

# **BOARD MEETING OF APRIL 23, 2009**

**C. Kent Conine, Chair**



Gloria Ray, Vice-Chair

Leslie Bingham Escareño, Member

Tomas Cardenas, Member

Thomas Gann, Member

Juan Muñoz, 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**  
**Resolution No. 09-039**

WHEREAS, April 2009 is Fair Housing Month and marks the 41<sup>st</sup> anniversary of the passage of the federal Fair Housing Act (Title VII of the Civil Rights Act of 1968), as signed by U.S. President Lyndon Baines Johnson on April 11, 1968;

WHEREAS, the Fair Housing Act provides that no person shall be subjected to discrimination because of race, color, national origin, religion, sex, disability, or familial status in the sale, rental, financing, or advertising of housing;

WHEREAS, the Texas Department of Housing and Community Affairs administers programs to assist the development of safe, decent, affordable housing for qualifying Texans;

WHEREAS, the Texas Department of Housing and Community Affairs, through its program implementation workshops, provides Fair Housing training designed to educate architects, building managers, consultants contractors, developers, engineers, lenders, real estate brokers, and other partners about the importance of their commitment and adherence to the intent of the Fair Housing Act;

WHEREAS, the Texas Department of Housing and Community Affairs encourages local fair housing advocates in developing educational programs to provide fair housing information in communities throughout the State;

WHEREAS, the Texas Department of Housing and Community Affairs and the State of Texas support equal housing opportunity and seek affirmatively further fair housing not only during Fair Housing Month in April, but throughout the year;

THEREFORE, BE IT RESOLVED, that in the pursuit of the goal and responsibility of providing equal housing opportunities for all, the Governing Board of the Texas Department of Housing and Community Affairs, does hereby celebrate and join Governor Rick Perry in proclaiming April 2009 as Fair Housing Month in Texas and encourages all Texas individuals and organizations, public and private, to join and work together in this observance for free and equal housing treatment and opportunity for all.

Signed this Twenty-Third Day of National Fair Housing Month, April 2009.



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C. Kent Conine, Chair

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Gloria Ray, Vice Chair

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Leslie Bingham Escareño

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Dr. Juan Muñoz

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Tomas Cardenas

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Thomas Gann

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Michael Gerber

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
BOARD MEETING**

**A G E N D A**

**9:00 am  
April 23, 2009**

**D.C. Greer Building  
Ric Williamson Hearing Room  
125 E. 11<sup>th</sup> Street  
Austin, TX 78701**

CALL TO ORDER, ROLL CALL  
CERTIFICATION OF QUORUM

Kent Conine, Chairman

**Resolution recognizing April as Fair Housing Month, Resolution No. 09-039**

**PUBLIC COMMENT**

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

**CONSENT AGENDA**

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

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

***Executive Division:***

- a) Presentation, Discussion, and Possible Approval of Board Meeting Minutes for December 18, 2008, February 5, 2009, and March 12, 2009
- b) Resolution of the Board of Directors rescinding Resolution No. 09-020 and adopting Resolution No 09-038, designating signature authority due to reorganization and the designation of new signature designees

Tim Irvine  
Secretary to the Board

***Financial Administration:***

- c) Presentation of the Department's 2nd Quarter Investment Report

David Cervantes  
Dir. Financial Administration

***Office of Colonia Initiatives:***

- d) Presentation, Discussion, and Possible Approval of new members of the Colonia Resident Advisory Committee

Homero Cabello  
Dir. OCI

***Rules:***

- e) Presentation, Discussion, and Possible Approval of the final order adopting amendments to 10 TAC Chapter 1, §1.36, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines for publication in the *Texas Register*

Raquel Morales  
Mgr. Real Estate Analysis

**ACTION ITEMS**

**Item 2: Executive:**

- a) Presentation, Discussion, and Possible Action on a Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009

Brooke Boston  
ARRA Accountability and  
Oversight



**Item 3: Community Affairs:**

- a) Presentation, Discussion, and Possible Approval of the Draft U.S. Department of Energy State Plan for the 2009 American Recovery and Reinvestment Act Weatherization Funds
- b) Presentation, Discussion, and Possible Approval of the Draft Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Homelessness Prevention and Rapid Re-Housing Program
- c) Presentation, Discussion, and Possible Approval of the Draft Homelessness Prevention and Rapid Re-Housing Program Notice of Funding Availability
- d) Presentation and Discussion of Delivery Model for Existing Weatherization Network

**Item 4: Disaster Recovery:**

- a) Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA
- b) Report and Discussion on the Hurricane Ike and Dolly Action Plan
- c) Presentation, Discussion, and Possible Action Regarding a Draft Request for Proposal for Contract Management, Environmental Clearance, and Technical Assistance services to assist the Department in the administration of CDBG Disaster Funding related to Hurricanes Ike and Dolly
- d) Presentation and Possible Action to adopt a policy regarding the documentation of ownership status on CDBG disaster relief benefit recipients

Kelly Crawford

DED - Disaster Recovery

**Item 5: HOME and Housing Trust Fund Programs Division:**

Cameron Dorsey

- a) Presentation, Discussion, and Possible Approval of HOME Program Award Recommendations:

## Owner Occupied Housing Assistance Program

2008-0134	City of Point Comfort	Point Comfort
2008-0133	County of Delta	Cooper
2008-0132	City of Aqua Dulce	Aqua Dulce
2008-0130	City of Mart	Mart
2008-0137	City of Willis	Willis
2008-0139	City of Seminole	Seminole
2008-0140	City of Mount Vernon	Mount Vernon
2008-0142	City of Mineola	Mineola
2008-0143	City of Carrizo Springs	Carrizo
2008-0144	City of Seadrift	Seadrift
2008-0145	City of Valentine	Valentine
2008-0148	City of Roxton	Roxton
2008-0149	City of Harker Heights	Harker
2008-0150	City of Trinidad	Trinidad
2008-0158	City of Annona	Annona
2008-0154	City of Smyer	Smyer
2008-0155	City of Detroit	Detroit
2008-0156	City of Pecan Gap	Pecan Gap
2008-0161	Refugio County	Refugio
2008-0162	City of Tahoka	Tahoka

## Homebuyer Assistance Program

2008-0157	Paris Living – Community Living Corp.	Paris
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## Tenant-Based Rental Assistance Program

2008-0153	Travis County HFC	Austin
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## Contract for Deed Program

2008-0129	FUTURO Communities Inc.	Uvalde
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Owner Occupied Housing Assistance – Disaster Relief  
 2008-0131 City of Roma Roma

b) Presentation, Discussion, and Possible Approval of Housing Trust Fund Program Award Recommendations:

2009 HTF Homeownership SuperNOFA Program  
 2009-0003 Habitat for Humanity of San Antonio, Inc. San Antonio  
 2009-0005 Futuro Communities Uvalde

2009 HTF Veterans Housing Support Program  
 2009-0004 Futuro Communities Uvalde  
 2009-0008 Center for Housing & Economic Opportunities San Antonio Corporation

2009 HTF Rental Production Program  
 08335 Meadow Park Village Apartments Lockhart  
 08343 The Willows Apartments Smithville

c) Presentation, Discussion, and Possible Approval of Requests for Amendments to HOME Program Contracts/Commitments from the following list:

1001006 Silverleaf at Chandler RHD

**Item 6: Bond Finance:**

Matt Pogor  
 Dir. Bond Finance

- a) Presentation, Discussion, and Approval of Resolution No. 09-035 authorizing the Department to utilize repayments available from a prior Down Payment Assistance Program (DPAP) and repayments available from a prior 1991 Home Improvement Loan Fund (HILF) Program to provide down payment assistance to the remaining allocation of unassisted mortgage funds on the Single Family Mortgage Revenue Bonds 2006 Series FGH, Program 68 and 2007 Series B, Program 70 along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009
- b) Presentation, Discussion, and Approval of Resolution No. 09-036 authorizing the Department to utilize repayments available from a prior 1991 Home Improvement Loan Fund (HILF) Program and funds within the Mortgage Credit Certificate (MCC) Program to provide down payment assistance to eligible homebuyers in conjunction with the Department's 2009 Mortgage Credit Certificate (MCC) Program along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009

**Item 7: Multifamily Division Items - Housing Tax Credit Program:**

Robby Meyer  
 Dir. Multifamily Finance

a) Presentation, Discussion, and Possible Approval of Housing Tax Credit Amendments

04463 Lakeside Manor Senior Community Little Elm  
 05623 Coral Hills Houston  
 05629 Village Park Houston

b) Presentation, Discussion, and Possible Waiver of Requirements of the 2009 Qualified Allocation Plan and Rules for Hyatt Manor Apartments

c) Presentation, Discussion, and Possible Action on Housing Tax Credit Appeals:

09137 Meadowlake Village Mabank  
 09108 Peachtree Seniors Dallas  
 09000 Cottonwood Apartments Eagle Lake  
 08161 Canutillo Palms El Paso

Appeals Timely Filed

- d) Presentation, Discussion and Possible Issuance of Determination Notice for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers and a HOME Rental Housing Development Fund Contract:

09401                      Encino Pointe  
                                  Capital Area Housing Finance Corporation  
                                  Recommended Credit Amount \$1,033,705  
                                  Recommended HOME Amounts \$3,000,000

- e) Presentation, Discussion and Possible Approval of Housing Tax Credit Extensions

07189                      Sunlight Manor Apartments                      Beaumont/Jefferson

**Item 8: Multifamily Division Items--Private Activity Bond Program:**

**Robbye Meyer**  
**Dir. Multifamily Finance**

- a) Presentation, Discussion, and Possible Issuance of Multifamily Mortgage Revenue Bonds Series 2009; Determination Notice for Housing Tax Credits; HOME Investment Partnership Funds and Housing Trust Funds with TDHCA as the Issuer:

09605                      Woodmont Apartments  
                                  Fort Worth, Tarrant County  
                                  Recommended Bond Amount not to Exceed \$ 15,000,000  
                                  Recommended Credit Amount \$1,029,811  
                                  Recommended HOME Amounts \$316,000  
                                  Recommended Housing Trust Fund Amount \$460,000  
                                  Resolution #09-030

09604                      Costa Mariposa  
                                  Texas City, Galveston County  
                                  Requested Bond Amount not to Exceed \$13,680,000  
                                  Requested Credit Amount \$929,965  
                                  Requested HOME Amount \$3,000,000  
                                  Resolution #09-031

- b) Presentation, Discussion, and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2009

09603                      Willow Oak  
                                  White Settlement, Tarrant County  
                                  Resolution #09-032

**Item 9: Real Estate Analysis:**

**Brent Stewart**  
**Dir. REA**

- a) Presentation, Discussion, and Possible Action for 2008 Competitive Housing Tax Credit Appeals of Underwriting

08154                      Mineral Wells  
 08236                      Greenbriar Village  
 08183                      Desert Villas  
 08190                      Sutton Homes

Underwriting Appeals Timely Filed

- b) Presentation, Discussion and Possible Approval of an Extension of the Cost Certification Submission Deadline and an Increase to the Housing Tax Credit Allocation Pursuant to §49.12(d) of the 2009 Qualified Allocation Plan and Rules, for Application #04456, Champion Homes at Marshall Meadows

**EXECUTIVE SESSION**

- a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551 Program Contracts/Commitments from the following list:
- b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.
- c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:
  1. With Respect to pending litigation styled *Rick Sims v. Texas Department of Housing and Community Affairs* filed in federal district court (new filing of previously dismissed suit)
  2. With Respect to pending litigation styled *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al* filed in federal district court
  3. With Respect to pending litigation styled *M.G. Valdez Ltd. v. Texas Department of Housing and Community Affairs* filed in District Court, Hidalgo County
  4. With Respect to EEOC Claim from Don Duru
  5. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting
  6. Potential sale of agency owned real estate and/or sales of loans

**OPEN SESSION**

Kent Conine, Chairman

Action in Open Session on Items Discussed in Executive Session

**REPORT ITEMS**

1. Updated Organizational Chart
2. TDHCA Outreach Activities, March 2009

**ADJOURN**

To access this agenda & 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 Nidia Hiroms, 512-475-3934; TDHCA, 221 East 11<sup>th</sup> Street, Austin, Texas 78701, and request the information. Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Nidia Hiroms, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Jorge Reyes al siguiente número (512) 475-4577 por lo menos tres días antes de la junta para hacer los preparativos apropiados.

**EXECUTIVE DIVISION**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Items**

Presentation, Discussion, and Possible Approval of Board Meeting Minutes for December 18, 2008, February 5, 2009, and March 12, 2009.

**Required Action**

Review minutes for December 18, 2008, February 5, 2009, and March 12, 2009 Board Meetings.

**Background**

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

**Recommendation**

Staff recommends approval of minutes, with any requested corrections.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
BOARD MEETING**

**December 18, 2008; 9:45 a.m.**

**Capitol Extension Auditorium, 1500 Congress, Austin, TX**

**SUMMARY OF MINUTES**

Chairman Conine called the meeting to order at 9:55 a.m. and all members were present except Tom Cardenas, therefore a quorum was established.

**PUBLIC COMMENT**

The following members of the public presented testimony:

**Barry Kahn—regarding compliance rules and substantial construction concerns**

**Mike Sugrue—regarding compliance rules**

**The Honorable Pat Ahmuda, Mayor of Brownsville—regarding Sunset Haven tax credit property**

**Granger McDonald—regarding bond deals and additional fees**

**Hollis Fitch—regarding additional construction costs**

**Margarita Vazquez (presentation in Spanish)—regarding Casa Alton**

**Joaquin Vasquez—regarding Casa Alton**

**Diana McIver—requesting placing number 08-264 on the next agenda for increases**

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

**CONSENT AGENDA**

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**AGENDA ITEM 1:**

***Legal Division:***

- a) Resolution of the Board of Directors adopting Resolution No 09-020, designating signature authority due to reorganization and the designation of new signature designees
- b) Presentation, Discussion and Possible Approval of Signature Authority Resolution authorizing certain individuals to sign documents when approved by the Executive Director

***Pulled from agenda.***

- c) Presentation, Discussion, and Possible Action on the final order adopting amendments to Title 10, Part 1 of the Texas Administrative Code, §90.8 concerning forms related to the Migrant Labor Housing Facilities for publication in the *Texas Register*

***Financial Administration:***

- d) Presentation, Discussion, and Possible Approval of authorizing of Housing Finance Division residual funds for the purpose of a contingency reserve fund to provide additional support to the Department's bond indentures, Resolution No. 09-021

***Housing Resource Center:***

- e) Presentation, Discussion, and Possible Approval of the 2009 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment)
- f) Presentation, Discussion and Possible Approval of a Request for Proposals (RFP) for a Market Analysis of El Paso Metropolitan Statistical Area (MSA)

**Multifamily Finance:**

- g) Presentation, Discussion, and Possible Approval of Housing Tax Credit Extensions
  - 060623 East Texas Pines Apartments Houston
  - 06007 Landa Place Apartments New Braunfels
  - 060189 Concho Village Apartments San Angelo
  - 07178 Tammye's Pointe Eagle Pass

**Community Affairs:**

- h) Presentation, Discussion, and Possible Approval for publication in the *Texas Register* of a final order adopting the repeal of 10 TAC Chapter 5 Community Services Programs, Chapter 6 Energy Assistance Programs and Chapter 8 Project Access Program Rules
- i) Presentation, Discussion and Possible Approval of the Program Year 2009 Comprehensive Energy Assistance Program Annual Funding Allocation
- j) Presentation, Discussion, and Possible Approval of the Investor Owned Utility (IOU) weatherization contracts and the allocation of the funds for the El Paso Electric (EPE), Southwestern Public Services (SPS) and Southwestern Electric Power Company (SWEPCO)

**HOME and Housing Trust Fund:**

- k) Presentation, Discussion, and Possible Approval to publish the proposed amendment of 10 TAC Chapter 53, HOME Program Rule, Subchapter A, §53.1, §53.8(a), Subchapter C, §53.30 Subchapter D, §53.47(a)(4), and Subchapter G, §53.80(e)(1) for comment in the *Texas Register*
- l) Presentation, Discussion, and Possible Approval of the Housing Trust Fund 2009 Texas Veterans Housing Support Program and Homeownership SuperNOFA Notices of Funding Availability (NOFAs)

**Motion by Gloria Ray to approve consent agenda except for item 1(b) which was pulled; seconded by Sonny Flores; passed unanimously.**

**ACTION ITEMS**

**AGENDA ITEM 2: Multifamily Division Items - Housing Tax Credit Program:**

- a) Presentation, Discussion, and Possible Approval of Housing Tax Credit Amendments
  - 01004 Fulton Village Apartments Houston

**Public Comment by Barry Palmer.**

**Motion made by Sonny Flores to approve the substitution of the HUB and seconded by Gloria Ray; passed unanimously.**

- 05082 Sphinx at Luxar Dallas

- 05095 Sphinx at Reese Court Apartments Dallas

**Public Comment by Joe Agumadu.**

**Motion by Gloria Ray to approve the changes with no penalties to 05082 and 05095; seconded by Kent Conine; passed unanimously.**

- 060408 Amberwood Apartments El Paso

**Public comment by Jason Renneker.**

**Motion by Sonny Flores to deny the request and assess a 5 point penalty to the developer; seconded by Juan Muñoz; passed unanimously.**

- 07309 Glenwood Trails Apartments Deer Park

**Public Comment by Les Kilday and Barry Palmer.**

**Motion by Sonny Flores to approve staff recommendation; seconded by Juan Muñoz, passed unanimously.**

- b) Presentation, Discussion, and Possible Approval to Allow Previously Returned Awards to Rescind the Return and Reinstate the Award

**Public Comment by Jean Latsha, Doak Brown, and Pat Barbola.**

**Motion by Kent Conine to approve staff recommendation (but, if any 2008 applicants who returned credits wish to reapply in the 2009 round. The commitment fee, to the extent it was previously paid and not returned, would be waived); seconded by Sonny Flores; passed unanimously.**

- c) Presentation, Discussion, and Possible Approval of Forward Commitments from the 2009 State Housing Credit Ceiling for the Allocation of Competitive Housing Tax Credits

**Public Comment made by Ken Mitchell, Don Youngs, Deborah Sherrill, Bobby Bowling and Barry Palmer.**

**Motion by Leslie Bingham-Escareño to approve staff recommendation; seconded by Sonny Flores; passed unanimously.**

- d) Presentation, Discussion, and Possible Approval to Allow 2006 Awarded Applications to Submit Updated Costs for Re-evaluation for Additional Credits

**Public Comment by Ike Monty, Frank Ainza, Cynthia Bast, Bill Skeen, Bobby Bowling, Teri Anderson, and Dennis Hoover.**

**Motion by Sonny Flores to approve the developer's request; seconded by Juan Muñoz; motion failed on a tie vote of 2-2 with Kent Conine and Leslie Bingham-Escareño voting no. Gloria Ray abstained from the vote.**

- e) Presentation, Discussion, and Possible Consideration to Allow 2007 Awarded Applications to Return Credits and Reallocate 2008 or 2009 Credits to the Applications

**Public Comment by Diana McIver, Charles Shelton, Jean Latsha, Toni Jackson, Eric Opiela, Dennis Hoover, Ron Pegram and Teri Anderson.**

**Motion by Kent Conine to allow the not closed 2007 applicants that do not have an extension for placement in service due to disasters to apply for the 2009 application round waiving the application and commitment fees, if paid and not refunded, and allowing them to request to the Board variances by January 15, 2009, that would be needed to maintain the development as originally presented in 2007—changes only being to sources and uses—and identifying these applications as 2007 returns on the 2009 application pool list; seconded by Gloria Ray; passed unanimously.**

- f) Presentation, Discussion, and Possible Action on Appeals of the Additional Credit Amounts that were Awarded at the November 13, 2008 Board Meeting for 2007 and 2008 Applications

**No items for the Board.**

- g) Presentation, Discussion, and Possible Approval of 2009 Credit Ceiling for Applicants Affected by the \$2 million cap limitation in 2008

**Motion by Gloria Ray to approve staff recommendation; seconded by Leslie Bingham-Escareño; passed unanimously.**

- h) Presentation, Discussion, and Possible Consideration of Appeal of Decision to Not Approve Ownership Transfer of Credits prior to Issuance of 8609's

**Public comment by Esquilla Luna, Bill Fisher, and John Shackelford.**

**Motion by Leslie Bingham-Escareño to allow the transfer; seconded by Gloria Ray; passed unanimously.**

### **AGENDA ITEM 3: Multifamily Division Items—Private Activity Bond Program:**

- a) Presentation, Discussion, and Possible Approval of a Change in the Fee Schedule for Multifamily Tax-Exempt Bond Issuances through the Department

**Pulled from Agenda**



**AGENDA ITEM 4: Rules:**

- a) Presentation, Discussion, and Possible Approval to publish the proposed repeal of 10 TAC Chapter 35, Multifamily Housing Revenue Bond Rules, and a draft of proposed new 10 TAC Chapter 35, 2009 Multifamily Revenue Bond Rules, for comment in the *Texas Register*

**Motion by Sonny Flores to approve staff recommendation; seconded by Gloria Ray; passed unanimously.**

**AGENDA ITEM 5: Executive:**

- a) Presentation, Discussion, and Possible Ratification of the Substantial Amendment for the Neighborhood Stabilization Program as submitted to HUD on December 1, 2008

**Motion by Sonny Flores to approve staff recommendation; seconded by Leslie Bingham-Escareño; passed unanimously.**

**AGENDA ITEM 6: Real Estate Analysis:**

- a) Presentation, Discussion, and Possible Action for 2008 Competitive Housing Tax Credit Appeals of Underwriting

**No items for the Board.**

- b) Presentation, Discussion, and Possible Action for Housing Tax Credit Appeals of Rescissions of Binding Allocation Agreements for 2008 Housing Tax Credits

**Sphinx at Reese Court**

**Public Comment by Joe Agumada.**

**Motion by Gloria Ray to allow extension, provided all documents are delivered by January 29, 2008 at 5:00; seconded by Sonny Flores; passed unanimously.**

**Cathy's Point and Madison Point**

**Public comment by Eric Opiela and Cynthia Bast**

**Motion by Sonny Flores for approval of extension and issuance of 8609s subject to tri-party agreement for escrow of funds; seconded by Gloria Ray; passed unanimously.**

- c) Presentation, Discussion, and Possible Action on the Issuance of IRS Forms 8609 for the 2005 Competitive Housing Tax Credit Developments with 2008 Binding Allocation Agreements for Additional Credits

**No items for Board.**

**AGENDA ITEM 7: Disaster Recovery:**

- a) Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA

**No action taken.**

- b) Presentation, Discussion, and Possible Approval of Request for Maximum Benefit Limitations to the Homeowner Assistance Program (HAP) and Sabine Pass Restoration Program (SPRP) for CDBG Disaster Recovery Round 2

**Motion by Leslie Bingham-Escareño to approve staff recommendation; seconded by Juan Muñoz; passed unanimously.**

- c) Presentation, Discussion, and Possible Approval of Requests for Amendments to increase CDBG Disaster Recovery Multifamily Rental Recovery Awards for CDBG Round 2 Funding 7060007 Orange Navy Homes

**Motion by Gloria Ray to approve staff recommendation; seconded by Sonny Flores; passed unanimously.**

**AGENDA ITEM 8: Community Affairs:**

- a) Presentation, Discussion, and Possible Approval of the Program Year 2009 Community Services Block Grant Annual Funding Allocation

**Motion by Gloria Ray to approve staff recommendations; seconded by Sonny Flores; passed unanimously.**

- b) Presentation, Discussion, and Possible Approval of the 2009 Community Services Block Grant State Discretionary Notice of Funding Availability

**Motion by Juan Muñoz to approve staff recommendation as amended; seconded by Sonny Flores; passed unanimously.**

**AGENDA ITEM 9: Bond Finance:**

- a) Presentation, Discussion and Approval of Resolution No. 09-014 authorizing entering into a new float fund investment agreement for the Residential Mortgage Revenue Bond, 2000 Series B-E, 2001 Series A-E and 2003 Series A

**Motion by Gloria Ray to approve staff recommendation; seconded by Leslie Bingham-Escareño; passed unanimously.**

- b) Presentation, Discussion, and Approval of Resolution No. 09-015 authorizing the Department to convert the interest rate mode on Single Family Variable Rate Mortgage Revenue Bonds, 2005 Series A and approve an amendment to the J.P. Morgan remarketing agreement that will allow for variable rate reset mode changes, depending on market conditions and approval of the Reoffering Circular
- c) Presentation, Discussion, and Approval of Resolution No. 09-016 authorizing ratification of TDHCA's notice to remove J.P. Morgan as Remarketing Agent and approve a new Remarketing Agreement to convert the interest rate mode on TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Jr. Lien Series A and 2004 Series B with Piper Jaffray that will allow for variable rate reset mode changes depending on market conditions and approval of the Reoffering Circular
- d) Presentation, Discussion, and Approval of Resolution No. 09-017 authorizing ratification of TDHCA's notice to remove Citigroup as Remarketing Agent and approve a new Remarketing Agreement to convert the interest rate mode on TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2005 Series C with Piper Jaffray, depending on market conditions and approval of the Reoffering Circular
- e) Presentation, Discussion and Approval of Resolution No.09-018 authorizing TDHCA to enter into a new Remarketing Agreement with TDHCA's Single Family Mortgage Revenue Variable Rate Demand Bonds 2004 Series D with Piper Jaffray to convert the interest rate mode, depending on market conditions and approval of the Reoffering Circular
- f) Presentation, Discussion and Approval of Resolution No. 09-019 authorizing TDHCA to enter into a new Remarketing Agreement with TDHCA's Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H and 2007 Series A with J.P. Morgan to convert the interest rate mode, depending on market conditions and approval of the Reoffering Circular

**Motion by Sonny Flores to approve staff recommendation for items (b), (c), (d), (e), and (f); seconded by Leslie Bingham-Escareño; passed unanimously.**

**AGENDA ITEM 10: HOME and Housing Trust Fund Programs Division:**

- a) Presentation, Discussion and Possible Action for Appeals:  
1000819 City of Iowa Park HBA

**Pulled from Agenda.**

- b) Presentation, Discussion, and Possible Approval of HOME Program Award  
Recommendations from the following list:

2008-0065	City of Carthage	Carthage
2008-0064	City of Center	Center
2008-0066	City of Jacksonville	Jacksonville
2008-0063	City of Crockett	Crockett
2008-0062	City of Palestine	Palestine
2008-0067	City of Wortham	Wortham
2008-0069	Buckner Children & Family Services, Inc. dba Buckner	Lufkin
2008-0071	City of Gladewater	Gladewater
2008-0072	County of La Salle	Cotuilla
2008-0074	City of Moody	Moody
2008-0075	City of La Feria	La Feria

2008-0076	City of Teague	Teague
2008-0079	City of Devine	Devine
2008-0077	City of Smithville	Smithville
2008-0078	City of Temple	Temple
2008-0080	City of Conroe	Conroe
2008-0081	City of Hallettsville	Hallettsville
2008-0082	City of Taylor	Taylor
2008-0082	City of Taylor	Taylor
2008-0083	City of Hughes Springs	Hughes Springs
2008-0084	Webb County	Laredo
2008-0087	City of Cuney	Cuney
2008-0086	City of Redwater	Redwater
2008-0085	City of Midland	Midland
2008-0088	Buckner Children & Family Services, Inc. dba Buckner Family Place at Hearthstone	Midland
2008-0100	City of Clarksville	Clarksville
2008-0099	City of Bogata	Bogata
2008-0098	San Benito Housing Authority	San Benito
2008-0097	Franklin County	Mount Vernon
2008-0096	City of McKinney	McKinney
2008-0091	Midland Community Development Corp.	Midland
2008-0092	Red River County	Clarksville
2008-0093	Cass County	Linden
2008-0094	City of Bloomburg	Bloomburg
2008-0095	South Plains Community Action Association, Inc.	Levelland
2008-0089	City of Terrell	Terrell
2008-0090	City of Nacogdoches	Nacogdoches
2008-0102	City Of Paris	Paris
2008-0103	City of Meadow	Meadow
2008-0104	City of Bonham	Bonham
2008-0110	City of Mineola	Mineola
2008-0107	Community Council of Southwest Texas, Inc.	Uvalde
2008-0108	Community Council of Southwest Texas, Inc.	Uvalde
2008-0109	County of Lamar	Paris
2008-0106	City of Sundown	Sundown
2008-0111	Affordable Caring Housing, Inc.	
2008-0112	El Paso Collaborative for Community and Economic Development	El Paso
2008-0114	City of Godley	Godley
2008-0113	Affordable Homes of South Texas, Inc.	McAllen
2008-0115	City of New Braunfels	New Braunfels
2008-0116	City of Pilot Point	Pilot Point
2008-0117	La Organizacion Progressiva de San Elizario	San Elizario
2008-0101	El Paso Collaborative for Community and Economic Development	El Paso
2008-0105	Adults & Youth United Development Assoc.	San Elizario

**Motion by Leslie Bingham-Escareño to approve staff recommendation; seconded by Sonny Flores; passed unanimously.**

- m) Presentation, Discussion, and Possible Approval of Revisions to the HOME Rental Housing Development (RHD) Program, Community Housing Development Organization (CHDO) Rental Housing Development (RHD) Program, and 2008 Single Family (Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs) Notices of Funding Availability (NOFAs)

**Public comment by Mike Sugrue.**

**Motion by Sonny Flores to approve staff recommendation; seconded by Juan Muñoz; passed unanimously.**

- n) Presentation of the current HOME Fund Balance Report  
**No Action required.**

**AGENDA ITEM 11: Office of Colonia Initiatives Division:**

- a) Presentation, Discussion, and Possible Approval of a Colonia Self Help Center (SHC) Program Award to Webb County through Community Development Block Grant (CDBG) Funding

**Motion by Leslie Bingham-Escareño to approve staff recommendation; seconded by Sonny Flores; passed unanimously.**

**EXECUTIVE SESSION began at 12:00 noon and ended at 1:15 p.m.**

- a) Multifamily Quarterly Report for Amendments, Extensions and Ownership Transfers  
b) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551  
c) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.  
d) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:  
1. With Respect to pending litigation styled *Rick Sims v. Texas Department of Housing and Community Affairs* filed in federal district court (new filing of previously dismissed suit)  
2. With Respect to pending litigation styled *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al* filed in federal district court  
3. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting  
4. Potential sale of agency owned real estate and/or sales of loans

**OPEN SESSION**

No action taken in Open Session on Items Discussed in Executive Session.

**REPORT ITEMS**

1. TDHCA Outreach Activities, November 2008
2. HOME Amendments Quarterly Report

**ADJOURN**

Since there was no further business to come before the board, Kent Conine adjourned the meeting at 4:05 p.m. on December 18, 2008.

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Kevin Hamby, Board Secretary

For a full transcript of this meeting, please visit the TDHCA website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us).

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
BOARD MEETING

Robert E. Johnson Building; Central Conference Room  
1501 North Congress, Austin, Texas 78701

February 5, 2009; 9:30 am

SUMMARY OF MINUTES

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

The Board Meeting of the Texas Department of Housing and Community Affairs of February 5, 2009 was called to order by Chair, Kent Conine, at 9:35 a.m. It was held at the Robert E. Johnson Building, Central Conference Room, 1500 North Congress, Austin, Texas. Roll call certified a quorum was present.

**Members Present:**

Kent Conine, Chair  
Gloria Ray, Vice Chair  
Tom Cardenas, Member  
Juan Muñoz, Member  
Sonny Flores, Member  
Leslie Bingham-Escareño, Member

**PUBLIC COMMENT**

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

Tim Leonhard, managing director of MMA Financial based in Dallas, provided testimony regarding the structure of TDHCA HOME funds behind tax-exempt bond finance transactions.

Emanuel Glockson, developer of Windvale Park, provided testimony regarding a change in utility allowances.

Barry Palmer, Coates Rose Law Firm, provided testimony regarding utilizing TDHCA HOME funds on a subordinate basis to help make 4 percent tax credit tax-exempt bonds work in the state.

**CONSENT AGENDA**

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

**AGENDA ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:**

***Financial Administration:***

- a) Presentation and Discussion of 1st Quarter Investment Report

***Internal Audit:***

- b) Presentation, Discussion, and Possible Approval of the revised Audit Charter and Board Resolutions
- c) Presentation, Discussion, and Acceptance of the Deloitte audits

***Community Affairs:***

- d) Presentation, Discussion, and Possible Approval of an amendment to the 2009 Community Services Block Grant contracts to distribute \$300,000 in State Discretionary Funds

***Multifamily Finance:***

- e) Presentation, Discussion, and Possible Approval of Housing Tax Credit Extensions
  - 07306                      Zion Village                                      Houston
  - 07096                      Moore Grocery Lofts                              Tyler
  - 07166                      Jeremiah Senior Apartments                      Hurst
  - 07226                      Candlewick Townhomes                              Brownsville
  - 07228                      Champion Homes at LaJoya                              La Joya

- f) Presentation, Discussion, and Possible Approval of Senior Managing, Co-Senior Managing, Co-Managing and/or Remarketing Agent Investment Banking Firms for Multifamily Mortgage Revenue Bond Transactions
- g) Presentation, Discussion and Ratification of Housing Tax Credit Award

**Disaster Recovery:**

- h) Presentation, Discussion, and Possible Approval of Requests for Amendments to CDBG Disaster Recovery Contracts Administered by TDHCA for CDBG Round 1 Funding
- i) Presentation, Discussion, and Possible Approval of the Round 2 CDBG Housing Trust Fund Criteria for HAP and SPRP Eligibility
- j) Presentation, Discussion, and Possible Transfer of Bootstrap/Contract for Deed Residual Funds from the General Fund to a designated Disaster Recovery Gap Financing Program within the Housing Trust Fund
- k) Presentation, Discussion, and Possible Approval of the Round 2 CDBG HAP and SPRP Policy Allowing Loan Forgiveness Upon Death of Applicant

**Bond Finance:**

- l) Presentation, Discussion, and Approval of the Department's Investment Policy, Resolution No. 09-022

**Texas Homeownership:**

- m) Presentation, Discussion, and Possible Approval of Determination that, for purposes of the Department's Single Family Mortgage Revenue Bond (MRB) and Mortgage Credit Certificate (MCC) Programs, a mortgage loan that is eligible for and receiving refinancing under the Federal Housing Administration (FHA) Hope for Homeowners Program (H4H Program) would be reasonably likely to cause financial hardship to the borrower if not refinanced

**Rules:**

- n) Presentation, Discussion, and Possible Approval to publish in the *Texas Register* proposed amendments to 10 TAC, Chapter 1, §1.36, 2009 Real Estate Analysis Rules and Guidelines
- o) Presentation, Discussion, and Possible Approval for publication in the *Texas Register* a final order adopting amendments to 10 TAC, Chapter 53, HOME Program Rule, Subchapter A, §53.1, §53.8(a), Subchapter C, §53.30, Subchapter D, §53.47 (a)(4), and Subchapter G, §53.80 (e)(1)
- p) Presentation, Discussion, and Possible Approval for publication in the *Texas Register* of proposed Amendments to 10 TAC Chapter 35, 2009 Multifamily Housing Revenue Bond Rules

**Withdrawn from consideration.**

**Motion by Ms. Ray to approve Consent Agenda, items a – o; seconded by Mr. Cardenas; passed unanimously.**

**ACTION ITEMS**

**AGENDA ITEM 2: BOARD**

- a) Designation of Assistant Presiding Officer, Secretary, Treasurer, and one or more Assistant Secretaries in accordance with Tex. Gov't. Code, §2306.030

**Motion by Mr. Flores to accept staff recommendation that Ms. Ray be designated vice-chair and that Tim Irvine be designated secretary/treasurer; seconded by Mr. Cardenas. Passed unanimously.**

**AGENDA ITEM 3: MULTIFAMILY DIVISION ITEMS - HOUSING TAX CREDIT PROGRAM:**

- a) Presentation, Discussion, and Possible Approval of Housing Tax Credit Amendments
 

04463	Lakeside Manor Senior Community	Little Elm
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**Withdrawn from consideration.**

- |       |                         |             |
|-------|-------------------------|-------------|
| 06118 | Sunset Haven Apartments | Brownsville |
|-------|-------------------------|-------------|

**Cynthia Bast, Locke, Bissel, Lord & Liddell, provided testimony.**

**Motion by Ms. Ray to grant approval for both amendments; seconded by Ms. Bingham; passed unanimously.**

- |       |                                  |          |
|-------|----------------------------------|----------|
| 08133 | The Gardens of Sienna Apartments | Beaumont |
|-------|----------------------------------|----------|

**Motion by Mr. Flores to approve staff recommendation to approve amendments; seconded by Ms. Bingham; passed unanimously.**

- |       |                          |               |
|-------|--------------------------|---------------|
| 08299 | Southern View Apartments | Fort Stockton |
|-------|--------------------------|---------------|

**Withdrawn from consideration.**

- |       |                                       |             |
|-------|---------------------------------------|-------------|
| 08401 | Artisan at San Pedro Creek Apartments | San Antonio |
|-------|---------------------------------------|-------------|

**Motion by Ms. Bingham to approve staff recommendation to approve amendment; seconded by Mr. Flores; passed unanimously.**

- b) Presentation, Discussion, and Possible Waiver of Requirements of the Qualified Allocation Plan and Rules for 2007 Applications that Returned Awards and Reapplied Under the 2009 Competitive Housing Tax Credit Application Cycle

Terri Anderson, Anderson Capital, LLC, representing Villas on Raiford Carrollton Senior Housing, L.P., application number 07303 and 080, provided testimony.

Ron Pegram, provided testimony on behalf Peachtree Seniors, TDHCA number 09108.

Tim Lang, the general partner of Hampton Villages, TDHCA number 07137, provided testimony.

Diana McIver provided testimony on behalf San Gabriel Crossing, Liberty Hill; TDHCA number 07220 and Sears Methodist on the rehabilitation of The Canyons in Amarillo, TX.

Motion by Mr. Flores that the four projects be eligible for 2009 cycle with the seven global issues being allowed as part of the approval process, that the staff grade them in accordance with the Department's rules and that the individual requests be considered at the next Board meeting; seconded by Ms. Ray; passed unanimously.

- c) Presentation, Discussion, and Possible Action on Housing Tax Credit Appeals:

**No appeals filed.**

- d) Presentation, Discussion, and Possible Approval of a modification to the bond documents regarding Post Oak East Apartments in Fort Worth (Eules), Texas regarding restrictions on rents and incomes

Granger MacDonald provided testimony.

Motion by Mr. Flores to allow the release of the rent restriction up to the 60% of median income level with the caveat that the 38 units currently restricted to 30% of median income at the project be held open for a minimum of 60 days for 30% households with Section 8 vouchers that can pay the 60% rent and if no eligible tenants apply during that time, that time he would be open to leasing those to 60% of median income. This decision is pending possible approval with the Office of the Attorney General; seconded by Ms. Ray; passed unanimously.

#### AGENDA ITEM 4: Multifamily Division Items--Private Activity Bond Program:

- a) Presentation, Discussion, and Possible Approval of a Change in the Fee Schedule for Multifamily Tax-Exempt Bond Issuances through the Department

David Nance provided testimony.

**Withdrawn from consideration until next meeting.**

- b) Presentation, Discussion, and Possible Approval of the First Supplement to the Trust Indenture for Wildwood Apartments and The Meridian, Resolution #09-023

Motion by Ms. Ray to approve staff recommendation; seconded by Mr. Flores; passed unanimously.

#### AGENDA ITEM 5: Rules:

- a) Presentation, Discussion, and Possible Approval for publication in the *Texas Register* a final order adopting 10 TAC, Chapter 60, Subchapter A, Compliance Monitoring Rules

Barry Kahn, developer in Houston, provided testimony.

Motion by Ms. Ray to approve staff recommendation; seconded by Ms. Bingham; passed unanimously.

#### AGENDA ITEM 6: Real Estate Analysis:

- a) Presentation, Discussion, and Possible Action for 2008 Competitive Housing Tax Credit Appeals of Underwriting  
**No appeals received.**

#### AGENDA ITEM 7: Disaster Recovery:

- a) Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA

Don Atwell, ACS provided testimony.

**Report item. No action taken.**

- b) Report on Disaster Recovery Emergency CDBG Funds for Hurricane IKE and Dolly and authorization to issue Affordable Rental Housing NOFAs

Motion by Ms. Ray to approve proceeding with development of the NOFA and to share the responsibility with the executive director to make the requisite decisions with oversight by the Chairman; seconded by Ms. Bingham; passed unanimously.

- c) Presentation, Discussion, and Possible Approval of a Substantial Amendment to the Partial Action Plan relating to Harris County for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding to Assist with the Recovery of Distressed Areas Related to the Consequences of Hurricanes Katrina, Rita, and Wilma in the Gulf of Mexico in 2005

**Motion by Ms. Bingham to approve staff recommendation; seconded by Mr. Flores; passed unanimously.**

**AGENDA ITEM 8: Bond Finance:**

- a) Presentation, Discussion, and Approval of the Department's Interest Rate Swap Policy

**Motion by Mr. Flores to accept staff recommendation; seconded by Mr. Cardenas; passed unanimously.**

- b) Presentation, Discussion, and Approval of Resolution No. 09-025 authorizing the transfer of the Single Family Mortgage Revenue Bonds 2005 Series A and 2007 Series A Interest Rate Swap Counterparty from Bear Stearns Financial Products, Inc. to JPMorgan Chase Bank, N.A.

**Motion by Mr. Cardenas to accept staff recommendation; seconded by Mr. Flores; passed unanimously.**

- c) Presentation, Discussion and Approval of Resolution No. 09-024 authorizing application to the Texas Bond Review Board for reservation of single family private activity bond authority

**Motion by Mr. Flores to accept staff recommendation; seconded by Mr. Cardenas; passed unanimously.**

**AGENDA ITEM 9: HOME and Housing Trust Fund Programs Division:**

- a) Presentation, Discussion, and Possible Action for Appeals:

08328	Estates at Northside	Pilot Point
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**Withdrawn by applicant until the next meeting.**

- b) Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Program Contract/ Commitments from the following list:

1000487	City of Bonham	HBA
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**Motion by Ms. Ray to approve staff recommendation; seconded by Mr. Flores; passed unanimously.**

1000991	Cambridge Crossing	RHD
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**Motion by Ms. Ray to approve staff recommendation; seconded by Mr. Flores; passed unanimously.**

- c) Presentation, Discussion and Possible Approval of HOME Program Award Recommendations from the following list:

*Owner Occupied Housing Assistance Program*

2008-0069	City of Corsicana	Corsicana
2008-0073	City of LaGrange	LaGrange
2008-0102	City of Paris	Paris
2008-0104	City of Bonham	Bonham
2008-0107	Community Council of Southwest Texas, Inc.	Uvalde
2008-0109	Lamar County	Paris
2008-0112	El Paso Collaborative for Community and Economic Development	El Paso
2008-0115	City of New Braunfels	New Braunfels
2008-0120	City of Anton	Anton
2008-0121	City of Abernathy	Abernathy
2008-0122	City of Ralls	Ralls
2008-0123	City of McCamey	McCamey
2008-0125	City of Winters	Winters
2008-0126	City of Turkey	Turkey
2008-0127	City of Socorro	Socorro

*Homebuyer Assistance Program*

2008-0108	Community Council of Southwest Texas.	Uvalde
2008-0119	City of Midland	Midland

*Tenant-Based Rental Assistance Program*

2008-0068	Ellis Community Resources	New Braunfels
2008-0118	Affordable Carina Housing	College Station
2008-0124	Fort Bend County Women's Center	Rosenberg



*Contract for Deed Program*

2008-0117 La Organizacion Progresiva de San Elizario San Elizario

*Rental Housing Development Program*

08181 Park Ridge Apartments Llano  
08341 Alta Vista Apartments Marble Falls  
08344 Hyatt Manor Apartments Gonzales  
08134 The Huntington Buda  
08256 Westway Place Corsicana  
08255 West Park Senior Village Corsicana

*Community Housing Development Organization Rental Housing Development Program*

08342 Constitution Court Copperas

**Motion by Ms. Ray to approve staff recommendations for Item c); seconded by Mr. Flores; passed unanimously.**

d) Presentation, Discussion, and Possible Approval of Housing Trust Fund Program Award Recommendations from the following list:

08334 Parkwood Apartments Nixon

**Motion by Mr. Cardenas to approve staff recommendation; seconded by Ms. Ray; passed unanimously.**

**AGENDA ITEM 10: Executive:**

a) Presentation, Discussion, and Possible Approval of the Notice of Funds Availability (NOFA) for the Neighborhood Stabilization Program

**The NOFA was withdrawn from consideration until next meeting. Report item only. No action taken.**

**EXECUTIVE SESSION**

- a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551
- b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.
- c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:
  - 1. With Respect to pending litigation styled *Rick Sims v. Texas Department of Housing and Community Affairs* filed in federal district court (new filing of previously dismissed suit)
  - 2. With Respect to pending litigation styled *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al* filed in federal district court
  - 3. With Respect to pending litigation styled *M.G. Valdez Ltd. v. Texas Department of Housing and Community Affairs* filed in District Court, Hidalgo County
  - 4. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting
  - 5. Potential sale of agency owned real estate and/or sales of loans

**No Executive Session held.**

**REPORT ITEMS**

- 1. TDHCA Outreach Activities, December 2008
- 2. Single Family Mortgage Revenue Bond Program Delinquency Report Item

**ADJOURN**

Since there was no further business to come before the board, Kent Conine adjourned the meeting at 12:10 p.m. on February 5, 2009.

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Mr. Timothy K. Irvine, Board Secretary

For a full transcript of this meeting, please visit the TDHCA website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us).

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
BOARD MEETING**

**March 12, 2009; 12:00 noon**

**Galveston Island Convention Center  
5600 Seawall Blvd, Galveston, TX 77551**

**SUMMARY OF MINUTES**

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

The Board Meeting of the Texas Department of Housing and Community Affairs of March 12, 2009 was called to order by Chair, Kent Conine, at 12:42 p.m. It was held at the Galveston Island Convention Center, 5600 Seawall Blvd., Galveston, TX. Roll call certified a quorum was present.

**Members Present:**

Kent Conine, Chair  
Gloria Ray, Vice Chair  
Tom Cardenas, Member  
Juan Muñoz, Member  
Sonny Flores, Member  
Leslie Bingham-Escareño, Member

**PUBLIC COMMENT**

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

Mr. Gerber thanked the city of Galveston, Steve LeBlanc, the City Manager, and Jeff Sjostrom, with the Economic Development Foundation for hosting the TDHCA Board of Directors meeting in Galveston. Mr. Gerber welcomed Tatiana Oria, with the staff of State Representative Yvonne Davis, Chair of TDHCA's Oversight Committee, the House Committee on Urban Affairs.

Cynthia Bast, Locke Lord Bissell & Liddell, provided testimony on behalf of a number of the 2008 tax credit applicants who were on the waiting list and received forward commitments of '09 tax credit funds

Bert Magill provided testimony requesting expediting commitments.

Bill Fisher, Odyssey Residential, provided testimony regarding issuance of 8609s for Villas of Winkler and Marshall Meadows.

Barry Palmer, Coats Rose Law Firm, provided testimony concerning 2008 transactions that have forward commitments of '09 and the short deadline to close.

Mike Logan, CEO of Managed Energy Services, LLC, (MES) provided testimony and offered the services of MES, an alternative energy and green building consulting and engineering firm, to aid in the efforts toward rebuilding plans and objectives.

Barbara Crews, co-chair of the Galveston County Restore and Rebuild, (GCR Squared), provided testimony and suggested policies to consider adopting to enhance recovery efforts.

Dian Groh, Gulf Coast Interfaith, provided testimony on recovery efforts in Galveston.

Bernard Scrogin, Lutheran Disaster Response, provided testimony on recovery efforts in Galveston.

Shirley Fanuiel, Gulf Coast Interfaith, the Texas State NAACP, Galveston County Restore and Rebuild and the Texas Hurricane Relief Center that's under the National Baptist Convention, provided testimony on recovery efforts in Galveston.

Joe Compian, Galveston County Interfaith and committee member for the Archdiocese of Galveston, Houston, the Catholic Campaign for Human Development, provided testimony on recovery efforts in Galveston.

Mike Sugrue, Solutions Plus, provided testimony concerning on SilverLeaf at Chandler.

Ike Akbari, Itex Development, Port Arthur, provided testimony on recovery efforts in Port Arthur and city of Orange.

Granger MacDonald provided testimony opposed to the fees paid to TSHAC.

David Long, Texas State Affordable Housing Corporation, provided testimony regarding asset oversight.

