we are somewhat different from  
10 the rest of the apartment communities.

11 I do appreciate what Mr. Fisher said, but  
12 you're speaking in ideals. If all of the things that you  
13 said were true, if we lived in an ideal world, it would be  
14 wonderful. But we don't. And the -- we don't live in a  
15 perfect world, so those things don't happen here.

16 The -- and you also mentioned that there's been  
17 no new development in the area. Why do you think that is?  
18 Because everything that comes into this area, it fails  
19 because it is a depressed area. We've been fighting and  
20 fighting and fighting every day. I go to -- from anywhere  
21 from one to five meetings every week fighting to try to  
22 keep this area from going down the toilet. So it's  
23 something you should consider.

24 And, thank you.

1 MS. MEYER: Did you sign in, Ms. Dinwiddie?

2 MS. DINWIDDIE: Yes, I did.

3 MS. MEYER: Is there anyone else that would  
4 like to speak?

5 VOICE: Ms. Meyer, I know I've already spoken,  
6 but I was wondering if perhaps I could have just a minute  
7 of time? If some other speaker that may not have  
8 spoken --

9 MS. MEYER: If there's somebody who would like  
10 to yield time to you, I'll let you have it.

11 VOICE: She can have my time. I didn't sign in  
12 but she can have my time.

13 (Several people speaking at once.)

14 VOICE: I live in the neighborhood. I'm  
15 entitled to time.

16 MS. MEYER: Yes, you are.

17 VOICE: I've already signed in somewhere.

18 MS. MEYER: You already did?

19 VOICE: Yes.

20 MS. MEYER: And your name?

21 VOICE: Harry Clarky.

22 MS. MEYER: Okay. You can sit down.

23 MS. HELLER: I'm Elaine Heller, and I was the  
24 very first speaker. And I have to admit, I got carried

1 away by the developer's beautiful painted picture. I  
2 happen to be an artist and I admire his beautiful -- the  
3 architect's beautiful drawings.

4 As you see, I had a lot of concerns, and I  
5 still have those concerns. And I have confirmed in my  
6 mind that, as wonderful as he has drawn a picture for all  
7 of us, I'm afraid that this cannot work in our area. And  
8 I'm definitely opposed to it.

9 Thank you.

10 MS. MEYER: Have you signed in?

11 VOICE: Yeah, I signed in.

12 MS. MEYER: Okay. And your name?

13 VOICE: Lisa Wagner.

14 MS. MEYER: Okay.

15 MS. WAGNER: Good evening everybody. My -- can  
16 you hear me? My name is Lisa Wagner. I've lived in this  
17 neighborhood since 1983. I've lived in three communities  
18 because I like the area. I've lived in Descourt  
19 [phonetic], I've lived in Glenshire, and I live in  
20 Northfield now.

21 We do not need more apartments. We need people  
22 that are going to come, they're going to stay, they're  
23 going to invest in their property, they're going to  
24 volunteer in the community, they're going to have a stake

1 in the schools, they're going to follow their children to  
2 school.

3 I have two children that -- and I'm very active  
4 in the schools. I pulled one of my children out of Welch  
5 because she wasn't learning. We need no more apartments.

6 Thank you.

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

9 VOICE: May I?

10 MS. MEYER: Okay. I have three people who  
11 signed -- you had that thing.

12 MS. MEYER: I can't -- we can't do this all  
13 night long.

14 VOICE: No, no. I don't want to.

15 MS. MEYER: I can't keep everybody -- I'll give  
16 you one minute.

17 VOICE: Well -- yeah, I'll take one minute.

18 VOICE: He's not even a resident.

19 VOICE: He's not a resident.

20 (Several people speaking at once.)

21 VOICE: May I say something as a human being?

22 (Several people speaking at once.)

23 VOICE: I see what kind of meeting this is.

24 MS. MEYER: Seeing that there's no other public



1 comment, I am going to adjourn -- you want to make  
2 comment?

3 VOICE: Does he live in the neighborhood?

4 MS. MEYER: Did you sign in, sir? And your  
5 name?

6 MR. OYOLA: Hi. My name is William Oyola. I  
7 lived in the neighborhood in 1977, moved out to Katy. I'm  
8 back. I moved -- a year ago, I moved back. I'm in  
9 Glenshire; I'm a board member in Glenshire.

10 I moved back because I love the neighborhood, I  
11 love the way it looks. I don't think we need another  
12 apartment complex. Three words: no, no, no.

13 MS. MEYER: Is there any -- do you want to make  
14 comment? Have you signed in, sir?

15 VOICE: I did.

16 MS. MEYER: Okay. And your name?

17 VOICE: Sanford Herman.

18 MS. MEYER: Okay.

19 MR. HERMAN: My name is Sanford Herman and we  
20 moved to the Northbrook subdivision in this area in 1981.

21 And at that time, the apartment complexes on West  
22 Bellfort and Fondren were peopled by working class persons  
23 who didn't have kids. Most of them were two people  
24 working. Then, of course, the depression -- the recession

1 hit and these people lost their jobs. You recall this is  
2 an oil recession.

3 And at that time, the vacancy rates increased  
4 tremendously in the apartments, and some of the apartment  
5 developers -- the apartment owners went into bankruptcy.  
6 And the resulting problem was from the influx of people  
7 who were not able to earn as much money. And so the  
8 rentals went down and down and down.

9 And so we also had a problem in single family  
10 homes because the people who owned those homes sometimes  
11 lost them and they moved away to get jobs in other places.

12 The crime increased. And I've been president  
13 of our homeowners association during the 90s, and I saw  
14 this crime increase. There's been loads of break ins,  
15 there's been graffiti, there's been gang activity. I had  
16 one of the people from the city, Victor Gonzales, who is  
17 part of the mayor's anti-gang task force, come out and  
18 take a look at our problems.

19 I have a book, yea thick, of Polaroid  
20 photographs of all of the damage they have done in our  
21 subdivision. And the problem is resulting from people who  
22 are living in apartments. And a lot of these people are  
23 members of gangs, and they have -- or they have friends  
24 who are members of gangs.

1           And I really do not think we need more  
2 apartments in this area to add to our problems. I think  
3 what we need it to have these problems resolved. And we  
4 need to have them resolved soon.

5           I come to the crime awareness meetings most  
6 every month. And the police try as they may to do  
7 something. They cannot do much when the perpetrators of  
8 these crimes, these gangs, do these things stealthily at  
9 2:00 and 3:00 in the morning. And they must be -- they  
10 can only be apprehended if they're caught.

11           So what we need is to have these problems  
12 resolved. Adding apartments will not resolve them.

13           MS. MEYER: Is there anyone else? Yes, ma'am?  
14 Did you sign in, ma'am?

15           VOICE: Yes.

16           MS. MEYER: And your name?

17           VOICE: Lela Jones.

18           MS. MEYER: Okay.

19           MS. JONES: Good evening. My name is Lela  
20 Jones. I'm a homeowner in Braeburn Valley West. And I  
21 just want to make a comment right quick. Mr. Fisher talks  
22 about his properties not being low income and whatever.  
23 He can say that now. I talked to the apartment  
24 association and he said -- they say an owner can change

1 their mind anytime they want to.

2 Concord was not low income, they said, at  
3 first. My daughter moved there paying \$900 a month.  
4 Somebody lives next door to her with the same apartment  
5 paying \$43 right now.

6 When they talked -- she talked to the apartment  
7 association, I talked to the apartment association, they  
8 said, owners can change their mind any time they want to.

9 And nothing you can do about it. She can't get out of  
10 the lease unless she breaks it.

11 MS. MEYER: Is there anyone else? I'm going to  
12 conclude the public comment section and adjourn that part  
13 of the hearing. It is now 8:25. And I'll open the floor  
14 up for questions. If you're going to ask a question,  
15 though, you've got to come to the mike so I can have it on  
16 record, though, so my board can hear the questions and the  
17 answers.

18 MS. DINWIDDIE: My name is Audria Dinwiddie.  
19 My question is to you, how frequent are the audits of  
20 these properties like Mr. Fisher's proposing? You said  
21 that you'd be auditing them.

22 MS. MEYER: On the bond developments, it is  
23 every two years.

24 MS. DINWIDDIE: Thank you.

1 MS. MEYER: Ms. Shaw, are you still here? Your  
2 question, I think -- you had two questions --

3 VOICE: Could you repeat that question and  
4 answer. My people back here heard neither the question or  
5 the answer.

6 MS. MEYER: To the first question? The  
7 question was how often does the department audit. As Mr.  
8 Fisher actually stated, if there are complaints then that  
9 will require an audit. But on a normal basis, it's --  
10 well, it's every other year. So it would be every two  
11 years, I guess, is what the answer to the question would  
12 be.

13 Ms. Shaw, I think you asked me two questions.  
14 Why don't we build single family homes on that particular  
15 piece of land, that's one. That's not the application  
16 that's before me, and I can't really answer -- I can't  
17 give you an answer for that one. A developer has not  
18 submitted an application to the department in order to do  
19 that, so --

20 MS. SHAW: Like you had said earlier when you  
21 first started speaking, that if they build single family  
22 homes, you know, regular single family homes, then some  
23 people wouldn't be able to afford it.

24 MS. MEYER: Well -- okay. The -- what I said

1 in my presentation -- your question is going back to the  
2 single family -- I get a lot of calls, and I've gotten  
3 several calls on this particular deal asking me why we  
4 don't build single family houses instead of multifamily,  
5 and that's the reason why I answered it the I did.

6 I work in the multifamily division. We do have  
7 a single family division in our -- in the Department of  
8 Housing, and they do do a lot of single family  
9 development. It's a different area and we do do that,  
10 however, what's before me right now -- and this hearing is  
11 for a multifamily complex, so -- I mean, the only thing I  
12 can answer is that's exactly what I'm in charge of doing,  
13 so, therefore, that's what I'm doing.

14 Your other question had to be with -- I think  
15 it had to do with why are we affording --

16 MS. SHAW: Well, why are you giving a  
17 corporation that does not have their headquarters in  
18 Texas -- why are you giving them a tax exempt bond?

19 MS. MEYER: There's -- okay. The question  
20 is -- okay, hold on, Ms. Shaw, let me ask -- I mean, get  
21 the question out. The question is, why are we giving  
22 multifamily -- or issuing multifamily bonds to a  
23 development that is out of state.

24 There are a lot of out of state developers that

1 develop in Texas. There are a lot of Texas developers  
2 that develop in other states. There's no limit to that.  
3 There's many national developers that are affordable  
4 housing developers.

5 That's what they do for a living and those are  
6 the ones that we do business with and those are the ones  
7 that submit applications, not only to the Texas Department  
8 of Housing, which is a state agency, but they also do that  
9 with the local issuers, and here in Houston, that would be  
10 Houston Finance Corporation and also Harris County Finance  
11 Corporation.

12 So you have two local issuers here that do the  
13 same thing that my department does. But that happens all  
14 the time. It's not always an in state developer.

15 MS. SHAW: May I ask one other question?

16 MS. MEYER: Yes, ma'am.

17 MS. SHAW: Do you give tax exempt bonds to --  
18 no matter where the builders builds it, any area? Would  
19 you do it like in Tanglewood? Would you do it in River  
20 Oaks?

21 MS. MEYER: It -- okay, the question is, would  
22 we build these in other areas? If an application is  
23 submitted in other areas, yes. We have several  
24 developments all over Houston.

1 I've got to know your city quite well this  
2 year, and I've gone from northeast Houston to southwest  
3 Houston. I've gone to Katy. I'm going to be in Spring in  
4 January. I've been all over Houston and the metropolitan  
5 area. We do the same thing --

6 VOICE: You don't mention River Oaks and in --

7 MS. MEYER: Well, I can't give you a specific  
8 deal in River Oaks because I haven't had an application.  
9 I can only, you know, hold these hearings for what I have.  
10 So that is the reason why I'm not in River Oaks. A  
11 developer hasn't sent a --

12 VOICE: In these areas, there is no low  
13 incomes. How come?

14 MS. MEYER: Well, ma'am, I can't answer that  
15 question. I would assume that it does have to do with  
16 economics and whether it would make the development  
17 feasible.

18 VOICE: That's a loaded question.

19 VOICE: Why does our area have all --

20 MS. MEYER: Because an application was  
21 submitted for this particular development, so that's all I  
22 can answer for you.

23 VOICE: You know, every city is trying to do  
24 away with slums, and it seems like the State of Texas is



1 intent on making out area into a slum area.

2 MS. MEYER: Well, the question being is, the  
3 State of Texas is intent of making this a slum area, and  
4 that's not what the Texas Department of Housing is in  
5 business to --

6 (Several people speaking at once.)

7 MS. MEYER: Sir, please do not interrupt me.  
8 Okay. That's not what we have -- our mission is not to do  
9 that. We try to improve the quality of life. I know  
10 every one of you here has a passion for the neighborhood  
11 that you live in. And I understand that.

12 And that's actually one of the reasons why a  
13 developer would pick this area, because it is a good area.  
14 You have a good area. That's why people are drawn here.  
15 I mean, just like you're saying, well, put it someplace  
16 else, put it out in River Oaks. I have no idea where that  
17 is, but, you know, it's probably a good area too, and it  
18 would be great if we could do something there, but I don't  
19 have an application to do anything there, so I can't do  
20 it.

21 There's a question over here. Yes, ma'am.

22 VOICE: Mr. Fisher mentioned that if this  
23 project was built there, then for three years another  
24 similar project could not be built in the same area within

1 one linear mile. I'm assuming he's referring to the Texas  
2 House Bill 2308, which went into effect this year,  
3 September 1, which, in effect, authorizes your governing  
4 body, the Texas Department of Housing and Communities  
5 Affairs, to allocate housing tax credits to no more than  
6 one development in a single community if the developments  
7 are not -- are -- or will be located within one linear  
8 mile.

9 I'm wondering why this doesn't apply to this  
10 project since the Concord does have low income.

11 MS. MEYER: Well, it depends on if it was built  
12 with tax exempt bonds and tax credits, and when that was  
13 done. That law pertains to affordable housing. Now, they  
14 may have section 8 vouchers over there and -- what -- the  
15 question was, why is this -- I guess, you think that it's  
16 in violation of the rule, is one.

17 Now, one thing else that you need to  
18 understand, the legislation was passed in June goes into  
19 effect in January. However, this particular application  
20 was applied for for the 2003 and is under the 2003 rules.

21 So, therefore, that piece of legislation actually doesn't  
22 apply to this particular application.

23 The new rules going forward for the 2004  
24 applications, it does apply to.

1 VOICE: Ms. Meyer?

2 MS. MEYER: But that has to do -- when the tax  
3 credits and bonds were awarded and when the application  
4 was submitted. And it's within that three year period of  
5 time.

6 VOICE: Ms. Meyer, a question.

7 MS. MEYER: Yes, sir.

8 VOICE: I guess -- I'm curious. For all the  
9 developments that occurred, and I'm sure you -- I know  
10 about the ones like the one near Brentwood in Southwest  
11 Houston, that failed. It was similar to this. The one in  
12 Northeast Houston was presented and, of course, that  
13 failed because the community rallied behind it.

14 But this particular one, without -- I mean,  
15 with our opposition against it, did you just need the  
16 support of the mayor and the Department of Housing and  
17 Community Development for the City of Houston? If so, is  
18 it going to be a done deal regardless of whether we oppose  
19 it or not?

20 MS. MEYER: The question is, is it whether --  
21 I'm just going to kind of summarize that one. What is  
22 needed for support in order for this to move forward, and  
23 is it a done deal. Okay. Everything that's presented  
24 here tonight, all the public comment and any public

1 comment that I receive after this time up until January 30  
2 will be given to the Texas Department of Housing and  
3 Community Affairs board, which is scheduled to meet on  
4 February 12. And they will be presented with all this  
5 information.

6 No, it's not a done deal. They take into  
7 consideration -- our board takes into consideration many  
8 different aspects of the development itself. That's  
9 market conditions, the feasibility of the development  
10 itself. Take into consider the developer, the compliance  
11 history of the particular developer. They also take into  
12 consideration public comment. That's why this hearing is  
13 held.

14 Actually, these hearings are -- by the IRS  
15 code, they're actually only required to take public  
16 comment on the bonds. The Texas Department of Housing has  
17 increased that to actually take a public comment on the  
18 development itself. We're not required to do that,  
19 however, we do want community input and that's one thing  
20 that the department has tried to do.

21 Yes, sir?

22 VOICE: Yes, I guess this is sort of a follow  
23 up question to his question, for you or Mr. Fisher. Has  
24 the property been purchased yet?

1 MR. FISHER: No.

2 VOICE: It has not been purchased yet.

3 MR. FISHER: No.

4 VOICE: Okay. So you're still in a  
5 negotiating process. Are you just trying to see if you  
6 would go forth?

7 MR. FISHER: I can answer that.

8 MS. MEYER: The -- well --

9 MR. FISHER: The gentleman's question was, do  
10 we own the property and are we in the process of  
11 negotiating for it. I have a binding contract with the  
12 land seller that's scheduled to close in February. He has  
13 no ability not to sell it to me as long as I'm prepared to  
14 buy it. But I do not hold the title to the property yet.

15 Yes, ma'am?

16 VOICE: Okay. So you have been awarded the  
17 bonds or the credits?

18 MR. FISHER: The -- no, there's -- the final  
19 approval for these are -- is the board meeting that Ms.  
20 Meyer referred to. The question is, you know, have we  
21 been awarded the financing. The answer is, we've been  
22 given a reservation for the financing that is subject to  
23 the approvals that Ms. Meyer discussed. And you are  
24 participating in the process that is designed to

1 facilitate the decision making in that process.

2 If I can -- yes, sir?

3 VOICE: You're proposing to build this property  
4 down in Gessner, are you familiar or aware of the Rufino  
5 Hills transfer station? So why would you want to build an  
6 apartment complex close to a dump?

7 MR. FISHER: Of course -- now, the gentleman's  
8 question was, am I familiar with the Rufino Hills transfer  
9 station or why would I want to build a property near the  
10 dump. Sir, I am familiar with the issue of the Rufino  
11 transfer station that the City of Houston is wanting to  
12 put out here in this area, and, of course, I am not --

13 (Several people speaking at once.)

14 MR. FISHER: I am not -- you know, certainly as  
15 you all know, I'm not located any where near the dump.

16 One of the issues that the councilman asked me  
17 to be sure and address with you, and we covered to some  
18 extent at the town hall meeting that we held last week,  
19 had to do with possibility of -- right now this is a  
20 family oriented community. I think you've heard that loud  
21 and clear tonight.

22 I'm certainly taking the steps, as I've  
23 promised at the meeting last week, to explore the  
24 opportunity to do a senior housing development. And, you

1 know, the development as I've described it to you at the  
2 time is financially feasible. I just want -- the  
3 councilman wants to -- wants that to be reiterated  
4 tonight.

5           Because I just want to remind people, the  
6 senior -- a senior only community there, age/income  
7 restricted like this, built the same kind of quality for  
8 seniors 55 and older is financially feasible, subject to a  
9 couple of issues that we addressed that evening.

10           Number one, I would not pay a substantial  
11 amount of property taxes. The -- it would be a senior  
12 only community. These developments are generally granted  
13 full tax exemptions, and so, by comparison, there would be  
14 a very small amount of property taxes paid. That didn't  
15 seem to be a problem with the crowd, and I think that's a  
16 concern that the councilman has.

17           So to the extent that you're concerned about  
18 the issue of senior housing, it would not pay a lot of  
19 property taxes.

20           Number two, I do not get a lot of voucher  
21 holders and I tried to explain in my presentation why, at  
22 least the reasons why we think, from a management  
23 perspective, we don't see a lot of voucher holders on our  
24 family properties.

1           We do get a lot of seniors from the housing  
2 authority for our senior housing properties. Somewhere  
3 between 25 and 35 percent of the residents that live in  
4 our independent senior housing communities come with a  
5 voucher, or are, you know, provided to us by the housing  
6 authority.

7           So, again, to the extent that there was  
8 concerns about section 8 housing, a component of the  
9 senior properties, a third of it, roughly, is going to be  
10 involving section 8 vouchers with the housing authority.  
11 And I think the councilman wants to make sure that that  
12 isn't a big concern if we move in the direction of a  
13 senior housing development.

14           But those are the two caveats that would allow  
15 me to change the nature of the development from families  
16 to seniors. You know, for the record, we believe the need  
17 in Houston, and in this area, is for families. But many  
18 of you have spoken to me since last week and at the  
19 meeting last week, and asked me to explore the alternative  
20 of a senior only development. I am doing that.

21           And your councilman will need some feedback  
22 from you on those two issues, which, one would be the tax  
23 issue, the amount of taxes I would pay. And number two,  
24 the involvement of the housing authority in probably 25 or



1 30 percent of the units.

2 Yes, ma'am?

3 VOICE: [inaudible] pointed out earlier, what  
4 is going to prevent you from changing that from a senior  
5 community later on to --

6 MR. FISHER: The -- again, I think Ms. Meyer  
7 has pointed out my financing deed restricts my property to  
8 senior only for the life of the bonds, which in my case --

9 VOICE: [inaudible].

10 MR. FISHER: No, see that -- the deed  
11 restrictions is a legal issue. I think any attorney in  
12 the City of Houston will tell you that you can deed  
13 restrict your property and since you don't have a lot of  
14 zoning issues -- you have no -- you have voted repeatedly  
15 not to have zoning ordinances. Your communities -- I  
16 think I drove a single family community that said they  
17 were deed restricted or --

18 VOICE: [inaudible].

19 MR. FISHER: Yes, ma'am, you can -- I can  
20 affirmatively tell you, you can have deed restrictions on  
21 these properties. So everything I've told you that we  
22 would deed restrict, it will be on the property, it will  
23 be enforceable and the senior housing component is in the  
24 land use restriction agreement the department -- I would

1 need their permission in order to switch it from a senior  
2 only development.

3 And, again, you would be having an opportunity  
4 to have input if that happens.

5 Yes, sir, Mr. Myers.

6 MR. MYERS: Last week you answered my question  
7 when I said, would you build this property without the tax  
8 revenue exempt bonds, would you answer that one more time,  
9 please.

10 MR. FISHER: Would I build a property in this  
11 location if I did not have the bonds? If the project were  
12 feasible, I would do that. Right now, I believe it is  
13 only feasible, at the current circumstances, utilizing  
14 this type of financing. But, yes, I would -- I think this  
15 is an excellent site if that answers your question. And I  
16 would build a housing community there if I -- if it were  
17 economically feasible.

18 Yes, ma'am?

19 VOICE: If you do not get the tax exempt bonds,  
20 could you have the amenities that your architects -- that  
21 the designer or architect has brought up about the  
22 community center and I'd also like to know the size of  
23 that community center.

24 MR. FISHER: You know, the -- their question

1 was, if I did not have financing through this long term  
2 bond program, would I be able to offer the same amenities  
3 that I have on the property, and the answer to that  
4 question is, no.

5           One of the -- this is a -- you know, whether  
6 you're a Democrat or a Republican, this is a private --  
7 this is a Ronald Reagan program designed to give private  
8 companies incentives on housing. And they don't subsidize  
9 a resident, which has been a big issue. They subsidize  
10 the quality of the development.

11           And tax exempt bond financing from the state  
12 through this allows me to build this kind of quality in  
13 that location with the amenities and the clubhouse that  
14 would -- what you'd get if you don't have that, is what  
15 you don't like at Concord, which is ridiculously dense, no  
16 amenities, clapboard siding development that I have never  
17 done and never would do. But, again, that is the  
18 advantage of the financing program here, it allows a very  
19 high quality development.

20           As far as the size of the clubhouse, my plan  
21 for the size of the clubhouse is approximately 5400 feet,  
22 but that's a little misleading. A little -- a small  
23 portion of that is the laundry area, so roughly 5,000  
24 square feet of this clubhouse covers the -- or will cover

1 the office area, business center, fitness, area for our  
2 family programs, computer labs, etcetera.

3 Yes, ma'am?

4 VOICE: Did I understand you when you said that  
5 seniors, if they were on the housing vouchers, that you  
6 could lease the property to the seniors and that would be  
7 good?

8 MR. FISHER: That's -- her question is -- she  
9 said, would -- if I did a senior only property, a third of  
10 the units, roughly, would go to seniors with vouchers are  
11 from the housing authority, was your question?

12 VOICE: Not seniors only, just like if -- when  
13 you're doing the seniors and they're on housing vouchers,  
14 that would make these people happier because it would be  
15 more seniors.

16 MR. FISHER: It's -- what I was saying is,  
17 again, I'm required, under this program, to accept voucher  
18 holders who meet the screening criteria. We don't get a  
19 lot of family voucher holders that meet the screening  
20 criteria or apply with us. And I'm not sure why, but  
21 that's a fact.

22 That's not true in senior housing. A third of  
23 that property is -- you know, 30 percent of that property,  
24 minimum, are going to be senior -- low income seniors who

1 are utilizing a voucher along with their social security  
2 to pay their rent. Now, again, they have to meet  
3 screening criteria.

4 VOICE: Right. But they can --

5 MR. FISHER: But they typically do.

6 VOICE: The part B of that question is, who's  
7 going to keep them from moving in the grandkids because  
8 the parents of the grandkids are --

9 MR. FISHER: Very good question. Her question  
10 is, if you have a senior property like this, what prevents  
11 them from moving the grandkids in? And the answer to that  
12 question is, under the federal fair housing regulations,  
13 every residents who lives in the unit must be 55 and  
14 older. You cannot, even in the most dire circumstances,  
15 have your daughter or your grandchild live there.

16 Now, they can come visit for a limited period  
17 of time, which is in our rules. But they cannot live  
18 there, it's prohibited, and they -- it's in my LURA, and  
19 they audit that for compliance.

20 Yes, sir?

21 VOICE: If you did do it senior housing, would  
22 that change your unit fixed the number of units that you  
23 would build?

24 MR. FISHER: It did. I've got about 248 in the

1 current plan. I think I told the group it would probably  
2 be more like 260. It wouldn't be a whole lot more, but it  
3 would be a few more.

4 VOICE: You wouldn't need three bedroom units  
5 then.

6 MR. FISHER: No, right. There -- that  
7 community would be all one bedroom one baths, two bedroom  
8 one baths, two bedroom two baths would be the largest  
9 floor plan. Most of the units would be one/ones and  
10 two/ones.

11 VOICE: For senior housing, we've got plenty of  
12 [inaudible] marketed right now, don't we?

13 MR. FISHER: But there's -- but seniors want to  
14 live -- I think one of the people that -- you've got some  
15 very successful senior only communities. And that's the  
16 ticket. That's why we don't allow a regime that allows  
17 other family members to live there. Seniors want to live  
18 in a senior only environment.

19 And the answer to that question is, half my  
20 seniors come from apartments where they have to share  
21 their living area with families. They like the senior  
22 only environment. We -- you know, we deed restrict that  
23 regime, it's in our LURA, and we guard it jealously  
24 because it's one of the reasons why they're there.

1 Yes, ma'am?

2 VOICE: If you couldn't get the tax exempt  
3 bonds, would you consider making this into condominiums?  
4 You said -- you described it could have a feasible  
5 clubhouse, gym, etcetera, etcetera.

6 MR. FISHER: That's a fourth -- the question  
7 is, if we did not do the type of financing that we're  
8 doing, would we do condominiums, or could we do  
9 condominiums? And I -- the answer to that question is,  
10 no. We don't do for sale housing. I do not do for sale  
11 housing.

12 Yes, ma'am?

13 And, of course, as you heard from your  
14 neighbor, condominiums don't prevent renters. I think one  
15 of the ladies that was here from the condominium regime --

16 VOICE: Yeah, they sure don't.

17 MR. FISHER: -- tells you that, you know, half  
18 of her property is rental. So, again, I think one of the  
19 things that -- I know you all are not happy with the  
20 apartments that are here, but the reason that you're not  
21 happy with them is because they don't have these kind of  
22 assurances in place.

23 And I do think if we can think out of the box  
24 and we're going to have a \$28 million neighborhood who

1 cares, who's going to raise the standard in the area, it's  
2 going to force some of these apartments out. And then  
3 it's a model for whatever development you have going  
4 forward, whether it's single family or multifamily.

5 Yes, ma'am?

6 VOICE: Okay. Part A, it's not going to force  
7 any of these other apartments to close down because your  
8 rents are too high. With your rents being as high as they  
9 are, you're going to be forced to do subsidized housing.  
10 That's not -- but, here's my question, when you say that  
11 only 1 percent of your renters have vouchers --

12 MR. FISHER: That's right.

13 VOICE: Okay.

14 MR. FISHER: Family. Family.

15 VOICE: Rental -- and your rental criteria says  
16 that you have to work at least 30 hours a week.

17 MR. FISHER: Right.

18 VOICE: Okay. Isn't it true that in LIHTC that  
19 you cannot use that as a criteria that a person must work  
20 30 hours a week? Isn't that a criteria you cannot use,  
21 because we had to change our criteria.

22 MS. MEYER: Well, now --

23 VOICE: And you said you have to work.

24 MS. MEYER: That would really be a compliance



1 question. If the developer wants -- I mean, they have to  
2 allow section 8 tenancy, and a section 8 voucher would  
3 have to go under the same criteria. If that happens to be  
4 one of the criteria that that particular developer has, I  
5 would assume that they can do that. Now, again, I'm  
6 not -- I don't work in compliance, so I -- I mean, would  
7 have to get back with you on that.

8 VOICE: Yeah, because we had to change.

9 MR. FISHER: Yeah, and I can address what she  
10 had to -- what she had to change is the way landlords  
11 inappropriately left out voucher holders by not screening  
12 them like everybody else, is they held the voucher holder  
13 to a standard where they have to make three times the  
14 rent --

15 VOICE: No, that's not what I said.

16 MR. FISHER: -- including -- I'm just saying I  
17 know why landlords changed. The rule is that you must  
18 make three times your portion of the rent. So the voucher  
19 holder came with a \$700 voucher and their rent component  
20 is \$250 a month, they have to make three times that to  
21 live on the property.

22 What landlords were doing that unfairly  
23 screened out -- which basically precluded voucher holders,  
24 was saying they must make three times the total rent,

1 which automatically left the voucher holder without any  
2 option, which was not an intent of Congress.

3 Yes, ma'am?

4 VOICE: I have a question. I have a feeling  
5 that we're going to get one thing or another. We're  
6 either going to get the apartments which all of us detest  
7 and hate and will hope you go broke, because [inaudible].

8 So if I must choose between the two, between  
9 those two things, I would think this minute, we have a  
10 greater need for a retirement type affair than we do for a  
11 family apartments. We've got those -- we're surrounded on  
12 three sides, all the way down [inaudible] the street over  
13 there, all the way down Fondren -- every place you -- I  
14 mean, it's impossible.

15 MR. FISHER: Yes, ma'am, did you --

16 VOICE: It's like the death knell for  
17 [inaudible].

18 MR. FISHER: If you heard her question, her --

19 VOICE: You -- I haven't finished.

20 MR. FISHER: Okay.

21 VOICE: I got my question. The question is, do  
22 you feel a senior citizen place, are they going to have  
23 all of the amenities that you talked about, because they  
24 like swimming pools --

1 MR. FISHER: The answer to that question --

2 VOICE: -- they like meeting rooms, all of the  
3 nice places --

4 MR. FISHER: Her -- yeah. Her question is,  
5 will the amenities on the property be the same if it were  
6 a senior housing property. And fundamentally, the answer  
7 to that is, yes. I'm only saying that because they're a  
8 little different. The pool is a different design, it's  
9 shallow, it has a ramp entry. The areas inside the  
10 clubhouse -- well, there's not a big area for kids, it's  
11 divided up into areas where they can have meetings and  
12 bible studies and --

13 VOICE: You know they might want to dance.

14 MR. FISHER: Yes. Well, again, we do have a  
15 little -- we do have a community area that generally has a  
16 widescreen TV, which facilitates movie nights, they do  
17 chair aerobics in there. So to answer your question, we  
18 will have a complete package of senior amenities.  
19 There'll be a few differences, there won't be any free  
20 weights in there for the seniors and there won't be a --  
21 it won't be a club style pool.

22 No, no, again, it's -- we do things  
23 specifically for seniors, the pool is heated, those kind  
24 of things, so -- we've done quite a few of these. And the

1 lady's question was, you know, if it's one or the other,  
2 you know, let's do seniors, was what she was saying.

3 VOICE: With the added bonus of a dump to take  
4 your trash to.

5 MR. FISHER: Yes, ma'am?

6 VOICE: My question is, is this -- are you  
7 building that type of establishment in our community, it's  
8 impact that it has on the rest of the apartments, this is  
9 our -- this is what this is all about. The impact in  
10 building that and why not, as Mr. Rabe spoke on his little  
11 spiel, that why not redo some of the apartments that are  
12 in this community and up the value of our apartments.  
13 This is what we are looking for.

14 We are not looking for a new complex, we're  
15 looking for it to be better in our community because I've  
16 an article in the paper here what happened down in  
17 Fondren, and this is at 12302 and it is a rat infested  
18 haven for drugs, prostitution, and all these things.

19 And this is what's going to happen. If you  
20 build that, the other apartments -- that's what's going to  
21 happen to them, because that's what happened over there.  
22 It's like a ball, it rolls. And it's a cycle we go  
23 through. And this is what this whole community -- this is  
24 our concern, that what we already have will go down the

1 tubes further.

2 MR. FISHER: All right.

3 VOICE: Redo something we already -- refurbish  
4 rather than --

5 MR. FISHER: Yes, ma'am -- yes, sir.

6 VOICE: My question is to that young lady who's  
7 chairing the meeting. You say you're going to consider  
8 all the comments that were made here this evening when  
9 your board meets to either approve or disapprove of this  
10 project. Have you recorded these, or how are they going  
11 to consider these comments?

12 MS. MEYER: The question is, how will my board  
13 get all this information. There is -- I do have a court  
14 reporter here. That's what this mike in front of you has  
15 been doing the whole night. And they also actually have a  
16 copy of the question and answers, that's why we've been  
17 trying to repeat your questions, so that my board members  
18 can hear the questions that were being asked.

19 But all of this information will be transcribed  
20 into a written transcript and my board will have that  
21 information delivered to them. And any e-mails or letters  
22 that you send to me, I do have my business cards if you  
23 need them, and I'll be glad to hand those out.

24 So just remember, the information, if you're

1 going to send me anything from -- after this meeting, I  
2 have to receive it by 5:00 on the 30th or it will not get  
3 into the board package for my board to have. January 30.

4 The board meeting will be meeting on -- it's scheduled  
5 right now for February 12, as long as they don't  
6 reschedule it at another time. It is scheduled right now  
7 for February 12.

8 Yes, sir?

9 VOICE: If the board going to hear of all this,  
10 those comments that are voiced here this evening, I just  
11 don't understand that there's any way they could ever  
12 approve this project.

13 MS. MEYER: Well --

14 VOICE: There's no basis for it.

15 MS. MEYER: Sir, my -- again, my board takes  
16 everything into consideration. There's a lot of things  
17 that go into making a decision on this particular  
18 development. They will -- please rest assured that they  
19 will get everything that has been said tonight that has  
20 been recorded.

21 Yes, ma'am?

22 VOICE: There was discussion about a three year  
23 restriction on future building within a mile. We don't  
24 need another one within five years. I mean, even if they

1 were restricted for three years, that's not big deal.

2 MS. MEYER: Well, that's the law. So I -- you  
3 can talk to your legislator about that.

4 Yes, sir?

5 VOICE: This meeting that we have here, the  
6 ones that approved of it don't even live in our area. And  
7 the ones that disapprove of it, do live in this area. So  
8 why, you know, go back and then have maybe a negative  
9 towards us then, because everybody in this meeting, town  
10 meeting, disapproves of this low income project. And the  
11 ones that approve are probably brought in from the  
12 developer.

13 MS. MEYER: The question being is, why do I  
14 allow somebody that doesn't live in the area to speak.  
15 It's a public meeting. If somebody on the other side of  
16 Houston wanted to come and speak, they could. If somebody  
17 from Washington D.C. wanted to come and speak, they could.

18 It's a public meeting and, therefore, they are allowed to  
19 speak.

20 Yes, ma'am?

21 VOICE: We'll certainly bus them in for the  
22 next meeting.

23 VOICE: I've got a question on the rents. You  
24 said from \$750 to \$900, and that's spectacular. My

1 question is, my property started out at 465 and my one  
2 bedroom now goes for 625. But because of what happened, I  
3 have to give them away now at 515.

4 What's to stop you from lower your rents  
5 because you're not going to get 90 percent occupancy.  
6 Been here 12 years and know that. What's to keep you from  
7 lower that rent? Because you ain't getting \$900.

8 MR. FISHER: The woman's question is, is there  
9 anything that would prevent me from lower the rents in the  
10 event that I was unable to lease the apartments at that  
11 rate? And she's right. I mean, I would have the  
12 flexibility to lower the rents if I needed to do so to be  
13 competitive.

14 Obviously, we've done -- put a great deal of  
15 effort into trying to make sure that this is a rent we  
16 could get for a brand new property. Just to give you an  
17 idea, anything new built like this in Houston would  
18 cost -- a 960 square foot two bedroom two bath would be at  
19 least \$960. Just for the two, probably \$1,000. And  
20 that's is land and building cost and a 1120 square foot  
21 three would be at least \$1150 or \$1200.

22 MS. MEYER: Yes, ma'am?

23 VOICE: Ms. Meyer, you work with multifamily in  
24 the entire state of Texas. Is that correct?



1 MS. MEYER: I work for the Department of  
2 Housing for the State of Texas, and I work in the  
3 multifamily division, that's correct.

4 VOICE: And so your group then awards tax  
5 exempt money to any community in Texas. Is that right?

6 MS. MEYER: We do have the -- the question is,  
7 does the multifamily division have the ability to issue  
8 bonds within -- throughout the state of Texas. And  
9 that -- the answer to that is, yes. One thing with tax  
10 exempt bonds, just the structure of the tax exempt bond  
11 nature, because of the rent structures and the income  
12 levels, they don't work really well in the rural areas.

13 We also have another program, the 9 percent tax  
14 credit round that utilizes more of the rural communities  
15 with bonds, and tax exempts bonds mainly are used in the  
16 major metropolitans, Houston, Dallas, Fort Worth, Austin.

17 For the major of tax exempt bonds, that is the greatest  
18 area that they're --

19 VOICE: Will you also then consider the  
20 southwest area of Houston that has 97 plus apartment  
21 complexes in your consideration in this award, as opposed  
22 to another community that would have far less numbers of  
23 apartments who may need tax exempt bonds in order to  
24 develop more housing for that area? We're maxed out in

1 our square -- in our --

2 MS. MEYER: Let me see if I have your question  
3 right. You're asking me if we would consider, because of  
4 the number of apartments, consider another application  
5 someplace else. With the tax exempt bond program, once an  
6 application is submitted, you can't change the site.  
7 Okay. So as far as this particular development is  
8 concerned, no, that's not an option. And it's just  
9 because of the program that it exists under.

10 There is a market study, an independent market  
11 study that is done. I haven't seen that yet, so I really  
12 can't directly answer any questions as far as feasibility  
13 and market for this particular area right now because I  
14 haven't seen it yet. That will be available, it is public  
15 record if any of you would like that. So you would have  
16 the market information and you can exactly what a third  
17 party market analyst came up with.

18 It's unfortunate that that can't happen. The  
19 sheer number of applications that are received every year  
20 by the bond review board kind of prevents that. And  
21 you've got to have some kind of control. So once an  
22 application has been submitted, you cannot change the  
23 site. I wish that was the case because it would help my  
24 job tremendously, but it's not.

1 VOICE: As far -- I think what I want to do is  
2 clarify what Elaine just said. You have X number of  
3 dollars in your kitty to -- or X number of amounts that  
4 you can give these credits to, is that correct? I mean,  
5 you have a limit?

6 MS. MEYER: Okay. The question is, do we have  
7 an X -- a limit to the amount. For the tax exempt bonds  
8 for each development, there is a volume cap of  
9 \$15,000,000.

10 VOICE: Okay.

11 MS. MEYER: But that's per development. Okay.  
12 On the tax credit side -- the housing side -- the housing  
13 tax credit side, there's not a limit. It goes into the  
14 bond structure and the eligible basis, the total  
15 development.

16 So as far as the 4 percent tax credits, which  
17 are attached to bonds, there's -- don't get that --  
18 that's -- don't get it confused with the 9 percent tax  
19 credit, that's a totally different program. But the 4  
20 percent tax credits run simultaneously with the bond  
21 program. That is a rule with the bond review board. So  
22 it's just -- that's just part of the program.

23 But there is an unlimit source for those  
24 housing tax credits. But there is a limit to the bond

1 amount per development.

2 VOICE: You would still be involved whether it  
3 were family oriented or senior oriented in this overall  
4 picture, or is --

5 MS. MEYER: Yes, ma'am.

6 VOICE: -- the developer --

7 MS. MEYER: If we were able -- if we had  
8 approval, I think at this point, we would have to get  
9 approval from the bond review board and the attorney  
10 general's office to change that. We would -- as far as  
11 accommodating the neighborhood, they haven't let us down  
12 in the past for that, but we'll have to see on that.

13 If they were -- if the bond review board would  
14 allow us to do that, and the developer could do it  
15 feasibly, then, you know, that is something that we could  
16 do and, yes, I would still be involved in that  
17 transaction.

18 VOICE: Would you need to have another town --  
19 another hearing in order to either show support or  
20 opposition to that fact, or --

21 MS. MEYER: Not -- well, I mean, if everybody's  
22 making their comments tonight saying that they would  
23 rather have a senior development than a multifamily, we  
24 wouldn't have another public hearing such as this. The

1 developer could actually have another one on his own. As  
2 far as the department having it, no, that probably would  
3 not happen. But, you know, again, I would have to check  
4 on that.

5 Yes, ma'am?

6 VOICE: My question [inaudible].

7 MS. MEYER: Okay. Hang on just a second. Yes,  
8 ma'am.

9 VOICE: Because I was going to ask, the senior  
10 idea has been brought up and he has indicated that he's  
11 looking into it, well, when would he know for sure which  
12 it would be, the family --

13 MR. FISHER: My tax credit app is due on the  
14 29th of December, so I'm working on the basis I have to  
15 make a decision by then.

16 MS. MEYER: Okay. The question is, when would  
17 the developer make a decision between family and -- he  
18 has -- the tax credit application and the tax credit piece  
19 for this particular development is due on December 29. So  
20 that decision would have to be made and plans changed and  
21 a lot of things have to happen in between now and then.  
22 But, I mean, if it could be worked out and the developer  
23 was willing to do that and the bond review board was  
24 willing to do that, then we would try our best to make it

1 happen.

2 VOICE: Then they maybe notify us to exactly  
3 what the senior will be with all the changes --

4 MS. MEYER: You'd have to call me and ask. I  
5 don't think I can tell everybody around here, but the  
6 developer could also, you know, help out in that aspect,  
7 too.

8 MR. FISHER: Yeah, I -- if we change to a  
9 senior only development, I -- if there's interest from the  
10 community. I mean, I already had the town hall meeting  
11 independent of this process, that would be the same thing.  
12 Again, this is -- my process has to been to engage you in  
13 this, and if we were doing a senior only, we would get you  
14 involved and -- like we tried to here.

15 MS. MEYER: Yes, ma'am?

16 VOICE: We've asked a lot about, you know, the  
17 residents who have voted, as opposed to people that don't  
18 live in the area, does the board -- can you tell us, does  
19 the board give more weight to the opinions of the  
20 residents and to such things like saying that we already  
21 have too many apartments in the area than they would to  
22 people that don't live in the area?

23 MS. MEYER: As far as -- public comment, again,  
24 anybody's allowed to speak.

1 VOICE: Right. But I just wondered how the  
2 board -- how do they arrive at their decisions? Do you  
3 know if they give more weight --

4 MS. MEYER: I can't answer for my board.  
5 That's my board's decision and I stay out of a board  
6 decision.

7 VOICE: Okay. And for you, Mr. Fisher, who  
8 does your research, because really my mortgage is less  
9 than what you're proposing for some of these apartments,  
10 so I wouldn't want to hire that firm because, why would  
11 you live in an apartment when you can buy a house?

12 MR. FISHER: The lady's question is her  
13 mortgage payment is less than some of the rent in the  
14 property, and why would someone rent. You know, the issue  
15 of single family home ownership is, as I mentioned  
16 earlier, is really a stepping stone process. You know,  
17 people generally come and either their job is in the  
18 area --

19 VOICE: My question was who did your research.

20 MR. FISHER: We hire the -- a firm called  
21 Butler Berger and they are a very well respected appraisal  
22 firm. They have an officer here in Houston.

23 VOICE: I work in real estate. I'm not  
24 familiar with that firm.

1 MR. FISHER: Butler Berger -- Diane Butler is  
2 the principal of that firm. She is on every approved --  
3 you know, appraisers have to be on lenders approved lists.  
4 She is on every major approved list. She is a CCIM, an  
5 MAI, I mean, shoot, a CPA. She has more designations than  
6 a doctor.

7 Yes, ma'am?

8 VOICE: Did they ever call themselves B&B?

9 MR. FISHER: No. Not that I'm -- Butler  
10 Berger, I dealt with them for 10 years.

11 Yes, ma'am?

12 VOICE: You said that you -- did you ever  
13 consider --

14 MR. FISHER: And, by the way, ma'am, can I -- I  
15 live here. My company is domiciled here in Texas. I  
16 don't know why you thought we were from out of town. The  
17 original -- I was -- I bought this partnership from an out  
18 of state developer, but my company is headquartered in  
19 Texas, all our employees are here in Texas, and we're a  
20 Texas based company.

21 VOICE: Do you ever consider when you're  
22 dealing with lower income -- and this is lower income  
23 according to what the salary guidelines you set out --  
24 that you would have a lot of vandalism? For example, when



1 you're encouraging mothers to do away with babysitters  
2 because you're going to have a free service where one  
3 person is going to watch the children, they're going to go  
4 off -- you're going to find within a month all the  
5 furniture is gone from your clubhouse and things like  
6 that.

7 MR. FISHER: Again, I hope that some of you  
8 would give us more credit than that. You know, I'm a full  
9 time employee. They organize after school programs, we  
10 have volunteers who participate, we have folks from the  
11 local community college. We hire part time workers if  
12 necessary. Our children are well supervised. You could  
13 imagine, we're not putting \$28 million out there and  
14 letting residents or neighbors come on the property and  
15 tear it up. We don't permit that.

16 And as you understood from Ms. Meyer, the state  
17 doesn't permit that either. So if you think my property  
18 doesn't look right, it's not being maintained --

19 VOICE: What you don't permit and what happens  
20 if they took things, how are you going to prevent it?

21 MR. FISHER: By screening our residents. Like  
22 she -- the woman asked, how do you prevent vandalism and  
23 people trashing your properties. And the answer to that  
24 is actually fairly simple. We carefully screen who lives

1 there. We look for people in families who are committed  
2 to the community, have jobs, have no criminal history,  
3 have good credit, have never been evicted, don't owe money  
4 to utility companies, own their own car, pay their bills  
5 every month. The same kind of things that the mortgage  
6 company looks for when they make a mortgage.

7 VOICE: The children will be children in  
8 this -- and especially if they don't have a private --

9 MR. FISHER: Again, I'm not sure it works in  
10 your neighborhood, but when my son breaks the neighbors  
11 window, I pay for it, and it's the same on my property.

12 VOICE: No, but it's not like that.

13 MR. FISHER: No, it's the same on my property.  
14 Somebody vandalizes the, you know, the stair area of the  
15 property and paints it, we know who did it, our employees  
16 live there, and their families pay for it.

17 VOICE: They need supervision.

18 MR. FISHER: Yes, sir, they absolutely do.  
19 That's the cornerstone of what we do. We're a family  
20 oriented environment. And, you know, you hit the nail on  
21 the head. That's what's going on in the apartments you're  
22 having problems with. There isn't an organized family  
23 focus. There aren't the safety nets we talked about where  
24 the kids have a place to go where somebody watches out for

1 them because their parents have to work.

2 I mean, one of the ladies talked about, you  
3 know, parents having to work, and the do. So somebody has  
4 to supervise the kids. We do that. It's in our interest,  
5 it's in the community's interest, it's a requirement of  
6 the program.

7 VOICE: This question is for Ms. Meyer. What  
8 happens if the board decides not to do anything about  
9 this -- or not to approve it? What happens to the site?

10 MR. FISHER: It's for sale to somebody else.

11 MS. MEYER: You mean, if the -- the question  
12 is, what happens if the board denies the application. And  
13 this particular transaction would not -- and the  
14 reservation would be resubmitted back to the bond review  
15 board.

16 Yes, sir?

17 VOICE: I have a question. I have, in fact,  
18 three questions. First question is, when you approve --  
19 you're always talking about your board approving it or  
20 disapproving this -- the first question I want to know, do  
21 you ever know of any instance where public meetings have  
22 been held and the community was totally unagainst it, that  
23 you all didn't go through and give them the points?

24 MS. MEYER: Yes, there's --

1 VOICE: And my second question is, I want to  
2 know who do you -- you [inaudible] and who does he answer  
3 to?

4 MS. MEYER: Okay. Let me answer the first  
5 question first, because I'll forget what the second  
6 question was. Actually, I think I already have. The  
7 first question is being, if -- the question is, have there  
8 been public outcry in the past where my board has approved  
9 or disapproved.

10 That's happened both ways. We had public  
11 outcry in some other cities that was --

12 VOICE: That isn't specific. I need an  
13 example.

14 MS. MEYER: Sir, I can't give you specifics  
15 standing right here. I mean, I deal with, you know,  
16 hundreds of applications every year, so I can't give you  
17 specifics. I've sat in board meetings and watched it  
18 happen. I can tell you that, that it's gone both  
19 directions. My board takes everything into consideration  
20 along with the public comment.

21 There are a lot of things that go into that  
22 decision. Seven days prior to the board meeting, the  
23 entire information that will be submitted to the board  
24 will be available on our website if you'd like to download

1 it. Sometimes that's anywhere from 35 pages to 150. But  
2 you're welcome to see exactly what the board would see on  
3 this particular transaction, and everything that they  
4 would make a decision on.

5           The question being, is who is my boss and who  
6 do they report to. My boss is Robert Onion and Brooke  
7 Boston. Robert Onion is the manager from multifamily  
8 housing. Brooke Boston is the director of multifamily  
9 housing. She reports directly to our executive director,  
10 Edwina Carrington, who reports directly to the board. The  
11 board then goes directly to --

12           VOICE: The board chairman?

13           MS. MEYER: To what? The board chairman is  
14 Beth Anderson. We have six board members. All of those  
15 board members are available on our website and also how to  
16 get in touch with them if you'd like to do that. If  
17 you -- I've got my business card if you'd like to e-mail  
18 that information that you would want and I'll be glad to  
19 get it to you.

20           VOICE: Because it seems to me that pressure  
21 should be exerted to your board chairman from the  
22 community because I found out that in the past, people  
23 that are lower echelon, that are [inaudible] have no  
24 weight. To fight developers, you've got to fight where

1 they're -- who feeds them.

2 MS. MEYER: Well, we -- again, the board is a  
3 six-member board. One board member does not a decision  
4 make. So -- but you're welcome -- again, all of this is  
5 going to be presented to every board member that I report  
6 to. So, you know, if -- and you're more than welcome to  
7 go to the board meeting and talk to them face to face if  
8 you'd like to do that. That board member will -- that  
9 board meeting will be on the 12th of February. It is in  
10 Austin, Texas. But you're more than welcome to show up  
11 and talk to the board right in front of them if you'd like  
12 to do that.

13 Yes, sir?

14 VOICE: Do you and your group make  
15 recommendations to the board on these things?

16 MS. MEYER: As far as feasibility and the  
17 structure of the deal, the staff would make a staff  
18 recommendation to the board. Again, that -- the actual  
19 decision, though, comes from the board. Our  
20 responsibility is the feasibility of the bonds and the  
21 development itself.

22 And -- I mean, they're supplied with an  
23 underwriting analysis that's done within the division,  
24 also we have rules that -- analysis group that also does

1 an underwriting report. The board sees that feasibility  
2 and it also has market information. The staff does make a  
3 recommendation, however, that recommendation is based on  
4 feasibility and structure of the bonds.

5 Are there any other questions?

6 VOICE: Do have any problems selling the bonds?

7 MS. MEYER: Well, there's -- it's a private --  
8 on this particular deal, we do have -- this particular  
9 deal is going to be a private placement, so that means the  
10 bonds are already taken care of. It is a [indiscernible]  
11 transaction, so therefore -- I mean, that wouldn't be a  
12 problem.

13 Normally, when -- if everything is feasible,  
14 not only do you have the department actually doing an  
15 underwriting, but you also have a syndicator normally  
16 that's involved. It wouldn't be on this one because it's  
17 a private placement, but you would have a lender that's  
18 also involved.

19 You know, so feasibility is a big deal. Not  
20 only do you have the department that's going to be looking  
21 out for it, but you've got a lender out there with a \$27  
22 million asset that they don't want run down either. So  
23 they're going to keep tabs on the development along with  
24 the department.

1 VOICE: I guess I wanted to ask you a question  
2 [inaudible]. Who guarantees these bonds?

3 MS. MEYER: They're -- we don't actually have a  
4 guarantee.

5 VOICE: Who guarantees the bonds? If I'm  
6 buying, who's going to guarantee it?

7 MR. FISHER: The -- actually, the -- to  
8 answer -- the gentleman's question is, who guarantees the  
9 bonds. During the construction and the lease of the  
10 property, my company and individual principals guarantee  
11 the lender that the property will be built and leased.

12 Now, once that happens, the bonds are -- become  
13 a permanent financing and they are recoured to the  
14 property. So my property secures them and pays the  
15 mortgage. There's no guarantee from the state, the city,  
16 the county, the federal --

17 VOICE: If you go belly up, the bonds are no  
18 good.

19 MR. FISHER: If I go belly up, then the people  
20 who own the bonds would own the property, just like your  
21 mortgage company would own yours, that's correct.

22 VOICE: That's what I wanted to know.

23 MR. FISHER: Yes, sir. So, again, just to wrap  
24 up, I appreciate you all coming very much tonight. The



1 issue of senior housing, again, I have to make a decision  
2 here.

3           At this stage, you know, I really need to do a  
4 family project because that's what my application is. I  
5 need your input with Councilman Goldberg on the issues  
6 that I raised with you, which is the tax issue and the  
7 involvement of the housing authority in 30 percent of  
8 these units.

9           And, if that's a preference to over a family  
10 development, we need to let him know that. And he wants  
11 to hear from you, and I'll volunteer Barbara here to --  
12 who I know is in our community all the time. She is  
13 working to facilitate my dialogue with the community and  
14 with the councilman on this issue.

15           And, you know, my contact information is, I  
16 think, on a lot of the material you've received, and it's  
17 on the sign. And, please, if you have questions, call me,  
18 send me an e-mail, send me a fax, we will try and respond  
19 as quickly as we can.

20           Thanks again for coming.

21           MS. MEYER: Is there anybody else that needs my  
22 card?

23           (Whereupon, at 9:17 p.m., the hearing was  
24 concluded.)



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HOUSTON CHRONICLE ARCHIVES

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## State sets hearing on apartment project / SouthwestHouston residents are vocal over tax-exempt, multi-familycomplex

By BETTY L. MARTIN  
Staff

Southwest Houston residents who oppose a proposed 248- to 280-unit apartment complex at South Gessner and Belfort have until Jan. 30 to write their opinions or concerns to the state about the project.

Texas Department of Housing and Community Affairs representative *Robbye Meyer* said that was the deadline the state agency will accept comments before the public hearing set for Feb. 12.

Comments can be addressed in person by arranging with *Meyer*. People unable to attend can submit their views in writing to her at the department, 507 Sabine, Austin, Texas, 78701, in time to be received before the hearing.

*Meyer* and a state panel met last week at Milne Elementary School, 7800 Portal, with more than 150 residents from southwest Houston and other communities to hear their reaction to a proposal to build a tax-exempt, multifamily rental complex.

Bill Fisher, a developer from Providence Realty in Dallas who plans to build the three-story, gated facility partly with \$13.7 million in revenue and taxable bonds loaned to Ascot Park Townhomes Limited Partnership, heard from residents mostly opposed to the project.

"Our Fondren Southwest community currently has over 63 apartment complexes, these 15,000-plus units fluctuate with a 12 percent to 15 percent vacancy rate - much greater than the rest of the city of Houston's averages," said Jim Myers, president of Southwest Houston 2000 Inc., a nonprofit coalition of homeowner associations and civic organizations.

Of those, he said, there are always about 2,300 apartments for rent at any one time in the area.

Greater Fondren Southwest Super Neighborhood No. 36 President Ruth Hurst said that there were 97 apartments within a single 5.5-mile radius from Providence Realty wants to build.

Myers said that Southwest Houston's research with the Houston school district indicates that elementary and middle schools in the area are currently at capacity, requiring that additional pupils will be sent to schools beyond their neighborhoods.

Celane Shephard, who manages one of the apartments in the area, said there are always signs posted that offer one to three months' free rent as incentives for people to move in.

"You're going to have to lower those rents," Shephard, 42, told Fisher.

Fisher previously stated that Provident Realty Advisors will charge \$762 per month for its 95 two-bedroom units 960 square feet in size, and \$879 for each of 153 three-bedroom, two-bath, 1,120-square-foot units units.

Sanford Herman, a former president of the Northbrook Property Owners Association, said other apartments were, like the proposed complex, described as "luxury" apartments when they were new.

"Then the recession hit and people lost their jobs. Some apartment owners went into bankruptcy and rentals went down and down and down," he said. "We really don't need people to add to our problems."

Lela Jones, 73, of Braeburn Valley West, said that at the nearby Concord Apartments, her daughter paid a rent of \$900 a month while a renter in a next-door complex was paying \$43 after subsidies.

Donald Perkins, 31, of the Glenshire Patio addition said deed restrictions pertain to land, not to apartment complexes, which are restricted or unrestricted - and changeable - as the owner sees fit.

Several residents said another apartment complex would exacerbate the area's flooding, and place a drain on schools, police and firefighters.

Tim Douglas of Flagship Properties, which has five apartment complexes in the Houston area, said his company uses the "very same standards" of the highest quality that are being proposed.

"The vacancy rate is 10 to 12 percent, with thousands of units available at any one time," he said. "We're opposed to this on economic grounds. There is the potential here for failure, and we don't need that in our area."

There were some people who were favorable to the idea of a new complex in the area, though several of them were from areas or representing interests other than in southwest Houston.

A designer who helped to design the blueprint for the new, as-yet unnamed complex, said the grounds would include a community center to house after-school programs, a resort-style swimming pool and fitness/all-sports-court areas.

The 80-percent stone clubhouse and other amenities will create a complex that would be an asset to the community.

Candace Dismuke, 28, a professor at the Texas Southern University now working on a doctorate at Rice University, said she had wanted to live with her family in the area, but wound up buying a home in another area. The mother of two children, ages 1 and 3, she said she felt there was a distinct bias against "apartment people" that were not justified by the facts.

"Give the young people a chance," she said.

At least one resident agreed.

Elbert White, who lives in a home in the Fondren Meadow area, said he once lived in a townhome after coming back to the U.S. from duty in the U.S. Army, including a tour of duty in Vietnam.

"How can we send our young people off to war to protect us when we won't offer them a place to live?" he said.

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## HOUSTON CHRONICLE ARCHIVES

**Paper:** Houston Chronicle

**Date:** THU 12/18/03

**Section:** ThisWeek

**Page:** 4

**Edition:** 2 STAR

## **Fondren Southwest residents voice concern over projects / Apartment complex met with protests**

By BETTY L. MARTIN  
Staff

Southwest Houston residents are trying to block a new neighbor from moving in to the community.

Opponents of a proposed 248-unit complex at South Gessner and Bellfort say that adding another apartment cluster could bring increased violence, as well as place a heavy toll on already overburdened schools, roads, drainage, fire and police departments.

In an area that currently has nearly 100 multifamily dwellings within 5 square miles, local residents say they don't want the Ascot Townhomes, which are being developed by Provident Odyssey Partners.

About 150 area homeowners and Greater Fondren Super Neighborhood members packed a room at Valley West Elementary last week, mostly to oppose developer James "Bill" Fisher's proposal to build the \$24 million, 12.5-acre gated community.

The complex, said 48-year-old Fisher, will include 95 two-bedroom apartments, each 960 square feet and renting for \$762 monthly, and 153 three bedroom, 1,120-square-foot units that rent for \$879 a month.

It also will include a clubhouse, pool, gymnasium and after-school program and play areas for children. The Dallas-based company, which manages more than 7,000 units in Texas, will also landscape the complex, Fisher said.

Fisher said that the development would pay its share of property and school taxes, and it would purchase and donate a 3.5-acre site adjacent to Valley West Elementary School in the 10700 block of South Gessner to the school.

Super Neighborhood member *Ruth Hurst* said the Fondren Southwest area has the largest concentration of apartments in the city, with 97 multifamily complexes in a 5-mile radius.

"We have an overburdened police department, an overburdened fire department and a flooding problem that is getting worse," *Hurst* said.

Fisher said it would take a 90 percent occupancy rate to stabilize the property. Attracting mid-scale renters such as teachers, police, firefighters and other professionals would also be important in achieving stability. Fisher said the backers of the project are comfortable they will draw such residents to Ascot Park.

Provident Odyssey and its subsidiary, Ascot Park Townhomes Partnership, plan to pay for the project through tax-exempt bond funds and a financing package and cost structure that will allow them to include such amenities as a 5,500-square-foot clubhouse with Internet access, Fisher said.

Perimeter fencing, controlled lighting, night security officers and staff who keep an eye on the premises during the day will increase the safety for residents and nearby homeowners alike, he said.

"The bottom line is, we don't want (apartments) here. Our homes are being broken into, people are dumping trash," said Kirk Fretty, a deputy with the Harris County Sheriff's Department who has lived in the area for eight years. "We love our neighborhood."

He said it is primarily people from area apartments, people who don't pay property or school taxes, who are frequently seen selling drugs or soliciting as prostitutes.

Susan Gregory, a real estate agent and resident of West Bellfort since 1990, invited Fisher to stay, rent-free, in a room of her home for a year.

"You just ride around and see what apartments have done to this area," said Gregory, 55.

Fisher said that he has the financial backing - including state money - to go forward with the project, which he described as "the right development in the right area."

"I've been living here for 33 years and I have some idea what the needs of this community are," said Gloria McLeod, 75, a Maplewood resident. "Fondren apartments have had nothing but problems."

Crime, she said, really became a problem in southwest Houston after low-income and government-subsidized families moved in as apartments were being built, she said.

Fisher was set to meet with the Texas Department of Housing and Community Affairs at A.A. Milne Elementary School Wednesday in a public hearing.

Southwest Houston 2000, he said, has researched the proposal and two representatives from apartment managers met with the company's developers before deciding that the project was not an advantage for the area, Myers said.

He encouraged residents who want to voice their views regarding the project to contact state Rep. Scott Hochberg, D-Houston, and other state-level officials.

Fisher said last week's meeting was simply to allow residents to help in hammering out details, such as whether the building is to be two- or three-stories high.

One change that appeared to mollify a few residents was speculation that Ascot Park could be designed as a senior housing development.

Dolores Broussard, 57, manager of the senior resident facility Creekbend Garden Apartments, said seniors are "more permanent and take care of property."

"If I can make a senior program work, I will," Fisher said. "If not, I will tell you."

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# Outcry building around complex

## State sets hearing on apartment project

By **BETTY L. MARTIN**  
Houston Chronicle

Southwest Houston residents who oppose a proposed 240- to 280-unit apartment complex at South Gessner and Bellfort have until Jan. 30 to write their opinions or concerns to the state about the project.

Texas Department of Housing and Community Affairs representative Robby Meyer said that was the deadline the state agency will accept comments before the hearing set for Feb. 12.

Comments can be addressed in person by arranging with Meyer. People unable to attend can submit their views in writing to her at the department, 507 Sabine, Austin, Texas, 78701, in time to be received before the hearing.

Meyer and a state panel met last week at Milne Elementary School, 7800 Portal, with more than 150 residents from south-

See **COMPLEX** on Page 3.

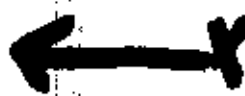
### CHANCE TO BE HEARD

Residents opposed to the apartment complex have until Jan. 30 to write their opinions or concerns to the state about the project. Submit opinions to the Texas Department of Housing and Community Affairs, 507 Sabine, Austin, Texas, 78701.

Page 1A 2

This project will be a government-subsidized project. The requirements of the underlying financing (some type of government guaranteed bonds) required the owners to accept government subsidy vouchers for individuals that cannot afford the rental.

See the statement on the next page about The Concord Apartments. The Concord Apartments are across the street and down a few blocks from the United States Post Office on South Gessner. This new project will be within a few blocks of The Concord.



# Complex

Continued from Page 1.

west Houston and other communities to hear their reaction to a proposal to build a tax-exempt, multifamily rental complex.

Bill Fisher, a developer from Providence Realty in Dallas who plans to build the three-story, gated facility, heard from residents mostly opposed to the project. The complex would be built partly with \$13.7 million in revenue and taxable bonds loaned to Ascot Park Townhomes Limited Partnership.

"Our Fondren Southwest community currently has over 63 apartment complexes, these 15,000-plus units fluctuate with a 12 percent to 15 percent vacancy rate — much greater than the rest of the city of Houston's averages," said Jim Myers, president of Southwest Houston 2000 Inc., a nonprofit coalition of homeowner associations and civic organizations.

Of those, he said, there are always about 2,300 apartments for rent at any one time in the area.

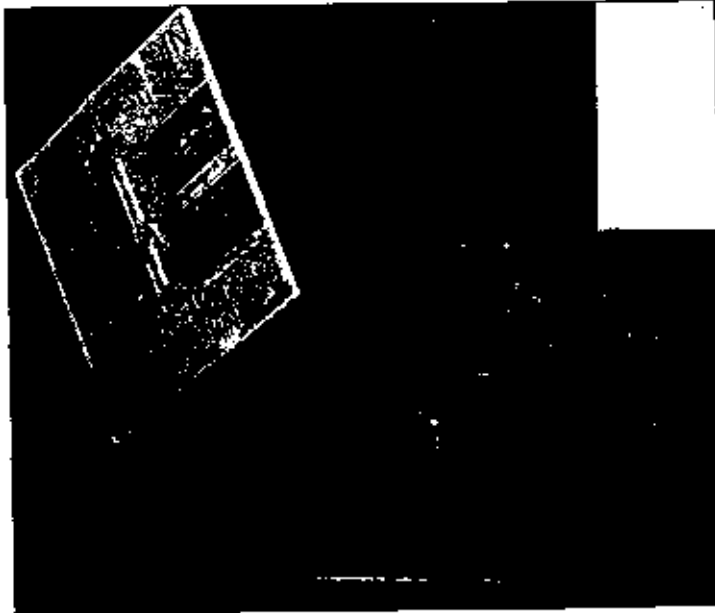
Greater Fondren Southwest Super Neighborhood No. 36 President Ruth Hurst said that there were 97 apartments within a single 5.5-mile radius from Providence Realty wants to build.

Myers said that Southwest Houston's research with the Houston school district indicates that elementary and middle schools in the area are currently at capacity, requiring that additional pupils will be sent to schools beyond their neighborhoods.

Celane Shephard, who manages one of the apartments in the area, said there are always signs posted that offer one to three months' free rent as incentives for people to move in.

"You're going to have to lower those rents," Shephard, 42, told Fisher.

Fisher previously stated that Provident Realty Advisors will charge \$762 per month for its 95



H. Clayton McKee photo

Marcy Williams holds up a poster with photographs of street flooding in the area from rains last month. Williams said more construction of projects such as a multi-family apartment project would contribute to additional flooding in the area.

**'How can we send our young people off to war to protect us when we won't offer them a place to live?'**

**Elbert White, commenting on why the apartment project should be built**

two-bedroom units 960 square feet in size, and \$879 for each of 153 three-bedroom, two-bath, 1,120-square-foot units units.

Sanford Herman, a former president of the Northbrook Property Owners Association, said other apartments were, like the proposed complex, described as "luxury" apartments when they were new.

"Then the recession hit and people lost their jobs. Some apartment owners went into bankruptcy and rentals went down and down and down," he said. "We really don't need people to add to our problems."

Lela Jones, 73, of Braeburn Valley West, said that at the

**nearby Concord Apartments, her daughter paid a rent of \$900 a month while a renter in a nearby complex was paying \$43 after subsidies.**

Donald Perkins, 31, of the Glenshire Patio addition, said deed restrictions pertain to land, not to apartment complexes, which are restricted or unrestricted — and changeable — as the owner sees fit.

Several residents said another apartment complex would exacerbate the area's flooding, and place a drain on schools, police and firefighters.

Tim Douglas of Flagship Properties, which has five apartment complexes in the Houston area, said his company uses the "very same standards" of the highest quality that are being proposed.

"The vacancy rate is 10 to 12 percent, with thousands of units available at any one time," he said. "We're opposed to this on economic grounds. There is the potential here for failure, and we don't need that in our area."

There were some people who were favorable to the idea of a new complex in the area, though



Robert Meyer, of the Texas Department of Housing and Community Affairs, says residents have until Jan. 30 to file comments on a tax-exempt multifamily complex planned for South Gessner and Ballport.

Some residents were from areas that have seen increases in property taxes in the area.

Robert Meyer, 42, a professor at the Texas Southern University, is now working on a doctorate at Rice University, said she had wanted to live with the family in the area but would not have a home in another area. The mother of two children, ages 1 and 3, she said she felt there was a distinct bias against apartment people that was not justified by the facts.

"Give the young people a chance," she said.

At least one resident agreed.

Elbert White, who lives in a home in the Fondren Meadow area, said he once lived in a subdivision after coming back to the U.S. from duty in the Army.

"How can we send our young people off to war to protect us when we won't offer them a place to live?" he said.



Post Office Box 31476 Houston, Texas 77231-1476

Wednesday, December 17, 2003

President  
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Vice President: External  
Tim Douglass  
Vice President: Internal  
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Secretary  
Vicki Halstap  
Treasurer  
Bob Goodmark  
Assistant Secretary  
Iris Jackson  
Immediate Past President  
Kevin F. Florillo

Ms. Robbye Meyer  
TEXAS DEPARTMENT OF HOUSING  
& COMMUNITY AFFAIRS

507 Sabine  
Austin, Texas 78701

Re: Providence at Belfort Village

Dear Ms. Meyer:

Southwest Houston 2000, Inc. (SWH2000) is a non-profit, 501c3, tax-exempt coalition of homeowner/civic associations, businesses, schools, and institutions representing the 10 square mile area known as the Greater Fondren SW community in Houston, Texas.

We understand that Provident Realty Advisors, et al., has made application for tax-exempt, multi-family, residential rental development revenue bonds for the construction of a 248-unit complex, Providence at Belfort Village, in our SW community.

Since 1991, SWH2000 has worked persistently with city, county and state officials to revitalize our community by improving the community's infrastructure; beautifying our streets, roads and parks; expanding and improving our 12 area schools; improving transportation and mobility, encouraging business and economic development and initiating and/or supporting basic quality of life improvements. We have created strong lines of communication among the businesses, churches, synagogues, schools, homeowners and apartment residents within our community.

Our Fondren Southwest community currently has over 63 apartment complexes; these 15,000+ units fluctuate with a 12% to 15% vacancy rate – much greater than rest of the City of Houston's (COH) averages. This means about 2,200 - 2,400 units are ALWAYS available for rent! Additionally, the Providence at Belfort Village apartment rental rate is approximately \$200.00/month HIGHER than the typical COH rental rate. Practically speaking, at these higher rates, apartment dwellers can afford to make house payments rather than continuing to rent!

The research we conducted with the Houston ISD indicates that the elementary schools and middle schools to which any new children to the area will be zoned are at capacity; therefore the children will be sent to schools external to their attendance-zoned neighborhood school. In addition HISD sources state, there will not be any bond money available for any new schools in our area until a future bond election occurs. This means a wait of a minimum of 3-4 years, with any new construction not happening for 6+ years from now – at the earliest. This is a detriment to any families with school-aged children.

**We, Southwest Houston 2000 Inc, are opposed to the issuance of any tax-exempt revenue bonds to this limited partnership, because:**

a. There are ample, rentable existing facilities – in fact, an apartment complex was recently built directly across Gessner Road – to serve these federally designated capped-income families;

b. The Providence at Belfort Village rental rates are ABOVE COH market rates, again deterring family crossover;

c. The Providence at Belfort Village rental rates EQUAL home-ownership payments in OUR area making home-ownership a better value/alternative to renting for our current apartment residents.

**WITH THE BOARD OF DIRECTORS CONCURRING--**

James C. Myers  
President

cc: Secretary, Mayor Bill White; COH Council Members Mark Goldberg, Gordon Quan, Mark Ellis; Congressman Chris Bell; Senator Rodney Ellis; Representative Ron Wilson, Scott Hochberg; Harris County Commissioner El Franco Lee; HISD Supt. Dr. Kaye Stripling, Bill Lawson . NOAPTREV.RFT

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Mark Goldberg  
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Gordon Quan  
City Council Member, At Large

Phone: 713/784-5560 Fax: 713-784-5658 E-Mail: southwesthouston2000@juno.com  
A 501c3 tax-exempt, non-profit, community coalition organization

**HEARING: MILNE ELEM., 12/17/2003**

**AREA SCHOOLS**

**VALLEY WEST ELEM., 10707 S. GESSNER, HOU.77071**

**PRESENT ENROLLMENT THIS YEAR: 529  
LAST YEAR 335, USUALLY ABOUT 310 STUDENTS  
THERE IS A TOTAL OF 9 TEMPORARY BLDG. THERE IS NO  
ROOM ON SCHOOL GROUNDS SO THE 4 NEW DOUBLE WIDE T-  
BLDGS. HAVE ADDED 8 CLASSROOMS PLUS 1 T BLDG FOR  
RESTROOMS WAS ADDED. THESE T BLDGS WERE PLACED ON  
THE SPARK PARK GROUNDS. THAT LEAVES LESS PLAY AREA  
FOR THE CHILDREN. LUNCH BEGINS AT 9:50 AM AND RUNS  
UNTIL 12:30 PM TO ACCOMMODATE THE NUMBER OF  
STUDENTS. IT TAKES, THEN, ALMOST THREE HOURS TO  
FEED THE CHILDREN. 4 YEARS AGO 1 T-BLDG ADDED, THEN  
2, THEN ANOTHER 2, AND THIS YEAR 4.**

**GROSS ELEM., 12583 S. GESSNER, HOU. 77071**

**PRESENT ENROLLMENT 725, CAPACITY OF SCHOOL APPROX.  
800  
ONE CLASSROOM IS NOT FILLED.  
REALLY NO ROOM FOR T BLDGS. BECAUSE THE SPACE LEFT  
WOULD BE NICE TO HAVE A SPARK PARK/JOGGING TRACK  
FOR THE CHILDREN.  
THE FIRST YEAR FOR THE SCHOOL WAS AS A RELIEF FOR  
BELL, FORRESTER, AND MILNE AND STARTED WITH 3<sup>RD</sup>  
GRADE. THEN THE FOLLOWING YEAR ADDED 4<sup>TH</sup> GRADE AND  
FILLED WITHOUT HELP OF OTHER SCHOOLS, AND FINALLY  
THIS YEAR THE 5<sup>TH</sup> GRADE WAS ADDED AND CONSTRUCTION  
OF THE NEW WING IS COMPLETE.**

**BOTH VALLEY WEST AND GROSS WERE OPENED TO PROVIDE  
RELIEF FOR OTHER AREA SCHOOLS. WHAT HAPPENS WHEN  
THE RELIEF SCHOOLS ARE MAXED TO THEIR CAPACITIES  
AND NO ADDITIONAL SPACE IS EVEN LEFT ON THE GROUNDS  
FOR T BLDGS? WHERE DO THE CHILDREN GO TO SCHOOL?  
WHAT IS THE QUALITY OF THEIR DAY LIKE AT SCHOOL IF**

**THEY MUST START THEIR LUNCH TIME IN MID MORNING?  
BEFORE THE END OF THEIR SCHOOL DAY MANY ARE  
HUNGRY. WHERE DO THEY PLAY IF THE GROUNDS ARE  
TAKEN UP WITH T-BLDGS?**

**BELL ELEM., 12323 SHAFTSBURY, HOU. TX. 77031**

**PRESENT ENROLLMENT IS 783. PROJECTED FOR THIS YR. 802  
SCHOOL CAPACITY IS 750-850 WITH THE 12 T-BLDINGS ON  
THE SCHOOL GROUNDS. LUNCH BEGINS AT 10:30 AND RUNS  
UNTIL 1:30 PM.**

**MILNE ELEM., 7800 PORTAL HOU. 77071**

**PRESENT ENROLLMENT: 815; PROJECTED ENROLLMENT 785  
BLDG CAPACITY 700**

**WELCH MIDDLE SCHOOL, 11522 S. GESSNER, HOU. 77071**

**PRESENT ENROLLMENT 1350**

**BLDG CAPACITY 1200**

**ENROLLMENT IS DOWN SOME BECAUSE OF THEIR  
PROJECTION FOR THE NEW APT. COMPLEX, THE CONCORD  
AT WILLIAMCREST, 4 TEACHERS WERE LET GO BECAUSE OF  
MISSED PROJECTION—BANKRUPTCY CAUSED THE SCHOOLS  
TO HAVE MISCALCULATIONS. T-BLDGS ARE ON QUITE A BIT  
OF THE SCHOOL PROPERTY HERE TOO. THE MORE T-  
BLDGS., THEN MORE RESTROOM FACILITIES ARE ALSO  
NEEDED. CAFETERIA SPACE CANNOT BE CHANGED.  
LUNCHTIMES ARE SET EARLIER AND EARLIER AND RUN  
LATER.**

**DON'T OUR SCHOOL CHILDREN, TEACHERS, AND  
ADMINISTRATORS DESERVE BETTER? THE SCHOOLS ARE  
BEING STRETCHED BEYOND THEIR DESIGN CAPABILITES.  
APARTMENTS ARE DESIGNED TO PUT MORE PEOPLE IN A  
SMALLER SPACE. SCHOOLS ARE NOT DESIGNED TO DO THE  
SAME. CHILDREN DESERVE TO HAVE LUNCH AT A DECENT  
TIME IN THEIR DAY AND DESERVE A PLACE TO RUN, TO**

**PLAY, AND TO VISIT WITH THEIR FRIENDS. SCHOOLS ARE A PLACE OF LEARNING: BOTH MENTALLY AND SOCIALLY.**

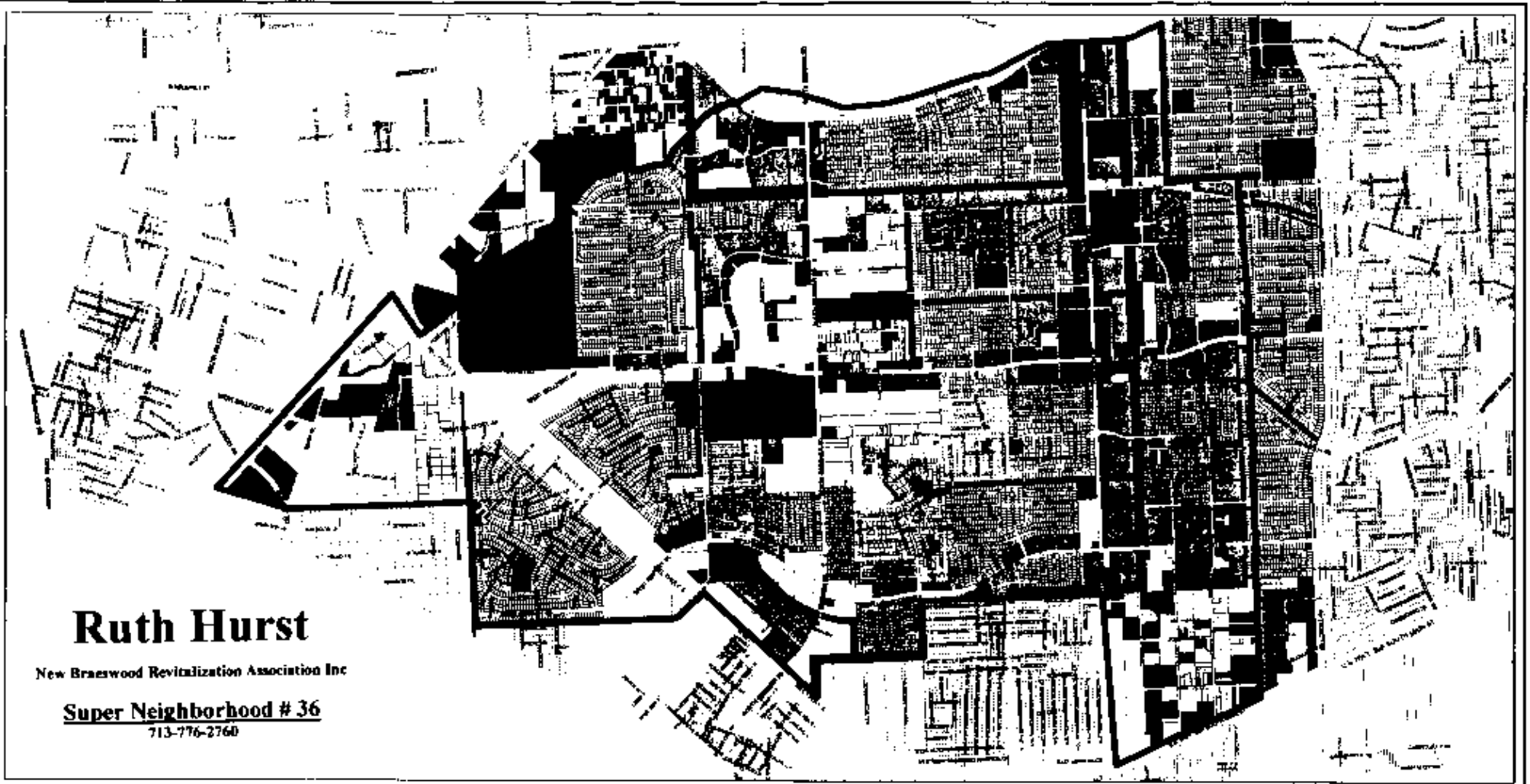
**LET'S THINK ABOUT OUR TEXAS CHILDREN. SURELY, THESE TAX EXEMPT BONDS CAN BE PUT TO BETTER USE IN A COMMUNITY THAT DOES NOT OVERBURDEN THE SCHOOL SYSTEM AND DOES NOT CREATE AN UNDESIRABLE SCHOOL ENVIRONMENT FOR OUR CHILDREN. IT IS THE RESPONSIBILITY OF US, AS ADULT, TO PROTECT AND TO CARE FOR OUR CHILDREN IN THIS GREAT STATE OF OURS.**

**PLEASE REMEMBER THE IMPACT THAT YET ANOTHER APARTMENT COMPLEX WILL HAVE ON THE CHILDREN AND THEIR SCHOOLS IN THIS AREA. LAND IS CHEAP HERE BUT THE EDUCATIONAL EXPERIENCE OF OUR CHILDREN IS PRICELESS!**

**THANK YOU FOR YOU FOR LISTENING AND FOR HAVING THIS HEARING.**

**ELAINE GASKAMP                    832-423-9671**  
**30 YEAR RESIDENT OF GLENSHIRE**  
**PAST PRESIDENT GLENSHIRE COMMUNITY ASSOC., INC.**  
**CERTIFIED TEXAS TEACHER**  
**TEXAS REAL ESTATE BROKER**

**NOTE: INFORMATION GATHERED FROM PHONE CONVERSATION FROM THE ABOVE MENTIONED SCHOOLS**



# Ruth Hurst

New Braeswood Revitalization Association Inc

**Super Neighborhood # 36**  
713-776-2760

## GREATER FONDREN S.W. SUPER NEIGHBORHOOD

### LEGEND

- |                  |                              |                           |
|------------------|------------------------------|---------------------------|
| ■ SF Residential | ■ Industrial                 | ■ Undeveloped             |
| ■ MF Residential | ■ Public & Institutional     | ■ Agricultural Production |
| ■ Commercial     | ■ Transportation & Utilities | ■ Open Water              |
| ■ Office         | ■ Parks and Open Space       | ■ Others                  |
|                  | ■ GFSW SN Boundary           |                           |

0 1000 2000 3000 Feet



The GFSW area includes the best information available to the City. The City does not warrant the accuracy or completeness. Field verifications should be done as necessary.

August 2006

**NOT**

**SOUTHWEST**

**IN**



**7600 BANKSIDE DR. 10800 BRAESRIDGE DR.**



**10822 BRAESRIDGE DR.**



**7627 BANKSIDE DR.**



**10810 BRAESRIDGE DR.**

**HOUSTON  
FLOODPLAIN**

**11/17/03**



**Housing Tax Credit Program  
Board Action Request  
February 11, 2004**

**Action Item**

Request, review, and board determination of two (2) four percent (4%) tax credit applications with TDHCA as the issuer.

**Recommendation**

Staff is recommending that the board review and approve the issuance of four percent (4%) Tax Credit Determination Notices with **TDHCA** as the Issuer 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>	<b>Applicant Proposed Tax Exempt Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Credit Allocation</b>
03469	Providence at Bellfort Village	Houston	TDHCA	248	248	\$23,837,992	\$16,000,000	\$739,659	\$716,805
03473	Woodline Park	Houston ETJ	TDHCA	252	252	\$21,710,287	\$13,800,000	\$659,796	\$659,734



WWW.TDHCA.STATE.TX.US

**REQUEST FOR BOARD APPROVAL  
Multifamily Finance Production**

**2003 Private Activity Multifamily Revenue Bonds**

**Park at Woodline Townhomes  
Deadend of Woodline Drive  
Spring, Texas**

**Woodline Park Apartments Limited Partnership  
252 Units**

**\$13,800,000 Tax Exempt – Series 2004**

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**TABLE OF EXHIBITS**

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<b>TAB 1</b>	<b>TDHCA Board Presentation</b>
<b>TAB 2</b>	<b>Bond Resolution</b>
<b>TAB 3</b>	<b>HTC Profile and Board Summary</b>
<b>TAB 4</b>	<b>Sources &amp; Uses of Funds Estimated Cost of Issuance</b>
<b>TAB 5</b>	<b>Department's Real Estate Analysis</b>
<b>TAB 6</b>	<b>Rental Restrictions Explanation Results and Analysis</b>
<b>TAB 7</b>	<b>Development Location Maps</b>
<b>TAB 8</b>	<b>TDHCA Compliance Summary Report</b>
<b>TAB 9</b>	<b>Public Input and Hearing Transcript (January 15, 2004)</b>

**BOARD APPROVAL  
MEMORANDUM  
February 11, 2004**

**DEVELOPMENT:** Woodline Park Apartments, Spring , Montgomery County, Texas

**PROGRAM:** Texas Department of Housing & Community Affairs  
2003 Private-Activity Multifamily Housing Mortgage Revenue Bonds  
(Reservation received 11/6/2003)

**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 Woodline Park 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 located at the dead-end of Woodline Drive, approximately one-quarter mile east of the intersection of Spring Ridge Drive and Woodline Drive, Spring, Montgomery County, Texas 77386. (the "Development"). The Bonds will be tax-exempt by virtue of the Development's qualifying as a residential rental development.

**BOND AMOUNT:** \$13,800,000 Series 2004 Tax Exempt Bonds  
\$13,800,000 Total 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 Development 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 6, 2003 pursuant to the Texas Bond Review Board's 2003 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before March 5, 2004, the anticipated closing date is March 4, 2004.

**BORROWER:** The general partner of the Borrower is TCR Woodline Park Partners Limited Partnership. The general partner of Woodline Park Partners Limited Partnership is TCR 2003 Housing, Inc. The principals of TCR 2003 Housing, Inc. are Kenneth J. Valach, J. Ronald Terwilliger, Terwilliger Partners, L.L.L.P., Christopher J. Bergmann, Scott Wise, John A. Zeledon and R. Brent Stewart.

**COMPLIANCE HISTORY:**

The Compliance Status Summary completed on October 9, 2003 reveals that the principals of the general partner above have a total of ten (11) 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:**

Newman and Associates, A Division of GMAC Commercial Holding Capital Markets corp. (“Underwriter”)  
GMAC Commercial Holding Capital Corp (“Forward Purchaser”)  
Wells Fargo Bank, National Association, (“Trustee”)  
Vinson & Elkins L.L.P. (“Bond Counsel”)  
RBC Dain Rauscher, Inc. (“Financial Advisor”)  
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)  
Wachovia (“Letter of Credit Provider”)

**BOND PURCHASER:**

The Bonds initially will be purchased by the Underwriter and will be publicly offered by the Underwriter. On March 1, 2006, the Bonds will be subject to mandatory tender by the holders thereof at which time they will be purchased by the Forward Purchaser. The Forward Purchaser and any subsequent purchaser will be required to sign the Department’s standard traveling investor letter.

**DEVELOPMENT DESCRIPTION:**

The Development is a 252-unit multifamily residential rental development to be constructed on approximately 18.49 acres of land located at the dead-end of Woodline Drive, approximately one-quarter mile east of the intersection of Spring Ridge Drive and Woodline Drive, Spring, Montgomery County, Texas 77386. (the "Development"). The site density will be 13.62 dwelling units per acre. The Development will include a total of twenty three (23) (four building types) one and two-story wood-framed buildings with a total of 267,266 net rentable square feet and an average unit size of 1,061 square feet. Construction will consist of wood-famed buildings on post-tension slabs with approximately 35% masonry exterior. The balance of the exterior will be hardy-plank with wood trim. Common area amenities will include a large pool, controlled-access gates, a laundry facility and outdoor activity areas. Unit amenities will include a frost-free refrigerator, dishwasher, disposal, large storage areas, washer/dryer connections, ceiling fans, pre-wired for cable and high-speed Internet service and energy-efficient HVAC systems. The residential units will be sprinkled for fire protection.

Units	Unit Type	Square Feet	Proposed Net Rent
8	1-Bedroom/1-Bath	684	\$616.00
26	1-Bedroom/1.5 Bath	809/839	\$616.00
80	2-Bedrooms/1.5-Baths	1027	\$739.00
50	2-bedrooms/2-Baths	1116/1142	\$739.00
24	3-Bedrooms/2-Baths	1149	\$853.00
64	3-Bedrooms/2.5-Baths	1196	\$853.00
252	Total Units		

**SET-ASIDE UNITS:**

For Bond covenant purposes, at least forty (40%) of the residential units in the development will be occupied or held vacant and available for occupancy by persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each development 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 for a family whose income equals sixty percent (60%) of the area median income, adjusted for family size.

**TENANT SERVICES:**

Borrower will provide Tenant Services provided by Texas Inter-Faith Management Corporation Good Neighbor (TIMC). TIMC is a nonprofit organization chartered in 1997, expanding the work that Texas Inter-Faith Housing Corporation started in 1966, to help assure that all low to moderate-income individuals and families have access to quality, affordable housing.

**DEPARTMENT  
ORIGINATION  
FEES:**

\$1,000 Pre-Application Fee (Paid).  
\$10,000 Application Fee (Paid).  
\$69,000 Issuance Fee (.50% of the bond amount paid at closing).

**DEPARTMENT  
ANNUAL FEES:**

\$13,800 Bond Administration (0.10% of first year bond amount)  
\$6,300 Compliance (\$25/unit/year adjusted annually for CPI)

*(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development 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 TDHCA 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 \$659,796 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%, to raise equity funds for the development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$5,389,902 of equity for the transaction.

**BOND STRUCTURE:**

The Bonds are proposed to be issued under two Trust Indentures (the "Trust Indentures") 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 first Trust Indenture will cover the period of approximately 24 months from date of issuance until March 1, 2006 (the "Bond Conversion Date"). The Bonds will be secured by one Direct Pay Letter of Credit from the Letter of Credit Provider. The Bonds initially will be publicly offered. At the time of the Bond Conversion Date, the Trustee will draw upon the Letter of Credit and use the proceeds to purchase the bonds from the holders pursuant to a mandatory tender. The Forward Purchaser will then purchase the Bonds from the Trustee on the Bond Conversion Date and the Trustee will use the proceeds from the purchase by the Forward Purchaser to reimburse the Initial Letter of Credit Provider. In connection with this purchase, the original Indenture and Loan Agreement will cease to govern the financing and a new Trust Indenture (attached as Exhibit B to the original Indenture) will govern the bond side of the deal (this will be an automatic feature of the documents) and a new Loan Agreement (attached as Exhibit B to the original Loan Agreement) will govern the loan to the Borrower. At the Bond Conversion Date the Bonds will become a private placement with the Forward Purchaser. Bonds will mature over a term of approximately thirty-three (33) years. During the construction and lease-up period, the Bonds will pay as to interest only. The Bonds will be secured by the Letter of Credit. After the Bond Conversion Date, the Bonds will be secured by a first lien on the Development.

After the Bond Conversion Date, the Bondholder Representative (as defined in the Indenture) will have the option to (1) change the interest payment date from a monthly payment to a semi-annual payment, (2) deposit amounts into debt service reserve funds for the purpose of paying the debt service of the Bonds and (3) create a Registered Coupon consisting only of a portion of the interest on the Bonds to be retained by the Bondholder Representative.

During the Construction Phase, the Letter of Credit Provider will provide a Letter of Credit to the benefit of the Trustee to secure payment of the Bonds. The Borrower's reimbursement obligations to the Letter of Credit Provider will be secured by a first lien mortgage on the property and certain related obligations. Upon satisfaction of certain Conversion Requirements, the Mortgage Loan will convert from the Construction Phase to the Permanent Phase.

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 2004 Bonds shall initially bear interest at the Weekly Interest Rate through and including March 1, 2006 and 6.75% per annum thereafter for the permanent phase of the loan. TDHCA Real Estate Analysis used an interest rate of 6.75% on the Series 2004 Bonds.

**CREDIT ENHANCEMENT:** The Bonds will be rated and credit enhanced through and including the Bond Conversion Date. After the Bond Conversion Date the bonds will be privately placed and will be unrated and will not have credit enhancement.

**FORM OF BONDS:** The Bonds initially will be issued and delivered to Cede & Co. in book entry form and in denominations of \$100,000 and any multiple of \$1.00 in excess thereof. Upon the mandatory tender of the Bonds on the Bond Conversion Date, the Bonds will be issued to the Forward Purchaser in certificated form and in denominations of \$100,000 and any multiple of \$1.00 in excess thereof.

**MATURITY/SOURCES & METHODS OF REPAYMENT:** The Bonds will bear interest at the rates set forth above 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, earnings derived from amounts held on deposit in an investment agreement, and other funds deposited to the Capitalized Interest Account. 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 Owner (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. A Deed of Trust and related documents convey the Owner's interest in the development to secure the payment of the Mortgage Loan.