## CONSENT AGENDA

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

### AGENDA ITEM 1: Approval of the following items presented in the Board materials:

#### *Executive Division:*

- a) Presentation, Discussion, and Possible Approval of Board Meeting Minutes of November and December 2008  
**December 2008 Board Minutes withdrawn from consideration until April Board meeting.**

#### *Multifamily Finance:*

- b) Presentation, Discussion, and Possible Approval of Housing Tax Credit Extensions
  - 04478 Villas at Winkler Senior Housing Houston  
**Withdrawn from Consent for further discussion.**
  - 05446 Providence at Marine Creek Fort Worth
  - 060186 Sunset Way Apartments Port Arthur
  - 07194 Villas of Brownwood Apartments Brownwood
  - 07103 Oak Tree Village Apartments Dickinson
- c) Presentation, Discussion, and Possible Approval of Trustees for the Multifamily Mortgage Revenue Bond Transactions
- d) Presentation, Discussion, and Possible Approval of a Change in the Fee Schedule for Multifamily Tax-Exempt Bond Issuances through the Department

#### *Housing Resource Center:*

- e) Presentation, Discussion, and Possible Approval of the 2009 State of Texas Low Income Housing Plan and Annual Report

#### *Community Affairs:*

- f) Presentation, Discussion, and Possible Approval of the 2009 U.S. Department of Energy Weatherization Annual Plan
- g) Presentation, Discussion, and Possible Approval of the 2009 Low Income Home Energy Assistance Program and Department of Energy Weatherization Awards

#### *Office of Colonia Initiatives:*

- h) Presentation, Discussion, and Possible Approval of a Memorandum of Understanding (MOU) between the Texas Department of Housing and Community Affairs (TDHCA) and the Office of Rural Community Affairs (ORCA) regarding the management of Community Development Block Grant (CDBG) funds for the Colonia Self-Help Center (SHC) Program
- i) Presentation, Discussion, and Possible Approval of new members to the Colonia Resident Advisory Committee.  
**Withdrawn from consideration until April meeting.**

#### *HOME and Housing Trust Fund Programs:*

- j) Presentation, Discussion, and Possible Approval of the 2009 Housing Trust Fund Capacity Building Program Request for Qualifications (RFQ)
- k) Presentation, Discussion, and Possible Approval of Housing Trust Fund Program Award Recommendations:
  - Homebuyer Assistance Program*
  - 2009-0001 Brownsville Housing Finance Corporation Brownsville
  - Housing Rehabilitation Assistance Program*
  - 2009-0002 City of Taylor Taylor
  - Rental Production Program*
  - 08335 Meadow Park Village Lockhart
  - Withdrawn withdrawn from consideration until April**
  - 08339 Crown Point Apartments Venus

**Motion by Ms. Ray to approve Consent Agenda, items a) (with exception of December Minutes), b) (with exception of Villas at Winkler Senior Housing), c)-j), and k) (with exception of Meadow Park Village); seconded by Mr. Cardenas; passed unanimously.**

04478 Villas at Winkler Senior Housing

Houston

Bill Fisher, Odyssey Residential, provided testimony.  
George Littlejohn, Novogradac & Company, provided testimony.  
Motion by Mr. Flores to approve extension; seconded by Ms. Ray;  
passed unanimously.

## ACTION ITEMS

### AGENDA ITEM 2: Executive:

- a) Presentation, Discussion, and Possible Approval of policy regarding use of the American Recovery and Reinvestment Act (ARRA) 2009 Exchange Program and HOME Partnership Tax Credit Gap Financing

Terry Anderson, provided testimony.

David Koogler, Mark-Dana Corporation, provided testimony.

Barry Palmer, Coats Rose, provided testimony.

Mike Sugrue, Solutions Plus, provided testimony.

Mark Mayfield, Texas Housing Foundation of the Regional Public Housing Authority, provided testimony.

Granger MacDonald, provided testimony.

Ben Farmer, developer, owner, builder, manager, provided testimony.

Steve Moore, provided testimony.

Donald Sampley, City of Houston Housing Department, provided testimony.

Jeff Crozier, Executive Director, Rural Rental Housing Association, provided testimony.

George Littlejohn, Novogradac & Company, provided testimony.

Dan Allgeier, New Rock, provided testimony.

No action taken.

### AGENDA ITEM 3: Multifamily Division Items - Housing Tax Credit Program:

- a) Presentation, Discussion, and Possible Approval of Housing Tax Credit Amendments

04456 Providence at Marshall Meadows

San Antonio

Bill Fisher, Odyssey Residential Holdings, provided testimony.

Motion by Ms. Ray to move to accept the staff recommendation without assessment of penalties; seconded by Mr. Flores; passed unanimously.

- b) Presentation, Discussion, and Possible Waiver of Requirements of the Qualified Allocation Plan and Rules for 2007 Applications that Returned Awards and Reapplied Under the 2009 Competitive Housing Tax Credit Application Cycle

Hampton Villages: no waivers;

Canyon Retirement: Diana Mclver, Diana Mclver and Associates, DMA Development Company, provided testimony.

Motion made by Ms. Bingham-Escareño to waive three, the LPS, rent levels and enterprise zone; seconded by Ms. Ray; passed unanimously.

San Gabriel: Diana Mclver, Diana Mclver and Associates, DMA Development Company, provided testimony.

Motion by Ms. Ray to allow the developer to retain the Local Political Subdivision contribution points of 18 and the green-building initiatives; seconded by Mr. Flores; passed unanimously.

Motion by Ms. Bingham-Escareño to waive the percentage issue on the two million cap; seconded by Ms. Ray; passed unanimously.

Peachtree Senior:

Motion by Ms. Ray to let the developer retain the exurban development points and third-party funding commitment; seconded by Mr. Flores; passed unanimously.

Dennis Hoover provided testimony concerning application #09318, a '07 tax credit deal that was not submitted until the end of January. Mr. Hoover asked to be included with the '07 deals and that all fees be credited towards '09 fees.

No action taken. The Board asked staff to bring this back to the next Board meeting for consideration.

- c) Presentation, Discussion, and Possible Action on Housing Tax Credit Appeals:  
**None filed.**

**AGENDA ITEM 4: Multifamily Division Items–Private Activity Bond Program:**

- a) Presentation, Discussion, and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2009  
09603 Willow Oak; White Settlement, Tarrant County; Resolution #09-032  
**Withdrawn from consideration.**

**AGENDA ITEM 5: Real Estate Analysis:**

- a) Presentation, Discussion, and Possible Action for 2008 Competitive Housing Tax Credit Appeals of Underwriting  
08255 West Park Senior Housing  
08256 Westway Place  
**Withdrawn from consideration.**

**AGENDA ITEM 6: Community Affairs:**

- a) Presentation, Discussion, and Possible Action on the appeal from the Texas Association of Community Action Agencies on application matters  
**Withdrawn from consideration.**
- b) Presentation, Discussion, and Possible Approval of the 2009 Community Services Block Grant State Discretionary Awards  
**Motion by Ms. Ray to approve staff recommendation; seconded by Ms. Bingham-Escareño; passed unanimously.**

**AGENDA ITEM 7: Disaster Recovery:**

- a) Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA  
Don Atwell, ACS, provided testimony.  
Mark Viator, ACS, provided testimony.  
**No action taken.**
- b) Presentation, Discussion, and Possible Action regarding a Notice of Funds Availability for a \$58 million affordable rental housing set-aside under CDBG disaster funding related to Hurricanes Ike and Dolly  
**Motion by Mr. Flores to approve staff recommendation; seconded by Mr. Cardenas; passed unanimously.**

**AGENDA ITEM 8: Bond Finance:**

- a) Presentation, Discussion, and Possible Approval of Resolution No. 09-029 authorizing the Department to enter into substitute liquidity facilities provided by the Comptroller of Public Accounts of the State of Texas and approving amendments to the Supplemental Indentures for the 2006 Series H and 2007 Series A Single Family Variable Rate Mortgage Revenue Bonds  
**Motion by Ms. Ray to approve staff recommendation; seconded by Mr. Cardenas; passed unanimously.**
- b) Presentation, Discussion, and preliminary approval authorizing the Department to utilize available funds to provide assistance to the remaining allocation of unassisted mortgage rate funds on the Single Family Mortgage Revenue Bonds 2006 Series FGH, Program 68 and 2007 Series B, Program 70 along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009  
**Motion by Ms. Bingham-Escareño to approve staff's recommendation with two additional options: to change their W-4 withholding so that they can repay us and repay the agency in monthly amounts repay; and or the filing of an amended '08 tax return where they would assign the proceeds of the refund up to whatever the downpayment assistance amount was, with rules to be presented to the board for action in April; seconded by Ms. Ray; passed unanimously.**

- c) Presentation, Discussion, and preliminary approval authorizing the Department to utilize Housing Trust Fund (HTF) funds to provide down payment assistance to eligible homebuyers in conjunction with the Department's 2009 Mortgage Credit Certificate (MCC) Program along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

Steven Harris, Harris Housing Advisors, provided testimony.

Motion by Mr. Flores to approve staff recommendation; seconded by Ms. Bingham-Escareño; passed unanimously.

**AGENDA ITEM 9: HOME and Housing Trust Fund Programs Division:**

- a) Presentation, Discussion, and Possible Action for Appeals:

08328 Estates at Northside Pilot Point

**Withdrawn from consideration.**

- b) Presentation, Discussion, and Possible Approval of HOME Program Award Recommendations:

*Rental Housing Development Program*

08346 Quail Run Apartments Decatur  
08347 Northview Apartments Kilgore  
08345 First Huntington Arms Huntington  
08154 Mineral Wells Pioneer Crossing Mineral Wells

Noor Jooma, provided testimony.

Withdrawn by applicant until April meeting.

Motion by Ms. Ray to approve staff recommendation, with exception of Mineral Wells Pioneer Crossing, seconded by Ms. Bingham-Escareño; passed unanimously.

- c) Presentation, Discussion, and Possible Approval of Requests for Amendments to HOME Program Contracts/Loans from the following list:

1000437 Windvale Park Apartments RHD

Emanuel Glockzin, developer of Windvale Park Apartments, provided testimony.

Motion by Mr. Conine to approve Option 3 to modify the loan as requested to reduce the overall debt service from \$50,000 to \$12,000 annually with the remaining debt to become a non-amortizing zero percent loan; seconded by Ms. Bingham-Escareño; passed unanimously.

**AGENDA ITEM 10: Executive:**

- a) Presentation, Discussion, and Possible Approval of the Notice of Funding Availability for the Texas Neighborhood Stabilization Program.

Barbara Smith, Executive Director, local Habitat for Humanity affiliate in Montgomery County, provided testimony.

Nancy Mikeska, National Community Development Association Region 6 and Chairman of the Board of the Directors for Region 6, provided testimony.

Eugene Bauer, Executive Director for the Fort Hood Area Habitat For Humanity, provided testimony.

Dr. Joanne Ducharme, provided testimony.

David Danenfelzer, Texas State Affordable Housing Corporation, provided testimony.

Jimmy Shoemaker, provided testimony.

Motion by Ms. Bingham-Escareño to approve staff recommendation; seconded by Mr. Cardenas; motion to amend by Mr. Conine limiting the downpayment assistance to a maximum of \$30,000; accepted by Ms. Bingham-Escareño and Mr. Cardenas; passed unanimously.

**EXECUTIVE SESSION. Executive Session not held.**

- a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551
- b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.
- c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:

1. With Respect to pending litigation styled *Rick Sims v. Texas Department of Housing and Community Affairs* filed in federal district court (new filing of previously dismissed suit)
2. With Respect to pending litigation styled *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al* filed in federal district court
3. With Respect to pending litigation styled *M.G. Valdez Ltd. v. Texas Department of Housing and Community Affairs* filed in District Court, Hidalgo County
4. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting
5. Potential sale of agency owned real estate and/or sales of loans

## **OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

## **REPORT ITEMS**

1. TDHCA Outreach Activities, December 2008
2. Single Family MRB Rescue Fund Update

## **ADJOURN**

Since there was no further business to come before the board, Kent Conine adjourned the meeting at 5:13 p.m. on March 12, 2009.

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Mr. Timothy K. Irvine, Board Secretary

For a full transcript of this meeting, please visit the TDHCA website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us).

**EXECUTIVE DIVISION**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Resolution of the Board of Directors rescinding Resolution No. 09-020 and adopting Resolution No 09-038, designating signature authority due to reorganization and the designation of new signature designees.

**Required Action**

Approval to rescind Resolution No. 09-020 and to adopt Resolution 09-038 designating signature authority for new signature designees.

**Background**

The provisions of Chapter 2306, Texas Government Code, as amended, authorize 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 of, among other things, obtaining funds to acquire or finance 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 of participating interests, and to mortgage, pledge or grant security interests in such mortgages of 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.

This resolution also recognizes the appointment of a Chief of Staff, Chief of Agency Administration, Deputy Executive Director for Community Based Programs, Deputy Executive Director for Housing Programs, the Deputy Executive Director of Emergency Housing and Disaster Recovery, Director, Rita Recovery and Director, Ike Recovery.

The resolution provides limited authority to several persons to execute real estate transactions to streamline department operations.

**Recommendation**

Approve, reject or approve with modification the Resolution presented.



**RESOLUTION NUMBER 09-038**  
**RESOLUTION OF THE BOARD OF DIRECTORS**  
**RESCINDING RESOLUTION NO. 09-020**  
**DESIGNATING SIGNATURE AUTHORITY**

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official governmental agency of the State of Texas, (the "Department") was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended; 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 finance, participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of, among other things, obtaining funds to acquire or finance 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 of participating interests, and to mortgage, pledge or grant security interests in such mortgages of 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, on December 18, 2008, the Governing Board adopted Resolution No. 09-020, designating signature authority for bond and real estate transactions; and

WHEREAS, the Governing Board has now determined that Resolution No. 09-020, designating signature authority, should be rescinded because of the reorganization of the Department and new signature authority designated.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS THAT:

SECTION 1 – Rescission of Prior Signature Authority. The Governing Board hereby rescinds Resolution No. 09-020.

SECTION 2 – Designation of Signature Authority for Bond Transactions. The Governing Board hereby authorizes and designates the Chairman or Vice Chairman of the Board, the Board Secretary, the Executive Director or the Acting Executive Director, the Chief of Staff, the Chief of Agency Administration, the Director of Financial Administration, the Director of Bond Finance, the Director of Texas Homeownership, and the Director of Multifamily Finance Production as signatories for single family and multifamily bond transactions including, but not limited to letters of instruction, officer's certificates, bond transactional documents and all other documents and certificates executed in connection with such bond transactions.

SECTION 3 – Designation of Signatory Authority for Real Estate Transactions. The Governing Board hereby authorizes and designates the following persons to execute and deliver, as specified earnest money contracts, deeds or conveyances of title, leases of real property, settlement statements on purchase or sale of real property, deposits and disbursements on agency bank accounts, real estate transactional documents and all other documents executed in connection with real estate or real estate-related transactions:

Executive Director or Acting Executive Director, Chief of Staff, Chief of Agency Administration, Director of Financial Administration and Board Secretary: All real estate or real estate related transactions.

Deputy Executive Director for Community Based Programs: All real estate or real estate-related transactions administered under any of the Community Based Programs areas.

Deputy Executive Director for Housing Programs: All real estate or real estate-related transactions administered under any of the Housing Programs areas programs.

Director of Multifamily Finance Production: All real estate or real estate-related transactions administered under the Multifamily Production Division.

Director of Bond Finance: All real estate or real estate-related transactions administered by the Bond Finance Division.

Director of Texas Home Ownership: All real estate or real estate-related transactions administered by the Texas Home Ownership Division.

Director of the HOME Program: All real estate or real estate-related transactions administered under the HOME Division.

Deputy Director for Emergency Housing and Disaster Recovery, Director Rita Recovery, Director Ike Recovery, and CDBG Field Officer all real estate or real estate-related transactions administered under any of the Emergency Housing and Disaster Recovery programs.

Signatory authority on deposits and disbursements on agency bank accounts is limited to those persons designated on the applicable signature cards, as specified by the Executive Director or Acting Executive Director; provided however, that no person may be so designated other than the Executive Director or Acting Executive Director, the Chief of Staff, the Chief of Agency Administration, a Deputy Executive Director, or a Director.

SECTION 4 – Execution of Documents. The Governing Board hereby authorizes the Executive Director or, in the absence of the Executive Director, the Chief of Staff to execute, on behalf of the Department, any and all documents, instruments reasonably deemed necessary to effectuate this Resolution.

SECTION 5 – Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

SECTION 6 – Notice of Meeting. That 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* and Administrative Code Acts, Chapters 2001 and 2002, Texas Government Code, as amended.

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

\_\_\_\_\_  
Chair of the Governing Board

[SEAL]

Attest:

\_\_\_\_\_  
Secretary of the Board

**FINANCIAL ADMINISTRATION DIVISION**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Report Item**

2nd Quarter Investment Report

**Required Action**

Presentation of the Department's 2nd Quarter Investment Report

**Background**

- This report is in the prescribed format and detail, as required by the Public Funds Investment Act. It shows in detail the types of investments, their maturity, their carrying (face amount) value, and their fair value at the beginning and end of the quarter.
- Overall, the portfolio carrying value decreased by \$28,998,902 (See Page 1) for a total of \$1,661,166,278. The Residential Mortgage Revenue Bond (RMRB) indenture paid \$13.1 million in principal and \$1.2 million in interest. The remaining difference is accounted for by construction draws made by multi-family projects currently under construction and interest earnings from investments.

The portfolio consists of (See Page 4):

	<b><u>Beginning Quarter</u></b>	<b><u>Ending Quarter</u></b>
<b>Mortgage Backed Securities (MBS)</b>	80%	82%
<b>Guaranteed Investment Contract/ Investment Agreement (GIC/IA)</b>	7%	4%
<b>Repurchase Agreements</b>	5%	7%
<b>Other (Cd's, MM's, T-Bonds)</b>	8%	7%

The 2% increase in MBS is a result of purchases which represent newly originated loans being pooled and converted into securitized investments. The 3% decrease in GIC/IA is a result of liquidation of long term investments in preparation for debt service payments during the month of March related to the RMRB Indenture. The 2% increase in Repurchase Agreements is a result of the investment of funds related to debt service payments for the RMRB Indenture.

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

- \$28,407,693 of MBS purchases during the quarter represent portfolio activity for new loans originated.
- The maturities in MBS this quarter were \$21,587,847 which represents loan payoffs. The table below shows a declining trend in new loans and steady trend in loan payoffs.

	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	
	FY 08	FY 08	FY 08	FY 09	FY 09	Total
Purchases	93,023,499	42,139,623	53,431,468	34,559,150	28,407,693	251,561,433
Sales						
Maturities	18,007,506	21,441,989	21,242,337	20,647,224	21,587,847	102,926,903

- The fair value (the amount at which a financial instruments could be exchanged in a current transaction between willing parties) increased \$22,857,282 (See Pages 1 and 5) increasing the difference between fair value and carrying value (the Department's acquisition cost of its financial instruments net of amortization) with fair value being more. The national average for a 30-year fixed mortgage as reported by HSH Associates Financial Publishers (a national clearinghouse of mortgage data) was 5.62% for the end of February down from 6.69% at the end of November. The spread between the market rate and our below-market rates is decreasing. There are various factors that affect the fair value of these investments but there is a correlation between the prevailing mortgage interest rates and the change in market value.
- Given the current financial environment, this change in market value is to be expected. If current mortgage rates continue to decrease, the Department can expect another increase in market value next quarter. However, the change is cyclical and is reflective of change in the bond market as a whole.
- The process of valuing investments at fair value (market value) generates recognition of unrealized gains and losses. These gain or losses do not impact the overall portfolio because the Department does not liquidate these investments (mortgage backed securities) but holds them until maturity.
- The fact that our investments provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is more important than their relative value in the bond market as a whole.

- The more relevant measures of indenture parity, projected future cash flows, and the comparison of current interest income to interest expense are not part of a public funds investment report. The next page is an additional analysis prepared by the Bond Finance group (it is not part of the PFIA report). This report shows parity (ratio of assets to liabilities) by indentures with assets greater than liabilities in a range from 103.86% to 118.18% which would indicate the Department has sufficient assets to meet its obligations.
- The interest comparison for the Single Family and Multifamily indentures show interest expense greater than interest income due to the variable rate resets that increased substantially as a result of market conditions. These market conditions included liquidity provider downgrades of DEPFA/DEXIA that reduced the marketability of variable rate bonds. As a result, these bank bonds incurred heightened interest rates of up to 15% for the first sixty days. TDHCA replaced DEPFA Bank as liquidity provider with the State Comptroller which reduced variable rate resets to .75%. TDHCA is negotiating with the State Comptroller to replace DEXIA as liquidity provider to reduce the variable rates from 4.25% to approximately .75%. The indenture's equity is being utilized to offset the temporary deficit in interest income. The interest comparison for the other indentures shows interest income greater than interest expense and indicates a current positive cash flow.

**Texas Department of Housing and Community Affairs**  
**Bond Finance Division**  
**Executive Summary**  
As of February 28, 2009

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Collateralized Home Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
<b>PARITY COMPARISON:</b>					
<b>PARITY ASSETS</b>					
Cash	\$ 199,617	\$ -	\$ -	\$ 1,128,376	\$ 1,327,993
Investments <sup>(1)</sup>	\$ 125,957,413	\$ 17,400,791	\$ 936,860	\$ 110,722,893	\$ 255,017,957
Mortgage Backed Securities <sup>(1)</sup>	\$ 1,022,652,517	\$ 262,864,696	\$ 10,288,141	\$ -	\$ 1,295,805,355
Loans Receivable	\$ 35,702,586	\$ 919,203	\$ -	\$ 1,215,602,960	\$ 1,252,224,749
Accrued Interest Receivable	\$ 4,583,516	\$ 1,724,559	\$ 67,855	\$ 8,347,162	\$ 14,723,092
<b>TOTAL PARITY ASSETS</b>	<b>\$ 1,189,095,649</b>	<b>\$ 282,909,249</b>	<b>\$ 11,292,856</b>	<b>\$ 1,335,801,391</b>	<b>\$ 2,819,099,146</b>
<b>PARITY LIABILITIES</b>					
Bonds Payable <sup>(1)</sup>	\$ 1,113,815,000	\$ 267,590,000	\$ 9,500,000	\$ 1,216,333,454	\$ 2,607,238,454
Accrued Interest Payable	\$ 31,047,618	\$ 2,428,506	\$ 55,378	\$ 8,597,302	\$ 42,128,804
<b>TOTAL PARITY LIABILITIES</b>	<b>\$ 1,144,862,618</b>	<b>\$ 270,018,506</b>	<b>\$ 9,555,378</b>	<b>\$ 1,224,930,756</b>	<b>\$ 2,649,367,258</b>
<b>PARITY DIFFERENCE</b>	<b>\$ 44,233,031</b>	<b>\$ 12,890,743</b>	<b>\$ 1,737,478</b>	<b>\$ 110,870,635</b>	<b>\$ 169,731,888</b>
<b>PARITY<sup>(2)</sup></b>	<b>103.86%</b>	<b>104.77%</b>	<b>118.18%</b>	<b>109.05%</b>	<b>106.41%</b>
<b>INTEREST COMPARISON (For the Sixth Fiscal Month) :</b>					
<b>INTEREST INCOME</b>					
Interest & Investment Income	\$4,971,326	\$1,271,531	\$61,383	\$4,775,335	\$11,079,575
<b>TOTAL INTEREST INCOME</b>	<b>\$4,971,326</b>	<b>\$1,271,531</b>	<b>\$61,383</b>	<b>\$4,775,335</b>	<b>\$11,079,575</b>
<b>INTEREST EXPENSE</b>					
Interest on Bonds	\$5,447,075	\$1,213,080	\$49,433	\$4,779,747	\$11,489,335
<b>TOTAL INTEREST EXPENSE</b>	<b>\$5,447,075</b>	<b>\$1,213,080</b>	<b>\$49,433</b>	<b>\$4,779,747</b>	<b>\$11,489,335</b>
<b>NET INTEREST</b>	<b>(\$475,749)<sup>(3)</sup></b>	<b>\$58,451</b>	<b>\$11,950</b>	<b>(\$4,412)</b>	<b>(\$409,760)</b>
<b>INTEREST RATIO</b>	<b>91.27%</b>	<b>104.82%</b>	<b>124.17%</b>	<b>99.91%</b>	<b>96.43%</b>

(1) Investments, Mortgage Backed Securities and Bonds Payable reported at par value not fair value.  
This adjustment is consistent with indenture cashflows prepared for rating agencies.

(2) Additional accounts pledged to bonds were added to parity calculation in February 2009 to be consistent with cashflows prepared by underwriters.

(3) Variable rate resets/swap payment accruals increased substantially due to market conditions.

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

**PUBLIC FUNDS INVESTMENT ACT  
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)  
QUARTER ENDING FEBRUARY 28, 2009**



**PUBLIC FUNDS INVESTMENT ACT  
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)  
QUARTER ENDING FEBRUARY 28, 2009**

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


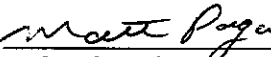
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Internal Management Report (Sec. 2256.023)  
Quarter Ending February 28, 2009

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

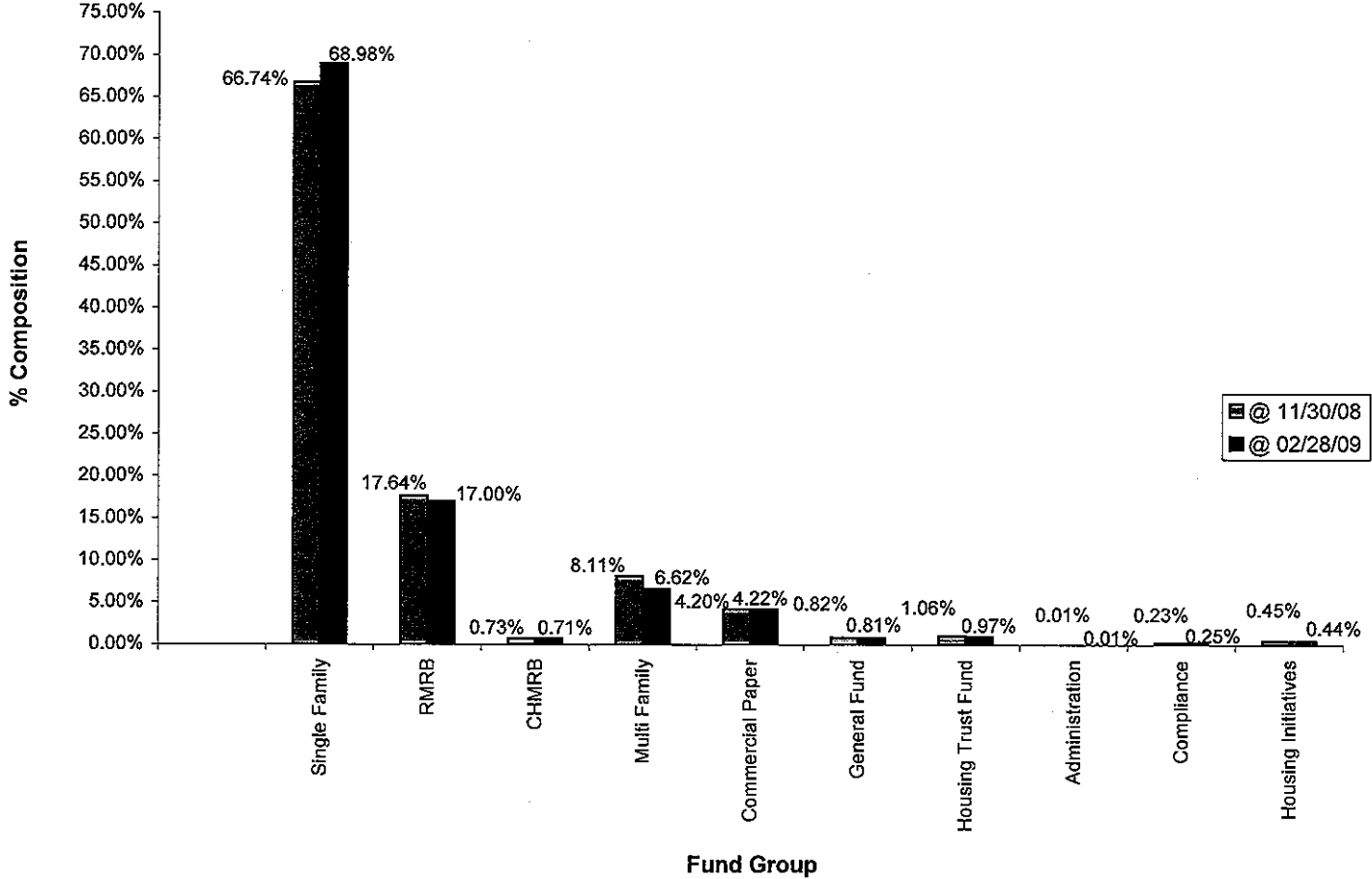
INDENTURE	FAIR VALUE (MARKET) @11/30/08	CARRYING VALUE @11/30/08	CHANGE IN CARRYING VALUE				CARRYING VALUE @02/28/09	FAIR VALUE (MARKET) @02/28/09	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @02/28/09	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS					
Single Family	1,136,617,400.37	1,128,659,843.12	82,924,810.81	(51,160,796.34)	(15,717,059.98)	0.00	1,144,706,797.61	1,170,435,627.96	17,771,273.10	4,504,787.00	0.00
RMRB	300,424,256.83	295,967,705.42	1,217,087.49	(12,285,003.05)	(5,517,145.70)	0.00	279,382,644.16	288,544,020.95	4,704,825.38	1,706,062.00	0.00
CHMRB	12,474,473.51	12,044,700.42	239.45	(579,158.95)	(262,636.22)	0.00	11,203,144.70	12,014,101.30	381,183.51	67,855.00	0.00
Multi Family	138,187,590.83	138,187,590.83	4,827,175.90	(30,565,605.44)	(91,004.84)	0.00	112,358,156.45	112,358,156.45	-	4,536.00	0.00
Commercial Paper	71,594,896.29	71,594,896.29	76.12	0.00	0.00	0.00	71,594,972.41	71,594,972.41	-	2.00	0.00
General Fund	13,933,465.88	13,933,465.88	7,511,114.07	(7,758,112.79)	0.00	0.00	13,686,467.16	13,686,467.16	-	198.00	0.00
Housing Trust Fund	18,077,773.25	18,077,773.25	4,675,030.53	(6,360,327.09)	0.00	0.00	16,392,476.69	16,392,476.69	-	237.00	0.00
Administration	158,665.94	158,665.94	35.63	0.00	0.00	0.00	158,701.57	158,701.57	-	2.00	0.00
Compliance	3,942,323.19	3,942,323.19	474,595.97	(135,823.07)	0.00	0.00	4,281,096.09	4,281,096.09	-	62.00	0.00
Housing Initiatives	7,598,215.29	7,598,215.29	41,419.58	(237,814.08)	0.00	0.00	7,401,820.79	7,401,820.79	-	107.00	0.00
<b>TOTAL</b>	<b>1,703,009,061.38</b>	<b>1,690,165,179.63</b>	<b>101,671,585.55</b>	<b>(109,082,640.81)</b>	<b>(21,567,846.74)</b>	<b>0.00</b>	<b>1,661,166,277.63</b>	<b>1,696,867,441.37</b>	<b>22,857,281.99</b>	<b>6,263,848.00</b>	<b>0.00</b>

\* No relationship can be drawn between the "ACCRUED INT RECVBL @ 02/28/09" 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 \$113,486,532 of investments pledged as reserves by participating entities. The Department is carrying these investments with their corresponding liability purely for tracking the flow of funds.

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

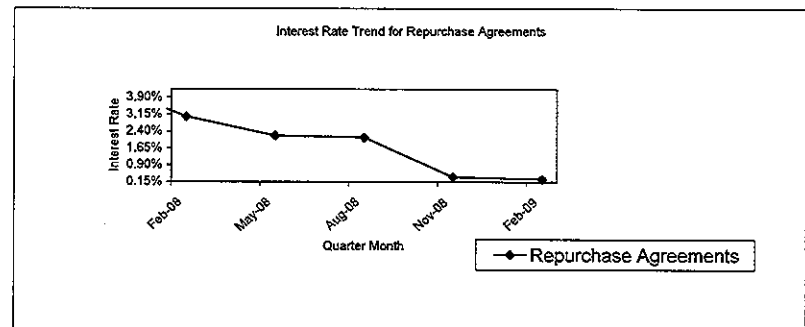
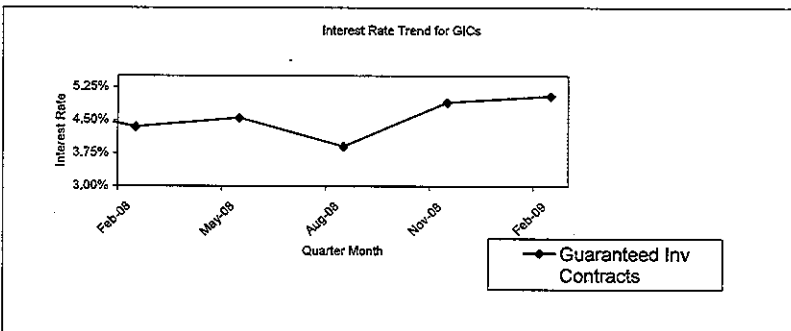
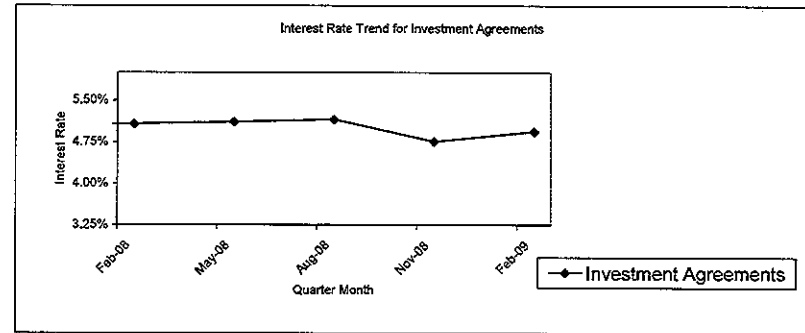
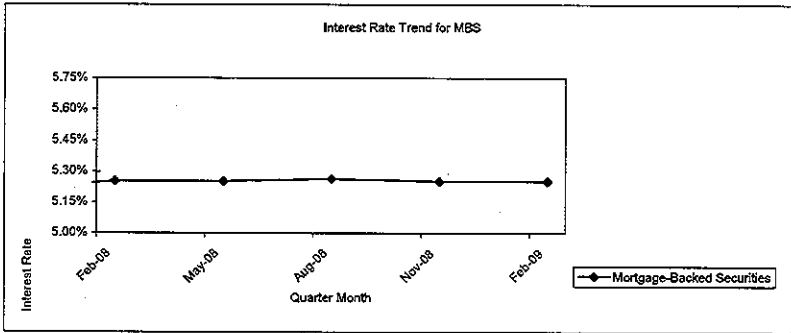
 David Cervantes, Director of Financial Administration	Date <u>4/1/09</u>
 Matt Pogor, Director of Bond Finance	Date <u>3/20/09</u>

### Market Valuation Comparison By Fund Group

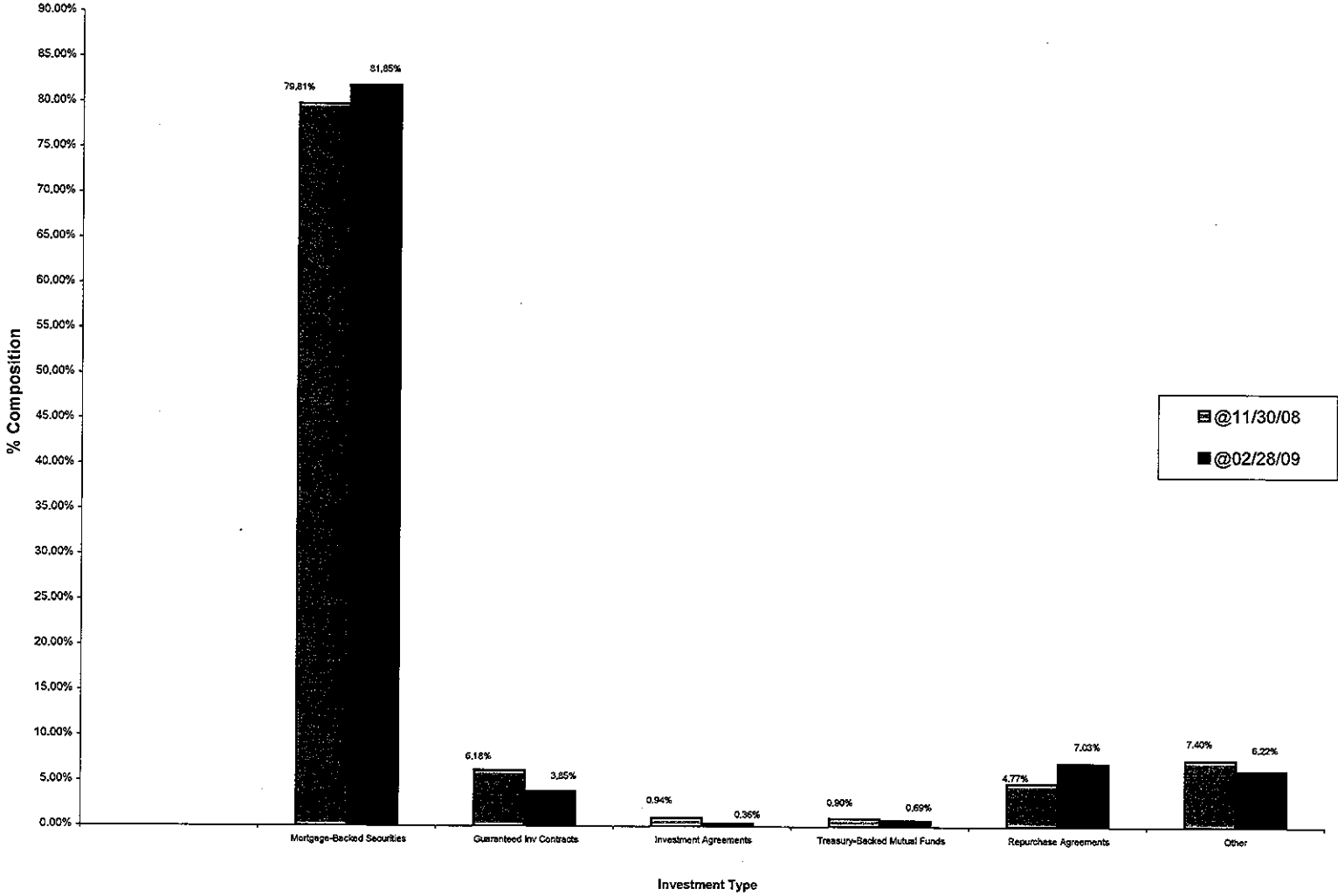


TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
 HOUSING FINANCE DIVISION  
 PUBLIC FUNDS INVESTMENT ACT  
 Supplemental Schedule of Portfolio Interest Rate Trends and Maturities  
 Quarter February 28, 2009

INVESTMENT TYPE	Range of Interest for Current Quarter		Portfolio % Composition	Weighted Avg Rate Beg Carrying Value @ 11/30/08	Weighted Avg Rate Beg Market Value @ 11/30/08	Weighted Avg Rate End Carrying Value @ 02/28/09	Weighted Avg Rate End Market Value @ 02/28/09	Weighted Avg Maturity Beg Carrying Value @ 11/30/08		Weighted Avg Maturity Beg Market Value @ 11/30/08		Weighted Avg Maturity End Carrying Value @ 02/28/09		Weighted Avg Maturity End Market Value @ 02/28/09	
	HI	LOW						Months	Days	Months	Days	Months	Days	Months	Days
Mortgage-Backed Securities	8.75%	4.49%	81.85%	5.24%	5.25%	5.24%	5.25%	315	29	315	24	314	0	313	23
Guaranteed Inv Contracts	6.51%	3.86%	3.85%	4.89%	4.89%	5.04%	5.04%	147	5	147	5	119	13	119	13
Investment Agreements	6.15%	2.51%	0.36%	4.75%	4.75%	4.93%	4.93%	120	25	120	25	55	15	55	15
Repurchase Agreements	0.26%	0.26%	7.03%	0.35%	0.35%	0.26%	0.26%	0	1	0	1	0	2	0	2
Money Markets	0.00%	0.86%	1.95%	0.60%	0.60%	0.22%	0.22%	0	1	0	1	0	1	0	1
Treasury-Backed Mutual Funds	0.00%	0.62%	0.68%	0.33%	0.33%	0.04%	0.04%	0	1	0	1	0	1	0	1
Commercial Paper	0.00%	0.00%	4.21%	0.00%	0.00%	0.00%	0.00%	7	12	7	12	4	12	4	12
Treasury Bonds/Notes	13.25%	13.25%	0.06%	13.25%	13.25%	13.25%	13.25%	66	12	66	12	63	12	63	12



Market Valuation Comparison by Investment Type


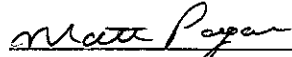


TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Supplemental Public Funds Investment Act Report by Investment Type Schedule  
Quarter Ending February 28, 2009

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

INVESTMENT TYPE	FAIR VALUE	CARRYING	CHANGE IN CARRYING VALUE				CARRYING	FAIR VALUE	CHANGE	RECOGNIZED
	(MARKET) @ 11/30/08	VALUE @ 11/30/08	ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	VALUE @ 02/28/09	(MARKET) @ 02/28/09	IN FAIR VALUE (MARKET)	GAIN
Commercial Paper	71,431,000.00	71,431,000.00	0.00	0.00	0.00	0.00	71,431,000.00	71,431,000.00	-	0.00
Mortgage-Backed Securities	1,359,188,048.75	1,346,399,243.65	28,407,693.31	0.00	(21,587,846.74)	0.00	1,353,219,090.22	1,368,892,669.84	22,884,774.52	0.00
Guaranteed Inv Contracts	105,215,607.61	105,215,607.61	360,068.09	(40,250,786.84)	0.00	0.00	65,324,888.86	65,324,888.86	-	0.00
Investment Agreements	16,014,713.09	16,014,713.09	755,362.50	(10,582,555.10)	0.00	0.00	6,187,520.49	6,187,520.49	-	0.00
Treasury-Backed Mutual Funds	15,291,991.96	15,291,991.96	2,160,885.66	(5,794,762.22)	0.00	0.00	11,658,115.40	11,658,115.40	-	0.00
Repurchase Agreements	81,311,471.73	81,311,471.73	67,868,973.79	(29,892,432.17)	0.00	0.00	119,288,013.35	119,288,013.35	-	0.00
Money Markets	53,561,580.13	53,561,580.13	2,118,447.24	(22,562,104.48)	0.00	0.00	33,117,922.89	33,117,922.89	-	0.00
Treasury Bonds/Notes	994,648.11	939,571.46	154.96	0.00	0.00	0.00	939,726.42	967,310.54	(27,492.53)	0.00
<b>TOTAL</b>	<b>1,703,009,061.38</b>	<b>1,690,165,179.63</b>	<b>101,671,585.55</b>	<b>(109,082,640.81)</b>	<b>(21,587,846.74)</b>	<b>0.00</b>	<b>1,661,166,277.63</b>	<b>1,696,867,441.37</b>	<b>22,857,281.99</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.

 David Cervantes, Director of Financial Administration	Date <u>4/1/09</u>
 Matt Pogor, Director of Bond Finance	Date <u>3/30/09</u>