**REDEMPTION OF BONDS PRIOR TO MATURITY:** It is currently anticipated that the Bonds will be subject to redemption under any of the following circumstances:

**Mandatory Redemption:**

- (a) In whole, if the Development shall have been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or destroyed property within the period and under the conditions described in the Mortgage following such event of damage or destruction; or

- (b) In whole, if title to, or the use of, all or a substantial portion of the Development shall have been taken under the exercise of the power of eminent domain by any governmental authority with the result that the Borrower is thereby prevented from carrying on its normal operation of the Development within the period and under the conditions described in the Mortgage; or
- (c) In whole or in part, to the extent that insurance proceeds or proceeds of any condemnation award with respect to the Development are not applied to restoration of the Development in accordance with the provisions of the Mortgage; or
- (d) In whole or in part upon the acceleration of the note in the event of the occurrence of a Loan Agreement Default; or
- (e) In whole, upon receipt by the Trustee of Written Direction from the Bondholder Representative, in accordance with the Construction Phase Financing Agreement, to redeem the Bonds as a result of the occurrence of an Event of Default as defined in and under the Construction Phase Financing Agreement.
- (f) In whole, upon receipt by the Trustee of Written Direction from the Bondholder Representative, on or after the Commitment Maturity Date, if the Conversion Notice is not issued by the Bondholder Representative prior to the Commitment Maturity Date; or
- (g) In part, in the event that the Borrower or the Construction Phase Credit Facility Provider elects to make a Pre-Conversion Loan Equalization Payment and the Trustee has received Written Notice thereof and Written Direction from the Construction Phase Credit Facility Provider to redeem Bonds, in an amount equal to the amount of the Note prepaid by the Borrower.
- (h) In part, in the event and to the extent amounts remaining in the Fund allocated to the Bonds are transferred to the Bond Fund.
- (i) In part on each Bond Payment Date, commencing the first business day of the month immediately after commencement of amortization of the Loan.
- (j) as otherwise provided in the Trust Indenture and the Commitment.

**Optional Redemption:**

- (a) The Bonds are subject to redemption, in whole, but not in part, on any date on which the Note may be prepaid pursuant to its terms at the option of the Borrower any time on or after the first fifteen years of the Permanent Period.



**FUNDS AND  
ACCOUNTS/FUNDS  
ADMINISTRATION:**

Under the Trust Indenture Wells Fargo Bank 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 initially create the following Funds and Accounts:

1. Project Fund – and within the Project Fund the following accounts. The Bonds Account, the Capitalized Interest Account, and the Equity Account.
2. Bond Interest Fund – in which funds are held for payment of interest on the Bonds
3. Bond Principal Fund – in which funds are held for payment of principal on the Bonds
4. Issuance Expense Fund – Funds to cover the cost of issuance of this transaction
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 Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.
6. Remarketing Proceeds Fund – to purchase remarketed Bonds.

Essentially, all of the Bond proceeds will be deposited into the Project Fund and disbursed therefrom during the Construction Phase to finance the construction of the Development. 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 and/or 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 June 23, 2003. 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, National Association formerly Norwest Bank N.A. was selected as bond trustee by the Department pursuant to a request for proposal process in June 1996.
7. 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.
8. 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. 04-013

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE MULTIFAMILY HOUSING REVENUE BONDS (WOODLINE PARK APARTMENTS) SERIES 2004; 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 Variable Rate Multifamily Housing Revenue Bonds (Woodline Park Apartments) Series 2004 (the "Bonds"), pursuant to and in accordance with the terms of an Indenture of Trust (the "Indenture") by and between the Department and Wells Fargo Bank, 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 Woodline Park 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 10, 2002, 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 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 aggregate principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount (together with other available funds) equal to the interest on the respective series of Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a first lien Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (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 and Loan Documents (the “Assignment”) from the Department to the Trustee; and

WHEREAS, the Board has determined that the Department shall enter into a Bond Purchase Contract (the “Purchase Agreement”) with Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp., as underwriter (the “Underwriter”) and the Borrower, with respect to the initial sale of the Bonds; 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 Bonds of an Official Statement (the “Official Statement”) and to deem the 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 Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, in connection with the preparation of the Official Statement, the Department has furnished the information to the Underwriter set forth in such offering documents concerning the Department under the captions “The Issuer” and “No Litigation – The Issuer” (as it relates to the Department), and the Board now desires to authorize the use of such information in Official Statement; 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 Montgomery County, Texas; and

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the “Asset Oversight Agreement”), with respect to the Project for the purpose of monitoring the operation and maintenance of the Project; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Assignment, the Regulatory Agreement, the Asset Oversight Agreement, the 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 purchaser thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That the Chairman or Vice Chairman of the Governing Board or the Executive Director of the Department (i) are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rates (as determined by the Remarketing Agent (as defined in the Indenture) and subject to adjustment as provided in the Indenture), principal amounts and maturities of, and the prices at which the Department will sell to the Underwriter, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chairman or Vice Chairman of the Governing Board or the Executive Director of the Department of the Indenture and the Purchase Agreement; provided, however, that: (a) the aggregate principal amount of the Bonds shall not exceed \$14,000,000; (b) the final maturity of the Bonds shall occur not later than April 1, 2037; and (c) the price at which the Bonds are sold to the Underwriter shall not exceed the principal amount thereof. In no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law.

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 Assignment. That the form and substance of the Assignment 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 Assignment and to deliver the Assignment 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 Underwriter and the Borrower.

Section 1.8--Official Statement Deemed Final. That the Official Statement is deemed to be "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Section 1.9--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight 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 Asset Oversight Agreement to the Borrower.

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 - Assignment
- Exhibit F - Purchase Agreement
- Exhibit G - Official Statement
- Exhibit H - Asset Oversight 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 Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration 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 and the 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 delivery by the Borrower of evidence satisfactory to the Department staff that tenant 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 G to the Regulatory Agreement and shall be annually redetermined by the Issuer.

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 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 Chapter 33, 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.

*[Remainder of page intentionally left blank.]*

PASSED AND APPROVED this 11th day of February, 2004.

By: \_\_\_\_\_  
Elizabeth Anderson, Chair

[SEAL]

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

EXHIBIT A

DESCRIPTION OF PROJECT

Owner: Woodline Park Apartments Limited Partnership, a Texas limited partnership

Project: The Project is a 252-unit multifamily facility to be known as Woodline Park Apartments and to be located at the end of Woodline Drive approximately one-quarter mile east of the intersection of Spring Ridge Drive and Woodline Drive in Spring, Montgomery County, Texas. The Project will include a total of 23 two-story residential apartment buildings with a total of approximately 267,266 net rentable square feet and an average unit size of approximately 1,061 square feet. The unit mix will consist of:

- 8 one-bedroom/one-bath units
- 26 one-bedroom/one and one-half bath units
- 50 two-bedroom/two-bath units
- 80 two-bedroom/two and one-half bath units
- 24 three-bedroom/two-bath units
- 64 three-bedroom/two and one-half bath units

252 Total Units

Unit sizes will range from approximately 684 square feet to approximately 1,196 square feet.

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



**HOUSING TAX CREDIT PROGRAM  
2003 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Woodline Park**

TDHCA#: 03473

<b>DEVELOPMENT AND OWNER INFORMATION</b>			
Development Location:	Houston ETJ	QCT: N	DDA: N
Development Owner:	Woodline Park Apartments, LP		TTC: N
General Partner(s):	TCR Woodline Park Parnters, LP, 100%, Contact: R. Brent Stewart		
Construction Category:	New		
Set-Aside Category:	Tax Exempt Bond Bond Issuer: TDHCA		
Development Type:	Family		
<b>Annual Tax Credit Allocation Calculation</b>			
Applicant Request:	\$659,796	Eligible Basis Amt:	\$659,734
		Equity/Gap Amt.:	\$977,556
<b>Annual Tax Credit Allocation Recommendation: \$659,734</b>			
Total Tax Credit Allocation Over Ten Years: \$ 6,597,340			

<b>PROPERTY INFORMATION</b>			
<b>Unit and Building Information</b>			
Total Units:	252	LIHTC Units:	252
		% of LIHTC Units:	100
Gross Square Footage:	272,460	Net Rentable Square Footage:	267,266
Average Square Footage/Unit:	1061		
Number of Buildings:	23		
Currently Occupied:	N		
<b>Development Cost</b>			
Total Cost:	\$21,710,287	Total Cost/Net Rentable Sq. Ft.:	\$81.23
<b>Income and Expenses</b>			
Effective Gross Income: <sup>1</sup>	\$2,173,836	Ttl. Expenses:	\$1,018,989
Estimated 1st Year DCR:	1.10	Net Operating Inc.:	\$1,154,847

<b>DEVELOPMENT TEAM</b>			
Consultant:	Not Utilized	Manager:	South Central RS, Inc.
Attorney:	Jones, Day, Reavis & Pogue	Architect:	HLR Architects, Inc.
Accountant:	Reznick, Fedder & Silverman	Engineer:	To Be Determined
Market Analyst:	O'Connor & Associates	Lender:	GMAC Commercial Holding Capital Corp.
Contractor:	TCR Woodline Park Construction LP	Syndicator:	Wachovia Securities

<b>PUBLIC COMMENT<sup>2</sup></b>	
From Citizens:	From Legislators or Local Officials:
# in Support: 0	Sen. Tommy Williams, District 4 - NC
# in Opposition: 0	Rep. Rob Eissler, District 15 - NC
<b>Public Hearing:</b>	Judge Alan B. Sadler - NC
# in Support: 2	Nancy S. Mikeska, Director, Montgomery County Community Development; This development is consistent with the Montgomery County Community Development Consolidated Plan.
# in Opposition: 0	
# Neutral: 0	

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support

<b>CONDITION(S) TO COMMITMENT</b>
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1. Per §49.12( c ) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Receipt, review, and acceptance of documentation indicating the recommendations of the Phase I Environmental Site Assessment and all subsequent environmental reports have been satisfactorily completed prior to cost certification.
3. Receipt, review, and acceptance, prior to closing, of a commitment from the related party general contractor indicating their fees will be deferred as needed or acknowledgement from the general partner of the potential for additional general partner contribution should the GIC and/or interim NOI not materialize to the levels projected.
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

<b>DEVELOPMENT'S SELECTION BY PROGRAM MANAGER &amp; DIVISION DIRECTOR IS BASED ON:</b>
--

<input type="checkbox"/> Score <input type="checkbox"/> Utilization of Set-Aside <input type="checkbox"/> Geographic Distrib. <input checked="" type="checkbox"/> Tax Exempt Bond. <input type="checkbox"/> Housing Type
--

Other Comments including discretionary factors (if applicable).

\_\_\_\_\_  
 Robert Onion, Multifamily Finance Manager \_\_\_\_\_ Date  
 \_\_\_\_\_ Brooke Boston, Director of Multifamily Finance Production Date

<b>DEVELOPMENT'S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:</b>
--

<input type="checkbox"/> Score <input type="checkbox"/> Utilization of Set-Aside <input type="checkbox"/> Geographic Distrib. <input checked="" type="checkbox"/> Tax Exempt Bond <input type="checkbox"/> Housing Type
---

Other Comments including discretionary factors (if applicable). \_\_\_\_\_

\_\_\_\_\_  
 Edwina P. Carrington, Executive Director \_\_\_\_\_ Date  
 Chairman of Executive Award and Review Advisory Committee

**TDHCA Board of Director's Approval and description of discretionary factors (if applicable).**

Chairperson Signature: \_\_\_\_\_ Date  
 Elizabeth Anderson, Board Chair

## Woodline Apartments

<b>Estimated Sources &amp; Uses of Funds</b>
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<b>Sources of Funds</b>	
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Bond Proceeds, Series 2004 Bonds (Tax-Exempt)	\$ 13,800,000
LIHTC Equity	5,125,853
GP Capitalization	100
GIC Earnings From Bond Proceeds	78,171
NOI Prior to Stabilization	259,879
Deferred Developer's Fee	2,408,879
<b>Total Sources</b>	<b>\$ 21,672,882</b>

<b>Uses of Funds</b>	
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Deposit to Mortgage Loan Fund (Construction funds)	\$ 17,693,813
Capitalized Interest (Constr. Interest)	414,000
Marketing	50,000
Developer's Fee/Overhead	2,408,879
Costs of Issuance	
Direct Bond Related	550,675
Bond Purchaser Costs	279,176
Other Transaction Costs	66,339
Real Estate Closing Costs	210,000
<b>Total Uses</b>	<b>\$ 21,672,882</b>

<b>Estimated Costs of Issuance of the Bonds</b>
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<b>Direct Bond Related</b>	
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TDHCA Issuance Fee (.50% of Issuance)	\$ 69,000
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit)	6,300
TDHCA Bond Counsel and Direct Expenses (Note 1)	85,000
TDHCA Financial Advisor and Direct Expenses	35,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	2,500
Borrower's Bond Counsel	80,000
Borrower's Financial Advisor	5,125
Placement Agent Fee	103,500
Placement Agent Counsel	20,000
Lender/Bond Purchaser Fee	34,500
Lender/Bond Purchaser Counsel Fee and Expenses	35,000
Trustee's Fees (Note 1)	11,500
Trustee's Counsel (Note 1)	6,500
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	1,250
Texas Bond Review Board Application Fee	500
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
TEFRA Hearing Publication Expenses & Misc.	4,250
Rating Agency Fee	15,000
Official Statement Printing	1,000
Miscellaneous/Contingency	20,000
<b>Total Direct Bond Related</b>	<b>\$ 550,675</b>

## Woodline Apartments

<b>Bond Purchase Costs</b>	
Letter of Credit Fee	279,176
<b>Total</b>	<b>\$ 279,176</b>
<b>Other Transaction Costs</b>	
Tax Credit Syndicator Fees & Expenses	15,000
Tax Credit Determination Fee (4% annual tax cr.)	26,299
Tax Credit Application Fee (\$20/u)	5,040
Cost Certification/Tax Opinion	20,000
<b>Total</b>	<b>\$ 66,339</b>
<b>Real Estate Closing Costs</b>	
Title & Recording (Const. & Perm.)	90,000
Property Taxes	100,000
Borrower's Real Estate Counsel	20,000
<b>Total Real Estate Costs</b>	<b>\$ 210,000</b>
<b>Estimated Total Costs of Issuance</b>	<b>\$ 1,106,190</b>

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  
MULTIFAMILY UNDERWRITING ANALYSIS**

DATE: February 2, 2004      PROGRAM: 4% HTC      FILE NUMBER: 03473  
 MRB      2003-083

**DEVELOPMENT NAME**

Woodline Park

**APPLICANT**

Name: Woodline Park Apartments, LP      Type: For Profit  
 Address: 10333 Richmond Avenue, Suite 400      City: Houston      State: TX  
 Zip: 77042      Contact: R Brent Stewart      Phone: (512) 477-9900 x15      Fax: (512) 480-9424

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

Name:	TCR Woodline Park Partners, LP	(%):	0.10	Title:	Managing General Partner
Name:	TCR 2003 Housing, Inc. (TCR 03)	(%):	N/A	Title:	1% owner of MGP
Name:	J Ronald Terwilliger	(%):	N/A	Title:	39.5% owner of MGP & 51% owner of TCR 03
Name:	Kenneth J Valach	(%):	N/A	Title:	39.5% owner of MGP & 49% owner of TCR 03
Name:	Christopher J Bergmann	(%):	N/A	Title:	20% owner of MGP
Name:	TCR Woodline Park Developer, LP	(%):	N/A	Title:	Developer

**PROPERTY LOCATION**

Location: End of Woodline Drive, east of IH 45       QCT       DDA  
 City: Houston ETJ      County: Montgomery      Zip: 77386

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$659,796	N/A	N/A	N/A
2) \$13,800,000	6.75%	35 yrs	33 yrs

**Other Requested Terms:**  
 1) Annual ten-year allocation of low-income housing tax credits  
 2) Tax-exempt mortgage revenue bonds

**Proposed Use of Funds:** New Construction      **Property Type:** Multifamily

**RECOMMENDATION**

- RECOMMEND APPROVAL OF AN LIHTC ALLOCATION NOT TO EXCEED \$659,734 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF \$13,800,000 TAX-EXEMPT MORTGAGE REVENUE BOND ISSUANCE WITH FIXED INTEREST RATE OF 6.75% AND REPAYMENT TERM OF 33 YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review and acceptance of documentation indicating the recommendations of the Phase I Environmental Site Assessment and all subsequent environmental reports have been satisfactorily

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

- completed prior to cost certification;
2. Receipt, review and acceptance, prior to closing, of a commitment from the related party general contractor indicating their fees will be deferred as needed or acknowledgement from the general partner of the potential for additional general partner contribution should the GIC and/or interim NOI not materialize to the levels projected; and
  3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

<b>Total Units:</b>	<u>252</u>	<b># Rental Buildings</b>	<u>23</u>	<b># Common Area Bldgs</b>	<u>2</u>	<b># of Floors</b>	<u>2</u>	<b>Age:</b>	<u>N/A</u> yrs	<b>Vacant:</b>	<u>N/A</u> at / /	
<b>Net Rentable SF:</b>	<u>267,266</u>	<b>Av Un SF:</b>	<u>1,061</u>	<b>Common Area SF:</b>	<u>5,194</u>	<b>Gross Bldg SF:</b>	<u>272,460</u>					

**STRUCTURAL MATERIALS**

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

**APPLIANCES AND INTERIOR FEATURES**

Carpeting, ceramic tile & vinyl flooring, range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower surround, washer & dryer connections, ceiling fans, cable, laminated counter tops, individual water heaters, 9' ceilings

**ON-SITE AMENITIES**

A 4,710-SF community building with activity room, management offices, fitness facility, kitchen and restrooms, and a swimming pool are located at the entrance to the property. A laundry facility is located at the center of the complex. In addition, an equipped play area and perimeter fencing with limited access gate are planned for the site.

<b>Uncovered Parking:</b>	<u>424</u>	spaces	<b>Carports:</b>	<u>24</u>	spaces	<b>Garages:</b>	<u>0</u>	spaces
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**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Woodline Park is a relatively dense (14 units per acre), new construction development of affordable housing located northwest of Houston. The development is comprised of evenly distributed residential buildings housing eight to 12, two-story and flat units as follows:

- € Five Building Type I with two one-bedroom units and 10 two- bedroom units;
- € Ten Building Type II with eight two- bedroom units and four three-bedroom units;
- € Two Building Type III with 12 one-bedroom units; and
- € Six Building Type IV with eight three- bedroom units.

**Architectural Review:** The unit designs offer adequate storage and living space. It appears the development plan meets Section 49.9(e)(4)(E) of the 2003 QAP which sets forth the minimum accessibility requirements for developments with two-story units. The residential building exteriors are typical for HTC developments proposed in Texas. The community building will offer many tenant-accessible areas as well as onsite management and leasing offices.

**Supportive Services:** The Applicant plans to contract with Texas Inter-Faith Management Corporation to provide optional services at no cost to tenants. Services may include personal growth opportunities, family skills development, education services, fun and freedom activities, and neighborhood advancement programs.

**Schedule:** The Applicant anticipates construction to begin in April of 2004 and to be completed in May of 2005. The development should be placed in service and substantially leased-up in May of 2006.

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

SITE ISSUES					
SITE DESCRIPTION					
<b>Size:</b>	18.49	acres	805,424	square feet	<b>Zoning/ Permitted Uses:</b> N/A (Houston, Montgomery County)
<b>Flood Zone Designation:</b>	Zone X	<b>Status of Off-Sites:</b>	Fully Improved		
SITE and NEIGHBORHOOD CHARACTERISTICS					
<p><b>Location:</b> The subject site is located at the end of Woodline Drive, east of IH-45, Montgomery County. This area is considered to be part of the extraterritorial jurisdiction of the City of Houston. Montgomery County is located just north of Harris County.</p> <p><b>Adjacent Land Uses:</b> According to the market study, “land uses adjacent to the subject site include a mixture of vacant land, single-family residences, and institution facilities (p. 23).”</p> <p>€ <b>North:</b> Montgomery County Drainage Ditch, Walgreen’s, cleared tract of land undergoing development, apartment complex</p> <p>€ <b>South:</b> vacant land</p> <p>€ <b>East:</b> Montgomery County Drainage Ditch, vacant land</p> <p>€ <b>West:</b> Lewis Oil and Gas facility, vacant land</p> <p><b>Site Access:</b> Access to the property is from Woodline Drive. The neighborhoods east/west arteries include FM 1960, Spring-Cypress Road, FM 242, and Woodlands Parkway. North/south arteries include Interstate Highway 45, FM 1314, FM 1485, and Highway 59.</p> <p><b>Public Transportation:</b> METRO operates a Park and Ride at FM 1960 and Carlsway, between IH 45 and the Hardy Toll Road. This lot is approximately seven miles south of the subject site.</p> <p><b>Shopping &amp; Services:</b> The site is located within the Conroe Independent School District. Shopping and services appear to be readily available in the defined PMA.</p> <p><b>Site Inspection Findings:</b> TDHCA staff performed a site inspection on January 15, 2004 and found the location to be acceptable.</p>					
HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)					
<p>A Phase I Environmental Site Assessment report dated November 13, 2003 was prepared by Envirotest and contained the following findings and recommendations:</p> <p><b>Findings:</b></p> <p>€ Four pipelines, including an active pipeline running along the surface of the property and discharging into storage tanks located on the adjacent western property, were observed. “No markers identified the exact location of the pipelines. No evidence of stained soils or uncontrolled releases originating from the pipelines was visually identified during the property inspection (p. 2).”</p> <p>€ The Lewis Oil and Gas facility is located adjacent to the western border of the subject property. “The Lewis Oil and Gas facility appeared to consist of a former oil field office, service facility, and hydrocarbon collection site. Heavily stained soils and petroleum odors were observed and/or noted at the Lewis Oil and Gas site. Additionally, several discarded pole mounted transformers were observed on the ground at the Lewis oil and Gas site (p. 2).” “Well #30605, located southwest of the subject property, is operated by Lewis Oil and Gas and appears to be active based upon available information (p. 5).”</p> <p>€ “Minor dumping has occurred on the subject property. Suspect asbestos-containing materials were observed in the debris piles during the site inspection. Three (3) samples of Transite pipe and siding were collected and analyzed for asbestos content. Polarized Light Microscopy indicated that the Transite pipe was found to contain 10% Chrysotile asbestos. No asbestos was detected in any of the remaining samples (p. 3).”</p> <p>€ “Two (2) LPST facilities were identified within the reviewed radius. However, based upon the available information, it is unlikely that this registered site has negatively impacted the subject property (p. 5).”</p>					

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MULTIFAMILY UNDERWRITING ANALYSIS**

**Recommendations:** “This assessment has revealed no evidence of recognized environmental conditions in connection with the property except as follows:

- € Envirotest recommends that a Limited Phase II Subsurface Soil and Groundwater Investigation be conducted at the subject property [to include areas adjacent to the pipelines and] areas adjacent to the pole-mounted transformers located to the west of the subject property (p. 6).
- € Envirotest recommends that prior to development of the property, the location, ownership, and operational status of each of the pipelines be identified. Pipelines that are no longer in use should be decommissioned and removed from the ground to avoid future utility encumbrances or abandoned in place where appropriate (p. 6).”
- € Envirotest recommends the removal and proper disposal of all miscellaneous non-hazardous debris located on the subject property prior to development. Envirotest further recommends the removal of the asbestos-containing Transite piping by an accredited abatement contractor (p. 6).”

A pipeline easement, a sanitary sewer easement, and the location of two surface pipelines are shown on the submitted site plan. Based on the location of the community building and a residential building, it appears that the Applicant plans to have the surface pipes removed prior to start of construction. The recommendations of this underwriting report are conditioned upon receipt, review and acceptance of documentation indicating the recommendations of the Phase I Environmental Site Assessment and all subsequent environmental reports have been satisfactorily completed.

**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.

<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>	\$25,020	\$28,620	\$32,160	\$35,760	\$38,640	\$41,460

**MARKET HIGHLIGHTS**

A market feasibility study dated December 12, 2003 and revised January 22, 2004 was prepared by O’Connor & Associates and highlighted the following findings:

**Definition of Primary Market Area (PMA):** “The subject property is located in the Woodlands Conroe submarket, by O’Connor & Associates. In order to accurately portray the apartment market within the subject’s primary market area, we segmented the data by zip code. The subject’s primary market area includes the following zip codes: 77302, 77306, 77365, 77372, 77373, 77380, 77381, 77382, 77384, 77385, 77386, 77388, and 77389 (p. 18).” The subject is located in 77386. The area defined encompasses approximately 346 square miles, which is equivalent to a 10.5-mile radius.

The Market Analyst indicates, “The subject PMA is larger than typical due to the more limited number of existing apartment complexes and more rural nature, which allows for a wider area from which to draw prospective tenants.”

It should be noted, the PMA boundary map included as an exhibit of the market study is inaccurate. It appears to include the City of New Caney and surrounding areas located within zip code 77357. Demographic information from this zip code was not included in the Market Analyst’s demand calculations.

Despite the “rural” nature of the Development and due to the large size of the PMA, the Underwriter revised the market area boundaries and excluded demographic data for zip codes 77306 and 77372 in the underwriting analysis of demand. The southern boundary of the area contained within these zip codes is

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

located approximately 10 miles northeast of the subject. The City of Conroe is located within an equivalent distance, but was not included in the Market Analyst's defined PMA. The Market Analyst's reason for including one area, but not the other is not discussed in the market study. The market area resulting from excluding the two zip codes encompasses 268 square miles, which is equivalent to a 9.25-mile radius. The redrawn PMA boundary and the area encompassed by zip codes 77306 and 77372 are shown on the attached map.

**Population:** The estimated 2003 population of the Market Analyst's defined PMA was 243,588 and is expected to increase to approximately 284,309 by 2008. Within the same area there were estimated to be 84,031 households in 2003. The population of the Market Analyst's PMA is at the high end, but within the Department's population guidelines.

**Total Primary Market Demand for Rental Units:** The Market Analyst's demand calculation included adjustments for household size as well as income-eligibility. Income eligibility is based on an income band of \$21,120 to \$35,760 annually for the subject development – 10.7% of the population fall within this income band. The Market Analyst's demand calculation also includes renter percentages based on income brackets provided by the American Housing Survey for the Houston Metropolitan Area -1998 rather than an average for the total population of the area, since renter percentages by income band for the specific PMA are not available.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	252	9%	149	6%
Resident Turnover	2,407	82%	2,286	94%
Other Sources	266	9%	N/A	N/A
<b>TOTAL ANNUAL DEMAND</b>	<b>2,925</b>	<b>100%</b>	<b>2,435</b>	<b>100%</b>

Ref: p. 72

**Inclusive Capture Rate:** "...a total of 1,186 units including the subject, of which 396 units (including the subject) will be rent-restricted. As indicated earlier, there are approximately 2,925 potential households based on income eligibility, housing preference, and taking into consideration the typical turnover rate in the subject's primary market. (p. 72)." The inclusive capture rate calculated by the Market Analyst is 13.54%. The Underwriter calculated an inclusive capture rate of 16% based upon a supply of unstabilized comparable affordable units of 396 divided by a revised demand of 2,435 (based on a reduced PMA).

**Market Rent Comparables:** "According to the 4<sup>th</sup> quarter 2003 O'Connor & Associates apartment data program, there were 38 projects in the primary market area, which contained a total of 8,809 units (p. 36)." The Market Analyst surveyed five comparable rentals totaling 1,446 units.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (60% AMI)	Proposed	Program Max	Differential	Market	Differential
<b>1-Bedroom (684 SF)</b>	\$616	\$615	+\$1	\$700	-\$84
<b>1-Bedroom (809 SF)</b>	\$616	\$615	+\$1	\$800	-\$184
<b>1-Bedroom (839 SF)</b>	\$616	\$615	+\$1	\$820	-\$204
<b>2-Bedroom (1,027 SF)</b>	\$739	\$739	\$0	\$900	-\$161
<b>2-Bedroom (1,116 SF)</b>	\$739	\$739	\$0	\$1,000	-\$261
<b>2-Bedroom (1,142 SF)</b>	\$739	\$739	\$0	\$1,020	-\$281
<b>3-Bedroom (1,149 SF)</b>	\$853	\$853	\$0	\$1,200	-\$347
<b>3-Bedroom (1,196 SF)</b>	\$853	\$853	\$0	\$1,235	-\$382

(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)

**Primary Market Occupancy Rates:** "the overall occupancy rate for the projects in this primary market

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area was 90.80% as of December 2003. Occupancy rates for Class B projects were slightly higher at 91.54%. Occupancy rates for Class A units were lower at 89.04% (p. 36).”

“The closest [HTC development] is the Windcrest Spring Apartments containing 224 units, of which 224 are rent-restricted. Windcrest Spring would not confirm its occupancy. Timber Mills, an LIHTC project located within 2 miles of the subject, has a current occupancy of 87%. Timber Run is a HTC project within the PMA. Timber Run was at stabilized occupancy, but had some management problems, move outs to buy houses, and other concerns. Occupancy at Timber Run dropped to 67% (p. 45).” Timber Run is a HTC property awarded funds in 2000. The 144 units are considered unstabilized in both the Underwriter’s and the Market Analyst’s inclusive capture rate calculations. Other HTC properties outside of the PMA, but in the general vicinity are reporting occupancy rates between 90% and 100%.

**Absorption Projections:** “Typically, LIHTC projects in the Greater Houston area have achieved stabilized occupancy at a rapid pace, most likely due to the projects being new and superior compared to older multifamily projects. The subject should be able to reach a stabilized occupancy level within 12 months of completion. Pre-leasing should begin prior to completion of construction (p. 41).”

**Known Planned Development:** “Currently there are three market rate projects under construction...totaling 934 units in this market area. There are four LIHTC projects within the subject’s primary market area. There are no LIHTC projects currently under construction or approved. Windcrest Spring Apartments and the Timbermill Apartments are the only two projects located within a two-mile radius of the subject (p. 33).”

The market study submitted at application included inconsistencies between the defined Primary Market Area and actual demographic information used to calculate demand. A revision was requested and received in a timely manner. The defined PMAs in both the original and revised market studies include a large land area and populations just below 250,000 people. Although the Market Analyst states the large PMA is due to the rural nature of the development, the Underwriter believes the physical size of the PMA is overstated. Minor adjustments to the PMA boundary were made by the Underwriter and corresponding demographic information provided by the Market Analyst. Although the resulting PMA may still be considered large, the Underwriter is comfortable with the conclusion that demand exists for the development due to an inclusive capture rate which falls well below the maximum of 25%.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s income, secondary income, and vacancy and collection loss assumptions are within the Department’s maximum guidelines. As a direct result, the Applicant’s effective gross income figure is comparable to the Underwriter’s estimate.

**Expenses:** The Applicant’s total annual operating expense projection of \$4,044 per unit is within 5% of the Underwriter’s estimate. However, several of the Applicant’s line-item expense estimates vary significantly when compared to the Underwriter’s, including: general and administrative (\$21K lower); repairs and maintenance (\$49K lower); and property taxes (\$48K higher).

**Conclusion:** Overall, the Applicant’s proforma, including their net operating income conclusion, is within 5% of the Underwriter’s estimate. Therefore, the Applicant’s proforma is used to determine the Development’s debt service capacity. The proposed debt can be serviced with an initial debt coverage ratio within the Department’s guideline of 1.10 to 1.30.

**ACQUISITION VALUATION INFORMATION**

**ASSESSED VALUE**

<b>Land: 18.492 acres</b>	\$292,240	<b>Assessment for the Year of:</b>	2003
<b>Building:</b>	N/A	<b>Valuation by:</b>	Montgomery County Appraisal District
<b>Total Assessed Value:</b>	\$292,240	<b>Tax Rate:</b>	2.7577

**EVIDENCE of SITE or PROPERTY CONTROL**

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<b>Type of Site Control:</b>	Earnest Money Contract (18.4927 acres)					
<b>Contract Expiration Date:</b>	03/	31/	2004	<b>Anticipated Closing Date:</b>	03/	31/ 2004
<b>Acquisition Cost:</b>	\$1,288,867			<b>Other Terms/Conditions:</b>	\$1.60 per square foot	
<b>Seller:</b>	Carsam Realty Nine & Preston Resources			<b>Related to Development Team Member:</b>	No	

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The site cost of \$1.60 per square foot is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Off-Site Costs:** No off-site costs are included in the Applicant's development budget; however, based on the Phase I ESA, there is a possibility that off-site work will be required.

**Sitework Cost:** The Applicant's claimed sitework costs of \$7,500 per unit are set at the maximum allowed under current Department guidelines. It is not known if this estimate includes possible costs to remove existing above-ground pipelines.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$384K lower and within 5% of the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

**Ineligible Costs:** The Applicant included \$1,515 in marketing as an eligible cost; the Underwriter moved this cost to ineligible costs, resulting in an equivalent reduction in the Applicant's eligible basis.

**Fees:** Due to the inclusion of the marketing cost in eligible basis, 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 \$226.

**Conclusion:** The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, as adjusted for slightly overstated eligible costs and fees, is used to determine the Development's eligible basis and need for permanent funds. An eligible basis of \$18,531,848 results in tax credits of \$659,734 annually. This figure will be compared to the Applicant's request and the Development's gap in need to determine the recommended tax credit allocation.

**FINANCING STRUCTURE**

**TAX-EXEMPT BOND FINANCING**

<b>Source:</b>	GMAC Commercial Holding Capital Corp			<b>Contact:</b>	Paul J Weissman		
<b>Principal Amount:</b>	\$13,800,000	<b>Interest Rate:</b>	6.75%, fixed				
<b>Additional Information:</b>	2 years interim period						
<b>Amortization:</b>	35 yrs	<b>Term:</b>	37 yrs	<b>Commitment:</b>	<input type="checkbox"/> LOI	<input checked="" type="checkbox"/> Firm	<input type="checkbox"/> Conditional
<b>Annual Payment:</b>	\$1,032,624	<b>Lien Priority:</b>	1 <sup>st</sup>	<b>Commitment Date</b>	12/	18/	2003

**LIHTC SYNDICATION**

<b>Source:</b>	Wachovia Securities			<b>Contact:</b>	Timothy J McCann		
<b>Address:</b>	301 S College Street, NC0173			<b>City:</b>	Charlotte		
<b>State:</b>	NC	<b>Zip:</b>	28288	<b>Phone:</b>	(704) 374-3468	<b>Fax:</b>	(704) 715-0046
<b>Net Proceeds:</b>	\$5,173,475	<b>Net Syndication Rate (per \$1.00 of 10-yr LIHTC)</b>	81¢				
<b>Commitment</b>	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input checked="" type="checkbox"/> Conditional	<b>Date:</b>	12/	21/	2003
<b>Additional Information:</b>							

**APPLICANT EQUITY**

<b>Amount:</b>	\$2,259,821	<b>Source:</b>	Deferred Developer Fee
<b>Amount:</b>	\$134,346	<b>Source:</b>	GIC Earnings/Interim NOI

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**FINANCING STRUCTURE ANALYSIS**

**Permanent Financing:** The permanent financing commitment submitted on January 21, 2004 is consistent with the terms reflected in the current sources and uses.

**LIHTC Syndication:** The terms for purchase of the tax credits are also consistent. All of the anticipated syndication proceeds will be made available to the Applicant during the course of construction. The syndication proceeds reflected in the commitment letter are based on anticipated annual tax credits of \$639,340, which is less than the Applicant request.

**Deferred Developer's Fees:** The Applicant's forecast indicates the developer will defer 93% of available developer fees. The Applicant has also included earnings from a guaranteed investment contract and interim operation of the Development as sources of funds. Historically, the Department's underwriting analyses have not included these potential funds as a financing source. Instead, the funds are added to deferred developer fees. In this case, totaling the three results in a figure that exceeds the available developer fees. Therefore, it is possible the related general contractor will also be required to defer fees. Receipt, review and acceptance of a commitment from the general contractor indicating their fees will be deferred as needed or acknowledgement from the general partner of the potential need for additional general partner contribution should the GIC and interim NOI not materialize as proposed is a condition of this report.

**Financing Conclusions:** As stated above, the Applicant's cost schedule, as adjusted for slightly overstated eligible costs and fees, is used to determine the Development's eligible basis and need for permanent funds. The eligible basis results in tax credits of \$659,734 annually, which is less than both the Applicant's request and the tax credits needed to fill the projected gap in permanent funds. Therefore, an annual allocation of \$659,734 in tax credits over a ten-year period is recommended.

A tax credit allocation slightly lower than requested provides for less syndication proceeds than originally anticipated. The gap in permanent funds has increased and additional deferred fees are needed. The Applicant's current Development cost schedule less the bond-financing and syndication proceeds calls for \$2,571,787 in gap financing, which amounts to 106% of available developer fees. Therefore, it is likely the related general contractor as well as the developer will be required to defer fees.

Based on current projections, it appears cashflow from the first ten years of stabilized operation will total \$2,183,233. This indicates the deferred fees will not be repayable within 10 years of operation; however, the fees will be repayable soon after the tenth year of operation and well within the 15 years required to classify this Development as feasible for underwriting purposes. It should be noted, excluding the potential GIC and interim NOI projected by the Applicant from deferred fees does not result in repayment within 10 years.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, General Contractor, and Property Manager are related entities. These are common relationships for HTC-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.
- € TCR 2003 Housing, Inc., one percent owner of the G.P., provided an interim balance sheet dated September 30, 2003. Total assets of \$298K includes \$1K cash, \$249K N/R Shareholders, \$47.5K deposit-land, and \$34 investment in LP. Total liabilities of \$300K results in a net loss of \$2.6K.
- € J. Ronald Terwilliger, Christopher J. Bergmann and Kenneth J. Valach submitted unaudited financial statements dated as of June 30, 2002. The financial statements provided are significant in detail and only produced once per year and as such are the most current available at the time of application.

**Background & Experience:**

- € The Applicant and General Partner are new entities formed for the purpose of developing the project.
- € J. Ronald Terwilliger has completed 18 multi-family developments totaling 3,966 units since 1992.
- € Kenneth J. Valach has completed 14 multi-family developments totaling 2,906 units since 1999.



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€ Christopher J. Bergmann has completed 14 multi-family developments totaling 2,906 units since 1999.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- € Significant environmental/locational risks exist regarding the existence of above ground pipelines and the activities on an adjacent property.
- € The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.

**Underwriter:**

\_\_\_\_\_  
*Lisa Vecchietti*

**Date:** February 2, 2004

**Director of Real Estate Analysis:**

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

**Date:** February 2, 2004

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Woodline Park, Extra-territorial Jurisdiction of Houston (Montgomery County), HTC #03473/MRB #2003-083**

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, Trsh
TC 60%	8	1	1	684	\$670	\$615	\$4,920	\$0.90	\$55.00	\$34.00
TC 60%	16	1	1.5	809	670	\$615	9,840	0.76	55.00	34.00
TC 60%	10	1	1.5	839	670	\$615	6,150	0.73	55.00	34.00
TC 60%	80	2	1.5	1,027	804	\$739	59,120	0.72	65.00	35.00
TC 60%	40	2	2	1,116	804	\$739	29,560	0.66	65.00	35.00
TC 60%	10	2	2	1,142	804	\$739	7,390	0.65	65.00	35.00
TC 60%	64	3	2.5	1,149	930	\$853	54,592	0.74	77.00	36.00
TC 60%	24	3	2.5	1,196	930	\$853	20,472	0.71	77.00	36.00
<b>TOTAL:</b>	<b>252</b>		<b>AVERAGE:</b>	<b>1.061</b>	<b>\$830</b>	<b>\$762</b>	<b>\$192,044</b>	<b>\$0.72</b>	<b>\$67.84</b>	<b>\$35.21</b>

<b>INCOME</b>					<b>TOTAL NET RENTABLE SQ FT:</b>		<b>267,266</b>		<b>USS Region 6</b>	
<b>POTENTIAL GROSS RENT</b>					<b>TDHCA</b>		<b>APPLICANT</b>		<b>IREM Region Houston</b>	
Secondary Income		Per Unit Per Month:	\$15.00		\$2,304,528	\$2,304,732				
Other Support Income: (describe)					45,360	45,360	\$15.00		Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>					<b>\$2,349,888</b>	<b>\$2,350,092</b>				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(176,242)	(176,256)	-7.50%		of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0	0				
<b>EFFECTIVE GROSS INCOME</b>					<b>\$2,173,646</b>	<b>\$2,173,836</b>				
<b>EXPENSES</b>					<b>PER SQ FT</b>		<b>PER UNIT</b>		<b>% OF EGI</b>	
General & Administrative	4.06%	\$350	0.33		\$88,318	\$67,260	\$0.25	\$267	3.09%	
Management	5.00%	431	0.41		108,682	\$108,691	0.41	431	5.00%	
Payroll & Payroll Tax	10.09%	870	0.82		219,240	\$215,460	0.81	855	9.91%	
Repairs & Maintenance	3.84%	332	0.31		83,568	\$93,696	0.35	372	4.31%	
Utilities	3.70%	319	0.30		80,388	\$47,880	0.18	190	2.20%	
Water, Sewer, & Trash	4.81%	415	0.39		104,661	\$78,120	0.29	310	3.59%	
Property Insurance	2.34%	202	0.19		50,781	\$63,000	0.24	250	2.90%	
Property Tax	2.7577	711	0.67		179,275	\$226,800	0.85	900	10.43%	
Reserve for Replacements	2.32%	200	0.19		50,400	\$63,000	0.24	250	2.90%	
Supportive Services, Compliance & Bond Fees	2.53%	219	0.21		55,082	\$55,082	0.21	219	2.53%	
<b>TOTAL EXPENSES</b>	<b>46.94%</b>	<b>\$4,049</b>	<b>\$3.82</b>		<b>\$1,020,394</b>	<b>\$1,018,989</b>	<b>\$3.81</b>	<b>\$4,044</b>	<b>46.88%</b>	
<b>NET OPERATING INC</b>	<b>53.06%</b>	<b>\$4,576</b>	<b>\$4.31</b>		<b>\$1,153,253</b>	<b>\$1,154,847</b>	<b>\$4.32</b>	<b>\$4,583</b>	<b>53.12%</b>	
<b>DEBT SERVICE</b>					<b>PER SQ FT</b>		<b>PER UNIT</b>		<b>% OF EGI</b>	
First Lien Mortgage	47.34%	\$4,084	\$3.85		\$1,029,066	\$1,015,422	\$3.80	\$4,029	46.71%	
Trustee Fee	0.16%	\$14	\$0.01		\$3,500	0	\$0.00	\$0	0.00%	
TDHCA Admin. Fees	0.63%	\$55	\$0.05		13,800	0	\$0.00	\$0	0.00%	
Asset Oversight Fees	0.17%	\$15	\$0.01		3,780	0	\$0.00	\$0	0.00%	
<b>NET CASH FLOW</b>	<b>4.90%</b>	<b>\$423</b>	<b>\$0.40</b>		<b>\$106,607</b>	<b>\$139,425</b>	<b>\$0.52</b>	<b>\$553</b>	<b>6.41%</b>	
<b>INITIAL AGGREGATE DEBT COVERAGE RATIO</b>					<b>1.10</b>	<b>1.14</b>				
<b>INITIAL BONDS &amp; TRUSTEE FEE-ONLY DEBT COVERAGE RATIO</b>						<b>1.10</b>				
<b>RECOMMENDED BONDS-ONLY DEBT COVERAGE RATIO</b>						<b>1.12</b>				

<b>CONSTRUCTION COST</b>					<b>TDHCA</b>		<b>APPLICANT</b>		<b>PER SQ FT</b>		<b>PER UNIT</b>		<b>% OF TOTAL</b>	
Acquisition Cost (site or bldg)	5.78%	\$5,115	\$4.82		\$1,288,867	\$1,288,867	\$4.82	\$5,115	5.94%					
Off-Sites	0.00%	0	0.00		0	0	0.00	0	0.00%					
Sitework	8.47%	7,500	7.07		1,890,001	1,890,001	7.07	7,500	8.71%					
Direct Construction	48.36%	42,810	40.36		10,788,166	10,404,238	38.93	41,287	47.92%					
Contingency	3.29%	1,657	1.56		417,624	417,624	1.56	1,657	1.92%					
General Req'ts	5.82%	2,927	2.76		737,654	737,654	2.76	2,927	3.40%					
Contractor's G & A	1.94%	976	0.92		245,885	245,885	0.92	976	1.13%					
Contractor's Profit	5.82%	2,927	2.76		737,654	737,654	2.76	2,927	3.40%					
Indirect Construction	4.16%	3,679	3.47		927,056	927,056	3.47	3,679	4.27%					
Ineligible Costs	7.35%	6,505	6.13		1,639,345	1,639,345	6.13	6,505	7.55%					
Developer's G & A	1.65%	1,082	1.02		272,609	0	0.00	0	0.00%					
Developer's Profit	13.00%	8,511	8.03		2,144,815	2,417,424	9.05	9,593	11.13%					
Interim Financing	3.38%	2,994	2.82		754,539	754,539	2.82	2,994	3.48%					
Reserves	2.08%	1,838	1.73		463,219	250,000	0.94	992	1.15%					
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$88,522</b>	<b>\$83.47</b>		<b>\$22,307,434</b>	<b>\$21,710,287</b>	<b>\$81.23</b>	<b>\$86,152</b>	<b>100.00%</b>					
<b>Recap-Hard Construction Costs</b>	<b>66.42%</b>	<b>\$58,798</b>	<b>\$55.44</b>		<b>\$14,816,984</b>	<b>\$14,433,056</b>	<b>\$54.00</b>	<b>\$57,274</b>	<b>66.48%</b>					

<b>SOURCES OF FUNDS</b>					<b>TDHCA</b>		<b>APPLICANT</b>		<b>RECOMMENDED</b>		<b>Developer Fee Available</b>	
Tax-Exempt Bonds	61.86%	\$54,762	\$51.63		\$13,800,000	\$13,800,000	\$51.63	\$54,762	\$13,800,000			
Taxable Bonds/ Additional Financing	0.00%	\$0	\$0.00		0	0	0.00	\$0	0		\$2,417,198	
HTC Syndication Proceeds	24.42%	\$21,619	\$20.38		5,447,996	5,447,996	\$20.38	\$21,619	5,338,500		% of Dev. Fee Deferred	
Deferred Developer Fees	11.53%	\$10,203	\$9.62		2,571,183	2,571,183	\$9.62	\$10,203	2,571,787		106%	
Additional (Excess) Funds Required	2.19%	\$1,938	\$1.83		488,255	(108,892)	\$1.83	\$1,938	0		15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>					<b>\$22,307,434</b>	<b>\$21,710,287</b>			<b>\$21,710,287</b>		<b>\$4,306,865</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS(continued)**

**Woodline Park, Extra-territorial jurisdiction of Houston (Montgomery County), HTC #03473/MRB #2003-083**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.50	\$11,625,901
<b>Adjustments</b>				
Exterior Wall Finish	3.45%		\$1.50	\$401,094
Elderly/9-Ft. Ceilings	3.00%		1.30	348,777
Roofing			0.00	0
Subfloor			(1.02)	(271,275)
Floor Cover			2.00	534,532
Porches/Balconies	\$14.32	8694	0.47	124,498
Plumbing	\$605	802	1.82	485,210
Built-In Appliances	\$1,650	252	1.56	415,800
Interior Stairs	\$900	136	0.46	122,400
Floor Insulation			0.00	0
Heating/Cooling			1.53	408,917
Garages/Carports	\$5.53	4,800	0.10	26,544
Comm &/or Aux Bldgs	\$57.91	3,702	0.80	214,374
Other:			0.00	0
<b>SUBTOTAL</b>			<b>54.02</b>	<b>14,436,771</b>
Current Cost Multiplier	1.03		1.62	433,103
Local Multiplier	0.89		(5.94)	(1,588,045)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$49.70</b>	<b>\$13,281,829</b>
Plans, specs, survy, bld prnt	3.90%		(\$1.94)	(\$517,991)
Interim Construction Interes	3.38%		(1.68)	(448,262)
Contractor's OH & Profit	11.50%		(5.71)	(1,527,410)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$40.36</b>	<b>\$10,788,166</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$13,800,000	Amort	420
Int Rate	6.75%	DCR	1.12

<b>Secondary</b>		Amort	
Int Rate		Subtotal DCR	1.10

<b>All-In</b>		Amort	
Rate		Aggregate DCR	1.10

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S N**

Primary Debt Service	\$1,029,066
Trustee Fee	3,500
TDHCA Admin. Fees Asset Oversig	17,580
<b>NET CASH FLOW</b>	<b>\$104,701</b>