**Detail of Investments including maturity dates by Fund Group**

**Texas Department of Housing and Community Affairs**  
**Single Family Investment Summary**  
**For Period Ending February 28, 2009**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Repo Agmt	1980 Single Family Surplus Rev	0.26	02/27/09	03/02/09	3,035.80	3,035.80	4,345.19				7,380.99	7,380.99	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	0.26	02/27/09	03/02/09	3,022.97	3,022.97	1,648,721.92				1,651,744.89	1,651,744.89	-	0.00
GICs	1980 Single Family Surplus Rev	6.08	11/14/96	09/30/29	5,661,519.38	5,661,519.38	229,491.45				5,891,010.83	5,891,010.83	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	0.26	02/27/09	03/02/09	49,064.39	49,064.39	22.77				49,087.16	49,087.16	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	0.26	02/27/09	03/02/09	1,268,123.36	1,268,123.36		(1,263,025.38)			5,097.98	5,097.98	-	0.00
	<b>1980 Single Family Surplus Rev Total</b>				<b>6,984,765.90</b>	<b>6,984,765.90</b>	<b>1,882,581.33</b>	<b>(1,263,025.38)</b>	<b>0.00</b>	<b>0.00</b>	<b>7,604,321.85</b>	<b>7,604,321.85</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1982 A Single Family	0.26	02/27/09	03/02/09			135.78				135.78	135.78	-	0.00
	<b>1982 A Single Family Total</b>				<b>0.00</b>	<b>0.00</b>	<b>135.78</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>135.78</b>	<b>135.78</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1983 A&B Single Family	0.26	02/27/09	03/02/09	95.09	95.09	9,052.21				9,147.30	9,147.30	-	0.00
GICs	1983 A&B Single Family	6.08	11/14/96	09/30/29	252,457.83	252,457.83	11,321.61				263,779.44	263,779.44	-	0.00
T-Note	1983 A&B Single Family	13.25	08/05/85	05/15/14	717.21	759.43	0.12				717.33	738.56	(20.99)	0.00
	<b>1983 A&amp;B Single Family Total</b>				<b>253,270.13</b>	<b>253,312.35</b>	<b>20,373.94</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>273,644.07</b>	<b>273,665.30</b>	<b>(20.99)</b>	<b>0.00</b>
Repo Agmt	1984 A&B Single Family	0.26	02/27/09	03/02/09	66.89	66.89	1,828.06				1,894.95	1,894.95	-	0.00
T-Bond	1984 A&B Single Family	13.25	08/05/85	05/15/14	408.39	432.46	0.07				420.57	420.57	(11.96)	0.00
GIC's	1984 A&B Single Family				39,360.61	39,360.61		(39,360.61)					-	0.00
	<b>1984 A&amp;B Single Family Total</b>				<b>39,835.89</b>	<b>39,859.96</b>	<b>1,828.13</b>	<b>(39,360.61)</b>	<b>0.00</b>	<b>0.00</b>	<b>2,303.41</b>	<b>2,315.52</b>	<b>(11.96)</b>	<b>0.00</b>
Repo Agmt	1985 A Single Family	0.26	02/27/09	03/02/09	96.28	96.28	5,157.90				5,254.18	5,254.18	-	0.00
GICs	1985 A Single Family	6.08	11/14/96	09/30/29	111,120.81	111,120.81	(72,985.14)				38,135.67	38,135.67	-	0.00
	<b>1985 A Single Family Total</b>				<b>111,217.09</b>	<b>111,217.09</b>	<b>5,157.90</b>	<b>(72,985.14)</b>	<b>0.00</b>	<b>0.00</b>	<b>43,389.85</b>	<b>43,389.85</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1985 B&C Single Family	0.26	02/27/09	03/02/09	133.17	133.17	47,139.94				47,273.11	47,273.11	-	0.00
GIC's	1985 B&C Single Family				71,209.34	71,209.34		(71,209.34)					-	0.00
	<b>1985 B&amp;C Single Family Total</b>				<b>71,342.51</b>	<b>71,342.51</b>	<b>47,139.94</b>	<b>(71,209.34)</b>	<b>0.00</b>	<b>0.00</b>	<b>47,273.11</b>	<b>47,273.11</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1987 B Single Family	0.26	02/27/09	03/02/09	92.27	92.27	3,681.64				3,773.91	3,773.91	-	0.00
GICs	1987 B Single Family	6.08	11/14/96	09/30/29	106,638.39	106,638.39	41,008.29				147,646.68	147,646.68	-	0.00
Repo Agmt	1987 B Single Family	0.26	02/27/09	03/02/09	496,958.91	496,958.91	0.00				496,958.91	496,958.91	-	0.00
	<b>1987 B Single Family Total</b>				<b>603,689.57</b>	<b>603,689.57</b>	<b>44,689.93</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>648,379.50</b>	<b>648,379.50</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1995 A&B Single Family	0.26	02/27/09	03/02/09	1,825.72	1,825.72	17,097.41				18,923.13	18,923.13	-	0.00
GICs	1995 A&B Single Family	6.08	11/14/96	09/30/29	165,016.86	165,016.86	22,731.90				187,748.76	187,748.76	-	0.00
GIC's	1995 A&B Single Family				0.02	0.02		(0.02)					-	0.00
FNMA	1995 A&B Single Family	6.15	07/30/96	06/01/26	157,642.37	163,689.53			(1,336.82)		156,305.55	165,229.54	2,876.83	0.00
GNMA	1995 A&B Single Family	6.15	11/26/96	11/20/26	535,027.20	547,360.24			(4,850.76)		530,176.44	555,648.61	13,139.13	0.00
GNMA	1995 A&B Single Family	6.15	05/29/97	05/20/27	267,614.35	272,289.56			(6,704.28)		260,910.07	272,945.84	7,360.56	0.00
	<b>1995 A&amp;B Single Family Total</b>				<b>1,127,126.52</b>	<b>1,150,181.93</b>	<b>39,829.31</b>	<b>(0.02)</b>	<b>(12,891.86)</b>	<b>0.00</b>	<b>1,154,063.95</b>	<b>1,200,495.88</b>	<b>23,376.52</b>	<b>0.00</b>
Repo Agmt	1996 A-C Single Family	0.26	02/27/09	03/02/09	488,981.98	488,981.98	227.06				489,209.04	489,209.04	-	0.00
Inv Agmt	1996 A-C Single Family	6.13	02/26/97	09/01/28	132,430.09	132,430.09	0.00				132,430.09	132,430.09	-	0.00
	<b>1996 A-C Single Family Total</b>				<b>621,412.07</b>	<b>621,412.07</b>	<b>227.06</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>621,639.13</b>	<b>621,639.13</b>	<b>0.00</b>	<b>0.00</b>
T-Bond	1996 D&E Single Family	13.25	08/05/85	05/15/14	938,445.86	993,456.22	154.77				938,600.63	966,151.41	(27,459.58)	0.00
Repo Agmt	1996 D&E Single Family	0.26	02/27/09	03/02/09	623,252.88	623,252.88	289.40				623,542.28	623,542.28	-	0.00
GICs	1996 D&E Single Family	6.08	04/06/98	09/30/29	151,159.39	151,159.39	0.00				151,159.39	151,159.39	-	0.00
	<b>1996 D&amp;E Single Family Total</b>				<b>1,712,858.13</b>	<b>1,767,868.49</b>	<b>444.17</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,713,302.30</b>	<b>1,740,853.08</b>	<b>(27,459.58)</b>	<b>0.00</b>
Repo Agmt	1997 D-F Single Family	0.26	02/27/09	03/02/09	843,725.34	843,725.34	396,110.76				1,239,836.10	1,239,836.10	-	0.00
FNMA	1997 D-F Single Family	6.25	06/29/98	06/01/28	353,543.68	365,448.18			(4,031.55)		349,512.13	366,817.18	5,400.55	0.00
FNMA	1997 D-F Single Family	6.25	11/30/98	10/01/28	218,019.64	225,360.34			(1,534.76)		216,484.88	227,203.03	3,377.45	0.00
GNMA	1997 D-F Single Family	6.25	05/19/98	05/20/28	414,962.81	423,361.68			(6,593.02)		408,369.79	428,535.11	11,766.45	0.00
GNMA	1997 D-F Single Family	5.45	07/24/00	06/20/30	1,142,533.73	1,164,790.29			(84,813.73)		1,057,720.00	1,089,832.37	9,855.81	0.00
GNMA	1997 D-F Single Family	6.25	08/14/98	07/20/28	197,852.34	201,856.88			(1,660.85)		196,191.49	205,879.43	5,683.40	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	1997 D-F Single Family	5.45	08/28/00	08/20/30	229,376.95	233,845.18			(1,356.71)		228,020.24	234,942.90	2,454.43	0.00
GNMA	1997 D-F Single Family	6.25	06/30/98	06/20/28	461,338.55	470,676.06			(3,792.29)		457,546.26	480,139.91	13,256.14	0.00
GNMA	1997 D-F Single Family	6.25	09/18/98	08/20/28	860,463.48	877,879.30			(7,481.89)		852,981.59	895,101.87	24,704.46	0.00
FNMA	1997 D-F Single Family	6.25	03/31/99	11/01/28	150,096.38	155,150.12			(933.98)		149,162.40	156,547.42	2,331.28	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	11/20/28	818,664.44	835,234.14			(93,067.66)		725,596.78	761,426.68	19,260.20	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	356,785.31	364,006.63			(2,449.77)		354,335.54	371,832.62	10,275.76	0.00
FNMA	1997 D-F Single Family	6.25	05/27/99	04/01/29	124,655.83	128,775.70			(1,053.56)		123,602.27	129,605.62	1,883.48	0.00
GNMA	1997 D-F Single Family	6.25	02/16/99	02/20/29	1,494,205.80	1,524,164.67			(42,182.14)		1,452,023.66	1,523,927.91	41,945.38	0.00
GNMA	1997 D-F Single Family	6.25	03/31/99	03/20/29	630,578.77	643,221.90			(4,732.67)		625,846.10	656,838.02	18,348.79	0.00
GNMA	1997 D-F Single Family	6.25	05/27/99	04/20/29	405,645.45	413,778.62			(4,476.48)		401,168.97	421,034.84	11,732.70	0.00
GNMA	1997 D-F Single Family	5.45	06/22/99	06/20/29	700,560.10	714,438.17			(9,328.38)		691,231.72	712,805.04	7,695.25	0.00
GNMA	1997 D-F Single Family	5.45	07/30/99	07/20/29	873,419.50	890,721.87			(6,748.56)		866,670.94	893,719.68	9,746.37	0.00
GNMA	1997 D-F Single Family	5.45	08/26/99	08/20/29	590,858.36	602,563.25			(4,381.63)		586,476.73	604,780.64	6,599.02	0.00
FNMA	1997 D-F Single Family	5.45	09/30/99	09/20/29	493,292.69	503,064.81			(3,271.17)		490,021.52	505,315.08	5,521.44	0.00
GNMA	1997 D-F Single Family	5.45	12/21/99	11/01/29	282,865.99	289,374.72			(8,501.31)		274,364.68	283,333.64	2,460.23	0.00
GNMA	1997 D-F Single Family	5.45	10/29/99	10/20/29	926,154.05	944,501.16			(6,603.10)		919,550.95	948,250.14	10,352.08	0.00
GNMA	1997 D-F Single Family	5.45	11/18/99	11/20/29	1,318,720.51	1,344,844.38			(9,713.41)		1,309,007.10	1,349,861.22	14,730.25	0.00
GNMA	1997 D-F Single Family	5.45	12/30/99	12/20/29	1,082,088.94	1,103,525.08			(7,107.77)		1,074,981.17	1,108,531.30	12,113.99	0.00
GNMA	1997 D-F Single Family	5.45	01/28/00	01/20/30	1,233,027.70	1,257,047.06			(8,033.19)		1,224,994.51	1,262,185.32	13,171.45	0.00
GNMA	1997 D-F Single Family	5.45	02/22/00	01/20/30	674,330.86	687,466.82			(5,831.56)		668,499.30	688,794.94	7,159.68	0.00
FNMA	1997 D-F Single Family	5.45	03/27/00	02/20/30	339,092.99	345,698.53			(2,147.82)		336,945.17	347,174.84	3,624.13	0.00
GNMA	1997 D-F Single Family	5.45	02/23/00	01/01/30	145,166.82	148,507.09			(176.81)		144,288.51	149,005.28	1,376.50	0.00
GNMA	1997 D-F Single Family	5.45	04/27/00	03/20/30	396,688.77	404,416.24			(2,715.71)		393,973.06	405,934.06	4,233.53	0.00
GNMA	1997 D-F Single Family	5.45	05/30/00	05/20/30	554,059.09	564,852.15			(11,964.48)		542,094.61	558,552.58	5,664.91	0.00
FNMA	1997 D-F Single Family	5.45	05/31/00	06/20/30	1,095,978.39	1,117,328.04			(83,381.24)		1,012,597.15	1,043,399.57	9,392.77	0.00
GNMA	1997 D-F Single Family	5.45	05/30/00	05/01/30	199,123.92	203,391.07			(1,427.92)		197,696.00	203,767.17	1,804.02	0.00
GNMA	1997 D-F Single Family	5.45	10/23/00	09/20/30	41,335.52	42,140.74			(235.86)		41,099.66	42,347.45	442.57	0.00
GNMA	1997 D-F Single Family	5.45	10/30/00	10/20/30	269,498.04	274,747.87			(1,996.22)		267,501.82	275,623.18	2,871.53	0.00
FNMA	1997 D-F Single Family	5.45	07/24/00	06/01/30	448,304.87	457,911.99			(4,539.49)		443,765.38	457,393.36	4,020.86	0.00
GNMA	1997 D-F Single Family	5.45	12/21/00	05/20/30	65,550.73	66,827.63			(391.84)		65,158.89	67,137.09	701.30	0.00
FNMA	1997 D-F Single Family	5.45	10/06/00	09/01/30	304,786.90	311,318.45			(2,541.45)		302,245.45	311,527.38	2,750.38	0.00
FNMA	1997 D-F Single Family	5.45	10/30/00	08/01/30	326,400.18	333,394.95			(2,727.19)		323,672.99	333,613.01	2,945.25	0.00
FNMA	1997 D-F Single Family	5.45	02/12/01	02/01/30	77,219.58	78,996.40			(470.10)		76,749.48	79,258.41	732.11	0.00
Repo Agmt	1997 D-F Single Family	0.26	02/27/09	03/02/09	157,919.10	157,919.10	0.00				157,919.10	157,919.10	-	0.00
GNMA	1997 D-F Single Family	4.49	05/12/05	05/20/35	58,931.96	58,313.43			(297.38)		58,634.58	59,550.11	1,534.06	0.00
GNMA	1997 D-F Single Family	4.49	07/14/05	07/20/35	45,242.64	44,620.53			(205.63)		45,037.01	45,590.22	1,175.32	0.00
GNMA	1997 D-F Single Family	4.49	05/26/05	05/20/35	67,664.59	66,908.05			(369.59)		67,295.00	68,312.81	1,774.35	0.00
GNMA	1997 D-F Single Family	4.49	06/02/05	06/20/35	61,448.45	60,766.25			(372.49)		61,075.96	62,005.01	1,611.25	0.00
GNMA	1997 D-F Single Family	4.49	06/09/05	06/20/35	74,780.08	73,753.73			(344.14)		74,435.94	75,352.22	1,942.63	0.00
GNMA	1997 D-F Single Family	4.49	06/15/05	06/20/35	60,859.33	60,238.58			(284.61)		60,574.72	61,551.17	1,597.20	0.00
GNMA	1997 D-F Single Family	4.49	06/23/05	06/20/35	124,505.80	122,956.64			(654.60)		123,851.20	125,538.93	3,296.89	0.00
GNMA	1997 D-F Single Family	4.49	06/29/05	06/20/35	52,958.14	52,385.27			(8,054.99)		44,903.15	45,688.03	1,357.75	0.00
GNMA	1997 D-F Single Family	4.49	09/08/05	09/20/35	12,198.62	12,061.76			(55.22)		12,143.40	12,326.49	319.95	0.00
GNMA	1997 D-F Single Family	4.49	07/21/05	07/20/35	24,344.12	24,205.38			(109.47)		24,234.65	24,736.68	640.79	0.00
GNMA	1997 D-F Single Family	4.49	07/28/05	07/20/35	22,815.34	22,501.30			(103.08)		22,712.26	22,990.91	592.69	0.00
GNMA	1997 D-F Single Family	4.49	08/04/05	08/20/35	4,996.82	5,019.49			(21.83)		4,974.99	5,130.06	132.40	0.00
FNMA	1997 D-F Single Family	4.49	07/28/05	07/01/35	25,077.35	24,849.49			(120.08)		24,957.27	25,174.53	445.12	0.00
FNMA	1997 D-F Single Family	4.49	10/20/05	09/01/35	6,230.49	6,168.98			(28.18)		6,202.31	6,251.37	110.57	0.00
	<b>1997 D-F Single Family Total</b>				<b>21,940,945.83</b>	<b>22,351,021.46</b>	<b>396,110.76</b>	<b>0.00</b>	<b>(456,120.06)</b>	<b>0.00</b>	<b>21,880,936.53</b>	<b>22,619,869.03</b>	<b>326,856.87</b>	<b>0.00</b>
Repo Agmt	2002A Single Family (JR Lien)	0.26	02/27/09	03/02/09	212,242.62	212,242.62	45,030.08				257,272.70	257,272.70	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	0.26	02/27/09	03/02/09	25,675.02	25,675.02	15,020.69				40,695.71	40,695.71	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	0.26	02/27/09	03/02/09	417,752.55	417,752.55	0.00				417,752.55	417,752.55	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	0.26	02/27/09	03/02/09	127,350.00	127,350.00			(3,150.00)		124,200.00	124,200.00	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	0.26	02/27/09	03/02/09	4,753.71	4,753.71	196.21				4,949.92	4,949.92	-	0.00
	<b>2002A Single Family (JR Lien) Total</b>				<b>787,773.90</b>	<b>787,773.90</b>	<b>60,246.98</b>	<b>(3,150.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>844,870.88</b>	<b>844,870.88</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	2004 A/B Single Family	0.26	02/27/09	03/02/09	1,156.32	1,156.32	0.56				1,156.88	1,156.88	-	0.00
Repo Agmt	2004 A/B Single Family	0.26	02/27/09	03/02/09	167,415.35	167,415.35	9,377,996.53				9,545,411.88	9,545,411.88	-	0.00
GICS	2004 A/B Single Family	3.96	04/25/05	03/01/36	5,671,137.99	5,671,137.99			(4,803,800.75)		867,337.24	867,337.24	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	4.49	07/08/04	06/20/34	1,296,535.93	1,277,642.49			(144,915.40)		1,151,620.53	1,165,587.25	32,860.16	0.00
GNMA	2004 A/B Single Family	4.49	07/08/04	07/20/34	929,599.96	916,056.38			(4,830.79)		924,769.17	935,988.45	24,762.86	0.00
GNMA	2004 A/B Single Family	4.49	06/29/04	06/20/34	507,003.79	499,612.11			(2,482.26)		504,521.53	510,637.25	13,507.40	0.00
GNMA	2004 A/B Single Family	4.49	09/02/04	08/20/34	998,137.54	983,642.05			(5,136.88)		993,000.66	1,005,095.36	26,590.19	0.00
GNMA	2004 A/B Single Family	4.49	09/09/04	09/20/34	1,274,599.45	1,256,100.43			(7,387.48)		1,267,211.97	1,282,658.22	33,945.27	0.00
GNMA	2004 A/B Single Family	4.49	09/16/04	08/20/34	2,396,278.17	2,302,375.01			(12,540.70)		2,323,737.47	2,352,066.54	62,232.23	0.00
GNMA	2004 A/B Single Family	4.49	09/23/04	09/20/34	915,035.79	901,765.35			(4,501.07)		910,534.72	921,643.61	24,379.33	0.00
GNMA	2004 A/B Single Family	4.49	09/29/04	09/20/34	1,178,785.04	1,161,695.33			(6,467.70)		1,172,317.34	1,186,625.98	31,398.35	0.00
GNMA	2004 A/B Single Family	4.49	10/07/04	10/20/34	1,956,348.53	1,928,003.46			(402,217.04)		1,554,131.49	1,573,114.66	47,323.24	0.00
GNMA	2004 A/B Single Family	4.49	07/15/04	07/20/34	1,858,406.49	1,831,342.00			(9,875.04)		1,848,531.45	1,870,969.15	49,502.19	0.00
GNMA	2004 A/B Single Family	4.49	07/22/04	07/20/34	1,767,538.54	1,741,805.15			(9,306.92)		1,758,231.62	1,779,582.21	47,082.97	0.00
GNMA	2004 A/B Single Family	4.49	07/29/04	07/20/34	2,262,138.04	2,229,216.33			(13,014.84)		2,249,123.20	2,276,446.26	60,244.77	0.00
GNMA	2004 A/B Single Family	4.49	08/05/04	08/20/34	2,278,289.64	2,245,155.54			(13,078.30)		2,265,213.84	2,292,755.50	60,675.76	0.00
GNMA	2004 A/B Single Family	4.49	08/12/04	08/20/34	2,981,540.04	2,938,193.12			(17,738.32)		2,963,801.72	2,999,852.32	79,397.52	0.00
GNMA	2004 A/B Single Family	4.49	08/19/04	08/20/34	3,198,833.23	3,152,343.11			(16,200.77)		3,182,632.46	3,221,361.09	85,218.75	0.00
GNMA	2004 A/B Single Family	5.00	08/19/04	08/20/34	261,883.38	265,300.18			(1,177.14)		260,706.24	269,610.59	4,487.55	0.00
GNMA	2004 A/B Single Family	4.49	08/26/04	08/20/34	1,648,074.65	1,624,132.21			(8,242.22)		1,639,832.43	1,659,797.12	43,907.13	0.00
GNMA	2004 A/B Single Family	5.00	08/26/04	08/20/34	82,147.37	83,219.65			(390.14)		81,757.23	84,236.54	1,407.03	0.00
GNMA	2004 A/B Single Family	4.49	12/02/04	12/20/34	924,641.31	911,291.26			(6,844.20)		917,797.11	929,055.46	24,608.40	0.00
GNMA	2004 A/B Single Family	5.00	12/09/04	10/20/34	213,628.07	215,903.64			(1,634.35)		211,993.72	217,909.53	3,640.24	0.00
GNMA	2004 A/B Single Family	4.49	12/09/04	12/20/34	357,516.46	352,356.40			(1,800.39)		355,716.07	360,081.35	9,525.34	0.00
GNMA	2004 A/B Single Family	5.00	12/09/04	11/20/34	145,185.28	147,094.06			(844.16)		144,341.12	148,731.94	2,482.04	0.00
GNMA	2004 A/B Single Family	5.00	12/16/04	12/20/34	326,154.22	329,632.74			(1,493.67)		324,660.55	333,724.78	5,585.71	0.00
GNMA	2004 A/B Single Family	4.49	12/16/04	12/20/34	871,835.84	859,257.74			(4,531.52)		867,304.32	877,953.04	23,226.82	0.00
GNMA	2004 A/B Single Family	4.49	10/14/04	10/20/34	1,192,933.61	1,175,656.60			(5,640.23)		1,187,293.38	1,201,803.03	31,786.66	0.00
GNMA	2004 A/B Single Family	5.00	10/14/04	10/20/34	902,287.97	911,859.65			(4,333.60)		897,954.37	922,972.35	15,446.30	0.00
GNMA	2004 A/B Single Family	5.00	10/21/04	10/20/34	964,470.92	974,707.13			(4,591.19)		959,879.73	986,627.96	16,512.02	0.00
GNMA	2004 A/B Single Family	4.49	10/21/04	10/20/34	1,383,666.39	1,363,633.91			(7,179.37)		1,376,487.02	1,393,315.80	36,861.26	0.00
GNMA	2004 A/B Single Family	5.00	10/28/04	10/20/34	333,210.88	336,749.38			(1,487.08)		331,723.80	340,969.41	5,707.11	0.00
GNMA	2004 A/B Single Family	4.49	10/28/04	10/20/34	607,879.95	599,082.82			(2,910.25)		604,969.70	612,369.10	16,196.53	0.00
GNMA	2004 A/B Single Family	4.49	11/04/04	11/20/34	1,753,203.36	1,727,846.96			(9,099.36)		1,744,104.00	1,765,453.94	46,706.34	0.00
GNMA	2004 A/B Single Family	4.49	11/10/04	11/20/34	970,712.85	956,677.35			(5,684.15)		965,028.70	976,854.71	25,852.51	0.00
GNMA	2004 A/B Single Family	5.00	11/10/04	10/20/34	507,898.58	513,298.35			(2,271.77)		505,627.81	519,725.61	8,699.03	0.00
GNMA	2004 A/B Single Family	4.49	11/18/04	11/20/34	668,759.29	659,094.39			(3,790.56)		665,008.73	673,156.01	17,812.18	0.00
GNMA	2004 A/B Single Family	5.00	11/23/04	11/20/34	386,773.42	391,853.26			(1,660.84)		385,112.58	396,822.81	6,630.39	0.00
GNMA	2004 A/B Single Family	4.49	11/23/04	11/20/34	1,207,818.60	1,190,366.82			(5,788.93)		1,202,029.67	1,216,761.14	32,183.25	0.00
GNMA	2004 A/B Single Family	5.00	12/23/04	12/20/34	390,306.99	394,471.72			(1,994.78)		388,312.21	399,155.55	6,678.61	0.00
GNMA	2004 A/B Single Family	4.49	12/23/04	12/20/34	489,918.07	482,852.39			(2,582.30)		487,335.77	493,321.73	13,051.64	0.00
GNMA	2004 A/B Single Family	5.00	12/29/04	12/20/34	422,401.00	426,910.32			(1,812.32)		420,588.68	432,335.50	7,237.50	0.00
GNMA	2004 A/B Single Family	4.49	12/29/04	12/20/34	105,264.40	104,009.01			(486.33)		104,778.07	106,355.12	2,832.44	0.00
GNMA	2004 A/B Single Family	4.49	01/06/05	01/20/35	691,713.92	681,454.55			(4,268.37)		687,445.55	695,102.06	17,915.88	0.00
GNMA	2004 A/B Single Family	4.49	01/13/05	01/20/35	629,849.01	620,510.93			(3,145.45)		626,703.56	633,687.35	16,321.87	0.00
GNMA	2004 A/B Single Family	4.49	01/19/05	01/20/35	454,681.77	447,942.95			(2,305.12)		452,376.65	457,419.62	11,781.79	0.00
GNMA	2004 A/B Single Family	4.49	01/28/05	01/20/35	346,175.83	341,047.80			(1,616.10)		344,559.73	348,403.26	8,971.76	0.00
GNMA	2004 A/B Single Family	4.49	02/03/05	02/20/35	1,834,644.41	1,807,480.65			(231,065.80)		1,603,578.61	1,621,481.11	45,066.26	0.00
GNMA	2004 A/B Single Family	4.49	02/10/05	02/20/35	1,366,654.75	1,349,886.61			(130,406.07)		1,236,248.68	1,253,510.14	34,029.60	0.00
GNMA	2004 A/B Single Family	5.00	02/10/05	02/20/35	1,375,416.89	1,389,878.77			(6,248.15)		1,369,168.74	1,406,940.98	23,310.36	0.00
GNMA	2004 A/B Single Family	4.49	02/17/05	02/20/35	536,341.94	528,406.72			(2,579.15)		533,762.79	539,727.76	13,900.19	0.00
GNMA	2004 A/B Single Family	5.00	02/17/05	01/20/35	337,521.52	341,071.08			(1,454.09)		336,067.43	345,339.44	5,722.45	0.00
GNMA	2004 A/B Single Family	4.49	02/24/05	02/20/35	246,044.13	242,405.12			(1,184.98)		244,859.15	247,596.78	6,376.64	0.00
GNMA	2004 A/B Single Family	5.00	03/03/05	02/20/35	401,901.41	405,729.96			(1,745.92)		399,755.49	410,790.45	6,806.81	0.00
GNMA	2004 A/B Single Family	4.49	03/03/05	03/20/35	253,001.06	249,901.91			(1,450.16)		251,550.90	255,068.39	6,616.64	0.00
GNMA	2004 A/B Single Family	5.00	03/10/05	03/20/35	181,559.49	183,923.61			(761.60)		180,797.89	186,244.40	3,082.39	0.00
GNMA	2004 A/B Single Family	4.49	03/17/05	03/20/35	559,363.41	551,100.93			(124,039.22)		435,324.19	440,199.79	13,138.02	0.00
GNMA	2004 A/B Single Family	5.00	03/24/05	03/20/35	297,048.35	300,182.67			(1,262.52)		295,785.83	303,956.91	5,036.86	0.00
GNMA	2004 A/B Single Family	4.49	03/24/05	03/20/35	97,220.70	96,031.34			(1,158.77)		95,061.93	97,406.76	2,534.19	0.00
GNMA	2004 A/B Single Family	5.00	03/30/05	03/20/35	177,703.63	180,020.45			(794.61)		176,909.02	182,241.13	3,015.29	0.00
GNMA	2004 A/B Single Family	5.00	04/07/05	04/20/35	127,532.51	129,196.40			(532.89)		126,999.62	130,828.77	2,165.26	0.00
GNMA	2004 A/B Single Family	4.49	04/07/05	04/20/35	651,474.11	641,863.97			(3,244.15)		648,229.96	655,503.22	16,883.40	0.00
GNMA	2004 A/B Single Family	5.00	04/21/05	04/20/35	454,724.87	459,534.36			(2,235.88)		452,488.99	465,000.72	7,702.24	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	4.49	04/21/05	04/20/35	313,579.32	308,957.03			(1,464.19)		312,115.13	315,620.63	8,127.79	0.00
GNMA	2004 A/B Single Family	5.00	04/28/05	04/20/35	269,954.94	273,481.65			(1,253.45)		268,701.49	276,807.80	4,579.60	0.00
GNMA	2004 A/B Single Family	5.00	05/05/05	05/20/35	130,496.11	132,201.99			(569.77)		129,926.34	133,847.10	2,214.88	0.00
GNMA	2004 A/B Single Family	4.49	05/05/05	04/20/35	893,051.18	879,896.98			(121,078.22)		771,972.96	780,651.96	21,833.20	0.00
GNMA	2004 A/B Single Family	5.00	05/12/05	04/20/35	213,331.69	216,121.07			(906.97)		212,424.72	218,835.46	3,621.36	0.00
GNMA	2004 A/B Single Family	4.49	05/12/05	04/20/35	468,962.38	463,244.90			(2,128.73)		466,833.65	473,368.71	12,272.54	0.00
GNMA	2004 A/B Single Family	5.00	06/03/05	05/20/35	124,679.60	126,312.38			(530.12)		124,149.48	127,898.88	2,116.62	0.00
GNMA	2004 A/B Single Family	5.00	07/07/05	06/20/35	216,223.72	219,061.97			(899.96)		215,323.76	221,833.40	3,671.39	0.00
GNMA	2004 A/B Single Family	4.49	07/07/05	06/20/35	327,316.28	323,342.02			(1,480.41)		325,835.87	330,428.10	8,566.49	0.00
GNMA	2004 A/B Single Family	5.00	05/26/05	05/20/35	124,728.71	126,351.37			(525.89)		124,202.82	127,953.06	2,117.58	0.00
GNMA	2004 A/B Single Family	4.49	05/26/05	05/20/35	272,078.94	268,765.61			(1,323.11)		270,755.83	274,561.81	7,119.31	0.00
GNMA	2004 A/B Single Family	5.00	06/02/05	05/20/35	254,781.91	258,118.22			(1,059.12)		253,722.79	261,385.13	4,326.03	0.00
GNMA	2004 A/B Single Family	4.49	06/02/05	05/20/35	206,859.04	204,340.98			(1,447.90)		205,411.14	208,299.62	5,406.54	0.00
GNMA	2004 A/B Single Family	4.49	06/10/05	04/20/35	212,920.06	209,789.99			(2,024.67)		210,895.39	213,272.43	5,507.11	0.00
GNMA	2004 A/B Single Family	5.00	06/15/05	06/20/35	294,442.30	298,302.16			(1,843.27)		292,599.03	301,439.68	4,980.79	0.00
GNMA	2004 A/B Single Family	4.49	06/23/05	06/20/35	258,048.44	254,912.40			(1,157.68)		256,890.76	260,508.41	6,753.69	0.00
GNMA	2004 A/B Single Family	4.49	09/08/05	09/20/35	151,852.72	150,017.86			(729.23)		151,123.49	153,262.49	3,973.86	0.00
GNMA	2004 A/B Single Family	5.00	09/15/05	09/20/35	540,167.35	545,953.22			(2,295.60)		537,871.75	552,817.99	9,160.37	0.00
GNMA	2004 A/B Single Family	5.00	09/22/05	09/20/35	190,944.25	193,484.34			(769.64)		190,174.61	195,937.78	3,243.08	0.00
GNMA	2004 A/B Single Family	4.49	07/21/05	07/20/35	339,908.39	335,785.98			(1,566.31)		338,342.08	343,115.41	8,895.74	0.00
GNMA	2004 A/B Single Family	5.00	07/21/05	07/20/35	21,955.31	22,243.82			(95.13)		21,860.18	22,521.37	372.68	0.00
GNMA	2004 A/B Single Family	4.49	07/28/05	07/20/35	2,958,831.10	2,915,472.53			(14,208.28)		2,944,622.82	2,977,956.41	76,692.16	0.00
GNMA	2004 A/B Single Family	5.00	08/04/05	08/20/35	189,823.29	192,320.43			(80,427.71)		109,395.58	112,706.00	813.28	0.00
GNMA	2004 A/B Single Family	4.49	08/11/05	07/20/35	136,041.03	134,393.43			(504.49)		135,436.54	137,349.64	3,560.70	0.00
GNMA	2004 A/B Single Family	5.00	08/11/05	08/20/35	939,257.31	949,288.26			(108,695.16)		830,562.15	853,614.91	13,021.81	0.00
GNMA	2004 A/B Single Family	4.49	08/30/05	08/20/35	414,114.14	408,057.67			(2,199.30)		411,914.84	416,599.96	10,731.59	0.00
GNMA	2004 A/B Single Family	5.00	08/30/05	08/20/35	118,837.55	120,403.42			(499.09)		118,338.46	121,922.08	2,017.75	0.00
GNMA	2004 A/B Single Family	5.00	08/30/05	08/20/35	200,599.85	203,243.06			(1,001.83)		199,598.02	205,642.41	3,401.18	0.00
GNMA	2004 A/B Single Family	5.00	10/27/05	10/20/35	633,039.10	641,413.99			(2,572.63)		630,466.47	649,592.81	10,751.45	0.00
GNMA	2004 A/B Single Family	4.49	10/27/05	09/20/35	207,708.91	205,207.20			(947.09)		206,761.82	209,696.58	5,436.97	0.00
GNMA	2004 A/B Single Family	5.00	09/29/05	09/20/35	144,182.98	146,086.79			(935.85)		143,247.13	147,589.07	2,438.13	0.00
GNMA	2004 A/B Single Family	5.00	09/29/05	09/20/35	185,527.85	187,713.29			(682.02)		184,845.63	189,842.25	2,810.98	0.00
GNMA	2004 A/B Single Family	4.49	09/29/05	09/20/35	200,419.62	198,001.31			(880.31)		199,539.31	202,367.07	5,246.07	0.00
GNMA	2004 A/B Single Family	5.00	12/08/05	12/20/35	595,337.36	601,759.71			(138,554.51)		458,782.85	471,567.07	6,361.87	0.00
GNMA	2004 A/B Single Family	5.00	12/15/05	12/20/35	1,432,298.33	1,447,758.39			(6,319.35)		1,425,978.98	1,465,722.03	24,282.99	0.00
GNMA	2004 A/B Single Family	5.00	11/03/05	11/20/35	307,884.66	311,960.37			(130,580.12)		177,304.54	182,684.85	1,304.60	0.00
GNMA	2004 A/B Single Family	5.00	11/10/05	11/20/35	95,651.97	96,918.79			(383.20)		95,268.77	98,160.30	1,624.71	0.00
GNMA	2004 A/B Single Family	4.49	11/17/05	10/20/35	238,344.75	235,478.81			(1,083.37)		237,261.38	240,633.67	6,238.23	0.00
GNMA	2004 A/B Single Family	5.00	11/17/05	11/20/35	915,766.87	927,899.95			(3,703.36)		912,063.51	939,750.64	15,554.05	0.00
GNMA	2004 A/B Single Family	5.00	11/22/05	11/20/35	163,081.38	165,242.72			(651.50)		162,429.88	167,361.37	2,770.15	0.00
GNMA	2004 A/B Single Family	4.49	11/29/05	10/20/35	121,702.11	120,239.82			(537.87)		121,164.24	122,887.63	3,185.68	0.00
GNMA	2004 A/B Single Family	5.00	11/29/05	11/20/35	1,453,744.59	1,473,020.25			(6,067.74)		1,447,676.85	1,491,638.41	24,685.90	0.00
GNMA	2004 A/B Single Family	5.00	12/22/05	12/20/35	1,415,875.45	1,431,165.44			(5,943.69)		1,409,931.76	1,449,236.31	24,014.56	0.00
GNMA	2004 A/B Single Family	5.00	12/29/05	12/20/35	1,369,797.25	1,384,598.01			(5,330.34)		1,363,466.91	1,401,484.63	23,216.96	0.00
GNMA	2004 A/B Single Family	4.49	12/29/05	11/20/35	207,724.16	204,707.85			(929.59)		206,794.57	209,163.78	5,385.52	0.00
GNMA	2004 A/B Single Family	5.00	01/05/06	01/20/36	1,362,290.51	1,380,186.14			(5,615.10)		1,356,675.41	1,397,252.27	22,671.23	0.00
GNMA	2004 A/B Single Family	5.00	01/12/06	01/20/36	170,384.76	169,532.88			(700.75)		169,684.01	171,657.64	2,825.51	0.00
GNMA	2004 A/B Single Family	5.00	01/12/06	01/20/36	831,118.22	842,047.36			(3,307.74)		827,810.48	852,574.67	13,835.05	0.00
GNMA	2004 A/B Single Family	4.49	01/12/06	12/20/35	88,740.79	87,678.16			(633.19)		88,107.60	89,364.51	2,319.54	0.00
GNMA	2004 A/B Single Family	5.00	03/09/06	03/20/36	3,609,458.97	3,648,148.83			(15,523.57)		3,593,935.40	3,692,607.48	59,982.22	0.00
GNMA	2004 A/B Single Family	5.00	03/02/06	03/20/36	774,970.99	783,273.17			(3,901.47)		771,069.52	792,234.56	12,862.86	0.00
GNMA	2004 A/B Single Family	5.00	03/02/06	01/20/36	192,316.58	191,347.29			(889.03)		191,427.55	193,646.21	3,187.95	0.00
GNMA	2004 A/B Single Family	5.00	01/19/06	01/20/36	1,524,278.33	1,544,330.21			(129,241.92)		1,395,036.41	1,436,776.54	21,688.25	0.00
GNMA	2004 A/B Single Family	5.00	01/26/06	01/20/36	1,378,341.12	1,393,060.77			(5,791.16)		1,372,549.96	1,410,178.08	22,908.47	0.00
GNMA	2004 A/B Single Family	5.00	01/26/06	01/20/36	200,878.36	199,871.66			(922.62)		199,955.74	202,279.26	3,330.22	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	01/20/36	3,253,806.37	3,223,019.48			(16,618.98)		3,237,187.39	3,260,249.19	53,848.69	0.00
GNMA	2004 A/B Single Family	4.49	02/09/06	01/20/36	171,560.89	169,481.38			(1,145.27)		170,415.62	172,711.79	4,375.68	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	02/20/36	1,305,140.58	1,322,336.40			(5,500.92)		1,299,639.66	1,338,552.50	21,717.02	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	01/20/36	115,247.00	114,668.19			(485.40)		114,761.60	116,093.77	1,910.98	0.00
GNMA	2004 A/B Single Family	5.00	02/16/06	02/20/36	3,425,979.18	3,462,632.39			(16,193.96)		3,409,785.22	3,503,330.73	56,892.30	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	5.00	02/23/06	02/20/36	2,566,097.86	2,599,936.22			(11,325.19)		2,554,772.67	2,631,294.97	42,683.94	0.00
GNMA	2004 A/B Single Family	5.00	02/23/06	02/20/36	1,575,337.89	1,596,111.17			(197,339.49)		1,377,988.20	1,419,272.93	20,501.25	0.00
GNMA	2004 A/B Single Family	5.00	05/11/06	05/20/36	461,055.51	466,023.90			(1,901.51)		459,154.00	471,786.81	7,664.42	0.00
GNMA	2004 A/B Single Family	5.00	05/11/06	05/20/36	640,111.39	648,598.17			(2,655.53)		637,455.86	656,595.75	10,653.11	0.00
GNMA	2004 A/B Single Family	5.00	05/18/06	05/20/36	951,126.11	961,380.38			(3,992.61)		947,133.50	973,197.07	15,809.30	0.00
GNMA	2004 A/B Single Family	4.49	03/23/06	02/20/36	1,325,677.69	1,339,894.40			(119,580.57)		1,206,097.12	1,239,216.98	18,903.15	0.00
GNMA	2004 A/B Single Family	5.00	03/23/06	03/20/36	287,790.14	284,312.42			(1,233.74)		286,556.40	290,428.01	7,349.33	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	1,464,156.43	1,483,501.23			(6,351.65)		1,457,804.78	1,501,507.81	24,356.23	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	161,269.41	160,451.99			(2,494.28)		158,775.13	160,610.73	2,653.02	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	1,274,176.14	1,291,018.66			(121,558.78)		1,152,617.36	1,187,178.43	17,718.55	0.00
GNMA	2004 A/B Single Family	5.00	04/06/06	04/20/36	1,442,305.15	1,457,802.02			(67,839.11)		1,374,466.04	1,412,237.86	22,274.95	0.00
GNMA	2004 A/B Single Family	5.00	04/13/06	04/20/36	767,502.88	797,923.67			(925.87)		784,364.85	807,895.36	13,109.72	0.00
GNMA	2004 A/B Single Family	5.00	04/20/06	04/20/36	227,367.70	226,210.54			(925.87)		226,441.83	229,054.96	3,770.29	0.00
GNMA	2004 A/B Single Family	5.00	04/20/06	04/20/36	1,485,753.92	1,505,422.02			(6,397.48)		1,479,356.44	1,523,743.97	24,719.43	0.00
GNMA	2004 A/B Single Family	5.00	04/27/06	04/20/36	1,470,886.51	1,486,715.93			(5,895.96)		1,464,990.55	1,505,275.86	24,455.89	0.00
GNMA	2004 A/B Single Family	5.00	05/05/06	05/20/36	1,311,087.42	1,328,463.44			(6,083.83)		1,305,003.59	1,344,180.07	21,800.46	0.00
GNMA	2004 A/B Single Family	5.00	05/05/06	05/20/36	181,397.83	180,471.95			(882.80)		180,515.03	182,595.46	3,006.31	0.00
GNMA	2004 A/B Single Family	4.49	05/25/06	04/20/36	60,712.61	59,982.33			(255.83)		60,456.78	61,277.06	1,506.56	0.00
GNMA	2004 A/B Single Family	5.00	05/25/06	05/20/36	593,186.67	599,585.59			(2,449.36)		590,737.31	606,997.13	9,860.90	0.00
GNMA	2004 A/B Single Family	5.00	05/25/06	05/20/36	138,580.50	137,870.84			(717.65)		137,862.85	139,449.37	2,296.18	0.00
GNMA	2004 A/B Single Family	5.00	06/01/06	05/20/36	1,048,070.95	1,061,984.77			(5,704.19)		1,042,366.76	1,073,682.67	17,402.09	0.00
GNMA	2004 A/B Single Family	5.00	06/08/06	06/20/36	526,278.23	533,269.20			(2,158.01)		524,120.22	539,870.74	8,769.55	0.00
GNMA	2004 A/B Single Family	5.00	06/15/06	05/20/36	222,470.51	220,875.45			(903.02)		221,567.49	223,659.89	3,687.46	0.00
GNMA	2004 A/B Single Family	5.00	06/15/06	06/20/36	850,122.84	859,309.88			(3,322.07)		846,800.77	870,125.33	14,137.52	0.00
GNMA	2004 A/B Single Family	5.00	06/27/06	06/20/36	1,010,565.10	1,024,004.73			(11,955.78)		998,609.32	1,028,634.48	16,585.53	0.00
GNMA	2004 A/B Single Family	5.00	06/27/06	06/20/36	264,007.01	262,646.99			(1,083.12)		262,923.89	265,941.43	4,377.56	0.00
GNMA	2004 A/B Single Family	4.49	07/06/06	07/20/36	1,500,069.11	1,520,033.10			(5,926.70)		1,494,141.41	1,539,081.28	24,974.88	0.00
GNMA	2004 A/B Single Family	5.00	07/06/06	06/20/36	282,214.00	288,710.49			(1,237.66)		290,976.34	294,935.83	7,463.10	0.00
GNMA	2004 A/B Single Family	5.00	07/13/06	06/20/36	496,665.16	503,276.99			(1,916.89)		494,748.47	509,630.75	8,270.45	0.00
GNMA	2004 A/B Single Family	5.00	07/19/06	07/20/36	1,116,510.36	1,131,381.84			(4,309.58)		1,112,200.78	1,145,664.44	18,592.18	0.00
GNMA	2004 A/B Single Family	5.00	07/19/06	06/20/36	66,819.66	66,474.19			(272.31)		66,547.35	67,309.90	1,108.02	0.00
GNMA	2004 A/B Single Family	5.00	07/27/06	07/20/36	361,042.80	364,958.11			(1,446.63)		359,596.17	369,514.79	6,003.31	0.00
GNMA	2004 A/B Single Family	5.00	08/09/06	08/20/36	524,534.65	531,531.97			(122,687.97)		401,846.68	413,945.71	5,101.71	0.00
GNMA	2004 A/B Single Family	5.00	08/16/06	06/20/36	60,605.89	60,291.11			(268.07)		60,337.82	61,027.76	1,004.72	0.00
GNMA	2004 A/B Single Family	5.00	08/23/06	08/20/36	855,551.30	866,974.02			(3,298.40)		852,252.90	877,922.75	14,247.13	0.00
GNMA	2004 A/B Single Family	5.00	09/06/06	08/20/36	917,870.28	927,857.77			(176,282.50)		741,607.78	762,090.96	10,495.69	0.00
GNMA	2004 A/B Single Family	5.00	09/12/06	08/20/36	591,841.98	599,754.13			(2,274.20)		589,567.78	607,335.97	9,856.04	0.00
GNMA	2004 A/B Single Family	4.49	09/20/06	08/20/36	122,245.36	120,787.74			(507.37)		121,737.99	123,402.94	3,122.57	0.00
GNMA	2004 A/B Single Family	5.00	09/20/06	08/20/36	63,651.47	62,472.89			(399.72)		63,261.75	63,125.67	1,052.50	0.00
GNMA	2004 A/B Single Family	5.00	09/20/06	08/20/36	562,913.47	568,640.59			(2,183.06)		560,330.41	575,813.13	9,355.60	0.00
GNMA	2004 A/B Single Family	5.00	09/26/06	09/20/36	224,919.31	227,929.17			(1,017.87)		223,901.44	230,652.33	3,741.03	0.00
GNMA	2004 A/B Single Family	5.00	10/17/06	10/20/36	884,991.23	896,852.27			(6,315.23)		878,676.00	905,187.40	14,650.36	0.00
GNMA	2004 A/B Single Family	5.00	11/14/06	10/20/36	929,114.87	941,589.13			(3,525.77)		925,589.10	953,538.08	15,474.72	0.00
GNMA	2004 A/B Single Family	4.49	11/14/06	10/20/36	188,174.28	185,939.92			(811.57)		187,362.71	189,934.75	4,806.40	0.00
GNMA	2004 A/B Single Family	5.00	11/14/06	10/20/36	65,368.92	65,021.81			(257.15)		65,109.77	65,848.61	1,083.95	0.00
GNMA	2004 A/B Single Family	5.00	11/28/06	11/20/36	549,749.51	557,137.73			(2,084.32)		547,665.19	564,209.82	9,156.41	0.00
GNMA	2004 A/B Single Family	5.00	12/12/06	11/20/36	301,060.19	305,109.91			(101,764.34)		199,295.85	205,318.94	1,973.37	0.00
GNMA	2004 A/B Single Family				107,185.93	108,630.49			(107,185.93)				(1,444.56)	0.00
GNMA	2004 A/B Single Family	5.00	01/09/07	08/20/36	72,458.10	72,072.34			(285.30)		72,172.80	72,988.54	1,201.50	0.00
GNMA	2004 A/B Single Family	5.00	02/13/07	01/20/37	419,069.09	424,582.18			(1,681.75)		417,387.34	430,160.65	7,260.22	0.00
GNMA	2004 A/B Single Family	5.00	03/20/07	03/20/36	81,360.20	82,460.36			(316.13)		81,044.07	83,499.02	1,354.79	0.00
GNMA	2004 A/B Single Family	5.00	04/10/07	02/20/37	198,252.01	200,870.06			(756.70)		197,495.31	203,549.12	3,435.76	0.00
GNMA	2004 A/B Single Family	5.00	05/08/07	04/20/37	71,783.69	71,368.86			(271.87)		71,511.82	72,334.87	1,237.88	0.00
GNMA	2004 A/B Single Family	4.49	07/03/07	05/20/37	201,002.06	198,654.46			(814.21)		200,187.85	203,024.41	5,184.16	0.00
GNMA	2004 A/B Single Family	4.49	08/23/07	08/20/37	393,550.99	388,954.13			(1,587.64)		391,963.35	397,517.28	10,150.79	0.00
FNMA	2004 A/B Single Family	4.49	08/05/04	07/01/34	428,471.34	424,256.91			(2,908.25)		425,563.09	429,081.76	7,733.10	0.00
FNMA	2004 A/B Single Family	4.49	08/12/04	08/01/34	204,501.19	202,490.53			(1,651.10)		202,650.09	204,326.48	3,687.05	0.00
FNMA	2004 A/B Single Family	4.49	08/26/04	08/01/34	239,841.09	237,484.16			(1,314.71)		238,526.38	240,500.76	4,331.31	0.00
FNMA	2004 A/B Single Family	4.49	09/02/04	08/01/34	234,832.19	232,525.19			(1,120.23)		233,711.96	235,647.19	4,242.23	0.00
FNMA	2004 A/B Single Family	4.49	10/28/04	10/01/34	283,846.32	281,064.86			(1,344.64)		282,501.68	284,848.07	5,127.85	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
FNMA	2004 A/B Single Family	5.00	10/28/04	10/01/34	170,248.35	172,388.29			(743.72)		169,504.63	173,649.24	2,024.67	0.00
FNMA	2004 A/B Single Family	4.49	11/10/04	10/01/34	349,064.74	345,645.92			(3,724.15)		345,340.59	348,210.29	6,288.52	0.00
FNMA	2004 A/B Single Family	5.00	11/23/04	11/01/34	265,740.22	269,052.20			(1,169.24)		264,570.96	271,043.08	3,160.12	0.00
FNMA	2004 A/B Single Family	4.49	02/10/05	01/01/35	149,197.79	147,649.56			(711.28)		148,486.51	149,581.78	2,643.50	0.00
FNMA	2004 A/B Single Family	5.00	02/10/05	02/01/35	375,913.70	380,612.18			(1,644.25)		374,269.45	383,438.54	4,470.61	0.00
FNMA	2004 A/B Single Family	5.00	03/29/05	04/01/35	218,243.13	220,839.70			(1,501.71)		216,741.42	221,921.03	2,583.04	0.00
FNMA	2004 A/B Single Family	4.49	04/21/05	04/01/35	333,943.93	330,488.67			(1,874.20)		332,069.73	334,529.92	5,915.25	0.00
FNMA	2004 A/B Single Family	4.49	06/10/05	05/01/35	271,338.36	268,536.70			(1,250.37)		270,087.99	272,094.71	4,808.38	0.00
FNMA	2004 A/B Single Family	5.00	06/29/05	06/01/35	283,547.30	286,932.07			(1,221.89)		282,325.41	289,083.65	3,373.47	0.00
FNMA	2004 A/B Single Family	4.49	07/14/05	04/01/35	155,149.50	153,549.22			(768.55)		154,380.95	155,529.70	2,749.03	0.00
FNMA	2004 A/B Single Family	5.00	07/14/05	07/01/35	72,479.04	73,344.75			(298.69)		72,180.35	73,908.70	862.64	0.00
FNMA	2004 A/B Single Family	5.00	09/22/05	09/01/35	265,946.91	269,131.57			(1,090.44)		264,856.43	271,206.58	3,165.49	0.00
FNMA	2004 A/B Single Family	4.49	10/06/05	09/01/35	381,355.26	377,436.97			(2,124.52)		379,230.74	382,067.96	6,755.51	0.00
FNMA	2004 A/B Single Family	5.00	10/20/05	09/01/35	315,445.94	319,226.87			(1,602.99)		313,842.95	321,371.14	3,747.26	0.00
FNMA	2004 A/B Single Family	5.00	11/17/05	10/01/35	306,761.59	310,432.05			(1,327.98)		305,423.71	312,753.71	3,649.54	0.00
FNMA	2004 A/B Single Family	4.49	12/15/05	12/01/35	293,477.30	297,002.67			(1,206.44)		292,270.86	299,289.41	3,493.18	0.00
FNMA	2004 A/B Single Family	5.00	12/29/05	12/01/35	397,142.16	393,076.26			(1,789.86)		395,352.30	398,324.93	7,038.53	0.00
FNMA	2004 A/B Single Family	5.00	12/29/05	12/01/35	919,452.50	930,502.01			(4,115.56)		915,336.94	937,322.42	10,935.97	0.00
FNMA	2004 A/B Single Family	5.00	01/12/06	01/01/36	260,259.20	263,388.71			(2,010.96)		258,248.24	264,452.97	3,075.22	0.00
FNMA	2004 A/B Single Family	5.00	01/12/06	12/01/35	122,790.58	122,051.86			(719.20)		122,071.38	122,795.99	1,463.33	0.00
FNMA	2004 A/B Single Family	5.00	01/26/06	01/01/36	472,311.75	477,994.00			(1,952.04)		470,359.71	481,663.09	5,621.13	0.00
FNMA	2004 A/B Single Family	5.00	02/09/06	01/01/36	384,772.46	389,283.71			(1,893.54)		382,878.92	391,720.93	4,330.76	0.00
FNMA	2004 A/B Single Family	5.00	02/16/06	02/01/36	525,998.88	532,168.07			(2,214.44)		523,784.44	535,882.60	5,928.97	0.00
FNMA	2004 A/B Single Family	5.00	02/23/06	02/01/36	933,052.17	943,998.34			(6,541.67)		926,510.50	947,913.52	10,456.85	0.00
FNMA	2004 A/B Single Family	5.00	03/09/06	02/01/36	372,811.87	377,303.51			(1,557.85)		371,254.02	380,182.63	4,456.97	0.00
FNMA	2004 A/B Single Family	5.00	03/16/06	03/01/36	738,337.06	747,005.64			(3,378.55)		734,958.51	751,943.32	8,316.23	0.00
FNMA	2004 A/B Single Family	5.00	03/23/06	03/01/36	481,492.79	487,147.33			(1,979.04)		479,513.75	490,596.76	5,428.47	0.00
FNMA	2004 A/B Single Family	5.00	03/30/06	03/01/36	621,664.30	628,966.88			(2,569.87)		619,094.43	633,405.48	7,008.47	0.00
FNMA	2004 A/B Single Family	5.00	04/13/06	03/01/36	213,041.32	215,544.96			(839.81)		212,201.51	217,107.87	2,402.72	0.00
FNMA	2004 A/B Single Family	5.00	04/20/06	04/01/36	302,021.92	305,572.48			(1,310.90)		300,711.02	307,665.06	3,403.48	0.00
FNMA	2004 A/B Single Family	5.00	04/27/06	03/01/36	301,324.59	299,376.83			(1,308.27)		300,016.32	301,475.86	3,407.30	0.00
FNMA	2004 A/B Single Family	5.00	05/05/06	04/01/36	276,335.40	281,609.20			(1,093.46)		277,241.94	283,654.96	3,139.22	0.00
FNMA	2004 A/B Single Family	5.00	05/11/06	05/01/36	245,261.76	248,147.54			(1,804.44)		243,457.32	249,089.86	2,746.76	0.00
FNMA	2004 A/B Single Family	5.00	06/27/06	06/01/36	449,766.88	455,068.03			(1,809.35)		447,957.53	458,330.05	5,071.37	0.00
FNMA	2004 A/B Single Family	5.00	08/09/06	07/01/36	258,318.85	261,368.24			(1,076.95)		257,241.90	263,203.40	2,912.11	0.00
FNMA	2004 A/B Single Family	4.49	08/23/06	06/01/36	75,989.74	75,227.03			(324.01)		75,665.73	76,214.27	1,311.25	0.00
FNMA	2004 A/B Single Family	5.00	09/20/06	07/01/36	189,087.98	191,323.38			(832.37)		188,255.61	192,621.46	2,130.45	0.00
FNMA	2004 A/B Single Family	5.00	10/17/06	09/01/36	501,429.17	507,363.70			(3,564.41)		497,864.76	509,417.45	5,618.16	0.00
FNMA	2004 A/B Single Family	5.00	11/14/06	08/01/36	61,157.14	60,745.28			(243.85)		60,913.29	61,192.97	691.54	0.00
FNMA	2004 A/B Single Family	5.00	11/28/06	10/01/36	198,028.77	200,376.11			(790.14)		197,238.63	201,819.10	2,233.13	0.00
FNMA	2004 A/B Single Family	5.00	12/27/06	11/01/36	357,297.14	361,536.72			(1,900.55)		355,396.59	363,854.71	4,018.54	0.00
FNMA	2004 A/B Single Family	5.00	02/13/07	02/01/37	474,599.81	480,241.69			(1,788.53)		472,811.08	483,808.17	5,355.01	0.00
FNMA	2004 A/B Single Family	5.00	03/20/07	01/01/37	147,796.42	146,743.00			(1,079.40)		146,717.02	147,334.26	1,670.66	0.00
FNMA	2004 A/B Single Family	5.00	04/10/07	03/01/37	58,267.20	58,948.43			(213.29)		58,053.91	59,393.37	658.23	0.00
FNMA	2004 A/B Single Family	5.00	05/08/07	02/01/37	71,612.56	72,447.12			(263.61)		71,348.95	72,992.53	809.02	0.00
FNMA	2004 A/B Single Family	4.49	05/22/07	04/01/37	231,387.82	228,956.66			(933.01)		230,454.81	232,355.48	4,331.83	0.00
FNMA	2004 A/B Single Family	5.00	08/23/07	07/01/36	83,400.20	82,807.77			(334.36)		83,055.84	83,416.54	943.13	0.00
FNMA	2004 A/B Single Family	5.00	08/23/07	08/01/37	192,213.11	194,462.51			(1,116.85)		191,096.26	195,507.53	2,161.87	0.00
FNMA	2004 A/B Single Family	4.49	08/23/07	08/01/37	730,426.22	722,780.77			(4,080.04)		726,346.16	732,366.11	13,665.38	0.00
	<b>2004 A/B Single Family Total</b>				<b>150,371,365.89</b>	<b>150,431,828.95</b>	<b>9,377,997.09</b>	<b>(4,803,800.75)</b>	<b>(3,371,821.28)</b>	<b>0.00</b>	<b>151,573,740.95</b>	<b>154,469,072.53</b>	<b>2,834,868.52</b>	<b>0.00</b>
Repo Agmt	2004 CDEF Single Family	0.26	02/27/09	03/02/09	484.64	484.64	0.11				484.75	484.75	-	0.00
Repo Agmt	2004 CDEF Single Family	0.26	02/27/09	03/02/09	697,388.60	697,388.60	323.77				697,712.37	697,712.37	-	0.00
Repo Agmt	2004 CDEF Single Family	0.26	02/27/09	03/02/09	30,452.02	30,452.02	2,982,038.04				3,012,490.06	3,012,490.06	-	0.00
Repo Agmt	2004 CDEF Single Family	0.26	02/27/09	03/02/09	0.34	0.34	0.00				0.34	0.34	-	0.00
GIC's	2004 CDEF Single Family				1,553,107.75	1,553,107.75			(1,553,107.75)				-	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	07/20/35	25,902.10	25,562.95			(120.30)		25,781.80	26,114.56	671.91	0.00
GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	14,619.94	14,428.82			(66.18)		14,553.76	14,741.91	379.27	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	36,105.67	35,635.91			(163.16)		35,942.51	36,409.48	936.73	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	21,416.00	21,137.36			(94.67)		21,321.33	21,598.35	555.66	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	4.49	09/29/05	09/20/35	137,073.88	135,286.42			(623.15)		136,450.73	138,219.27	3,556.00	0.00
GNMA	2004 CDEF Single Family	4.49	10/06/05	09/20/35	44,271.32	43,694.28			(2,669.72)		41,601.60	42,141.09	1,116.53	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/05	10/20/35	28,753.87	28,379.60			(139.91)		28,613.96	28,985.53	745.84	0.00
GNMA	2004 CDEF Single Family	4.49	12/08/05	12/20/35	24,216.18	23,902.20			(104.75)		24,111.43	24,425.81	628.36	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/05	12/20/35	32,809.07	32,467.12			(162.90)		32,646.17	33,163.43	859.21	0.00
GNMA	2004 CDEF Single Family	4.49	11/03/05	11/20/35	8,313.62	8,226.62			(42.06)		8,271.56	8,402.26	217.70	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/05	11/20/35	41,400.05	40,967.09			(219.88)		41,180.17	41,831.10	1,083.89	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/05	11/20/35	29,590.08	29,205.76			(146.34)		29,443.74	29,826.97	767.55	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/05	11/20/35	15,455.39	15,254.74			(80.05)		15,375.34	15,575.55	400.86	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/05	11/20/35	23,243.01	23,000.37			(116.66)		23,126.35	23,492.35	608.64	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/05	12/20/35	32,136.95	31,602.25			(180.46)		31,956.49	32,463.03	841.24	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/05	12/20/35	55,334.11	54,617.77			(281.60)		55,052.51	55,771.44	1,435.27	0.00
GNMA	2004 CDEF Single Family	4.49	01/05/06	01/20/36	34,683.27	34,227.96			(292.44)		34,390.83	34,811.46	875.94	0.00
GNMA	2004 CDEF Single Family	4.49	01/12/06	01/20/36	34,381.55	34,018.35			(152.50)		34,229.05	34,744.41	878.56	0.00
GNMA	2004 CDEF Single Family	4.49	03/09/06	02/20/36	31,924.53	31,507.44			(170.30)		31,754.23	32,144.62	807.48	0.00
GNMA	2004 CDEF Single Family	4.49	03/02/06	02/20/36	39,250.51	38,737.43			(199.61)		39,050.90	39,530.76	992.94	0.00
GNMA	2004 CDEF Single Family	4.49	01/19/06	01/20/36	19,380.63	19,126.46			(88.26)		19,292.37	19,528.58	490.38	0.00
GNMA	2004 CDEF Single Family	4.49	01/26/06	01/20/36	28,504.73	28,131.10			(2,544.19)		25,960.54	26,278.55	691.64	0.00
GNMA	2004 CDEF Single Family	4.49	02/02/06	02/20/36	59,599.99	58,819.38			(288.02)		59,311.97	60,039.16	1,507.80	0.00
GNMA	2004 CDEF Single Family	4.49	02/09/06	02/20/36	25,273.86	24,943.01			(118.29)		25,155.57	25,464.19	639.47	0.00
GNMA	2004 CDEF Single Family	4.49	02/16/06	02/20/36	35,549.42	35,084.27			(195.72)		35,353.70	35,787.66	899.11	0.00
GNMA	2004 CDEF Single Family	4.49	02/23/06	02/20/36	39,050.95	38,540.28			(168.69)		38,882.26	39,359.80	988.21	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	04/20/36	18,804.20	18,559.78			(89.99)		18,714.21	18,945.57	475.78	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	05/20/36	8,478.95	8,390.44			(67.86)		8,411.09	8,538.81	216.23	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	05/20/36	22,725.35	22,430.14			(100.64)		22,624.71	22,904.61	575.11	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	05/20/36	9,221.23	9,125.04			(43.30)		9,177.93	9,317.37	235.63	0.00
GNMA	2004 CDEF Single Family	4.49	03/16/06	03/20/36	15,960.94	15,793.36			(70.09)		15,890.85	16,131.16	407.89	0.00
GNMA	2004 CDEF Single Family	4.49	03/23/06	03/20/36	40,095.34	39,572.11			(177.71)		39,917.63	40,409.03	1,014.63	0.00
GNMA	2004 CDEF Single Family	4.49	03/30/06	03/20/36	24,639.34	24,318.00			(107.39)		24,531.95	24,834.13	623.52	0.00
GNMA	2004 CDEF Single Family	4.49	04/06/06	03/20/36	36,331.77	35,907.48			(181.81)		36,199.96	36,646.09	920.42	0.00
GNMA	2004 CDEF Single Family	4.49	04/13/06	03/20/36	23,276.53	22,973.29			(104.23)		23,172.30	23,458.09	589.03	0.00
GNMA	2004 CDEF Single Family	4.49	04/20/06	04/20/36	43,095.40	42,535.36			(2,905.19)		40,191.21	40,687.24	1,057.07	0.00
GNMA	2004 CDEF Single Family	4.49	04/27/06	04/20/36	13,866.15	13,685.72			(86.99)		13,779.16	13,949.31	350.58	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/06	04/20/36	34,884.57	34,520.10			(158.09)		34,726.48	35,253.49	891.48	0.00
GNMA	2004 CDEF Single Family	4.49	05/25/06	05/20/36	21,652.56	21,371.45			(105.39)		21,547.17	21,813.91	547.85	0.00
GNMA	2004 CDEF Single Family	4.49	06/01/06	06/20/36	28,345.44	28,051.19			(124.91)		28,221.53	28,650.74	724.46	0.00
GNMA	2004 CDEF Single Family	4.49	05/03/06	06/20/36	33,199.04	32,767.59			(154.40)		33,043.64	33,453.26	840.07	0.00
GNMA	2004 CDEF Single Family	4.49	06/15/06	06/20/36	24,568.84	24,313.24			(111.22)		24,457.62	24,829.89	627.87	0.00
GNMA	2004 CDEF Single Family	4.49	06/27/06	06/20/36	39,608.74	39,197.16			(196.42)		39,412.32	40,012.69	1,011.95	0.00
GNMA	2004 CDEF Single Family	4.49	07/06/06	07/20/36	17,208.68	17,030.03			(76.23)		17,132.45	17,393.61	439.81	0.00
GNMA	2004 CDEF Single Family	4.49	07/13/06	06/20/36	31,212.29	30,888.44			(5,393.76)		25,818.53	26,212.25	717.57	0.00
GNMA	2004 CDEF Single Family	4.49	07/19/06	06/20/36	40,428.17	39,905.53			(206.48)		40,221.69	40,721.84	1,022.79	0.00
GNMA	2004 CDEF Single Family	4.49	07/27/06	07/20/36	25,870.29	25,602.27			(109.47)		25,760.82	26,154.08	681.28	0.00
GNMA	2004 CDEF Single Family	4.49	08/02/06	08/20/36	16,100.56	15,933.90			(67.83)		16,032.73	16,277.63	411.56	0.00
GNMA	2004 CDEF Single Family	4.49	08/09/06	08/20/36	40,315.81	39,898.75			(220.54)		40,095.27	40,708.00	1,029.79	0.00
GNMA	2004 CDEF Single Family	4.49	08/16/06	07/20/36	23,244.70	22,944.90			(2,476.14)		20,768.56	21,027.47	558.71	0.00
GNMA	2004 CDEF Single Family	4.49	08/23/06	07/20/36	16,563.13	16,391.98			(72.27)		16,490.86	16,743.04	423.33	0.00
GNMA	2004 CDEF Single Family	4.49	09/06/06	08/20/36	16,574.97	16,383.30			(83.23)		16,491.74	16,774.82	474.75	0.00
GNMA	2004 CDEF Single Family	4.49	09/12/06	08/20/36	11,131.44	11,016.54			(46.05)		11,085.39	11,255.15	284.56	0.00
GNMA	2004 CDEF Single Family	4.49	09/26/06	09/20/36	13,014.34	12,880.34			(53.96)		12,960.38	13,159.08	332.70	0.00
GNMA	2004 CDEF Single Family	4.49	10/17/06	10/20/36	22,856.03	22,621.24			(110.66)		22,745.37	23,094.61	584.03	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/06	10/20/36	18,638.32	18,447.38			(88.13)		18,550.19	18,835.55	476.32	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/06	10/20/36	4,719.46	4,671.14			(20.69)		4,698.77	4,771.10	120.65	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/06	10/20/36	5,411.13	5,355.85			(22.66)		5,388.47	5,471.52	138.33	0.00
GNMA	2004 CDEF Single Family	4.49	01/16/07	12/20/36	5,342.50	5,288.10			(21.70)		5,320.80	5,403.00	136.60	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/07	12/20/36	2,605.57	2,777.88			(11.38)		2,794.19	2,838.36	71.86	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/07	01/20/37	6,790.58	6,721.61			(27.28)		6,763.30	6,869.60	175.27	0.00
GNMA	2004 CDEF Single Family	4.49	02/20/07	02/20/37	4,941.78	4,891.63			(22.66)		4,919.12	4,996.48	127.51	0.00
GNMA	2004 CDEF Single Family	4.49	03/20/07	01/20/37	4,834.04	4,785.08			(19.40)		4,814.64	4,890.45	124.77	0.00
GNMA	2004 CDEF Single Family	4.49	04/24/07	03/20/37	11,374.81	11,260.08			(46.43)		11,328.38	11,507.26	293.61	0.00