<b>Primary</b>	\$13,800,000	Term	420
Int Rate	6.75%	DCR	1.12

<b>Secondary</b>		Term	
Int Rate		Subtotal DCR	1.12

<b>All-In</b>		Term	
Rate		Aggregate DCR	1.10

**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	\$2,304,732	\$2,373,874	\$2,445,090	\$2,518,443	\$2,593,996	\$3,007,153	\$3,486,114	\$4,041,362	\$5,431,252
Secondary Income	45,360	46,721	48,122	49,566	51,053	59,185	68,611	79,539	106,894
Other Support Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,350,092	2,420,595	2,493,213	2,568,009	2,645,049	3,066,337	3,554,725	4,120,901	5,538,146
Vacancy & Collection Loss	(176,256)	(181,545)	(186,991)	(192,601)	(198,379)	(229,975)	(266,604)	(309,068)	(415,361)
Developer's G & A	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$2,173,836</b>	<b>\$2,239,050</b>	<b>\$2,306,222</b>	<b>\$2,375,408</b>	<b>\$2,446,671</b>	<b>\$2,836,362</b>	<b>\$3,288,121</b>	<b>\$3,811,833</b>	<b>\$5,122,785</b>
EXPENSES at 4.00%									
General & Administrative	\$67,260	\$69,950	\$72,748	\$75,658	\$78,685	\$95,732	\$116,473	\$141,707	\$209,760
Management	108,691	111,951,6837	115,310,2342	118,769,5412	122,332,6274	141,817,0434	164,404,8217	190,590,2475	256,137,3554
Payroll & Payroll Tax	215,460	224,078	233,042	242,363	252,058	306,667	373,107	453,942	671,945
Repairs & Maintenance	93,696	97,444	101,342	105,395	109,611	133,359	162,251	197,403	292,205
Utilities	47,880	49,795	51,787	53,858	56,013	68,148	82,913	100,876	149,321
Water, Sewer & Trash	78,120	81,245	84,495	87,874	91,389	111,189	135,279	164,587	243,629
Insurance	63,000	65,520	68,141	70,866	73,701	89,669	109,096	132,731	196,475
Property Tax	226,800	235,872	245,307	255,119	265,324	322,807	392,744	477,833	707,310
Reserve for Replacements	63,000	65,520	68,141	70,866	73,701	89,669	109,096	132,731	196,475
Other	55,082	57,285	59,577	61,960	64,438	78,399	95,384	116,049	171,782
<b>TOTAL EXPENSES</b>	<b>\$1,018,989</b>	<b>\$1,058,662</b>	<b>\$1,099,889</b>	<b>\$1,142,731</b>	<b>\$1,187,253</b>	<b>\$1,437,455</b>	<b>\$1,740,746</b>	<b>\$2,108,451</b>	<b>\$3,095,040</b>
<b>NET OPERATING INCOME</b>	<b>\$1,154,847</b>	<b>\$1,180,389</b>	<b>\$1,206,333</b>	<b>\$1,232,677</b>	<b>\$1,259,418</b>	<b>\$1,398,907</b>	<b>\$1,547,374</b>	<b>\$1,703,382</b>	<b>\$2,027,745</b>
DEBT SERVICE									
First Lien Financing	\$1,029,066	\$1,029,066	\$1,029,066	\$1,029,066	\$1,029,066	\$1,029,066	\$1,029,066	\$1,029,066	\$1,029,066
Trustee Fee	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
TDHCA Admin. Fees Asset Ov	17,580	17,479	17,372	17,257	17,133	16,376	15,316	3,780	3,780
<b>NET CASH FLOW</b>	<b>\$104,701</b>	<b>\$130,343</b>	<b>\$156,396</b>	<b>\$182,855</b>	<b>\$209,719</b>	<b>\$349,965</b>	<b>\$499,492</b>	<b>\$667,036</b>	<b>\$991,400</b>
AGGREGATE DCR	1.10	1.12	1.15	1.17	1.20	1.33	1.48	1.64	1.96
BONDS & TRUSTEE FEE-ONLY	1.12	1.14	1.17	1.19	1.22	1.35	1.50	1.65	1.96

**LIHTC Allocation Calculation - Woodline Park, Extra-territorial jurisdiction of Houston (Montgom**

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	\$1,288,867	\$1,288,867		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,890,001	\$1,890,001	\$1,890,001	\$1,890,001
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$10,404,238	\$10,788,166	\$10,404,238	\$10,788,166
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$245,885	\$245,885	\$245,885	\$245,885
Contractor profit	\$737,654	\$737,654	\$737,654	\$737,654
General requirements	\$737,654	\$737,654	\$737,654	\$737,654
<b>(5) Contingencies</b>				
	\$417,624	\$417,624	\$417,624	\$417,624
<b>(6) Eligible Indirect Fees</b>				
	\$927,056	\$927,056	\$927,056	\$927,056
<b>(7) Eligible Financing Fees</b>				
	\$754,539	\$754,539	\$754,539	\$754,539
<b>(8) All Ineligible Costs</b>				
	\$1,639,345	\$1,639,345		
<b>(9) Developer Fees</b>			\$2,417,198	
Developer overhead		\$272,609		\$272,609
Developer fee	\$2,417,424	\$2,144,815		\$2,144,815
<b>(10) Development Reserves</b>				
	\$250,000	\$463,219		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$21,710,287</b>	<b>\$22,307,434</b>	<b>\$18,531,848</b>	<b>\$18,916,003</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>\$18,531,848</b>	<b>\$18,916,003</b>
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$18,531,848</b>	<b>\$18,916,003</b>
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$18,531,848</b>	<b>\$18,916,003</b>
Applicable Percentage			3.56%	3.56%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$659,734</b>	<b>\$673,410</b>

<b>Syndication Proceeds</b>	<b>0.8092</b>	<b>\$5,338,500</b>	<b>\$5,449,164</b>
<b>Total Credits (Eligible Basis Method)</b>		<b>\$659,734</b>	<b>\$673,410</b>
<b>Syndication Proceeds</b>		<b>\$5,338,500</b>	<b>\$5,449,164</b>
<b>Requested Credits</b>		<b>\$659,796</b>	
<b>Syndication Proceeds</b>		<b>\$5,339,003</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,910,287</b>	
<b>Credit Amount</b>		<b>\$977,556</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) - 2003

**MSA/County:** Houston      **Area Median Family Income (Annual):** \$59,100

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		\$ 521	\$ 625	\$ 835
2	23,850	28,620	38,150	1-Bedroom	558	670	894	55	503	615	839
<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>65</b>	<b>605</b>	<b>739</b>	<b>1,007</b>
4	29,800	35,760	47,700	3-Bedroom	775	930	1,240	77	698	853	1,163
5	32,200	38,640	51,500	4-Bedroom	863	1,036	1,382		863	1,036	1,382
6	34,550	41,460	55,300	5-Bedroom	953	1,144	1,525		953	1,144	1,525
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) \$32,160 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 Woodline Townhomes

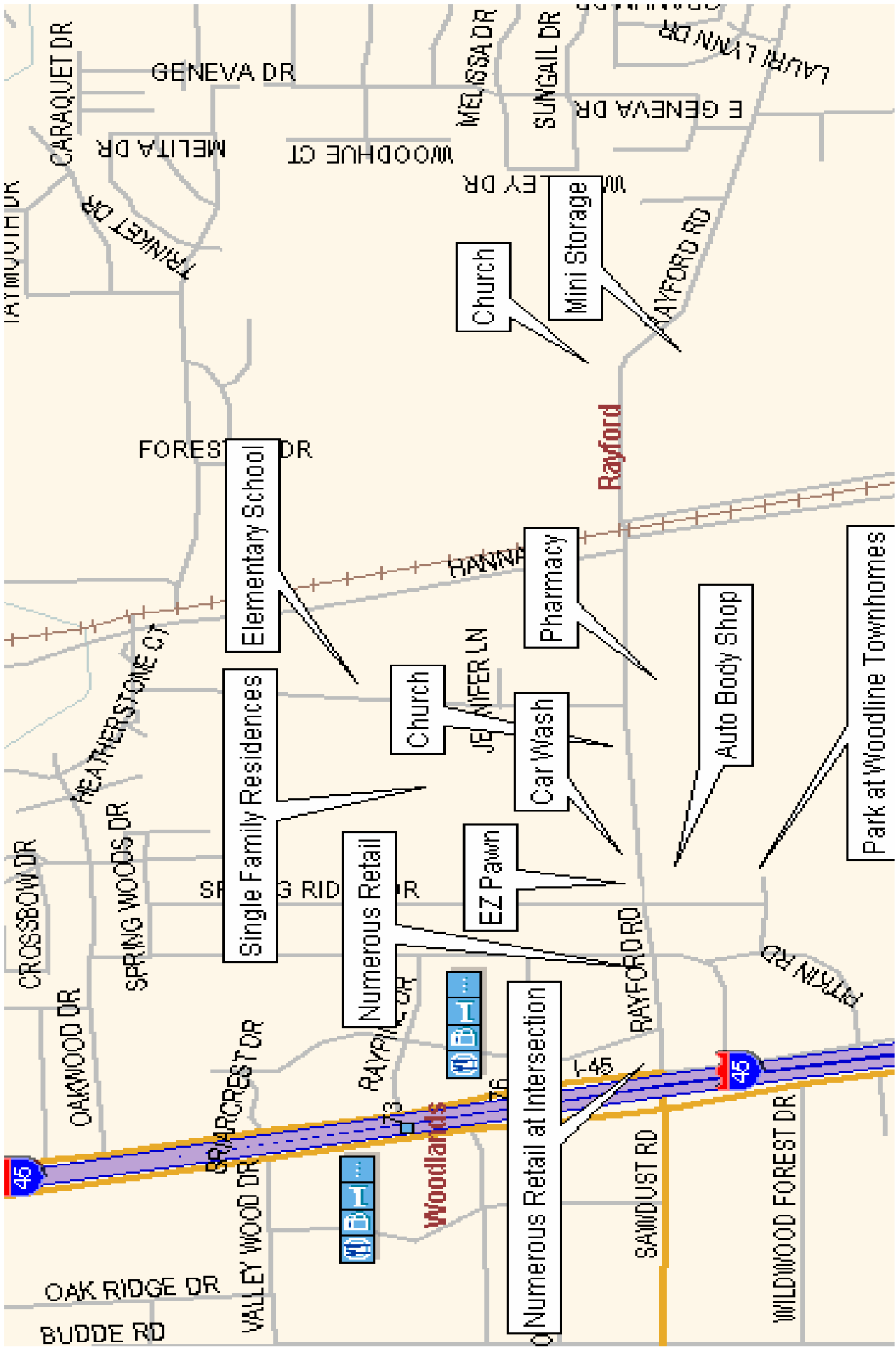
### RESULTS & ANALYSIS:

**Tenants** in the 60% AMFI bracket will **save \$165 to \$355** per month (leaving 6.9% to 11.5% more of their monthly income for food, child care and other living expenses).  
This is a monthly savings off the market rents of **21.2% to 29.4%**.

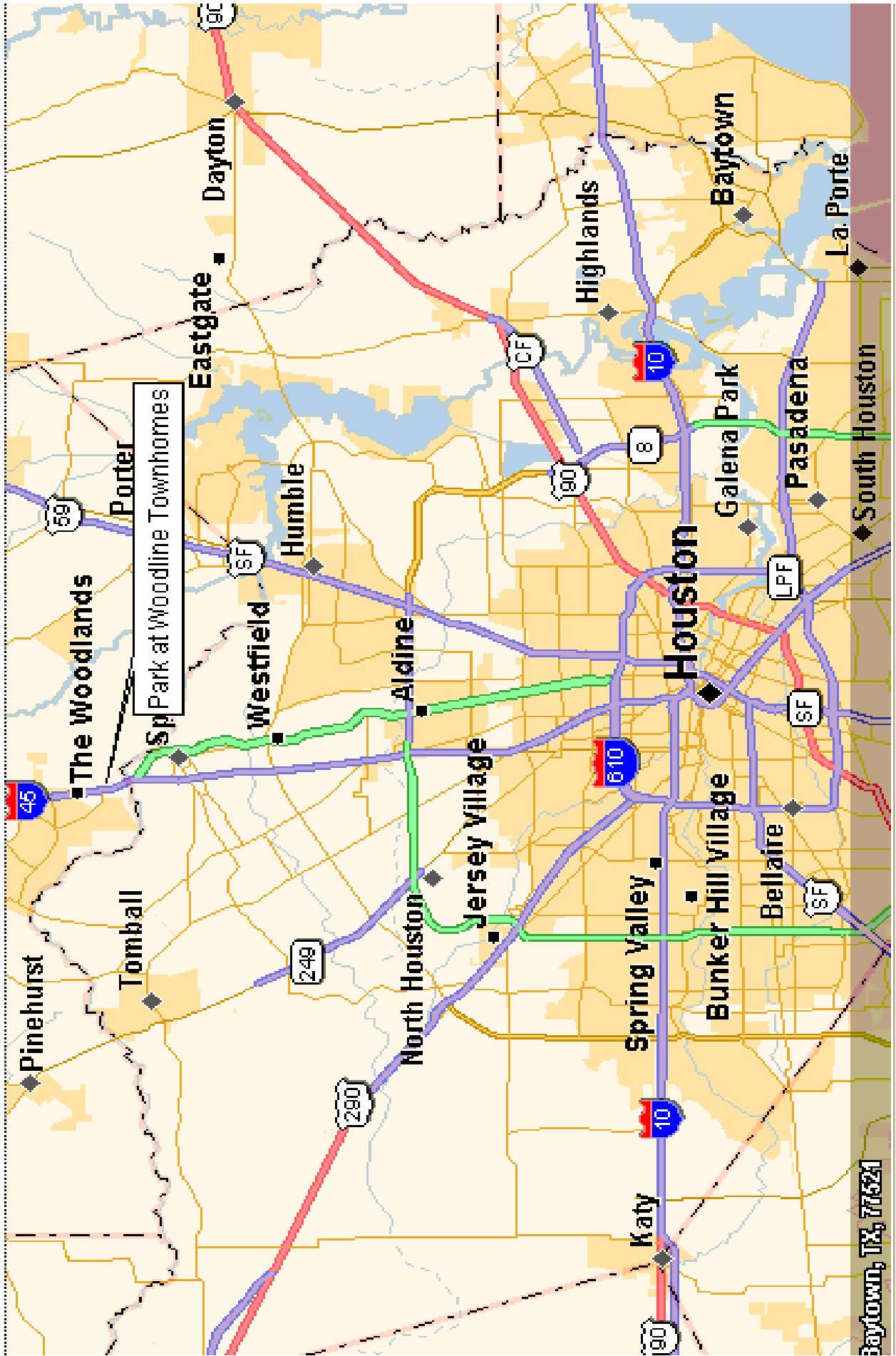
<b>PROJECT INFORMATION</b>				
<b>Unit Mix</b>				
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom	
Square Footage	788	1,063	1,162	
Rents if Offered at Market Rates	\$780	\$946	\$1,208	
Rent per Square Foot	\$0.99	\$0.89	\$1.04	

<b>SAVINGS ANALYSIS FOR 60% AMFI GROUPING</b>				
Rent Cap for 60% AMFI Set-Aside	\$615	\$739	\$853	
<b>Monthly Savings for Tenant</b>	<b>\$165</b>	<b>\$207</b>	<b>\$355</b>	
Rent per square foot	\$0.78	\$0.70	\$0.73	
Maximum Monthly Income - 60% AMFI	\$2,385	\$2,680	\$3,100	
<b>Monthly Savings as % of Monthly Income</b>	<b>6.9%</b>	<b>7.7%</b>	<b>11.5%</b>	
<b>% DISCOUNT OFF MONTHLY RENT</b>	<b>21.2%</b>	<b>21.9%</b>	<b>29.4%</b>	

**Market information provided by:** Patrick O'Conner & Associates, L.P., 2000 North Loop West, Suite 110, Houston, Texas 77018. Report dated December 12, 2003.







Baytown, TX, 77521

# Developer Evaluation

Project ID # **03473**

Name: **Woodline Park Apartments**

City:

LIHTC 9%  LIHTC 4%  HOME  BOND  HTF  SECO  ESGP  Other

No Previous Participation in Texas  Members of the development team have been disbarred by HUD

National Previous Participation Certification Received:  N/A  Yes  No

Noncompliance Reported on National Previous Participation Certification:  Yes  No

## Portfolio Management and Compliance

Projects in Material Noncompliance: No  Yes  # of Projects: 0  
Total # of Projects monitored: 6 Projects grouped by score 0-9 6 10-19 0 20-29 0  
Total # monitored with a score less than 30: 6 # not yet monitored or pending review: 4

## Program Monitoring/Draws

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

## Asset Management

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Sara Carr Newsom Date February 02, 2004

## Multifamily Finance Production

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by S Roth Date 1/27/2004

## Single Family Finance Production

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Community Affairs

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Office of Colonia Initiatives

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Real Estate Analysis (Cost Certification and Workout)

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Loan Administration

Not applicable  No delinquencies found  Delinquencies found   
Delinquencies found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Stephanie D'Couto Date 1/30/2004

Executive Director: \_\_\_\_\_

Executed: \_\_\_\_\_

# Status Summary

**Project ID#** 03473

**Name:** Woodline Park Apartments

**City**

LIHTC 9     LIHTC 4

HOME     HTF

Bond     SEC

ESGP     Other

Developer	Role	Disbar
Woodline Park Apartments Limited Partne	Owner/Applicant Name	<input type="checkbox"/>
TCR Woodline Park Partners Limited Pa	General Partner (.01%)	<input type="checkbox"/>
TCR 2003 Housing, Inc.	Corporate General Partner (	<input type="checkbox"/>
J. Ronald Terwilliger	Director/ V.P. (51% Owner	<input type="checkbox"/>
Kenneth J. Valach	Director/Pres/Sec/Treasure	<input type="checkbox"/>
Christopher J. Bergmann	Vice President	<input type="checkbox"/>
Scott C. Wise	Vice President	<input type="checkbox"/>
John Zeledon	Vice President	<input type="checkbox"/>
R. Brent Stewart	Vice President	<input type="checkbox"/>
		<input type="checkbox"/>

## Projects/Contracts Monitored by the Department

Program	Project ID	Project Name	Score
LIHTC/BO	99003T/MF024	Mayfield Park	03
LIHTC	99017T	Parks @ Fort Bend	04
LIHTC	99018T	Collinwood Village Apartments	01
LIHTC	99161	Parkview Gardens	0
LIHTC/BO	00037T/MF037	Collingham Park	N/A
LIHTC/BO	00036T/MF033	Highland Meadow Village Apartm	01
LIHTC/BO	02463/MF065	North Vista Apartments	N/A

## Status Summary

LIHTC/BO	03401/20031	West Virginia Apartments	N/A
LIHTC/BO	01452/MF047	Parks @ Fallbrook	N/A
LIHTC	00058	Parks @ Windwood Lakes (aka Wi	0

**Out of State Response Received:** Yes

**Non-Compliance Reported** No

**Completed By:** Jo En Taylor

**Date:** 1/26/2004

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Division

## Public Comment Summary

### Park at Woodline Townhomes

#### Public Hearing

<i>Total Number Attended</i>	2
<i>Total Number Opposed</i>	0
<i>Total Number Supported</i>	2
<i>Total Number Neutral</i>	0
<i>Total Number that Spoke</i>	0

#### Public Officials Letters Received

<i>Opposition</i>	0
<i>Support</i>	0

#### General Public Letters and Emails Received

<i>Opposition</i>	0
<i>Support</i>	0

#### Summary of Opposition

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

WOODLINE TOWNHOMES

PUBLIC HEARING

Ford Elementary School  
25460 Richard Road  
Spring, Texas

January 15, 2004  
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator

P R O C E E D I N G S

MS. MEYER: Good evening. My name is Robbye Meyer. I'd like to proceed with the public hearing. Let the record show that it is 6:10 on Thursday, January 15. We are at the Ford Elementary School located at 25460 Richard Road in Spring, Texas 77386.

I'm here to conduct the 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 community. This 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 development will be made at this hearing. The Department's board is scheduled to meet to consider the transaction on February 11, in Dallas, Texas. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at their meeting. The Department staff will also accept written comments via facsimile at 512-475-0764, up until 5:00 on January 30, 2004.

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 the 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 Woodline Park Apartments Limited Partnership, or related person, or affiliate entity thereof, to finance a portion of the cost of acquiring, constructing, and equipping a multifamily rental housing community described as follows:

252 unit multifamily residential rental development to be constructed on approximately 18.48 acres of land located at the end of Woodline Drive, approximately 1/4 mile east of the intersection of Spring Ridge Drive and Woodline Drive, Spring, Montgomery County, Texas.

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

Let the record show that there are no attendees. Therefore, the meeting is now adjourned. The time is now 6:12.

(Whereupon, at 6:12 p.m., the hearing was adjourned.)



C E R T I F I C A T E

MEETING OF: Texas Department of Housing and Community  
Affairs

LOCATION: Spring, Texas

DATE: January 15, 2003

I do hereby certify that the foregoing pages,  
numbers 1 through 4, inclusive, are the true, accurate,  
and complete transcript prepared from the verbal recording  
made by electronic recording by Sue Brindley.

1/29/2004  
(Transcriber) (Date)

On the Record Reporting, Inc.  
3307 Northland, Suite 315  
Austin, Texas 78731



[WWW.TDHCA.STATE.TX.US](http://WWW.TDHCA.STATE.TX.US)

**REQUEST FOR BOARD APPROVAL  
Multifamily Finance Production**

**Multifamily Housing Mortgage Revenue Refunding Bonds Series 2004**

**Meadow Ridge Apartments  
2501 Louis Henna Boulevard  
Round Rock, Texas  
Round Rock Meadows, Ltd.  
232 Units**

**\$12,950,000 Tax Exempt – Series 2004**

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**TABLE OF EXHIBITS**

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<b>TAB 1</b>	<b>TDHCA Board Presentation</b>
<b>TAB 2</b>	<b>Bond Resolution</b>
<b>TAB 3</b>	<b>Sources &amp; Uses of Funds Estimated Cost of Issuance</b>
<b>TAB 4</b>	<b>Department's Real Estate Analysis</b>
<b>TAB 5</b>	<b>Development Location Maps</b>
<b>TAB 6</b>	<b>TDHCA Compliance Summary Report</b>
<b>TAB 7</b>	<b>Public Input and Hearing Transcript (September 25, 2003)</b>

**BOARD APPROVAL  
MEMORANDUM  
February 11, 2004**

**DEVELOPMENT:**

Meadow Ridge Apartments, Round Rock, Williamson County, Texas

**PROGRAM:**

Texas Department of Housing & Community Affairs  
Multifamily Housing Mortgage Revenue Refunding Bonds Series 2004

**BACKGROUND:**

On December 18, 1997, the Department issued Multifamily Housing Revenue Bonds Series 1997 (Meadow Ridge Apartments Project), in the aggregate principal amount of \$13,575,000 (the "1997 Bonds") in order to finance the costs of acquiring, constructing, and equipping a multifamily rental housing development located in Round Rock Texas, as further described herein (the "Development"). The 1997 Bonds are credit enhanced by FNMA, carry an AAA rating, accrue interest at a fixed rate of 5.05% or 5.55% (depending on maturity) and are amortized over 30 years. Of the total 232 units in the Project, 95 or 40% of the units are income and rent restricted with the balance of the units at market rate. Round Rock and the surrounding Austin apartment market have suffered from an oversupply of Class A apartment developments, job losses in the high tech industry, and a flight of apartment tenants to single family home ownership. Occupancy and rental rates, especially market rate properties, have plummeted. The Development has not been able to generate sufficient cash flow to pay existing debt service. The Borrower proposes to refund the 1997 Bonds with an issuance of new bonds (the "Bonds") with a variable rate of interest, credit enhanced with a letter of credit from the Provident Bank and additionally secured by a standby letter of credit from the Federal Home Loan Bank of Cincinnati, which is anticipated to provide for an AAA rating on the Bonds.

**BORROWER:**

The Borrower, and owner of the Development, is Round Rock Meadows, Ltd., a Texas limited partnership (the "Borrower"). The 1% sole general partner of the Borrower was Round Rock Meadows I, Ltd., a Texas limited partnership. The sole general partner of Round Rock Meadows I, Ltd. was Round Rock Meadows II, Inc., a Florida corporation. The 99% sole Limited Partners is Provident Tax Credit Fund IV LLC ("Fund IV", the "Fund"), the successor of interests of Banc One Tax Credit Fund IV, Ltd., the equity provider. Following the payment default of the original general partner in April 2003, the Fund effectively removed the original general partner from its general partner authority in May 2003 and is presently securing a formal withdrawal of the original general partner from the Borrower. The acting general partner of the Borrower is Meadow Ridge Partners, LLC, an affiliate of The Provident Bank. The Provident Bank is a Cincinnati, Ohio based commercial lending bank publicly traded on NASDAQ (symbol "PFGI").

**ACTION  
REQUESTED:**

Approve the issuance of the Bonds by the Texas Department of Housing and Community Affairs (the "Department") in order to refund the 1997 Bonds. 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 the Borrower to refund the 1997 Bonds and refinance the Development, which consists of an existing, 232 unit multifamily residential rental development located in Round Rock, Texas, as further described herein (the "Development"). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental development.

**BOND AMOUNT:**

\$12,950,000\* Tax Exempt Bonds

(\* ) The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, and the amount for which Bond Counsel can deliver its Bond Opinion. \$12,950,00 represents the maximum amount of Bonds that may be issued.

**ANTICIPATED  
CLOSING DATE:**

The Department anticipates the closing date to be March 30, 2004.

**COMPLIANCE  
HISTORY:**

The Compliance Status Summary completed on October 9, 2003 reveals that the principals of the general partner above have a total of ten (11) 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:**

Red Capital Markets, Inc. ("Underwriter")  
Red Mortgage Capital, Inc. ("Servicer")  
J.P. Morgan Trust Company, N.A. (as successor to Bank One Texas, NA) ("Trustee")  
Vinson & Elkins L.L.P. ("Bond Counsel")  
RBC Dain Rauscher, Inc. ("Financial Advisor")  
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)

**BOND PURCHASER:**

The Bonds initially will be purchased by the Underwriter and will be publicly offered by the Underwriter on or about March 25, 2004.

**DEVELOPMENT  
DESCRIPTION:**

The Development is a 232-unit multifamily residential rental development constructed on approximately 18.42 acres of land in Williamson County, at 2501 Louis Henna Boulevard, Round Rock, Texas 78664. The site density is 12.59 dwelling units per acre. The Development consist of ten two and three story buildings with a total of 243,592 net rentable square feet and an average unit size of 1,311 square feet. Unit sizes range from 700 to 1,395 square feet. The property has a leasing office/clubhouse, a recreation/community room with public restrooms a laundry room, a maintenance building, a swimming pool , fenced in playground area with equipment, a picnic

area, basketball and volleyball courts, and perimeter fencing and with limited access gates. .

Units	Unit Type	S.F.	M. Rent	P. Rent
28	1-Bedroom/1-Bath	700	\$530.00	\$800.00
108	2-bedrooms/2-Baths	1002	\$660.00	\$960.00
72	3-Bedrooms/2-Baths	1143	\$810.00	\$1,109.00
24	4-Bedrooms/2-Baths	1395	\$ 960.00	\$1,237.00
232	Total Units			

**SET-ASIDE UNITS:**

For Bond covenant purposes, at least forty (40%) of the residential units in the Development will be occupied or held vacant and available for occupancy by persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in the Development 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 at least 40% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income for a family whose income equals sixty percent (60%) of the area median income, adjusted for family size.

**TENANT SERVICES:**

Borrower has contracted with Texas Inter-Faith Management Corporation Good Neighbor (TIMC). TIMC is a nonprofit organization chartered in 1997, expanding the work that Texas Inter-Faith Housing Corporation started in 1966, to help assure that all low to moderate-income individuals and families have access to quality, affordable housing.

**DEPARTMENT ORIGINATION FEES:**

\$1,000 Pre-Application Fee (Paid).  
 \$10,000 Application Fee (Paid).  
 \$64,750 Issuance Fee (.50% of the bond amount paid at closing).

**DEPARTMENT ANNUAL FEES:**

\$12,950 Bond Administration (0.10% of first year bond amount)  
 \$5,800 Compliance (\$25/unit/year adjusted annually for CPI)

*(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development 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:**

\$5,800 to TDHCA or assigns (\$25/unit/year adjusted annually for CPI)

**TAX CREDITS:**

The Borrower applied for and received from the Department a Determination Note for the 4% tax credit that accompanies the private activity bond allocation. The tax credit equates to \$221,280 per annum, and represents equity for the transaction. The Borrower has raised approximately \$1,785,000 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 Project revenues.

The Mortgage Loan will be secured by a Deed of Trust and other security instruments on the Development. The Mortgage Loan and security instruments will be assigned to the Trustee and Red Mortgage Capital, Inc. and will become part of the Trust Estate securing the Bonds.

The Borrower will provide an equity infusion of \$600,000 to pay for costs associated with the issuance of the Bonds, and Red Mortgage Capital, Inc. will provide a second mortgage loan to the Borrower of \$633,056, which will be secured by a subordinate lien on the Project. For approximately the first three years the amount remaining after the payment of fees and before the principal reserve account will be used to retire Red Mortgage Capital’s second lien note in the amount of \$633,056. Thereafter the principal reserve account will build up based upon available cash flow and no more than 50% of available funds may be withdrawn by the applicant to pay for unforeseen expenses and fees. At the end of the 5 year period, it is anticipated that the Bonds will be converted to a fixed amortization schedule which will retire the debt over the remaining term, or the Borrower will provide an alternative credit enhancement and terms which are acceptable to the Issuer. \$550,000 will be available at the end of the 5 year period to reduce the principal balance by that amount and retire bonds in the same amount.

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.

**CREDIT ENHANCEMENT:**

The Bonds will be credit enhanced by a direct pay letter of credit from Provident Bank and will be additionally secured by a standby letter of credit from the Federal Home Loan Bank of Cincinnati which will provide an anticipated AAA rating for the Bonds. The letters of credit will also provide liquidity support in the event that remarketing proceeds are insufficient to pay the purchase price of Bonds tendered for purchase under the Trust Indenture.

**BOND INTEREST RATES:**

The Series 2004 Bonds shall initially bear interest at the Weekly Interest Rate, and may be converted to bear interest at the Reset Rate and/or the Fixed Interest Rate, as provided in the Trust Indenture.

**FORM OF BONDS:**

The Bonds will be issued and delivered to Cede & Co. in book entry form and in denominations of, during the Weekly Variable Rate Period, \$100,000 and any multiple of \$5,000 in excess thereof, or during any Reset Period or Fixed Rate Period, \$5,000 or any integral multiple of \$5,000.

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

The Bonds will bear interest at the rates set forth above and will mature no later than February 15, 2034. The Bonds will be payable from: (1) advances made by the Provident Bank or the Federal Home Loan Bank of Cincinnati under the letters of credit; and (2) earnings derived from amounts held in the Funds and Accounts or on deposit in an investment agreement. The Borrower is obligated to reimburse the Provident Bank and/or the Federal Home Loan Bank for any moneys advanced under the respective letters of credit.

**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. The Mortgage Loan provides for monthly payments of principal and interest. 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 are subject to redemption under any of the following circumstances:

**Mandatory Redemption:**

The principal and accrued interest on Bonds redeemed under the mandatory redemption provisions of the Indenture will be paid from advances under the letters of credit, at a price of 100%, in the following circumstances:

- (a) In whole or in part, to the extent that insurance proceeds from any casualty to, or condemnation award with respect to, the Development are not applied to restoration of the Development, in accordance with the provisions of the Security Instrument; or
- (b) In whole or in part, at the direction of Red Mortgage Capital, Inc. requiring that the Bonds be redeemed following any Event of Default under the Reimbursement Agreement; or
- (c) In whole or in part (i) on each Adjustment Date in an amount equal to the amount transferred from the Principal Reserve Fund on such date to the Redemption Account; and (ii) on any interest payment date, in an amount equal to the amount transferred from the Principal Reserve Fund on such Interest Payment Date to the Redemption Account as provided in the Trust Indenture.

(d) as otherwise provided in the Trust Indenture.

**Optional Redemption:**

The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower on:

- (a) any Interest Payment Date within a Weekly Variable Rate Period and on any Adjustment Date, at a redemption price of 100% of the principal amount thereof plus accrued interest to the Redemption Date;
- (b) any date within a Reset Period or Fixed Rate Period, at such redemption prices, expressed as percentages of the principal amounts of the Bonds called for redemption, plus accrued interest (if any) to the Redemption Date, as set forth in the Trust Indenture.

**Purchase of Bonds in Lieu of Redemption:**

If the Bonds are called for redemption in whole, such Bonds may be purchased in lieu of redemption upon the direction of the Borrower, Red Mortgage Capital, Inc. (or the standby letter of credit provider), with the consent of the Issuer and Red Mortgage Capital, Inc. (or the standby letter of credit provider). The purchase price such Bonds will equal the principal amount, accrued interest, and redemption premium, if any, that would have been payable on such Bonds on the Redemption Date. The Bonds will also be subject to mandatory purchase in lieu of redemption, in whole, on a date not later than five days after the date on which the letter of credit provider wrongfully fails to honor a properly presented and conforming draw on the letter of credit.

**FUNDS AND  
ACCOUNTS/FUNDS  
ADMINISTRATION:**

Under the Trust Indenture, J.P. Morgan Trust Company, N.A. (as successor to Bank One, N.A.) (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") will serve as securities depository for the Bonds. The Bonds will be issued as fully registered securities.

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 the following Funds and Accounts:

- 1. Loan Fund –Fund into which Bond proceeds to be deposited, and disbursed to prepay the Prior Loan and refund the 1997 Bonds.
- 2. The Revenue Fund; and within the Revenue Fund the following accounts: the Interest Account, the Credit Facility Account, the



Redemption Account, and the Fees Account.

Interest Account will be funded by Borrower payments relating to interest under the Note; investment income on certain Funds and Accounts, and will be disbursed to pay on each interest payment date or redemption date, to Red Mortgage Capital, Inc., the amount of any advance under the letter of credit relating to the payment of interest on the Bonds (or, in the event of a Wrongful Dishonor, to the Bondholders in the amount equal to interest due on the Bonds). Redemption Account will be funded by Borrower payments relating to premium or principal under the Note and disbursed to Red Mortgage Capital, Inc. (or the standby letter of credit provider), the amount of any advance under the letter of credit relating to the payment of principal on the Bonds (or, in the event of a Wrongful Dishonor, to the Bondholders in the amount equal to principal due on the Bonds), and the amount of any premium due in connection with a redemption. Credit Facility Account will be funded from advances made under the letters of credit, and disbursed on the date payment is due for the purpose the advance was made. Fees Account will be funded from payments by the Borrower due under the Financing Agreement for expenses of the Issuer, Trustee, Tender Agent, Remarketing Agent, and Rebate Analyst.

3. Costs of Issuance Fund – Fund into which funds from the Borrower deposited at closing to cover the costs of issuance of this transaction.
4. 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.
5. Bond Purchase Fund—Funded from proceeds of remarketing of the tendered Bonds and from advances under the letters of credit made to enable the Trustee to pay the purchase price of tendered Bonds, as needed. Disbursed to pay the purchase price of tendered Bonds.
6. Principal Reserve Fund—Funded from monthly payments by the Borrower or Red Mortgage Capital in accordance with the Reimbursement Agreement, and from investment income on the fund. Disbursed to pay any reimbursements due to Red Mortgage Capital, Inc., to repay any unreimbursed advances under the letters of credit, to pay any amounts required to be paid by the Borrower under the Bond Documents or Loan Documents, to pay for improvements or repairs to the Project, or to pay for any use approved by Red Mortgage Capital, Inc., subject to certain conditions and limitations.

**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 June 23, 2003. 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 - J.P. Morgan Trust Company, N.A. (as successor to Bank One, N.A.) was selected as bond trustee by the Department pursuant to a request for proposal 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. 04-012

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING MORTGAGE REVENUE REFUNDING BONDS (MEADOW RIDGE APARTMENTS PROJECT) SERIES 2004; 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 Department heretofore has issued its Multifamily Housing Revenue Bonds Series 1997 (Meadow Ridge Apartments Project ) in the original aggregate principal amount of \$13,575,000 (the "Prior Bonds"), the proceeds of which were loaned to Round Rock Meadows, Ltd., a Texas limited partnership (the "Borrower") to provide financing for the acquisition, construction and equipping of a multifamily residential rental housing project located in Round Rock, Texas and described on Exhibit A attached hereto (the "Project"), all in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Variable Rate Demand Multifamily Housing Mortgage Revenue Refunding Bonds (Meadow Ridge Apartments Project) Series 2004 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and J.P. Morgan Trust Company, N.A. (in its capacity as trustee for the Bonds, the "Trustee"), for the purpose of obtaining funds to refund the Prior Bonds and

refinance the Project, 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 (the "Loan") to the Borrower to prepay the outstanding balance of the mortgage loan relating to the Prior Bonds and thereby refund in full the Prior Bonds and to provide refinancing for the Project, all in accordance with the Constitution and the laws of the State of Texas; and

WHEREAS, it is anticipated that the Borrower and J.P. Morgan Trust Company, N.A., in its capacity as escrow agent, will execute and deliver a Bond Fund Escrow Agreement (the "Escrow Agreement") pursuant to which provision will be made for the safekeeping, investment, reinvestment, administration and disposition of the proceeds of the Bonds used to pay the interest on, principal of and redemption price of the Prior Bonds; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make the Loan to the Borrower to enable the Borrower to refinance the Project and pay 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 Financing Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Deed of Trust") from the Borrower for the benefit of the Department and Red Mortgage Capital, Inc. (the "Credit Arranger"); and

WHEREAS, the Department's interest in the Loan, including the Note and the Deed of Trust, will be assigned to the Trustee and the Credit Arranger, as their interests may appear, pursuant to an Assignment and Intercreditor Agreement (the "Assignment") from the Department to the Trustee and the Credit Arranger, as their interests may appear; and

WHEREAS, the Board has determined that the Department will enter into a Bond Purchase Agreement (the "Purchase Agreement") with the Borrower and Red Capital Markets, Inc. (the "Underwriter") with respect to the sale of the Bonds; and

WHEREAS, the Board has determined that, in order to assure compliance with Section 142(d) of the Code, the Department will require the Borrower to enter into an Amended and Restated 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 the county in which the Project is located; and

WHEREAS, it is anticipated that credit enhancement for the Loan will be provided for initially by a direct pay letter of credit/Credit Enhancement Instrument (the "Credit Facility") issued by The Provident Bank to the Trustee, and the Board desires to accept such Credit Facility; and

WHEREAS, it is anticipated that The Provident Bank's obligations under the Credit Facility will be backed by a standby letter of credit (the "Standby Letter of Credit") issued by the Federal Home Loan Bank of Cincinnati to the Trustee, and the Board desires to accept such Standby Letter of Credit; and

WHEREAS, the Board has determined that the Department, the Trustee, the Credit Arranger, and the Borrower will enter the Assignment, which will outline the interests of the various parties with respect to the Loan, Indenture, Financing Agreement, Deed of Trust and Regulatory Agreement; 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 Bonds of an Official Statement (the "Official Statement") and to deem the 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 Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, in connection with the preparation of the Official Statement, the Department has furnished the information to the underwriter set forth in such offering documents concerning the Department under the captions "The Issuer" and "Absence of Litigation—The Issuer" (as it relates to the Department), and the Board now desires to authorize the use of such information in Official Statement; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Escrow Agreement, the Financing Agreement, the Assignment, the Regulatory Agreement, the Purchase Agreement, the Asset Oversight Agreement, and the Official Statement, 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 (to the extent such recitals relate to the Department); and has determined, subject to the conditions set forth in Section 1.15 below, 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 the Chair or Vice Chairman of the Governing Board or the Executive Director of the Department (i) are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rates (as determined by the Remarketing Agent (as defined in the Indenture)), principal amounts and maturities of, and the prices at which the Department will sell to the Underwriter, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chairman of the Governing Board or the Executive Director of the Department of the Indenture, the Purchase Agreement and the Official Statement; provided, however, that: (a) the aggregate principal amount of the Bonds shall not exceed \$12,950,000; (b) the final maturity of the Bonds shall occur not later than February 15, 2034; (c) the price at which the Bonds are sold to the Underwriter shall not exceed the principal amount thereof; and (d) the Underwriter's fee shall not exceed the amount approved by the Texas Bond Review Board.

Section 1.3--Approval, Execution and Delivery of the Indenture and the Escrow Agreement. That the form and substance of the Indenture and the Escrow 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 Indenture and the Escrow Agreement and to deliver the Indenture to the Trustee and deliver the Escrow Agreement to the escrow agent named therein.

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, in substantially the form attached hereto, 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 Deed of Trust, the Note, the Credit Facility and Standby Letter of Credit. That the Deed of Trust, the Note, the Credit Facility, and the Standby Letter of Credit are hereby accepted by the Department.

Section 1.6--Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment is 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 Assignment and to deliver the Assignment to the Trustee and the Credit Arranger.

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 Underwriter.

Section 1.8--Official Statement Deemed Final. That the Official Statement is deemed to be “final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Section 1.9--Approval, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution in connection with the offering of the Bonds in substantially the form presented to the Board, in accordance with the terms, conditions and limitations contained therein, are hereby approved, ratified, confirmed and authorized, subject to such amendments or additions thereto as may be approved from time to time by the Authorized Representatives (as defined below) upon the advice of Bond Counsel to the Department, such approval to be conclusively evidenced by the distribution of the Official Statement and subject to receipt of evidence satisfactory to the financial advisor regarding the rating on the Bonds and evidence satisfactory to Bond Counsel regarding certain tax compliance matters; that such Authorized Representatives each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; 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 an Authorized Representative upon the advice of Bond Counsel to the Department.

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 – Escrow Agreement
- Exhibit D – Financing Agreement
- Exhibit E – Regulatory Agreement
- Exhibit F – Assignment and Intercreditor Agreement
- Exhibit G – Purchase Agreement
- Exhibit H – Official Statement
- Exhibit I – Asset Oversight 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 persons holding the following offices or titles are each hereby named as authorized representatives (the "Authorized Representatives") of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair or Vice Chairman of the Board, Executive Director of the Department, Acting 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 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 or the Acting 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 notice of intention to issue bonds and 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 refinancing 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--Ratifying Other Actions. That all other actions taken by the Executive Director or Acting Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the refinancing 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 refinancing 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 refinancing of the Project is a public purpose and will provide a public benefit, and

(iii) 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 has supplied and will continue to 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 refinance 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 refinancing 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 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 Section 35, 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, 2004.

By: /s/ Elizabeth Anderson  
Elizabeth Anderson, Chair

Attest: /s/ Delores Groneck  
Delores Groneck, Secretary

[SEAL]

EXHIBIT A  
DESCRIPTION OF PROJECT

**Meadow Ridge**

Owner: Round Rock Meadows, Ltd., a Texas limited partnership

Project: The Project is a 232 unit multifamily facility located at 2501 Louis Henna Blvd. in Round Rock, Williamson County, Texas. The Project includes a total of 10 two and three story residential apartment buildings with a total of 243,592 net rentable square feet. The unit mix consists of:

- 24 four-bedroom-two bath units
- 72 three-bedroom-two bath units
- 108 two-bedroom-two bath units.
- 28 one-bedroom one-bath units

232 Total Units

Unit sizes range from approximately 700 square feet to approximately 1,395 square feet.

Common areas include a swimming pool, a community center, basketball and volleyball courts, playground and picnic areas, and approximately 595 parking spaces.

## Meadow Ridge Apartments

### Estimated Sources & Uses of Funds

#### Sources of Funds

Series 2004 Bond Refunding Proceeds Tax-Exempt	\$ 12,855,000
Cash Held in Existing Indenture	82,012
RMC Subordinate Loan	601,532
Previous Equity Advance	100,677
Total Equity Advance	523,072
<b>Total Sources</b>	<b>\$ 14,162,293</b>

#### Uses of Funds

Retire 1997 Bonds Par	\$ 12,855,000
Retire 1997 Bonds - Accrued Interest 59098	59,098
Costs of Issuance	
Direct Bond Related	391,325
Bond Purchaser Costs	397,688
Other Transaction Costs	179,130
Real Estate Closing Costs	280,052
<b>Total Uses</b>	<b>\$ 14,162,293</b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (0.50% of Issuance)	\$ 64,275
TDHCA Application Fee	\$ 10,000
TDHCA Bond Counsel and Direct Expenses (Note 1)	75,000
TDHCA Financial Advisor and Direct Expenses	50,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	5,000
Bond Review Board Fee	3,750
Borrower's Bond Counsel	15,000
Underwriter Fee	128,550
Underwriter Counsel & Expense	17,500
Trustee's Fees (Note 1)	5,000
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	1,250
TEFRA Hearing Publication Expenses	2,500
Rating Agency Fee	10,000
Official Statement Printing and Mailing	3,500
<b>Total Direct Bond Related</b>	<b>\$ 391,325</b>

#### Bond Purchase Costs

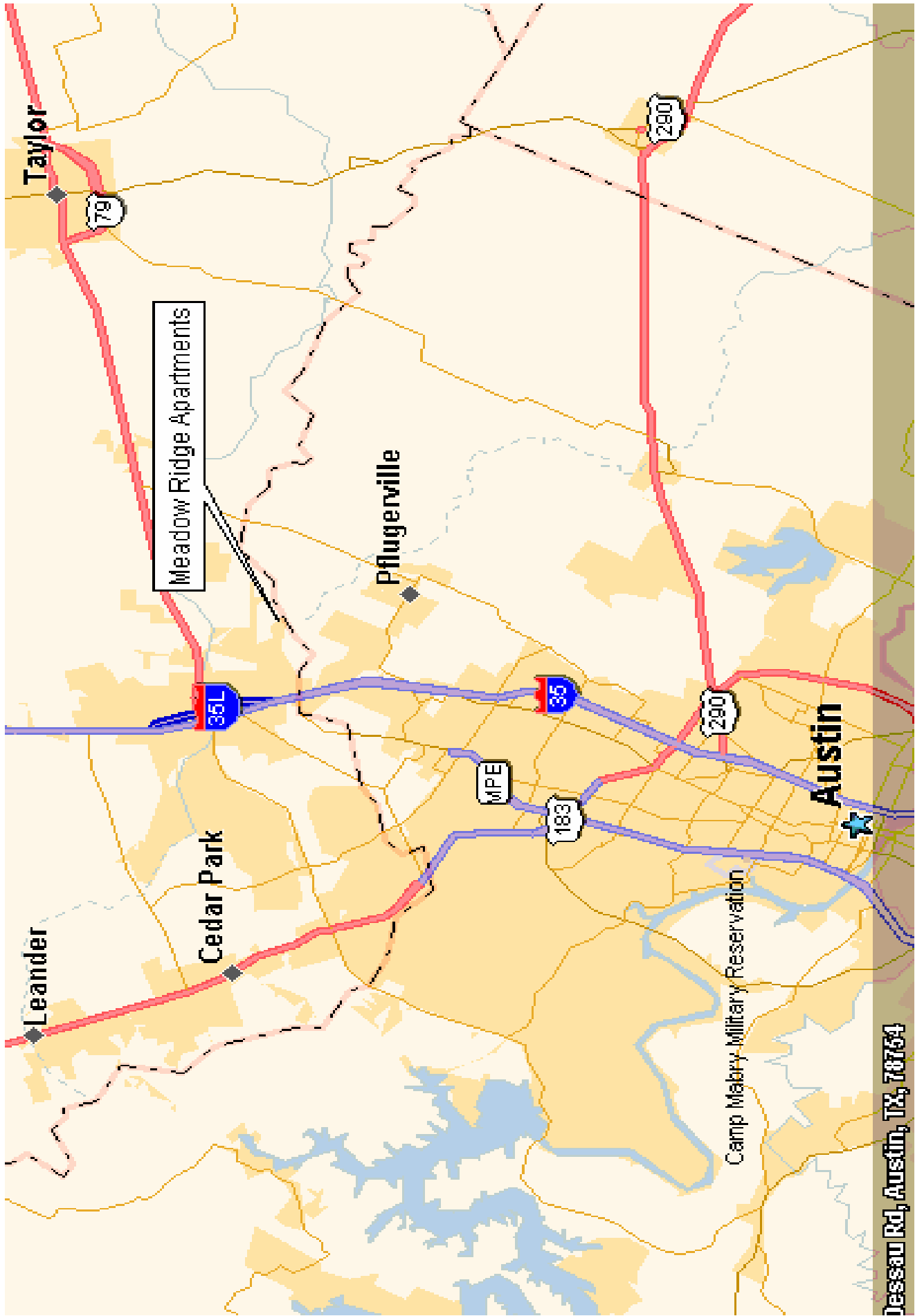
Lender's Origination Fee	\$ 128,550
Lender Costs/Expenses	10,000
Lender Counsel	2,000
Permanent Lender Counsel	30,000
Special Servicer Fee	130,674
Special Servicer Fee	38,113
Accrued, yet unpaid Servicing Fee	58,351

## Meadow Ridge Apartments

<b>Total</b>	<u><u>\$ 397,688</u></u>
<b>Other Transaction Costs</b>	
Accrued Unpaid Issuer Admin Fee	17,448
Accrued Unpaid Issuer Compliance Fee	6,960
Accrued Unpaid Asset Oversight Fee	26,172
Interest Rate Cap	128,550
<b>Total</b>	<u><u>\$ 179,130</u></u>
<b>Real Estate Closing Costs</b>	
Title & Recording (Const.& Perm.)	15,000
Property Taxes	60,959
Insurance Escrow	47,616
Note Payable Accrued and Previously Paid	100,677
Replacement Repair	55,800
<b>Total Real Estate Costs</b>	<u><u>\$ 280,052</u></u>
<b>Estimated Total Costs of Issuance</b>	<u><u>\$ 1,248,195</u></u>

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.



Meadow Ridge Apartments

Dessau Rd, Austin, TX, 78754



# Developer Evaluation

Project ID # **97-08T**

Name: **Meadow Ridge Apartments**

City: **Round Rock**

LIHTC 9%  LIHTC 4%  HOME  BOND  HTF  SECO  ESGP  Other

No Previous Participation in Texas  Members of the development team have been disbarred by HUD

National Previous Participation Certification Received:  N/A  Yes  No

Noncompliance Reported on National Previous Participation Certification:  Yes  No

## Portfolio Management and Compliance

Projects in Material Noncompliance: No  Yes  # of Projects: 0  
Total # of Projects monitored: 0 Projects grouped by score 0-9 0 10-19 0 20-29 0  
Total # monitored with a score less than 30: 0 # not yet monitored or pending review: 0

## Program Monitoring/Draws

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

## Asset Management

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Sara Carr Newsom Date September 24, 2003

## Multifamily Finance Production

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Single Family Finance Production

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Community Affairs

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by EEF Date 9/24/2003

## Office of Colonia Initiatives

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Real Estate Analysis (Cost Certification and Workout)

Not applicable  Review pending  No unresolved issues  Unresolved issues found   
Unresolved issues found that warrant disqualification (Additional information/comments must be attached)

Reviewed by \_\_\_\_\_ Date \_\_\_\_\_

## Loan Administration

Not applicable  No delinquencies found  Delinquencies found   
Delinquencies found that warrant disqualification (Additional information/comments must be attached)

Reviewed by Stephanie Stuntz Date 9/24/2003

Executive Director: \_\_\_\_\_

Executed: \_\_\_\_\_

# Status Summary

**Project ID#** 97-08T

**Name:** Meadow Ridge Apartments

**City** Round Rock

LIHTC 9     LIHTC 4

HOME     HTF

Bond     SEC

ESGP     Other

Developer	Role	Disbar
Meadow Ridge Partners, LLC	General Partner	<input type="checkbox"/>
Scott M. Laufenberg	President/CEO	<input type="checkbox"/>
David C. Martin	Managing Director	<input type="checkbox"/>
Andrew R. Steiner	Vice President	<input type="checkbox"/>
Steven R. Russi	Vice President	<input type="checkbox"/>
David G. Cribbs	Assistance Vice President	<input type="checkbox"/>
The Provident Bank	100% Sole Member	<input type="checkbox"/>
Provident Financial Group, Inc	100% Owner	<input type="checkbox"/>
American Financial Group, Inc.	14.6% Owner	<input type="checkbox"/>

## Projects/Contracts Monitored by the Department

**Out of State Response Received:** N/A

**Non-Compliance Reported**

**Completed By:** Jo En Taylor

**Date:** 9/22/2003

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

Multifamily Finance Division

**Public Comment Summary**

**Meadow Ridge Apartments**

**Public Hearing**

<i>Total Number Attended</i>	2
<i>Total Number Opposed</i>	0
<i>Total Number Supported</i>	2
<i>Total Number Neutral</i>	0
<i>Total Number that Spoke</i>	0

**Public Officials Letters Received**

<i>Opposition</i>	0
<i>Support</i>	0

**General Public Letters and Emails Received**

<i>Opposition</i>	0
<i>Support</i>	0

**Summary of Opposition**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE REFUNDING BONDS  
MEADOW RIDGE APARTMENTS  
SERIES 2003

PUBLIC HEARING

Ridgeview Middle School  
2000 Via Sonoma Trail  
Round Rock, Texas

September 25, 2003  
6:17 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Loan Analyst

I N D E X

SPEAKER

PAGE

P R O C E E D I N G S

1  
2 MS. MEYER: Good evening. My name is Robbye  
3 Meyer, and I would like to proceed with the public  
4 hearing. Let the record show that it is 6:17 on Thursday,  
5 September 25, 2003, and we are at the Ridgeview Middle  
6 School, located at 2000 Via Sonoma Trail, Round Rock,  
7 Texas.

8 I am here to conduct a public hearing on behalf  
9 of the Texas Department of Housing and Community Affairs  
10 with respect to an issuance of multifamily rental housing  
11 mortgage revenue bonds, Series 2003. This hearing is  
12 required by the Internal Revenue Code, and the sole  
13 purpose of this hearing is to provide a reasonable  
14 opportunity for interested individuals to express their  
15 views regarding the development and the proposed bond  
16 issuance.

17 No decisions regarding the development will be  
18 made at this hearing. The department's board is scheduled  
19 to meet to consider the transaction on November 14, 2003.

20 In addition to providing your comments at the hearing,  
21 the public is also invited to provide comment directly to  
22 the board at any of its meetings. The department staff  
23 will also accept written comments from the public via  
24 facsimile at (512) 475-0764, up until 5:00 p.m. on October

1 31, 2003.

2 The bonds will be issued as tax-exempt  
3 multifamily mortgage revenue bonds in the aggregate  
4 principal amount not to exceed \$13,575,000, and taxable  
5 bonds, if necessary, in the amount to be determined. The  
6 bonds will be issued in one or more series by the Texas  
7 Department of Housing and Community Affairs. The proceeds  
8 of the bonds will be loaned to Round Rock Meadows,  
9 Limited, or a related person or affiliate entity thereof,  
10 for the following purposes:

11 Paying a portion of the cost of issuing the  
12 Series 2003 bonds; refunding the issuer's multifamily  
13 mortgage revenue bonds Series 1997, the proceeds of which  
14 were loaned to the corporation.

15 The multifamily rental housing community will  
16 be initially owned and operated by Round Rock Meadows,  
17 Limited, or a related person or affiliate thereof.

18 There is a representative from the borrower  
19 here.

20 Would you like to speak?

21 (No audible response.)

22 MS. MEYER: He wishes not to speak.

23 Let the record show that there are no  
24 attendees; therefore, the meeting is now adjourned, and

1 the time is 6:19.

2 (Whereupon, at 6:19 p.m., the hearing was  
3 concluded.)



C E R T I F I C A T E

1  
2  
3 IN RE: Meadow Ridge Apartments

4 LOCATION: Round Rock, Texas

5 DATE: September 25, 2003

6 I do hereby certify that the foregoing pages,  
7 numbers 1 through 6, inclusive, are the true, accurate,  
8 and complete transcript prepared from the verbal recording  
9 made by electronic recording by J. Ben Bynum before the  
10 Texas Department of Housing and Community Affairs.

09/29/2003  
\_\_\_\_\_  
(Transcriber) (Date)

On the Record Reporting, Inc.  
3307 Northland, Suite 315  
Austin, Texas 78731

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 11, 2004**

**Required Actions**

1. Approve recommendations to transfer funds from the Below Market Interest Rate (BMIR) Program to Multifamily Finance Production and increase the existing Notice of Funding Availability for the Multifamily Housing Preservation Incentives Demonstration Program by \$1,079,722.
2. Approve the Funding of the Sherwood Apartments in Edinburg Texas in the amount of \$825,000 under the following terms and conditions.

**Background and Recommendations**

In February of 2002 the Department's Board approved an allocation of \$2,000,000 from the Junior Lien proceeds to be utilized for the preservation of affordable multifamily housing. In May, the Department published a NOFA for a Multifamily Housing Preservation Incentives Demonstration Program, a pilot program funded with that \$2,000,000 and began to accept applications. Because of the nature of timing preservation transactions, the funds are available through an open cycle, on a first-come-first-considered basis, with fallback provisions to prioritize transactions in case of an over-subscription. To date, this approach has worked well. In July 2002, the Board approved the first four transactions under the program, and allocated an additional \$2,000,000 of Junior Lien bond proceeds to the program.

Six loans have been made through this program (see activity summary attached) totaling awards of \$3,877,330, with a balance of \$122,670 of the original \$4 million. In April 2003, the Board approved an additional allocation to the program from the Junior Lien bond proceeds in the amount of \$152,944; in September 2003, the Board approved the transfer of the balance of BMIR Program Funds into this Multifamily Housing Preservation Incentives Demonstration Program which is currently \$344,961, for a total of \$620,575.

Staff requested in October of 2003 that \$308,884.50 of residual funds be transferred to this program. These funds were generated from 1983 Texas Housing Agency Multi-family Housing Revenue Bonds (Mutual Benefit Life Mortgage Loan Guarantor), 1983 Series A/B. Total available funds for this Program under the existing NOFA is \$929,459.50. On October 28, 2003, the Department issued a commitment to Park South Village LULAC, Inc. in the amount \$1,079,722 under the BMIR Program. The commitment was rejected by the applicant. Based upon the participation agreement under the BMIR Program, the department is now allowed to use these funds for other preservation activities. Therefore, staff is now requesting that \$1,079,722 from the BMIR Program be transferred to the Preservation Incentive Program.

Upon approval of this proposal, the total available balance of funds for the Program, under the existing NOFA, will be \$2,009,181.50.

At this time, staff is also recommending the approval of funding of Sherwood Apartments in the amount of \$825,000 (see attached summary). If approved, the remaining funds available will be \$1,184,181.50.

**Summary of Source and Award Activity  
Multifamily Housing Preservation Incentives Program**

<b>Fund Allocations</b>	<b>Date</b>	<b>Amount</b>
Board Allocation (2002 Jr. Lien Proceeds)	2/21/2002	2,000,000
Board Allocation (2002 Jr. Lien Proceeds)	7/29/2002	2,000,000
Board Allocation (2002 Jr. Lien Proceeds)	4/10/2003	152,944
Board Allocation (BMIR Program)	9/11/2003	344,961
<b>Total</b>		<b>\$4,497,905</b>

<b>Project Awards</b>	<b>Date</b>	<b>Amount</b>
Walnut Hills Apts., Baird, Callahan Co.	7/29/2002	282,355
Colony Park Apts., Eastland, Eastland Co.	7/29/2002	633,078
Cedar Ridge Apts., Dayton, Liberty Co	11/14/2002	1,000,000
Cameron Apts., Cameron, Milam Co.	8/26/2002	852,240
Country Club Village Apts., San Antonio, Bexar County	4/10/2003	909,657
Cedar Cove Apts. Sealy, Texas	7/30/2003	200,000
<b>Total</b>		<b>\$3,877,330</b>

Available Funds (Previous Balance)	\$620,575.00
Amount Transferred 10/9/03 <sup>1</sup>	\$308,884.50
Amount Requested for Transfer 2/11/04 (BMIR Program)	<u>\$1,079,722.00</u>
<b>Available Funds for Approval</b>	<b>\$2,009,181.50</b>

1. Residual funds from 1983 Texas Housing Agency Multifamily Housing Revenue Bonds, 1983 Series A/B

## Request for Approval for Sherwood Apartments

The Department under §2306.805 Texas Government Code is required to establish and administer a housing preservation incentive program to provide incentives through loan guarantees, loans, and grants to political subdivisions, housing finance corporations, public housing authorities, for-profit organizations, and nonprofit organization for the acquisition and rehabilitation of multifamily housing development assigned a Class A or Class B priority under Section 2306.803. **Class A** includes any federally subsidized multifamily housing development at risk because the contract granting a federal subsidy with a stipulation to maintain affordability is nearing expiration or because the government-insured mortgage on the property is eligible for prepayment or near the end of its mortgage term. **Class B**, includes any other multifamily housing development with low income use or rental affordability restrictions. By approving this transaction, the department will be preserving a federal subsidy being provided to this development and the applicant (non-profit entity) will continue to accept this subsidy as long as it is provided by the Federal Government.

### PROJECT INFORMATION

<b><i>Project:</i></b>	<b>Sherwood Apartments, Edinburg, Texas</b>
<b><i>Applicant:</i></b>	HCS 308 LLC
<b><i>Principals:</i></b>	Executive Director: Ronald C. Anderson; Board of Directors: Rafael Torres, Eloise Callaway, Gloria Flores, Bob Montgomery, Eugenia A Blaskvitz, Joan Cortinas Carl Forinash, Dan Kiefer, Fay McKenzie, and Jeanette Nass.
<b><i>City/County Location of Project:</i></b>	Edinburg, Hidalgo County
<b><i>Construction Date:</i></b>	1977
<b><i>Activity:</i></b>	Acquisition
<b><i>Total # Units in Project:</i></b>	56 Units, Family
<b><i>Existing Affordable Use Restrictions:</i></b>	The FHA insured, Section 236 loan program with HAP Contract. A Section 8 Housing Assistance Payments Contract for 100% of the units provides assistance for families and individuals of low, very low, and extremely low income residing in the apartments.
<b><i>Existing Loan:</i></b>	\$382,769 (approx.) will remain outstanding at the time expected for closing. The applicant has assumed the outstanding debt which matures in 2012.

### LOAN TERMS

<b><i>Award Amount:</i></b>	\$825,000
<b><i>Interim Period:</i></b>	1 Year
<b><i>Interest Rate:</i></b>	4.00% interest only during interim; 4.00% beginning at amortization.

***Loan Term:*** 31 Years. Amortization over 30 years, beginning one year after closing.  
***TDHCA Lien Position:*** Subordinate to FHA insured debt.  
***Commitment Fee:*** 1% of Loan Amount  
***Escrows:*** Provisions will be made for the escrow of tax and insurance payments.  
***Prepayment:*** No prepayment restrictions.

***Guarantee:*** Generally non-recourse. All obligations of the Borrower to indemnify the issuer, to pay certain fees and expenses, and to comply with appropriate tax covenants will be full recourse obligations against the Borrower.

***Reserve and Replacement:*** Will follow legislative requirements

***Compliance Fee:*** To be determined.

#### **REGULATORY TERMS**

***Occupancy and Rent Restrictions:*** Occupancy and rent will continue to be determined according to FHA and Section 8 requirements. The borrower will be required to renew Section 8 HAP contracts as long as such are being offered by HUD. If the Section 8 assistance terminates during TDHCA's restrictive period, then all units will be restricted to occupancy by households earning 60% of AMFI and below, rents will be restricted to 30% of 60% of AMFI. Any current residents will be considered as eligible to continue inhabiting the property.

***Special Needs:*** 5% of the units are, or will be designed to be accessible to persons with mobility impairments. 2% of the units are or will be designed to be accessible to persons with sight or hearing impairments.

#### **RECOMMENDATION**

Staff recommends approval subject to the conditions of TDHCA's underwriting review.

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

**DATE:** February 2, 2004      **PROGRAM:** Multifamily Housing Preservation Incentives Program (MHPIP)      **FILE NUMBER:** 2004-01

**DEVELOPMENT NAME**  
Sherwood Apartments

APPLICANT					
<b>Name:</b>	HCS 308, LLC	<b>Type:</b>	Non-profit		
<b>Address:</b>	301 S. Frio Street	<b>City:</b>	San Antonio	<b>State:</b>	TX
<b>Zip:</b>	78539	<b>Contact:</b>	Ronald Anderson	<b>Phone:</b>	(210) 270-4600
				<b>Fax:</b>	(210) 270-4603

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS					
<b>Name:</b>	Housing & Community Services, Inc. (HCS)	<b>(%):</b>	100	<b>Title:</b>	Developer & sole member of Applicant
<b>Name:</b>	Ronald Anderson	<b>(%):</b>	N/A	<b>Title:</b>	Executive Director of HCS
<b>Name:</b>	Lucas & Associates, L.P.	<b>(%):</b>	N/A	<b>Title:</b>	Consultant

PROPERTY LOCATION					
<b>Location:</b>	801 Greenbriar Street	<input type="checkbox"/>	<b>QCT</b>	<input type="checkbox"/>	<b>DDA</b>
<b>City:</b>	Edinburg	<b>County:</b>	Hidalgo	<b>Zip:</b>	78539

REQUEST			
<b>Amount</b>	<b>Interest Rate</b>	<b>Amortization</b>	<b>Term</b>
\$825,000	0%	30 yrs	30 yrs
<b>Other Requested Terms:</b>	Multifamily Housing Preservation Incentives Program (MHPIP) funds		
<b>Proposed Use of Funds:</b>	Acquisition/rehabilitation	<b>Property Type:</b>	Multifamily

**RECOMMENDATION**

RECOMMEND APPROVAL OF AN AWARD OF MULTIFAMILY HOUSING PRESERVATION INCENTIVES PROGRAM FUNDS NOT TO EXCEED \$825,000, STRUCTURED AS A 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT 4% INTEREST, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance of a satisfactory TDHCA site inspection report prior to TDHCA loan closing;
2. Receipt, review, and acceptance of an acceptable Phase I Environmental Site Assessment report by a third party environmental engineer which indicates that no issues of environmental concern exist with regard to the site and that there is no condition or circumstance that warrants further investigation or analysis, prior to the TDHCA loan closing;
3. Receipt, review, and acceptance of a third party scope of rehabilitation scope of work/needs assessment that includes a 30-year schedule for anticipated capital expenditures, prior to the TDHCA loan closing.

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

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

<b>Total Units:</b>	<u>56</u>	<b># Rental Buildings</b>	<u>7</u>	<b># Common Area Bldgs</b>	<u>2</u>	<b># of Floors</b>	<u>2</u>	<b>Age:</b>	33 yrs	<b>Vacant:</b>	0%	at	9/ 2/	2003
<b>Net Rentable SF:</b>	<u>49,700</u>	<b>Av Un SF:</b>	<u>888</u>	<b>Common Area SF:</b>	<u>702</u>	<b>Gross Bldg SF:</b>	<u>50,402</u>							

**STRUCTURAL MATERIALS**

Concrete block walls on a concrete slab on grade, 10% brick veneer/45% wood siding/45% vinyl siding exterior wall covering, drywall interior wall surfaces, composite shingle roofing

**APPLIANCES AND INTERIOR FEATURES**

Carpeting & vinyl flooring, range & oven, hood & fan, refrigerator, fiberglass tub/shower, washer connections, molded counter tops, individual water heaters

**ON-SITE AMENITIES**

A 414-SF building with the management offices and a 288-SF maintenance building are located at the southern end of the property. The property also has a basketball court, a recreation area, & perimeter fencing.

<b>Uncovered Parking:</b>	<u>81</u>	spaces	<b>Carports:</b>	<u>0</u>	spaces	<b>Garages:</b>	<u>0</u>	spaces
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**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Sherwood Apartments is a relatively dense (13 units per acre) acquisition and rehabilitation development of 56 units of affordable housing located in southwest Edinburg. The development was built in 1971 and is comprised of seven evenly distributed, medium-sized, garden style, two-story, walk-up residential buildings as follows:

- Three buildings with four each two-bedroom/two-bath and three-bedroom/one-and-a-half bath units; and
- Four buildings with one one-bedroom/one-bath unit, two two-bedroom/two-bath units, four three-bedroom/one-and-a-half-bath units, and one four-bedroom/two-bath units.

**Existing Subsidies:**

- The property was built under the FHA Section 236 Program and receives an interest reduction payment (IRP) of approximately \$3,650 per month. This subsidy will expire in March 2012. This is a relatively flat subsidy payment, and since the loan is late in its amortization period, the payment actually covers principal as well as interest.
- The property also currently operates under two HUD Section 8 project-based Housing Assistance Payment (HAP) contracts covering all of the units. The HAP contract covering 27 units was renewed on September 27, 2003 and expires on July 31, 2004, and the contract covering 29 units was renewed on September 1, 2003 for 11 months. The Applicant intends to combine and continue the HAP contracts for all units.

**Development Plan:** The Applicant acquired the property on December 31, 2003, with HUD approval, using a bridge loan from Housing & Community Services, Inc. The parent nonprofit used short-term financing to close the transaction. The acquisition was timed to qualify for the ad valorem property tax exemption as required by 2003 Texas legislation. The buildings are currently 99-100% occupied and are in very good condition. The Applicant provided a third party physical assessment report prepared by Ozona & Associates, Inc. which concluded the following: "...we find no deficiencies and consider the property to be in excellent condition for acquisition...It is our professional opinion that the subject property is free of any physical and structural deficiencies that need to be remediated." (cover letter) "...the subject project has been well maintained throughout the life of the project since 1971, [and] the subject site has no major deficiencies and/or remediation requirements" (p. 4). The Applicant's minimal scope of rehabilitation work amounts to only \$2,716 in hard costs per unit and includes the following:

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- Installation of additional exterior lighting to the rear of the buildings
- Completion of the replacement of wood siding with vinyl siding
- Completion of the installation of domestic water cut-off valves (42 remaining)
- One-inch asphalt overlay and striping of the parking lot and drives
- Replacement of roof flashing

This minor rehabilitation work planned is not anticipated to involve any tenant displacement.

**Architectural Review:** The buildings appear to be attractive and well-maintained in the photographs provided. No unit floorplans were submitted.

**Supportive Services:** Housing & Community Services, Inc., the sole owner of the Applicant, intends to provide as yet unspecified supportive services to the tenants. On-site services will be constrained by the very small (414 SF) office building. The Applicant intends to request a Section 8 rent increase (as permitted by HUD directives) to fund an on-site resident services coordinator when the Section 8 contracts are renewed.

**Schedule:** The Applicant anticipates construction to begin approximately 45 days following closing on the TDHCA loan and to be completed within 150 days.

SITE ISSUES					
SITE DESCRIPTION					
<b>Size:</b>	4.38	acres	190,793	square feet	<b>Zoning/ Permitted Uses:</b> R-B2, Multifamily Residence District
<b>Flood Zone Designation:</b>	Zone X		<b>Status of Off-Sites:</b>	Fully improved	

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** Edinburg is located in far south Texas, approximately 50 miles northwest of Brownsville in Hidalgo County. The development is located on a rectangularly-shaped site located in the southwest area of the city, approximately one-half mile from the central business district. The site is situated on the north side of Greenbriar Street and the west side of Fourth Street.

**Adjacent Land Uses:** Land uses in the overall area in which the property is located are mixed, with single- and multifamily residential uses predominating.

**Site Access:** Access to the property is from the east or west along Greenbriar Street or the north or south from Fourth Street. The development has one main entry from Greenbriar Street. Access to U.S. Highway 281 is one mile east, which provides connections to all other major roads serving the Edinburg area.

**Public Transportation:** Public transportation to the area is provided by the city bus system, with the nearest stop located on South Closner Avenue, five blocks from the property.

**Shopping & Services:** The site is within two miles of all facilities in Edinburg.

**Site Inspection Findings:** The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report.

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

A Phase I Environmental Site Assessment (ESA) report was not provided with the application, and the physical assessment report did not address the issues of lead-based paint or asbestos-containing materials. As these materials might be expected to be present in a circa-1971 property, receipt, review, and acceptance of an acceptable Phase I ESA report by a third party environmental engineer which indicates that no issues of environmental concern exist with regard to the property, and that there is no condition or circumstance that warrants further investigation or analysis, is a condition of this report.

**POPULATIONS TARGETED**

**Income Set-Aside:** As noted above, 100% of the property's units are restricted for occupancy by low-income households by the Section 236 regulatory agreement and the two Section 8 contracts. Additionally, under 24 CFR Section 5.653 at least 40% of the Section 8 units must be reserved for extremely low-income tenants with incomes at or below 30% of the area median gross income (AMGI).



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**Recommendation:** The current HAP rents equate to 50% to 55% of the area median income levels; therefore, 100% of the property should be restricted to the 60% rent limit rents if the project-based Section 8 rents are ever extinguished. The LURA should reflect language consistent with the Federal HTC rent requirements which allow project-based subsidized rents to exceed the rent limit rent as long as the tenant does not pay more than the rent limit rent.

<b>2003 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>	\$17,280	\$19,800	\$22,260	\$24,720	\$26,700	\$28,680

**MARKET HIGHLIGHTS**

A market feasibility analysis is not required to be submitted for the Multifamily Housing Preservation Incentives Program. The property is currently fully leased, does not expect tenant displacement, and has historically maintained an occupancy rate of 99-100% due to heavily restricted rents and good property maintenance and management.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant's rent projections are the rents from the most recently renewed Section 8 contract (for 29 units). Currently the Section 8 rents on the remaining 27 units are from \$18-\$56 lower than these rents, but the Applicant has applied to HUD to combine the two contracts when they expire at the end of August and the beginning of September 2004. The Underwriter has used the Applicant's rents for this analysis. If the Section 8 restrictions were extinguished and the Applicant was able to increase rents to the maximum 60% level, there is the potential for approximately \$91,516 in additional potential gross rental income (using the Edinburg PHA utility allowances instead of the Section 8 allowances). The Applicant used an exceedingly low estimate of \$0.45/unit/month in secondary income; although the property has no laundry or vending facilities the Underwriter used an estimate of \$10/unit/month based on audited 2001 and 2002 averages of \$9.09 and \$12.69, respectively. The Applicant used a vacancy and collection loss rate of 5%, which the Underwriter regards as reasonable in light of the property's current and historically high occupancy rates approaching 100%. The net effect of these differences is that the Underwriter's effective gross income estimate exceeds that of the Applicant by \$6,084 (2.1%).

**Expenses:** The Applicant's total expense estimate of \$3,724 per unit is 5.9% higher than the Underwriter's estimate of \$3,517 per unit, which is based on IREM and TDHCA databases for comparably-sized developments as well as the subject property's audited financial statements for 2001 and 2002. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative (\$3.4K higher), payroll (\$6.8K higher), utilities (\$1.8K higher), and water, sewer, and trash (\$8.3K higher). The Applicant included only \$167/unit in replacement reserves, although the TDHCA requirement is \$300/unit for acquisition/rehabilitation properties. The Applicant has applied for a total property tax exemption and included a nonbinding preliminary determination from the Hidalgo County Appraisal District which indicates that a CHDO tax exemption would likely be granted, but the request and the determination were based upon the CHDO status of TG105, another affiliate of Housing & Community Services, Inc. (HCS). TG105 was replaced by HCS as the sole member of the Applicant at HUD request, and the Applicant has reapplied for an exemption based on HCS' CHDO status. Although this issue remains pending, the Underwriter has assumed the receipt of a total property tax exemption for the purposes of this analysis.

**Conclusion:** The Applicant's total estimated operating expense is inconsistent with the Underwriter's expectations and the Applicant's net operating income is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. As submitted, the Applicant's proforma included no debt service on the TDHCA loan and therefore indicated a debt coverage

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ratio (DCR) of 3.26. If a debt service amount of \$27,500 is included in the Applicant's debt service, which is consistent with the Applicant's requested loan amount and terms, the Applicant's DCR is lowered to 1.45, still significantly in excess of the TDHCA maximum guideline of 1.30. Due to a lower total expense estimate the Underwriter's estimated DCR is 1.81, which would suggest that the property could support significant additional debt service. As the requested TDHCA funds are the only new funds requested for the development, rather than increasing the debt amount it would appear that an increase in the interest rate will be advisable.

**ACQUISITION VALUATION INFORMATION**

**APPRAISED VALUE**

**Total Development: "as is"**                      \$1,150,000                      **Date of Valuation:**    7/    16/    2001  
**Appraiser:**    RGV Appraisal Services                      **City:**    McAllen                      **Phone:**    (956)    630-6690

**APPRAISAL ANALYSIS/CONCLUSIONS**

Although an appraisal is not required to be submitted with a MHPIP application and the effective date of the appraisal submitted is 18 month old, the valuation provides additional substantiation for the transfer price. The Appraiser used the income and sales comparison approaches to derive reasonably similar valuations.

**ASSESSED VALUE**

**Land: 4.38 acres**                      \$109,500                      **Assessment for the Year of:**    2003  
**Building:**                      \$1,158,179                      **Valuation by:**    Hidalgo County Appraisal District  
**Total Assessed Value:**                      \$1,267,679                      **Tax Rate:**    2.7401

**EVIDENCE of SITE or PROPERTY CONTROL**

**Type of Site Control:**                      Special warranty deed  
**Acquisition Date:**                      12/    31/    2003  
**Acquisition Cost:**                      \$982,000                      **Other Terms/Conditions:**    \$592K cash + assumption of \$390K mortgage  
**Seller:**    Daniel H. Newey & Gene P. Hobart dba Sherwood Apartments                      **Related to Development Team Member:**    No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The acquisition cost of \$982K (\$17,536/unit) is substantiated by the appraisal value of \$1,150,000 (\$20,536/unit) and the tax assessed value of \$1,267,679 (\$22,637/unit), and is assumed to be reasonable since the acquisition is an arm's-length transaction. The property was acquired in December 2003 and the Applicant paid the seller \$592,745 in cash and assumed the current outstanding mortgage indebtedness of \$382,769. The outstanding debt is secured by a deed of trust on the property by Firsttrust Savings Bank and is insured by HUD. The Underwriter moved \$30K in broker fees paid to an entity related to the consultant to developer fee.

**Sitework Cost:** The Applicant's minimal sitework costs of \$250/unit are for parking lot and driveway repaving.

**Direct Construction Cost:** The Applicant's proposed direct construction costs of \$115,050 (\$2,054/unit) are minimal, but MHPIP applications are not required to meet the TDHCA minimum of \$6K/unit in hard costs. The only third party needs assessment submitted was for \$60,160 in electrical work; the other items appear to be discretionary work intended by the Applicant to improve the property's appearance, safety, and maintainability. While the proposed amount of rehabilitation work is not significant, no minimum amount is required under this affordable housing preservation program.

**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. The Applicant included no developer fees in the project cost schedule, but the Underwriter regards the \$30K broker fee paid to an entity related to

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the housing consultant as a developer fee.

**Conclusion:** The Applicant's total development costs are reasonable and within TDHCA guidelines and as such are regarded as acceptable as submitted.

**FINANCING STRUCTURE**

**EXISTING PERMANENT FINANCING**

<b>Source:</b> Firsttrust Savings Bank	<b>Contact:</b> Barbara Watts
<b>Principal Amount:</b> 1) \$730,500 2) \$382,769	<b>Interest Rate:</b> 8.5%, subsidized to 1% by HUD interest reduction payments
<b>Additional Information:</b> 1) Original loan amount 2) Remaining principal as of Dec 2003 when assumed by Applicant during acquisition	
<b>Amortization:</b> 40 yrs	<b>Term:</b> 40 yrs
<b>Annual Payment:</b> \$22,165 (net of IRP)	<b>Lien Priority:</b> 1st

**APPLICANT EQUITY**

<b>Amount:</b> \$65,321	<b>Source:</b> Property reserves transferred during acquisition
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**FINANCING STRUCTURE ANALYSIS**

**Financing Conclusions:** Based on the Applicant's total development costs, the Applicant's requested MHPIP loan amount of \$825,000 appears justified. At a 0% interest rate and 30-year term as requested, however, the DCR is estimated to be approximately 1.81, well above the maximum TDHCA guideline of 1.30. Therefore, the Underwriter recommends increasing the interest rate to 4% to decrease the DCR to 1.29, which would still allow significant margin for contingencies. While the Department's funding does not appear to be fulfilling any significant rehabilitation need, the Department's funding will ensure that the HAP contract, and therefore the current tenant base, will be preserved as long as such support is provided by the federal government. If the Applicant funded the purchase price through a conventional source it is likely that the HAP contract would be allowed to terminate and the current residents would receive vouchers. Thus, these specific units of affordable housing would lose their income and rent restrictions.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, Property Manager and Supportive Services firm are all related entities. These are common relationships for TDHCA-funded developments.

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

**Financial Highlights:**

- The Applicant is a newly-formed entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statement.
- The owner of the Applicant, Housing and Community Services, Inc., submitted an unaudited financial statement as of December 31, 2003 reporting total assets of \$938K and consisting of \$144K in cash, \$318K in receivables, and 213K in other assets. Liabilities totaled \$299K, resulting in net assets of \$640K.
- A draft balance sheet was submitted for the subject property as of 8/31/2003 reporting total assets of \$130K and consisting of \$38K in cash, \$4K in prepaids, \$65K in funded reserves, and \$22K in fixed assets (net of depreciation). Liabilities totaled \$412K, resulting in net equity of (\$283K).

**Background & Experience:**

- The Applicant is a new entity formed for the purpose of developing the project.
- Housing and Community Services, Inc. listed participation as sponsor of 16 affordable housing developments since 1994.
- Wedge Management, the proposed fee property manager, listed experience as fee manager on 28 affordable housing properties since 1979.

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**MULTIFAMILY UNDERWRITING ANALYSIS**

**SUMMARY OF SALIENT RISKS AND ISSUES**

- Items identified in previous reports/ or analysis have not been satisfactorily addressed.
- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant environmental risks may exist due to the absence of a third party environmental assessment.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the Section 8 rent restrictions are extinguished and higher rents can be achieved in this market.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, HUD, and other lenders, and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Jim Anderson*

**Date:** February 2, 2004  
\_\_\_\_\_

**Director of Real Estate Analysis:**

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

**Date:** February 2, 2004  
\_\_\_\_\_

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Sherwood Apartments Preservation, Edinburg**

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, Trsh
Sec 8	4	1	1	628	\$423	\$362	\$1,448	\$0.58	\$61.00	\$22.90
Sec 8	20	2	1	772	487	409	8,180	0.53	78.00	25.88
Sec 8	28	3	1.5	971	538	459	12,852	0.47	79.00	27.73
Sec 8	4	4	2	1,140	655	530	2,120	0.46	125.00	31.43
<b>TOTAL:</b>	<b>56</b>		<b>AVERAGE:</b>	<b>888</b>	<b>\$520</b>	<b>\$439</b>	<b>\$24,600</b>	<b>\$0.49</b>	<b>\$80.64</b>	<b>\$26.99</b>

**INCOME**

Total Net Rentable Sq Ft: 49,700

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$10.00  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -5.00%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.94%	\$304	0.34
Management	7.38%	378	0.43
Payroll & Payroll Tax	17.72%	908	1.02
Repairs & Maintenance	14.28%	731	0.82
Utilities	1.22%	63	0.07
Water, Sewer, & Trash	9.34%	478	0.54
Property Insurance	6.93%	355	0.40
Property Tax	0.00%	0	0.00
Reserve for Replacements	5.86%	300	0.34
Other Expenses:	0.00%	0	0.00
<b>TOTAL EXPENSES</b>	<b>68.67%</b>	<b>\$3,517</b>	<b>\$3.96</b>
<b>NET OPERATING INC</b>	<b>31.33%</b>	<b>\$1,605</b>	<b>\$1.81</b>

**DEBT SERVICE**

First Lien (net of IRP)	7.73%	\$396	\$0.45
TDHCA Preservation Loan	9.59%	\$491	\$0.55
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>14.02%</b>	<b>\$718</b>	<b>\$0.81</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
ACQUISITION COST (site or bldg)		78.92%	\$17,940	\$20.21
Off-Sites		0.00%	0	0.00
Sitework		1.10%	250	0.28
Direct Construction		9.04%	2,054	2.31
Contingency	3.87%	0.39%	89	0.10
General Req'ts	6.00%	0.61%	138	0.16
Contractor's G & A	2.00%	0.20%	46	0.05
Contractor's Profit	6.00%	0.61%	138	0.16
Indirect Construction		1.65%	375	0.42
Ineligible Costs		0.00%	0	0.00
Developer's G & A	0.00%	0.00%	0	0.00
Developer's Profit	2.55%	2.36%	536	0.60
Interim Financing		0.00%	0	0.00
Reserves		5.12%	1,165	1.31
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$22,732</b>	<b>\$25.61</b>
<b>Recap-Hard Construction Costs</b>		<b>11.95%</b>	<b>\$2,716</b>	<b>\$3.06</b>

**SOURCES OF FUNDS**

First Lien Mortgage Assumption	30.07%	\$6,835	\$7.70
TDHCA Preservation Loan	64.81%	\$14,732	\$16.60
Transferred Reserves	5.12%	\$1,165	\$1.31
Deferred Developer Fees	0.00%	\$0	\$0.00
Additional (excess) Funds Required	0.00%	(\$0)	(\$0.00)
<b>TOTAL SOURCES</b>			

	TDHCA	APPLICANT	USS Region	IREM Region
	\$295,200	\$295,200		
	6,720	300	\$0.45	Per Unit Per Month
	0	0	\$12.69	2002
	\$301,920	\$295,500		
	(15,096)	(14,760)	-4.99%	of Potential Gross Rent
	0	0		
	\$286,824	\$280,740		
			PER SQ FT	PER UNIT
	\$17,027	\$20,465	\$0.41	\$365
	21,165	22,459	0.45	401
	50,838	57,643	1.16	1,029
	40,948	38,294	0.77	684
	3,513	5,300	0.11	95
	26,784	35,040	0.71	626
	19,880	20,000	0.40	357
	0	0	0.00	0
	16,800	9,360	0.19	167
	0	0	0.00	0
	\$196,953	\$208,561	\$4.20	\$3,724
	\$89,871	\$72,179	\$1.45	\$1,289
			0.00%	0
	\$22,165	\$22,165	\$0.45	\$396
	27,500	27,500	\$0.55	\$491
	0	0	\$0.00	\$0
	\$40,206	\$22,514	\$0.45	\$402
	1.81	1.45		
	1.29			

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
	\$1,004,652	\$1,004,652	\$20.21	\$17,940	78.92%
	0	0	0.00	0	0.00%
	14,000	14,000	0.28	250	1.10%
	115,050	115,050	2.31	2,054	9.04%
	5,000	5,000	0.10	89	0.39%
	7,743	7,743	0.16	138	0.61%
	2,581	2,581	0.05	46	0.20%
	7,743	7,743	0.16	138	0.61%
	21,000	21,000	0.42	375	1.65%
	0	0	0.00	0	0.00%
	0	0	0.00	0	0.00%
	30,000	30,000	0.60	536	2.36%
	0	0	0.00	0	0.00%
	65,231	65,231	1.31	1,165	5.12%
	\$1,273,000	\$1,273,000	\$25.61	\$22,732	100.00%
	\$152,117	\$152,117	\$3.06	\$2,716	11.95%

**RECOMMENDED**

	\$382,769	\$382,769	\$382,769	Developer Fee Available
	825,000	825,000	825,000	\$0
	65,231	65,231	65,231	% of Dev. Fee Deferred
	0	0	0	0%
	(0)	(0)	0	15-Yr Cumulative Cash Flow
	\$1,273,000	\$1,273,000	\$1,273,000	\$542,156

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Sherwood Apartments Preservation, Edinburg**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook  
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				\$0
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.03)	(100,891)
Floor Cover			2.00	99,400
Porches/Balconies	\$29.24		0.00	0
Plumbing	\$605		0.00	0
Built-In Appliances	\$1,650	56	1.86	92,400
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.53	76,041
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
<b>SUBTOTAL</b>			<b>3.36</b>	<b>166,950</b>
Current Cost Multiplier	1.03		0.10	5,009
Local Multiplier			(3.36)	(166,950)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$0.10</b>	<b>\$5,009</b>
Plans, specs, survy, bid prm	3.90%		(50.00)	(195)
Interim Construction Interest	3.38%		(0.00)	(169)
Contractor's OH & Profit	11.50%		(0.01)	(576)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$0.08</b>	<b>\$4,068</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$382,769	Amort	84
Int Rate	1.00%	DCR	4.05
<b>Secondary</b>	\$825,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.81
<b>Additional</b>	\$65,231	Amort	
Int Rate		Aggregate DCR	1.81

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service (net of IRP)	\$22,165
Secondary Debt Service	47,264
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$20,442</b>

<b>Primary</b>	\$382,769	Amort	84
Int Rate	1.00%	DCR	4.05
<b>Secondary</b>	\$825,000	Amort	360
Int Rate	4.00%	Subtotal DCR	1.29
<b>Additional</b>	\$65,231	Amort	0
Int Rate	0.00%	Aggregate DCR	1.29

**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	\$295,200	\$304,056	\$313,178	\$322,573	\$332,250	\$385,169	\$446,516	\$517,635	\$695,658
Secondary Income	6,720	6,922	7,129	7,343	7,563	8,768	10,165	11,784	15,836
Other Support Income:	0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>	<b>301,920</b>	<b>310,978</b>	<b>320,307</b>	<b>329,916</b>	<b>339,814</b>	<b>393,937</b>	<b>456,681</b>	<b>529,419</b>	<b>711,494</b>
Vacancy & Collection Loss	(15,096)	(15,549)	(16,015)	(16,496)	(16,991)	(19,697)	(22,834)	(26,471)	(35,575)
Employee or Other Non-Rental L	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$286,824</b>	<b>\$295,429</b>	<b>\$304,292</b>	<b>\$313,420</b>	<b>\$322,823</b>	<b>\$374,240</b>	<b>\$433,847</b>	<b>\$502,948</b>	<b>\$675,920</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$17,027	\$17,708	\$18,416	\$19,153	\$19,919	\$24,234	\$29,485	\$35,873	\$53,100
Management	21,165	21,800	22,454	23,127	23,821	27,615	32,014	37,113	49,876
Payroll & Payroll Tax	50,838	52,871	54,986	57,185	59,473	72,358	88,034	107,107	158,544
Repairs & Maintenance	40,948	42,586	44,289	46,061	47,903	58,282	70,908	86,271	127,702
Utilities	3,513	3,654	3,800	3,952	4,110	5,000	6,083	7,401	10,956
Water, Sewer & Trash	26,784	27,855	28,969	30,128	31,333	38,121	46,380	56,429	83,528
Insurance	19,880	20,675	21,502	22,362	23,257	28,295	34,426	41,884	61,999
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	16,800	17,472	18,171	18,898	19,654	23,912	29,092	35,395	52,393
Other	0	0	0	0	0	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>\$196,953</b>	<b>\$204,620</b>	<b>\$212,587</b>	<b>\$220,866</b>	<b>\$229,469</b>	<b>\$277,817</b>	<b>\$336,422</b>	<b>\$407,472</b>	<b>\$598,099</b>
<b>NET OPERATING INCOME</b>	<b>\$89,871</b>	<b>\$90,809</b>	<b>\$91,705</b>	<b>\$92,555</b>	<b>\$93,354</b>	<b>\$96,423</b>	<b>\$97,425</b>	<b>\$95,475</b>	<b>\$77,820</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$22,165	\$22,165	\$22,165	\$22,165	\$22,165	\$0	\$0	\$0	\$0
Second Lien	47,264	47,264	47,264	47,264	47,264	47,264	47,264	47,264	47,264
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$20,442</b>	<b>\$21,380</b>	<b>\$22,276</b>	<b>\$23,126</b>	<b>\$23,925</b>	<b>\$49,159</b>	<b>\$50,160</b>	<b>\$48,211</b>	<b>\$30,556</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.29</b>	<b>1.31</b>	<b>1.32</b>	<b>1.33</b>	<b>1.34</b>	<b>2.04</b>	<b>2.06</b>	<b>2.02</b>	<b>1.65</b>

**Housing Tax Credit Program  
Board Action Request  
February 11, 2004**

**Action Item**

Request review and board determination of one (1) four percent (4%) tax credit applications with other issuers for tax exempt bond transactions.

**Recommendation**

Staff is recommending board approval of staff recommendations for the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **other issuers** for tax exempt bond transaction 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>	<b>Applicant Proposed Tax Exempt Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Credit Allocation</b>
03474	Mayfair Park Apartments	Houston	Houston HFC	178	178	\$15,575,328	\$10,400,000	\$643,947	\$629,049



**HOUSING TAX CREDIT PROGRAM  
2003 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Mayfair Park Apartments**

TDHCA#: 03474

**DEVELOPMENT AND OWNER INFORMATION**

Development Location: Houston QCT: Y DDA: N TTC: N  
 Development Owner: Mayfair Park Apartments, LP  
 General Partner(s): Mayfair Park Development, LLC, 100%, Contact: Dwayne Henson  
 Construction Category: New  
 Set-Aside Category: Tax Exempt Bond Bond Issuer: Houston HFC  
 Development Type: Family

**Annual Tax Credit Allocation Calculation**

Applicant Request: \$643,947 Eligible Basis Amt: \$629,049 Equity/Gap Amt.: \$646,981  
**Annual Tax Credit Allocation Recommendation: \$629,049**  
 Total Tax Credit Allocation Over Ten Years: \$ 6,290,490

**PROPERTY INFORMATION**

**Unit and Building Information**

Total Units: 178 LIHTC Units: 178 % of LIHTC Units: 100  
 Gross Square Footage: 179,200 Net Rentable Square Footage: 174,518  
 Average Square Footage/Unit: 980  
 Number of Buildings: 17  
 Currently Occupied: N

**Development Cost**

Total Cost: \$15,575,328 Total Cost/Net Rentable Sq. Ft.: \$89.25

**Income and Expenses**

Effective Gross Income:<sup>1</sup> \$1,483,848 Ttl. Expenses: \$658,600 Net Operating Inc.: \$825,248  
 Estimated 1st Year DCR: 1.10

**DEVELOPMENT TEAM**

Consultant: LBK, Ltd.	Manager: Orion Real Estate Services
Attorney: Coats, Rose, Yale, Ryman & Lee	Architect: Mucasey & Associates
Accountant: Reznick, Fedder & Silverman	Engineer: Lott & Brown Engineering Services
Market Analyst: O'Connor & Associates	Lender: GMAC Commercial Mortgage
Contractor: Dwayne Henson Investments, Inc.	Syndicator: Boston Capital Partners, Inc.

**PUBLIC COMMENT<sup>2</sup>**

From Citizens:	From Legislators or Local Officials:
# in Support: 0 # in Opposition: 0	Sen. John Whitmire, District 15 - NC Rep. Sylester Turner, District 139 - NC Mayor Lee P. Brown - NC Daisy A. Stiner, Director, City of Houston, Housing & Community Development Department; Consistent with the City of Houston's Consolidated Plan.

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support



**CONDITION(S) TO COMMITMENT**

1. Per §49.12( c ) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

**DEVELOPMENT’S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:**

Score  Utilization of Set-Aside  Geographic Distrib.  Tax Exempt Bond.  Housing Type

Other Comments including discretionary factors (if applicable).