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GNMA	2004 CDEF Single Family	4.49	04/10/07	02/20/37	5,851.17	5,792.06			(23.47)		5,827.70	5,919.63	151.04	0.00
GNMA	2004 CDEF Single Family	4.49	05/22/07	04/20/37	8,367.78	8,262.31			(33.03)		8,334.75	8,443.02	213.74	0.00
GNMA	2004 CDEF Single Family	4.49	06/05/07	05/20/37	7,037.87	6,967.17			(27.71)		7,010.16	7,121.15	181.69	0.00
GNMA	2004 CDEF Single Family	4.49	07/03/07	06/20/37	5,700.06	5,643.00			(22.19)		5,677.87	5,767.96	147.15	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/07	09/20/37	5,165.28	5,116.83			(19.67)		5,145.61	5,230.55	133.39	0.00
GNMA	2004 CDEF Single Family	4.49	09/25/07	04/20/37	2,536.20	2,512.24			(16.84)		2,519.36	2,560.77	65.37	0.00
GNMA	2004 CDEF Single Family	4.49	12/11/07	08/20/37	3,016.79	2,988.54			(11.56)		3,005.23	3,054.89	77.91	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/08	01/20/38	8,724.29	8,639.07			(32.53)		8,691.76	8,826.10	219.56	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/08	01/20/38	2,636.14	2,603.58			(9.88)		2,626.26	2,659.35	65.65	0.00
GNMA	2004 CDEF Single Family	4.49	03/26/08	03/20/38	8,031.04	7,953.10			(29.88)		8,001.16	8,125.35	202.13	0.00
FNMA	2004 CDEF Single Family	4.49	10/20/05	10/01/35	3,430.68	3,396.22			(15.51)		3,415.17	3,441.51	60.80	0.00
FNMA	2004 CDEF Single Family	4.49	11/10/05	11/01/35	2,518.67	2,493.41			(20.65)		2,498.02	2,517.33	44.57	0.00
FNMA	2004 CDEF Single Family	4.49	12/15/05	12/01/35	6,401.80	6,337.65			(21.69)		6,389.91	6,465.45	96.90	0.00
FNMA	2004 CDEF Single Family	4.49	01/05/06	12/01/35	7,427.56	7,353.23			(45.47)		7,382.09	7,439.32	131.56	0.00
FNMA	2004 CDEF Single Family	4.49	02/09/06	02/01/36	4,488.96	4,444.55			(23.60)		4,465.36	4,498.39	77.44	0.00
FNMA	2004 CDEF Single Family	4.49	02/23/06	01/01/36	5,242.60	5,190.73			(29.05)		5,213.55	5,252.10	90.42	0.00
FNMA	2004 CDEF Single Family	4.49	03/16/06	03/01/36	8,202.88	8,121.67			(59.13)		8,143.55	8,203.90	141.36	0.00
FNMA	2004 CDEF Single Family	4.49	04/06/06	03/01/36	5,716.91	5,660.50			(24.50)		5,692.41	5,734.65	98.65	0.00
FNMA	2004 CDEF Single Family	4.49	04/20/06	04/01/36	8,059.10	7,979.64			(36.01)		8,023.09	8,082.69	139.06	0.00
FNMA	2004 CDEF Single Family	4.49	05/11/06	04/01/36	6,296.79	6,234.72			(34.81)		6,261.98	6,308.50	108.59	0.00
FNMA	2004 CDEF Single Family	4.49	06/08/06	04/01/36	5,934.18	5,875.78			(25.76)		5,908.42	5,952.42	102.40	0.00
FNMA	2004 CDEF Single Family	4.49	06/27/06	06/01/36	6,121.80	6,061.63			(25.90)		6,095.90	6,141.37	105.64	0.00
FNMA	2004 CDEF Single Family	4.49	07/13/06	06/01/36	7,538.90	7,464.83			(33.47)		7,505.43	7,561.45	130.09	0.00
FNMA	2004 CDEF Single Family	4.49	07/19/06	07/01/36	11,486.72	11,373.92			(51.16)		11,435.56	11,520.96	198.20	0.00
FNMA	2004 CDEF Single Family	4.49	08/02/06	07/01/36	10,361.30	10,259.61			(43.72)		10,317.58	10,394.68	178.79	0.00
FNMA	2004 CDEF Single Family	4.49	08/09/06	07/01/36	7,776.80	7,700.49			(34.99)		7,741.81	7,799.69	134.19	0.00
FNMA	2004 CDEF Single Family	4.49	09/12/06	08/01/36	6,005.68	5,946.85			(27.28)		5,978.40	6,023.21	103.64	0.00
FNMA	2004 CDEF Single Family	4.49	10/17/06	09/01/36	5,558.88	5,504.50			(40.74)		5,516.14	5,559.56	95.80	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/06	10/01/36	8,521.77	8,438.54			(35.83)		8,485.94	8,549.77	147.06	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/06	10/01/36	5,966.45	5,908.20			(26.84)		5,939.61	5,984.31	102.95	0.00
FNMA	2004 CDEF Single Family	4.49	12/12/06	11/01/36	7,990.56	7,912.60			(33.74)		7,956.82	8,016.75	137.89	0.00
FNMA	2004 CDEF Single Family	4.49	01/30/07	11/01/36	1,191.77	1,180.18			(7.72)		1,184.05	1,193.02	20.56	0.00
FNMA	2004 CDEF Single Family	4.49	02/13/07	01/01/37	1,253.65	1,240.76			(5.08)		1,248.57	1,259.15	23.47	0.00
FNMA	2004 CDEF Single Family	4.49	03/20/07	02/01/37	3,514.56	3,478.49			(14.46)		3,500.10	3,529.83	65.30	0.00
FNMA	2004 CDEF Single Family	4.49	04/10/07	01/01/37	4,740.41	4,691.84			(19.41)		4,721.00	4,761.17	88.74	0.00
FNMA	2004 CDEF Single Family	4.49	04/24/07	04/01/37	8,051.32	7,968.92			(32.18)		8,019.14	8,067.48	150.74	0.00
FNMA	2004 CDEF Single Family	4.49	05/22/07	04/01/37	4,880.88	4,830.99			(19.42)		4,861.46	4,902.96	91.39	0.00
FNMA	2004 CDEF Single Family	4.49	06/05/07	05/01/37	5,738.89	5,680.26			(22.79)		5,716.10	5,764.93	107.46	0.00
FNMA	2004 CDEF Single Family	4.49	07/03/07	06/01/37	14,965.53	14,812.82			(59.83)		14,905.70	15,033.20	280.21	0.00
FNMA	2004 CDEF Single Family	4.49	09/25/07	09/01/37	7,818.74	7,777.54			(30.29)		7,788.45	7,893.89	146.64	0.00
FNMA	2004 CDEF Single Family	4.49	11/08/07	09/01/37	7,682.32	7,679.98			(35.02)		7,647.30	7,788.51	133.60	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/07	09/01/37	3,147.83	3,146.89			(12.05)		3,135.78	3,193.73	58.89	0.00
FNMA	2004 CDEF Single Family	4.49	12/11/07	11/01/37	7,037.67	7,035.72			(28.83)		7,008.84	7,138.51	131.62	0.00
FNMA	2004 CDEF Single Family	6.10	03/26/08	02/01/38	13,214.17	13,211.00			(69.73)		13,144.44	13,375.13	233.86	0.00
FNMA	2004 CDEF Single Family	6.10	06/30/08	06/01/24	147,749.85	153,030.39			(2,047.57)		145,702.28	153,919.59	2,936.77	0.00
FNMA	2004 CDEF Single Family	6.10	08/17/08	08/01/24	192,918.24	202,932.89			(2,376.56)		190,541.68	204,076.25	3,519.92	0.00
FNMA	2004 CDEF Single Family	6.97	08/17/08	07/01/24	310,562.82	327,229.77			(3,544.01)		307,018.81	329,294.93	5,609.17	0.00
FNMA	2004 CDEF Single Family	7.06	08/17/08	07/01/24	136,053.89	141,326.53			(45,199.90)		89,853.99	95,390.88	(735.75)	0.00
FNMA	2004 CDEF Single Family	6.90	05/26/09	01/01/25	65,444.40	69,106.48			(562.34)		64,882.06	69,753.24	1,209.10	0.00
FNMA	2004 CDEF Single Family	7.10	08/15/09	05/01/25	41,277.89	43,487.33			(2,183.76)		39,094.13	41,786.28	482.71	0.00
GNMA	2004 CDEF Single Family	6.10	06/30/09	06/20/24	1,416,281.24	1,445,138.74			(73,952.19)		1,342,329.05	1,398,904.33	27,717.78	0.00
GNMA	2004 CDEF Single Family	6.90	08/17/08	08/20/24	979,592.61	1,012,862.53			(12,839.34)		966,713.27	1,044,606.04	44,582.85	0.00
GNMA	2004 CDEF Single Family	6.97	08/17/08	08/20/24	689,474.84	714,354.55			(60,028.39)		629,446.45	681,333.91	27,007.75	0.00
GNMA	2004 CDEF Single Family	7.06	08/17/08	08/20/24	181,657.17	190,256.50			(3,443.81)		178,213.36	190,368.85	3,556.16	0.00
GNMA	2004 CDEF Single Family	6.10	01/27/09	10/20/24	235,981.75	240,949.44			(3,024.77)		232,956.98	242,933.99	5,009.32	0.00
GNMA	2004 CDEF Single Family	6.97	02/16/09	12/20/24	486,147.86	504,027.30			(4,929.76)		481,218.10	521,230.12	22,132.58	0.00
GNMA	2004 CDEF Single Family	6.90	03/30/09	02/20/25	121,997.07	126,135.19			(1,063.07)		120,934.00	130,710.18	5,696.06	0.00
GNMA	2004 CDEF Single Family	7.06	03/30/09	12/20/24	72,698.66	76,151.27			(1,434.61)		71,264.05	76,135.91	1,419.25	0.00
GNMA	2004 CDEF Single Family	7.10	06/29/09	05/20/25	72,312.43	75,841.26			(894.38)		71,416.05	76,302.90	1,356.02	0.00
GNMA	2004 CDEF Single Family	7.06	08/15/09	06/20/25	31,926.10	33,447.34			(243.71)		31,682.39	33,816.78	613.15	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	7.10	08/15/95	08/20/25	45,512.77	47,763.23			(374.47)		45,138.30	48,254.98	866.22	0.00
GNMA	2004 CDEF Single Family	4.49	02/24/05	02/20/35	1,933,922.83	1,908,264.66			(10,255.59)		1,923,667.24	1,948,153.21	50,144.14	0.00
GNMA	2004 CDEF Single Family	4.49	03/17/05	03/20/35	5,285,214.50	5,215,214.45			(33,238.45)		5,251,976.05	5,318,950.94	136,974.94	0.00
GNMA	2004 CDEF Single Family	4.49	03/24/05	03/20/35	1,844,466.59	1,820,050.41			(9,769.27)		1,834,697.32	1,858,105.24	47,824.10	0.00
GNMA	2004 CDEF Single Family	4.49	03/29/05	02/20/35	249,071.70	246,406.40			(1,195.37)		247,876.33	251,732.65	6,521.62	0.00
GNMA	2004 CDEF Single Family	4.49	04/07/05	04/20/35	2,317,029.37	2,286,396.92			(11,504.38)		2,305,524.99	2,334,980.04	60,087.50	0.00
GNMA	2004 CDEF Single Family	4.49	04/14/05	04/20/35	919,872.59	907,716.86			(4,260.28)		915,612.31	927,316.61	23,860.03	0.00
GNMA	2004 CDEF Single Family	4.49	04/21/05	04/20/35	256,791.33	254,050.86			(1,237.43)		255,553.90	259,537.27	6,723.84	0.00
GNMA	2004 CDEF Single Family	4.49	04/28/05	04/20/35	1,498,711.10	1,478,925.66			(14,810.91)		1,483,900.19	1,502,887.12	38,772.37	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/05	05/20/35	831,920.25	820,945.82			(3,803.01)		828,117.24	838,722.54	21,579.73	0.00
GNMA	2004 CDEF Single Family	4.49	05/12/05	05/20/35	219,453.70	217,116.75			(987.68)		218,466.02	221,876.45	5,747.38	0.00
GNMA	2004 CDEF Single Family	4.49	05/19/05	05/20/35	298,519.40	295,342.26			(2,190.83)		296,328.57	300,956.62	7,805.19	0.00
GNMA	2004 CDEF Single Family	4.49	07/14/05	07/20/35	1,594,981.91	1,578,102.21			(135,064.30)		1,459,917.61	1,482,806.94	39,769.03	0.00
GNMA	2004 CDEF Single Family	4.49	05/26/05	05/20/35	806,136.22	795,518.06			(3,913.02)		802,223.20	812,512.54	20,907.50	0.00
GNMA	2004 CDEF Single Family	4.49	06/02/05	06/20/35	1,048,688.46	1,034,885.90			(4,905.56)		1,043,782.90	1,057,182.21	27,201.87	0.00
GNMA	2004 CDEF Single Family	4.49	09/08/05	09/20/35	412,574.66	408,232.72			(1,832.12)		410,742.54	417,207.66	10,807.06	0.00
GNMA	2004 CDEF Single Family	4.49	09/15/05	09/20/35	319,840.81	316,476.71			(1,559.55)		318,281.26	323,292.99	8,375.83	0.00
GNMA	2004 CDEF Single Family	4.49	09/22/05	09/20/35	400,279.88	395,057.40			(3,007.06)		397,272.82	402,419.45	10,369.11	0.00
GNMA	2004 CDEF Single Family	4.49	07/21/05	07/20/35	428,676.13	423,054.95			(1,911.67)		426,764.46	432,264.35	11,121.07	0.00
GNMA	2004 CDEF Single Family	4.49	07/28/05	07/20/35	954,116.40	944,031.38			(5,051.50)		949,064.90	963,957.47	24,977.59	0.00
GNMA	2004 CDEF Single Family	4.49	08/04/05	07/20/35	481,538.06	476,451.09			(2,382.63)		479,155.43	486,677.70	12,609.24	0.00
GNMA	2004 CDEF Single Family	4.49	08/04/05	08/20/35	3,127,570.04	3,086,611.53			(15,933.93)		3,111,636.11	3,161,787.88	81,110.28	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	08/20/35	945,045.66	932,675.04			(4,505.49)		940,540.17	952,683.41	24,513.66	0.00
GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	312,030.92	307,946.45			(1,391.83)		310,639.09	314,649.72	8,095.10	0.00
GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	574,407.31	566,898.66			(2,677.10)		571,730.21	579,121.73	14,900.17	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	789,161.07	778,893.14			(3,456.65)		785,704.42	795,912.12	20,475.63	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	331,833.61	327,516.06			(1,776.28)		330,057.33	334,345.35	8,605.57	0.00
GNMA	2004 CDEF Single Family	4.49	09/29/05	09/20/35	383,633.28	379,603.58			(2,494.40)		381,138.88	387,145.46	10,036.28	0.00
GNMA	2004 CDEF Single Family	4.49	10/06/05	10/20/35	394,494.10	390,354.27			(1,755.25)		392,738.86	398,932.27	10,333.25	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/05	10/20/35	1,064,513.77	1,053,356.57			(4,939.61)		1,059,574.16	1,076,297.61	27,880.65	0.00
GNMA	2004 CDEF Single Family	4.49	12/08/05	11/20/35	980,031.74	967,322.40			(4,335.04)		975,686.70	988,415.67	25,428.31	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/05	12/20/35	617,664.07	609,660.18			(2,703.83)		614,960.24	622,983.02	16,026.67	0.00
GNMA	2004 CDEF Single Family	4.49	11/03/05	11/20/35	1,013,408.03	1,000,230.50			(5,312.41)		1,008,093.62	1,021,200.82	26,282.73	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/05	10/20/35	1,018,420.66	1,005,182.99			(4,483.39)		1,013,937.27	1,027,123.59	26,423.99	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/05	11/20/35	726,186.79	716,754.88			(3,587.55)		722,599.24	732,004.07	18,836.74	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/05	11/20/35	538,252.03	531,263.77			(2,443.82)		535,808.21	542,784.66	13,964.71	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/05	11/20/35	649,772.83	641,341.18			(2,845.04)		646,927.79	655,355.01	16,858.87	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/05	12/20/35	700,389.34	691,318.30			(3,203.28)		697,186.06	706,285.78	18,170.76	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/05	12/20/35	710,890.89	701,688.14			(3,352.23)		707,538.66	716,778.62	18,442.71	0.00
GNMA	2004 CDEF Single Family	4.49	01/05/06	01/20/36	449,612.12	443,709.89			(3,019.39)		446,592.73	452,054.97	11,364.47	0.00
GNMA	2004 CDEF Single Family	4.49	01/12/06	01/20/36	516,098.28	509,326.87			(2,260.28)		513,838.00	520,125.86	13,059.27	0.00
GNMA	2004 CDEF Single Family	4.49	03/09/06	02/20/36	719,668.92	712,106.75			(3,075.83)		716,593.09	727,423.34	18,392.42	0.00
GNMA	2004 CDEF Single Family	4.49	03/02/06	02/20/36	430,683.20	426,154.63			(1,854.06)		428,829.12	435,307.60	11,007.05	0.00
GNMA	2004 CDEF Single Family	4.49	01/19/06	01/20/36	323,995.03	319,746.03			(1,420.08)		322,574.95	326,524.62	8,198.67	0.00
GNMA	2004 CDEF Single Family	4.49	01/26/06	01/20/36	692,371.04	683,295.83			(3,401.91)		688,969.13	697,409.24	17,515.32	0.00
GNMA	2004 CDEF Single Family	4.49	02/02/06	01/20/36	1,107,718.34	1,093,206.71			(6,328.44)		1,102,561.68	1,116,076.33	28,026.26	0.00
GNMA	2004 CDEF Single Family	4.49	02/09/06	02/20/36	1,189,866.10	1,174,308.73			(1,270.54)		1,183,557.66	1,198,077.23	30,096.94	0.00
GNMA	2004 CDEF Single Family	4.49	02/16/06	02/20/36	295,027.20	291,166.91			(1,981.92)		293,756.66	297,362.49	7,466.12	0.00
GNMA	2004 CDEF Single Family	4.49	02/23/06	02/20/36	309,467.62	306,211.76			(4,286.71)		307,485.70	312,128.79	7,898.95	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	05/20/36	829,183.47	818,407.64			(647.65)		824,896.76	835,096.56	20,975.63	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	04/20/36	149,357.14	147,798.62			(1,070.93)		148,709.49	150,968.15	3,817.18	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	04/20/36	243,415.10	240,875.10			(2,059.09)		242,344.17	246,025.00	6,220.83	0.00
GNMA	2004 CDEF Single Family	4.49	03/23/06	03/20/36	479,921.33	474,886.06			(938.78)		477,862.24	485,092.75	12,265.76	0.00
GNMA	2004 CDEF Single Family	4.49	04/06/06	03/20/36	200,186.09	196,083.37			(842.79)		199,247.31	202,264.77	5,115.18	0.00
GNMA	2004 CDEF Single Family	4.49	04/20/06	04/20/36	195,119.77	193,078.46			(2,469.93)		194,276.98	197,222.35	4,986.58	0.00
GNMA	2004 CDEF Single Family	4.49	04/27/06	04/20/36	567,849.32	561,911.98			(2,458.85)		565,388.39	573,964.14	14,513.09	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/06	04/20/36	580,368.78	574,305.18			(1,425.23)		577,909.93	586,680.34	14,834.01	0.00
GNMA	2004 CDEF Single Family	4.49	05/25/06	05/20/36	112,011.28	110,843.47			(2,647.94)		110,586.05	112,266.81	2,848.57	0.00
GNMA	2004 CDEF Single Family	4.49	06/01/06	05/20/36	629,634.01	621,463.98			(819.52)		626,986.07	634,751.51	15,935.47	0.00
GNMA	2004 CDEF Single Family	4.49	06/08/06	05/20/36	191,090.83	189,101.23					190,271.31	193,165.72	4,884.01	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	4.49	06/15/06	06/20/36	223,134.79	223,134.79			(944.56)		224,535.86	227,953.80	5,763.57	0.00
GNMA	2004 CDEF Single Family	4.49	07/06/06	06/20/36	108,971.25	107,839.82			(453.06)		108,518.19	110,172.31	2,785.55	0.00
GNMA	2004 CDEF Single Family	4.49	07/13/06	06/20/36	359,385.84	355,656.91			(1,518.59)		357,867.25	363,324.34	9,186.02	0.00
GNMA	2004 CDEF Single Family	4.49	07/19/06	06/20/36	376,571.05	372,666.08			(1,768.18)		374,802.87	380,520.52	9,622.62	0.00
GNMA	2004 CDEF Single Family	4.49	07/27/06	07/20/36	423,670.10	419,280.95			(3,852.99)		419,817.11	426,226.20	10,798.24	0.00
GNMA	2004 CDEF Single Family	4.49	08/09/06	07/20/36	694,781.36	687,592.59			(2,883.73)		691,897.63	702,468.92	17,706.06	0.00
GNMA	2004 CDEF Single Family	4.49	08/16/06	06/20/36	199,254.96	197,194.11			(828.48)		198,426.47	201,458.98	5,093.36	0.00
GNMA	2004 CDEF Single Family	4.49	09/06/06	08/20/36	681,591.60	674,559.06			(2,834.85)		678,756.75	689,148.16	17,423.95	0.00
GNMA	2004 CDEF Single Family	4.49	09/12/06	09/20/36	105,185.69	104,101.35			(436.83)		104,748.86	106,353.37	2,688.85	0.00
GNMA	2004 CDEF Single Family	4.49	10/05/06	09/20/36	982,750.59	970,128.03			(4,157.14)		978,593.45	990,845.86	24,874.97	0.00
GNMA	2004 CDEF Single Family	4.49	11/02/06	10/20/36	1,028,022.40	1,017,478.20			(5,301.51)		1,022,720.89	1,038,441.19	26,264.50	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/06	10/20/36	410,471.56	406,265.97			(1,745.98)		408,725.58	415,013.15	10,493.16	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/06	11/20/36	531,914.23	528,469.15			(2,366.24)		529,547.99	537,698.11	13,596.20	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/06	11/20/36	509,178.26	503,969.48			(2,082.99)		507,095.27	514,904.42	13,017.93	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/06	11/20/36	545,762.26	540,176.98			(2,246.67)		543,505.99	551,882.71	13,952.40	0.00
GNMA	2004 CDEF Single Family	4.49	12/27/06	12/20/36	529,570.81	524,169.85			(2,140.55)		527,430.26	535,568.81	13,538.51	0.00
GNMA	2004 CDEF Single Family	4.49	01/09/07	12/20/36	393,726.85	389,715.85			(1,598.80)		392,127.85	398,183.84	10,066.79	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/07	12/20/36	229,278.74	226,947.95			(950.75)		228,327.99	231,858.96	5,861.76	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/08	01/20/38	65,893.46	65,218.67			(245.88)		65,647.58	66,630.67	1,657.88	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/08	01/20/38	123,725.22	122,458.19			(521.78)		123,203.44	125,048.44	3,112.03	0.00
GNMA	2004 CDEF Single Family	4.49	02/19/08	02/20/38	169,232.41	167,500.55			(859.54)		168,372.87	170,895.49	4,254.48	0.00
GNMA	2004 CDEF Single Family	4.49	03/26/08	12/20/37	461,889.01	457,383.28			(1,803.65)		460,085.36	467,516.17	11,926.54	0.00
FNMA	2004 CDEF Single Family	4.49	04/07/05	02/01/35	172,166.26	170,421.10			(1,781.62)		170,384.64	171,682.99	3,043.51	0.00
FNMA	2004 CDEF Single Family	4.49	05/27/05	04/01/35	204,253.82	202,188.28			(1,266.66)		202,987.16	204,538.67	3,617.05	0.00
FNMA	2004 CDEF Single Family	4.49	07/14/05	11/01/33	70,126.62	69,552.07			(1,002.12)		69,124.50	69,788.85	1,238.90	0.00
FNMA	2004 CDEF Single Family	4.49	12/08/05	11/01/35	298,806.83	295,811.86			(1,548.57)		297,258.26	299,557.71	5,294.42	0.00
FNMA	2004 CDEF Single Family	4.49	01/05/06	12/01/35	154,771.87	153,222.57			(1,197.39)		153,574.48	154,764.48	2,739.30	0.00
FNMA	2004 CDEF Single Family	4.49	01/12/06	11/01/35	109,044.36	107,952.91			(515.20)		108,529.16	109,370.23	1,932.52	0.00
FNMA	2004 CDEF Single Family	4.49	02/02/06	01/01/36	153,676.67	152,140.32			(988.31)		152,688.36	153,873.34	2,721.33	0.00
FNMA	2004 CDEF Single Family	4.49	04/20/06	04/01/36	248,844.50	246,390.40			(1,085.36)		247,759.14	249,598.89	4,293.85	0.00
FNMA	2004 CDEF Single Family	4.49	05/25/06	04/01/36	203,971.06	201,962.54			(1,186.23)		202,784.83	204,293.70	3,517.39	0.00
FNMA	2004 CDEF Single Family	4.49	07/06/06	05/01/36	126,587.85	125,343.72			(545.85)		126,042.00	126,982.27	2,184.40	0.00
FNMA	2004 CDEF Single Family	4.49	08/02/06	07/01/36	234,541.15	232,239.30			(3,648.65)		230,892.50	232,618.00	4,027.35	0.00
FNMA	2004 CDEF Single Family	4.49	09/12/06	08/01/36	292,626.39	289,759.71			(2,093.33)		290,533.01	292,709.79	5,043.46	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/06	01/01/36	376,970.06	373,284.63			(1,568.98)		375,401.08	378,220.94	6,505.29	0.00
FNMA	2004 CDEF Single Family	4.49	01/09/07	09/01/36	75,807.67	75,068.95			(448.73)		75,358.94	75,927.44	1,307.22	0.00
FNMA	2004 CDEF Single Family	4.49	01/30/07	01/01/37	153,312.82	151,737.49			(624.53)		152,688.29	153,983.31	2,870.35	0.00
FNMA	2004 CDEF Single Family	4.49	02/13/08	01/01/38	467,408.88	464,993.24			(1,811.03)		465,597.85	471,453.06	8,270.85	0.00
Repo Agmt	2004 CDEF Single Family	0.26	02/27/09	03/02/09	472,340.45	472,340.45	11,180.42				483,520.87	483,520.87	-	0.00
GNMA	2004 CDEF Single Family	5.38	08/07/07	07/20/37	9,451.35	9,660.25			(31.33)		9,420.02	9,749.23	120.31	0.00
GNMA	2004 CDEF Single Family	5.63	08/07/07	08/20/37	23,878.72	24,338.02			(93.94)		23,784.78	24,672.89	428.81	0.00
GNMA	2004 CDEF Single Family	5.63	11/21/07	10/20/37	1,454.42	1,482.57			(7.40)		1,447.02	1,501.22	26.05	0.00
GNMA	2004 CDEF Single Family	5.38	11/21/07	10/20/37	13,451.54	13,750.51			(43.79)		13,407.75	13,877.99	171.27	0.00
GNMA	2004 CDEF Single Family	5.38	09/25/07	09/20/37	39,432.16	40,306.06			(141.38)		39,290.78	40,666.26	501.58	0.00
GNMA	2004 CDEF Single Family	5.13	09/25/07	09/20/37	23,162.19	23,399.95			(87.21)		23,074.98	23,690.22	377.48	0.00
GNMA	2004 CDEF Single Family	5.63	09/25/07	08/20/37	6,245.43	6,365.89			(27.89)		6,217.54	6,450.05	112.05	0.00
GNMA	2004 CDEF Single Family	5.63	09/25/07	09/20/37	2,791.97	2,845.81			(9.50)		2,782.47	2,886.51	50.20	0.00
GNMA	2004 CDEF Single Family	5.38	10/09/07	09/20/37	25,322.91	25,884.51			(94.87)		25,228.04	26,111.63	321.99	0.00
GNMA	2004 CDEF Single Family	5.63	10/09/07	06/20/37	2,087.71	2,127.99			(6.58)		2,081.13	2,158.97	37.56	0.00
GNMA	2004 CDEF Single Family	5.13	10/09/07	09/20/37	8,851.77	8,740.71			(29.80)		8,621.97	8,852.00	141.09	0.00
GNMA	2004 CDEF Single Family	5.38	08/23/07	08/20/37	19,099.51	19,522.09			(63.70)		19,035.81	19,701.49	243.10	0.00
GNMA	2004 CDEF Single Family	5.13	08/23/07	07/20/37	23,835.72	24,079.47			(88.77)		23,746.95	24,379.15	388.45	0.00
GNMA	2004 CDEF Single Family	5.38	09/11/07	09/20/37	12,922.75	13,208.94			(42.62)		12,880.13	13,330.84	164.52	0.00
GNMA	2004 CDEF Single Family	5.63	09/11/07	08/20/37	14,140.64	14,413.17			(53.52)		14,087.12	14,613.68	254.03	0.00
GNMA	2004 CDEF Single Family	5.13	09/11/07	08/20/37	9,525.24	9,605.33			(35.80)		9,489.44	9,724.74	155.21	0.00
GNMA	2004 CDEF Single Family	5.38	11/28/07	11/20/37	15,546.20	15,891.87			(49.94)		15,496.26	16,039.89	197.96	0.00
GNMA	2004 CDEF Single Family	5.13	12/11/07	11/20/37	9,175.42	9,253.52			(31.51)		9,143.91	9,371.62	149.61	0.00
GNMA	2004 CDEF Single Family	5.38	10/25/07	10/20/37	12,747.66	13,030.63			(41.40)		12,706.26	13,151.55	162.32	0.00
GNMA	2004 CDEF Single Family	5.13	10/25/07	10/20/37	25,880.85	26,099.75			(97.66)		25,783.19	26,423.79	421.70	0.00
GNMA	2004 CDEF Single Family	5.63	10/25/07	09/20/36	3,633.76	3,702.15			(16.14)		3,617.62	3,749.40	63.39	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	5.38	10/25/07	10/20/37	23,522.71	24,044.64			(1,726.68)		21,796.03	22,559.84	241.68	0.00
GNMA	2004 CDEF Single Family	5.38	11/08/07	10/20/37	20,766.97	21,228.24			(67.33)		20,699.64	21,425.34	264.43	0.00
GNMA	2004 CDEF Single Family	5.13	11/08/07	10/20/37	8,279.79	8,365.17			(27.95)		8,251.84	8,472.24	135.02	0.00
GNMA	2004 CDEF Single Family	5.63	01/16/08	12/20/37	1,390.54	1,417.54			(4.22)		1,386.32	1,438.35	25.03	0.00
GNMA	2004 CDEF Single Family	5.38	12/28/07	11/20/37	5,913.24	6,044.91			(18.97)		5,894.27	6,101.24	75.30	0.00
GNMA	2004 CDEF Single Family	5.63	12/28/07	12/20/37	1,455.50	1,483.73			(4.51)		1,450.99	1,505.40	26.18	0.00
GNMA	2004 CDEF Single Family	5.63	12/28/07	12/20/37	22,110.74	22,539.60			(71.71)		22,039.03	22,865.58	397.69	0.00
GNMA	2004 CDEF Single Family	5.38	12/11/07	11/20/37	18,923.97	19,344.99			(61.27)		18,862.70	19,524.71	240.99	0.00
GNMA	2004 CDEF Single Family	5.13	12/20/07	10/20/37	2,376.19	2,400.82			(8.15)		2,368.04	2,431.42	38.75	0.00
GNMA	2004 CDEF Single Family	5.13	12/20/07	11/20/37	4,952.96	5,063.20			(17.51)		4,935.45	5,108.71	63.02	0.00
GNMA	2004 CDEF Single Family	5.38	01/16/08	12/20/37	1,668.06	1,685.34			(5.56)		1,662.50	1,706.99	27.21	0.00
GNMA	2004 CDEF Single Family	5.38	01/16/08	12/20/37	3,159.27	3,229.68			(11.92)		3,147.35	3,257.94	40.18	0.00
GNMA	2004 CDEF Single Family	5.38	01/30/08	12/20/37	1,953.14	1,996.71			(6.27)		1,946.87	2,015.32	24.88	0.00
GNMA	2004 CDEF Single Family	5.63	01/30/08	12/20/37	6,556.56	6,683.96			(20.12)		6,536.44	6,781.82	117.98	0.00
GNMA	2004 CDEF Single Family	5.63	01/30/08	01/20/38	1,444.29	1,472.17			(16.35)		3,329.31	3,446.90	42.41	0.00
GNMA	2004 CDEF Single Family	5.38	01/30/08	09/20/37	2,792.55	2,854.84			(4.37)		1,439.92	1,494.02	26.22	0.00
GNMA	2004 CDEF Single Family	5.63	02/13/08	01/20/38	4,164.03	4,244.46			(9.45)		2,783.10	2,880.92	35.53	0.00
GNMA	2004 CDEF Single Family	5.38	02/19/08	12/20/37	2,992.96	3,059.78			(12.78)		4,151.25	4,307.23	75.55	0.00
GNMA	2004 CDEF Single Family	5.63	02/19/08	01/20/38	4,739.64	4,831.22			(16.96)		2,976.00	3,080.67	37.85	0.00
GNMA	2004 CDEF Single Family	5.13	02/27/08	02/20/38	3,829.88	3,860.89			(14.76)		4,724.88	4,902.47	86.01	0.00
GNMA	2004 CDEF Single Family	5.38	02/27/08	02/20/38	6,077.14	6,200.53			(12.91)		3,816.97	3,911.13	63.15	0.00
GNMA	2004 CDEF Single Family	5.38	03/20/08	02/20/38	6,024.40	6,158.99			(32.32)		6,044.82	6,244.44	76.23	0.00
GNMA	2004 CDEF Single Family	5.63	03/20/08	02/20/38	2,411.46	2,458.13			(19.82)		6,004.58	6,215.13	75.96	0.00
GNMA	2004 CDEF Single Family	5.63	03/27/08	03/20/38	2,217.61	2,240.80			(7.23)		2,404.23	2,494.67	43.77	0.00
GNMA	2004 CDEF Single Family	5.13	03/20/08	10/20/37	2,217.61	2,240.80			(7.48)		2,210.13	2,269.48	36.16	0.00
GNMA	2004 CDEF Single Family	5.38	03/27/08	03/20/38	7,016.87	7,173.70			(21.95)		6,994.92	7,240.27	89.52	0.00
FNMA	2004 CDEF Single Family	5.63	07/03/07	07/01/37	13,773.46	14,030.07			(45.23)		13,728.23	14,105.49	120.85	0.00