\_\_\_\_\_  
Robert Onion, Multifamily Finance Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Brooke Boston, Director of Multifamily Finance Production Date

**DEVELOPMENT’S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

Score  Utilization of Set-Aside  Geographic Distrib.  Tax Exempt Bond  Housing Type

Other Comments including discretionary factors (if applicable).\_\_\_\_\_

\_\_\_\_\_  
Edwina P. Carrington, Executive Director

\_\_\_\_\_  
Date

Chairman of Executive Award and Review Advisory Committee

**TDHCA Board of Director’s Approval and description of discretionary factors (if applicable).**

Chairperson Signature: \_\_\_\_\_

Elizabeth Anderson, Board Chair

\_\_\_\_\_  
Date

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

**DATE:** February 2, 2004

**PROGRAM:** 4% HTC

**FILE NUMBER:** 03474

**DEVELOPMENT NAME**

Mayfair Park Apartments

**APPLICANT**

<b>Name:</b>	<u>Mayfair Park Apartments, L.P.</u>	<b>Type:</b>	<u>For Profit</u>
<b>Address:</b>	<u>5405 John Dreaper</u>	<b>City:</b>	<u>Houston</u> <b>State:</b> <u>TX</u>
<b>Zip:</b>	<u>77056</u>	<b>Contact:</b>	<u>William D. Henson</u> <b>Phone:</b> <u>(713) 334-5808</u> <b>Fax:</b> <u>(713) 334-5614</u>

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	<u>Mayfair Park Development, L.L.C.</u>	<b>(%):</b>	<u>0.01</u>	<b>Title:</b>	<u>Managing General Partner</u>
<b>Name:</b>	<u>Dwayne Henson Investments, Inc.</u>	<b>(%):</b>	<u></u>	<b>Title:</b>	<u>45% owner of MGP</u>
<b>Name:</b>	<u>Pamela, William, Laura and Cheryl Henson</u>	<b>(%):</b>	<u></u>	<b>Title:</b>	<u>Owners of Dwayne Henson Investments</u>
<b>Name:</b>	<u>Resolution Real Estate Services, L.L.C.</u>	<b>(%):</b>	<u></u>	<b>Title:</b>	<u>45% owner of MGP</u>
<b>Name:</b>	<u>Steve and Cynthia Ford</u>	<b>(%):</b>	<u></u>	<b>Title:</b>	<u>Owners of Resolution Real Estate Services</u>
<b>Name:</b>	<u>MSD Development, L.L.C.</u>	<b>(%):</b>	<u></u>	<b>Title:</b>	<u>10% owner of MGP</u>
<b>Name:</b>	<u>Scot and Billie Davis</u>	<b>(%):</b>	<u></u>	<b>Title:</b>	<u>Owners of MSD Development</u>

**PROPERTY LOCATION**

**Location:** 7400 North Shepherd       **QCT**       **DDA**  
**City:** Houston      **County:** Texas      **Zip:** 77091

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$643,947	N/A	N/A	N/A
<b>Other Requested Terms:</b> <u>Annual ten-year allocation of housing tax credits</u>			
<b>Proposed Use of Funds:</b> <u>New Construction</u>		<b>Property Type:</b> <u>Multifamily</u>	

**RECOMMENDATION**

**RECOMMEND APPROVAL OF TAX CREDITS NOT TO EXCEED \$629,049 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.**

**CONDITIONS**

- Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

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

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

An application for the same transaction was submitted by the Applicant during the 2002 9% tax credit application cycle (HTC #02125). The transaction, however, was not underwritten. During the 2000 tax credit application cycle, an application (HTC #00154) was submitted by a different Applicant for a development on the same site. An underwriting review was begun, for this Application, but not completed.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

<b>Total Units:</b>	<u>178</u>	<b># Rental Buildings:</b>	<u>17</u>	<b># Common Area Bldgs:</b>	<u>1</u>	<b># of Floors:</b>	<u>2</u>	<b>Age:</b>	<u>N/A</u> yrs	<b>Vacant:</b>	<u>N/A</u> at	/	/
<b>Net Rentable SF:</b>	<u>174,518</u>	<b>Av Un SF:</b>	<u>980</u>	<b>Common Area SF:</b>	<u>4,682</u>	<b>Gross Bldg SF:</b>	<u>179,200</u>						

**STRUCTURAL MATERIALS**

Wood frame on a post-tensioned concrete slab on grade, 40% brick veneer/60% Hardiplank siding exterior wall covering, 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**

A 4,682-s.f. community building includes an activity room, management offices, fitness & laundry facilities, a kitchen, restrooms, and a computer/business center. Amenities on the site include a swimming pool and spa, a children's playground, and perimeter fencing with limited access gates.

**Uncovered Parking:** 134 spaces    **Carpports:** 0 spaces    **Garages:** 178 Spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** The Mayfair Park Apartments are a relatively dense (20 units per acre) new construction development of 178 units of affordable housing located in north Houston. The development is comprised of 17 evenly distributed, medium-sized, garden style, residential buildings as follows:

- (1) Building Type 1 with six three-bedroom/ two and a half-bath units;
- (3) Building Type 2 with six one-bedroom/ one-bath units, and eight two- bedroom/ two-bath units;
- (5) Building Type 3a with two one-bedroom/ one-bath units, and eight two- bedroom/ two-bath units;
- (2) Building Type 3b with two one-bedroom/ one-bath units, and eight two- bedroom/ two-bath units;
- (5) Building Type 4a with two one-bedroom/ one-bath units, and eight three- bedroom/ two-bath units;
- (1) Building Type 4b with two one-bedroom/ one-bath units, and eight three- bedroom/ two-bath units.

**Architectural Review:** Each of the units appears well arranged with an adequate amount of space in each of the rooms and work areas. Most units have direct-access garages. The one-bedroom units in the largest buildings, however, have garages located in a separate structure across the parking lot.

**Supportive Services:** The Applicant has entered into a contract with Texas Interfaith Management Corporation, a Texas non-profit corporation, to provide supportive services for the residents of the development. The initial term of the contract is five years, and payment for services will be \$15,379 annually. The service provider will organize personal growth and family skills programs, educational programs, recreational activities, and referral services. The Application indicates that supportive services are optional to the tenants and that the costs of the services will be included in the proposed rents.

**Schedule:** The Applicant anticipates construction to begin in March of 2004 and to be completed in February of 2005. The development should be placed in service and substantially leased by July of 2005.

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

SITE ISSUES						
SITE DESCRIPTION						
<b>Size:</b>	8.7238	acres	380,009	square feet	<b>Zoning/ Permitted Uses:</b>	No zoning in Houston
<b>Flood Zone Designation:</b>	Zone X		<b>Status of Off-Sites:</b>	Partially Improved		

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is an irregularly-shaped parcel located in North Houston, approximately 8.25 miles from the central business district. The site is situated on the east side of North Shepherd Drive.

**Adjacent Land Uses:**

- **North:** Vacant land and retail development across Little York Road
- **South:** Micky Leland Harris County Courthouse Annex
- **East:** Vacant land and retail developments across Stuebner-Airline Drive
- **West:** Retail across North Shepherd Drive

**Site Access:** The development will have a main entrance on North Shepherd Drive from the west, a second entrance east from Stuebner-Airline Drive, and an exit north onto Little York Road. Access to Interstate Highway 45 is within one half mile east of the site, which provides connections to all other major roads serving the Houston area.

**Public Transportation:** A Metro Park and Ride stop is located about four tenths of a mile to the northwest of the site.

**Shopping & Services:** Schools, retail centers, hospitals and medical centers, churches, libraries, and recreational centers are all located within 1.5 miles of the subject site.

**Site Inspection Findings:** A site inspection was performed by TDHCA staff members on January 13, 2004. In their report, the inspectors mention some concerns regarding the deteriorating condition of the neighborhood and the potential appeal and marketability of a multifamily property in this neighborhood to new residents, but found nothing specifically inappropriate and that overall the site ought to be acceptable for the proposed development.

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

A Phase I Environmental Site Assessment report dated November, 2003 was prepared by The Murillo Company. The ESA found that there have been ten (10) instances of leaking petroleum storage tanks within a half mile radius of the site, including one adjacent to the site, but that all instances have been resolved. The inspector concludes that there is no evidence or recognized environmental conditions existing in association with the site and does not recommend any further action.

POPULATIONS TARGETED						
<b>Income Set-Aside:</b> 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. All of the units will be reserved for low-income 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>	\$25,020	\$28,620	\$32,160	\$35,760	\$38,640	\$41,460

**MARKET HIGHLIGHTS**

A market feasibility study dated December 12, 2003 was prepared by Patrick C. O'Conner and highlighted the following findings:

**Definition of Primary Market Area:** "The subject's primary market is defined as that area within zip codes

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

77018, 77022, 77037, 77060, 77076, 77088, and 77091” (p. 10). The PMA contains an area of 40.8 square miles, which would equate to the area of a circle with a radius of 3.60 miles.

**Population:** The estimated 2003 population for the Primary Market Area (PMA) was 222,476 and is expected to increase by 1.16% annually to approximately 235,361 by 2008. Within the primary market area there were estimated to be 71,707 households in 2003, resulting in an average household size of 3.10 persons.

**Total Primary Market Demand for Rental Units:** The Market Analyst calculates a total demand of 3,531 qualified households in the PMA, based on the current number of 71,707 households, the projected annual growth rate of 1.16%, renter households estimated at 44.67% of the population, income qualified households estimated at 21.95%, and a turnover rate of 50%. The Analyst used an income band of \$20,983 to \$35,760 (page 5).

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	61	2%	63	2%
Resident Turnover	3,149	89%	3,515	98%
Other Sources: 10 yrs pent-up demand	321	9%		
<b>TOTAL ANNUAL DEMAND</b>	<b>3,531</b>	<b>100%</b>	<b>3,579</b>	<b>100%</b>

Ref: p. 5

**Inclusive Capture Rate:** The Market Analyst identified 785 units of unstabilized affordable rental housing in the PMA as shown among the following five developments and the subject development:

<u>Name</u>	<u>HTC No.</u>	<u>HTC Units</u>	<u>Comments</u>
Mayfair Park	HTC #03474	178	Present application
Little York Villas	HTC #03236	103	128 total units
Fountains at Tidwell	HTC #01042	141	188 total units
Oak Arbor	HTC #01139	70	94 total units
Lake Crest Village	HTC #97151	168	Outside of PMA
Park Row Apts. (aka Brittmore)	HTC #01433	248	Outside of PMA
Total		908	affordable units
<b>Total within PMA</b>		<b>492</b>	<b>Affordable units</b>

As shown above, the Market Analyst has miscalculated the total number of affordable units among these transactions to be 785, rather than the correct number of 908 units based on TDHCA’s records. However, the Market Analyst has also included two developments above which do not lie within the subject’s PMA, Lake Crest Village, and Park Row Apartments. The total number of recently financed affordable housing units within the PMA, therefore, is 492. Two other affordable housing developments, within the PMA, the Yale Village Apartments (HTC #02019) with 250 affordable units, and the Northline Point Apartments (HTC #03153) with 160 affordable units are existing affordable housing developments undergoing rehabilitation, and would not compete against the proposed development for new tenants. A third development, the Primrose Skyline Apartments (HTC #03432) with 280 affordable units will be restricted to elderly households, and will therefore be competing for a narrower demographic segment of the market.

Based on the Market Analyst’s count of 785 units, the inclusive capture rate would be 22.23%, within TDHCA’s acceptable standard of 25%. However, the Underwriter’s corrected count of 492 unstabilized, affordable units in the PMA, when considered with the Market Analyst’s demand assumptions, results in a capture rate of 13.75%, still consistent with TDHCA’s acceptable standards.

**Local Housing Authority Waiting List Information:** “The waiting list for Section 8 vouchers was closed

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

in 1994, when the list had grown to more than 26,000 households. According to a September 2000 article in the Houston Chronicle, the waiting list for Section 8 vouchers is approximately six years” (p. 46).

**Market Rent Comparables:** The Market Analyst surveyed five comparable apartment projects totaling 1,032 units in the market area.

<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>	\$612	\$612	\$0	\$695	-\$83
<b>2-Bedroom (60%)</b>	\$732	\$732	\$0	\$855	-\$123
<b>3-Bedroom (60%)</b>	\$843	\$843	\$0	\$950	-\$107

(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)

**Primary Market Occupancy Rates:** “The overall occupancy rate for projects in this primary market area was 89.44% as of September 2003. Occupancy rates for Class B projects was slightly higher at 91.28%” (p. 38).

**Absorption Projections:** “Typically, LIHTC projects in the Greater Houston area have achieved stabilized occupancy at a rapid pace, most likely due to the projects being new and superior compared to older multifamily projects. The subject should be able to reach a stabilized occupancy level within 12 months of completion. Pre-leasing should begin prior to completion of the construction” (p. 42).

**Known Planned Development:** “We are aware of one apartment development in the subject’s primary market under construction, that being the Little York Villas, a 128-unit partial LIHTC complex. Little York Villas will offer 103 units for LIHTC qualified renters and 25 market-rate units. There are no other LIHTC or market –rate projects currently proposed, other than the subject property” (p. 35).

**Effect on Existing Housing Stock:** “The high occupancy level of the affordable housing project in the area indicates a potential pent-up demand for newly constructed affordable housing units in the primary market area” (p. 42).

The Underwriter found the market study to have sufficient information to demonstrate that the rents proposed for the development are appropriate for the local market, and that there is adequate demand to support the proposed development of affordable housing.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s rent projections are the maximum allowed under HTC guidelines. The Applicant has stated that tenants will pay water and sewer in this project, and rents and expenses were calculated accordingly. Estimates of secondary income and vacancy and collection losses are consistent with TDHCA underwriting guidelines, resulting in no difference between the Applicant’s and the Underwriters estimates of effective gross income.

**Expenses:** The Applicant’s estimated total operating expenses of \$3,700 per unit is 3.62% lower than the Underwriter’s database-derived estimate of \$3,839 per unit, an acceptable deviation. The Applicant’s budget shows two line items, however, which deviate significantly when compared to the database averages: general and administrative expenses which are \$13,383 lower, and water sewer and trash expenses which are \$23,454 lower.

**Conclusion:** While the Underwriter’s estimate of expenses results in a debt coverage ratio of 1.07, the Applicant’s income and expense estimates show 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 1.30. Because the Applicant’s estimated income is consistent with the Underwriter’s expectations and total operating expenses and net operating income are within 5% of the database-derived, estimate, the Applicant’s NOI should be used to evaluate debt service capacity.

**ACQUISITION VALUATION INFORMATION**

**ASSESSED VALUE**

<b>Land: 8.7310 acres</b>	\$711,530	Assessment for the Year of:	2003
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**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

<b>Building:</b>	<u>no building</u>	<b>Valuation by:</b>	<u>Harris County Appraisal District</u>
<b>Total Assessed Value:</b>	<u>\$711,530</u>	<b>Tax Rate:</b>	<u>\$2.9626</u>
<b>EVIDENCE of SITE or PROPERTY CONTROL</b>			
<b>Type of Site Control:</b>	<u>Earnest Money Contract</u>		
<b>Contract Expiration Date:</b>	<u>04/ 30/ 2004</u>	<b>Anticipated Closing Date:</b>	<u>03/ 17/ 2004</u>
<b>Acquisition Cost:</b>	<u>\$1,330,728</u>	<b>Other Terms/Conditions:</b>	<u>\$5,000 earnest money</u>
<b>Seller:</b>	<u>James A. Ingram</u>	<b>Related to Development Team Member:</b>	<u>No</u>

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The acquisition price of \$3.50 per square foot or \$7,476 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:** The Applicant's claimed sitework costs of \$7,200 per unit are within TDHCA guidelines.

**Direct Construction Cost:** The Applicant's direct costs of \$6,991,000 are approximately 7.5% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate of \$7,556,780. This would suggest that the Applicant's direct construction costs are understated.

**Ineligible Costs:** The Applicant included \$5,500 in marketing costs as an eligible cost; the Underwriter moved this cost to ineligible costs, resulting in an equivalent reduction in the Applicant's eligible basis.

**Interim Financing Fees:** The Underwriter reduced the Applicant's eligible interim financing fees by \$144,000 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.

**Fees:** The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by \$17,815 with the overage effectively moved to ineligible costs.

**Conclusion:** The Applicant's total development cost estimate is approximately 4.51% less than the Underwriter's verifiable estimate and is 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 by the Underwriter, is used to calculate eligible basis and determine the tax credit allocation. As a result an eligible basis of \$13,592,235 is used to determine a credit allocation of \$629,049 from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs, and to the request, to determine the recommended credit amount.

**FINANCING STRUCTURE**

**INTERIM AND PERMANENT FINANCING**

<b>Source:</b>	<u>GMAC Commercial Mortgage</u>	<b>Contact:</b>	<u>Lloyd Griffin</u>
<b>Principal Amount:</b>	<u>\$10,400,000</u>	<b>Interest Rate:</b>	<u>6.00% fixed rate</u>
<b>Additional Information:</b>			
<b>Amortization:</b>	<u>30</u> yrs	<b>Term:</b>	<u>30</u> yrs
<b>Annual Payment:</b>	<u>\$748,800</u>	<b>Lien Priority:</b>	<u>First</u>
<b>Commitment:</b>	<input checked="" type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input type="checkbox"/> Conditional
<b>Commitment Date</b>	<u>12/ 22/ 2003</u>		

**HTC SYNDICATION**

<b>Source:</b>	<u>Boston Capital Partners, Inc.</u>	<b>Contact:</b>	<u>Tom Dixon</u>
<b>Address:</b>	<u>One Boston Place</u>	<b>City:</b>	<u>Boston</u>
<b>State:</b>	<u>MA</u>	<b>Zip:</b>	<u>02108</u>
<b>Phone:</b>	<u>(617) 624-8673</u>	<b>Fax:</b>	<u>(617) 624-8999</u>

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

Net Proceeds: \$5,151,060 Net Syndication Rate (per \$1.00 of 10-yr HTC) 80¢  
 Commitment  LOI  Firm  Conditional Date: 12/ 23/ 2003  
 Additional Information: \_\_\_\_\_

**APPLICANT EQUITY**

Amount: \$24,268 Source: Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Permanent Financing:** The Houston Housing Finance Corporation will issue bonds to finance the proposed development. GMAC Commercial Mortgage-Affordable Housing Division, as a Fannie Mae Delegated Underwriter/Servicer will provide credit enhancement for the bonds resulting in a “AAA” rating by Standard and Poor’s. The terms of the loan as underwritten by GMAC are consistent with the terms reflected in the sources and uses listed in the application.

**HTC Syndication:** Boston Capital proposes to purchase 99.99% of the partnership interests for an equity contribution of \$5,151,060. The syndicator’s proposed equity contribution is calculated based on the receipt of \$643,947 in tax credits annually over ten years and a price of \$0.80 per dollar of tax credits. The Developer’s request of tax credits in the amount of \$643,947 is based on an eligible basis of \$13,759,550, adjusted by 130% due to the project’s location in a high cost area, and an applicable percentage of 3.60%. The Underwriter’s identification of \$167,315 in ineligible costs mentioned above which were removed from eligible basis results in an eligible basis of \$13,592,235. The Underwriter’s use of the corrected applicable percentage of 3.56% results in an annual tax credit calculation of \$629,049, which when applied to the syndicator’s terms, would result in an equity contribution of \$5,031,886, a difference of \$119,714 lower than that included in the Applicant’s sources of funds schedule.

**Deferred Developer’s Fees:** The Applicant’s sources and uses of funds schedule indicates the deferral of \$24,268 of the Developer’s fee. Due to the decrease in equity noted above, the Underwriter estimates that the deferred developer’s fee may have to be increased to as much as \$143,442. This represents 9% of the total Developer’s fee and, it is estimated, could be repaid within the first two years of stabilized operations.

**Financing Conclusions:** Due to the exclusion of certain ineligible costs from the Applicant’s estimate of eligible basis, the resulting calculation of eligible tax credits of \$629,049 is lower than the Applicant’s request, resulting in a lower contribution of equity and the necessity to defer an additional portion of the Developer’s fee.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, and General Contractor are all related entities. These are common relationships for HTC-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.
- Dwayne Henson Investments, Inc., a principal of the General Partner, submitted an unaudited financial statement as of December 15, 2003 reporting total assets of \$8,392,974 and consisting of \$261,047 in cash, \$5,509,555 in receivables, \$110,000 in real property, \$12,372 in machinery, equipment, and fixtures, and \$2,500,000 in partnership interests. Liabilities totaled \$213,347, resulting in a net worth of \$8,179,627.
- Resolution Real Estate Services, LLC, a principal of the General Partner, submitted an unaudited financial statement as of December 15, 2003 reporting total assets of \$898,000 and consisting of \$140,000 in cash, \$700,000 in receivables, \$30,000 in stocks and securities, and \$28,000 in machinery, equipment, and fixtures. Liabilities totaled \$95,000, resulting in a net worth of \$803,000.
- MSD Development, LLC, a principal of the General Partner, submitted an unaudited financial statement as of December 15, 2003 reporting total assets of \$1,000 in cash and no liabilities.



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

- The principals of the General Partner, Pamela G. Henson, William D. and Laura Henson, Cheryl Henson, J. Steve and Cynthia Ford, and M. Scot and Billie Davis, each submitted unaudited financial statements as of December 15, 2003 and are anticipated to be guarantors of the development.

**Background & Experience:**

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- J. Steve and Cynthia Ford have completed eight HTC/affordable housing developments totaling 1,600 units since 1999, and have two other projects currently under construction.
- Dwayne Henson Investments, Inc. has been involved with fifteen HTC/affordable housing developments totaling 2,443 units since 1995, and has two other projects currently under construction.
- M. Scot and Billie Davis have no prior experience with the HTC program, and did not submit any other credentials of experience as part of the development team.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.

**Underwriter:**

\_\_\_\_\_  
*Stephen Apple*

**Date:** February 2, 2004  
\_\_\_\_\_

**Director of Real Estate Analysis:**

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

**Date:** February 2, 2004  
\_\_\_\_\_

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Mayfair Park Apartments, Houston, HTC #03474**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Utilities	Wtr, Swr, Trsh
TC 60%	6	1	1	702	\$670	\$612	\$3,672	\$0.87	\$34.00	\$37.31
TC 60%	3	1	1	735	670	612	1,836	0.83	34.00	37.31
TC 60%	3	1	1	737	670	612	1,836	0.83	34.00	37.31
TC 60%	32	1	1	765	670	612	19,584	0.80	34.00	37.31
TC 60%	12	2	2	947	804	732	8,784	0.77	42.00	43.31
TC 60%	12	2	2	953	804	732	8,784	0.77	42.00	43.31
TC 60%	24	2	2	956	804	732	17,568	0.77	42.00	43.31
TC 60%	4	2	2	984	804	732	2,928	0.74	42.00	43.31
TC 60%	24	2	2	988	804	732	17,568	0.74	42.00	43.31
TC 60%	4	2	2	1,018	804	732	2,928	0.72	42.00	43.31
TC 60%	22	3	2	1,171	930	843	18,546	0.72	51.00	49.31
TC 60%	22	3	2	1,177	930	843	18,546	0.72	51.00	49.31
TC 60%	2	3	2	1,200	930	843	1,686	0.70	51.00	49.31
TC 60%	2	3	2	1,210	930	843	1,686	0.70	51.00	49.31
TC 60%	6	3	2.5	1,245	930	843	5,058	0.68	51.00	49.31
<b>TOTAL:</b>	<b>178</b>		<b>AVERAGE:</b>	<b>980</b>	<b>\$809</b>	<b>\$736</b>	<b>\$131,010</b>	<b>\$0.75</b>	<b>\$42.75</b>	<b>\$43.65</b>

INCOME		Total Net Rentable Sq Ft:	174,518	TDHCA	APPLICANT	USS Region	6
<b>POTENTIAL GROSS RENT</b>				\$1,572,120	\$1,572,120	IREM Region	Houston
Secondary Income	Per Unit Per Month:	\$15.00		32,040	32,040	\$15.00	Per Unit Per Month
Other Support Income: (describe)				0	0		
<b>POTENTIAL GROSS INCOME</b>				\$1,604,160	\$1,604,160		
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(120,312)	(120,312)	-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions				0	0		
<b>EFFECTIVE GROSS INCOME</b>				\$1,483,848	\$1,483,848		

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.20%	\$350	0.36	\$62,383	\$49,000	\$0.28	\$275	3.30%
Management	5.00%	417	0.43	74,192	80,208	0.46	451	5.41%
Payroll & Payroll Tax	10.44%	870	0.89	154,860	146,500	0.84	823	9.87%
Repairs & Maintenance	4.66%	388	0.40	69,120	75,260	0.43	423	5.07%
Utilities	3.92%	327	0.33	58,142	50,700	0.29	285	3.42%
Water, Sewer, & Trash	3.03%	253	0.26	44,954	21,500	0.12	121	1.45%
Property Insurance	2.35%	196	0.20	34,931	49,735	0.28	279	3.35%
Property Tax	2.9626	8.55%	713	126,857	128,217	0.73	720	8.64%
Reserve for Replacements	2.40%	200	0.20	35,600	35,600	0.20	200	2.40%
Services, Comp. Fees, Security	1.50%	125	0.13	22,329	21,880	0.13	123	1.47%
<b>TOTAL EXPENSES</b>	<b>46.05%</b>	<b>\$3,839</b>	<b>\$3.92</b>	<b>\$683,369</b>	<b>\$658,600</b>	<b>\$3.77</b>	<b>\$3,700</b>	<b>44.38%</b>
<b>NET OPERATING INC</b>	<b>53.95%</b>	<b>\$4,497</b>	<b>\$4.59</b>	<b>\$800,479</b>	<b>\$825,248</b>	<b>\$4.73</b>	<b>\$4,636</b>	<b>55.62%</b>

DEBT SERVICE	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
First Lien Mortgage	50.43%	\$4,204	\$4.29	\$748,239	\$748,800	\$4.29	\$4,207	50.46%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>3.52%</b>	<b>\$293</b>	<b>\$0.30</b>	<b>\$52,240</b>	<b>\$76,448</b>	<b>\$0.44</b>	<b>\$429</b>	<b>5.15%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.07</b>	<b>1.10</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>					<b>1.10</b>			

CONSTRUCTION COST				TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF TOTAL
Acquisition Cost (site or bldg)	8.16%	\$7,476	\$7.63	\$1,330,728	\$1,330,728	\$7.63	\$7,476	8.54%
Off-Sites	0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework	7.86%	7,201	7.34	1,281,750	1,281,750	7.34	7,201	8.23%
Direct Construction	46.32%	42,454	43.30	7,556,780	6,991,000	40.06	39,275	44.89%
Contingency	2.26%	1,124	1.15	200,000	200,000	1.15	1,124	1.28%
General Req'ts	5.70%	2,831	2.89	504,000	504,000	2.89	2,831	3.24%
Contractor's G & A	1.90%	944	0.96	168,000	168,000	0.96	944	1.08%
Contractor's Profit	5.70%	2,831	2.89	504,000	504,000	2.89	2,831	3.24%
Indirect Construction	4.32%	3,961	4.04	705,000	705,000	4.04	3,961	4.53%
Ineligible Costs	2.97%	2,722	2.78	484,550	484,550	2.78	2,722	3.11%
Developer's G & A	1.60%	1,124	1.15	200,000	200,000	1.15	1,124	1.28%
Developer's Profit	11.58%	8,146	8.31	1,450,000	1,450,000	8.31	8,146	9.31%
Interim Financing	9.84%	9,024	9.20	1,606,300	1,606,300	9.20	9,024	10.31%
Reserves	1.99%	1,825	1.86	324,872	150,000	0.86	843	0.96%
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$91,663</b>	<b>\$93.49</b>	<b>\$16,315,980</b>	<b>\$15,575,328</b>	<b>\$89.25</b>	<b>\$87,502</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>	<b>62.60%</b>	<b>\$57,385</b>	<b>\$58.53</b>	<b>\$10,214,530</b>	<b>\$9,648,750</b>	<b>\$55.29</b>	<b>\$54,206</b>	<b>61.95%</b>

SOURCES OF FUNDS				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	63.74%	\$58,427	\$59.59	\$10,400,000	\$10,400,000	\$10,400,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$1,650,000
HTC Syndication Proceeds	31.57%	\$28,939	\$29.52	5,151,060	5,151,060	5,031,886	% of Dev. Fee Deferred
Deferred Developer Fees	0.15%	\$136	\$0.14	24,268	24,268	143,442	9%
Additional (excess) Funds Required	4.54%	\$4,161	\$4.24	740,652	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$16,315,980</b>	<b>\$15,575,328</b>	<b>\$15,575,328</b>	<b>\$3,198,560.23</b>

**MULTIFAMILY COMPARATIVE ANALYSIS**(continued)  
**Mayfair Park Apartments, Houston, HTC #03474**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$44.85	\$7,826,777
<b>Adjustments</b>				
Exterior Wall Finish	3.19%		\$1.43	\$249,402
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(1.02)	(177,136)
Floor Cover			2.00	349,036
Porches/Balconies	\$17.59	15725	1.58	276,603
Plumbing	\$605	414	1.44	250,470
Built-In Appliances	\$1,650	178	1.68	293,700
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.53	267,013
Garages/Carports	\$12.60	40,544	2.93	510,694
Comm &/or Aux Bldgs	\$56.80	4,682	1.52	265,959
Other:			0.00	0
<b>SUBTOTAL</b>			<b>57.95</b>	<b>10,112,516</b>
Current Cost Multiplier	1.03		1.74	303,375
Local Multiplier	0.89		(6.37)	(1,112,377)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$53.31</b>	<b>\$9,303,515</b>
Plans, specs, survy, bld prm	3.90%		(\$2.08)	(\$362,837)
Interim Construction Interest	3.38%		(1.80)	(313,994)
Contractor's OH & Profit	11.50%		(6.13)	(1,069,904)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$43.30</b>	<b>\$7,556,780</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$10,400,000	Amort	360
Int Rate	6.00%	DCR	1.07

<b>Secondary</b>	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.07

<b>Additional</b>	\$5,151,060	Amort	
Int Rate		Aggregate DCR	1.07

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S N**

Primary Debt Service	\$748,239
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$77,009</b>

<b>Primary</b>	\$10,400,000	Amort	360
Int Rate	6.00%	DCR	1.10

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

<b>Additional</b>	\$5,151,060	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

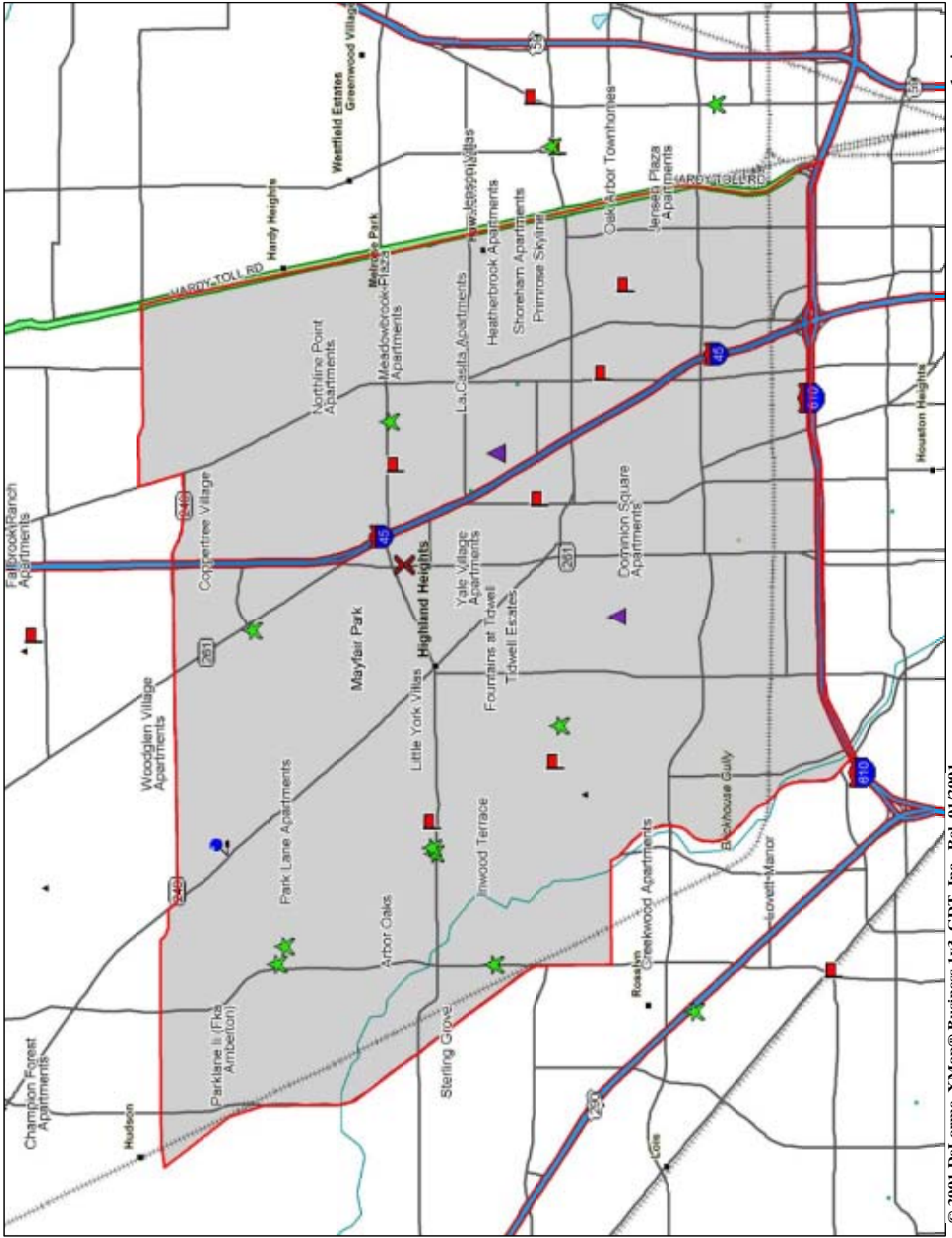
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,572,120	\$1,619,284	\$1,667,862	\$1,717,898	\$1,769,435	\$2,051,260	\$2,377,973	\$2,756,722	\$3,704,804
Secondary Income	32,040	33,001	33,991	35,011	36,061	41,805	48,463	56,182	75,504
Contractor's Profit	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,604,160	1,652,285	1,701,853	1,752,909	1,805,496	2,093,065	2,426,436	2,812,904	3,780,308
Vacancy & Collection Loss	(120,312)	(123,921)	(127,639)	(131,468)	(135,412)	(156,980)	(181,983)	(210,968)	(283,523)
Developer's G & A	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,483,848</b>	<b>\$1,528,363</b>	<b>\$1,574,214</b>	<b>\$1,621,441</b>	<b>\$1,670,084</b>	<b>\$1,936,085</b>	<b>\$2,244,453</b>	<b>\$2,601,936</b>	<b>\$3,496,785</b>
EXPENSES at 4.00%									
General & Administrative	\$49,000	\$50,960	\$52,998	\$55,118	\$57,323	\$69,742	\$84,852	\$103,236	\$152,814
Management	80,208	82614.24	85092.6672	87645.44722	90274.81063	104653.2475	121321.7967	140645.2135	189015.4061
Payroll & Payroll Tax	146,500	152,360	158,454	164,793	171,384	208,515	253,691	308,653	456,882
Repairs & Maintenance	75,260	78,270	81,401	84,657	88,044	107,118	130,326	158,561	234,710
Utilities	50,700	52,728	54,837	57,031	59,312	72,162	87,796	106,817	158,116
Water, Sewer & Trash	21,500	22,360	23,254	24,185	25,152	30,601	37,231	45,297	67,051
Insurance	49,735	51,724	53,793	55,945	58,183	70,788	86,125	104,784	155,106
Property Tax	128,217	133,346	138,680	144,227	149,996	182,493	222,030	270,134	399,864
Reserve for Replacements	35,600	37,024	38,505	40,045	41,647	50,670	61,648	75,004	111,024
Other	21,880	22,755	23,665	24,612	25,597	31,142	37,889	46,098	68,236
<b>TOTAL EXPENSES</b>	<b>\$658,600</b>	<b>\$684,142</b>	<b>\$710,681</b>	<b>\$738,258</b>	<b>\$766,912</b>	<b>\$927,885</b>	<b>\$1,122,910</b>	<b>\$1,359,230</b>	<b>\$1,992,818</b>
<b>NET OPERATING INCOME</b>	<b>\$825,248</b>	<b>\$844,222</b>	<b>\$863,533</b>	<b>\$883,183</b>	<b>\$903,172</b>	<b>\$1,008,200</b>	<b>\$1,121,544</b>	<b>\$1,242,707</b>	<b>\$1,503,967</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$748,239	\$748,239	\$748,239	\$748,239	\$748,239	\$748,239	\$748,239	\$748,239	\$748,239
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>\$77,009</b>	<b>\$95,982</b>	<b>\$115,294</b>	<b>\$134,944</b>	<b>\$154,933</b>	<b>\$259,961</b>	<b>\$373,305</b>	<b>\$494,467</b>	<b>\$755,728</b>
<b>DEBT COVERAGE RATIO</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>1.66</b>	<b>2.01</b>

**LIHTC Allocation Calculation - Mayfair Park Apartments, Houston, HTC #03474**

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	\$1,330,728	\$1,330,728		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,281,750	\$1,281,750	\$1,281,750	\$1,281,750
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$6,991,000	\$7,556,780	\$6,991,000	\$7,556,780
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$168,000	\$168,000	\$165,455	\$168,000
Contractor profit	\$504,000	\$504,000	\$496,365	\$504,000
General requirements	\$504,000	\$504,000	\$496,365	\$504,000
<b>(5) Contingencies</b>	\$200,000	\$200,000	\$200,000	\$200,000
<b>(6) Eligible Indirect Fees</b>	\$705,000	\$705,000	\$705,000	\$705,000
<b>(7) Eligible Financing Fees</b>	\$1,606,300	\$1,606,300	\$1,606,300	\$1,606,300
<b>(8) All Ineligible Costs</b>	\$484,550	\$484,550		
<b>(9) Developer Fees</b>				
Developer overhead	\$200,000	\$200,000	\$200,000	\$200,000
Developer fee	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000
<b>(10) Development Reserves</b>	\$150,000	\$324,872		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$15,575,328</b>	<b>\$16,315,980</b>	<b>\$13,592,235</b>	<b>\$14,175,830</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>		\$13,592,235	\$14,175,830
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$17,669,906	\$18,428,579
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$17,669,906	\$18,428,579
Applicable Percentage		3.56%	3.56%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$629,049	\$656,057

Syndication Proceeds	0.7999	\$5,031,886	\$5,247,934
<b>Total Credits (Eligible Basis Method)</b>		<b>\$629,049</b>	<b>\$656,057</b>
Syndication Proceeds		\$5,031,886	\$5,247,934
Requested Credits		\$643,947	
Syndication Proceeds		\$5,151,061	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$5,175,328</b>	
Credit Amount		\$646,981	



MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST  
February 11, 2004

Action Item

Requests for amendments to Housing Tax Credit (HTC) applications involving material changes.

Requested Action

Consider and approve or deny requests for amendments.

Background and Recommendations

Pertinent facts about the developments requesting amendments are summarized below.

Development No. 03162, Pinnacle Pointe Apartments

Summary of Request: Applicant requests a change in the site plan, required by the City of Victoria. Three two-story buildings with 12 units, each, would become three two-story buildings with eight units, each, and one two-story building with 12 units. Additionally, two-bedroom units would increase from 932 to 956 square feet and three-bedroom units would increase from 1,048 to 1,115 square feet. The applicant also requests permission to change the heating and cooking fuel from electricity to gas, if the owner determines that such a change is appropriate. Applicant has reduced the credit requested from \$871,732 to \$866,902, a \$4,830 reduction.

Governing QAP	2003 QAP, Section 49.18(c)
Applicant:	Pinnacle Pointe Associates Limited Partnership
General Partner:	Pinnacle Pointe General, LLC
Principals/Contacts	Campbell-Hogue and Associates, Inc.
Syndicator:	MMA Financial, LLC
Construction Lender:	MMA Financial, LLC
Permanent Lender:	MMA Financial, LLC
City/County:	Victoria/Victoria
Set-Aside:	General/Family
Type of Development:	New Construction
Units:	143 LIHTC units (and 1 employee unit)
2003 Allocation:	\$871,732
Allocation per HTC Unit:	\$6,096
Other Funding:	NA
Prior Board & Department Actions:	Awarded credits in July of 2003
Underwriting Reevaluation:	The recommendation of the Real Estate Analysis Division (REA) is consistent with and included in the staff recommendation below. REA recommends that the credits be reduced below the applicant's reduced request of \$866,902 to \$864,274 a reduction of \$7,458.

**Staff Recommendation:** **Because the changes proposed would not have affected the applicant's receipt of an award, staff recommends that the Board approve the applicant's request with a reduction in the credit allocation, as recommended by REA, to \$864,274, or \$7,458 less than the original award.**



C A M P B E L L  
H O G U E  
AND ASSOCIATES, INC.

December 29, 2003

Mr. Ben Sheppard  
Multifamily Finance Production  
Texas Department of Housing and Community Affairs  
507 Sabine, Suite 400  
Austin, TX 78701

Re: Application Amendment - Request  
Pinnacle Point Apartments  
TDHCA #03162

Dear Ben;

Enclosed is the information required for a change in the site plan for the above referenced project. The following items have changed in the development for which we are requesting TDHCA approval:

1. The original site plan took into account the fact that the City of Victoria would want our entrance to the subject property to align with Queensway, the street across Salem Road from Pinnacle Pointe. The original survey furnished by the Seller was used to make this alignment on the original site plan. A subsequent updated survey prepared by the project Sponsor showed the entrance to Pinnacle and Queensway did not line up, as the City of Victoria had requested, so we were required to modify the site plan to meet the City's requirements. The result of this change was to take our Type II buildings, which originally were a total of three (3) two-story/12-unit buildings, and turn them into three (3) two-story/eight-unit buildings, and one (1) two-story/12-unit building. This change in the number/layout of the buildings does not increase the total number of units, or modify the unit mix. It does however increase the number of BINS required for the property by one.
2. In addition to the site plan changes, due to requirements imposed by the City of Victoria, we have modified the unit sizes according to the following chart:

Unit Type	Original sq ft	Revised sq ft.
Two Bedroom/Two Bath	932	956
Three Bedroom/Two Bath	1,048	1,115

3. In addition to the above design changes, we have modified the rents from our original Application, which utilized the median incomes from 2002 (prior to the release of the 2003 median incomes). We have now modified the rents on the 60% units based upon our analysis of the rental market, and the smaller unit size,

Page Two (2)  
Mr. Ben Sheppard, TDHCA  
December 29, 2003

- which thereby increased the rent per square foot. The 60% units are not at the maximum due to perceived market constraints.
4. We have decided to utilize a gas cooktop instead of electric as was indicated in our original application. In addition we have received an updated utility allowance schedule for Victoria so the UA's used in this amendment are reflective of these changes.
  5. Operating expenses have been modified as a result of a dramatic increase in insurance costs, and due to a change in the management fee calculation, pursuant to the change in the rental income outlined above.
  6. Finally, due to the fact that our previous equity provider has ceased to do business, we have changed the debt and equity providers from KeyBank & Key Corp Investments to MMA Financial. Revised debt and equity letters from MMA are enclosed for your reference.

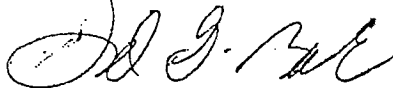
Pursuant to the Requirements for Application Amendments, we have submitted the financial forms that have changed as a result of the above. The following summarizes which forms are enclosed, and which forms are not applicable since they have not changed:

1. Development Cost Schedule – enclosed.
2. Offsite schedule – not submitted; no changes.
3. Rent Schedule – enclosed.
4. Utility Allowance – not submitted; no changes.
5. Statement of annual expenses – enclosed.
6. Sources and uses of funds – enclosed.
7. 30-year proforma – enclosed.

In addition, we have enclosed a revised site plan, building elevations for the new buildings, and the new unit floor plans. None of the other building elevations have changed.

Should you have any questions, or require anything further with regard to this request, please give me a call at 952-401-1087.

Sincerely,



David G. Rae  
Chief Financial Officer



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM**

**DATE:** January 26, 2004      **PROGRAM:** 9% HTC      **FILE NUMBER:** 03162

**DEVELOPMENT NAME**

Pinnacle Pointe Apartments

**APPLICANT**

**Name:** Pinnacle Pointe Associates LP      **Type:** For-profit  
**Address:** 7200 North Mopac Expressway, Suite 160      **City:** Austin      **State:** Texas  
**Zip:** 78731      **Contact:** David Saling      **Phone:** (512) 794-9378      **Fax:** (512) 794-8168

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

**Name:** Pinnacle Pointe General, LLC      **(%):** 0.01      **Title:** Managing General Partner  
**Name:** Campbell-Hogue & Associates TX, Inc.      **(%):** N/A      **Title:** Developer

**PROPERTY LOCATION**

**Location:** 600 block of Salem Road       QCT       DDA  
**City:** Victoria      **County:** Victoria      **Zip:** 77902

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$866,902	N/A	N/A	N/A
<b>Other Requested Terms:</b> Annual ten-year allocation of low-income housing tax credits. Previously allocated \$871,732			
<b>Proposed Use of Funds:</b> New construction		<b>Property Type:</b> Multifamily	
<b>Set-Aside(s):</b> <input checked="" type="checkbox"/> General <input type="checkbox"/> Rural <input type="checkbox"/> TX RD <input type="checkbox"/> Non-Profit <input type="checkbox"/> Elderly <input type="checkbox"/> At Risk			

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$864,274 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

- Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 144    **# Rental Buildings:** 9    **# Common Area Bldgs:** 2    **# of Floors:** 3    **Age:** 0 yrs    **Vacant:** N/A at / /

**Net Rentable SF:** 143,388    **Av Un SF:** 996    **Common Area SF:** 6,408    **Gross Bldg SF:** 149,796

**FINANCING STRUCTURE**

**INTERIM to PERMANENT FINANCING**

**Source:** MMA Financial      **Contact:** John Mullaney  
**Principal Amount:** \$3,780,000      **Interest Rate:** Underwritten at 7.25% based on index plus 40 b.p.  
**Additional Information:** Interim loan of same amount at 6%, Perm loan has a collar of 6% to 8.5%  
**Amortization:** 30 yrs    **Term:** 18 yrs    **Commitment:**  LOI     Firm     Conditional  
**Annual Payment:** \$309,432      **Lien Priority:** 1<sup>st</sup>      **Commitment Date:** 01/ 07/ 2004

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM**

LIHTC SYNDICATION							
<b>Source:</b>	MMA Financial			<b>Contact:</b>	Mark George		
<b>Address:</b>	33 North Garden Avenue Suite 1200			<b>City:</b>	Clearwater		
<b>State:</b>	FL	<b>Zip:</b>	33755	<b>Phone:</b>	(726) 461-4801	<b>Fax:</b>	(726) 443-6067
<b>Net Proceeds:</b>	\$6,977,861			<b>Net Syndication Rate (per \$1.00 of 10-yr LIHTC)</b>		80.5¢	
<b>Commitment</b>	<input type="checkbox"/> LOI	<input checked="" type="checkbox"/> Firm	<input type="checkbox"/> Conditional	<b>Date:</b>	12/	30/	2004
<b>Additional Information:</b>	Based upon credits of \$871,732						

**ADDENDUM**

**BACKGROUND:** The Applicant received an HTC allocation of \$871,732 in the 2003 9% HTC cycle. On December 29, 2003 the Applicant requested TDHCA approval of the following changes to the subject development:

- An increase in the number of buildings from eight to nine. This change is due by site plan changes driven by City of Victoria requirements. The three Type II buildings, which originally included 12 units, will be downsized to include eight units each and one two-story Type IV building including 12 units will be added.
- An increase in the two-bedroom unit size from 932 square feet (SF) to 956 SF and in the three-bedroom unit size from 1,048 SF to 1,115 SF. These changes are also in response to City of Victoria requirements.
- Rents have been adjusted to conform to the 2003 program rents and market conditions (estimated rents were used in the original application).
- The use of natural gas for cooking instead of electricity.
- An increase in the property insurance expense estimate by \$14,400 (50%).
- New debt and equity commitments from MMA Financial were provided as the original debt and equity provider (Key Bank) has ceased to do business.

While not explicitly stated in their request for amendment letter, the Applicant included a revised development cost schedule that included a reduction in the credit amount requested to \$866,902.

Conditions numbers 1 and 2 from the original underwriting analysis report have been previously satisfied by earlier Applicant submissions.

**ANALYSIS:**

**Operating Proforma:** The Applicant's revised rents are from \$1 to \$19 lower than the estimated rents used in the original application, and the 60% AMI unit rents are \$64-\$67 lower than the maximum program rents. Although the Applicant indicated that these rents are dictated by current market conditions, no new market data was provided to substantiate these rents. The original underwriting report completed 9 months ago reflected market study information that is nearly one year old now but does suggest that the market rents in the area are \$57 to \$121 lower than the maximum 60% tax credit rents. The Underwriter estimates an additional \$85K of potential gross income could be collected if the maximum tax credit rents could be achieved. This would allow the debt coverage ratio for the initial year of stabilized operation to significantly exceed the Department's maximum guideline of 1.30. The Applicant's increased insurance expense estimate results in an equivalent increase in the total operating expense estimate. The estimated annual permanent debt service has decreased from \$330,085 to \$309,435 due to decreases in the anticipated loan amount and interest rate. The Applicant's total estimated operating expense and net operating income are not within 5% of the Underwriter's estimates. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. Both the Applicant's and the Underwriter's proformas indicate there is sufficient net operating income to service the total proposed debt at a debt coverage ratio that is within an acceptable range of TDHCA

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM**

underwriting guidelines of 1.10 to 1.30. However, should the maximum 60% tax credit rents proven to be achievable in this market, the DCR would rise to 1.49 and exceed the guidelines. If maximum rents could be achieved, additional debt service could be utilized for an efficient credit allocation, and based upon current loan terms would allow additional debt of at least \$554,445 and still reflect a 1.30 DCR.

**Construction Costs:** The Applicant's revised direct construction cost estimate is \$217K or 4% lower than the Underwriter's revised Marshall & Swift *Residential Cost Handbook*-derived estimate and is therefore acceptable as presented. The Applicant's total development cost estimate of \$11,237,340 is \$192K lower than the estimated cost in the original application and \$224K lower than the cost estimate provided at carryover. The Applicant's contractor's and developer's fees exceed the TDHCA maximum guidelines by \$27,401 and \$4,110, respectively, and therefore the Applicant's eligible fees in these areas have been reduced with the overage of \$31,511 effectively moved to ineligible costs. Despite the overstated fees, 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 by the Underwriter, is used to calculate eligible basis. As a result, an eligible basis of \$10,362,995 is used to determine a credit allocation of \$864,274 from this method. This results in credit proceeds of \$6,956,708, which is \$21K less than included in the current sources and uses but \$137K more than originally anticipated.

**Financing:** The Applicant's revised sources and uses of funds statement reflects the following changes from the original application: the first lien mortgage loan has been reduced by \$154K to \$3,780,000, tax credit syndication proceeds have increased by \$159,130 to \$6,977,861, the anticipated \$25K city CDBG loan is no longer included, and deferred developer fees have been reduced by \$172,035 to \$479,479. The Underwriter's analysis suggests that this deferral will need to expand slightly to \$500,632 in order to absorb the minor loss in credit proceeds.

**CONCLUSION:** As stated above, the Applicant's reduced total development cost, as adjusted by the Underwriter for overstated fees, is used to calculate eligible basis and the recommended annual tax credits of \$864,274. A slight decrease in anticipated syndication proceeds indicates a need for deferred developer fees of \$500,632, which appear to be repayable from cash flow within approximately six years of stabilized operation. The Underwriter confirmed the Applicant's understanding that the reduced development cost estimate would result in a reduction in the recommended tax credit allocation amount. The additional potential debt service resulting from the use of maximum 60% tax credit rents does not appear to be achievable due to current market conditions and the potential for additional debt to reduce the credit need based upon the gap method is further mitigated due to the

**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.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.

<b>Underwriter:</b>	_____ <i>Jim Anderson</i>	<b>Date:</b>	_____ January 26, 2004
<b>Director of Real Estate Analysis:</b>	_____ <i>Tom Gouris</i>	<b>Date:</b>	_____ January 26, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Pinnacle Pointe Apartments, Victoria, 9% HTC #03162 ADDENDUM

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	IR	Net Rent per Unit	Max Rent Per Unit	Rent Differential	Rent per Month	Rent per SF	Int Pd Util	Wir, Swr, Trsh
TC (40%)	18	2	2	956	458		\$413	\$413	\$0	\$7,434	\$0.43	45.00	\$48.00
TC (50%)	9	2	2	956	572		527	\$527	\$0	4,743	0.55	45.00	48.00
TC (60%)	80	2	2	956	687		575	\$642	\$67	46,000	0.60	45.00	48.00
EO	1	2	2	956			0			0	0.00	45.00	48.00
TC (40%)	6	3	2	1,115	529		474	\$475	\$1	2,844	0.43	54.50	48.00
TC (50%)	3	3	2	1,115	661		606	\$607	\$1	1,818	0.54	54.50	48.00
TC (60%)	27	3	2	1,115	794		675	\$740	\$65	18,225	0.61	54.50	48.00
<b>TOTAL:</b>	<b>144</b>		<b>AVERAGE:</b>	<b>996</b>	<b>\$659</b>		<b>\$563</b>			<b>\$81,064</b>	<b>\$0.57</b>	<b>\$47.38</b>	<b>\$48.00</b>

INCOME				TOTAL NET RENTABLE SQ FT: 143,388				USS Region 10				
POTENTIAL GROSS RENT				<b>\$972,768</b>	<b>\$994,680</b>	<b>\$978,588</b>	<b>\$972,876</b>					IREM Region Victoria
Secondary Income	Per Unit Per Month:	\$15.00		25,920	25,920	25,920	25,920	\$15.00				Per Unit Per Month
Other Support Income: (describe)				0	0	0	0					
POTENTIAL GROSS INCOME				<b>\$998,688</b>	<b>\$1,020,600</b>	<b>\$1,004,508</b>	<b>\$998,796</b>					
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(74,902)	(76,545)	(\$75,336)	(74,904)	-7.50%				of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions				0	0	0	0					
EFFECTIVE GROSS INCOME				<b>\$923,786</b>	<b>\$944,055</b>	<b>\$929,172</b>	<b>\$923,892</b>					

EXPENSES				PER SQ FT				PER UNIT			% OF EGI		
General & Administrative	4.24%	\$272	0.27	\$39,205	\$38,487	\$38,880	\$38,880	\$0.27	\$270	4.21%			
Management	5.00%	321	0.32	46,189	47,203	\$37,167	\$36,957	0.26	257	4.00%			
Payroll & Payroll Tax	11.68%	749	0.75	107,869	105,871	\$123,120	\$123,120	0.86	855	13.33%			
Repairs & Maintenance	7.78%	499	0.50	71,844	70,504	\$65,520	\$65,520	0.46	455	7.09%			
Utilities	2.26%	145	0.15	20,875	20,159	\$17,136	\$17,136	0.49	490	7.64%			
Water, Sewer, & Trash	5.68%	364	0.37	52,472	51,507	\$24,192	\$24,192	0.17	168	2.62%			
Property Insurance	4.27%	274	0.28	39,437	38,708	\$24,480	\$24,480	0.30	300	4.68%			
Property Tax	2.77%	667	0.67	96,117	94,355	\$100,800	\$100,800	0.70	700	10.91%			
Reserve for Replacements	3.90%	250	0.25	36,000	36,000	\$36,000	\$36,000	0.25	250	3.90%			
Other Expenses:	2.99%	192	0.19	27,648	28,656	28,656	27,648	0.19	192	2.99%			
<b>TOTAL EXPENSES</b>	<b>58.20%</b>	<b>\$3,734</b>	<b>\$3.75</b>	<b>\$537,656</b>	<b>\$531,450</b>	<b>\$495,951</b>	<b>\$566,877</b>	<b>\$3.95</b>	<b>\$3,937</b>	<b>61.36%</b>			
<b>NET OPERATING INC</b>	<b>41.80%</b>	<b>\$2,681</b>	<b>\$2.69</b>	<b>\$386,130</b>	<b>\$412,605</b>	<b>\$433,221</b>	<b>\$357,015</b>	<b>\$2.49</b>	<b>\$2,479</b>	<b>38.64%</b>			

DEBT SERVICE				PER SQ FT				PER UNIT			% OF EGI		
First Lien Mortgage	33.50%	\$2,149	\$2.16	\$309,435	\$323,373	\$323,373	\$309,435	\$2.16	\$2,149	33.49%			
Additional Financing	0.00%	\$0	\$0.00	0	0	0	0	\$0.00	\$0	0.00%			
Additional Financing	0.00%	\$0	\$0.00	0	0	0	0	\$0.00	\$0	0.00%			
<b>NET CASH FLOW</b>	<b>8.30%</b>	<b>\$533</b>	<b>\$0.53</b>	<b>\$76,695</b>	<b>\$81,555</b>	<b>\$155,264</b>	<b>\$47,580</b>	<b>\$0.33</b>	<b>\$330</b>	<b>5.15%</b>			

AGGREGATE DEBT COVERAGE RATIO				RECOMMENDED DEBT COVERAGE RATIO			
AGGREGATE DEBT COVERAGE RATIO				1.25	1.28	1.34	1.15
RECOMMENDED DEBT COVERAGE RATIO				1.25			

CONSTRUCTION COST				PER SQ FT				PER UNIT			% OF TOTAL		
Acquisition Cost (site or bldg)	2.70%	\$2,162	\$2.17	\$311,308	\$301,500	\$301,500	\$311,308	\$2.17	\$2,162	2.77%			
Off-Sites	0.48%	382	0.38	55,000	55,000	\$55,000	55,000	0.38	382	0.49%			
Sitework	8.91%	7,125	7.16	1,026,000	1,026,000	\$1,026,000	1,026,000	7.16	7,125	9.13%			
Direct Construction	52.13%	41,710	41.89	6,006,310	5,629,216	\$5,748,763	5,789,677	40.38	40,206	51.52%			
Contingency	3.78%	1,847	1.86	266,000	216,000	\$216,000	266,000	1.86	1,847	2.37%			
General Req'ts	5.98%	3,659	2.93	420,684	399,313	\$419,257	420,684	2.93	2,921	3.74%			
Contractor's G & A	1.99%	974	0.98	140,228	133,104	\$139,752	140,228	0.98	974	1.25%			
Contractor's Profit	5.98%	3,659	2.93	420,684	399,313	\$419,257	420,684	2.93	2,921	3.74%			
Indirect Construction	5.90%	4,718	4.74	679,371	833,846	\$833,846	679,371	4.74	4,718	6.05%			
Ineligible Costs	3.12%	2,495	2.51	359,257	408,920	\$408,920	359,257	2.51	2,495	3.20%			
Developer's G & A	2.70%	1,736	1.74	250,000	225,088	\$250,000	250,000	1.74	1,736	2.22%			
Developer's Profit	11.95%	7,679	7.71	1,105,805	1,117,829	\$1,117,829	1,105,805	7.71	7,679	9.84%			
Interim Financing	2.57%	2,056	2.06	296,057	315,986	\$315,986	296,057	2.06	2,056	2.63%			
Reserves	1.60%	1,280	1.29	184,314	187,660	177,138	117,269	0.82	814	1.04%			
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$80,007</b>	<b>\$80.35</b>	<b>\$11,521,017</b>	<b>\$11,248,775</b>	<b>\$11,429,248</b>	<b>\$11,237,340</b>	<b>\$78.37</b>	<b>\$78,037</b>	<b>100.00%</b>			
<b>Recap-Hard Construction Costs</b>	<b>71.87%</b>	<b>\$57,499</b>	<b>\$57.74</b>	<b>\$8,279,906</b>	<b>\$7,802,946</b>	<b>\$7,969,029</b>	<b>\$8,063,273</b>	<b>\$56.23</b>	<b>\$55,995</b>	<b>71.75%</b>			

SOURCES OF FUNDS				RECOMMENDED				PER UNIT			% OF TOTAL		
First Lien Mortgage	32.81%	\$26,250	\$26.36	\$3,780,000	\$3,934,000	\$3,934,000	\$3,780,000	\$26.36	\$26,250	32.81%			
Additional Financing	0.00%	\$0	\$0.00	0	25,000	\$25,000	0	\$0.00	\$0	0.00%			
HTC Syndication Proceeds	60.57%	\$48,457	\$48.66	6,977,861	6,818,731	\$6,818,731	6,977,861	\$48.66	\$48,457	60.57%			
Deferred Developer Fees	4.16%	\$3,330	\$3.34	479,479	651,514	\$651,514	479,479	\$3.34	\$3,330	4.16%			
Additional (excess) Funds Required	2.46%	\$1,970	\$1.98	283,677	(180,470)	\$3	0	\$1.98	(0)	2.46%			
<b>TOTAL SOURCES</b>				<b>\$11,521,017</b>	<b>\$11,248,775</b>	<b>\$11,429,248</b>	<b>\$11,237,340</b>						

Developer Fee Available  
 \$1,351,695  
 % of Dev. Fee Deferred  
 37%  
 15-Yr Cumulative Cash Flow  
 \$1,806,528

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Pinnacle Pointe Apartments, Victoria, 9% HTC #03162 ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.62	\$6,255,047
Adjustments				
Exterior Wall Finish	1.60%		\$0.70	\$100,081
9" Ceilings	3.00%		1.31	187,651
Roofing			0.00	0
Subfloor			(0.80)	(115,133)
Floor Cover			2.00	286,776
Porches/Balconies	\$22.73	28,370	4.50	644,720
Plumbing	\$605	432	1.82	261,360
Built-In Appliances	\$1,650	144	1.66	237,600
Exterior Stairs	\$1,625	48	0.54	78,000
Floor Insulation			0.00	0
Heating/Cooling			1.53	219,384
Garages/Carports	\$8.18	11,250	0.64	92,025
Comm &/or Aux Bldgs	\$54.76	6,408	2.45	350,927
Other:			0.00	0
<b>SUBTOTAL</b>			<b>59.97</b>	<b>8,598,438</b>
Current Cost Multiplier	1.03		1.80	257,953
Local Multiplier	0.83		(10.19)	(1,461,734)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$51.57</b>	<b>\$7,394,657</b>
Plans, specs, survy, bld perm	3.90%		(\$2.01)	(\$288,392)
Interim Construction Interest	3.38%		(1.74)	(249,570)
Contractor's OH & Profit	11.50%		(5.93)	(850,386)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$41.89</b>	<b>\$6,006,310</b>

PAYMENT COMPUTATION

<b>Primary</b>	\$3,780,000	Term	360
Int Rate	7.25%	DCR	1.25
<b>Secondary</b>	\$0	Term	360
Int Rate	1.00%	Subtotal DCR	1.25
<b>Additional</b>	\$6,977,861	Term	
Int Rate		Aggregate DCR	1.25

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$309,435
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$76,695</b>

<b>Primary</b>	\$3,780,000	Term	360
Int Rate	7.25%	DCR	1.25
<b>Secondary</b>	\$0	Term	360
Int Rate	1.00%	Subtotal DCR	1.25
<b>Additional</b>	\$6,977,861	Term	0
Int Rate	0.00%	Aggregate DCR	1.25

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	\$972,768	\$1,001,951	\$1,032,010	\$1,062,970	\$1,094,859	\$1,269,242	\$1,471,399	\$1,705,755	\$2,292,392
Secondary Income	25,920	26,698	27,499	28,323	29,173	33,820	39,206	45,451	61,082
Other Support Income: (describe)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	998,688	1,028,649	1,059,508	1,091,293	1,124,032	1,303,061	1,510,605	1,751,205	2,353,474
Vacancy & Collection Loss	(74,902)	(77,149)	(79,463)	(81,847)	(84,302)	(97,730)	(113,295)	(131,340)	(176,511)
Employee or Other Non-Rental I	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$923,786	\$951,500	\$980,045	\$1,009,446	\$1,039,730	\$1,205,332	\$1,397,310	\$1,619,865	\$2,176,963
EXPENSES at 4.00%									
General & Administrative	\$39,205	\$40,773	\$42,404	\$44,101	\$45,865	\$55,801	\$67,891	\$82,600	\$122,267
Management	46,189	47,575	49,002	50,472	51,986	60,267	69,865	80,993	108,848
Payroll & Payroll Tax	107,869	112,183	116,671	121,338	126,191	153,531	186,794	227,263	336,405
Repairs & Maintenance	71,844	74,718	77,707	80,815	84,048	102,257	124,411	151,365	224,058
Utilities	20,875	21,710	22,579	23,482	24,421	29,712	36,149	43,981	65,103
Water, Sewer & Trash	52,472	54,571	56,753	59,024	61,385	74,684	90,864	110,550	163,641
Insurance	39,437	41,015	42,655	44,361	46,136	56,131	68,292	83,088	122,990
Property Tax	96,117	99,961	103,960	108,118	112,443	136,804	166,443	202,503	299,754
Reserve for Replacements	36,000	37,440	38,938	40,495	42,115	51,239	62,340	75,847	112,271
Other	27,648	28,754	29,904	31,100	32,344	39,352	47,877	58,250	86,224
TOTAL EXPENSES	\$537,656	\$558,701	\$580,573	\$603,306	\$626,933	\$759,777	\$920,927	\$1,116,440	\$1,641,563
NET OPERATING INCOME	\$386,130	\$392,799	\$399,472	\$406,140	\$412,796	\$445,554	\$476,382	\$503,425	\$535,400
DEBT SERVICE									
First Lien Financing	\$309,435	\$309,435	\$309,435	\$309,435	\$309,435	\$309,435	\$309,435	\$309,435	\$309,435
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$76,695	\$83,364	\$90,037	\$96,705	\$103,361	\$136,119	\$166,947	\$193,990	\$225,965
DEBT COVERAGE RATIO	1.25	1.27	1.29	1.31	1.33	1.44	1.54	1.63	1.73

**LIHTC Allocation Calculation - Pinnacle Pointe Apartments, Victoria, 9% HTC #03162 ADDENDUM**

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	\$311,308	\$311,308		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,026,000	\$1,026,000	\$1,026,000	\$1,026,000
Off-site improvements	\$55,000	\$55,000		
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$5,789,677	\$6,006,310	\$5,789,677	\$6,006,310
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$140,228	\$140,228	\$136,314	\$140,228
Contractor profit	\$420,684	\$420,684	\$408,941	\$420,684
General requirements	\$420,684	\$420,684	\$408,941	\$420,684
<b>(5) Contingencies</b>				
	\$266,000	\$266,000	\$266,000	\$266,000
<b>(6) Eligible Indirect Fees</b>				
	\$679,371	\$679,371	\$679,371	\$679,371
<b>(7) Eligible Financing Fees</b>				
	\$296,057	\$296,057	\$296,057	\$296,057
<b>(8) All Ineligible Costs</b>				
	\$359,257	\$359,257		
<b>(9) Developer Fees</b>				
			\$1,351,695	
Developer overhead	\$250,000	\$250,000		\$250,000
Developer fee	\$1,105,805	\$1,105,805		\$1,105,805
<b>(10) Development Reserves</b>				
	\$117,269	\$184,314		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$11,237,340</b>	<b>\$11,521,017</b>	<b>\$10,362,995</b>	<b>\$10,611,139</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>			\$10,362,995	\$10,611,139
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			\$10,362,995	\$10,611,139
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$10,362,995	\$10,611,139
Applicable Percentage			8.34%	8.34%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$864,274	\$884,969

Syndication Proceeds	0.8049	\$6,956,708	\$7,123,288
<b>Total Credits (Eligible Basis Method)</b>		<b>\$864,274</b>	<b>\$884,969</b>
Syndication Proceeds		\$6,956,708	\$7,123,288
Requested Credits		\$866,902	
Syndication Proceeds		\$6,977,863	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,457,340</b>	
Credit Amount		\$926,470	
<b>Original Allocated Credits</b>		<b>\$871,732</b>	
Credits Recaptured		\$7,458	

**Summary for Developments 03261, 03262 and 03263 below:**

The applications each received 12 points for proposing to reserve units for tenants at the 50% and lower levels of AMI (see letters from Coats Rose, below). The At-Risk set-aside in the subject region was undersubscribed and the applications would have received awards even without the points.

Applicant states that the operating income from rents proposed will be insufficient to keep the operations viable without HUD Housing Assistance Payments. Syndicators have stated an unwillingness to underwrite at the HAP contract rents because there is a risk that the HAP contracts will not be renewed and a further risk that even if renewed, the contracts will not be funded, because they are subject to annual appropriations. Applicant therefore states that syndicators are unwilling to invest in the developments unless all of the tax credit units can be rented at 60% rents, as indicated in the attached letters from Raymond James, Sterling Bank, and Related Capital.

Applicant requests permission to rent the tax credit units in all developments at 60% rents.

**Development No. 03261, Pebble Creek Apartments**

Summary of Request: See above.

Governing QAP	2003 QAP, Section 49.18(c)
Applicant:	Itex Park, Ltd.
General Partner:	Itex Properties, LLC
Principals/Contacts	Ike Akbari, Josh W. Allen, Sr.
Syndicator:	Paramount Financial Group
Construction Lender:	GMAC
Permanent Lender:	GMAC
City/County:	Port Arthur/Jefferson
Set-Aside:	At-Risk, General/Family
Type of Development:	Acquisition & Rehabilitation
Units:	166 LIHTC units and 42 market rate units
2003 Allocation:	\$387,920
Allocation per HTC Unit:	\$2,337
Other Funding:	NA
Prior Board Actions:	None
Underwriting Reevaluation:	Analysis of the request by the Real Estate Analysis Division (REA) is ongoing.

**Staff Recommendation:** **Because the At-Risk Set-Aside was undersubscribed in the subject region, staff recommends that the amendment be approved with the conditions that:**

- 1. The units to be rented at 30%, 40% and 50% rents to tenants qualifying at the corresponding levels of AMI may be rented at 60% rents to tenants qualifying at 60% of AMI only if the HAP contracts are not renewed or if the amount of assistance is decreased.**
- 2. If HUD offers renewal and the applicant refuses, the remaining credits will be revoked unless the applicant can continue to operate at the affordability levels that were represented in the application.**
- 3. The Real Estate Analysis Division reevaluates the development and determines that the amendment is needed for the financial feasibility of the development.**

**Development No. 03262, Crystal Creek Apartments**

Summary of Request: See above.

Governing QAP	2003 QAP, Section 49.18(c)
Applicant:	Crystal Creek Park, Ltd.
General Partner:	Itex Properties, LLC
Principals/Contacts	Ike Akbari, Josh W. Allen, Sr.
Syndicator:	Paramount Financial Group
Construction Lender:	GMAC
Permanent Lender:	GMAC
City/County:	Port Arthur/Jefferson
Set-Aside:	At-Risk, General, Elderly
Type of Development:	Acquisition and Rehabilitation
Units:	162 LIHTC units and 40 market rate units
2003 Allocation:	\$377,548
Allocation per HTC Unit:	\$2,331
Other Funding:	NA
Prior Board Actions:	None
Underwriting Reevaluation:	Analysis of the request by the Real Estate Analysis Division (REA) is ongoing.
<b>Staff Recommendation:</b>	<b>Same as 03261 above.</b>

**Development No. 03263, CedarRidge Apartments**

Summary of Request: See above.

Governing QAP	2003 QAP, Section 49.18(c)
Applicant:	CedarCreek Park Apartments, Ltd. (originally CedarRidge Apartments, Ltd.)
General Partner:	Itex Properties, LLC
Principals/Contacts	Ike Akbari, Josh W. Allen, Sr.
Syndicator:	Paramount Financial
Construction Lender:	GMAC
Permanent Lender:	GMAC
City/County:	Port Arthur/Jefferson
Set-Aside:	At-Risk, General/Family
Type of Development:	Acquisition and Rehabilitation
Units:	160 LIHTC units and 40 market rate units
2003 Allocation:	\$387,461
Allocation per HTC Unit:	\$2,422
Other Funding:	NA
Prior Board Actions:	None
Underwriting Reevaluation:	Analysis of the request by the Real Estate Analysis Division (REA) is ongoing.
<b>Staff Recommendation:</b>	<b>Same as 03261 above.</b>



# COATS | ROSE

03261

bpalmer@coatsrose.com  
DIRECT DIAL  
(713) 653-7395

January 19, 2004

Edwina Carrington  
Executive Director  
Texas Department of Housing & Community Affairs  
507 Sabine Street  
Austin, Texas 78701

Fax No. 512-472-8526

RECEIVED  
JAN 21 2004  
EXECUTIVE

Re: Pebble Creek Apartments - TDHCA No. 03261

Dear Ms. Carrington:

On December 1, 2003, we submitted to your office a request to approve an amendment to the application for the above-referenced development (the "Development"). The purpose of this letter is to clarify the issue that led to the amendment request. For reference purposes, this letter provides the information in the original December 1 letter, in addition to the clarification. We have also included all the attachments submitted with the December 1 request. For your convenience, the clarification is noted in italics.

The Applicant applied for and received an allocation of tax credits to acquire and renovate this existing Development under the At-Risk set-aside in 2003. The Development consists of 208 units, of which 166 are rent-restricted and 42 are market-rate.

The breakdown of the rent-restricted units was to be as follows:

30% AMFI	-	33 units
40% AMFI	-	16 units
50% AMFI	-	34 units
60% AMFI	-	83 units

Rents at the Development are supported by project-based Section 8 under a Housing Assistance Payments contract (HAP Contract) that expires on April 30, 2004. The Applicant plans to file applications for renewal of the HAP Contracts in a timely manner, *at which point the Development is likely to receive a five-year renewal of the contract. During the contract term, annual funding will be subject to Congressional appropriations.* The Development currently serves tenants at 30 – 50% AMFI, and the Applicant intends to continue doing so.

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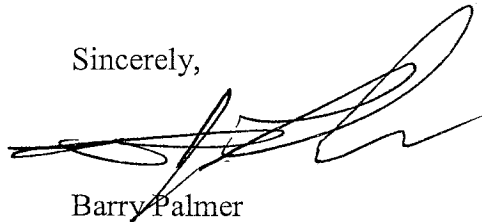
Web: [www.coatsrose.com](http://www.coatsrose.com)

However, should HUD elect not to renew the HAP Contracts, *or, if the federal government fails to appropriate sufficient money each year in the annual budget to fund the Contracts*, the cash flow under the proposed rent restrictions will not be sufficient to cover the debt service and costs of the Development. For these reasons, no tax-credit investor has been willing to purchase the tax credits for the Development because of the risk that the project-based rental assistance may cease, either because the HAP Contracts are not renewed, *or because funds are not appropriated each year to fund the Section 8 Contracts*.

The Applicant was awarded tax credits under the 2003 At-Risk set-aside for the preservation of existing affordable housing, which was undersubscribed. Thus, the application would not have been adversely affected had the Development not received points for the very low-income units. In addition, we did not anticipate that investors would refuse to purchase the tax credits based on risks inherent in the reliance on HAP Contracts. In fact, we proceeded for some time based on a letter of interest from Raymond James Tax Credit Funds, Inc., before it withdrew its interest because of this issue, as described in the attached letter from Mr. Terrance Coyne. We have also approached several other syndicators about the Development, and none has indicated a willingness to proceed under the proposed rent restrictions. We have enclosed letters from two additional syndicators, indicating the same issue. *Please note that all three letters make clear that the problem is not only that the Section 8 Contracts may not be renewed, but also that annual appropriations may not be sufficient to fund the Section 8 Contracts. Therefore, even if the Section 8 Contracts are renewed for the full 18 year compliance period, the tax credit investors would be unwilling to invest because of the annual appropriations risk.* We apologize for our oversight in not making this point clear in our December 1 letter.

Therefore, we respectfully request that the Department allow an application amendment to this Project to eliminate the requirement that the Project maintain units at 30%, 40%, and 50% of AMFI. We request that all rent-restricted units be capped at 60% AMFI instead. Enclosed are amended financial documents reflecting this change. We expect to close the financing for this transaction in mid-February.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Palmer", written over a horizontal line.

Barry Palmer

## COATS | ROSE

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 DIRECT DIAL  
 (713) 653-7395

January 19, 2004

Edwina Carrington                      Fax No. 512-472-8526  
 Executive Director  
 Texas Department of Housing & Community Affairs  
 507 Sabine Street  
 Austin, Texas 78701

RECEIVED  
 2004

Re:     Crystal Creek Apartments - TDHCA No. 03262

Dear Ms. Carrington:

On December 1, 2003, we submitted to your office a request to approve an amendment to the application for the above-referenced development (the "Development"). The purpose of this letter is to clarify the issue that led to the amendment request. For reference purposes, this letter provides the information in the original December 1 letter, in addition to the clarification. We have also included all the attachments submitted with the December 1 request. For your convenience, the clarification is noted in italics.

The Applicant applied for and received an allocation of tax credits to acquire and renovate this existing Development under the At-Risk set-aside in 2003. The Development consists of 202 units, of which 162 are rent-restricted and 40 are market-rate.

The breakdown of the rent-restricted units was to be as follows:

30% AMFI	-	30 units
40% AMFI	-	17 units
50% AMFI	-	33 units
60% AMFI	-	82 units

Rents at the Development are supported by project-based Section 8 under two Housing Assistance Payments contracts (HAP Contracts) that expire on February 17, 2006 and April 20, 2008. The Applicant plans to file applications for renewal of the HAP Contracts in a timely manner, *at which point the Development is likely to receive a five-year renewal of the contract. During the contract term, annual funding will be subject to Congressional appropriations.* The Development currently serves tenants at 30 – 50% AMFI, and the Applicant intends to continue doing so.

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January 19, 2004

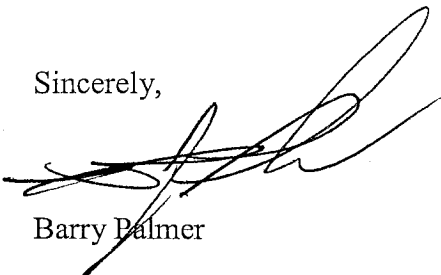
Page 2

However, in the event that HUD should elect not to renew the HAP Contracts, or, *if the federal government fails to appropriate sufficient money each year in the annual budget to fund the Contracts*, the cash flow under the proposed rent restrictions will not be sufficient to cover the debt service and costs of the Development. For these reasons, no tax-credit investor has been willing to purchase the tax credits for the Development because of the risk that the project-based rental assistance may cease, either because the HAP Contracts are not renewed, *or because funds are not appropriated each year to fund the Section 8 Contracts*.

The Applicant was awarded tax credits under the 2003 At-Risk set-aside for the preservation of existing affordable housing, which was undersubscribed. Thus, the application would not have been adversely affected had the Development not received points for the very low-income units. In addition, we did not anticipate that investors would refuse to purchase the tax credits based on risks inherent in the reliance on HAP Contracts. In fact, we proceeded for some time based on a letter of interest from Raymond James Tax Credit Funds, Inc., before it withdrew its interest because of this issue, as described in the attached letter from Mr. Terrance Coyne. We have also approached several other syndicators about the Development, and none has indicated a willingness to proceed under the proposed rent restrictions. We have enclosed letters from two additional syndicators, indicating the same issue. *Please note that all three letters make clear that the problem is not only that the Section 8 Contracts may not be renewed, but also that annual appropriations may not be sufficient to fund the Section 8 Contracts. Therefore, even if the Section 8 Contracts are renewed for the full 18 year compliance period, the tax credit investors would be unwilling to invest because of the annual appropriations risk.* We apologize for our oversight in not making this point clear in the December 1 letter.

Therefore, we respectfully request that the Department allow an application amendment to this Project to eliminate the requirement that the Project maintain units at 30%, 40%, and 50% of AMFI. We request that all rent-restricted units be capped at 60% AMFI instead. Enclosed are amended financial documents reflecting this change. We expect to close the financing for this project in early to mid March.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Palmer", written over a horizontal line.

Barry Palmer

03263

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January 19, 2004

Edwina Carrington                      Fax No. 512-472-8526  
Executive Director  
Texas Department of Housing & Community Affairs  
507 Sabine Street  
Austin, Texas 78701

RECEIVED  
JAN 21 2004  
EXECUTIVE

Re: CedarRidge Apartments - TDHCA No. 03263

Dear Ms. Carrington:

On December 1, 2003, we submitted to your office a request to approve an amendment to the application for the above-referenced development (the "Development"). The purpose of this letter is to clarify the issue that led to the amendment request. For reference purposes, this letter provides all of the information in the original December 1 letter, in addition to the clarification. We have also included all the attachments submitted with the December 1 request. For your convenience, the clarification is noted in italics.

The Applicant applied for and received an allocation of tax credits to acquire and renovate this existing Development under the At-Risk set-aside in 2003. The Development consists of 200 units, of which 160 are rent-restricted and 40 are market-rate.

The breakdown of the rent-restricted units was to be as follows:

30% AMFI	-	31 units
40% AMFI	-	18 units
50% AMFI	-	33 units
60% AMFI	-	78 units

Rents at the Development are supported by project-based Section 8 under a Housing Assistance Payments contract (HAP Contract), that expires on May 31, 2004. The Applicant plans to file applications for renewal of the HAP Contracts in a timely manner, *at which point the Development is likely to receive a five-year renewal of the contract. During the contract term, annual funding will be subject to Congressional appropriations.* The Development currently serves tenants at 30 – 50% AMFI, and we intend to continue doing so.

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January 19, 2004

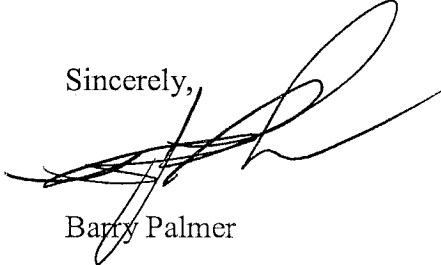
Page 2

However, should HUD elect not to renew the HAP Contracts, *or, if the federal government fails to appropriate sufficient money each year in the annual budget to fund the Contracts*, the cash flow under the proposed rent restrictions will not be sufficient to cover the debt service and costs of the Development. For these reasons, no tax-credit investor has been willing to purchase the tax credits for the Development because of the risk that the project-based rental assistance may cease, either because the HAP Contracts are not renewed, *or because funds are not appropriated each year to fund the Section 8 Contracts*.

The Applicant was awarded tax credits under the 2003 At-Risk set-aside for the preservation of existing affordable housing, which was undersubscribed. Thus, the application would not have been adversely affected had the Development not received points for the very low-income units. In addition, we did not anticipate that investors would refuse to purchase the tax credits based on risks inherent in the reliance on HAP Contracts. In fact, we proceeded for some time based on a letter of interest from Raymond James Tax Credit Funds, Inc., before it withdrew its interest because of this issue, as described in the attached letter from Mr. Terrance Coyne. We have also approached several other syndicators about the Development, and none has indicated a willingness to proceed under the proposed rent restrictions. We have enclosed letters from two additional syndicators, indicating the same issue. *Please note that all three letters make clear that the problem is not only that the Section 8 Contracts may not be renewed, but also that annual appropriations may not be sufficient to fund the Section 8 Contracts. Therefore, even if the Section 8 Contracts are renewed for the full 18 year compliance period, the tax credit investors would be unwilling to invest because of the annual appropriations risk.* We apologize for our oversight in not making this point clear in our December 1 letter.

Therefore, we respectfully request that the Department allow an application amendment to this Project to eliminate the requirement that the Project maintain units at 30%, 40%, and 50% of AMFI. We request that all rent-restricted units be capped at 60% AMFI instead. Enclosed are amended financial documents reflecting this change. We plan to close the financing for this transaction in mid- to late March.

Sincerely,



Barty Palmer



A CharterMark Company

625 Madison Avenue, New York, NY 10022 | 212.588.2100 | Fax 212.751.3550 | [relatedcapital.com](http://relatedcapital.com)

January 16, 2004

Edwina Carrington  
Texas Department of Housing and Community Affairs (the "Department")  
507 Sabine  
Austin, TX 78701

Re: Pebblecreek Apartments, TDHCA Number 03261  
Turtle Creek Apartments, TDHCA Number 03262  
Cedar Ridge Apartments, TDHCA Number 03263

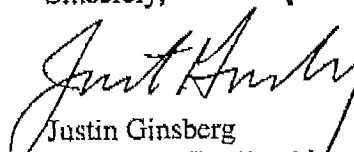
Dear Ms. Carrington:

Related Capital Company ("RCC") has conditionally agreed to purchase the Low-Income Housing Tax Credits ("Credits") tax credits on the three above referenced developments. Our agreement to purchase the Credits, however, is conditioned upon the Department agreeing to allow the low-income rent restrictions at the 30%, 40% and 50% AMFI thresholds to be released and to have all of the units rent restricted at the 60% AMFI threshold.

As you are aware, these projects are project-based Section 8 developments, and, while the current tenant profile complies with the low-income rent restrictions that are currently in place, the rents under the existing HAP contract are significantly higher than the rents that would be allowed at the 30%, 40% and 50% AMFI thresholds. Consequently, the financial feasibility of the project as structured will be threatened if either (a) the HAP contract is terminated; or (b) the HAP contract remains in place, but fails to receive the necessary Congressional appropriations. The LIHTC investor community has generally been unwilling to bear either of these risks. At the 60% AMFI threshold, however, it is not necessary to consider any additional income provided by the HAP contract rents to support the debt necessary to rehabilitate these projects.

If you have any questions concerning the foregoing, please feel free to contact me.

Sincerely,



Justin Ginsberg  
Executive Vice President

JG/reg

## FIRST STERLING FINANCIAL, INC.



Dec. 9, 2003

*Via Federal Express*

Mr. K.T. Akbari  
Park Central Management, Inc.  
8710 Central Mall Drive  
Port Arthur, Texas 77642

Re: Cedar Ridge Apartments (a/k/a/ Turtle Creek North Apartments)  
Port Arthur, Texas

Dear Mr. Akbari,

As you are aware, First Sterling Financial, Inc. has performed its preliminary due diligence analysis of Cedar Ridge Apartments relative to our intent to provide tax credit equity financing. It is our understanding that the property currently benefits from a HUD Section 8 HAP Contract and that the HAP contract has or will be renewed for an additional 5-year term. Thereafter, it is anticipated that the HAP contract will be renewed for a successive 5-year term.

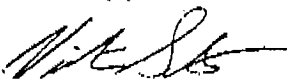
Notwithstanding the existing residents' need for rental assistance, there is a risk that the contract will not be renewed beyond the initial 5-year term. Additionally, all Section 8 HAP Contracts are subject to annual appropriations.

It is an industry standard for tax credit investors to underwrite to the lesser of HAP Contract, tax credit limit, or market rent. This mitigates the risk associated with non-renewal of the HAP Contract. In the case of Cedar Ridge, the lowest net operating income would be generated by the tax credit rent scenario. This is a direct result of 41% of the units restricted at the 30% to 50% AMI limits. At these rent levels, the project would barely be able to service debt.

If all of the tax credit units were at the 60% AMI limit, the debt service coverage would be at an acceptable level. We encourage you to seek a waiver from the Texas Department of Housing & Community Affairs to allow all of the tax credit units to be restricted at the 60% AMI limit. It should be noted that this will not adversely impact affordability because the residents' portion of the rent will be limited to 30% of their income.

Please don't hesitate to call if you have any questions.

Very truly yours,



Victor J. Sostar  
Senior Vice President

VJS/hab

bc: Carolyn McMullen @ GMAC  
Fax: 312 845-5156



**RAYMOND JAMES**

December 1, 2003

Mr. Ike Akbari  
Itex Properties, LLC  
8710 Central Mall Drive  
Port Arthur, TX 77642

**RE: Project Set Asides – Tax Credit Deals in Port Arthur, Texas**

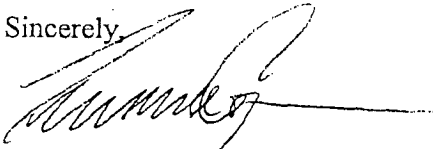
Dear Ike:

Based on my review of your transactions, I have determined that these projects will be difficult to sell to an equity investor. The reason for this is the current choice of project set asides. As you may or may not know, the tax credit equity market is dominated by institutional investors that are less than comfortable with the fact that HUD rental assistance is subject to annual appropriations by the U.S. Congress. Specifically, equity investors require us to present a downside analysis of the project in which we assume that the HAP Contract assistance is not renewed at expiration. Rents are set at the lesser of the maximum tax credit rent or a 10% advantage over the market rent for the purposes of developing this analysis.

When one considers that that the maximum tax credit rents of the 30%, 40% and 50% of AMI units are well below the current HAP rents it becomes clear that the project could not survive without project-based rental assistance. Therefore, we must include reserves to cover the shortfall that develops if the HAP Contracts are not renewed unless we can demonstrate that the project will break even in the absence of the rental assistance.

For example, I have determined that the reserve requirement for the Crystal Creek Apartments deal exceeds one million dollars over the fifteen year compliance period assuming that the HAP contracts are not renewed in 2006 and 2008. However, if we assume that the project set asides are 60% of AMI for all tax credit units then the shortfall is only \$18,183 during the same period. Clearly, structuring these transactions so that all of the tax credit units are set at the 60% of AMI level makes them saleable products. If you have any questions about this suggestion please feel free to call me at the above telephone number

Sincerely,



Terrance Coyne  
Director of Acquisitions

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 11, 2004**

**Action Item**

Requests for waiver of 2003 QAP requirement under §49.3(49)(D) prohibiting 4 bedroom units for three 2003 Forward Commitments. This item was tabled from the January 2004 Board meeting and, as requested, is being brought before the Board at the February meeting.

**Requested Action**

Consider and approve waiver.

**Background and Recommendations**

In July 2002, seven developments that had applied for 2002 Housing Tax Credits under the 2002 QAP were granted forward commitments of 2003 credits; three of those developments had 4-bedroom units in their design. Those developments are Bexar Creek (#03007), Mission del Valle Townhomes (#03003) and Arbor Woods (#03004).

The 2002 QAP, under which those applicants had applied, permitted 4-bedroom units. Subsequently, after the determination of the Board to grant the Forward Commitments, a 2003 QAP was approved by the Board which precluded new construction developments from having any 4-bedroom units. All applications receiving credits from 2003 are required to be held to the 2003 QAP which includes those developments having received their commitment of funds in 2002 as forward commitments. However, consistent with §49.23 of the 2003 QAP, “the Board, in its discretion, may waive any one or more of these Rules in cases in which the Board finds that compelling circumstances exist outside the control of the Applicant or Development Owner.” Staff recommends that because the 2003 QAP was not in existence at the time the application was designed and submitted, and because staff did not require changes to the development upon approval of the 2003 QAP, a waiver of the 4-bedroom restriction be made for these three developments.

It should be noted that each of the 2004 Forward Commitments approved by the Board in 2003 is currently being reviewed for consistency with the 2004 QAP and each applicant will be required to bring their development into consistency with the 2004 QAP.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 11, 2004**

**Action Items**

Requests for extensions regarding closing construction loans and commencement of substantial construction.

**Required Action**

Approve or deny the requests for extensions associated with 2002 commitments.

**Background**

Pertinent facts about the developments requesting extensions are given below. The requests were accompanied by a mandatory \$2,500 extension request fee for each type of extension requested.

**Development Nos. 02019-02022**

**Background:** In settlement of litigation, the Department allowed The Michaels Development Co. (Michaels) to purchase four properties from Century Pacific (CP). The four received tax credit awards in 2002. Extensions for carryover, construction loan closing and commencement of construction were included in the settlement. The development financing for the properties is complex, including separate HUD approvals for decoupling interest reduction payments from three of the existing mortgages, assignments of Section 8 contracts to Michaels, applications for Section 221(d)(4) mortgages, and other time consuming activities. Because the buildings of the four developments are currently occupied, the developments are not subject to typical Section 42 deadlines. Although the owner must place in service by the end of 2005, costs and eligible basis may continue to be aggregated until the end of the first year of the credit period, which, at the owner's option, may be either 2004 or 2005.

**Summary of Request:** The settlement noted above extended the deadline to close the construction loans to October 31, 2003 and the deadline for commencement of substantial construction to December 31, 2003. Michaels requested and received an extension to close the construction loans until January 30, 2004. Michaels requested and received an extension of the commencement of construction requirement until March 31, 2004. Because Congress failed to fund HUD, and the FHA insured construction loan/mortgages that Michaels has negotiated are dependent on the HUD funding, another set of extensions for closing the construction loans and commencement of construction have been requested. **Information about the requests relating to all four developments is below (on this page). Information on the individual developments is noted on the subsequent pages.**

Type of Extension Requests:	(1) Closing construction loan (2) Commencement of construction
Note on Time of Request:	Extension requested December 22, 2003. Deadline was December 29, 2003.
Current Deadlines:	(1) Closing construction loan: January 30, 2003 (2) Commencement of construction: March 31, 2004
New Deadlines Requested:	(1) Closing construction loan: March 31, 2004 (2) Commencement of construction: June 30, 2004
<b>New Deadlines Recommended:</b>	<b>Staff recommends the same deadlines as requested by the applicant.</b>
Prior Extensions:	Carryover extended from 10/11/02 to 12/16/02 Construction loan closing extended from 6/13/02 to 10/31/03 Construction loan closing extended from 10/31/03 to 1/30/04 Commencement of construction extended from 11/14/03 to 12/31/03 Commencement of construction extended from 12/31/03 to 3/31/04
Reason for Extension Request:	See summary above.
<b>Staff Recommendation:</b>	<b>Grant the extensions as requested based on HUD's current lack of funding and the technical financing structure of the developments.</b>

**Development No. 02019, Yale Village Apartments**

Applicant: CP Yale L.P.  
General Partner: Yale Village-Michaels, L.L.C.  
Principals/Interested Parties: Michael J. Levitt  
Syndicator: Related Capital Company  
Construction Lender: GMAC Commercial Mortgage  
Permanent Lender: GMAC Commercial Mortgage  
City/County: Houston/Harris  
Set-Aside: At-Risk/Family  
Type of Development: Acquisition/Rehab  
Units: 248 HTC units (and 2 employee units)  
Allocation: \$374,963 subject to adjustment  
Allocation per HTC Unit: \$1,512  
Extension Request Fees Paid: \$5,000

**Development No. 02020, King's Row Apartments**

Summary of Request: 02019, 02020, 02021 and 02022 have the same circumstances.

Applicant: CP Kings LP  
General Partner: King's Row-Michaels, L.L.C.  
Principals/Interested Parties: Michael Levitt  
Syndicator: Related Capital Company  
Construction Lender: GMAC Commercial Mortgage  
Permanent Lender: GMAC Commercial Mortgage  
City/County: Houston/Harris  
Set-Aside: At-Risk/Family  
Type of Development: Acquisition/Rehab  
Units: 180 HTC units  
Allocation: \$466,434  
Allocation per LIHTC Unit: \$2,591

**Development No. 02021, Continental Terrace**

Summary of Request: 02019, 02020, 02021 and 02022 have the same circumstances.

Applicant: CP Continental LP  
General Partner: Continental Terrace-Michaels, L.L.C.  
Principals/Interested Parties: Michael J. Levitt  
Syndicator: Related Capital Company  
Construction Lender: GMAC Commercial Mortgage  
Permanent Lender: GMAC Commercial Mortgage  
City/County: Fort Worth/Tarrant  
Set-Aside: At-Risk/Family  
Type of Development: Acquisition/Rehab  
Units: 196 LIHTC units (4 employee units)  
Allocation: \$425,426  
Allocation per HTC Unit: \$2,171

**Development No. 02022, Castle Garden Apartments**

Summary of Request: 02019, 02020, 02021 and 02022 have the same circumstances.

Applicant:	CP Castle LP
General Partner:	Castle Gardens-Michaels, L.L.C.
Principals/Interested Parties:	Michael J. Levitt
Syndicator:	Related Capital Company
Construction Lender:	GMAC Commercial Mortgage
Permanent Lender:	GMAC Commercial Mortgage
City/County:	Lubbock/Lubbock
Set-Aside:	At-Risk/Family
Type of Development:	Acquisition/Rehab
Units:	151 HTC units (and 1 employee unit)
2002 Allocation:	\$333,177
Allocation per HTC Unit:	\$2,206

**THE MICHAELS  
DEVELOPMENT CO.**

Wednesday, January 28, 2004

Brooke Boston  
Director of Multifamily Finance Production  
Texas Department of Housing and Community Affairs  
507 Sabine  
Suite 400  
P.O. Box 1394  
Austin, TX 78711

RECEIVED

JAN 29 2004

LIHTC

RE: Yale Village THDCA 02019  
Kings Row THDCA 02020  
Continental Terrace THDCA 0221  
Castle Gardens THDCA 02022

Dear Ms Brooke:

Please consider this letter a request to extend two deadlines in regard to the above named projects. We respectfully request that the date for closing of the construction loans be extended from January 30, 2004 to March 31, 2004 and that the date for commencement of substantial construction be extended from March 31, 2004 to June 30, 2004.