FNMA	2004 CDEF Single Family	5.38	08/07/07	07/01/37	41,420.49	42,432.56			(207.44)		41,213.05	42,591.39	366.27	0.00
FNMA	2004 CDEF Single Family	5.63	08/07/07	07/01/37	10,167.38	10,456.75			(35.84)		10,131.54	10,509.54	88.63	0.00
FNMA	2004 CDEF Single Family	5.13	08/07/07	08/01/37	36,332.12	37,034.27			(126.62)		36,205.50	37,289.60	381.95	0.00
FNMA	2004 CDEF Single Family	5.13	08/29/07	08/01/37	16,886.65	17,009.45			(59.66)		16,628.99	17,125.17	175.38	0.00
FNMA	2004 CDEF Single Family	5.38	08/23/07	07/01/37	15,283.75	15,657.42			(73.80)		15,209.95	15,718.87	135.25	0.00
FNMA	2004 CDEF Single Family	5.38	09/11/07	08/01/37	14,747.24	15,108.04			(51.08)		14,696.16	15,188.14	131.18	0.00
FNMA	2004 CDEF Single Family	5.63	09/11/07	09/01/37	6,850.04	6,992.82			(25.16)		6,834.88	7,039.74	72.08	0.00
FNMA	2004 CDEF Single Family	5.63	09/11/07	08/01/37	5,925.53	6,094.39			(20.84)		5,904.69	6,125.20	51.65	0.00
FNMA	2004 CDEF Single Family	5.38	09/25/07	09/01/37	41,466.04	42,481.12			(1,146.39)		40,319.65	41,670.02	335.29	0.00
FNMA	2004 CDEF Single Family	5.63	09/25/07	07/01/37	3,688.47	3,791.57			(12.18)		3,674.29	3,811.55	32.16	0.00
FNMA	2004 CDEF Single Family	5.13	09/25/07	09/01/37	19,969.95	20,356.82			(104.25)		19,865.70	20,461.47	208.90	0.00
FNMA	2004 CDEF Single Family	5.38	10/09/07	08/01/37	6,836.38	7,068.05			(25.45)		6,860.93	7,115.03	72.43	0.00
FNMA	2004 CDEF Single Family	5.13	10/09/07	09/01/37	9,885.15	10,036.13			(34.07)		9,851.08	10,153.68	151.62	0.00
FNMA	2004 CDEF Single Family	5.63	10/09/07	09/01/37	5,740.58	5,883.62			(18.21)		5,722.37	5,957.65	92.24	0.00
FNMA	2004 CDEF Single Family	5.38	10/25/07	10/01/37	41,153.36	42,239.66			(161.57)		40,991.79	42,510.69	432.60	0.00
FNMA	2004 CDEF Single Family	5.13	10/25/07	10/01/37	20,277.09	20,587.10			(503.02)		19,774.07	20,381.78	297.70	0.00
FNMA	2004 CDEF Single Family	5.38	11/08/07	09/01/37	14,117.55	14,490.39			(71.08)		14,046.47	14,567.12	147.81	0.00
FNMA	2004 CDEF Single Family	5.13	11/08/07	10/01/37	6,404.42	6,502.42			(27.30)		6,377.12	6,573.19	98.07	0.00
FNMA	2004 CDEF Single Family	5.38	11/21/07	10/01/37	9,027.66	9,266.18			(31.38)		8,996.28	9,329.85	95.05	0.00
FNMA	2004 CDEF Single Family	5.13	11/21/07	09/01/37	8,074.28	8,197.91			(28.49)		8,045.79	8,293.24	123.82	0.00
FNMA	2004 CDEF Single Family	5.38	11/21/07	11/01/37	12,936.84	13,176.03			(42.83)		12,794.01	13,268.42	135.22	0.00
FNMA	2004 CDEF Single Family	5.38	12/11/07	10/01/37	22,921.86	23,627.91			(115.66)		22,806.20	23,652.22	239.97	0.00
FNMA	2004 CDEF Single Family	5.13	12/11/07	11/01/37	11,650.36	11,828.99			(39.70)		11,610.66	11,967.99	178.70	0.00
FNMA	2004 CDEF Single Family	5.38	12/11/07	11/01/37	6,481.88	6,653.27			(40.94)		6,440.94	6,679.89	67.56	0.00
FNMA	2004 CDEF Single Family	5.13	12/11/07	12/01/37	8,183.51	8,309.00			(39.71)		8,143.80	8,394.46	125.17	0.00
FNMA	2004 CDEF Single Family	5.13	12/20/07	11/01/37	7,235.61	7,346.63			(33.54)		7,202.07	7,423.81	110.72	0.00
FNMA	2004 CDEF Single Family	5.63	12/20/07	10/01/37	1,646.52	1,690.08			(14.32)		1,632.20	1,692.78	17.02	0.00
FNMA	2004 CDEF Single Family	5.63	12/28/07	10/01/37	26,805.22	27,478.18			(92.39)		26,715.83	27,816.30	430.51	0.00
FNMA	2004 CDEF Single Family	5.13	01/16/08	12/01/37	6,922.05	7,028.41			(24.60)		6,897.45	7,109.96	106.15	0.00
FNMA	2004 CDEF Single Family	5.13	01/30/08	12/01/37	3,834.75	3,893.72			(18.62)		3,816.13	3,933.76	58.66	0.00
FNMA	2004 CDEF Single Family	5.38	01/30/08	11/01/37	1,422.88	1,460.58			(4.58)		1,418.30	1,471.00	15.00	0.00
FNMA	2004 CDEF Single Family	5.13	01/30/08	12/01/37	5,273.28	5,354.38			(18.41)		5,254.87	5,416.85	80.88	0.00
FNMA	2004 CDEF Single Family	5.13	02/13/08	01/01/38	2,318.34	2,363.23			(7.72)		2,310.62	2,381.85	36.34	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change in Market Value	Recognized Gain
FNMA	2004 CDEF Single Family	5.38	02/13/08	01/01/38	9,108.27	9,348.00			(34.91)		9,073.36	9,410.62	97.53	0.00
FNMA	2004 CDEF Single Family	5.63	02/19/08	04/01/37	3,420.41	3,506.04			(26.35)		3,394.06	3,534.02	54.33	0.00
FNMA	2004 CDEF Single Family	5.38	02/19/08	12/01/37	4,615.67	4,738.02			(16.76)		4,598.91	4,769.63	48.57	0.00
FNMA	2004 CDEF Single Family	5.13	02/19/08	01/01/38	5,128.23	5,205.43			(24.28)		5,103.95	5,261.31	80.16	0.00
FNMA	2004 CDEF Single Family	5.13	02/27/08	02/01/38	3,857.67	3,915.78			(12.80)		3,844.87	3,963.44	60.46	0.00
FNMA	2004 CDEF Single Family	5.38	03/20/08	11/01/37	5,657.46	5,807.57			(19.52)		5,637.94	5,847.63	59.58	0.00
	<b>2004 CDEF Single Family Total</b>				<b>70,621,224.84</b>	<b>70,076,991.98</b>	<b>2,993,542.34</b>	<b>(1,553,107.75)</b>	<b>(688,096.52)</b>	<b>0.00</b>	<b>71,373,562.91</b>	<b>72,553,811.80</b>	<b>1,724,481.75</b>	<b>0.00</b>
Repo Agmt	2005 BCD Single Family	0.26	02/27/09	03/02/09	5,293.81	5,293.81	2.44				5,296.25	5,296.25	-	0.00
Repo Agmt	2005 BCD Single Family	0.26	02/27/09	03/02/09	31,670.00	31,670.00	364,404.21				396,074.21	396,074.21	-	0.00
Repo Agmt	2005 BCD Single Family	0.26	02/27/09	03/02/09	609,500.03	609,500.03	581,784.46				1,191,284.49	1,191,284.49	-	0.00
GNMA	2005 BCD Single Family	5.13	08/10/06	07/20/36	15,880.11	16,046.51			(2,647.76)		13,232.33	13,570.12	171.39	0.00
GNMA	2005 BCD Single Family	5.38	08/16/06	08/20/36	6,117.80	6,248.21			(21.58)		6,096.22	6,298.83	72.20	0.00
GNMA	2005 BCD Single Family	5.63	08/16/06	08/20/36	5,159.22	5,250.39			(17.38)		5,140.84	5,323.16	90.15	0.00
GNMA	2005 BCD Single Family	5.38	08/23/06	08/20/36	13,676.11	13,967.79			(53.54)		13,622.57	14,075.47	161.22	0.00
GNMA	2005 BCD Single Family	5.13	08/23/06	08/01/36	20,552.47	20,730.33			(85.67)		20,466.80	20,951.50	306.84	0.00
GNMA	2005 BCD Single Family	5.38	09/06/06	08/20/36	53,089.00	54,221.87			(217.22)		52,871.78	54,630.23	625.53	0.00
GNMA	2005 BCD Single Family	5.63	09/06/06	09/20/36	20,639.01	20,977.69			(82.91)		20,556.10	21,254.97	360.19	0.00
GNMA	2005 BCD Single Family	5.13	09/06/06	08/20/36	42,667.58	43,116.14			(167.62)		42,499.96	43,586.34	637.82	0.00
GNMA	2005 BCD Single Family	5.38	09/12/06	09/20/36	22,872.81	23,361.12			(90.31)		22,782.50	23,540.41	269.60	0.00
GNMA	2005 BCD Single Family	5.13	09/12/06	09/20/36	33,935.29	34,256.73			(2,804.16)		31,131.13	31,894.31	441.74	0.00
GNMA	2005 BCD Single Family	5.63	09/12/06	09/20/36	6,966.68	7,091.40			(55.14)		6,911.54	7,156.90	120.64	0.00
GNMA	2005 BCD Single Family	5.38	09/20/06	09/20/36	46,586.68	47,581.57			(174.63)		46,412.05	47,856.45	549.51	0.00
GNMA	2005 BCD Single Family	5.13	09/20/06	09/20/36	84,139.32	84,782.11			(3,220.33)		80,918.99	82,752.90	1,191.12	0.00
GNMA	2005 BCD Single Family	5.63	09/20/06	09/20/36	7,544.36	7,679.49			(25.90)		7,518.46	7,785.45	131.86	0.00
GNMA	2005 BCD Single Family	5.38	09/26/06	09/20/36	30,995.26	31,188.31			(115.53)		30,779.73	31,534.74	461.96	0.00
GNMA	2005 BCD Single Family	5.38	09/26/06	09/20/36	37,783.39	38,590.53			(2,508.62)		35,274.77	36,448.79	366.88	0.00
GNMA	2005 BCD Single Family	5.63	10/05/06	10/20/36	72,010.19	73,549.29			(2,135.71)		69,874.48	72,200.84	787.26	0.00
GNMA	2005 BCD Single Family	5.63	10/17/06	10/20/36	37,787.00	38,408.69			(2,407.83)		35,379.17	36,583.55	582.69	0.00
GNMA	2005 BCD Single Family	5.13	10/05/06	10/20/36	69,997.53	70,533.49			(260.40)		69,737.13	71,318.83	1,045.74	0.00
GNMA	2005 BCD Single Family	5.38	10/17/06	10/20/36	47,812.62	48,835.11			(196.54)		47,616.08	49,201.91	563.34	0.00
GNMA	2005 BCD Single Family	5.13	10/17/06	10/20/36	74,032.74	74,736.70			(292.58)		73,740.16	75,580.63	1,106.51	0.00
GNMA	2005 BCD Single Family	5.63	10/24/06	10/20/36	36,310.68	36,962.33			(2,177.72)		34,132.96	35,346.27	561.66	0.00
GNMA	2005 BCD Single Family	5.38	10/24/06	10/20/36	53,100.75	54,236.74			(207.90)		52,892.85	54,654.84	626.00	0.00
GNMA	2005 BCD Single Family	5.13	10/24/06	10/20/36	73,167.98	73,864.22			(3,146.02)		70,021.96	71,741.65	1,023.45	0.00
GNMA	2005 BCD Single Family	5.38	11/02/06	11/20/36	44,380.72	45,330.65			(157.06)		44,223.66	45,697.35	523.76	0.00
GNMA	2005 BCD Single Family	5.13	11/02/06	10/20/36	43,249.95	43,661.90			(177.34)		43,072.61	44,130.84	646.28	0.00
GNMA	2005 BCD Single Family	5.63	11/14/06	11/20/36	33,512.82	34,115.01			(2,840.77)		30,672.05	31,763.06	488.82	0.00
GNMA	2005 BCD Single Family	5.38	11/14/06	10/20/36	31,479.82	32,153.90			(110.93)		31,368.89	32,414.54	371.57	0.00
GNMA	2005 BCD Single Family	5.13	11/14/06	11/20/36	42,746.28	43,154.00			(158.60)		42,587.68	43,634.62	639.22	0.00
GNMA	2005 BCD Single Family	5.38	11/21/06	11/20/36	54,187.24	55,348.09			(3,170.86)		51,016.38	52,717.45	540.22	0.00
GNMA	2005 BCD Single Family	5.63	11/21/06	11/20/36	16,524.23	16,796.71			(1,472.41)		15,051.82	15,564.80	240.50	0.00
GNMA	2005 BCD Single Family	5.13	11/21/06	11/20/36	27,442.43	27,704.37			(106.25)		27,336.18	28,008.38	410.26	0.00
GNMA	2005 BCD Single Family	5.63	11/28/06	11/20/36	45,600.11	46,577.33			(168.86)		45,431.25	46,946.44	537.97	0.00
GNMA	2005 BCD Single Family	5.13	11/28/06	11/20/36	5,812.89	5,917.44			(19.32)		5,793.57	5,999.76	101.64	0.00
GNMA	2005 BCD Single Family	5.38	12/12/06	12/20/36	8,454.43	8,535.18			(30.59)		8,423.84	8,631.02	126.43	0.00
GNMA	2005 BCD Single Family	5.63	12/12/06	12/20/36	39,834.29	40,692.44			(166.81)		39,667.48	40,994.92	469.29	0.00
GNMA	2005 BCD Single Family	5.13	12/12/06	11/20/36	27,166.83	27,655.80			(101.53)		27,065.30	28,028.84	474.57	0.00
GNMA	2005 BCD Single Family	5.38	12/27/06	12/20/36	49,457.77	49,930.90			(229.47)		49,228.30	50,439.84	738.41	0.00
GNMA	2005 BCD Single Family	5.63	12/27/06	12/20/36	77,526.76	79,190.61			(284.69)		77,242.07	79,820.54	914.62	0.00
GNMA	2005 BCD Single Family	5.13	12/27/06	12/20/36	20,163.88	20,497.15			(70.66)		20,093.22	20,778.79	352.30	0.00
GNMA	2005 BCD Single Family	5.38	01/10/07	12/20/36	46,992.29	47,442.67			(189.45)		46,802.84	47,955.54	702.32	0.00
GNMA	2005 BCD Single Family	5.63	01/09/07	12/20/36	46,375.95	47,371.85			(163.06)		46,212.89	47,756.22	547.43	0.00
GNMA	2005 BCD Single Family	5.13	01/09/07	01/20/37	19,316.08	19,635.60			(1,963.78)		17,332.30	17,923.92	272.10	0.00
GNMA	2005 BCD Single Family	5.38	01/09/07	01/20/37	29,788.05	30,071.00			(2,261.89)		27,526.16	28,238.76	429.65	0.00
GNMA	2005 BCD Single Family	5.63	01/16/07	12/20/36	26,012.97	26,571.77			(105.32)		25,907.65	26,773.04	306.59	0.00
GNMA	2005 BCD Single Family	5.13	01/16/07	01/20/37	19,080.33	19,433.73			(67.47)		19,012.86	19,709.10	342.84	0.00
GNMA	2005 BCD Single Family	5.38	01/30/07	01/20/37	50,324.75	50,803.78			(182.87)		50,141.88	51,441.02	820.11	0.00
GNMA	2005 BCD Single Family	5.63	01/30/07	01/20/37	38,370.43	38,191.83			(2,605.05)		35,765.38	36,990.30	403.52	0.00
GNMA	2005 BCD Single Family	5.13	01/30/07	01/20/37	10,010.55	10,196.11			(33.45)		9,977.10	10,342.61	179.95	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2005 BCD Single Family	5.38	02/13/07	01/20/37	45,052.82	46,017.92			(161.24)		44,891.58	46,429.67	572.99	0.00
GNMA	2005 BCD Single Family	5.13	02/13/07	01/20/37	45,804.77	46,241.43			(2,632.76)		43,172.01	44,291.14	682.47	0.00
GNMA	2005 BCD Single Family	5.63	02/13/07	02/20/37	5,597.76	5,701.58			(18.37)		5,579.39	5,783.84	100.63	0.00
FNMA	2005 BCD Single Family	5.38	08/09/06	08/01/36	12,402.95	12,645.62			(68.47)		12,334.48	12,686.94	109.79	0.00
FNMA	2005 BCD Single Family	5.13	08/10/06	07/01/36	7,595.29	7,713.30			(40.84)		7,554.45	7,751.89	79.43	0.00
FNMA	2005 BCD Single Family	5.38	08/23/06	08/01/36	9,364.22	9,547.51			(45.73)		9,318.49	9,584.82	83.04	0.00
FNMA	2005 BCD Single Family	5.63	08/23/06	08/01/36	15,579.30	15,945.90			(65.30)		15,514.00	16,019.45	138.85	0.00
FNMA	2005 BCD Single Family	5.13	08/23/06	08/01/36	15,987.76	16,236.26			(101.79)		15,885.97	16,301.24	166.77	0.00
FNMA	2005 BCD Single Family	5.38	09/06/06	09/01/36	20,617.40	21,021.04			(78.04)		20,539.36	21,126.52	183.52	0.00
FNMA	2005 BCD Single Family	5.63	09/06/06	08/01/36	7,775.61	7,958.61			(26.73)		7,748.88	8,001.38	69.50	0.00
FNMA	2005 BCD Single Family	5.13	09/12/06	09/01/36	24,490.90	24,845.95			(2,524.67)		21,966.23	22,517.44	196.16	0.00
FNMA	2005 BCD Single Family	5.38	09/12/06	09/01/36	19,403.65	19,783.54			(72.99)		19,330.66	19,883.28	172.73	0.00
FNMA	2005 BCD Single Family	5.63	09/20/06	09/01/36	8,030.95	8,220.05			(27.80)		8,003.15	8,264.03	71.78	0.00
FNMA	2005 BCD Single Family	5.38	09/20/06	09/01/36	18,054.55	18,408.12			(68.20)		17,986.35	18,500.63	160.71	0.00
FNMA	2005 BCD Single Family	5.13	09/20/06	09/01/36	13,889.85	14,070.97			(79.75)		13,790.10	14,136.21	144.99	0.00
FNMA	2005 BCD Single Family	5.38	09/26/06	09/01/36	17,769.70	18,117.74			(90.84)		17,678.86	18,184.39	157.49	0.00
FNMA	2005 BCD Single Family	5.38	10/05/06	09/01/36	24,171.40	24,644.93			(94.06)		24,077.34	24,765.96	215.09	0.00
FNMA	2005 BCD Single Family	5.63	10/17/06	09/01/36	14,599.30	14,943.19			(54.50)		14,544.80	15,019.02	130.33	0.00
FNMA	2005 BCD Single Family	5.13	10/17/06	10/01/36	32,988.62	33,467.39			(159.85)		32,828.77	33,653.11	345.57	0.00
FNMA	2005 BCD Single Family	5.38	10/17/06	10/01/36	26,406.23	26,923.73			(920.13)		25,486.10	26,215.20	211.60	0.00
FNMA	2005 BCD Single Family	5.38	10/24/06	11/01/36	40,111.78	40,898.03			(167.77)		39,944.01	41,086.86	356.60	0.00
FNMA	2005 BCD Single Family	5.38	11/02/06	11/01/36	41,208.59	42,016.50			(3,599.88)		37,606.71	38,684.89	268.27	0.00
FNMA	2005 BCD Single Family	5.63	11/02/06	10/01/36	12,572.50	12,868.76			(47.23)		12,525.27	12,933.75	112.22	0.00
FNMA	2005 BCD Single Family	5.13	11/02/06	10/01/36	19,166.69	19,444.97			(93.03)		19,073.66	19,552.70	200.76	0.00
FNMA	2005 BCD Single Family	5.38	11/14/06	11/01/36	27,058.54	27,589.16			(104.60)		26,953.94	27,725.37	240.81	0.00
FNMA	2005 BCD Single Family	5.63	11/14/06	11/01/36	11,316.87	11,583.60			(42.56)		11,274.31	11,642.06	101.02	0.00
FNMA	2005 BCD Single Family	5.13	11/14/06	11/01/36	10,706.50	10,862.06			(40.82)		10,665.68	10,933.68	112.44	0.00
FNMA	2005 BCD Single Family	5.38	11/21/06	10/01/36	13,212.39	13,471.53			(48.68)		13,163.71	13,540.48	117.63	0.00
FNMA	2005 BCD Single Family	5.63	11/21/06	11/01/36	8,325.19	8,521.45			(65.16)		8,260.03	8,529.51	73.22	0.00
FNMA	2005 BCD Single Family	5.13	11/21/06	11/01/36	4,981.79	5,054.17			(38.70)		4,943.09	5,067.29	51.82	0.00
FNMA	2005 BCD Single Family	5.38	11/28/06	11/01/36	6,350.55	6,475.11			(22.77)		6,327.78	6,508.90	96.56	0.00
FNMA	2005 BCD Single Family	5.13	11/28/06	11/01/36	6,366.03	6,460.57			(30.61)		6,337.42	6,496.68	66.72	0.00
FNMA	2005 BCD Single Family	5.63	11/28/06	11/01/36	8,433.17	8,652.48			(42.17)		8,411.00	8,665.43	75.12	0.00
FNMA	2005 BCD Single Family	5.38	12/12/06	11/01/36	8,941.88	9,117.38			(31.97)		8,909.91	9,165.03	79.64	0.00
FNMA	2005 BCD Single Family	5.63	12/12/06	11/01/36	9,022.98	9,235.73			(37.23)		8,985.75	9,278.93	80.43	0.00
FNMA	2005 BCD Single Family	5.13	12/12/06	11/01/36	12,382.48	12,562.53			(81.70)		12,300.78	12,609.99	129.16	0.00
FNMA	2005 BCD Single Family	5.38	12/27/06	11/01/36	30,728.33	31,331.51			(146.92)		30,581.41	31,457.26	272.67	0.00
FNMA	2005 BCD Single Family	5.63	12/27/06	12/01/36	10,476.30	10,723.44			(1,056.18)		9,420.12	9,727.59	60.33	0.00
FNMA	2005 BCD Single Family	5.13	12/27/06	10/01/36	8,337.45	8,458.71			(37.03)		8,300.42	8,509.11	87.43	0.00
FNMA	2005 BCD Single Family	5.38	01/09/07	12/01/36	37,381.80	38,115.85			(154.82)		37,226.98	38,293.36	332.33	0.00
FNMA	2005 BCD Single Family	5.63	01/09/07	12/01/36	8,064.05	8,254.29			(30.09)		8,033.96	8,296.19	71.99	0.00
FNMA	2005 BCD Single Family	5.13	01/09/07	12/01/36	10,387.37	10,538.54			(38.29)		10,349.08	10,609.37	109.12	0.00
FNMA	2005 BCD Single Family	5.38	01/30/07	12/01/36	32,740.59	33,383.80			(118.04)		32,622.55	33,557.34	291.58	0.00
FNMA	2005 BCD Single Family	5.63	01/30/07	12/01/36	20,545.31	21,030.25			(74.20)		20,471.11	21,139.55	193.50	0.00
FNMA	2005 BCD Single Family	5.13	01/30/07	01/01/37	7,718.60	7,830.97			(36.74)		7,681.86	7,875.11	80.88	0.00
FNMA	2005 BCD Single Family	5.38	02/13/07	01/01/37	22,199.72	22,635.97			(101.05)		22,098.67	22,732.06	197.14	0.00
FNMA	2005 BCD Single Family	5.63	02/13/07	01/01/37	7,006.80	7,172.23			(24.27)		6,982.53	7,210.57	62.61	0.00
FNMA	2005 BCD Single Family	5.13	02/13/07	01/01/37	7,505.98	7,615.41			(35.39)		7,470.59	7,658.69	78.67	0.00
FNMA	2005 BCD Single Family	5.38	02/20/07	01/01/37	9,122.27	9,326.00			(2,742.50)		6,379.77	6,579.74	(3.76)	0.00
FNMA	2005 BCD Single Family	5.63	02/20/07	01/01/37	11,546.59	11,819.24			(41.16)		11,505.43	11,881.21	103.13	0.00
FNMA	2005 BCD Single Family	6.15	05/01/96	04/01/26	200,614.84	208,017.89			(1,716.82)		198,897.82	209,952.29	3,661.22	0.00
FNMA	2005 BCD Single Family	6.15	06/01/96	05/01/26	185,352.72	191,966.21			(2,446.52)		182,906.20	192,856.97	3,337.28	0.00
FNMA	2005 BCD Single Family	6.15	07/01/96	06/01/26	210,211.37	218,165.78			(2,306.83)		207,904.54	219,665.98	3,807.03	0.00
FNMA	2005 BCD Single Family	6.15	08/01/96	07/01/26	219,599.31	227,954.60			(3,906.95)		215,692.36	227,939.31	3,891.66	0.00
FNMA	2005 BCD Single Family	6.15	08/01/96	08/01/26	160,813.34	166,267.16			(1,910.05)		158,903.29	166,481.86	2,124.75	0.00
FNMA	2005 BCD Single Family	6.15	09/01/96	08/01/26	151,035.69	155,995.28			(4,992.55)		146,043.14	152,851.16	1,848.43	0.00
FNMA	2005 BCD Single Family	6.15	10/01/96	10/01/26	322,040.95	332,558.31			(4,871.58)		317,169.37	331,898.23	4,211.50	0.00
FNMA	2005 BCD Single Family	6.15	12/01/96	11/01/26	227,787.10	235,316.66			(2,813.87)		224,973.23	235,509.70	3,006.91	0.00
FNMA	2005 BCD Single Family	6.15	03/01/97	01/01/27	220,880.86	228,041.85			(2,792.95)		218,087.91	228,163.59	2,914.69	0.00
FNMA	2005 BCD Single Family	6.15	09/01/97	07/01/27	101,284.60	104,553.04			(723.59)		100,561.01	105,973.18	2,143.73	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2005 BCD Single Family	6.15	07/01/96	07/20/26	906,400.45	928,043.61			(8,610.74)		897,789.71	941,570.55	22,137.68	0.00
GNMA	2005 BCD Single Family	6.15	03/01/96	03/20/26	245,454.82	251,333.02			(3,744.03)		241,710.79	253,514.41	5,925.42	0.00
GNMA	2005 BCD Single Family	6.15	08/01/96	07/20/26	748,139.99	765,977.23			(10,812.57)		737,327.42	773,256.06	18,091.40	0.00
GNMA	2005 BCD Single Family	6.15	04/01/96	04/20/26	280,621.06	287,295.78			(3,463.92)		277,157.14	290,646.43	6,814.57	0.00
GNMA	2005 BCD Single Family	6.15	05/01/96	05/20/26	914,541.32	936,307.33			(9,631.15)		904,910.17	948,965.77	22,289.59	0.00
GNMA	2005 BCD Single Family	6.15	05/01/96	05/20/26	319,013.39	326,670.60			(2,621.64)		316,391.75	331,860.35	7,811.39	0.00
GNMA	2005 BCD Single Family	6.15	06/01/96	06/20/26	1,005,768.00	1,029,810.81			(49,682.39)		956,085.61	1,002,734.52	22,606.10	0.00
GNMA	2005 BCD Single Family	6.15	06/01/96	06/20/26	232,890.90	238,414.26			(1,825.02)		231,065.88	242,296.08	5,706.84	0.00
GNMA	2005 BCD Single Family	6.15	07/01/96	06/20/26	1,217,195.98	1,245,938.39			(13,155.43)		1,204,040.55	1,262,433.38	29,650.42	0.00
GNMA	2005 BCD Single Family	6.15	08/01/96	08/20/26	829,516.20	846,121.83			(10,458.37)		819,057.83	855,805.98	20,142.52	0.00
GNMA	2005 BCD Single Family	6.15	09/01/96	09/20/26	406,506.59	414,381.84			(5,418.22)		401,088.37	418,822.34	9,858.72	0.00
GNMA	2005 BCD Single Family	6.15	09/01/96	09/20/26	295,582.82	301,418.71			(38,023.82)		257,559.00	269,043.34	5,648.45	0.00
GNMA	2005 BCD Single Family	6.15	10/01/96	10/20/26	910,420.05	928,131.12			(10,413.29)		900,006.76	939,873.70	22,155.87	0.00
GNMA	2005 BCD Single Family	6.15	12/01/96	12/20/26	308,290.87	314,201.11			(2,652.79)		305,638.08	319,089.46	7,541.14	0.00
GNMA	2005 BCD Single Family	6.15	01/01/97	12/20/26	733,018.07	747,086.74			(6,957.58)		726,061.39	758,031.15	17,902.09	0.00
GNMA	2005 BCD Single Family	6.15	01/01/97	01/20/27	382,388.42	389,963.70			(4,413.11)		377,975.31	396,308.54	10,757.95	0.00
GNMA	2005 BCD Single Family	6.15	02/01/97	02/20/27	311,603.97	317,767.72			(21,961.23)		289,742.74	303,787.81	7,891.32	0.00
GNMA	2005 BCD Single Family	6.15	02/01/97	02/20/27	140,943.49	143,592.28			(1,218.89)		139,724.60	146,357.56	3,984.17	0.00
GNMA	2005 BCD Single Family	6.15	03/01/97	03/20/27	453,601.04	461,817.76			(4,341.13)		449,259.91	470,278.19	12,801.56	0.00
GNMA	2005 BCD Single Family	6.15	04/01/97	04/20/27	215,114.86	218,872.91			(1,614.39)		213,500.47	223,349.24	6,090.72	0.00
GNMA	2005 BCD Single Family	6.15	06/01/97	06/20/27	169,440.91	172,488.30			(1,947.82)		167,493.09	175,286.84	4,766.36	0.00
GNMA	2005 BCD Single Family	6.15	08/01/97	07/20/27	264,309.82	270,554.13			(3,043.70)		261,266.12	274,949.58	7,439.15	0.00
GNMA	2005 BCD Single Family	6.15	09/01/97	08/20/27	557,811.96	567,841.96			(4,180.63)		553,631.33	579,457.73	15,796.40	0.00
GNMA	2005 BCD Single Family	6.15	02/01/98	02/20/28	135,829.66	138,193.08			(1,266.61)		134,563.05	140,903.64	3,977.17	0.00
GNMA	2005 BCD Single Family	6.15	03/01/98	01/20/28	159,330.40	162,102.73			(12,702.13)		146,628.27	153,537.36	4,136.76	0.00
GNMA	2005 BCD Single Family	6.15	04/01/98	04/20/28	225,486.86	229,410.30			(1,765.35)		223,721.51	234,263.23	6,618.28	0.00
GNMA	2005 BCD Single Family	6.15	06/01/98	05/20/28	173,893.80	176,919.33			(1,518.07)		172,375.53	180,497.84	5,096.58	0.00
GNMA	2005 BCD Single Family	6.15	07/01/98	06/20/28	93,432.47	95,058.18			(1,712.18)		91,720.29	96,042.13	2,696.13	0.00
GNMA	2005 BCD Single Family	6.15	09/01/98	07/20/28	351,682.90	357,802.19			(3,328.68)		348,354.22	364,768.68	10,295.17	0.00
GNMA	2005 BCD Single Family	6.15	11/01/98	10/20/28	543,773.69	553,235.35			(4,038.99)		539,734.70	565,166.99	15,970.63	0.00
Repo Agmt	2005 BCD Single Family Total				2,938.66	2,938.66		(2,938.66)						0.00
	2005 BCD Single Family Total				18,797,068.19	19,194,673.16	946,191.11	(2,938.66)	(331,340.81)	0.00	19,408,979.83	20,212,001.75	405,416.95	0.00
Repo Agmt	2006 ABCDE Single Family	0.26	02/27/09	03/02/09	1,196,495.29	1,196,495.29	555.46				1,197,050.75	1,197,050.75	-	0.00
Repo Agmt	2006 ABCDE Single Family				66,466.00	66,466.00		(66,466.00)					-	0.00
Repo Agmt	2006 ABCDE Single Family	0.26	02/27/09	03/02/09	613,512.23	613,512.23	11,838,692.33				12,452,204.56	12,452,204.56	-	0.00
GICs	2006 ABCDE Single Family	4.73	06/28/06	08/31/37	6,668,975.43	6,668,975.43		(3,959,362.94)			2,709,612.49	2,709,612.49	-	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	05/21/08	04/01/38	112,675.58	115,025.07			(453.01)		112,222.57	115,693.96	1,121.90	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	06/18/08	04/01/38	226,397.08	231,122.76			(1,202.49)		225,194.59	232,165.22	2,244.95	0.00
Freddie Mac	2006 ABCDE Single Family	5.63	06/18/08	03/01/38	95,327.18	97,712.76			(907.16)		94,420.02	97,812.79	1,007.19	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	06/25/08	12/01/37	127,716.75	129,771.57			(429.94)		127,286.81	130,674.30	1,332.67	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	07/16/08	06/01/38	182,321.24	195,419.00			(631.44)		191,689.80	196,795.00	2,007.44	0.00
Freddie Mac	2006 ABCDE Single Family	5.63	07/16/08	05/01/38	73,256.57	75,091.42			(218.45)		73,038.12	75,663.44	790.47	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	07/23/08	03/01/38	81,184.28	82,860.54			(256.65)		80,907.63	83,414.12	101.23	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	08/13/08	07/01/38	124,948.15	127,561.53			(410.76)		124,537.39	128,397.73	1,246.96	0.00
Freddie Mac	2006 ABCDE Single Family	5.38	08/13/08	07/01/38	66,587.72	67,980.45			(205.14)		66,382.58	68,440.27	664.96	0.00
Freddie Mac	2006 ABCDE Single Family	5.63	09/24/08	07/01/38	119,426.45	122,424.12			(305.56)		119,075.89	123,362.35	1,288.79	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	10/22/08	03/01/38	183,053.78	186,015.58			(605.40)		182,448.38	187,320.65	1,910.50	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	11/19/08	10/01/38	166,351.14	169,046.27			(527.32)		165,823.82	170,255.94	1,736.99	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	11/25/08	10/01/38	134,712.33	138,895.42			(767.26)		133,945.07	137,525.69	1,397.53	0.00
Freddie Mac	2006 ABCDE Single Family	5.25	12/18/08	09/01/38			202,956.81				208,844.08	5,887.27	0.00	0.00
Freddie Mac	2006 ABCDE Single Family	5.13	12/30/08	12/01/38			144,401.74				144,401.74	148,265.77	3,864.03	0.00
FNMA	2006 ABCDE Single Family	6.25	04/15/97	03/01/27	188,541.70	194,920.06			(2,046.62)		186,495.08	195,670.63	2,797.19	0.00
FNMA	2006 ABCDE Single Family	6.25	05/29/97	05/01/27	185,820.45	192,106.76			(2,186.22)		183,634.23	192,690.02	2,749.48	0.00
FNMA	2006 ABCDE Single Family	6.25	06/26/97	05/01/27	254,461.24	263,069.62			(2,298.40)		252,162.84	264,569.21	3,797.99	0.00
FNMA	2006 ABCDE Single Family	6.25	08/18/97	06/01/27	125,390.84	129,803.35			(1,290.19)		124,100.65	131,101.18	2,588.02	0.00
FNMA	2006 ABCDE Single Family	6.25	09/29/97	08/01/27	146,117.80	151,259.67			(2,261.29)		143,856.51	151,971.44	2,973.06	0.00
FNMA	2006 ABCDE Single Family	6.25	01/29/98	11/01/27	231,701.87	239,855.47			(4,510.15)		227,191.72	240,007.61	4,662.29	0.00
GNMA	2006 ABCDE Single Family	6.25	03/18/97	02/20/27	1,951,071.00	1,990,482.59			(78,199.99)		1,872,871.01	1,963,892.48	51,606.88	0.00
GNMA	2006 ABCDE Single Family	6.25	04/15/97	04/20/27	753,014.58	768,225.40			(11,887.65)		741,126.93	777,145.67	20,807.92	0.00

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GNMA	2006 ABCDE Single Family	6.45	04/29/97	04/20/27	212,082.51	217,526.62			(1,553.23)		210,529.28	221,805.18	5,831.79	0.00
GNMA	2006 ABCDE Single Family	6.25	04/29/97	04/20/27	675,067.37	688,703.64			(6,217.90)		668,849.47	701,355.44	18,869.70	0.00
GNMA	2006 ABCDE Single Family	6.25	05/15/97	05/20/27	609,361.61	621,670.66			(58,440.75)		550,920.86	577,695.54	14,465.63	0.00
GNMA	2006 ABCDE Single Family	6.45	05/29/97	05/20/27	60,791.69	62,352.24			(475.48)		60,316.21	63,546.77	1,670.01	0.00
GNMA	2006 ABCDE Single Family	6.25	06/17/97	06/20/27	1,257,273.92	1,282,670.75			(13,069.47)		1,244,204.45	1,304,672.72	35,071.44	0.00
GNMA	2006 ABCDE Single Family	6.45	06/26/97	06/20/27	283,132.92	288,852.26			(2,742.61)		280,390.31	294,017.36	7,907.71	0.00
GNMA	2006 ABCDE Single Family	6.45	07/15/97	05/20/27	317,445.45	325,594.32			(3,212.69)		314,232.76	331,063.10	8,681.47	0.00
GNMA	2006 ABCDE Single Family	6.25	07/15/97	06/20/27	434,535.79	443,313.42			(4,003.17)		430,532.62	451,456.51	12,146.26	0.00
GNMA	2006 ABCDE Single Family	6.25	07/30/97	07/20/27	504,513.84	514,704.98			(3,707.61)		500,806.23	525,145.37	14,145.00	0.00
GNMA	2006 ABCDE Single Family	6.25	08/18/97	07/20/27	1,058,855.91	1,080,244.82			(6,653.38)		1,050,202.53	1,101,242.36	29,650.92	0.00
GNMA	2006 ABCDE Single Family	6.25	08/28/97	08/20/27	914,575.78	933,050.10			(9,668.04)		904,907.74	948,886.14	25,504.08	0.00
GNMA	2006 ABCDE Single Family	6.45	08/28/97	08/20/27	281,510.50	288,736.88			(2,001.37)		279,509.13	294,479.65	7,744.14	0.00
GNMA	2006 ABCDE Single Family	6.25	09/18/97	09/20/27	252,058.48	257,150.04			(1,776.96)		250,281.52	262,445.18	7,072.10	0.00
GNMA	2006 ABCDE Single Family	6.25	09/29/97	09/20/27	457,295.09	466,532.45			(6,212.12)		451,082.97	473,005.60	12,685.27	0.00
GNMA	2006 ABCDE Single Family	6.25	10/15/97	09/20/27	423,214.77	431,763.74			(3,649.51)		419,565.26	439,956.16	11,841.93	0.00
GNMA	2006 ABCDE Single Family	6.45	10/15/97	08/20/27	62,697.82	64,307.25			(480.97)		62,216.85	65,549.16	1,722.88	0.00
GNMA	2006 ABCDE Single Family	6.25	10/30/97	10/20/27	391,284.82	399,188.75			(6,943.57)		384,341.25	403,020.22	10,775.04	0.00
GNMA	2006 ABCDE Single Family	6.25	11/17/97	10/20/27	322,574.93	329,090.93			(2,582.21)		319,992.72	335,544.34	9,035.62	0.00
GNMA	2006 ABCDE Single Family	6.25	11/25/97	10/20/27	278,981.67	286,143.12			(2,300.85)		276,680.82	291,499.83	7,657.56	0.00
GNMA	2006 ABCDE Single Family	6.25	11/25/97	11/20/27	396,515.48	404,525.04			(3,279.74)		393,235.74	412,346.94	11,101.64	0.00
GNMA	2006 ABCDE Single Family	6.25	12/17/97	11/20/27	604,529.95	616,741.48			(5,648.30)		598,881.65	627,987.29	16,894.11	0.00
GNMA	2006 ABCDE Single Family	6.25	01/29/98	01/20/28	795,278.03	811,374.40			(7,875.89)		787,402.14	826,284.03	22,785.52	0.00
GNMA	2006 ABCDE Single Family	6.45	02/12/98	12/20/27	224,010.57	229,760.93			(1,658.96)		222,351.61	234,260.77	6,158.80	0.00
GNMA	2006 ABCDE Single Family	6.45	04/16/98	02/20/28	346,986.35	355,680.49			(3,088.90)		343,897.45	362,433.78	9,542.19	0.00
GNMA	2006 ABCDE Single Family	6.25	04/28/98	04/20/28	627,404.94	640,103.63			(6,756.11)		620,648.83	651,296.48	17,948.96	0.00
GNMA	2006 ABCDE Single Family	6.25	07/06/98	05/20/28	144,676.29	147,604.31			(968.18)		143,708.11	150,804.17	4,166.04	0.00
GNMA	2006 ABCDE Single Family	6.45	08/13/98	06/20/28	164,215.27	168,471.71			(1,291.08)		162,924.19	171,705.78	4,525.15	0.00
GNMA	2006 ABCDE Single Family	6.25	08/27/98	07/20/28	263,569.83	268,904.51			(2,988.37)		260,581.46	273,448.99	7,532.85	0.00
GNMA	2006 ABCDE Single Family	6.25	09/24/98	08/20/28	124,800.71	127,326.64			(790.40)		124,010.31	130,133.90	3,597.66	0.00
GNMA	2006 ABCDE Single Family	6.25	10/01/98	08/20/28	150,443.67	153,488.63			(1,456.36)		148,987.31	156,344.29	4,312.02	0.00
GNMA	2006 ABCDE Single Family	6.25	10/29/98	09/20/28	109,477.91	111,693.73			(1,227.08)		108,250.83	113,596.25	3,129.60	0.00
GNMA	2006 ABCDE Single Family	6.45	12/15/98	09/20/28	151,835.11	155,770.66			(1,270.97)		150,564.14	158,679.55	4,179.86	0.00
GNMA	2006 ABCDE Single Family	6.25	12/29/98	10/20/28	810,900.24	827,312.89			(7,765.73)		803,134.51	842,793.31	23,246.15	0.00
GNMA	2006 ABCDE Single Family	6.45	01/28/99	11/20/28	37,394.05	38,363.29			(219.39)		37,174.66	39,178.37	1,034.47	0.00
GNMA	2006 ABCDE Single Family	5.45	03/18/99	02/20/29	432,351.85	440,916.72			(3,145.16)		429,206.69	442,602.21	4,830.65	0.00
GNMA	2006 ABCDE Single Family	5.45	06/24/99	05/20/29	471,218.61	480,553.45			(3,759.16)		467,459.45	482,048.86	5,254.57	0.00
GNMA	2006 ABCDE Single Family	5.45	07/29/99	06/20/29	459,436.83	468,538.28			(3,591.41)		455,845.42	470,072.37	5,125.50	0.00
GNMA	2006 ABCDE Single Family	5.45	10/14/99	08/20/29	153,648.55	156,692.39			(1,914.13)		151,734.42	156,470.10	1,691.84	0.00
GNMA	2006 ABCDE Single Family	6.25	08/26/99	07/20/29	354,262.44	361,280.37			(2,819.09)		351,443.35	362,411.88	3,950.60	0.00
GNMA	2006 ABCDE Single Family	6.25	10/20/99	07/20/29	182,231.54	185,885.29			(1,420.51)		180,811.03	189,764.79	5,300.01	0.00
GNMA	2006 ABCDE Single Family	6.25	11/23/99	10/20/29	44,767.30	45,664.88			(249.54)		44,517.76	46,722.27	1,306.93	0.00
GNMA	2006 ABCDE Single Family	5.45	12/01/99	10/20/29	173,838.39	177,282.11			(2,578.84)		171,259.55	176,604.54	1,901.27	0.00
GNMA	2006 ABCDE Single Family	5.45	01/27/00	12/20/29	1,000,554.41	1,020,375.40			(9,064.59)		991,489.82	1,022,434.22	11,123.41	0.00
GNMA	2006 ABCDE Single Family	5.45	01/28/00	07/01/29	207,305.70	211,462.19			(1,371.35)		205,934.35	216,132.24	6,041.40	0.00
GNMA	2006 ABCDE Single Family	6.25	01/28/00	09/01/29	167,197.58	172,195.08			(1,082.16)		166,115.42	172,615.48	1,502.56	0.00
GNMA	2006 ABCDE Single Family	5.13	08/10/06	07/20/36	766,319.76	773,534.47			(1,813.51)		764,526.25	776,435.79	4,023.51	0.00
GNMA	2006 ABCDE Single Family	5.38	08/16/06	08/20/36	279,760.70	285,724.78			(127,779.00)		638,540.76	654,158.07	8,402.60	0.00
GNMA	2006 ABCDE Single Family	5.63	08/16/06	08/20/36	235,879.38	240,094.99			(987.03)		238,892.35	248,039.54	3,301.79	0.00
GNMA	2006 ABCDE Single Family	5.38	08/23/06	08/20/36	625,395.98	638,732.95			(795.28)		624,598.70	643,422.88	4,123.17	0.00
GNMA	2006 ABCDE Single Family	5.13	08/23/06	08/01/38	991,793.74	999,320.97			(2,448.15)		989,342.62	1,009,982.78	14,805.26	0.00
GNMA	2006 ABCDE Single Family	5.38	09/06/06	08/20/36	2,427,705.40	2,479,510.42			(4,143.45)		2,423,566.97	2,498,184.15	28,607.19	0.00
GNMA	2006 ABCDE Single Family	5.63	09/06/06	09/20/36	943,800.90	959,288.33			(9,933.46)		940,009.20	971,968.23	16,471.60	0.00
GNMA	2006 ABCDE Single Family	5.13	09/06/06	08/20/36	2,058,999.90	2,078,445.76			(8,107.77)		2,050,892.13	2,101,111.96	30,773.97	0.00
GNMA	2006 ABCDE Single Family	5.38	09/12/06	09/20/36	1,045,950.91	1,068,280.25			(4,130.38)		1,041,820.53	1,076,478.93	12,329.06	0.00
GNMA	2006 ABCDE Single Family	5.13	09/12/06	09/20/36	1,637,754.52	1,653,267.11			(135,331.88)		1,502,422.64	1,539,254.17	21,318.94	0.00
GNMA	2006 ABCDE Single Family	5.63	09/12/06	09/20/36	318,579.43	324,292.54			(2,521.61)		316,057.82	327,278.12	5,517.19	0.00
GNMA	2006 ABCDE Single Family	5.38	09/20/06	09/20/36	2,130,361.43	2,175,856.63			(7,985.04)		2,122,376.39	2,192,999.60	25,128.01	0.00
GNMA	2006 ABCDE Single Family	5.13	09/20/06	09/20/36	4,060,655.36	4,091,676.39			(155,416.48)		3,905,238.88	3,993,744.91	57,485.00	0.00
GNMA	2006 ABCDE Single Family	5.63	09/20/06	09/20/36	344,996.88	351,175.39			(1,184.16)		343,812.72	356,021.22	6,029.99	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.13	09/26/06	09/20/36	1,491,039.09	1,505,181.84			(5,575.65)		1,485,463.44	1,521,900.80	22,294.61	0.00
GNMA	2006 ABCDE Single Family	5.38	09/26/06	09/20/36	1,727,796.74	1,764,705.58			(114,716.81)		1,613,079.93	1,666,766.11	16,777.34	0.00
GNMA	2006 ABCDE Single Family	5.38	10/05/06	10/20/36	3,292,953.24	3,363,334.01			(97,584.25)		3,195,288.99	3,301,670.59	36,000.83	0.00
GNMA	2006 ABCDE Single Family	5.63	10/17/06	10/20/36	1,727,960.89	1,756,390.52			(110,107.98)		1,617,852.71	1,672,928.57	26,646.03	0.00
GNMA	2006 ABCDE Single Family	5.13	10/05/06	10/20/36	3,378,156.92	3,404,022.56			(12,567.59)		3,365,589.33	3,441,924.18	50,469.21	0.00
GNMA	2006 ABCDE Single Family	5.38	10/17/06	10/20/36	2,186,421.79	2,233,179.62			(8,987.42)		2,177,434.37	2,249,953.30	25,761.10	0.00
GNMA	2006 ABCDE Single Family	5.13	10/17/06	10/20/36	3,572,900.89	3,606,874.23			(14,120.72)		3,558,780.17	3,646,155.53	53,402.02	0.00
GNMA	2006 ABCDE Single Family	5.63	10/24/06	10/20/36	1,660,451.49	1,690,249.79			(99,584.89)		1,560,866.60	1,616,348.74	25,683.84	0.00
GNMA	2006 ABCDE Single Family	5.38	10/24/06	10/20/36	2,428,243.68	2,480,190.51			(9,507.25)		2,418,736.43	2,499,309.54	28,626.28	0.00
GNMA	2006 ABCDE Single Family	5.13	10/24/06	10/20/36	3,531,165.97	3,564,767.67			(151,830.19)		3,379,335.78	3,462,329.90	49,392.42	0.00
GNMA	2006 ABCDE Single Family	5.38	11/02/06	11/20/36	2,029,485.04	2,072,924.41			(7,182.10)		2,022,302.94	2,089,693.28	23,950.97	0.00
GNMA	2006 ABCDE Single Family	5.13	11/02/06	10/20/36	2,087,289.76	2,107,171.06			(8,558.81)		2,078,730.95	2,129,802.52	31,190.25	0.00
GNMA	2006 ABCDE Single Family	5.63	11/14/06	11/20/36	1,532,507.39	1,580,044.33			(129,905.41)		1,402,601.98	1,452,492.28	22,353.36	0.00
GNMA	2006 ABCDE Single Family	5.38	11/14/06	10/20/36	1,439,539.56	1,470,385.02			(5,072.47)		1,434,467.09	1,482,283.62	16,991.07	0.00
GNMA	2006 ABCDE Single Family	5.13	11/14/06	11/20/36	2,062,981.79	2,082,658.95			(7,654.03)		2,055,327.76	2,105,854.12	30,849.20	0.00
GNMA	2006 ABCDE Single Family	5.38	11/21/06	11/20/36	2,477,927.63	2,531,011.58			(145,000.24)		2,332,927.39	2,410,715.14	24,703.80	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/06	11/20/36	755,636.30	768,096.60			(67,331.93)		688,304.37	711,762.63	10,997.96	0.00
GNMA	2006 ABCDE Single Family	5.13	11/21/06	11/20/36	1,324,401.27	1,337,043.16			(5,127.78)		1,319,273.49	1,351,714.92	19,799.54	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/06	11/20/36	2,085,246.72	2,129,933.46			(7,721.24)		2,077,525.48	2,146,812.45	24,600.23	0.00
GNMA	2006 ABCDE Single Family	5.63	11/28/06	11/20/36	285,818.62	270,598.81			(882.99)		264,935.63	274,363.19	4,647.37	0.00
GNMA	2006 ABCDE Single Family	5.13	11/28/06	11/20/36	408,019.39	411,916.99			(1,476.80)		406,542.59	416,542.57	6,102.38	0.00
GNMA	2006 ABCDE Single Family	5.38	12/12/06	12/20/36	1,821,753.20	1,880,823.35			(7,630.18)		1,814,123.02	1,874,655.63	21,462.46	0.00
GNMA	2006 ABCDE Single Family	5.63	12/12/06	12/20/36	1,242,310.50	1,284,671.35			(4,642.73)		1,237,667.77	1,281,730.24	21,701.52	0.00
GNMA	2006 ABCDE Single Family	5.13	12/12/06	11/20/36	2,386,884.70	2,409,719.49			(11,074.44)		2,375,810.26	2,434,281.52	35,636.47	0.00
GNMA	2006 ABCDE Single Family	5.38	12/27/06	12/20/36	3,545,218.44	3,621,305.74			(13,018.71)		3,532,189.73	3,650,111.81	41,824.78	0.00
GNMA	2006 ABCDE Single Family	5.63	12/27/06	12/20/36	922,073.33	937,314.14			(3,231.23)		918,842.10	950,192.91	16,110.00	0.00
GNMA	2006 ABCDE Single Family	5.13	12/27/06	12/20/36	2,267,899.09	2,289,634.94			(9,143.01)		2,258,756.08	2,314,386.29	33,894.36	0.00
GNMA	2006 ABCDE Single Family	5.38	01/10/07	12/20/36	2,120,723.06	2,166,266.36			(7,455.98)		2,113,267.08	2,183,843.15	25,032.77	0.00
GNMA	2006 ABCDE Single Family	5.63	01/09/07	12/20/36	883,305.42	897,916.35			(90,716.38)		792,589.04	819,642.88	12,442.91	0.00
GNMA	2006 ABCDE Single Family	5.38	01/09/07	12/01/36	1,446,457.36	1,451,258.93			(109,904.84)		1,336,552.52	1,362,833.50	21,479.41	0.00
GNMA	2006 ABCDE Single Family	5.38	01/16/07	12/20/36	1,189,546.59	1,215,099.91			(4,816.15)		1,184,730.44	1,224,303.91	14,020.15	0.00
GNMA	2006 ABCDE Single Family	5.63	01/16/07	01/20/37	872,524.16	888,684.79			(8,825.39)		869,438.85	901,277.27	15,677.89	0.00
GNMA	2006 ABCDE Single Family	5.13	01/30/07	01/20/37	2,428,727.14	2,451,845.62			(19,126.03)		2,419,901.75	2,482,599.66	39,579.43	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/07	01/20/37	1,754,640.66	1,792,202.47			(1,529.33)		1,635,514.63	1,691,528.62	18,452.18	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/07	01/20/37	457,772.70	466,258.04			(456,243.37)		472,957.42	472,957.42	8,228.71	0.00
GNMA	2006 ABCDE Single Family	5.13	02/13/07	01/20/37	2,060,219.36	2,104,352.51			(7,373.13)		2,052,846.23	2,123,181.11	26,201.73	0.00
GNMA	2006 ABCDE Single Family	5.38	02/13/07	02/20/37	2,210,588.11	2,231,661.73			(127,060.23)		2,083,527.88	2,137,538.64	32,937.14	0.00
GNMA	2006 ABCDE Single Family	5.63	02/13/07	02/20/37	255,978.96	260,728.04			(840.35)		255,138.61	264,489.66	4,601.97	0.00
GNMA	2006 ABCDE Single Family	5.38	02/20/07	02/20/37	764,108.56	780,484.05			(3,366.60)		760,741.96	788,813.74	9,696.29	0.00
GNMA	2006 ABCDE Single Family	5.13	02/20/07	02/20/37	1,150,113.39	1,161,088.03			(5,007.59)		1,145,105.80	1,174,800.78	18,720.34	0.00
GNMA	2006 ABCDE Single Family	5.63	02/20/07	02/20/37	550,613.68	560,832.96			(61,799.16)		488,814.52	506,733.05	7,699.25	0.00
GNMA	2006 ABCDE Single Family	5.38	03/08/07	02/20/37	1,042,582.66	1,064,941.16			(3,737.10)		1,038,845.56	1,074,463.58	13,259.52	0.00
GNMA	2006 ABCDE Single Family	5.63	03/05/07	02/20/37	225,800.68	229,791.02			(732.92)		224,967.76	233,114.04	4,055.94	0.00
GNMA	2006 ABCDE Single Family	5.38	03/20/07	02/20/37	271,286.46	276,329.32			(880.92)		270,405.54	280,325.78	4,877.38	0.00
GNMA	2006 ABCDE Single Family	5.13	03/20/07	03/20/37	1,112,943.13	1,123,596.04			(4,816.69)		1,108,126.44	1,136,896.96	18,117.61	0.00
GNMA	2006 ABCDE Single Family	5.38	03/20/07	03/20/37	1,056,904.48	1,079,586.50			(4,044.49)		1,052,859.99	1,088,976.14	13,434.13	0.00
GNMA	2006 ABCDE Single Family	5.13	03/06/07	02/20/37	406,386.57	410,270.20			(1,856.21)		404,530.36	415,026.54	6,612.55	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	04/20/37	1,149,802.11	1,160,851.27			(4,102.58)		1,145,699.53	1,175,488.37	18,739.88	0.00
GNMA	2006 ABCDE Single Family	5.63	04/24/07	04/20/37	808,835.52	823,902.33			(57,730.43)		751,105.09	778,690.39	12,518.49	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	04/20/37	660,263.28	674,458.28			(84,911.53)		575,351.75	595,109.64	5,562.89	0.00
GNMA	2006 ABCDE Single Family	5.13	03/27/07	03/20/37	896,155.59	904,739.86			(5,118.31)		891,037.28	914,177.95	14,556.40	0.00
GNMA	2006 ABCDE Single Family	5.63	03/27/07	02/20/37	208,250.72	212,123.33			(679.69)		207,571.03	215,187.60	3,743.96	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	03/20/37	381,598.75	389,801.95			(1,297.87)		380,300.88	393,359.82	4,855.74	0.00
GNMA	2006 ABCDE Single Family	5.38	04/10/07	03/20/37	621,155.51	634,499.48			(2,162.14)		618,993.37	640,239.58	7,902.24	0.00
GNMA	2006 ABCDE Single Family	5.13	04/10/07	03/20/37	1,074,344.48	1,084,650.96			(9,823.90)		1,070,520.58	1,098,336.94	17,509.88	0.00
GNMA	2006 ABCDE Single Family	5.63	05/08/07	04/20/37	349,684.62	356,192.70			(1,173.37)		348,511.25	361,304.93	6,285.60	0.00
GNMA	2006 ABCDE Single Family	5.13	05/08/07	04/20/37	626,328.55	632,356.26			(2,396.63)		623,931.92	640,163.54	10,203.91	0.00
GNMA	2006 ABCDE Single Family	5.63	05/08/07	04/20/37	280,917.50	286,154.41			(899.86)		280,017.64	290,305.76	5,051.21	0.00
GNMA	2006 ABCDE Single Family	5.38	05/08/07	05/20/37	634,293.79	647,940.30			(2,177.82)		632,115.97	653,833.75	8,071.27	0.00
GNMA	2006 ABCDE Single Family	5.63	05/22/07	04/20/37	221,163.66	225,289.82			(716.74)		220,446.92	228,549.58	3,976.50	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.38	05/22/07	05/20/37	922,144.55	941,997.36			(3,319.84)		918,824.71	950,406.46	11,728.94	0.00
GNMA	2006 ABCDE Single Family	5.13	05/22/07	05/20/37	1,357,624.03	1,370,710.41			(6,375.22)		1,351,248.81	1,386,424.04	22,088.85	0.00
GNMA	2006 ABCDE Single Family	5.38	06/05/07	05/20/37	1,116,703.90	1,140,761.51			(3,789.78)		1,112,914.12	1,151,183.38	14,211.65	0.00
GNMA	2006 ABCDE Single Family	5.63	06/05/07	05/20/37	351,921.65	358,492.74			(1,259.59)		350,662.06	363,556.74	6,323.59	0.00
GNMA	2006 ABCDE Single Family	5.13	06/05/07	05/20/37	1,979,078.31	1,992,125.39			(7,831.51)		1,965,246.80	2,016,433.95	32,140.07	0.00
GNMA	2006 ABCDE Single Family	5.38	06/19/07	05/20/37	428,313.16	437,546.70			(1,440.53)		426,872.63	441,557.55	5,451.38	0.00
GNMA	2006 ABCDE Single Family	5.13	06/19/07	06/20/37	960,955.69	970,247.97			(3,433.31)		957,522.38	982,477.09	15,662.43	0.00
GNMA	2006 ABCDE Single Family	5.63	06/19/07	06/20/37	445,805.23	454,136.67			(1,418.07)		444,387.16	460,735.33	8,016.73	0.00
GNMA	2006 ABCDE Single Family	5.38	08/07/07	07/20/37	432,199.72	441,753.75			(1,432.86)		430,766.86	445,822.82	5,501.93	0.00
GNMA	2006 ABCDE Single Family	5.63	08/07/07	08/20/37	1,091,949.85	1,112,953.17			(4,296.07)		1,087,653.78	1,128,266.49	19,609.39	0.00
GNMA	2006 ABCDE Single Family	5.13	08/07/07	07/20/37	2,098,052.42	2,119,471.69			(7,785.73)		2,090,266.69	2,145,881.63	34,195.67	0.00
GNMA	2006 ABCDE Single Family	5.38	07/03/07	05/20/37	811,835.01	829,348.21			(2,796.77)		809,038.24	836,881.12	10,329.68	0.00
GNMA	2006 ABCDE Single Family	5.13	07/10/07	06/20/37	828,323.75	834,821.08			(127,619.63)		700,704.12	717,679.50	10,478.05	0.00
GNMA	2006 ABCDE Single Family	5.38	07/17/07	06/20/37	827,095.25	844,951.32			(2,749.23)		824,346.02	852,729.52	10,527.43	0.00
GNMA	2006 ABCDE Single Family	5.13	07/17/07	06/20/37	767,996.53	774,031.61			(3,147.33)		764,849.20	783,389.65	12,505.37	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/07	10/20/37	66,509.44	67,796.55			(338.80)		66,170.64	68,649.36	1,191.61	0.00
GNMA	2006 ABCDE Single Family	5.38	09/25/07	09/20/37	615,125.46	628,796.93			(2,002.45)		613,123.01	634,626.40	7,891.92	0.00
GNMA	2006 ABCDE Single Family	5.13	09/25/07	09/20/37	1,803,192.01	1,843,155.21			(6,465.26)		1,796,726.75	1,859,626.71	22,936.76	0.00
GNMA	2006 ABCDE Single Family	5.63	09/25/07	08/20/37	1,117,832.38	1,129,307.30			(4,208.76)		1,113,623.62	1,143,315.83	18,217.29	0.00
GNMA	2006 ABCDE Single Family	5.63	09/25/07	09/20/37	285,597.60	291,105.99			(1,274.73)		284,322.87	294,954.61	5,123.35	0.00
GNMA	2006 ABCDE Single Family	5.38	10/09/07	09/20/37	127,673.48	130,136.23			(434.31)		127,239.17	131,987.33	2,295.41	0.00
GNMA	2006 ABCDE Single Family	5.63	10/09/07	06/20/37	1,157,991.25	1,183,671.94			(4,338.71)		1,153,652.54	1,194,057.80	14,724.57	0.00
GNMA	2006 ABCDE Single Family	5.13	10/09/07	09/20/37	95,468.65	97,311.26			(300.81)		95,167.84	98,727.67	1,717.22	0.00
GNMA	2006 ABCDE Single Family	5.38	09/23/07	08/20/37	417,544.04	421,636.22			(1,437.89)		416,106.15	427,207.13	6,808.80	0.00
GNMA	2006 ABCDE Single Family	5.13	08/23/07	07/20/37	873,401.21	892,725.44			(2,913.23)		870,487.98	900,929.29	11,117.08	0.00
GNMA	2006 ABCDE Single Family	5.38	09/11/07	09/20/37	1,150,337.51	1,162,101.42			(4,284.71)		1,146,052.80	1,176,564.43	18,747.72	0.00
GNMA	2006 ABCDE Single Family	5.63	09/11/07	08/20/37	590,943.73	604,031.33			(1,948.77)		588,994.96	609,605.90	7,523.34	0.00
GNMA	2006 ABCDE Single Family	5.13	09/11/07	08/20/37	646,637.39	659,099.91			(2,447.13)		644,190.26	668,269.13	11,616.35	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/07	11/20/37	459,698.87	463,563.92			(1,727.71)		457,971.16	469,326.54	7,490.33	0.00
GNMA	2006 ABCDE Single Family	5.13	12/11/07	11/20/37	710,911.83	726,718.85			(2,283.83)		708,628.00	733,487.63	9,052.61	0.00
GNMA	2006 ABCDE Single Family	5.38	10/25/07	10/20/37	442,816.97	446,584.80			(1,520.23)		441,296.74	452,284.42	7,219.85	0.00
GNMA	2006 ABCDE Single Family	5.13	10/25/07	10/20/37	582,938.31	595,877.57			(1,892.78)		581,045.53	601,406.91	7,422.12	0.00
GNMA	2006 ABCDE Single Family	5.63	10/25/07	09/20/36	1,249,038.70	1,259,602.79			(4,713.74)		1,244,324.96	1,275,241.15	20,352.10	0.00
GNMA	2006 ABCDE Single Family	5.38	10/25/07	10/20/37	166,168.64	169,295.99			(738.53)		165,430.11	171,456.39	2,898.93	0.00
GNMA	2006 ABCDE Single Family	5.38	10/25/07	10/20/37	1,075,689.90	1,099,546.11			(78,958.76)		996,711.14	1,031,638.51	11,051.16	0.00
GNMA	2006 ABCDE Single Family	5.38	11/08/07	10/20/37	949,652.92	970,745.72			(3,079.28)		946,573.64	979,758.92	12,092.48	0.00
GNMA	2006 ABCDE Single Family	5.13	11/08/07	10/20/37	399,590.97	403,712.11			(1,349.27)		398,241.70	408,879.75	6,516.91	0.00
GNMA	2006 ABCDE Single Family	5.63	01/16/08	12/20/37	63,588.44	64,823.08			(192.93)		63,395.51	65,774.39	1,144.24	0.00
GNMA	2006 ABCDE Single Family	5.38	12/28/07	11/20/37	270,405.94	276,427.34			(867.42)		269,538.52	279,003.34	3,443.42	0.00
GNMA	2006 ABCDE Single Family	5.63	12/28/07	12/20/37	66,558.56	67,849.50			(206.14)		66,352.42	68,840.87	1,197.51	0.00
GNMA	2006 ABCDE Single Family	5.63	12/28/07	12/20/37	1,011,101.94	1,030,712.86			(3,279.32)		1,007,822.62	1,045,619.46	18,185.92	0.00
GNMA	2006 ABCDE Single Family	5.38	12/11/07	11/20/37	865,373.70	884,626.79			(2,801.57)		862,572.13	892,844.98	11,019.76	0.00
GNMA	2006 ABCDE Single Family	5.13	12/20/07	10/20/37	114,903.37	115,866.61			(396.23)		114,507.14	117,343.21	1,872.83	0.00
GNMA	2006 ABCDE Single Family	5.38	12/20/07	11/20/37	226,493.79	231,535.24			(800.55)		225,693.24	233,616.30	2,881.61	0.00
GNMA	2006 ABCDE Single Family	5.13	12/20/07	12/20/37	80,502.73	81,336.86			(268.46)		80,234.27	82,381.46	1,313.06	0.00
GNMA	2006 ABCDE Single Family	5.38	01/16/08	12/20/37	144,469.95	147,690.14			(544.57)		143,925.38	148,982.46	1,836.89	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/08	12/20/37	89,315.42	91,307.62			(286.06)		89,029.36	92,158.96	1,137.40	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/08	12/20/37	299,824.64	305,650.75			(919.81)		299,904.83	310,125.78	5,394.84	0.00
GNMA	2006 ABCDE Single Family	5.38	02/13/08	12/20/37	153,016.51	156,431.94			(748.06)		152,268.45	157,623.48	1,939.60	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/08	01/20/38	66,046.29	67,321.07			(199.59)		65,846.70	68,320.01	1,196.53	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/08	09/20/37	127,700.99	130,548.98			(432.28)		127,268.71	131,741.99	1,625.29	0.00
GNMA	2006 ABCDE Single Family	5.63	02/13/08	01/20/38	190,416.72	194,094.94			(584.56)		189,832.16	196,965.53	3,455.15	0.00
GNMA	2006 ABCDE Single Family	5.38	02/19/08	12/20/37	136,864.82	139,920.59			(775.69)		136,089.13	140,876.01	1,731.11	0.00
GNMA	2006 ABCDE Single Family	5.63	02/19/08	01/20/38	216,739.16	220,927.17			(674.65)		216,064.51	224,184.96	3,932.44	0.00
GNMA	2006 ABCDE Single Family	5.13	02/27/08	02/20/38	184,470.63	188,330.82			(618.13)		183,852.50	188,755.33	3,042.64	0.00
GNMA	2006 ABCDE Single Family	5.38	02/27/08	02/20/38	277,354.31	283,544.05			(1,470.44)		275,883.87	285,552.08	3,478.47	0.00
GNMA	2006 ABCDE Single Family	5.38	03/20/08	02/20/38	275,489.22	281,644.17			(906.62)		274,582.60	284,211.82	3,474.27	0.00
GNMA	2006 ABCDE Single Family	5.63	03/20/08	02/20/38	110,273.63	112,408.19			(330.40)		109,943.23	114,079.09	2,001.30	0.00
GNMA	2006 ABCDE Single Family	5.13	03/20/08	10/20/37	107,024.14	108,143.57			(361.00)		106,663.14	109,528.01	1,745.44	0.00
GNMA	2006 ABCDE Single Family	5.38	03/27/08	03/20/38	320,874.42	328,046.00			(1,004.42)		319,870.00	331,090.39	4,048.81	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.38	04/24/08	04/20/38	219,462.51	224,374.57			(788.00)		218,674.51	226,352.04	2,765.47	0.00
GNMA	2006 ABCDE Single Family	5.13	04/24/08	04/20/38	344,076.23	347,568.03			(1,123.99)		342,952.24	352,119.93	5,676.89	0.00
GNMA	2006 ABCDE Single Family	5.13	04/22/08	03/20/38	296,189.82	302,818.27			(1,045.97)		295,143.85	305,505.23	3,732.93	0.00
GNMA	2006 ABCDE Single Family	5.63	04/22/08	03/20/38	257,162.81	262,150.21			(770.93)		256,391.88	266,046.55	4,667.27	0.00
GNMA	2006 ABCDE Single Family	5.38	05/07/08	03/20/38	111,307.07	113,799.86			(355.96)		110,951.11	114,848.04	1,404.14	0.00
GNMA	2006 ABCDE Single Family	5.13	05/07/08	04/20/38	438,926.52	443,387.17			(1,681.70)		437,244.82	448,939.46	7,233.99	0.00
GNMA	2006 ABCDE Single Family	5.63	05/07/08	04/20/38	267,723.32	272,920.26			(802.55)		266,920.67	276,976.59	4,858.99	0.00
GNMA	2006 ABCDE Single Family	5.38	05/14/08	04/20/38	334,721.24	342,220.31			(1,041.33)		333,679.91	345,402.90	4,223.92	0.00
GNMA	2006 ABCDE Single Family	5.13	05/21/08	05/20/38	596,907.99	601,884.57			(1,962.95)		594,945.04	609,759.81	9,838.19	0.00
GNMA	2006 ABCDE Single Family	5.13	06/11/08	05/20/38	258,212.60	260,846.75			(840.10)		257,372.50	264,266.41	4,259.76	0.00
GNMA	2006 ABCDE Single Family	5.63	07/09/08	06/20/38	291,905.80	297,592.92			(858.86)		291,046.94	302,032.88	5,298.82	0.00
GNMA	2006 ABCDE Single Family	5.38	07/09/08	03/20/38	192,080.50	196,395.98			(599.90)		191,480.60	198,219.61	2,423.53	0.00
GNMA	2006 ABCDE Single Family	5.13	07/16/08	06/20/38	119,378.18	120,600.77			(383.99)		118,994.19	122,186.36	1,969.58	0.00
GNMA	2006 ABCDE Single Family	5.63	06/18/08	03/20/38	28,777.75	29,337.72			(86.37)		28,691.38	29,773.64	522.29	0.00
GNMA	2006 ABCDE Single Family	5.38	06/25/08	05/20/38	182,715.55	186,272.33			(538.86)		182,176.69	189,050.12	3,316.66	0.00
GNMA	2006 ABCDE Single Family	5.38	06/25/08	05/20/38	603,157.52	616,699.32			(1,901.66)		601,255.86	622,407.78	7,610.12	0.00
GNMA	2006 ABCDE Single Family	5.38	07/23/08	06/20/38	331,869.57	339,331.19			(1,020.92)		330,848.65	342,498.50	4,188.23	0.00
GNMA	2006 ABCDE Single Family	5.38	07/29/08	06/20/38	156,827.23	160,354.40			(480.83)		156,346.40	161,852.82	1,979.25	0.00
GNMA	2006 ABCDE Single Family	5.13	08/27/08	08/20/38	249,430.76	251,996.99			(832.29)		248,598.47	255,279.29	4,114.59	0.00
GNMA	2006 ABCDE Single Family	5.63	08/13/08	07/20/38	208,926.27	213,004.91			(608.11)		208,318.16	216,189.92	3,793.12	0.00
GNMA	2006 ABCDE Single Family	5.38	08/13/08	07/20/38	163,246.12	168,920.38			(497.92)		162,748.20	168,453.00	2,060.54	0.00
GNMA	2006 ABCDE Single Family	5.63	08/27/08	08/20/38	258,275.58	260,928.59			(1,189.45)		257,088.13	263,991.07	4,251.93	0.00
GNMA	2006 ABCDE Single Family	5.13	09/10/08	09/20/38	106,875.15	108,963.32			(308.30)		106,566.85	110,595.38	1,940.36	0.00
GNMA	2006 ABCDE Single Family	5.13	09/10/08	09/20/38	529,681.49	535,139.17			(1,967.92)		527,713.57	541,904.13	8,732.88	0.00
GNMA	2006 ABCDE Single Family	5.38	09/24/08	07/20/38	110,261.43	112,748.38			(336.01)		109,925.42	113,804.07	1,391.70	0.00
GNMA	2006 ABCDE Single Family	5.13	09/24/08	08/20/38	228,420.03	230,777.11			(904.31)		227,515.72	233,637.31	3,764.51	0.00
GNMA	2006 ABCDE Single Family	5.38	09/24/08	09/20/38	235,906.63	241,227.65			(1,351.90)		234,554.63	242,830.97	2,955.22	0.00
GNMA	2006 ABCDE Single Family	5.13	10/15/08	08/20/38	128,057.62	129,392.07			(432.63)		127,624.99	131,061.82	2,112.38	0.00
GNMA	2006 ABCDE Single Family	5.63	10/15/08	08/20/38	125,496.28	127,955.14			(362.01)		125,134.27	129,871.68	2,278.55	0.00
GNMA	2006 ABCDE Single Family	5.13	10/15/08	09/20/38	67,648.06	68,347.79			(213.73)		67,434.33	69,250.35	1,116.29	0.00
GNMA	2006 ABCDE Single Family	5.63	10/29/08	09/20/38	165,325.92	168,567.90			(473.90)		164,852.02	171,095.86	3,001.86	0.00
GNMA	2006 ABCDE Single Family	5.13	11/12/08	10/20/38	284,588.92	287,541.33			(1,741.28)		282,847.64	290,473.58	4,673.53	0.00
GNMA	2006 ABCDE Single Family	5.38	11/12/08	10/20/38	87,978.98	89,968.26			(263.11)		87,715.87	90,815.83	1,110.68	0.00
GNMA	2006 ABCDE Single Family	5.13	11/25/08	09/20/38	137,449.79	138,877.70			(439.85)		137,009.94	140,705.91	2,268.06	0.00
GNMA	2006 ABCDE Single Family	5.38	11/25/08	11/20/38	483,864.96	494,813.09			(1,448.51)		482,416.45	499,473.04	6,108.46	0.00
GNMA	2006 ABCDE Single Family	5.63	12/10/08	10/20/38			132,915.37				132,915.37	137,956.02	5,040.65	0.00
GNMA	2006 ABCDE Single Family	5.38	12/10/08	11/20/38			280,523.12				280,523.12	290,446.16	9,923.04	0.00
GNMA	2006 ABCDE Single Family	5.13	12/10/08	11/20/38			348,373.75				348,373.75	357,777.59	9,403.84	0.00
GNMA	2006 ABCDE Single Family	5.38	12/17/08	11/20/38			347,493.27				347,493.27	359,788.18	12,294.91	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/08	12/20/38			556,463.97				556,463.97	573,911.21	17,447.24	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/08	11/20/38			204,843.23				204,843.23	211,265.83	6,422.60	0.00
GNMA	2006 ABCDE Single Family	5.13	12/17/08	12/20/38			283,488.21				283,488.21	292,376.63	8,888.42	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/08	12/20/38			492,885.29				492,885.29	506,194.10	13,308.81	0.00
GNMA	2006 ABCDE Single Family	5.25	12/17/08	11/20/38			287,698.08				287,698.08	296,718.49	9,020.41	0.00
GNMA	2006 ABCDE Single Family	5.25	12/23/08	12/20/38			684,485.03				684,485.03	705,951.19	21,466.16	0.00
GNMA	2006 ABCDE Single Family	5.25	12/23/08	10/20/38			259,452.39				259,452.39	267,588.81	8,136.42	0.00
GNMA	2006 ABCDE Single Family	5.13	12/30/08	12/20/38			271,081.60				271,081.60	278,405.25	7,323.65	0.00
GNMA	2006 ABCDE Single Family	5.38	12/30/08	11/20/38			134,735.62				134,735.62	139,504.77	4,769.15	0.00
GNMA	2006 ABCDE Single Family	5.25	12/30/08	12/20/38			95,936.11				95,936.11	98,945.45	3,009.34	0.00
GNMA	2006 ABCDE Single Family	5.15	12/30/08	12/20/38			264,202.19				264,202.19	271,604.72	7,402.53	0.00
FNMA	2006 ABCDE Single Family	5.38	08/09/06	08/01/36	567,174.78	578,271.71			(3,130.99)		564,043.79	580,161.17	5,020.45	0.00
FNMA	2006 ABCDE Single Family	5.13	08/10/06	07/01/36	366,524.98	371,825.49			(1,973.96)		364,551.02	373,686.01	3,834.48	0.00
FNMA	2006 ABCDE Single Family	5.38	08/23/06	08/01/36	428,217.02	436,597.83			(2,091.33)		426,125.69	438,304.29	3,787.79	0.00
FNMA	2006 ABCDE Single Family	5.63	08/23/06	08/01/36	712,426.56	729,189.76			(2,985.99)		709,440.57	732,552.85	6,349.08	0.00
FNMA	2006 ABCDE Single Family	5.13	08/23/06	08/01/36	771,518.52	782,681.29			(4,919.56)		766,598.96	785,813.99	8,052.26	0.00
FNMA	2006 ABCDE Single Family	5.38	09/06/06	09/01/36	942,812.85	961,270.84			(3,568.75)		939,244.10	966,094.35	8,392.26	0.00
FNMA	2006 ABCDE Single Family	5.63	09/06/06	08/01/36	355,571.01	363,939.32			(1,222.32)		354,348.69	365,894.93	3,177.93	0.00
FNMA	2006 ABCDE Single Family	5.13	09/12/06	09/01/36	1,181,957.48	1,199,092.43			(121,843.97)		1,060,113.51	1,086,716.15	9,467.69	0.00
FNMA	2006 ABCDE Single Family	5.38	09/12/06	09/01/36	887,307.40	904,681.45			(3,337.82)		883,969.58	909,242.44	7,898.81	0.00
FNMA	2006 ABCDE Single Family	5.63	09/20/06	09/01/36	867,248.80	875,694.59			(1,270.85)		865,977.95	877,905.77	3,282.03	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.38	09/20/06	09/01/36	825,615.99	841,784.64			(3,118.83)		822,497.16	846,015.07	7,349.26	0.00
FNMA	2006 ABCDE Single Family	5.13	09/20/06	09/01/36	669,374.42	679,080.48			(3,848.22)		665,526.20	682,229.03	6,996.82	0.00
FNMA	2006 ABCDE Single Family	5.38	09/26/06	09/01/36	812,590.13	828,506.18			(4,154.55)		808,435.58	831,553.93	7,202.30	0.00
FNMA	2006 ABCDE Single Family	5.38	10/05/06	09/01/36	1,105,333.22	1,126,987.71			(4,301.04)		1,101,032.18	1,132,522.30	9,835.63	0.00
FNMA	2006 ABCDE Single Family	5.63	10/17/06	09/01/36	667,611.44	683,336.60			(2,492.66)		665,118.78	686,804.35	5,960.41	0.00
FNMA	2006 ABCDE Single Family	5.13	10/17/06	10/01/36	1,592,066.67	1,615,173.02			(7,714.85)		1,584,351.82	1,624,135.91	16,677.74	0.00
FNMA	2006 ABCDE Single Family	5.38	10/17/06	10/01/36	1,207,530.58	1,231,194.59			(42,076.35)		1,165,454.23	1,198,794.04	9,675.80	0.00
FNMA	2006 ABCDE Single Family	5.38	10/24/06	11/01/36	1,834,271.24	1,870,225.03			(7,671.63)		1,826,599.61	1,878,860.17	16,306.77	0.00
FNMA	2006 ABCDE Single Family	5.38	11/02/06	11/01/36	1,884,426.80	1,921,371.44			(164,618.84)		1,719,807.96	1,769,020.26	12,267.66	0.00
FNMA	2006 ABCDE Single Family	5.63	11/02/06	10/01/36	574,928.62	588,475.48			(2,159.74)		572,768.88	591,447.69	5,131.95	0.00
FNMA	2006 ABCDE Single Family	5.13	11/02/06	10/01/36	925,003.88	938,435.46			(4,489.66)		920,514.22	943,634.61	9,688.81	0.00
FNMA	2006 ABCDE Single Family	5.38	11/14/06	11/01/36	1,237,359.45	1,261,624.50			(4,782.73)		1,232,576.73	1,267,853.25	11,011.48	0.00
FNMA	2006 ABCDE Single Family	5.63	11/14/06	11/01/36	517,509.30	529,706.35			(1,946.50)		515,562.80	532,379.72	4,619.87	0.00
FNMA	2006 ABCDE Single Family	5.13	11/14/06	11/01/36	516,708.92	524,214.95			(1,969.72)		514,739.20	527,671.49	5,426.26	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/06	10/01/36	604,189.89	616,039.50			(2,226.58)		601,963.31	619,192.83	5,379.91	0.00
FNMA	2006 ABCDE Single Family	5.63	11/21/06	11/01/36	380,703.55	389,577.43			(2,979.46)		377,724.09	390,046.07	3,348.10	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/06	11/01/36	240,426.55	243,919.89			(1,867.92)		238,558.63	244,552.93	2,500.96	0.00
FNMA	2006 ABCDE Single Family	5.38	11/28/06	11/01/36	290,403.42	296,100.12			(1,041.43)		289,361.99	297,645.37	2,586.68	0.00
FNMA	2006 ABCDE Single Family	5.13	11/28/06	11/01/36	307,328.19	311,794.53			(1,476.92)		305,851.27	313,587.36	3,219.75	0.00
FNMA	2006 ABCDE Single Family	5.63	11/28/06	11/01/36	396,555.76	395,668.80			(1,928.25)		384,627.51	397,175.91	3,435.36	0.00
FNMA	2006 ABCDE Single Family	5.38	12/12/06	11/01/36	408,904.13	416,927.91			(1,461.98)		407,442.15	419,107.85	3,641.92	0.00
FNMA	2006 ABCDE Single Family	5.63	12/12/06	11/01/36	412,610.77	422,340.63			(1,702.75)		410,908.02	424,316.01	3,678.13	0.00
FNMA	2006 ABCDE Single Family	5.13	12/12/06	11/01/36	599,556.22	606,281.26			(3,973.65)		595,582.57	608,571.78	6,264.17	0.00
FNMA	2006 ABCDE Single Family	5.38	12/27/06	11/01/36	1,405,176.27	1,432,758.19			(6,718.13)		1,398,458.14	1,438,508.25	12,468.19	0.00
FNMA	2006 ABCDE Single Family	5.63	12/27/06	12/01/36	479,071.72	490,372.22			(48,298.28)		430,773.44	444,833.16	2,759.22	0.00
FNMA	2006 ABCDE Single Family	5.13	12/27/06	10/01/36	402,374.26	408,226.40			(1,786.87)		400,587.39	410,658.77	4,219.24	0.00
FNMA	2006 ABCDE Single Family	5.38	01/09/07	12/01/36	1,709,432.22	1,742,998.55			(7,079.86)		1,702,352.36	1,751,116.16	15,197.47	0.00
FNMA	2006 ABCDE Single Family	5.63	01/09/07	12/01/36	368,759.74	377,460.43			(1,375.68)		367,384.06	379,376.77	3,282.02	0.00
FNMA	2006 ABCDE Single Family	5.13	01/09/07	12/01/36	501,306.50	508,601.59			(1,847.52)		499,458.98	512,019.72	5,265.65	0.00
FNMA	2006 ABCDE Single Family	5.38	01/30/07	12/01/36	1,488,018.38	1,526,607.01			(5,284.95)		1,482,733.43	1,534,542.81	13,220.75	0.00
FNMA	2006 ABCDE Single Family	5.63	01/30/07	12/01/36	939,516.18	961,692.27			(3,393.11)		936,123.07	966,690.14	8,390.98	0.00
FNMA	2006 ABCDE Single Family	5.13	02/13/07	01/01/37	372,507.37	377,931.56			(1,773.16)		370,734.21	380,061.50	3,903.10	0.00
FNMA	2006 ABCDE Single Family	5.38	02/13/07	01/01/37	1,015,170.35	1,035,119.81			(4,620.54)		1,010,549.81	1,039,513.69	9,014.42	0.00
FNMA	2006 ABCDE Single Family	5.63	02/13/07	01/01/37	320,413.92	327,978.87			(1,110.07)		319,303.85	329,732.35	2,863.55	0.00
FNMA	2006 ABCDE Single Family	5.13	02/13/07	01/01/37	362,251.01	367,528.08			(1,707.61)		360,543.40	369,616.55	3,796.08	0.00
FNMA	2006 ABCDE Single Family	5.38	02/20/07	01/01/37	418,338.03	426,468.59			(125,775.14)		292,562.89	300,894.84	191.39	0.00
FNMA	2006 ABCDE Single Family	5.63	02/20/07	01/01/37	528,013.45	540,481.99			(1,982.79)		526,130.66	543,315.78	4,716.58	0.00
FNMA	2006 ABCDE Single Family	5.13	02/20/07	01/01/37	452,144.57	458,732.97			(1,688.37)		450,456.20	461,793.37	4,748.77	0.00
FNMA	2006 ABCDE Single Family	5.38	03/06/07	02/01/37	586,098.82	596,806.37			(4,402.65)		581,696.17	597,553.27	5,149.55	0.00
FNMA	2006 ABCDE Single Family	5.63	03/06/07	02/01/37	268,339.06	274,631.45			(887.21)		267,451.85	276,090.22	2,345.98	0.00
FNMA	2006 ABCDE Single Family	5.13	03/20/07	09/01/36	82,263.91	83,463.29			(1,012.68)		81,251.23	83,296.95	846.34	0.00
FNMA	2006 ABCDE Single Family	5.63	03/20/07	02/01/37	351,369.08	360,299.88			(1,212.28)		350,156.80	362,163.83	3,076.23	0.00
FNMA	2006 ABCDE Single Family	5.38	03/20/07	09/01/36	233,018.16	237,600.18			(1,165.58)		231,832.58	238,480.16	2,065.56	0.00
FNMA	2006 ABCDE Single Family	5.13	03/27/07	03/01/37	434,938.29	441,166.95			(1,957.50)		432,980.79	443,794.40	4,564.95	0.00
FNMA	2006 ABCDE Single Family	5.38	04/10/07	03/01/37	969,695.60	988,562.89			(3,341.05)		966,354.55	993,864.08	8,642.24	0.00
FNMA	2006 ABCDE Single Family	5.63	04/10/07	03/01/37	523,539.88	535,825.21			(1,801.58)		521,738.30	538,598.49	4,574.86	0.00
FNMA	2006 ABCDE Single Family	5.13	04/10/07	03/01/37	875,625.52	888,210.82			(3,763.25)		871,862.27	893,642.27	9,194.70	0.00
FNMA	2006 ABCDE Single Family	5.38	04/24/07	04/01/37	1,556,743.67	1,587,388.39			(148,963.05)		1,409,780.62	1,450,235.13	9,809.79	0.00
FNMA	2006 ABCDE Single Family	5.13	04/24/07	04/01/37	480,860.31	487,775.10			(1,763.87)		479,096.44	491,068.21	5,056.98	0.00
FNMA	2006 ABCDE Single Family	5.63	04/24/07	04/01/37	238,743.23	244,347.26			(799.20)		237,944.03	245,635.00	2,086.94	0.00
FNMA	2006 ABCDE Single Family	5.13	05/08/07	04/01/37	250,028.25	253,625.21			(891.69)		249,136.56	255,363.59	2,630.07	0.00
FNMA	2006 ABCDE Single Family	5.38	05/22/07	04/01/37	228,724.91	233,179.66			(841.54)		227,883.37	234,375.09	2,036.97	0.00
FNMA	2006 ABCDE Single Family	5.13	05/22/07	04/01/37	200,895.36	203,786.69			(1,473.96)		199,421.40	204,407.04	2,094.31	0.00
FNMA	2006 ABCDE Single Family	5.38	06/05/07	05/01/37	334,034.24	340,616.28			(1,248.15)		332,786.09	342,342.14	2,974.01	0.00
FNMA	2006 ABCDE Single Family	5.63	06/05/07	05/01/37	387,677.31	396,784.87			(1,284.70)		386,392.61	398,889.46	3,389.29	0.00
FNMA	2006 ABCDE Single Family	5.13	06/05/07	04/01/37	425,239.57	431,362.32			(2,023.65)		423,215.92	433,799.17	4,460.50	0.00
FNMA	2006 ABCDE Single Family	5.38	06/19/07	05/01/37	629,782.19	642,056.46			(3,352.09)		626,430.10	644,283.62	5,579.25	0.00
FNMA	2006 ABCDE Single Family	5.63	07/03/07	07/01/37	628,845.61	641,580.89			(2,032.08)		624,813.53	645,029.89	5,481.08	0.00
FNMA	2006 ABCDE Single Family	5.13	07/03/07	06/01/37	570,368.03	578,588.58			(3,048.50)		567,319.53	581,514.55	5,974.47	0.00
FNMA	2006 ABCDE Single Family	5.38	08/07/07	07/01/37	1,894,117.50	1,940,397.60			(9,486.38)		1,884,631.12	1,947,680.65	16,748.43	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.63	08/07/07	07/01/37	484,943.53	478,176.79			(1,638.86)		463,304.67	480,590.83	4,052.90	0.00
FNMA	2006 ABCDE Single Family	5.13	08/07/07	08/01/37	1,753,427.97	1,787,314.32			(6,110.83)		1,747,317.14	1,799,636.76	18,433.27	0.00
FNMA	2006 ABCDE Single Family	5.13	08/29/07	08/01/37	805,315.83	820,894.92			(2,879.26)		802,436.57	826,479.84	8,463.98	0.00
FNMA	2006 ABCDE Single Family	5.38	08/23/07	07/01/37	698,911.09	715,998.11			(3,374.73)		695,536.36	718,808.00	6,184.62	0.00
FNMA	2006 ABCDE Single Family	5.38	09/11/07	08/01/37	674,376.68	690,875.74			(2,336.54)		672,040.14	694,538.25	5,999.05	0.00
FNMA	2006 ABCDE Single Family	5.13	09/11/07	09/01/37	331,072.28	337,481.41			(1,214.09)		329,858.19	339,745.72	3,478.40	0.00
FNMA	2006 ABCDE Single Family	5.63	09/11/07	08/01/37	270,969.38	278,690.45			(953.33)		270,016.05	280,099.54	2,362.42	0.00
FNMA	2006 ABCDE Single Family	5.38	09/25/07	09/01/37	1,896,199.15	1,942,618.36			(52,423.09)		1,843,776.06	1,905,527.71	15,332.44	0.00
FNMA	2006 ABCDE Single Family	5.63	09/25/07	07/01/37	168,578.94	173,384.56			(557.12)		168,021.82	174,298.37	1,470.93	0.00
FNMA	2006 ABCDE Single Family	5.13	09/25/07	09/01/37	963,772.76	982,442.05			(5,031.27)		958,741.51	987,492.77	10,081.99	0.00
FNMA	2006 ABCDE Single Family	5.38	10/09/07	08/01/37	314,907.61	323,214.79			(1,164.04)		313,743.57	325,363.43	3,312.68	0.00
FNMA	2006 ABCDE Single Family	5.13	10/09/07	09/01/37	477,068.23	484,354.92			(1,643.97)		475,424.26	490,026.30	7,317.35	0.00
FNMA	2006 ABCDE Single Family	5.63	10/09/07	09/01/37	262,511.19	269,052.07			(833.16)		261,678.03	272,437.44	4,218.53	0.00
FNMA	2006 ABCDE Single Family	5.38	10/25/07	10/01/37	1,881,901.05	1,931,576.17			(7,388.52)		1,874,512.53	1,943,970.44	19,782.79	0.00
FNMA	2006 ABCDE Single Family	5.13	10/25/07	10/01/37	978,593.72	993,555.69			(24,276.21)		954,317.51	983,647.03	14,367.55	0.00
FNMA	2006 ABCDE Single Family	5.38	11/08/07	09/01/37	645,581.89	662,630.83			(3,250.50)		642,331.39	666,139.62	6,759.29	0.00
FNMA	2006 ABCDE Single Family	5.13	11/08/07	10/01/37	309,084.48	313,814.29			(1,317.81)		307,766.67	317,229.26	4,732.78	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/07	10/01/37	412,825.66	423,732.98			(1,435.16)		411,390.50	426,644.46	4,346.44	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/07	09/01/37	389,673.24	395,640.25			(1,374.81)		388,298.43	400,241.09	5,975.65	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/07	11/01/37	587,016.38	602,526.62			(1,958.92)		585,057.46	606,751.41	6,183.71	0.00
FNMA	2006 ABCDE Single Family	5.38	12/11/07	10/01/37	1,048,192.99	1,075,906.97			(5,289.51)		1,042,903.48	1,081,591.84	10,974.38	0.00
FNMA	2006 ABCDE Single Family	5.13	12/11/07	11/01/37	562,258.97	570,880.29			(1,916.05)		560,342.92	577,588.70	8,624.46	0.00
FNMA	2006 ABCDE Single Family	5.38	12/11/07	11/01/37	296,409.78	304,247.11			(1,872.16)		294,537.62	305,464.33	3,089.38	0.00
FNMA	2006 ABCDE Single Family	5.13	12/11/07	12/01/37	394,945.21	401,001.44			(1,916.47)		393,026.74	405,125.89	6,040.92	0.00
FNMA	2006 ABCDE Single Family	5.38	12/20/07	11/01/37	349,199.21	354,556.46			(1,618.47)		347,580.74	358,281.20	5,343.21	0.00
FNMA	2006 ABCDE Single Family	5.63	12/20/07	10/01/37	75,294.44	77,285.81			(654.59)		74,639.85	77,409.36	778.14	0.00
FNMA	2006 ABCDE Single Family	5.63	12/28/07	10/01/37	1,225,912.64	1,256,549.57			(4,224.82)		1,221,687.82	1,272,011.19	19,686.44	0.00
FNMA	2006 ABCDE Single Family	5.13	01/16/08	12/01/37	334,064.97	339,198.61			(1,186.85)		332,878.12	343,134.62	5,122.86	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/08	12/01/37	185,069.19	187,915.47			(898.46)		184,170.73	189,847.82	2,830.81	0.00
FNMA	2006 ABCDE Single Family	5.38	01/30/08	11/01/37	65,067.74	66,791.13			(209.43)		64,858.31	67,267.46	685.76	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/08	12/01/37	254,494.55	258,408.53			(888.73)		253,605.82	261,423.24	3,903.44	0.00
FNMA	2006 ABCDE Single Family	5.13	02/13/08	01/01/38	111,885.98	113,569.79			(372.75)		111,513.23	114,951.01	1,753.97	0.00
FNMA	2006 ABCDE Single Family	5.38	02/13/08	01/01/38	416,512.41	427,474.66			(1,596.16)		414,916.25	430,338.57	4,460.07	0.00
FNMA	2006 ABCDE Single Family	5.63	02/19/08	04/01/37	156,411.89	160,327.77			(1,204.56)		155,207.33	161,807.27	2,484.06	0.00
FNMA	2006 ABCDE Single Family	5.38	02/19/08	12/01/37	211,070.42	216,665.07			(766.66)		210,303.76	218,119.45	2,221.04	0.00
FNMA	2006 ABCDE Single Family	5.13	02/19/08	01/01/38	247,493.48	251,219.65			(1,171.84)		246,321.64	253,916.66	3,868.85	0.00
FNMA	2006 ABCDE Single Family	5.38	02/27/08	02/01/38	186,175.82	188,990.34			(618.58)		185,557.24	191,280.22	2,918.46	0.00
FNMA	2006 ABCDE Single Family	5.38	03/20/08	11/01/37	258,709.97	265,574.34			(892.43)		257,817.54	267,406.04	2,724.13	0.00
FNMA	2006 ABCDE Single Family	5.13	04/08/08	03/01/38	178,124.04	180,814.03			(625.08)		177,498.96	182,980.24	2,791.29	0.00
FNMA	2006 ABCDE Single Family	5.63	04/15/08	12/01/37	145,256.47	148,901.48			(650.49)		144,605.98	150,577.60	2,326.61	0.00
FNMA	2006 ABCDE Single Family	5.38	04/15/08	01/01/38	243,352.58	249,815.76			(849.74)		242,502.84	251,528.12	2,562.10	0.00
FNMA	2006 ABCDE Single Family	5.13	04/15/08	04/01/38	117,358.62	119,131.77			(383.95)		116,974.67	120,587.76	1,839.94	0.00
FNMA	2006 ABCDE Single Family	5.38	04/29/08	04/01/38	160,980.37	165,258.18			(790.55)		160,189.82	166,154.16	1,685.53	0.00
Repo Agmt	2006 ABCDE Single Family				5,010,233.13	5,010,233.13								0.00
Repo Agmt	2006 ABCDE Single Family	0.26	02/27/09	03/02/09	16,844.98	16,844.98	4,196.45				21,041.43	21,041.43		0.00
GNMA	2006 ABCDE Single Family	6.15	11/12/02	11/20/32	8,270.95	8,495.51			(35.09)		8,235.86	8,693.51	233.09	0.00
GNMA	2006 ABCDE Single Family	5.40	11/12/02	10/20/32	9,024.13	9,220.20			(46.58)		8,977.55	9,277.18	103.56	0.00
GNMA	2006 ABCDE Single Family	6.15	01/10/03	09/20/32	8,689.47	8,925.37			(46.44)		8,643.03	9,123.25	244.32	0.00
GNMA	2006 ABCDE Single Family	5.40	09/26/02	09/20/32	11,348.49	11,592.57			(83.17)		11,263.32	11,638.79	129.39	0.00
GNMA	2006 ABCDE Single Family	6.15	10/10/02	09/20/32	5,549.03	5,699.54			(25.08)		5,523.95	5,830.74	156.28	0.00
GNMA	2006 ABCDE Single Family	5.40	10/10/02	09/20/32	3,396.18	3,469.86			(16.19)		3,379.99	3,492.69	39.02	0.00
GNMA	2006 ABCDE Single Family	6.15	10/21/02	10/20/32	10,098.18	10,370.53			(204.81)		9,893.37	10,441.25	275.53	0.00
GNMA	2006 ABCDE Single Family	6.15	10/29/02	10/20/32	6,202.57	6,370.90			(28.36)		6,174.21	6,517.22	174.68	0.00
GNMA	2006 ABCDE Single Family	5.40	10/29/02	09/20/32	2,678.23	2,734.33			(23.61)		2,652.62	2,741.10	30.38	0.00
GNMA	2006 ABCDE Single Family	6.15	11/05/02	10/20/32	3,008.23	3,089.52			(12.70)		2,995.53	3,161.99	84.77	0.00
GNMA	2006 ABCDE Single Family	5.40	11/05/02	09/20/32	6,700.96	6,846.48			(37.23)		6,663.73	6,886.07	76.82	0.00
GNMA	2006 ABCDE Single Family	6.15	11/19/02	11/20/32	3,963.27	4,070.93			(16.62)		3,946.65	4,166.01	111.70	0.00
GNMA	2006 ABCDE Single Family	5.40	11/19/02	11/20/32	4,826.71	4,931.63			(23.25)		4,803.46	4,963.84	55.46	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/02	11/20/32	17,449.89	17,923.97			(84.25)		17,365.64	18,330.91	491.19	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/02	11/20/32	13,032.38	13,315.76			(75.49)		12,956.89	13,389.55	149.28	0.00