As you are aware, our financial strategy involves leveraging FHA-insured construction and permanent mortgage loans with tax credit equity in order to fund substantial rehabilitation of all four properties. Applications for Firm Commitments for FHA insurance for all four properties have been submitted by our mortgage lender to the U.S. Department of Housing and Urban Development (HUD).

We have been hampered, to date, by the fact that HUD had suspended the issuance of Firm Commitments pending U.S. Congressional action approving additional commitment authority. This is typical end of the federal fiscal year problem that had suspended the issuance of Firm Commitments since December. However, we have been informed that a budget bill is being signed today and that HUD will have renewed authority to issue Commitments beginning Monday, February 2. Now that this problem appears to be behind us, we have been promised that the HUD regional offices will be reviewing these applications on an accelerated basis.

We will be scheduling construction loan closings so that they occur within two weeks of the date that Firm Commitments are issued. Based on the level of cooperation that we have received from HUD to date, we are optimistic that closings can be scheduled by the end of February. However, as the closings are dependent on HUD approval, we are prudently requesting extensions of the THDCA closing deadlines to the end of March.

Corporate Office

1 E. Stow Road  
P.O. Box 994  
Marlton, NJ  
08053-0994  
(856) 596-3008  
fax (856) 988-5817  
Hearing Impaired:  
TDD (800) 244-7967

We are ready to close these construction loans and begin construction. Our general contractor, Parkcrest Builders, is fully qualified, bondable, and ready to proceed. Our builder and mortgage lender have signed off on our plans and specifications and construction budget. Units have been vacated to accommodate our construction schedule. Municipal officials have approved building permits for all four projects.

As we noted in our correspondence of October 23, work at Kings Row in Houston is already in progress. We have initiated over \$1,700,000 in property renovations to the first four buildings at Kings Row. This initial work has been funded from casualty insurance proceeds, rather than from sources identified in our FHA mortgage insurance application.

But for FHA mortgage insurance regulations, we would have already begun construction at Castle Gardens, Continental Terrace and Yale Village as well. Recognizing the need to start renovations, we would have secured a bridge loan permitting construction to proceed in advance of the FHA loan closing. Unfortunately, FHA regulations require issuance of Firm Commitments prior to granting approval for an early construction start. We would jeopardize our entire financing plan by starting construction through a bridge loan. Obtaining approval for an early construction start, after approval of the Firm Commitments, would likely take longer than simply closing on the FHA-insured construction loans.

As over \$33 million in mortgage loans are at stake, we cannot place these applications in peril. We are, however, actively exploring with our mortgage lender how we might begin construction prior to the FHA closing without endangering our mortgage applications. Based on the feedback we have received, we are cautiously optimistic that we will be able to proceed.

Please rest assured that we appreciate the patience shown by THDCA in this matter. Although FHA processing is taking longer than we had hoped, the end result, the preservation of four residential communities affordable to low income families in Houston, Fort Worth and Lubbock will be a credit to all concerned.

Please contact us with any questions or requests for additional information.

Very truly yours,



Ava J. Goldman  
Senior Vice President

**Refugio Street Apartments, HTC Development No. 02086**  
**Request for extension to commence substantial construction**

Background: The development is part of a 600 unit redevelopment of Victoria Courts, a 660 unit development built in 1947. A HOPE VI award to the San Antonio Housing Authority required HUD approval of the financing plan and slowed the process of closing the construction loan. Design changes resulting from community oversight and plan reviews by the Texas Historical Commission resulted in further delays. The development received approval from the city to proceed on December 22, 2003. Achieving construction beyond the foundation stage is anticipated by February 29, 2004.

Applicant:	Refugio Street Limited Partnership
General Partner:	Refugio Street Public Facility Corporation (managing GP) CGB Southwest, Inc. (co-GP)
Principals/Interested Parties:	San Antonio Housing Authority, Printice Gary
Syndicator:	Red Capital Markets, Inc.
Construction Lender:	Red Capital Mortgage, Inc.
Permanent Lender:	Red Capital Mortgage, Inc.
City/County:	San Antonio/Bexar
Set-Aside:	General/Family
Type of Development:	New Construction
Units:	105 HTC and 105 market rate units
2002 Allocation:	\$747,562
Allocation per HTC Unit:	\$7,120
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of construction
Note on Time of Request:	Extension requested January 20. Deadline to request was January 28.
Current Deadline:	January 31, 2004
New Deadline Requested:	February 29, 2004
<b>New Deadline Recommended:</b>	<b>Staff recommends the same deadline requested by applicant</b>
Prior Extensions:	Carryover extended from 9/27/02 to 11/30/02 Construction loan closing extended from 6/13/03 to 7/13/03 Commencement of construction extended from 11/14/03 to 1/31/04
<b>Staff Recommendation:</b>	<b>Grant the extension as requested.</b>



# Carleton Residential Properties

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January 19, 2004

Ms. Edwina Carrington  
Texas Department of Housing and Community Affairs  
507 Sabine, Suite 400  
Austin, Texas 78701

5485 Belt Line Road  
Suite 300  
Dallas, Texas 75254

(972) 980-9810  
(972) 980-1559 Fax

2004

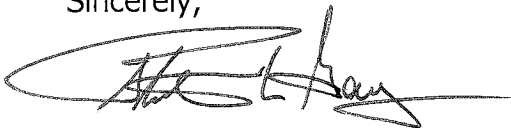
Dear Ms. Carrington:

By this letter, Refugio Street Limited Partnership is requesting a second extension of the commencement of substantial construction for Refugio Street Apartment (TDHCA #02086) until February 29, 2004. TDHCA previously approved an extension until January 31, 2004 in a letter dated October 13, 2003. You will find the \$2,500 extension fee enclosed.

The start of this project was delayed by several factors. The largest factor was the award of HOPE VI funding for this project and the surrounding master plan. This required us to work with HUD for approvals of financing as well as the contractor. Because of the importance of this project to all of the stakeholders in the San Antonio area, we also spent a lot of time working with local neighborhood organizations and the State Historical Commission in the design and planning of the development. We were able to incorporate a significant amount of input from the neighborhoods in the plans and obtain Historical Commission approval, but this delayed our submission of permitting plans to the City of San Antonio. The City has been very cooperative, and we did receive permits from the City allowing us to proceed on December 22<sup>nd</sup>. We are making progress on the project, as we were able to begin construction the week of December 22, 2003. As the enclosed pictures show, we are in the process of foundation build-up and hope to begin plumbing by the week of January 26. However, we do not think that we can have foundations poured and begin framing by the required January 31<sup>st</sup> deadline. Be assured that we are devoting the required manpower to this project so that it can be completed late this year as required.

Should you have any question on this matter, please call me directly at 972/980-9810.

Sincerely,



Printice L. Gary, President  
CGB Southwest, Inc.  
Co-General Partner  
Refugio Street Limited Partnership

cc: William Phillips, San Antonio Housing Authority

enclosures

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

**DATE:** February 3, 2004      **PROGRAM:** 1997 MRB Refunding      **FILE NUMBER:** 1997-001

**DEVELOPMENT NAME**

Meadow Ridge Apartments Apartments

**APPLICANT**

<b>Name:</b>	Round Rock Meadows, Ltd.	<b>Type:</b>	For Profit
<b>Address:</b>	Two Miranova Place, 12 <sup>th</sup> Floor	<b>City:</b>	Columbus <b>State:</b> Ohio
<b>Zip:</b>	43215	<b>Contact:</b>	Scott Laufenberg
		<b>Phone:</b>	(614) 857-1427 <b>Fax:</b> (614) 857-1430

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	Meadow Ridge Partners, LLC	<b>(%):</b>	1.00	<b>Title:</b>	Managing General Partner
<b>Name:</b>	Provident Tax Credit Fund IV, LLC	<b>(%):</b>	99.00	<b>Title:</b>	Limited Partner

**PROPERTY LOCATION**

**Location:** 2501 Louis Henna Blvd.       **QCT**       **DDA**  
**City:** Round Rock      **County:** Williamson      **Zip:** 78664

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$12,950,000	Variable	30 yrs	30 yrs
<b>Other Requested Terms:</b> Issuance of tax-exempt refunding bonds. (Actual current request is \$12,855,000.)			
<b>Proposed Use of Funds:</b> Refunding		<b>Property Type:</b> Multifamily	

**RECOMMENDATION**

NOT RECOMMEND DUE TO THE LACK OF ANTICIPATED CASH FLOW TO SUPPORT THE PROPOSED RESTRUCTURE IN FIVE YEARS. SHOULD THE BOARD APPROVE THE REFUNDING, IT SHOULD BE CONDITIONED UPON THE FOLLOWING:

**CONDITIONS**

- Board's acceptance of a long term feasibility scenario which either a) relies on rental income growth to meet or outpace operating expense growth, and assumes that variable rates will remain at historically low levels (less than 2%), or b) relies on the owner's resources outside of the cash flow from the transaction to fund all or part of the proposed \$550,000 principal reduction, principal and interest payments for the \$601,532 subordinate loan, purchase of interest rate caps, and commitment fees and any other costs necessary to execute the financial restructuring required in five years;
- Receipt, review, and acceptance of a revised cost breakdown, sources and uses of funds statement, and development proforma using consistent cost figures as addressed in the underwriting report prior to commitment;
- Receipt, review, and acceptance prior to closing of a revised LURA, and all parties' concurrence with restricting income and rents on 40% of the units to 60% of AMI for thirty years;
- Receipt, review, and acceptance of a revised permanent loan commitment reflecting the final outstanding debt and all conditions to closing;
- Should the terms and rates of the proposed debt change from those assumed by this report, the transaction should be re-evaluated.

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

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

The Meadow Ridge Apartments was originally financed by TDHCA in 1997 with the proceeds of tax-exempt bonds and tax-credits. Although the underwriting analysis performed at the time did not contain any exigent conditions, the Underwriter did discuss to some length his concerns regarding overbuilding within the local rental market, as reviewed below in the section on market conditions.

A subsequent memo, dated September 17, 2003, pertains to the review and approval of a request for a change in the ownership structure, replacing Round Rock Meadows I, Ltd, an affiliate of the original developer, with Meadow Ridge Partners, LLC, an affiliate of the limited partner equity investor.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 232    **# Rental Buildings:** 10    **# Common Area Bldgs:** 1    **# of Floors:** 3    **Age:** 5 yrs    **Vacant:** 21 at 09/ 16/ 2003  
**Net Rentable SF:** 243,592    **Av Un SF:** 1,050    **Common Area SF:** 8,572    **Gross Bldg SF:** 252,164

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside: 95 of the units are reserved at restricted rents for qualifying low-income households, the remaining 137 units are offered at market rents. The property is currently restricted for 15 years from the original placed in service date. However, current statutes would require the property to restrict affordability for 30 years from the refunding date.

**MAXIMUM ELIGIBLE INCOMES**

	<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>	\$29,880	\$34,140	\$38,400	\$42,660	\$46,080	\$49,500

**MARKET HIGHLIGHTS**

In the original 1997 underwriting analysis, the Underwriter addressed concerns with potential overbuilding in the rental market and concluded with the following:

The submarket in which the subject will be located is in a state of significant transition into a primary employment center and residential area. During this transition, overbuilding of housing units can, and often does occur; however, the dynamics of the market described above and by the Applicant's market analyst, appear to portend short and mid-term oversupply (particularly in market rate units) with ultimate stability. In recognition of these factors, the Underwriter has applied a 10.0% vacancy and collection loss factor to the market rate units and 7.5% vacancy and collection loss factor to the LIHTC set-aside units, a weighted average of 8.96%.

In its request for debt refunding, the Applicant cites poor market conditions as a contributing factor of its present default condition, and looks toward a nearing recovery of the market as the ultimate basis for the feasibility of the development.

In an appraisal performed by Butler-Burgher, Inc., dated July 24, 2003, the Appraiser reviewed current and anticipated market conditions:

Our analysis of Austin's multifamily market reveals that demand has slowed significantly as a result of the sluggish economy while construction of units has only recently started to slow. Construction is anticipated to continue to slow through December 2003 and, as such, rental rates are anticipated to stabilize through the end of the year. Occupancy, however, is expected to increase slightly within the foreseeable future. The projects hit hardest by the economy and additions to inventory have been the high-end, luxury communities, but such has resulted in diminished demand for lower grade and/or affordable

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

communities as well. (page 35)

In projecting the future performance of the property in this market, the Appraiser notes that, “Purchasers in the current market are reportedly underwriting properties employing 15% to 25% total economic vacancy, and review of the subject’s history suggests that a factor in this range is appropriate in consideration of vacancy, concessions, and collection loss” (page 80). After reviewing historic occupancy data within the submarket, and from specific comparable properties, the Appraiser concludes that a vacancy factor of 13% would be considered reasonable, which includes a 3% allowance for collection losses and bad debt.

**Market Rent Comparables:** The Appraiser surveyed seven comparable apartment projects totaling 2,246 units in the market area (p. 71). The Appraiser characterized five of the comparables as class A properties and the subject and two comparables as class B properties. The class B properties are also both 100% tax credit restricted properties at 60% AMI rents, and one of the properties, located directly across from the subject, has 20% of its units further restricted at 50% of AMI. Four of the five class A properties have current comparable asking rents that are on average 10 to 15% higher than the Appraiser’s rental conclusions for the subject property. Conversely, rents for one of the unrestricted properties and the two other tax credit properties are on average 7 to 14% lower than the Appraiser’s rent conclusions. The Appraiser did not provide a data-led, unit by unit adjustment matrix to justify the concluded rent for the subject, but the conclusions generally appear to be reasonable. Finally, the Appraiser indicated that the current asking rents for the subject are on average 12% lower than the Appraiser’s rent conclusions.

<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>	\$530	\$686	-\$156	\$530	\$0
<b>1-Bedroom (MR)</b>	\$530	N/A		\$530	\$0
<b>2-Bedroom (60%)</b>	\$660	\$808	-\$148	\$660	\$0
<b>2-Bedroom (MR)</b>	\$660	N/A		\$660	\$0
<b>3-Bedroom (60%)</b>	\$810	\$925	-\$115	\$810	\$0
<b>3-Bedroom (MR)</b>	\$810	N/A		\$810	\$0
<b>4-Bedroom (60%)</b>	\$960	\$1,005	-\$45	\$960	\$0
<b>4-Bedroom (MR)</b>	\$960	N/A		\$960	\$0

(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)

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s rent projections are significantly lower (\$45 to \$156 per unit) than the maximum rents allowed under the tax credit and bond program guidelines, reflecting the state of the subject market. The Underwriter’s estimate of potential gross rent based on the rents achievable according to the appraisal are approximately 1% higher than the Applicant’s proforma. The Underwriter used \$20 per unit per month for secondary income based on the property’s historic performance, and 11.5% vacancy and collection losses based on the property’s current vacancy rate plus 2.5% collection losses per TDHCA underwriting guidelines. The Applicant’s use of \$18.14/unit/month for secondary income, and vacancy and collection losses of 8.78% results in the Applicant’s estimate of effective gross income being approximately 1.5% higher than the Underwriter’s. If the maximum tax credit rents could be achieved in this market, an additional \$365,412 in potential gross rent could be recognized. Furthermore, since only 40% of the units are restricted at the maximum tax credit rents, the upside potential gross rent is theoretically much greater than this.

**Expenses:** The Applicant’s total expense estimate of \$4,355 per unit compares favorably (within 1%) with the Underwriter’s estimate of \$4,336 per unit derived from comparably-sized developments and historical expenses for the property. The Applicant’s budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly general and administrative (\$27,564 lower), payroll (\$64,346 higher), insurance (\$21,718), and replacement reserves (\$34,800 lower).

**Conclusion:** The Applicant’s estimated income is consistent with the Underwriter’s expectations, total operating expenses are within 5% of the Underwriter’s estimate, and the Applicant’s net operating income

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(NOI) estimate is within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI can be used to evaluate debt service capacity.

The Applicant's proposed debt service is difficult to pin down due to the variable nature of the interest rate. The debt service is currently projected by the Applicant to be \$475,023 based on a 1% variable rate plus a 2.33% stack for the annual cost of the letter of credit. (Since this stack is constant, and to avoid confusion the remainder of the report will reference only the change in the underlying variable rate.) The actual debt service could be as high as \$942,272 for the bonds alone if the maximum variable rate of 5% based on the proposed interest rate cap is used. While it is unlikely that such an increase in interest rates would occur immediately, the five year history of the Bond Market Association's Municipal Swap Index (on which the variable rate of interest is said to be based) reflects a high of 5.84% during that time period. The rate has remained below 2% for the last two years, and the very near term indicators are that this rate will remain in the 1 to 2% range. At a 2% variable rate, the interest only debt service would be \$556,622. In addition a debt service provision should be made for the trustee's fee, remarketing agent fees, TDHCA administration fees, asset oversight fees, a reserve for the purchase of the next interest rate cap, and a reserve for the acquisition of a commitment for the next letter of credit. Those reserves and fees amount to an estimated annual \$88,286. In addition, the Applicant is proposing a \$601,532 subordinate loan with an estimated interest rate of 7% payable out of cash flow but becoming due at the end of five years. A full amortization of this loan would require annual payments of \$149,933. Additionally, in order to maintain the original long term principal reduction goals, a mandatory \$550,000 principal reduction will be required at the end of five years, thereby necessitating a potential additional annual reserve of \$110,000. The following chart reflects the three likely debt service calculations.

	1% Variable Rate	2% Variable Rate	5% Interest Rate Cap
Bond Interest and LOC Fees	\$428,072	\$556,622	\$942,272
Required Fees	41,151	41,151	41,151
Reserve for Interest Cap *	21,425	21,425	21,425
Reserve for LOC	25,110	25,110	25,110
<b>Min. Required Debt Service</b>	<b>\$515,758</b>	<b>\$644,308</b>	<b>\$1,029,958</b>
Principal Reserve	110,000	110,000	110,000
Subordinate Debt	142,933	142,933	142,933
<b>Total Potential Debt Service</b>	<b>\$768,691</b>	<b>\$897,241</b>	<b>\$1,282,891</b>
Initial Mandatory DCR	1.64	1.31	0.82
Initial Aggregate	1.10	1.06	0.65

\*Based on a 3 year cap estimate cost of 50 basis points. A five year cap would be 125 basis points spread over five years or \$32,137. The Applicant estimated still a higher \$42,850 reserve for this future cap purchase.

As can be seen by this chart the only way to achieve an acceptable initial aggregate DCR is by making the assumption that the variable rate will remain at or below 2%. An increase of the variable rate would require an additional equity injection by the Applicant or a financial restructuring in order to meet the terms of the current proposed restructuring plan at the end of five years. Alternatively, the proforma analysis conducted by the Underwriter suggests that a rise in rents at a rate faster than expenses could also provide some mitigation if the variable rate is higher than 1%. Developing a scenario in which the interest rate rises to its cap of 5% would require an extremely unlikely level of rental growth over expenses. Therefore, from a strictly conservative underwriting perspective, the restructuring as proposed is characterized as infeasible.

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**ACQUISITION VALUATION INFORMATION**

APPRAISED VALUE			
<b>Total Development: "as is"</b>	\$12,750,000	<b>Date of Valuation:</b>	07/ 24/ 2003
<b>Appraiser:</b> <u>Butler-Burgher, Inc.</u>	<b>City:</b> <u>Dallas</u>	<b>Phone:</b>	<u>(214) 739-0700</u>

**APPRAISED ANALYSIS/CONCLUSIONS**

The appraisal was not addressed to the Department, but generally conforms to the Department's guidelines. The Appraiser completed only the income and sales approaches to value. The cost approach was excluded due to the amount of external obsolescence present in the local market and the inaccuracy associated with estimating the same, as well as the lack of relevant land sales. While the Appraiser states that this is not considered a departure from Uniform Standards of Professional Appraisal Practice (USPAP), it does highlight the dysfunctional nature of the current market for new development in this market area. The Appraiser provided a conclusion of value for the remaining tax credits associated with the property of \$1,010,000 but provided little useful information as to how this conclusion was reached. The allocated credit amount was \$221,280 annually. With the expectation that five years of credit value would remain at a going price of \$0.82, the remaining credit value may be as low as \$907,248.

**ASSESSED VALUE**

<b>Land: 18.42 acres</b>	\$2,005,720	<b>Assessment for the Year of:</b>	<u>2003</u>
<b>Building:</b>	\$6,948,206	<b>Valuation by:</b>	<u>Williamson County Appraisal District</u>
<b>Total Assessed Value:</b>	\$8,953,926	<b>Tax Rate:</b>	<u>\$2.61286</u>

**COST ESTIMATE EVALUATION**

**Debt Payments:** The primary cost associated with the transaction includes paying off the remaining outstanding bonds of \$12,855,000 and accrued interest of \$82,012, estimated as of December 11, 2003. A note to the equity investor for \$100,677 previously advanced to the partnership will be left in the transaction as new equity. The original proposal called for a principal refunding of \$12,950,000. However, as of February 1, 2004 a portion of the bonds matured and this payment reduced the outstanding bonds to their current level. The new tax exempt bonds cannot exceed the existing outstanding principal of tax exempt bonds in order to maintain tax exempt status. The next maturity for the existing bonds is scheduled for August 1, 2004.

**Financing Fees and Closing Costs:** Approximately \$959,394 in financing fees and closing costs includes approximately \$331,375 in the issuer's, lender's, and bond underwriter's origination fees. Approximately \$128,550 will be used to purchase the initial interest rate cap. And the remainder consists of various legal fees, financial advisor, trustee and rating agency fees, and other closing costs and expenses.

**Reserves:** Approximately \$164,374 will be deposited to the project's reserve accounts.

**Conclusion:** Project costs of \$13,014,776 in acquisition costs, \$959,394 in financing and closing costs, \$164,374 deposited for reserves would all appear to be reasonable for a refunding transaction of this type.

**FINANCING STRUCTURE**

**PERMANENT FINANCING**

<b>Source:</b> <u>Red Capital Markets, Inc. (Bond Underwriter)</u>	<b>Contact:</b> <u>James C. Flinn</u>
<b>Principal Amount:</b> <u>\$12,855,000</u>	<b>Interest Rate:</b> <u>Variable</u>
<b>Additional Information:</b> <u>See financing analysis below.</u>	
<b>Amortization:</b> <u>N/A</u> Yrs	<b>Term:</b> <u>30</u> Yrs
<b>Commitment:</b> <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	
<b>Annual Payment:</b> <u>\$754,250 (approx.)</u>	<b>Lien Priority:</b> <u>1st</u>
<b>Commitment Date:</b> <u>01/ 20/ 2004</u>	

**SUBORDINATE FINANCING**

<b>Source:</b> <u>Red Mortgage Capital, Inc.</u>	<b>Contact:</b> <u>James C. Flinn</u>
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**Principal Amount:** \$750,000 max.      **Interest Rate:** Variable rate, 30 day LIBOR+300 bps, 6% min.

**Additional Information:** See financing analysis below.

**Amortization:** 5 Yrs      **Term:** 5 yrs      **Commitment:**  LOI       Firm       Conditional

**Annual Payment:** \$142,933 (approx.)      **Lien Priority:** 2nd      **Commitment Date** 01/ 20/ 2004

**APPLICANT EQUITY**

**Amount:** \$600,000      **Source:** Additional investors' equity

**Amount:** \$82,012      **Source:** Cash held in existing indenture

**FINANCING STRUCTURE ANALYSIS**

**Existing Financing:** The outstanding bonds are currently in default and the Fannie Mae guarantee has been used to continue to pay bond holders. Fannie Mae is said to be ready to pursue its remedies under the guarantee agreements should a resolution to the development's current crisis not occur quickly. Such remedies would include full payment of the bonds and foreclosure of the property. It is unknown if the remaining value of the tax credits would be sufficient incentive to a new buyer to maintain the affordability requirements under the existing LURA.

**Permanent Financing:** The tax-exempt bonds will be publicly offered and will mature in thirty years. Interest only will be paid at weekly variable rates during the first five years. It is expected that the borrower will purchase ongoing interest rate caps during the variable rate period, for which a reserve account will be maintained into which annual contributions will be made from project income. Although no principal payments are scheduled to be made during the initial 5-year period, all surplus cash flow will be deposited to a principal reserve fund, out of which principal reduction payments will be made from any amounts in excess of 10% of the original principal amount in order to retire bonds in \$100,000 increments. Regardless of the amount available in the principal reserve fund, at the end of the initial five years, the borrower will be required to have reduced the principal by at least \$550,000, and thereafter regular amortization of the bonds continue until maturity.

An initial rating of "AAA" will be based on credit enhancement through a direct-pay letter of credit issued from Provident Bank, and a standby letter of credit from the Federal Home Loan Bank of Cincinnati, both of which will be valid for a period of five years. The cost of these letters of credit together is 1% of the loan amount for the commitment, and an ongoing fee of 2.33% annually. In order to maintain the minimum credit rating of "A" or the equivalent required by TDHCA policy, the borrower will have to renew the letter of credit before the end of the fifth year and periodically thereafter. Anticipating this, the Underwriter included reserves to pay for commitment fees for the maintenance of credit enhancement in the analysis. Again, the borrower will be obligated to maintain this credit enhancement and may be willing to do so outside of the cash flow associated with the property.

**Subordinate Loan:** A subordinate loan will be provided by Red Mortgage Capital, Inc. which will mature in five years and will bear interest at the greater of the 30-day LIBOR plus 300 basis points, or 6.00%. This rate is currently estimated to be 7%. The present sources and uses of funds schedule indicates that the principal of this loan will be \$601,532, however, the commitment letter from Red Mortgage Capital indicates that the loan will be sized to the difference between all transaction costs and the other sources of funds, up to a maximum of \$750,000.

**Cash Held in Existing Indenture:** The Applicant's sources and uses of funds schedule indicates that \$82,012 in accounts held in the existing indenture will be available as a source of funds for the refunding. Verification of the amount which will become available from the current indenture has not been provided.

**Applicant's Equity:** Total equity to be provided by the Applicant is \$600,000. A portion of this equity (\$100,677.41) has previously been advanced to the partnership by the equity investor under a note which will now be left in the transaction. An additional \$499,322.59 will result in total new equity of \$600,000.

**Conclusion:** As discussed in the operating proforma above, the new bonds would be interest only for five years. Thereafter the bonds would amortize and principal would mature based on an amortization schedule comparable to that which would result from using an eight percent interest rate. The actual interest on the

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outstanding bonds would, unless restructured, continue to pay interest at the variable rate. It is anticipated by the Applicant that the financing will be restructured within three to five years. In order to estimate the potential for the proposed restructure under a conservative best case scenario, the Underwriter used the Applicant's NOI and variable rate assumptions of 1% for year one, 2% for year two, 3% for the remainder of the first five years, and a straight 8% amortization thereafter. Under this scenario, cumulative cash flow from the project would be \$355K less than what would be needed to meet the aggregate debt service needs including the subordinate loan and the bond principal reductions. In addition, the amortization of the debt as proposed would require significant annual additional equity infusions through at least year 20.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The General Partner (Meadow Ridge Partners, LLC), the Limited Partner (Provident Tax Credit Fund IV, LLC), the Bond Underwriter (Red Capital Markets, Inc.), and the Lender (Red Mortgage Capital, Inc.) are all affiliates of Provident Bank who is also providing the direct pay letter of credit. These are unusual relationships for a tax credit development, but have formed as a result of the limited partner's desire to maintain the viability of the tax credits and the bonds.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- Significant inconsistencies in the application could affect the financial feasibility of the project.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum tax credit rents can be achieved in this market.
- The significant financing structure changes being proposed have not been accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Stephen Apple*

**Date:** February 3, 2004

**Director of Real Estate Analysis:**

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

**Date:** February 3, 2004



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Meadow Ridge Apartments, Round Rock, MRB #1997-001**

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, Trsh
60% AMI	12	1	1	700	\$800	\$530	\$6,360	\$0.76	\$114.43	\$58.77
Market	16	1	1	700	530	530	8,480	0.76	114.43	58.77
60% AMI	44	2	2	1,002	960	660	29,040	0.66	151.81	64.48
Market	64	2	2	1,002	660	660	42,240	0.66	151.81	64.48
60% AMI	29	3	2	1,143	1109	810	23,490	0.71	184.35	73.97
Market	43	3	2	1,143	810	810	34,830	0.71	184.35	73.97
60% AMI	10	4	2	1,395	1237	960	9,600	0.69	231.76	83.48
Market	14	4	2	1,395	960	960	13,440	0.69	231.76	83.48
<b>TOTAL:</b>	<b>232</b>		<b>AVERAGE:</b>	<b>1,050</b>	<b>\$842</b>	<b>\$722</b>	<b>\$167,480</b>	<b>\$0.69</b>	<b>\$165.67</b>	<b>\$68.70</b>

<b>INCOME</b>		Total Net Rentable Sq Ft:	243,592	<b>TDHCA</b>	<b>03 Annz (9mo)</b>	<b>APPLICANT</b>	USS Region	7
<b>POTENTIAL GROSS RENT</b>				\$2,009,760	\$2,084,545	\$1,984,056	IREM Region	Austin
Secondary Income	Per Unit Per Month:	\$20.00		55,680	78,467	50,490	\$18.14	Per Unit Per Month
Other Support Income: (describe)				0	0	0		
<b>POTENTIAL GROSS INCOME</b>				\$2,065,440	\$2,163,012	\$2,034,546		
Vacancy & Collection Loss	% of Potential Gross Income:	-11.50%		(237,526)	(362,816)	(178,565)	-8.78%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions				0	(138,832)	0		
<b>EFFECTIVE GROSS INCOME</b>				\$1,827,914	\$1,661,364	\$1,855,981		

<b>EXPENSES</b>	% OF EGI	PER UNIT	PER SQ FT	<b>TDHCA</b>	<b>03 Annz (9mo)</b>	<b>APPLICANT</b>	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.98%	\$393	0.37	\$91,064	\$60,300	\$63,500	\$0.26	\$274	3.42%
Management	4.78%	376	0.36	87,294	\$81,729	\$83,519	0.34	360	4.50%
Payroll & Payroll Tax	12.82%	1,010	0.96	234,254	\$270,113	\$298,600	1.23	1,287	16.09%
Repairs & Maintenance	6.06%	478	0.45	110,800	\$88,688	\$108,840	0.45	469	5.86%
Utilities	1.88%	148	0.14	34,336	\$37,230	\$34,000	0.14	147	1.83%
Water, Sewer, & Trash	5.06%	399	0.38	92,568	\$80,316	\$85,000	0.35	366	4.58%
Property Insurance	2.53%	199	0.19	46,282	\$60,948	\$68,000	0.28	293	3.66%
Property Tax	2.61286	12.80%	1,008	233,954	\$275,220	\$234,000	0.96	1,009	12.61%
Reserve for Replacements	3.81%	300	0.29	69,600	\$61,971	\$34,800	0.14	150	1.88%
Compliance Fee, Cable, Security	0.32%	25	0.02	5,800	0	0	0.00	0	0.00%
<b>TOTAL EXPENSES</b>	<b>55.03%</b>	<b>\$4,336</b>	<b>\$4.13</b>	<b>\$1,005,952</b>	<b>\$1,016,515</b>	<b>\$1,010,259</b>	<b>\$4.15</b>	<b>\$4,355</b>	<b>54.43%</b>
<b>NET OPERATING INC</b>	<b>44.97%</b>	<b>\$3,543</b>	<b>\$3.37</b>	<b>\$821,963</b>	<b>\$644,849</b>	<b>\$845,722</b>	<b>\$3.47</b>	<b>\$3,645</b>	<b>45.57%</b>

<b>DEBT SERVICE</b>	% OF EGI	PER UNIT	PER SQ FT	<b>TDHCA</b>	<b>03 Annz (9mo)</b>	<b>APPLICANT</b>	PER SQ FT	PER UNIT	% OF EGI
First Lien Mortgage	51.55%	\$4,062	\$3.87	\$942,272		\$475,023	\$1.95	\$2,048	25.59%
Interest Rate Cap Reserve	1.17%	\$92	\$0.09	21,425			\$0.00	\$0	0.00%
Trustee Fee	0.19%	\$15	\$0.01	3,500			\$0.00	\$0	0.00%
Remarketing Agent	1.04%	\$82	\$0.08	18,996			\$0.00	\$0	0.00%
TDHCA Admin. Fees	0.70%	\$55	\$0.05	12,855			\$0.00	\$0	0.00%
Asset Oversight Fees	0.32%	\$25	\$0.02	5,800			\$0.00	\$0	0.00%
LOC Reserve	1.41%	\$111	\$0.11	25,710			\$0.00	\$0	0.00%
Subordinate Loan	7.82%	\$616	\$0.59	142,933			\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>-15.81%</b>	<b>(\$1,245)</b>	<b>(\$1.19)</b>	<b>(\$288,951)</b>		<b>\$370,699</b>	<b>\$1.52</b>	<b>\$1,598</b>	<b>19.97%</b>
<b>INITIAL AGGREGATE DEBT COVERAGE RATIO</b>				<b>0.70</b>		<b>1.78</b>			
<b>INITIAL BONDS, FEE &amp; RESERVES-ONLY DEBT COVERAGE RATIO</b>				<b>0.80</b>					
<b>RECOMMENDED BONDS, FEE &amp; RESERVES-ONLY DEBT COVERAGE RATIO</b>				<b>1.31</b>		<b>1.31</b>			

<b>COSTS</b>	Factor	% of TOTAL	PER UNIT	PER SQ FT	<b>TDHCA</b>	<b>APPLICANT</b>	PER SQ FT	PER UNIT	% of TOTAL
Debt payments		89.99%	\$56,098	\$53.43	\$13,014,776	\$13,014,776	\$53.43	\$56,098	92.05%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		0.00%	0	0.00	0	0	0.00	0	0.00%
Direct Construction		0.00%	0	0.00	0	0	0.00	0	0.00%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
General Req'ts	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Contractor's G & A	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Contractor's Profit	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Indirect Construction		0.00%	0	0.00	0	0	0.00	0	0.00%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's G & A	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's Profit	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Financing Costs		6.63%	4,135	3.94	959,394	959,394	3.94	4,135	6.79%
Reserves		3.38%	2,106	2.01	488,543	164,375	0.67	709	1.16%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$62,339</b>	<b>\$59.37</b>	<b>\$14,462,712</b>	<b>\$14,138,544</b>	<b>\$58.04</b>	<b>\$60,942</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>		<b>0.00%</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$0</b>	<b>0.00%</b>

<b>SOURCES OF FUNDS</b>	Factor	% of TOTAL	PER UNIT	PER SQ FT	<b>TDHCA</b>	<b>APPLICANT</b>	PER SQ FT	PER UNIT	% of TOTAL
Tax-Exempt Bonds		88.88%	\$55,409	\$52.77	\$12,855,000	\$12,855,000	\$52.77	\$55,409	88.88%
Subordinate Loan					\$601,532	\$601,532		\$601,532	
Cash in Accounts		0.57%	\$354	\$0.34	82,012	82,012		82,012	
Previous Equity		0.70%	\$434	\$0.41	100,677	100,677		100,677	
Equity Advance		3.45%	\$2,152	\$2.05	499,323	499,323		499,323	
Additional (Excess) Funds Required		2.24%	\$1,397	\$1.33	324,168	(0)		(0)	
<b>TOTAL SOURCES</b>					<b>\$14,462,712</b>	<b>\$14,138,544</b>			

5-Yr Cumulative Cash Flow  
**(\$187,958)**

**MULTIFAMILY COMPARATIVE ANALYSIS**(continued)  
**Meadow Ridge Apartments, Round Rock, MRB #1997-001**

**PAYMENT COMPUTATION**

<b>Primary</b>	\$12,855,000	Amort	360
Int Rate	7.33%	DCR	0.87
<b>Secondary</b>		Amort	
Int Rate		Subtotal DCR	0.80
<b>All-In w/ Subordinate</b>	\$601,532	Amort	60
Rate	7.00%	Aggregate DCR	0.70

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S N**

Primary Interest Only Debt Service	\$556,622
Required fees and Reserves	88,286
Subordinate Loan	142,933
<b>NET CASH FLOW</b>	<b>\$57,882</b>

<b>Primary</b>	\$12,855,000	Term	360
Int Rate	4.33%	DCR	1.52
<b>Secondary</b>		Term	
Int Rate		Subtotal DCR	1.31
<b>All-In w/ Subordinate</b>	\$601,532	Term	60
Rate	7.00%	Aggregate DCR	1.07

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,984,056	\$2,043,578	\$2,104,885	\$2,168,032	\$2,233,073	\$2,588,743	\$3,001,063	\$3,479,054	\$4,675,558
Secondary Income	50,490	52,005	53,565	55,172	56,827	65,878	76,371	88,535	118,983
Other Support Income	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,034,546	2,095,582	2,158,450	2,223,203	2,289,899	2,654,621	3,077,433	3,567,589	4,794,541
Vacancy & Collection Loss	(178,565)	(183,922)	(189,440)	(195,123)	(200,976)	(232,987)	(270,096)	(313,115)	(420,800)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,855,981	\$1,911,660	\$1,969,010	\$2,028,081	\$2,088,923	\$2,421,634	\$2,807,338	\$3,254,474	\$4,373,741
EXPENSES at 4.00%									
General & Administrative	\$63,500	\$66,040	\$68,682	\$71,429	\$74,286	\$90,380	\$109,961	\$133,785	\$198,034
Management	83,519	86,025	88,605	91,263	94,001	108,973	126,330	146,451	196,818
Payroll & Payroll Tax	298,600	310,544	322,966	335,884	349,320	425,001	517,079	629,105	931,229
Repairs & Maintenance	108,840	113,194	117,721	122,430	127,327	154,913	188,476	229,309	339,434
Utilities	34,000	35,360	36,774	38,245	39,775	48,393	58,877	71,633	106,034
Water, Sewer & Trash	85,000	88,400	91,936	95,613	99,438	120,982	147,192	179,082	265,085
Insurance	68,000	70,720	73,549	76,491	79,550	96,785	117,754	143,266	212,068
Property Tax	234,000	243,360	253,094	263,218	273,747	333,055	405,212	493,003	729,764
Reserve for Replacements	34,800	36,192	37,640	39,145	40,711	49,531	60,262	73,318	108,529
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	\$1,010,259	\$1,049,834	\$1,090,967	\$1,133,720	\$1,178,156	\$1,428,013	\$1,731,144	\$2,098,952	\$3,086,997
NET OPERATING INCOME	\$845,722	\$861,826	\$878,043	\$894,361	\$910,767	\$993,621	\$1,076,194	\$1,155,521	\$1,286,744
DEBT SERVICE									
First Lien Financing	\$428,072	\$556,622	\$685,172	\$685,172	\$685,172	\$1,139,664	\$1,139,664	\$1,139,664	\$1,139,664
Required fees and Reserves	88,286	88,286	88,286	88,286	88,286	\$47,865	\$47,865	\$47,865	\$47,865
Subordinate Loan	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$329,364	\$216,919	\$104,585	\$120,903	\$137,309	(\$193,908)	(\$111,335)	(\$32,007)	\$99,215
AGGREGATE DCR	1.64	1.34	1.14	1.16	1.18	0.84	0.91	0.97	1.08
BONDS & REQUIRED FEE AND	1.64	1.34	1.14	1.16	1.18	0.84	0.91	0.97	1.08
BONDS-ONLY DCR	1.98	1.55	1.28	1.31	1.33	0.87	0.94	1.01	1.13
Variable rate assumption	1.00%	2.00%	3.00%	3.00%	3.00%	Subordinate Loan & Bond Principal Due			
Cumulative Cash Flow	329,364	546,283	650,868	771,771	909,080	1,264,663	767,583	4,476	-353,880

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI - ALT INTEREST RATE SCENARIOS)**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30	
POTENTIAL GROSS RENT	\$1,984,056	\$2,043,578	\$2,104,885	\$2,168,032	\$2,233,073	\$2,588,743	\$3,001,063	\$3,479,054	\$4,675,558	
Secondary Income	50,490	52,005	53,565	55,172	56,827	65,878	76,371	88,535	118,983	
Other Support Income	0	0	0	0	0	0	0	0	0	
POTENTIAL GROSS INCOME	2,034,546	2,095,582	2,158,450	2,223,203	2,289,899	2,654,621	3,077,433	3,567,589	4,794,541	
Vacancy & Collection Loss	(178,565)	(183,922)	(189,440)	(195,123)	(200,976)	(232,987)	(270,096)	(313,115)	(420,800)	
Developer's G & A	0	0	0	0	0	0	0	0	0	
EFFECTIVE GROSS INCOME	\$1,855,981	\$1,911,660	\$1,969,010	\$2,028,081	\$2,088,923	\$2,421,634	\$2,807,338	\$3,254,474	\$4,373,741	
EXPENSES at 4.00%										
General & Administrative	\$63,500	\$66,040	\$68,682	\$71,429	\$74,286	\$90,380	\$109,961	\$133,785	\$198,034	
Management	83,519	86,025	88,605	91,263	94,001	108,973	126,330	146,451	196,818	
Payroll & Payroll Tax	298,600	310,544	322,966	335,884	349,320	425,001	517,079	629,105	931,229	
Repairs & Maintenance	108,840	113,194	117,721	122,430	127,327	154,913	188,476	229,309	339,434	
Utilities	34,000	35,360	36,774	38,245	39,775	48,393	58,877	71,633	106,034	
Water, Sewer & Trash	85,000	88,400	91,936	95,613	99,438	120,982	147,192	179,082	265,085	
Insurance	68,000	70,720	73,549	76,491	79,550	96,785	117,754	143,266	212,068	
Property Tax	234,000	243,360	253,094	263,218	273,747	333,055	405,212	493,003	729,764	
Reserve for Replacements	34,800	36,192	37,640	39,145	40,711	49,531	60,262	73,318	108,529	
Other	0	0	0	0	0	0	0	0	0	
TOTAL EXPENSES	\$1,010,259	\$1,049,834	\$1,090,967	\$1,133,720	\$1,178,156	\$1,428,013	\$1,731,144	\$2,098,952	\$3,086,997	
NET OPERATING INCOME	\$845,722	\$861,826	\$878,043	\$894,361	\$910,767	\$993,621	\$1,076,194	\$1,155,521	\$1,286,744	
DEBT SERVICE										
First Lien Financing	\$428,072	\$556,622	\$685,172	\$813,722	\$942,272	\$1,139,664	\$1,139,664	\$1,139,664	\$1,139,664	
Required fees and Reserves	88,286	88,286	88,286	88,286	88,286	\$47,865	\$47,865	\$47,865	\$47,865	
Subordinate Loan	0	0	0	0	0	\$0	\$0	\$0	\$0	
NET CASH FLOW	\$329,364	\$216,919	\$104,585	(\$7,647)	(\$119,791)	(\$193,908)	(\$111,335)	(\$32,007)	\$99,215	
AGGREGATE DCR	1.64	1.34	1.14	0.99	0.88	0.84	0.91	0.97	1.08	
BONDS & REQUIRED FEE AND	1.64	1.34	1.14	0.99	0.88	0.84	0.91	0.97	1.08	
BONDS-ONLY DCR	1.98	1.55	1.28	1.10	0.97	Subordinate Loan 0.87	0.94	1.01	1.13	
Variable rate assumption	1.00%	2.00%	3.00%	4.00%	5.00%	Subordinate Loan & Bond Principal Due				
Cumulative Cash Flow	329,364	546,283	650,868	643,221	523,430	1,264,663	-260,817	-1,023,924	-1,382,280	-1,046,242

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI - ALT INTEREST RATE SCENARIOS)**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30	
POTENTIAL GROSS RENT	\$1,984,056	\$2,043,578	\$2,104,885	\$2,168,032	\$2,233,073	\$2,588,743	\$3,001,063	\$3,479,054	\$4,675,558	
Secondary Income	50,490	52,005	53,565	55,172	56,827	65,878	76,371	88,535	118,983	
Other Support Income	0	0	0	0	0	0	0	0	0	
POTENTIAL GROSS INCOME	2,034,546	2,095,582	2,158,450	2,223,203	2,289,899	2,654,621	3,077,433	3,567,589	4,794,541	
Vacancy & Collection Loss	(178,565)	(183,922)	(189,440)	(195,123)	(200,976)	(232,987)	(270,096)	(313,115)	(420,800)	
Developer's G & A	0	0	0	0	0	0	0	0	0	
EFFECTIVE GROSS INCOME	\$1,855,981	\$1,911,660	\$1,969,010	\$2,028,081	\$2,088,923	\$2,421,634	\$2,807,338	\$3,254,474	\$4,373,741	
EXPENSES at 4.00%										
General & Administrative	\$63,500	\$66,040	\$68,682	\$71,429	\$74,286	\$90,380	\$109,961	\$133,785	\$198,034	
Management	83,519	86,025	88,605	91,263	94,001	108,973	126,330	146,451	196,818	
Payroll & Payroll Tax	298,600	310,544	322,966	335,884	349,320	425,001	517,079	629,105	931,229	
Repairs & Maintenance	108,840	113,194	117,721	122,430	127,327	154,913	188,476	229,309	339,434	
Utilities	34,000	35,360	36,774	38,245	39,775	48,393	58,877	71,633	106,034	
Water, Sewer & Trash	85,000	88,400	91,936	95,613	99,438	120,982	147,192	179,082	265,085	
Insurance	68,000	70,720	73,549	76,491	79,550	96,785	117,754	143,266	212,068	
Property Tax	234,000	243,360	253,094	263,218	273,747	333,055	405,212	493,003	729,764	
Reserve for Replacements	34,800	36,192	37,640	39,145	40,711	49,531	60,262	73,318	108,529	
Other	0	0	0	0	0	0	0	0	0	
TOTAL EXPENSES	\$1,010,259	\$1,049,834	\$1,090,967	\$1,133,720	\$1,178,156	\$1,428,013	\$1,731,144	\$2,098,952	\$3,086,997	
NET OPERATING INCOME	\$845,722	\$861,826	\$878,043	\$894,361	\$910,767	\$993,621	\$1,076,194	\$1,155,521	\$1,286,744	
DEBT SERVICE										
First Lien Financing	\$428,072	\$556,622	\$556,622	\$556,622	\$556,622	\$1,139,664	\$1,139,664	\$1,139,664	\$1,139,664	
Required fees and Reserves	88,286	88,286	88,286	88,286	88,286	47,865	47,865	47,865	47,865	
Subordinate Loan	0	0	0	0	0	0	0	0	0	
NET CASH FLOW	\$329,364	\$216,919	\$233,135	\$249,453	\$265,859	(\$193,908)	(\$111,335)	(\$32,007)	\$99,215	
AGGREGATE DCR	1.64	1.34	1.36	1.39	1.41	0.84	0.91	0.97	1.08	
BONDS & REQUIRED FEE AND	1.64	1.34	1.36	1.39	1.41	0.84	0.91	0.97	1.08	
BONDS-ONLY DCR	1.98	1.55	1.58	1.61	1.64	Subordinate Loan 0.87	0.94	1.01	1.13	
Variable rate assumption	1.00%	2.00%	2.00%	2.00%	2.00%	Subordinate Loan & Bond Principal Due				
Cumulative Cash Flow	329,364	546,283	779,418	1,028,871	1,294,730	1,264,663	1,474,608	711,501	353,145	689,183

**REPORT ITEMS**

Executive Directors Report

Edwina Carrington

Update on Response to Public Comment from Ability Resources, Inc. at the December Board Meeting

Request for Attorney General Opinion from Representative Talton concerning The 2004 Qualified Allocation Plan and Private Activity Bond Program

**EXECUTIVE SESSION**

Elizabeth Anderson

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session

**OPEN SESSION**

Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

**ADJOURN**

Elizabeth Anderson

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