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GNMA	2006 ABCDE Single Family	6.15	11/26/02	11/20/32	4,960.81	5,095.58			(22.26)		4,938.55	5,213.05	139.73	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/02	11/20/32	6,965.29	7,116.75			(39.89)		6,925.40	7,156.64	79.78	0.00
GNMA	2006 ABCDE Single Family	5.40	12/12/02	12/20/32	5,200.51	5,313.70			(25.86)		5,174.65	5,347.56	59.72	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/02	12/20/32	3,062.21	3,145.51			(17.89)		3,044.32	3,213.64	86.02	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/02	12/20/32	9,963.69	10,180.66			(46.63)		9,917.06	10,248.52	114.49	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/02	12/20/32	8,489.95	8,720.88			(36.67)		8,453.28	8,923.42	239.21	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/02	12/20/32	4,922.98	5,030.18			(22.94)		4,900.04	5,063.82	56.58	0.00
GNMA	2006 ABCDE Single Family	6.15	01/07/03	12/20/32	5,625.10	5,778.11			(24.41)		5,600.69	5,912.19	158.49	0.00
GNMA	2006 ABCDE Single Family	6.15	01/23/03	01/20/33	23,685.66	24,315.64			(103.78)		23,581.88	24,836.25	624.39	0.00
GNMA	2006 ABCDE Single Family	5.40	01/23/03	01/20/33	4,800.98	4,904.89			(22.38)		4,778.60	4,936.63	54.12	0.00
GNMA	2006 ABCDE Single Family	6.15	01/23/03	01/20/33	5,253.92	5,393.64			(38.05)		5,215.87	5,493.29	137.70	0.00
GNMA	2006 ABCDE Single Family	5.40	01/23/03	01/20/33	4,979.52	5,087.34			(23.05)		4,956.47	5,120.42	56.13	0.00
GNMA	2006 ABCDE Single Family	6.15	01/30/03	01/20/33	11,574.23	11,882.15			(76.59)		11,497.70	12,109.31	303.74	0.00
GNMA	2006 ABCDE Single Family	5.40	01/30/03	01/20/33	16,445.96	16,802.02			(86.05)		16,359.91	16,901.05	185.08	0.00
GNMA	2006 ABCDE Single Family	6.15	02/12/03	02/20/33	20,330.69	20,871.81			(4,719.99)		15,610.70	16,441.36	289.54	0.00
GNMA	2006 ABCDE Single Family	6.15	02/20/03	02/20/33	8,351.76	8,574.08			(43.83)		8,307.93	8,750.03	219.78	0.00
GNMA	2006 ABCDE Single Family	5.40	03/03/03	03/20/33	5,703.22	5,826.87			(26.08)		5,677.14	5,865.10	64.31	0.00
GNMA	2006 ABCDE Single Family	6.15	02/27/03	02/20/33	21,278.68	21,845.29			(88.18)		21,190.49	22,318.32	561.22	0.00
GNMA	2006 ABCDE Single Family	5.40	02/27/03	01/20/33	5,169.96	5,281.98			(24.02)		5,145.94	5,316.24	58.26	0.00
GNMA	2006 ABCDE Single Family	6.15	03/12/03	02/20/33	15,389.57	15,778.98			(65.27)		15,304.30	16,119.00	405.29	0.00
GNMA	2006 ABCDE Single Family	6.15	03/24/03	03/20/33	7,814.80	7,817.77			(32.75)		7,582.05	7,985.79	200.77	0.00
GNMA	2006 ABCDE Single Family				5,283.47	5,398.11			(5,283.47)				(114.64)	0.00
GNMA	2006 ABCDE Single Family	6.15	04/02/03	04/20/33	2,185.06	2,243.32			(8.84)		2,176.22	2,292.12	57.64	0.00
GNMA	2006 ABCDE Single Family	6.15	04/02/03	03/20/33	7,793.24	8,001.00			(2,980.76)		4,812.48	5,068.77	48.59	0.00
GNMA	2006 ABCDE Single Family	6.15	04/10/03	03/20/33	15,201.73	15,607.05			(107.09)		15,094.64	15,898.55	398.59	0.00
GNMA	2006 ABCDE Single Family	6.15	04/10/03	03/20/33	3,441.58	3,533.33			(14.15)		3,427.42	3,609.94	90.77	0.00
GNMA	2006 ABCDE Single Family	6.15	04/17/03	04/20/33	7,969.31	8,181.90			(32.63)		7,936.68	8,359.48	210.21	0.00
GNMA	2006 ABCDE Single Family	6.15	04/24/03	04/20/33	5,484.08	5,630.38			(22.36)		5,461.72	5,752.69	144.67	0.00
GNMA	2006 ABCDE Single Family	6.15	04/29/03	03/20/33	4,276.83	4,390.93			(19.84)		4,256.99	4,483.79	112.70	0.00
GNMA	2006 ABCDE Single Family	6.15	05/08/03	04/20/33	2,500.98	2,567.72			(10.84)		2,490.14	2,622.82	55.94	0.00
GNMA	2006 ABCDE Single Family	6.15	05/08/03	04/20/33	4,089.74	4,198.89			(17.23)		4,072.51	4,289.52	107.86	0.00
GNMA	2006 ABCDE Single Family	6.15	05/15/03	04/20/33	4,213.13	4,325.70			(17.31)		4,195.82	4,419.53	111.14	0.00
GNMA	2006 ABCDE Single Family	6.15	06/10/03	06/20/33	3,089.43	3,172.00			(12.66)		3,076.77	3,240.84	81.50	0.00
GNMA	2006 ABCDE Single Family	6.15	06/19/03	05/20/33	1,990.46	2,043.68			(8.02)		1,982.44	2,088.18	52.52	0.00
GNMA	2006 ABCDE Single Family	6.15	07/17/03	07/20/33	2,522.85	2,590.36			(10.42)		2,512.43	2,646.49	66.55	0.00
GNMA	2006 ABCDE Single Family	6.15	07/17/03	07/20/33	4,469.14	4,588.70			(30.27)		4,438.87	4,675.69	117.26	0.00
GNMA	2006 ABCDE Single Family	6.15	07/24/03	07/20/33	4,251.05	4,364.80			(17.80)		4,233.25	4,459.12	112.12	0.00
GNMA	2006 ABCDE Single Family	6.15	07/30/03	07/30/33	2,360.08	2,423.25			(9.40)		2,350.68	2,476.13	62.28	0.00
GNMA	2006 ABCDE Single Family	6.15	09/04/03	08/20/33	2,695.74	2,767.97			(10.64)		2,685.10	2,828.47	71.14	0.00
GNMA	2006 ABCDE Single Family	6.15	09/29/03	09/20/33	8,088.23	8,305.21			(32.23)		8,056.00	8,486.41	213.43	0.00
GNMA	2006 ABCDE Single Family	6.15	10/09/03	08/20/33	2,828.88	2,904.79			(11.24)		2,817.64	2,958.20	74.65	0.00
GNMA	2006 ABCDE Single Family	6.15	01/15/04	12/20/33	3,187.33	3,273.11			(12.64)		3,174.69	3,344.59	84.12	0.00
GNMA	2006 ABCDE Single Family	6.15	03/11/04	03/20/34	3,080.71	3,160.65			(11.56)		3,069.15	3,223.33	74.24	0.00
GNMA	2006 ABCDE Single Family	5.40	07/08/04	06/20/34	17,344.92	17,720.45			(83.70)		17,261.22	17,827.73	190.98	0.00
GNMA	2006 ABCDE Single Family	6.15	04/08/04	04/20/34	1,944.43	1,994.95			(7.42)		1,937.01	2,034.39	46.86	0.00
GNMA	2006 ABCDE Single Family	5.40	06/17/04	06/20/34	29,323.27	29,957.61			(5,339.80)		23,983.47	24,770.20	152.36	0.00
GNMA	2006 ABCDE Single Family	5.40	09/02/04	09/20/34	35,825.51	36,603.09			(151.42)		35,674.09	36,846.89	395.22	0.00
GNMA	2006 ABCDE Single Family	5.40	09/09/04	09/20/34	40,896.34	41,504.36			(171.46)		40,524.88	41,781.38	448.48	0.00
GNMA	2006 ABCDE Single Family	5.40	09/16/04	09/20/34	39,651.89	40,512.96			(162.45)		39,489.44	40,788.12	437.61	0.00
GNMA	2006 ABCDE Single Family	5.40	07/15/04	07/20/34	11,474.24	11,722.73			(84.31)		11,389.93	11,763.83	125.41	0.00
GNMA	2006 ABCDE Single Family	5.40	07/22/04	07/20/34	17,456.12	17,834.31			(76.33)		17,379.79	17,950.47	192.49	0.00
GNMA	2006 ABCDE Single Family	5.40	07/29/04	07/20/34	14,681.78	14,999.87			(77.59)		14,604.19	15,083.74	161.46	0.00
GNMA	2006 ABCDE Single Family	5.40	08/05/04	08/20/34	18,797.48	19,205.00			(9,242.62)		9,554.86	9,868.74	(93.64)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/12/04	08/20/34	29,053.08	29,683.06			(120.24)		28,932.84	29,883.41	320.59	0.00
GNMA	2006 ABCDE Single Family	5.40	08/20/04	08/20/34	10,087.75	10,306.58			(4,746.01)		5,341.74	5,517.30	(43.27)	0.00
GNMA	2006 ABCDE Single Family	5.40	08/26/04	08/20/34	6,345.93	6,483.60			(33.04)		6,312.89	6,520.36	69.80	0.00
GNMA	2006 ABCDE Single Family	5.40	12/02/04	12/20/34	15,089.61	15,418.37			(4,528.41)		10,561.20	10,909.28	19.32	0.00
GNMA	2006 ABCDE Single Family	5.40	10/14/04	10/20/34	32,978.97	33,634.79			(139.43)		32,839.54	33,858.78	363.42	0.00
GNMA	2006 ABCDE Single Family	4.49	10/14/04	09/20/34	7,532.55	7,442.16			(36.18)		7,496.37	7,608.64	202.66	0.00
GNMA	2006 ABCDE Single Family	5.40	10/21/04	10/20/34	64,441.34	65,842.74			(288.93)		64,152.41	66,264.19	710.38	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	4.49	10/21/04	10/20/34	15,635.71	15,448.27			(76.00)		15,559.71	15,792.92	420.65	0.00
GNMA	2006 ABCDE Single Family	5.40	10/28/04	10/20/34	14,894.36	15,190.71			(64.20)		14,830.16	15,280.60	164.09	0.00
GNMA	2006 ABCDE Single Family	4.49	10/29/04	10/20/34	27,989.93	27,584.88			(380.55)		27,609.38	27,947.10	742.77	0.00
GNMA	2006 ABCDE Single Family	4.49	11/04/04	10/20/34	121,879.26	120,116.05			(800.15)		121,079.11	122,560.76	3,244.86	0.00
GNMA	2006 ABCDE Single Family	5.40	11/04/04	11/20/34	22,271.79	22,756.47			(91.80)		22,179.99	22,910.46	245.79	0.00
GNMA	2006 ABCDE Single Family	4.49	11/10/04	11/20/34	26,102.96	25,724.95			(144.17)		25,958.19	26,276.05	695.27	0.00
GNMA	2006 ABCDE Single Family	5.40	11/10/04	11/20/34	3,309.15	3,381.14			(13.33)		3,295.82	3,404.33	38.52	0.00
GNMA	2006 ABCDE Single Family	4.49	11/18/04	11/20/34	23,032.28	22,699.42			(115.15)		22,917.13	23,197.90	613.63	0.00
GNMA	2006 ABCDE Single Family				5,202.24	5,315.66			(5,202.24)				(113.42)	0.00
GNMA	2006 ABCDE Single Family	5.40	09/09/05	08/20/35	2,881.39	2,943.79			(11.69)		2,869.70	2,963.23	31.13	0.00
FNMA	2006 ABCDE Single Family	5.40	08/14/03	09/01/32	2,777.79	2,837.84			(13.96)		2,763.83	2,851.03	27.15	0.00
FNMA	2006 ABCDE Single Family	6.15	08/14/03	12/01/31	2,849.95	2,945.42			(46.16)		2,803.77	2,939.50	40.26	0.00
FNMA	2006 ABCDE Single Family	6.15	04/15/04	02/01/34	5,029.54	5,181.46			(19.20)		5,010.34	5,237.09	74.83	0.00
FNMA	2006 ABCDE Single Family	5.40	10/28/04	10/01/34	14,765.31	15,055.34			(62.29)		14,693.02	15,137.84	144.79	0.00
FNMA	2006 ABCDE Single Family	4.49	11/04/04	10/01/34	7,612.07	7,537.50			(37.42)		7,574.65	7,637.57	137.49	0.00
GNMA	2006 ABCDE Single Family	5.40	08/29/02	08/20/32	10,565.18	10,793.83			(57.43)		10,507.75	10,857.53	121.13	0.00
GNMA	2006 ABCDE Single Family	6.15	09/12/02	08/20/32	3,036.74	3,119.08			(13.50)		3,023.24	3,191.12	85.54	0.00
GNMA	2006 ABCDE Single Family	6.15	09/19/02	09/20/32	4,495.56	4,617.43			(19.41)		4,476.15	4,724.68	126.66	0.00
GNMA	2006 ABCDE Single Family	5.40	09/19/02	09/20/32	11,679.05	11,932.25			(64.62)		11,614.43	12,001.51	133.88	0.00
GNMA	2006 ABCDE Single Family	4.49	12/09/04	12/20/34	93,917.98	92,562.46			(464.98)		93,453.00	94,599.84	2,502.36	0.00
GNMA	2006 ABCDE Single Family	4.49	12/16/04	12/20/34	63,180.90	62,269.39			(298.77)		62,881.13	63,653.19	1,683.57	0.00
GNMA	2006 ABCDE Single Family	4.49	11/23/04	11/20/34	97,588.93	96,178.84			(477.09)		97,111.84	98,301.97	2,002.22	0.00
GNMA	2006 ABCDE Single Family	4.49	12/02/04	12/20/34	139,873.19	137,853.71			(688.33)		139,184.86	140,892.22	3,726.84	0.00
GNMA	2006 ABCDE Single Family	4.49	12/23/04	12/20/34	80,829.83	79,664.12			(384.11)		80,445.72	81,433.88	2,153.87	0.00
GNMA	2006 ABCDE Single Family	4.49	12/29/04	12/20/34	63,238.60	62,326.83			(301.04)		62,937.56	63,710.91	1,685.12	0.00
GNMA	2006 ABCDE Single Family	4.49	01/06/05	01/20/35	157,957.28	155,614.49			(9,031.59)		148,925.69	150,584.37	4,001.47	0.00
GNMA	2006 ABCDE Single Family	5.40	01/06/05	01/20/35	21,622.35	22,085.61			(86.50)		21,535.85	22,232.87	233.76	0.00
GNMA	2006 ABCDE Single Family	4.49	01/13/05	01/20/35	74,332.40	73,230.34			(379.35)		73,953.05	74,777.14	1,926.15	0.00
GNMA	2006 ABCDE Single Family	5.40	01/13/05	01/20/35	9,218.84	9,416.37			(36.56)		9,182.28	9,479.49	99.68	0.00
GNMA	2006 ABCDE Single Family	4.49	01/19/05	01/20/35	112,264.00	110,600.13			(556.46)		111,707.54	112,952.83	2,909.16	0.00
GNMA	2006 ABCDE Single Family	5.40	01/19/05	01/20/35	12,739.39	13,012.48			(50.50)		12,688.89	13,099.71	137.73	0.00
GNMA	2006 ABCDE Single Family	4.49	01/27/05	01/20/35	142,592.88	140,470.52			(986.75)		141,596.13	143,175.62	3,691.85	0.00
GNMA	2006 ABCDE Single Family	4.49	02/03/05	02/20/35	176,131.30	173,523.48			(907.11)		175,224.19	177,180.39	4,564.02	0.00
GNMA	2006 ABCDE Single Family	4.49	02/10/05	02/20/35	55,482.41	54,661.22			(258.19)		55,224.22	55,841.02	1,437.99	0.00
GNMA	2006 ABCDE Single Family	4.49	02/10/05	02/20/35	145,222.47	143,073.01			(720.36)		144,502.11	146,116.08	3,763.43	0.00
GNMA	2006 ABCDE Single Family	5.40	02/17/05	11/20/34	5,029.28	5,139.14			(20.26)		5,009.02	5,174.41	55.53	0.00
GNMA	2006 ABCDE Single Family	4.49	02/17/05	02/20/35	54,680.81	53,871.83			(286.02)		54,394.79	55,002.70	1,416.89	0.00
GNMA	2006 ABCDE Single Family	4.49	02/24/05	02/20/35	88,420.94	87,113.18			(450.48)		87,970.46	88,954.00	2,291.30	0.00
GNMA	2006 ABCDE Single Family	4.49	03/03/05	03/20/35	85,163.37	83,904.54			(428.02)		84,735.35	85,683.49	2,206.97	0.00
GNMA	2006 ABCDE Single Family	4.49	03/11/05	03/20/35	30,896.01	30,439.53			(144.93)		30,751.08	31,095.37	800.77	0.00
GNMA	2006 ABCDE Single Family	5.40	03/17/05	02/20/35	6,094.94	6,225.92			(25.42)		6,069.52	6,266.35	65.85	0.00
GNMA	2006 ABCDE Single Family	4.49	03/17/05	03/20/35	51,624.95	50,862.39			(248.55)		51,376.40	51,951.81	1,337.97	0.00
GNMA	2006 ABCDE Single Family	4.49	03/24/05	03/20/35	46,461.99	45,775.99			(227.98)		46,234.01	46,752.13	1,204.12	0.00
GNMA	2006 ABCDE Single Family	4.49	04/07/05	04/20/35	64,911.49	63,953.94			(330.50)		64,580.99	65,305.58	1,682.14	0.00
GNMA	2006 ABCDE Single Family	4.49	04/14/05	04/20/35	48,626.13	48,032.21			(226.24)		48,399.89	49,078.44	1,272.47	0.00
GNMA	2006 ABCDE Single Family	5.40	04/21/05	04/20/35	5,159.88	5,261.11			(20.44)		5,139.24	5,296.44	55.77	0.00
GNMA	2006 ABCDE Single Family	4.49	04/21/05	04/20/35	73,086.71	72,009.40			(332.51)		72,754.20	73,571.35	1,894.46	0.00
GNMA	2006 ABCDE Single Family	4.49	04/28/05	04/20/35	70,865.45	69,821.30			(322.07)		70,543.38	71,336.13	1,836.90	0.00
GNMA	2006 ABCDE Single Family	5.40	04/28/05	04/20/35	6,419.64	6,557.83			(25.46)		6,394.18	6,601.78	694.11	0.00
GNMA	2006 ABCDE Single Family	4.49	05/05/05	05/20/35	107,309.08	105,728.77			(598.10)		106,770.98	107,971.67	2,781.00	0.00
GNMA	2006 ABCDE Single Family	5.40	05/05/05	04/20/35	5,299.42	5,403.66			(22.06)		5,277.36	5,438.85	57.25	0.00
GNMA	2006 ABCDE Single Family	5.40	07/07/05	07/20/35	5,672.73	5,795.21			(23.90)		5,648.83	5,832.59	61.28	0.00
GNMA	2006 ABCDE Single Family	5.40	05/26/05	05/20/35	7,802.86	7,971.06			(30.51)		7,772.35	8,024.92	84.37	0.00
GNMA	2006 ABCDE Single Family	4.49	05/26/05	05/20/35	26,064.62	25,681.21			(120.24)		25,944.38	26,236.59	675.62	0.00
GNMA	2006 ABCDE Single Family	5.40	06/09/05	05/20/35	6,146.60	6,279.13			(252.07)		6,027.06	6,243.87	114.69	0.00
GNMA	2006 ABCDE Single Family	5.40	08/11/05	07/20/35	3,115.89	3,183.23			(11.91)		3,103.98	3,205.02	33.70	0.00
FNMA	2006 ABCDE Single Family	4.49	12/23/04	12/01/34	15,474.84	15,323.58			(84.33)		15,390.51	15,518.73	279.48	0.00
FNMA	2006 ABCDE Single Family	4.49	01/19/05	01/01/35	15,383.58	15,233.37			(75.49)		15,308.09	15,435.79	277.91	0.00
FNMA	2006 ABCDE Single Family	4.49	01/27/05	01/01/35	14,161.25	14,014.17			(77.81)		14,083.44	14,187.21	250.85	0.00
FNMA	2006 ABCDE Single Family	4.49	03/14/05	12/01/34	16,820.14	16,656.23			(88.29)		16,731.85	16,871.74	303.80	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.40	03/24/05	02/01/35	9,173.64	9,380.75			(38.60)		9,135.04	9,412.18	90.03	0.00
FNMA	2006 ABCDE Single Family	4.49	04/07/05	02/01/35	14,565.47	14,414.64			(95.80)		14,469.67	14,576.73	257.89	0.00
FNMA	2006 ABCDE Single Family	5.40	07/14/05	04/01/35	5,481.97	5,571.65			(21.70)		5,440.27	5,600.88	50.93	0.00
	<b>2006 ABCDE Single Family Total</b>				<b>264,264,917.56</b>	<b>268,435,185.18</b>	<b>16,835,380.02</b>	<b>(9,036,062.07)</b>	<b>(3,993,372.39)</b>	<b>0.00</b>	<b>258,070,863.12</b>	<b>265,735,826.95</b>	<b>3,494,696.21</b>	<b>0.00</b>
Repo Agmt	2006 FGH Single Family	0.26	02/27/09	03/02/09	805,841.52	805,841.52	374.13				806,215.65	806,215.65	-	0.00
Repo Agmt	2006 FGH Single Family	0.26	02/27/09	03/02/09	92,896.63	92,896.63		(5,549.87)			87,346.76	87,346.76	-	0.00
Repo Agmt	2006 FGH Single Family	0.26	02/27/09	03/02/09	241,967.50	241,967.50	5,026,661.94				5,268,629.44	5,268,629.44	-	0.00
GICs	2006 FGH Single Family	4.33	05/25/07	02/26/36	2,380,803.69	2,380,803.69		(1,806,059.98)			574,743.71	574,743.71	-	0.00
Repo Agmt	2006 FGH Single Family	0.26	02/27/09	03/02/09			530,596.54				530,596.54	530,596.54	-	0.00
GIC's	2006 FGH Single Family				530,596.54	530,596.54		(530,596.54)					-	0.00
Freddie Mac	2006 FGH Single Family	5.49	05/28/08	05/01/38	256,620.04	262,562.35			(793.02)		255,827.02	264,275.84	2,506.51	0.00
Freddie Mac	2006 FGH Single Family	5.15	05/28/08	04/01/38	187,698.96	160,323.68			(561.59)		157,137.37	161,398.69	1,636.60	0.00
Freddie Mac	2006 FGH Single Family	5.70	06/18/08	02/01/38	43,300.58	44,432.20			(129.26)		43,171.32	44,799.99	487.05	0.00
Freddie Mac	2006 FGH Single Family	5.49	06/18/08	05/01/38	148,261.50	151,698.95			(452.34)		147,809.16	152,692.94	1,448.33	0.00
Freddie Mac	2006 FGH Single Family	5.15	06/18/08	05/01/38	79,778.36	81,107.49			(267.62)		79,510.74	81,668.26	828.39	0.00
Freddie Mac	2006 FGH Single Family	5.70	06/25/08	04/01/38	130,780.82	134,199.44			(417.59)		130,363.23	135,282.23	1,500.38	0.00
Freddie Mac	2006 FGH Single Family	5.15	07/09/08	04/01/37	112,602.05	114,479.30			(396.63)		112,205.42	115,251.16	1,168.49	0.00
Freddie Mac	2006 FGH Single Family	5.15	07/16/08	06/01/38	165,307.74	168,065.37			(549.74)		164,758.00	169,232.29	1,716.66	0.00
Freddie Mac	2006 FGH Single Family	5.70	07/16/08	06/01/38	260,919.94	267,744.73			(1,132.59)		259,787.35	269,594.25	2,982.11	0.00
Freddie Mac	2006 FGH Single Family	5.49	07/23/08	06/01/38	77,635.23	79,436.24			(235.41)		77,399.82	79,959.30	758.47	0.00
Freddie Mac	2006 FGH Single Family	5.15	08/13/08	07/01/38	80,507.94	81,852.61			(268.65)		80,239.29	82,419.99	836.03	0.00
Freddie Mac	2006 FGH Single Family	5.15	09/17/08	07/01/38	71,647.25	72,845.83			(1,631.41)		70,015.84	71,920.50	706.08	0.00
Freddie Mac	2006 FGH Single Family	5.70	10/08/08	08/01/38	106,482.49	109,274.43			(312.31)		106,170.18	110,184.85	1,222.73	0.00
Freddie Mac	2006 FGH Single Family	5.49	10/22/08	08/01/38	105,432.26	107,885.30			(315.81)		105,116.45	108,599.69	1,330.21	0.00
Freddie Mac	2006 FGH Single Family	5.10	11/12/08	10/01/38	180,375.73	183,228.07			(937.80)		179,437.93	184,169.68	1,879.41	0.00
Freddie Mac	2006 FGH Single Family	5.70	11/19/08	08/01/38	95,847.85	98,363.99			(275.60)		95,572.25	99,189.23	1,100.84	0.00
Freddie Mac	2006 FGH Single Family	5.15	01/14/09	11/01/38			141,859.62				141,859.62	145,731.60	3,871.98	0.00
GNMA	2006 FGH Single Family	5.49	01/30/07	01/20/37	5,316,062.78	5,460,335.34			(21,574.30)		5,294,488.48	5,487,063.41	58,302.37	0.00
GNMA	2006 FGH Single Family	5.15	02/13/07	01/20/37	41,466.54	41,920.53			(191.69)		41,274.85	42,386.12	657.28	0.00
GNMA	2006 FGH Single Family	5.49	02/13/07	02/20/37	2,364,584.91	2,428,796.63			(8,900.71)		2,355,684.20	2,445,855.71	25,959.79	0.00
GNMA	2006 FGH Single Family	5.49	02/13/07	01/20/37	183,453.45	188,434.86			(612.59)		182,840.86	189,839.11	2,016.84	0.00
GNMA	2006 FGH Single Family	5.70	02/20/07	02/20/37	485,425.62	495,779.64			(1,583.65)		483,841.97	502,479.24	8,277.25	0.00
GNMA	2006 FGH Single Family	5.15	02/20/07	01/20/37	415,923.41	420,480.06			(1,518.87)		414,404.54	425,364.77	6,603.58	0.00
GNMA	2006 FGH Single Family	5.15	02/20/07	01/20/37	1,290,845.15	1,325,905.62			(4,512.90)		1,286,332.25	1,335,576.21	14,183.59	0.00
GNMA	2006 FGH Single Family	5.15	03/07/07	02/20/37	755,942.71	764,237.58			(2,722.92)		753,219.79	773,517.86	12,003.20	0.00
GNMA	2006 FGH Single Family	5.49	03/20/07	03/20/37	1,308,591.97	1,344,176.50			(4,582.23)		1,304,009.74	1,353,974.25	14,379.98	0.00
GNMA	2006 FGH Single Family	5.15	03/20/07	02/20/37	289,129.47	272,086.16			(148,971.69)		120,157.78	123,397.46	282.99	0.00
GNMA	2006 FGH Single Family	5.49	03/06/07	02/20/37	2,226,849.54	2,273,297.69			(113,568.07)		2,113,281.47	2,180,839.38	21,109.76	0.00
GNMA	2006 FGH Single Family	5.49	03/20/07	02/20/37	285,352.69	293,111.99			(1,045.65)		284,307.04	295,199.96	3,133.62	0.00
GNMA	2006 FGH Single Family	5.70	04/24/07	04/20/37	507,865.32	518,732.57			(2,218.75)		505,646.57	525,152.51	8,638.69	0.00
GNMA	2006 FGH Single Family	5.15	04/24/07	04/20/37	1,553,196.12	1,567,462.20			(6,289.55)		1,546,906.57	1,585,797.78	24,625.13	0.00
GNMA	2006 FGH Single Family	5.49	04/24/07	04/20/37	1,777,886.22	1,826,300.56			(7,142.88)		1,770,743.34	1,838,658.12	19,500.44	0.00
GNMA	2006 FGH Single Family	5.15	03/27/07	03/20/37	1,283,177.06	1,294,923.76			(5,272.75)		1,277,904.31	1,309,994.07	20,343.06	0.00
GNMA	2006 FGH Single Family	5.49	03/27/07	02/20/37	524,816.11	539,090.70			(123,377.38)		401,078.73	416,448.58	1,085.26	0.00
GNMA	2006 FGH Single Family	5.15	04/10/07	04/20/37	1,767,779.12	1,783,990.85			(6,584.33)		1,761,194.79	1,805,449.71	28,043.19	0.00
GNMA	2006 FGH Single Family	5.49	04/10/07	03/20/37	1,467,023.11	1,506,947.84			(5,557.02)		1,461,466.09	1,517,494.36	16,103.84	0.00
GNMA	2006 FGH Single Family	5.49	04/10/07	02/20/37	185,427.00	190,472.97			(884.80)		184,542.20	191,616.81	2,028.64	0.00
GNMA	2006 FGH Single Family	5.15	05/08/07	04/20/37	383,503.42	387,737.04			(1,696.07)		381,807.35	392,122.22	6,081.25	0.00
GNMA	2006 FGH Single Family	5.15	05/08/07	03/20/37	73,537.40	74,349.05			(260.47)		73,276.93	75,256.42	1,167.84	0.00
GNMA	2006 FGH Single Family	5.49	05/08/07	04/20/37	735,691.80	755,736.40			(2,532.06)		733,159.74	761,289.98	8,085.64	0.00
GNMA	2006 FGH Single Family	5.49	05/08/07	04/20/37	192,318.26	197,556.10			(642.62)		191,673.64	199,027.87	2,114.39	0.00
GNMA	2006 FGH Single Family	5.70	05/08/07	04/20/37	178,771.92	181,469.68			(588.18)		178,183.74	183,924.52	3,043.02	0.00
GNMA	2006 FGH Single Family	5.15	05/22/07	05/20/37	962,381.15	973,019.91			(3,541.64)		958,839.51	984,759.32	15,281.05	0.00
GNMA	2006 FGH Single Family	5.49	05/22/07	04/20/37	550,281.08	565,282.01			(1,604.25)		548,676.83	558,317.12	5,636.93	0.00
GNMA	2006 FGH Single Family	5.70	05/22/07	04/20/37	318,552.08	325,377.64			(1,024.55)		317,527.53	329,785.88	5,432.79	0.00
GNMA	2006 FGH Single Family	5.15	06/05/07	05/20/37	1,541,491.24	1,558,553.92			(6,658.78)		1,534,832.46	1,576,345.09	24,449.95	0.00
GNMA	2006 FGH Single Family	5.70	06/05/07	05/20/37	436,410.10	445,767.75			(1,379.00)		435,031.10	451,833.05	7,444.30	0.00
GNMA	2006 FGH Single Family	5.49	06/05/07	05/20/37	1,290,038.96	1,325,226.15			(4,238.34)		1,285,800.62	1,335,175.37	14,187.86	0.00
GNMA	2006 FGH Single Family	5.15	06/19/07	06/20/37	1,303,351.51	1,317,799.55			(4,917.99)		1,298,433.52	1,333,572.48	20,690.92	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2006 FGH Single Family	5.70	06/19/07	06/20/37	431,522.75	440,782.73			(1,422.37)		430,100.38	446,718.68	7,358.32	0.00
GNMA	2006 FGH Single Family	5.15	07/03/07	06/20/37	1,409,640.32	1,425,266.80			(4,935.91)		1,404,704.41	1,442,739.78	22,388.89	0.00
GNMA	2006 FGH Single Family	5.70	07/03/07	06/20/37	419,760.40	428,774.04			(1,356.79)		418,403.61	434,576.11	7,158.86	0.00
GNMA	2006 FGH Single Family	5.49	07/03/07	07/20/37	434,483.89	446,348.89			(1,415.84)		433,068.05	449,711.96	4,778.91	0.00
GNMA	2006 FGH Single Family	5.49	07/03/07	06/20/37	449,804.33	462,087.24			(1,454.04)		448,340.29	465,570.21	4,947.01	0.00
GNMA	2006 FGH Single Family	5.15	07/17/07	06/20/37	1,069,831.37	1,081,721.41			(3,718.31)		1,066,113.06	1,094,995.83	16,992.73	0.00
GNMA	2006 FGH Single Family	5.70	07/17/07	06/20/37	402,080.80	410,720.62			(1,258.62)		400,822.18	416,321.00	6,859.00	0.00
GNMA	2006 FGH Single Family	5.15	08/07/07	07/20/37	1,313,014.98	1,328,279.26			(4,943.50)		1,308,071.48	1,344,184.74	20,848.98	0.00
GNMA	2006 FGH Single Family	5.70	08/07/07	07/20/37	528,351.63	539,977.70			(1,786.96)		526,564.67	547,200.59	9,009.85	0.00
GNMA	2006 FGH Single Family	5.49	08/07/07	06/20/37	704,275.83	723,883.12			(3,180.91)		701,094.92	728,413.16	7,710.95	0.00
GNMA	2006 FGH Single Family	5.15	11/21/07	10/20/37	918,648.20	927,745.32			(3,123.32)		915,524.88	939,205.99	14,583.99	0.00
GNMA	2006 FGH Single Family	5.70	11/21/07	11/20/37	557,883.76	570,227.17			(1,750.09)		556,133.67	577,996.80	9,519.72	0.00
GNMA	2006 FGH Single Family	5.49	11/21/07	06/20/37	111,808.24	114,934.05			(361.34)		111,446.90	115,802.56	1,229.85	0.00
GNMA	2006 FGH Single Family	5.49	11/21/07	10/20/37	65,677.36	67,513.83			(210.56)		65,466.80	68,025.77	722.50	0.00
GNMA	2006 FGH Single Family	5.49	09/25/07	09/20/37	99,173.46	101,946.55			(312.60)		98,860.86	102,725.14	1,091.19	0.00
GNMA	2006 FGH Single Family	5.15	09/25/07	09/20/37	465,434.45	478,419.41			(1,732.55)		463,701.90	481,797.39	5,110.53	0.00
GNMA	2006 FGH Single Family	5.15	09/25/07	09/20/37	3,649,890.98	3,692,527.75			(13,121.77)		3,636,769.21	3,737,377.31	57,971.33	0.00
GNMA	2006 FGH Single Family	5.49	09/25/07	08/20/37	775,450.07	797,082.41			(2,998.74)		772,451.33	802,593.83	8,510.16	0.00
GNMA	2006 FGH Single Family	5.70	09/25/07	09/20/37	259,718.96	265,448.70			(857.96)		258,861.00	269,020.39	4,429.65	0.00
GNMA	2006 FGH Single Family	5.15	10/09/07	09/20/37	1,221,100.06	1,235,382.00			(4,602.60)		1,216,497.46	1,250,169.78	19,390.38	0.00
GNMA	2006 FGH Single Family	5.49	10/09/07	08/20/37	80,256.56	82,496.69			(256.63)		79,999.93	83,122.94	882.88	0.00
GNMA	2006 FGH Single Family	5.15	08/23/07	08/20/37	1,237,581.62	1,251,993.02			(4,421.57)		1,233,160.05	1,267,228.23	19,656.78	0.00
GNMA	2006 FGH Single Family	5.49	08/23/07	07/20/37	860,345.30	884,313.72			(2,820.68)		857,524.62	890,954.38	9,461.34	0.00
GNMA	2006 FGH Single Family	5.70	08/23/07	08/20/37	782,527.65	799,762.09			(2,495.35)		780,032.30	810,616.31	13,349.57	0.00
GNMA	2006 FGH Single Family	5.15	09/11/07	08/20/37	957,761.89	979,051.11			(143,559.44)		824,202.45	846,989.60	11,497.93	0.00
GNMA	2006 FGH Single Family	5.70	09/11/07	08/20/37	163,018.29	166,367.91			(525.47)		162,492.82	168,622.45	2,780.01	0.00
GNMA	2006 FGH Single Family	5.49	09/11/07	08/20/37	550,396.54	565,742.67			(2,038.49)		548,358.05	569,747.94	5,043.76	0.00
GNMA	2006 FGH Single Family	5.70	11/21/07	11/20/37	360,913.34	368,898.59			(1,094.89)		359,818.45	373,963.90	6,160.10	0.00
GNMA	2006 FGH Single Family	5.15	11/28/07	11/20/37	752,175.24	759,630.77			(3,354.78)		748,820.46	768,196.58	11,920.59	0.00
GNMA	2006 FGH Single Family	5.15	11/28/07	11/20/37	170,268.20	172,269.41			(577.39)		169,690.81	174,397.51	2,705.49	0.00
GNMA	2006 FGH Single Family	5.49	11/28/07	11/20/37	142,384.57	146,367.26			(446.01)		141,938.56	147,438.01	1,566.76	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37	337,818.62	341,793.60			(1,240.12)		336,578.50	345,919.04	5,365.56	0.00
GNMA	2006 FGH Single Family	5.70	12/11/07	11/20/37	363,296.46	371,342.43			(1,098.28)		362,198.18	376,445.18	6,201.03	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37	78,444.75	79,367.78			(261.94)		78,182.81	80,352.50	1,246.66	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	247,109.11	254,024.43			(775.69)		246,333.42	255,968.08	2,719.34	0.00
GNMA	2006 FGH Single Family	5.70	10/25/07	10/20/37	952,914.58	973,969.64			(3,217.20)		949,697.38	987,002.63	16,250.19	0.00
GNMA	2006 FGH Single Family	5.15	10/25/07	10/20/37	2,226,006.26	2,252,084.87			(140,418.66)		2,085,587.60	2,143,355.12	31,688.91	0.00
GNMA	2006 FGH Single Family	5.15	11/08/07	10/20/37	596,008.44	602,999.47			(2,017.82)		593,990.62	610,452.51	9,470.86	0.00
GNMA	2006 FGH Single Family	5.70	11/08/07	10/20/37	470,992.56	481,406.15			(1,481.20)		469,511.36	487,961.73	8,036.78	0.00
GNMA	2006 FGH Single Family	5.49	11/08/07	09/20/37	415,836.70	427,457.85			(1,367.60)		414,469.10	430,663.36	4,573.11	0.00
GNMA	2006 FGH Single Family	5.49	01/16/08	12/20/37	247,317.59	254,249.04			(775.13)		246,542.46	256,195.40	2,721.49	0.00
GNMA	2006 FGH Single Family	5.70	12/28/07	12/20/37	236,355.83	241,595.32			(718.75)		235,637.08	244,910.52	4,033.95	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	152,272.14	156,533.46			(740.73)		151,531.41	157,458.15	1,665.42	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	408,168.12	419,590.65			(1,288.36)		406,879.76	422,793.74	4,491.44	0.00
GNMA	2006 FGH Single Family	5.70	12/11/07	12/20/37	406,664.29	415,671.57			(1,238.55)		405,425.74	421,373.52	6,940.50	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37	437,684.24	449,932.79			(1,881.76)		435,802.48	452,847.70	4,796.67	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37	89,060.42	90,108.36			(297.40)		88,763.02	91,226.33	1,415.37	0.00
GNMA	2006 FGH Single Family	5.49	12/20/07	11/20/37	159,806.85	164,280.69			(500.58)		159,306.27	165,538.60	1,758.49	0.00
GNMA	2006 FGH Single Family	5.70	12/20/07	12/20/37	209,937.96	214,589.87			(718.03)		209,219.93	217,451.98	3,580.14	0.00
GNMA	2006 FGH Single Family	5.15	01/30/08	01/20/38	68,099.03	65,883.56			(224.66)		67,874.37	69,750.20	1,091.30	0.00
GNMA	2006 FGH Single Family	5.70	01/16/08	11/20/37	82,262.70	84,087.90			(247.71)		82,014.99	85,244.31	1,404.12	0.00
GNMA	2006 FGH Single Family	5.15	01/16/08	12/20/37	618,728.01	628,395.18			(2,773.17)		615,954.84	638,631.88	13,009.87	0.00
GNMA	2006 FGH Single Family	5.49	01/30/08	12/20/37	189,948.26	195,274.81			(613.48)		189,334.78	196,750.84	2,089.51	0.00
GNMA	2006 FGH Single Family	5.49	01/30/08	12/20/37	176,187.27	181,127.94			(548.42)		175,638.85	182,518.45	1,938.93	0.00
GNMA	2006 FGH Single Family	5.15	01/30/08	12/20/37	271,036.90	274,241.35			(920.76)		270,116.14	277,627.43	4,306.84	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	105,250.49	108,218.60			(388.37)		104,862.12	108,979.28	1,128.05	0.00
GNMA	2006 FGH Single Family	5.70	01/30/08	12/20/37	76,627.96	78,329.41			(229.19)		76,398.77	79,408.24	1,309.02	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	74,154.76	75,010.19			(245.19)		73,909.57	75,953.34	1,188.34	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	121,741.58	125,174.75			(475.93)		121,265.65	126,002.82	1,304.00	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38	1,315,385.82	1,352,480.23			(4,562.16)		1,310,823.66	1,362,030.23	14,112.16	0.00

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GNMA	2006 FGH Single Family	5.49	02/13/08	02/20/37	162,215.48	166,766.87			(504.87)		161,710.51	168,047.11	1,785.21	0.00
GNMA	2006 FGH Single Family	5.15	04/08/08	03/20/38	152,997.63	154,771.97			(501.11)		152,496.52	156,722.91	2,452.05	0.00
GNMA	2006 FGH Single Family	5.15	04/17/08	03/20/38	114,624.51	115,955.00			(373.59)		114,250.92	117,418.53	1,837.12	0.00
GNMA	2006 FGH Single Family	5.49	04/17/08	03/20/38	293,165.44	301,454.18			(895.70)		292,269.74	303,708.60	3,150.12	0.00
GNMA	2006 FGH Single Family	5.15	03/12/08	02/20/38	329,149.00	332,956.09			(1,081.83)		328,067.17	337,149.54	5,275.28	0.00
GNMA	2006 FGH Single Family	5.49	03/12/08	02/20/38	218,460.24	224,627.73			(764.95)		217,695.29	226,206.52	2,343.74	0.00
GNMA	2006 FGH Single Family	5.49	03/12/08	03/20/38	367,192.99	377,559.82			(1,129.52)		366,063.47	380,375.85	3,945.56	0.00
GNMA	2006 FGH Single Family	5.70	02/19/08	12/20/37	108,757.58	111,174.79			(325.29)		108,432.29	112,706.01	1,856.51	0.00
GNMA	2006 FGH Single Family	5.15	02/19/08	02/20/38	132,044.79	133,568.96			(432.93)		131,611.86	135,252.19	2,116.14	0.00
GNMA	2006 FGH Single Family	5.49	02/19/08	02/20/38	180,813.08	185,913.40			(561.33)		180,251.75	187,294.51	1,942.44	0.00
GNMA	2006 FGH Single Family	5.49	02/27/08	02/20/38	185,325.13	190,554.26			(571.70)		184,753.43	191,973.83	1,991.27	0.00
GNMA	2006 FGH Single Family	5.49	02/27/08	01/20/38	194,598.90	200,089.71			(603.97)		193,994.93	201,576.29	2,090.55	0.00
GNMA	2006 FGH Single Family	5.49	02/27/08	02/20/38	270,936.19	278,580.93			(833.27)		270,102.92	280,658.89	2,911.23	0.00
GNMA	2006 FGH Single Family	6.49	03/20/08	02/20/38	154,816.20	159,188.36			(478.27)		154,337.93	160,373.38	1,663.29	0.00
GNMA	2006 FGH Single Family	5.49	03/20/08	03/20/38	205,631.25	211,438.69			(671.95)		204,959.30	212,974.54	2,207.80	0.00
GNMA	2006 FGH Single Family	5.70	03/27/08	03/20/38	208,472.83	213,100.58			(1,027.47)		207,445.36	215,633.02	3,559.91	0.00
GNMA	2006 FGH Single Family	5.49	04/17/08	03/20/38	145,804.97	149,927.35			(448.69)		145,356.28	151,045.23	1,566.57	0.00
GNMA	2006 FGH Single Family	5.70	04/22/08	12/20/37	121,254.65	123,958.15			(363.55)		120,891.10	125,664.38	2,069.78	0.00
GNMA	2006 FGH Single Family	5.49	04/22/08	03/20/38	113,613.79	116,826.61			(384.49)		113,229.30	117,661.47	1,219.35	0.00
GNMA	2006 FGH Single Family	5.15	04/22/08	04/20/38	85,014.79	86,002.12			(275.41)		84,739.38	87,089.31	1,362.60	0.00
GNMA	2006 FGH Single Family	5.49	04/22/08	03/20/38	118,851.56	122,212.50			(363.12)		118,488.44	123,126.47	1,277.09	0.00
GNMA	2006 FGH Single Family	5.49	05/07/08	04/20/38	484,604.20	498,316.63			(1,544.81)		483,059.39	501,976.56	5,204.74	0.00
GNMA	2006 FGH Single Family	5.15	05/14/08	04/20/38	539,515.14	544,794.43			(1,809.70)		537,705.44	551,629.05	8,644.32	0.00
GNMA	2006 FGH Single Family	5.49	05/14/08	04/20/38	491,252.97	505,157.11			(1,514.83)		489,738.14	508,920.97	5,278.69	0.00
GNMA	2006 FGH Single Family	5.49	05/21/08	04/20/38	129,568.53	133,236.84			(393.40)		129,175.13	134,235.82	1,392.38	0.00
GNMA	2006 FGH Single Family	5.15	05/21/08	05/20/38	552,896.13	559,021.71			(1,892.38)		550,993.75	565,983.52	8,854.19	0.00
GNMA	2006 FGH Single Family	5.49	05/28/08	05/20/38	355,364.77	365,428.73			(1,072.73)		354,292.04	368,175.47	3,819.47	0.00
GNMA	2006 FGH Single Family	5.49	05/28/08	04/20/38	77,782.69	79,985.50			(236.16)		77,546.53	80,585.22	835.88	0.00
GNMA	2006 FGH Single Family	5.15	06/11/08	05/20/38	285,551.40	288,883.44			(937.05)		284,614.35	292,523.05	4,576.66	0.00
GNMA	2006 FGH Single Family	5.70	07/09/08	06/20/38	254,850.49	260,537.80			(760.83)		254,089.66	264,148.53	4,371.56	0.00
GNMA	2006 FGH Single Family	5.49	07/09/08	06/20/38	336,942.51	346,500.88			(1,026.02)		335,916.49	349,095.74	3,620.83	0.00
GNMA	2006 FGH Single Family	5.15	07/16/08	06/20/38	148,895.84	150,639.22			(476.64)		148,419.20	152,549.41	2,396.83	0.00
GNMA	2006 FGH Single Family	5.15	07/16/08	06/20/38	75,482.77	76,366.58			(255.37)		75,227.40	77,320.83	1,209.62	0.00
GNMA	2006 FGH Single Family	5.70	07/16/08	11/20/37	66,386.70	69,918.04			(205.70)		68,181.00	70,879.67	1,167.33	0.00
GNMA	2006 FGH Single Family	5.15	06/18/08	06/20/38	416,497.57	421,361.02			(1,344.35)		415,153.22	426,693.15	6,676.48	0.00
GNMA	2006 FGH Single Family	5.49	06/25/08	05/20/38	111,998.30	115,173.60			(338.33)		111,659.97	116,038.93	1,203.66	0.00
GNMA	2006 FGH Single Family	5.15	06/25/08	06/20/38	188,600.99	190,804.83			(830.92)		187,770.07	192,990.85	3,016.94	0.00
GNMA	2006 FGH Single Family	5.15	06/25/08	06/20/38	100,342.71	101,515.23			(321.25)		100,021.46	102,802.47	1,808.49	0.00
GNMA	2006 FGH Single Family	5.70	06/25/08	05/20/38	1,073,423.12	1,097,360.14			(3,149.09)		1,070,274.03	1,112,625.88	18,414.83	0.00
GNMA	2006 FGH Single Family	5.49	07/16/08	07/20/38	262,774.54	270,231.10			(784.05)		261,990.49	272,271.55	2,824.50	0.00
GNMA	2006 FGH Single Family	5.70	07/23/08	07/20/38	195,393.31	199,756.99			(560.30)		194,833.01	202,549.32	3,352.63	0.00
GNMA	2006 FGH Single Family	5.49	07/23/08	07/20/38	444,551.53	457,169.94			(1,399.20)		443,152.33	460,546.30	4,775.56	0.00
GNMA	2006 FGH Single Family	5.15	07/23/08	07/20/38	208,873.54	214,802.33			(924.65)		207,948.89	216,111.00	2,233.32	0.00
GNMA	2006 FGH Single Family	5.15	07/23/08	07/20/38	149,525.98	151,277.96			(488.54)		149,037.44	153,186.09	2,396.67	0.00
GNMA	2006 FGH Single Family	5.49	07/29/08	07/20/38	164,022.98	168,679.73			(1,380.49)		162,662.49	169,048.10	1,728.86	0.00
GNMA	2006 FGH Single Family	5.15	07/29/08	07/20/38	236,000.03	238,766.68			(752.09)		235,247.94	241,797.85	3,783.26	0.00
GNMA	2006 FGH Single Family	5.70	08/27/08	06/20/38	85,041.41	86,943.88			(246.02)		84,795.39	88,156.99	1,459.13	0.00
GNMA	2006 FGH Single Family	5.49	08/27/08	08/20/38	104,717.37	107,693.87			(611.69)		104,105.68	108,196.04	1,113.86	0.00
GNMA	2006 FGH Single Family	5.49	08/13/08	07/20/38	224,598.21	230,978.48			(672.45)		223,925.76	232,720.38	2,414.35	0.00
GNMA	2006 FGH Single Family	5.15	08/13/08	07/20/38	460,619.44	466,026.86			(1,492.87)		459,136.57	471,928.23	7,384.24	0.00
GNMA	2006 FGH Single Family	5.15	08/13/08	08/20/38	367,479.00	371,793.38			(1,171.37)		366,307.63	376,513.05	5,891.04	0.00
GNMA	2006 FGH Single Family	5.70	08/20/08	08/20/38	113,495.17	116,033.36			(338.45)		113,156.72	117,641.95	1,947.04	0.00
GNMA	2006 FGH Single Family	5.15	08/27/08	07/20/38	143,367.37	145,052.78			(456.22)		142,911.15	146,894.92	2,298.36	0.00
GNMA	2006 FGH Single Family	5.49	08/27/08	07/20/38	89,139.82	91,673.54			(265.68)		88,874.14	92,366.05	958.19	0.00
GNMA	2006 FGH Single Family	5.70	09/10/08	08/20/38	122,685.96	125,432.61			(2,013.50)		120,672.46	125,458.39	2,039.28	0.00
GNMA	2006 FGH Single Family	5.15	09/10/08	08/20/38	294,949.72	298,421.63			(934.38)		294,015.34	302,215.86	4,728.61	0.00
GNMA	2006 FGH Single Family	5.15	09/24/08	08/20/38	87,848.59	88,894.02			(278.00)		87,570.59	90,014.52	1,408.50	0.00
GNMA	2006 FGH Single Family	5.70	09/24/08	08/20/38	102,636.21	104,935.59			(291.86)		102,344.35	106,405.09	1,761.36	0.00
GNMA	2006 FGH Single Family	5.70	10/08/08	09/20/38	158,092.26	161,636.64			(449.37)		157,642.89	163,900.23	2,712.96	0.00
GNMA	2006 FGH Single Family	5.15	10/08/08	09/20/38	357,498.01	361,717.54			(1,144.62)		356,353.39	366,304.10	5,731.18	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2006 FGH Single Family	5.70	10/15/08	09/20/38	66,008.66	67,489.10			(241.52)		65,767.14	68,378.20	1,130.62	0.00
GNMA	2006 FGH Single Family	5.15	10/15/08	05/20/38	169,923.73	171,930.55			(559.30)		169,364.43	174,084.77	2,723.52	0.00
GNMA	2006 FGH Single Family	5.70	10/15/08	05/20/38	109,902.39	112,367.17			(318.31)		109,584.08	113,934.51	1,885.65	0.00
GNMA	2006 FGH Single Family	5.15	10/22/08	09/20/38	279,142.07	282,441.05			(887.59)		278,254.48	286,028.71	4,475.24	0.00
GNMA	2006 FGH Single Family	5.49	10/22/08	08/20/38	131,451.90	135,196.66			(426.72)		131,025.18	136,181.63	1,411.69	0.00
GNMA	2006 FGH Single Family	5.15	11/12/08	09/20/38	115,646.75	117,016.22			(362.87)		115,283.88	118,507.59	1,854.24	0.00
GNMA	2006 FGH Single Family	5.49	11/12/08	10/20/38	122,109.39	125,590.92			(555.72)		121,553.67	126,340.32	1,305.12	0.00
GNMA	2006 FGH Single Family	5.49	11/25/08	10/20/38	149,459.46	153,723.12			(436.25)		149,023.21	154,893.93	1,607.06	0.00
GNMA	2006 FGH Single Family	5.15	11/25/08	10/20/38	111,311.60	112,631.45			(346.96)		110,964.64	114,069.30	1,784.81	0.00
GNMA	2006 FGH Single Family	5.70	11/25/08	09/20/38	78,230.31	79,988.42			(365.98)		77,854.33	80,959.26	1,336.82	0.00
GNMA	2006 FGH Single Family	5.49	12/10/08	11/20/38			222,843.23				222,843.23	231,625.81	8,782.58	0.00
GNMA	2006 FGH Single Family	5.15	12/17/08	09/20/38			162,451.80				162,451.80	167,000.89	4,549.09	0.00
GNMA	2006 FGH Single Family	5.15	12/30/08	12/20/38			127,964.57				127,964.57	131,549.93	3,585.36	0.00
GNMA	2006 FGH Single Family	5.70	01/14/09	12/20/38			67,577.96				67,577.96	70,268.02	2,690.06	0.00
GNMA	2006 FGH Single Family	5.15	01/14/09	12/20/38			144,453.22				144,453.22	148,503.12	4,049.90	0.00
FNMA	2006 FGH Single Family	5.49	01/30/07	01/01/37	1,168,916.32	1,194,475.39			(5,222.53)		1,163,693.79	1,198,735.02	9,482.16	0.00
FNMA	2006 FGH Single Family	5.70	02/13/07	01/01/37	197,359.85	202,164.26			(648.60)		196,711.25	203,329.54	1,613.88	0.00
FNMA	2006 FGH Single Family	5.15	02/13/07	01/01/37	168,345.21	170,899.05			(1,409.24)		166,935.97	171,207.39	1,717.58	0.00
FNMA	2006 FGH Single Family	5.49	02/13/07	02/01/37	1,369,637.95	1,399,898.51			(64,544.03)		1,305,093.92	1,344,677.83	9,323.35	0.00
FNMA	2006 FGH Single Family	5.49	02/13/07	02/01/37	90,762.87	92,748.10			(636.50)		90,126.37	92,840.91	729.31	0.00
FNMA	2006 FGH Single Family	5.49	02/20/07	02/01/37	1,224,007.32	1,250,783.58			(4,440.33)		1,219,566.99	1,256,303.33	9,960.88	0.00
FNMA	2006 FGH Single Family	5.15	02/21/07	02/01/37	210,032.90	213,175.91			(769.35)		209,263.55	214,574.94	2,168.38	0.00
FNMA	2006 FGH Single Family	5.49	03/07/07	02/01/37	2,430,637.79	2,483,827.59			(9,106.58)		2,421,531.21	2,494,491.13	19,770.12	0.00
FNMA	2006 FGH Single Family	5.49	03/06/07	01/01/37	233,153.54	238,306.95			(797.16)		232,356.36	239,405.73	1,895.96	0.00
FNMA	2006 FGH Single Family	5.15	03/20/07	02/01/37	338,869.25	343,944.02			(1,365.85)		337,503.40	346,073.51	3,495.34	0.00
FNMA	2006 FGH Single Family	5.49	03/20/07	02/01/37	1,587,877.04	1,622,632.30			(5,824.04)		1,582,053.00	1,629,727.94	12,919.18	0.00
FNMA	2006 FGH Single Family	5.49	03/20/07	02/01/37	82,735.95	84,546.89			(279.05)		82,456.90	84,941.73	673.89	0.00
FNMA	2006 FGH Single Family	5.15	03/27/07	12/01/36	110,605.55	112,285.49			(467.77)		110,137.78	112,957.83	1,140.11	0.00
FNMA	2006 FGH Single Family	5.70	04/10/07	03/01/37	463,468.70	474,763.50			(4,027.62)		459,441.08	474,911.24	4,175.36	0.00
FNMA	2006 FGH Single Family	5.15	04/10/07	03/01/37	420,526.69	426,828.62			(1,532.82)		418,993.87	429,637.57	4,341.77	0.00
FNMA	2006 FGH Single Family	5.49	04/10/07	03/01/37	2,584,857.01	2,641,461.40			(9,878.09)		2,575,278.92	2,652,911.21	21,027.90	0.00
FNMA	2006 FGH Single Family	5.70	04/24/07	04/01/37	365,442.36	375,765.41			(1,308.42)		364,133.94	377,421.28	2,964.29	0.00
FNMA	2006 FGH Single Family	5.15	04/24/07	03/01/37	63,010.55	64,546.58			(270.68)		62,739.87	64,852.88	576.98	0.00
FNMA	2006 FGH Single Family	5.15	04/24/07	03/01/37	556,209.61	564,548.26			(2,377.96)		553,831.65	567,904.06	5,733.76	0.00
FNMA	2006 FGH Single Family	5.49	04/24/07	04/01/37	1,126,189.59	1,150,859.53			(3,877.84)		1,122,311.75	1,156,152.22	9,170.53	0.00
FNMA	2006 FGH Single Family	5.49	04/24/07	04/01/37	328,143.53	335,331.73			(1,107.01)		327,036.52	336,897.47	2,672.75	0.00
FNMA	2006 FGH Single Family	5.15	05/08/07	04/01/37	313,810.41	318,517.27			(1,766.31)		312,042.10	319,973.07	3,224.11	0.00
FNMA	2006 FGH Single Family	5.49	05/08/07	05/01/37	238,059.30	243,275.85			(790.54)		237,268.76	244,424.72	1,939.41	0.00
FNMA	2006 FGH Single Family	5.49	05/22/07	04/01/37	286,012.33	292,281.15			(964.24)		285,048.09	293,646.53	2,329.62	0.00
FNMA	2006 FGH Single Family	5.70	05/22/07	04/01/37	232,028.48	237,687.58			(764.85)		231,263.63	239,055.24	2,132.51	0.00
FNMA	2006 FGH Single Family	5.15	06/05/07	05/01/37	609,319.90	618,595.76			(2,300.51)		607,019.39	622,583.82	6,268.57	0.00
FNMA	2006 FGH Single Family	5.70	06/19/07	06/01/37	556,957.57	570,549.63			(2,008.20)		554,949.37	573,654.49	5,113.06	0.00
FNMA	2006 FGH Single Family	5.49	06/19/07	06/01/37	874,272.72	893,447.57			(3,200.92)		871,071.80	897,360.17	7,113.52	0.00
FNMA	2006 FGH Single Family	5.70	07/03/07	06/01/37	546,271.75	559,606.39			(1,958.94)		544,312.81	562,662.79	5,015.34	0.00
FNMA	2006 FGH Single Family	5.49	07/03/07	05/01/37	637,242.43	651,221.93			(2,182.80)		635,059.63	654,228.60	5,189.47	0.00
FNMA	2006 FGH Single Family	5.49	07/03/07	06/01/37	289,279.00	295,625.35			(1,115.56)		288,163.44	296,861.82	2,352.03	0.00
FNMA	2006 FGH Single Family	5.15	07/17/07	06/01/37	505,959.56	513,564.99			(2,041.25)		503,918.31	516,742.70	5,218.96	0.00
FNMA	2006 FGH Single Family	5.70	08/07/07	07/01/37	1,008,459.25	1,038,078.48			(3,256.95)		1,005,202.30	1,044,076.99	9,255.46	0.00
FNMA	2006 FGH Single Family	5.15	08/07/07	06/01/37	212,110.42	216,339.60			(741.80)		211,368.62	217,766.56	2,188.76	0.00
FNMA	2006 FGH Single Family	5.49	08/07/07	07/01/37	952,626.56	988,508.73			(3,170.69)		959,455.87	993,161.48	7,823.44	0.00
FNMA	2006 FGH Single Family	5.49	08/07/07	07/01/37	157,934.79	162,181.19			(512.55)		157,422.24	162,952.47	1,283.83	0.00
FNMA	2006 FGH Single Family	5.70	08/23/07	07/01/37	474,330.45	487,090.67			(2,184.95)		472,145.50	488,738.85	3,833.13	0.00
FNMA	2006 FGH Single Family	5.70	08/23/07	06/01/37	267,012.80	274,858.50			(862.44)		266,150.36	276,446.95	2,450.89	0.00
FNMA	2006 FGH Single Family	5.15	09/11/07	08/01/37	606,972.63	619,095.42			(2,165.53)		604,807.10	623,192.07	5,262.18	0.00
FNMA	2006 FGH Single Family	5.49	09/11/07	08/01/37	623,005.38	639,776.17			(2,332.74)		620,672.64	641,876.48	5,033.05	0.00
FNMA	2006 FGH Single Family	5.49	09/11/07	08/01/37	152,829.42	156,943.47			(495.10)		152,334.32	157,690.91	1,242.54	0.00
FNMA	2006 FGH Single Family	5.70	09/25/07	09/01/37	515,548.65	530,714.82			(119,548.38)		396,000.27	411,334.09	167.65	0.00
FNMA	2006 FGH Single Family	5.49	09/25/07	08/01/37	537,648.86	552,129.17			(1,800.43)		535,848.43	554,697.37	4,368.63	0.00
FNMA	2006 FGH Single Family	5.49	09/25/07	08/01/37	528,740.70	542,981.09			(1,742.28)		526,998.42	545,536.07	4,297.26	0.00
FNMA	2006 FGH Single Family	5.15	09/25/07	08/01/37	239,091.86	243,870.34			(824.20)		238,267.66	245,513.51	2,467.37	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
FNMA	2006 FGH Single Family	5.49	10/09/07	05/01/37	207,996.85	214,596.18			(885.81)		207,111.04	215,412.24	1,701.87	0.00
FNMA	2006 FGH Single Family	5.49	10/09/07	09/01/37	317,262.04	327,329.45			(1,029.08)		316,232.96	328,909.86	2,609.49	0.00
FNMA	2006 FGH Single Family	5.15	10/25/07	10/01/37	989,216.81	1,005,649.69			(4,887.71)		984,348.90	1,015,346.78	14,565.00	0.00
FNMA	2006 FGH Single Family	5.49	10/25/07	10/01/37	1,002,570.91	1,034,400.32			(127,698.41)		874,872.50	909,957.50	3,255.59	0.00
FNMA	2006 FGH Single Family	5.70	10/25/07	10/01/37	453,605.82	466,142.68			(1,407.36)		452,198.46	471,520.02	6,784.70	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	10/01/37	258,478.61	266,688.24			(843.41)		257,635.20	267,970.39	2,125.56	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	10/01/37	339,292.86	350,069.26			(106,329.74)		232,963.12	242,308.56	(1,430.96)	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	09/01/37	82,525.50	85,146.53			(262.72)		82,262.78	85,562.71	678.90	0.00
FNMA	2006 FGH Single Family	5.70	11/21/07	10/01/37	495,891.92	509,609.83			(1,603.20)		494,288.72	515,421.20	7,414.57	0.00
FNMA	2006 FGH Single Family	5.49	11/21/07	05/01/37	135,984.07	140,303.96			(446.51)		135,537.56	140,975.59	1,118.14	0.00
FNMA	2006 FGH Single Family	5.49	11/21/07	10/01/37	473,768.27	488,821.22			(1,912.48)		471,855.79	490,790.50	3,881.76	0.00
FNMA	2006 FGH Single Family	5.70	11/28/07	10/01/37	102,234.05	105,062.80			(620.21)		101,613.84	105,958.81	1,516.22	0.00
FNMA	2006 FGH Single Family	5.15	12/11/07	11/01/37	820,961.90	834,635.96			(3,086.47)		817,875.43	843,666.70	12,117.21	0.00
FNMA	2006 FGH Single Family	5.49	12/11/07	11/01/37	714,516.44	737,232.76			(3,215.25)		711,301.19	739,857.85	5,840.34	0.00
FNMA	2006 FGH Single Family	5.15	12/11/07	12/01/37	341,370.27	347,056.53			(2,095.82)		339,334.45	350,035.89	5,015.18	0.00
FNMA	2006 FGH Single Family	5.70	12/11/07	11/01/37	328,149.41	337,233.52			(1,034.57)		327,114.84	341,106.28	4,907.33	0.00
FNMA	2006 FGH Single Family	5.49	12/20/07	10/01/37	151,239.55	156,048.95			(479.40)		150,760.15	156,813.84	1,244.29	0.00
FNMA	2006 FGH Single Family	5.15	12/28/07	12/01/37	218,963.55	222,614.24			(738.22)		218,225.33	225,110.58	3,234.56	0.00
FNMA	2006 FGH Single Family	5.15	12/28/07	11/01/37	216,731.31	220,344.55			(727.07)		216,004.24	222,819.20	3,201.72	0.00
FNMA	2006 FGH Single Family	5.70	12/28/07	12/01/37	213,708.75	219,628.36			(672.36)		213,036.39	222,152.03	3,196.03	0.00
FNMA	2006 FGH Single Family	5.49	12/28/07	01/01/38	85,747.93	88,506.53			(311.33)		85,436.60	88,832.09	636.89	0.00
FNMA	2006 FGH Single Family	5.49	01/16/08	12/01/37	258,366.82	266,589.86			(981.41)		257,385.41	267,727.61	2,119.16	0.00
FNMA	2006 FGH Single Family	5.15	01/16/08	01/01/38	268,535.83	273,017.70			(900.32)		267,635.51	276,084.73	3,967.35	0.00
FNMA	2006 FGH Single Family	5.49	01/30/08	12/01/37	242,023.63	249,729.54			(763.81)		241,259.82	250,957.36	1,991.63	0.00
FNMA	2006 FGH Single Family	5.70	01/30/08	12/01/37	105,674.40	108,604.70			(317.91)		105,356.49	109,867.93	1,581.14	0.00
FNMA	2006 FGH Single Family	5.15	01/30/08	11/01/37	115,311.73	117,237.59			(386.96)		114,924.77	118,554.25	1,703.62	0.00
FNMA	2006 FGH Single Family	5.15	01/30/08	01/01/38	301,709.73	306,749.30			(1,003.40)		300,706.33	310,203.66	4,457.76	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38	290,125.44	299,366.81			(2,180.80)		287,944.64	299,522.62	2,336.61	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38	260,660.98	268,937.49			(981.57)		259,679.41	270,123.49	2,167.57	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38	225,235.08	232,386.75			(700.65)		224,534.43	233,565.01	1,878.91	0.00
FNMA	2006 FGH Single Family	5.70	02/13/08	02/01/38	173,751.19	178,552.45			(521.30)		173,229.89	180,657.27	2,626.12	0.00
FNMA	2006 FGH Single Family	5.15	02/19/08	12/01/37	138,283.37	140,595.68			(461.13)		137,822.24	142,177.43	2,042.98	0.00
FNMA	2006 FGH Single Family	5.49	02/19/08	12/01/37	128,166.95	132,250.12			(401.07)		127,765.88	132,903.76	1,054.71	0.00
FNMA	2006 FGH Single Family	5.49	02/19/08	01/01/38	159,635.61	164,705.37			(496.42)		159,139.19	165,540.47	1,331.52	0.00
FNMA	2006 FGH Single Family	5.49	02/27/08	12/01/37	271,817.28	280,478.88			(1,063.35)		270,753.93	281,643.82	2,228.29	0.00
FNMA	2006 FGH Single Family	5.15	03/12/08	02/01/38	316,295.30	321,491.82			(1,048.67)		315,246.63	325,212.50	4,769.35	0.00
FNMA	2006 FGH Single Family	5.49	03/20/08	12/01/37	246,282.48	254,135.53			(1,377.38)		244,905.10	254,760.48	2,002.33	0.00
FNMA	2006 FGH Single Family	5.49	03/20/08	02/01/38	415,176.64	428,415.55			(1,373.46)		413,803.18	430,456.16	3,414.07	0.00
FNMA	2006 FGH Single Family	5.49	03/20/08	02/01/38	214,595.29	221,416.51			(667.42)		213,927.87	222,539.28	1,790.19	0.00
FNMA	2006 FGH Single Family	5.15	03/27/08	03/01/38	235,002.03	238,939.91			(898.77)		234,103.26	241,509.72	3,468.58	0.00
FNMA	2006 FGH Single Family	5.49	04/08/08	01/01/38	127,375.74	131,426.81			(396.82)		126,978.92	132,092.45	1,062.46	0.00
FNMA	2006 FGH Single Family	5.49	04/08/08	02/01/38	111,904.61	115,463.64			(652.30)		111,252.31	115,732.63	921.29	0.00
FNMA	2006 FGH Single Family	5.49	04/08/08	03/01/38	200,118.11	206,482.91			(750.28)		199,367.83	207,396.71	1,664.08	0.00
FNMA	2006 FGH Single Family	5.15	04/17/08	03/01/38	122,173.22	124,184.59			(402.69)		121,770.53	125,624.11	1,842.21	0.00
FNMA	2006 FGH Single Family	5.70	04/22/08	12/01/37	102,946.33	105,706.22			(309.29)		102,537.04	106,935.74	1,538.81	0.00
FNMA	2006 FGH Single Family	5.49	04/22/08	02/01/38	186,723.95	192,665.08			(580.12)		186,143.83	193,642.50	1,557.54	0.00
FNMA	2006 FGH Single Family	5.49	04/22/08	06/01/37	98,235.34	101,370.37			(319.17)		97,916.17	101,859.04	807.84	0.00
Repo Agmt	2006 FGH Single Family	0.26	02/27/09	03/02/09	4,709,355.26	4,709,355.26		(878,510.00)			3,830,845.26	3,830,845.26	-	0.00
Repo Agmt	2006 FGH Single Family	0.26	02/27/09	03/02/09	25,498.97	25,498.97	797.13				26,296.10	26,296.10	-	0.00
	2006 FGH Single Family Total				130,552,026.05	133,113,692.21	6,425,580.14	(3,220,716.39)	(1,514,523.08)	0.00	132,242,366.72	136,306,408.23	1,502,375.35	0.00
Repo Agmt	2007A Single Family	0.26	02/27/09	03/02/09	680,501.21	680,501.21	315.94				680,817.15	680,817.15	-	0.00
Inv Agmt	2007A Single Family				50,213.20	50,213.20		(50,213.20)					-	0.00
Repo Agmt	2007A Single Family	0.26	02/27/09	03/02/09	164,183.37	164,183.37	7,110,592.81				7,274,776.18	7,274,776.18	-	0.00
Inv Agmt	2007A Single Family	4.32	10/01/07	09/01/38	3,223,596.68	3,223,596.68		(3,167,232.10)			56,364.58	56,364.58	-	0.00
Freddie Mac	2007A Single Family	4.75	05/07/08	04/01/38	268,850.75	269,272.94			(948.07)		267,902.88	272,555.38	4,230.51	0.00
Freddie Mac	2007A Single Family	5.49	05/07/08	01/01/38	295,839.75	302,685.06			(1,234.48)		294,605.27	304,329.55	2,878.97	0.00
Freddie Mac	2007A Single Family	5.49	05/07/08	03/01/38	207,745.22	212,553.38			(954.33)		206,791.89	213,617.85	2,018.80	0.00
Freddie Mac	2007A Single Family	5.49	05/28/08	03/01/38	272,632.38	278,945.20			(848.54)		271,783.84	280,759.37	2,662.71	0.00
Freddie Mac	2007A Single Family	4.75	06/18/08	05/01/38	342,352.13	342,900.45			(5,922.83)		336,429.30	342,282.81	5,305.19	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Freddie Mac	2007A Single Family	5.49	06/18/08	05/01/38	367,151.89	375,659.37			(1,141.41)		366,010.48	378,103.88	3,585.92	0.00
Freddie Mac	2007A Single Family	5.49	06/25/08	06/01/38	324,110.86	331,622.68			(987.17)		323,123.69	333,802.08	3,166.57	0.00
Freddie Mac	2007A Single Family	4.75	06/25/08	05/01/38	76,966.90	77,094.43			(282.22)		76,684.68	78,019.30	1,207.09	0.00
Freddie Mac	2007A Single Family	5.49	06/25/08	03/01/38	196,608.73	201,165.28			(610.99)		195,997.74	202,474.55	1,920.26	0.00
Freddie Mac	2007A Single Family	5.49	07/16/08	06/01/38	137,899.74	141,087.85			(418.63)		137,471.11	142,016.32	1,347.10	0.00
Freddie Mac	2007A Single Family	5.49	07/16/08	05/01/38	219,867.32	224,966.52			(678.52)		219,188.80	226,435.62	2,147.62	0.00
Freddie Mac	2007A Single Family	5.49	07/23/08	06/01/38	155,613.36	159,427.97			(472.48)		155,340.88	160,477.72	1,522.23	0.00
Freddie Mac	2007A Single Family	4.75	07/23/08	07/01/38	167,574.30	167,847.08			(586.35)		166,987.95	169,897.82	2,637.09	0.00
Freddie Mac	2007A Single Family	5.49	08/13/08	07/01/38	140,309.10	143,566.21			(422.86)		139,886.24	144,514.21	1,370.86	0.00
Freddie Mac	2007A Single Family	5.49	08/20/08	04/01/38	192,399.77	196,887.10			(590.42)		191,809.35	198,155.94	1,879.26	0.00
Freddie Mac	2007A Single Family	5.49	09/17/08	07/01/38	25,887.31	26,488.95			(78.00)		25,809.31	26,663.85	252.90	0.00
Freddie Mac	2007A Single Family	5.49	10/08/08	09/01/38	127,582.45	130,549.54			(711.45)		126,871.01	131,073.80	1,235.71	0.00
Freddie Mac	2007A Single Family	5.49	10/08/08	08/01/38	114,734.27	117,402.54			(482.39)		114,251.88	118,036.65	1,116.50	0.00
Freddie Mac	2007A Single Family	5.49	10/22/08	08/01/38	131,760.69	134,826.29			(394.65)		131,366.04	135,719.11	1,287.47	0.00
Freddie Mac	2007A Single Family	4.75	12/30/08	11/01/38			84,279.46				84,279.46	85,758.19	1,478.73	0.00
FNMA	2007A Single Family	6.25	02/20/98	01/01/28	115,896.57	119,817.44			(1,648.06)		114,248.51	119,869.63	1,700.25	0.00
FNMA	2007A Single Family	6.25	03/27/98	03/01/28	221,945.47	229,418.43			(2,112.43)		219,833.04	230,717.02	3,411.02	0.00
FNMA	2007A Single Family	6.25	06/29/98	05/01/28	58,180.11	60,139.08			(2,089.66)		56,090.45	58,867.53	818.11	0.00
GNMA	2007A Single Family	6.25	02/20/98	01/20/28	1,243,032.41	1,268,191.34			(106,593.92)		1,136,438.49	1,192,555.71	30,958.29	0.00
GNMA	2007A Single Family	6.25	11/30/98	09/01/28	251,714.89	260,190.15			(1,695.42)		250,019.47	262,397.95	3,903.22	0.00
GNMA	2007A Single Family	6.25	03/27/98	03/20/28	2,474,579.19	2,524,664.63			(22,473.55)		2,452,105.64	2,573,190.56	70,985.48	0.00
GNMA	2007A Single Family	6.25	05/19/98	05/20/28	1,470,955.08	1,500,727.21			(50,994.14)		1,419,960.94	1,490,078.56	40,345.19	0.00
GNMA	2007A Single Family	5.45	07/28/00	06/20/30	1,072,700.86	1,093,597.03			(9,429.09)		1,063,271.77	1,095,552.65	11,384.71	0.00
GNMA	2007A Single Family	6.25	08/14/98	07/20/28	903,204.52	921,485.41			(6,336.12)		894,868.40	939,057.02	25,907.73	0.00
GNMA	2007A Single Family	6.25	06/29/98	06/20/28	441,029.40	449,955.86			(3,039.86)		437,989.54	459,617.48	12,701.48	0.00
GNMA	2007A Single Family	6.25	09/18/98	09/20/28	671,181.23	684,765.94			(4,575.78)		666,605.45	699,522.43	19,332.27	0.00
FNMA	2007A Single Family	5.25	03/31/99	11/01/28	118,670.44	122,665.99			(2,051.25)		116,619.19	122,392.92	17,78.18	0.00
GNMA	2007A Single Family	5.25	11/30/98	11/20/28	527,623.71	538,302.79			(3,534.79)		524,088.92	549,968.41	15,200.41	0.00
GNMA	2007A Single Family	5.25	11/30/98	10/20/28	461,949.06	471,298.85			(3,353.13)		458,595.93	481,241.34	13,295.62	0.00
GNMA	2007A Single Family	6.25	11/30/98	10/20/28	156,185.27	159,348.52			(1,000.07)		155,185.20	162,849.30	4,501.85	0.00
FNMA	2007A Single Family	6.25	05/27/99	11/01/28	90,545.57	93,608.71			(7,602.50)		82,943.07	87,023.85	1,017.64	0.00
GNMA	2007A Single Family	6.25	02/16/99	02/20/29	914,799.67	933,141.41			(8,622.85)		906,176.82	951,050.68	26,532.12	0.00
GNMA	2007A Single Family	6.25	03/31/99	02/20/29	59,622.37	60,817.81			(966.37)		58,656.00	61,560.65	1,709.21	0.00
GNMA	2007A Single Family	6.25	05/27/99	05/20/29	338,152.12	344,932.06			(2,237.59)		335,914.53	352,549.02	9,854.55	0.00
GNMA	2007A Single Family	5.45	07/30/99	07/20/29	692,422.26	706,139.12			(79,742.47)		612,679.79	631,801.49	5,404.84	0.00
GNMA	2007A Single Family	5.45	08/26/99	08/20/29	665,524.79	678,708.78			(4,755.70)		660,769.09	681,391.64	7,438.56	0.00
FNMA	2007A Single Family	5.45	09/20/99	08/01/29	101,807.16	104,150.39			(633.62)		101,173.54	104,481.56	964.79	0.00
GNMA	2007A Single Family	5.45	09/20/99	09/20/29	329,109.21	335,628.86			(2,138.65)		326,970.56	337,175.31	3,685.10	0.00
FNMA	2007A Single Family	5.45	12/20/99	12/01/29	366,341.52	374,771.04			(3,328.53)		363,012.99	374,879.88	3,437.37	0.00
FNMA	2007A Single Family	5.45	01/19/00	12/01/29	262,416.13	268,454.32			(2,544.69)		259,871.44	268,366.64	2,457.01	0.00
GNMA	2007A Single Family	5.45	10/28/99	10/20/29	1,190,667.16	1,214,254.22			(9,074.16)		1,181,593.00	1,218,470.47	13,280.41	0.00
GNMA	2007A Single Family	5.45	11/18/99	11/20/29	171,062.76	174,451.49			(1,782.35)		169,280.41	174,563.62	1,894.48	0.00
GNMA	2007A Single Family	5.45	12/30/99	12/20/29	2,206,384.37	2,250,092.78			(61,959.29)		2,144,425.08	2,211,352.56	23,219.07	0.00
GNMA	2007A Single Family	5.45	01/28/00	01/20/30	724,664.66	738,781.16			(4,455.86)		720,208.80	742,074.38	7,749.08	0.00
GNMA	2007A Single Family	5.45	02/22/00	01/20/30	306,040.61	312,002.22			(1,905.40)		304,135.21	313,368.70	3,271.88	0.00
GNMA	2007A Single Family	5.45	03/27/00	02/20/30	424,812.99	432,884.48			(3,481.54)		421,131.45	433,917.02	4,514.03	0.00
FNMA	2007A Single Family	5.45	04/27/00	03/01/30	273,943.78	279,814.38			(1,728.84)		272,214.94	280,574.65	2,489.11	0.00
GNMA	2007A Single Family	5.45	04/27/00	04/20/30	496,084.69	505,748.43			(5,153.92)		490,930.77	505,835.44	5,240.93	0.00
GNMA	2007A Single Family	5.45	05/30/00	04/20/30	93,407.89	95,227.52			(563.80)		92,844.09	95,662.88	999.16	0.00
GNMA	2007A Single Family	5.45	06/21/00	05/20/30	571,459.80	582,591.80			(3,612.35)		567,847.45	585,087.28	6,107.83	0.00
GNMA	2007A Single Family	5.45	09/18/00	09/20/30	958,500.49	977,172.03			(15,586.91)		942,913.58	971,540.38	9,955.26	0.00
FNMA	2007A Single Family	5.45	07/24/00	06/01/30	140,275.35	143,281.42			(2,429.92)		137,845.43	142,078.63	1,227.13	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	712,466.50	731,037.52			(2,286.35)		710,190.15	736,613.82	7,842.65	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	315,374.08	315,845.67			(143,734.00)		171,640.08	175,241.10	3,129.43	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	636,841.18	654,648.55			(2,022.17)		634,819.01	659,632.87	7,006.49	0.00
GNMA	2007A Single Family	4.75	09/25/07	08/20/37	347,327.70	347,757.35			(1,297.82)		346,029.88	353,199.20	6,789.67	0.00
GNMA	2007A Single Family	5.49	09/25/07	09/20/37	2,371,238.41	2,436,919.27			(94,729.59)		2,276,508.82	2,364,892.71	22,703.03	0.00
GNMA	2007A Single Family	4.75	09/25/07	09/20/37	6,414,791.83	6,422,740.01			(26,122.56)		6,388,669.27	6,521,047.97	124,430.52	0.00
GNMA	2007A Single Family	5.49	09/25/07	08/20/37	134,127.17	137,842.07			(428.38)		133,698.79	138,889.28	1,475.59	0.00
GNMA	2007A Single Family	5.49	10/09/07	09/20/37	962,070.72	988,925.14			(3,328.63)		958,742.09	996,171.12	10,574.61	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	4.75	10/09/07	09/20/37	2,163,458.16	2,166,590.20			(8,165.75)		2,155,292.41	2,200,408.12	41,983.67	0.00
GNMA	2007A Single Family	5.49	08/23/07	08/20/37	472,925.84	486,102.10			(1,632.92)		471,292.92	489,666.80	5,197.62	0.00
GNMA	2007A Single Family	5.49	08/23/07	08/20/37	1,786,568.46	1,836,344.29			(5,747.49)		1,780,820.97	1,850,248.26	19,651.46	0.00
GNMA	2007A Single Family	4.75	08/23/07	08/20/37	4,623,199.32	4,629,658.19			(18,693.56)		4,604,505.76	4,700,647.19	89,682.56	0.00
GNMA	2007A Single Family	5.49	09/11/07	09/20/37	462,972.76	478,575.63			(1,453.47)		461,519.29	482,213.41	5,091.25	0.00
GNMA	2007A Single Family	5.49	09/11/07	08/20/37	1,084,647.60	1,121,189.57			(4,456.70)		1,080,190.90	1,128,623.42	11,880.55	0.00
GNMA	2007A Single Family	4.75	09/11/07	08/20/37	4,981,847.90	5,004,878.64			(19,036.93)		4,962,810.97	5,082,646.73	96,805.02	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	478,970.41	479,686.63			(1,993.30)		476,977.11	486,984.11	9,290.78	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	402,007.47	412,491.91			(1,333.97)		400,673.50	415,581.15	4,423.21	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	1,321,468.59	1,358,419.52			(4,584.18)		1,316,884.41	1,368,358.88	14,523.54	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	134,154.02	134,354.63			(484.98)		133,669.04	136,473.42	2,603.77	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37	614,742.60	631,946.12			(2,607.73)		612,134.87	635,076.87	6,738.48	0.00
GNMA	2007A Single Family	4.75	12/11/07	11/20/37	1,263,771.07	1,265,688.98			(4,657.15)		1,259,113.92	1,285,560.07	24,528.24	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	809,969.65	832,594.45			(2,571.91)		807,397.74	838,933.61	8,911.07	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	1,639,556.16	1,682,268.47			(5,398.70)		1,634,157.46	1,694,910.65	18,040.88	0.00
GNMA	2007A Single Family	4.75	10/25/07	09/20/37	1,343,706.75	1,345,675.19			(4,922.38)		1,338,784.37	1,366,830.65	26,077.84	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	1,554,035.66	1,597,444.39			(4,965.84)		1,549,069.82	1,609,574.38	17,095.83	0.00
GNMA	2007A Single Family	4.75	10/25/07	10/20/37	1,195,060.63	1,196,813.75			(5,237.49)		1,189,823.14	1,214,751.28	23,175.02	0.00
GNMA	2007A Single Family	4.75	11/08/07	10/20/37	376,287.13	376,844.46			(1,372.25)		374,914.88	382,775.58	7,303.37	0.00
GNMA	2007A Single Family	4.75	12/28/07	12/20/37	405,009.87	405,632.73			(1,461.90)		403,547.97	412,031.92	7,861.09	0.00
GNMA	2007A Single Family	5.49	12/28/07	12/20/37	137,665.85	141,521.28			(1,212.69)		136,453.16	141,792.87	1,484.28	0.00
GNMA	2007A Single Family	5.49	12/28/07	12/20/37	135,687.85	139,487.88			(422.74)		135,265.11	140,558.33	1,493.19	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37	444,452.58	456,890.54			(1,411.04)		443,041.54	460,369.90	4,890.40	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37	543,179.03	558,379.84			(1,711.96)		541,467.07	562,645.07	5,977.19	0.00
GNMA	2007A Single Family	4.75	12/11/07	12/20/37	1,833,212.28	1,835,998.10			(6,789.24)		1,826,443.04	1,864,807.15	35,578.29	0.00
GNMA	2007A Single Family	4.75	12/11/07	12/20/37	121,607.74	121,782.54			(434.61)		121,173.13	123,718.35	2,360.42	0.00
GNMA	2007A Single Family	4.75	12/20/07	12/20/37	474,639.62	475,365.23			(1,701.12)		472,938.50	482,877.37	9,213.26	0.00
GNMA	2007A Single Family	5.49	12/20/07	12/20/37	224,016.67	230,287.29			(702.14)		223,313.53	232,050.40	2,465.25	0.00
GNMA	2007A Single Family	4.75	12/20/07	12/20/37	244,688.44	245,062.51			(874.72)		243,813.72	248,937.50	4,749.71	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38	302,357.57	302,723.46			(1,074.42)		301,283.15	307,448.52	5,799.48	0.00
GNMA	2007A Single Family	5.49	01/30/08	11/20/37	188,353.17	193,634.79			(590.00)		187,763.17	195,117.47	2,072.69	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38	294,236.77	294,592.83			(155.49)		293,936.56	299,191.11	544.92	0.00
GNMA	2007A Single Family	4.75	01/16/08	01/20/38	781,340.88	782,274.51			(1,045.52)		780,293.25	794,427.41	14,985.47	0.00
GNMA	2007A Single Family	5.49	01/16/08	12/20/37	199,556.10	205,148.96			(2,832.57)		198,931.04	206,719.84	2,195.94	0.00
GNMA	2007A Single Family	4.75	01/16/08	12/20/37	100,448.08	100,604.59			(625.06)		100,089.10	102,195.38	1,949.77	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38	558,038.08	558,713.36			(358.98)		557,679.10	567,186.23	10,698.69	0.00
GNMA	2007A Single Family	5.49	01/30/08	01/20/38	305,222.77	313,825.41			(2,225.82)		304,275.69	316,157.25	3,278.92	0.00
GNMA	2007A Single Family	5.49	01/30/08	12/20/37	292,316.19	300,513.35			(947.08)		291,369.30	302,810.01	3,216.55	0.00
GNMA	2007A Single Family	5.49	02/19/08	02/20/38	228,696.68	233,091.27			(919.89)		227,776.79	234,811.94	2,434.95	0.00
GNMA	2007A Single Family	5.49	01/30/08	12/20/37	135,061.53	138,848.94			(714.28)		134,347.25	140,488.83	5,841.58	0.00
GNMA	2007A Single Family	5.49	02/13/08	01/20/38	91,241.12	93,814.16			(81,456.70)		53,604.83	55,704.48	(1,687.76)	0.00
GNMA	2007A Single Family	4.75	02/13/08	01/20/38	161,812.48	162,010.75			(307.11)		90,934.01	94,486.29	979.24	0.00
GNMA	2007A Single Family	4.75	02/13/08	12/20/37	103,443.38	103,607.70			(1,352.71)		160,459.77	163,745.86	3,087.82	0.00
GNMA	2007A Single Family	5.49	04/08/08	04/20/38	177,601.43	182,621.13			(1,483.38)		101,960.00	104,108.81	1,994.49	0.00
GNMA	2007A Single Family	5.49	04/08/08	11/20/37	293,198.27	301,442.43			(880.23)		176,721.20	183,636.05	1,895.15	0.00
GNMA	2007A Single Family	4.75	04/08/08	03/20/38	731,806.26	730,955.42			(1,076.89)		292,121.38	303,585.61	3,220.07	0.00
GNMA	2007A Single Family	4.75	04/08/08	04/20/38	253,236.55	253,562.49			(2,587.33)		729,218.93	742,382.90	14,014.81	0.00
GNMA	2007A Single Family	5.49	03/12/08	03/20/38	435,465.19	447,759.52			(918.51)		252,318.04	257,501.20	4,857.22	0.00
GNMA	2007A Single Family	5.49	03/20/08	01/20/38	175,524.12	180,480.91			(1,346.48)		424,118.71	451,091.91	4,678.87	0.00
GNMA	2007A Single Family	4.75	02/19/08	02/20/38	125,841.82	125,996.91			(566.58)		174,957.54	181,799.14	1,884.81	0.00
GNMA	2007A Single Family	4.75	02/19/08	12/20/37	114,238.19	114,418.35			(444.61)		125,397.21	127,966.15	2,413.35	0.00
GNMA	2007A Single Family	5.49	02/19/08	01/20/38	345,220.27	354,957.77			(562.34)		113,673.85	116,070.23	2,214.22	0.00
GNMA	2007A Single Family	4.75	02/19/08	02/20/38	222,025.37	222,299.00			(1,137.52)		344,082.75	357,526.32	3,706.07	0.00
GNMA	2007A Single Family	5.49	02/19/08	10/20/37	147,866.70	152,016.11			(1,002.24)		221,023.13	225,551.10	4,254.34	0.00
GNMA	2007A Single Family	4.75	02/27/08	02/20/38	99,329.45	99,452.67			(466.07)		147,400.63	153,177.12	1,627.08	0.00
GNMA	2007A Single Family	5.49	02/27/08	02/20/38	220,893.02	227,125.74			(351.02)		98,978.43	101,007.07	1,905.42	0.00
GNMA	2007A Single Family	5.49	02/27/08	02/20/38	174,202.76	179,118.06			(709.69)		220,183.33	228,788.38	2,372.33	0.00
GNMA	2007A Single Family	4.75	03/20/08	12/20/37	116,938.50	117,128.77			(542.72)		173,660.04	180,446.90	1,871.56	0.00
GNMA	2007A Single Family	4.75	03/20/08	03/20/38	92,913.77	93,031.38			(417.90)		116,520.60	118,980.85	2,269.98	0.00
GNMA	2007A Single Family	4.75	03/20/08	03/20/38	92,913.77	93,031.38			(326.39)		92,587.38	94,487.32	1,782.33	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.49	03/27/08	03/20/38	417,630.88	429,428.66			(1,265.38)		416,345.50	432,630.81	4,487.53	0.00
GNMA	2007A Single Family	5.49	03/27/08	02/20/38	181,059.79	186,174.60			(559.03)		180,500.76	187,560.84	1,945.27	0.00
GNMA	2007A Single Family	4.75	04/15/08	03/20/38	198,200.91	198,457.42			(721.56)		197,479.35	201,537.43	3,801.57	0.00
GNMA	2007A Single Family	4.75	04/15/08	02/20/38	115,134.39	115,283.28			(408.71)		114,725.68	117,083.11	2,208.54	0.00
GNMA	2007A Single Family	5.49	04/15/08	03/20/38	234,327.67	240,952.38			(716.96)		233,610.71	242,753.28	2,517.86	0.00
GNMA	2007A Single Family	5.49	04/24/08	04/20/38	524,307.80	539,136.04			(1,613.19)		522,694.61	543,156.25	5,633.40	0.00
GNMA	2007A Single Family	4.75	04/24/08	04/20/38	353,905.26	354,366.88			(1,246.37)		352,658.89	359,909.46	6,788.95	0.00
GNMA	2007A Single Family	4.75	04/22/08	03/20/38	157,627.51	157,632.63			(557.83)		157,069.68	160,298.50	3,023.70	0.00
GNMA	2007A Single Family	5.49	04/22/08	04/20/38	97,696.06	100,458.85			(433.71)		97,262.35	101,069.62	1,044.48	0.00
GNMA	2007A Single Family	5.49	05/07/08	04/20/38	336,822.44	346,353.21			(1,028.22)		335,794.22	348,944.31	3,619.32	0.00
GNMA	2007A Single Family	5.49	05/07/08	04/20/38	161,757.64	166,334.76			(505.11)		161,252.53	167,567.36	1,737.71	0.00
GNMA	2007A Single Family	4.75	05/07/08	05/20/38	605,246.16	606,044.80			(2,159.08)		603,087.08	615,495.73	11,610.01	0.00
GNMA	2007A Single Family	5.49	05/14/08	04/20/38	147,380.63	151,552.00			(447.64)		146,932.99	152,688.30	1,683.94	0.00
GNMA	2007A Single Family	4.75	05/14/08	05/20/38	282,565.62	282,940.48			(995.27)		281,570.35	287,366.05	5,420.84	0.00
GNMA	2007A Single Family	4.75	05/21/08	05/20/38	141,912.91	142,102.32			(800.17)		141,112.74	144,018.36	2,716.21	0.00
GNMA	2007A Single Family	5.49	05/28/08	05/20/38	352,024.34	361,993.69			(1,067.70)		350,956.64	364,709.37	3,783.38	0.00
GNMA	2007A Single Family	5.49	05/28/08	04/20/38	283,119.05	291,137.00			(873.25)		282,245.80	293,305.70	3,041.95	0.00
GNMA	2007A Single Family	4.75	05/28/08	04/20/38	31,476.47	31,518.70			(112.65)		31,363.82	32,009.85	603.80	0.00
GNMA	2007A Single Family	5.49	06/11/08	05/20/38	566,202.26	582,245.98			(74,101.20)		492,101.06	511,391.97	3,247.19	0.00
GNMA	2007A Single Family	5.49	07/09/08	07/20/38	232,713.16	239,314.75			(727.29)		231,985.87	241,087.78	2,500.32	0.00
GNMA	2007A Single Family	5.49	07/09/08	06/20/38	188,861.05	194,218.65			(599.49)		188,261.56	195,647.76	2,026.60	0.00
GNMA	2007A Single Family	4.75	07/09/08	06/20/38	236,405.70	236,733.93			(816.36)		235,589.34	240,453.18	4,535.61	0.00
GNMA	2007A Single Family	4.75	07/16/08	06/20/38	170,405.09	170,643.07			(603.39)		169,801.70	173,308.73	3,269.05	0.00
GNMA	2007A Single Family	5.49	07/16/08	05/20/38	116,567.31	119,874.93			(504.78)		116,062.53	120,616.95	1,246.80	0.00
GNMA	2007A Single Family	5.49	06/18/08	05/20/38	244,779.74	251,717.76			(752.84)		244,026.90	253,595.08	2,630.14	0.00
GNMA	2007A Single Family	4.75	06/18/08	04/20/38	115,220.62	115,377.80			(402.46)		114,818.16	117,185.78	2,210.44	0.00
GNMA	2007A Single Family	5.49	06/18/08	06/20/38	185,464.42	190,721.23			(557.89)		184,906.53	192,156.82	1,993.48	0.00
GNMA	2007A Single Family	5.49	06/25/08	06/20/38	217,637.08	223,807.60			(654.90)		216,982.18	225,491.77	2,339.07	0.00
GNMA	2007A Single Family	5.49	07/23/08	06/20/38	108,244.46	111,316.82			(332.14)		107,912.32	112,147.82	1,163.14	0.00
GNMA	2007A Single Family	4.75	07/23/08	07/20/38	122,101.40	122,272.91			(419.26)		121,682.14	124,196.33	2,342.68	0.00
GNMA	2007A Single Family	4.75	08/27/08	08/20/38	79,656.39	79,771.35			(271.96)		79,384.43	81,027.78	1,528.39	0.00
GNMA	2007A Single Family	5.49	08/13/08	08/20/38	301,305.09	309,864.72			(1,325.35)		299,979.74	311,761.36	3,221.99	0.00
GNMA	2007A Single Family	4.75	08/13/08	07/20/38	73,353.11	73,357.63			(261.00)		72,992.11	74,502.00	1,405.37	0.00
GNMA	2007A Single Family	4.75	08/13/08	06/20/38	275,170.47	275,563.12			(952.47)		274,218.00	279,890.11	5,279.46	0.00
GNMA	2007A Single Family	5.49	08/13/08	08/20/38	95,542.56	98,256.76			(282.98)		95,259.58	99,000.87	1,027.07	0.00
GNMA	2007A Single Family	4.75	08/20/08	08/20/38	297,418.87	297,845.69			(1,030.65)		296,388.22	302,521.67	5,706.63	0.00
GNMA	2007A Single Family	4.75	08/27/08	07/20/38	1,197,172.18	1,198,899.90			(4,200.64)		1,192,971.54	1,217,667.50	22,968.24	0.00
GNMA	2007A Single Family	5.49	08/27/08	08/20/38	90,409.56	92,879.38			(267.76)		90,141.80	93,693.51	971.89	0.00
GNMA	2007A Single Family	5.49	09/10/08	07/20/38	411,695.68	423,393.91			(1,240.21)		410,445.47	426,578.55	4,424.85	0.00
GNMA	2007A Single Family	4.75	09/24/08	06/20/38	193,984.13	194,269.98			(669.89)		193,314.24	197,322.07	3,721.98	0.00
GNMA	2007A Single Family	5.49	09/24/08	08/20/38	202,600.13	208,365.19			(600.28)		201,999.85	209,943.11	2,178.20	0.00
GNMA	2007A Single Family	5.49	09/24/08	08/20/38	29,553.08	30,394.02			(87.55)		29,465.53	30,624.21	317.74	0.00
GNMA	2007A Single Family	5.49	09/24/08	09/20/38	86,640.29	89,105.76			(255.37)		86,384.92	89,781.85	931.46	0.00
GNMA	2007A Single Family	4.75	10/08/08	09/20/38	114,548.16	114,718.81			(388.98)		114,159.18	116,527.84	2,198.01	0.00
GNMA	2007A Single Family	5.49	10/15/08	09/20/38	357,330.13	367,507.01			(1,230.64)		356,099.49	370,111.04	3,834.67	0.00
GNMA	2007A Single Family	5.49	10/15/08	09/20/38	105,329.81	108,329.64			(313.75)		105,016.06	109,148.16	1,132.27	0.00
GNMA	2007A Single Family	4.75	10/22/08	09/20/38	262,550.28	262,945.42			(896.14)		261,654.14	267,087.18	5,037.90	0.00
GNMA	2007A Single Family	5.49	10/22/08	09/20/38	349,759.30	359,723.11			(1,985.52)		347,773.78	361,460.30	3,722.71	0.00
GNMA	2007A Single Family	5.49	10/29/08	09/20/38	128,425.33	132,084.93			(378.01)		128,047.32	133,087.66	1,380.74	0.00
GNMA	2007A Single Family	4.75	10/29/08	10/20/38	239,499.32	239,861.71			(814.14)		238,685.18	243,643.26	4,595.69	0.00
GNMA	2007A Single Family	4.75	11/25/08	11/20/38	99,986.10	100,140.43			(335.59)		99,650.51	101,723.59	1,918.75	0.00
GNMA	2007A Single Family	5.49	12/10/08	09/20/38			159,758.64				158,758.64	165,015.56	5,256.92	0.00
GNMA	2007A Single Family	4.75	12/10/08	11/20/38			78,277.69				78,277.69	79,907.43	1,629.74	0.00
GNMA	2007A Single Family	4.75	12/17/08	11/20/38			112,624.98				112,624.98	114,970.76	2,345.78	0.00
GNMA	2007A Single Family	4.75	12/30/08	12/20/38			339,892.63				339,892.63	346,976.93	7,084.30	0.00
GNMA	2007A Single Family	4.75	12/30/08	11/20/38			190,319.96				190,319.96	194,286.75	3,966.79	0.00
GNMA	2007A Single Family	5.49	01/14/09	12/20/38			253,477.38				253,477.38	263,477.69	10,000.31	0.00
GNMA	2007A Single Family	4.75	01/14/09	12/20/38			95,347.34				95,347.34	97,336.31	1,988.97	0.00
GNMA	2007A Single Family	4.75	01/14/09	12/20/38			81,758.85				81,758.85	83,484.36	1,705.51	0.00
GNMA	2007A Single Family	5.25	01/21/09	01/20/39			601,240.73				601,240.73	620,067.04	18,826.31	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.49	01/21/09	01/20/39			212,277.62				212,277.62	220,643.32	8,365.70	0.00
GNMA	2007A Single Family	5.25	01/21/09	01/20/39			402,822.96				402,822.96	415,436.32	12,613.36	0.00
GNMA	2007A Single Family	5.15	01/21/09	01/20/39			261,626.34				261,626.34	268,939.39	7,313.05	0.00
GNMA	2007A Single Family	4.75	01/21/09	12/20/38			98,044.72				98,044.72	100,090.67	2,045.95	0.00
GNMA	2007A Single Family	5.25	01/21/09	01/20/39			763,577.84				763,577.84	787,487.31	23,909.47	0.00
GNMA	2007A Single Family	4.75	01/21/09	01/20/39			119,199.81				119,199.81	121,649.82	2,450.01	0.00
GNMA	2007A Single Family	6.00	01/21/09	01/20/39			516,041.10				516,041.10	540,185.37	24,144.27	0.00
FNMA	2007A Single Family	5.49	08/23/07	08/01/37	305,344.88	313,559.45			(1,026.90)		304,317.98	315,013.73	2,481.18	0.00
FNMA	2007A Single Family	5.49	08/23/07	08/01/37	464,849.10	477,354.74			(1,879.23)		462,969.87	473,241.71	3,766.20	0.00
FNMA	2007A Single Family	4.75	08/23/07	08/01/37	1,674,266.52	1,684,485.27			(8,771.23)		1,667,495.29	1,701,759.05	24,045.01	0.00
FNMA	2007A Single Family	5.49	09/11/07	08/01/37	858,893.57	891,511.70			(3,041.24)		855,852.33	895,402.78	6,932.32	0.00
FNMA	2007A Single Family	5.49	09/11/07	08/01/37	447,364.19	454,353.71			(2,151.02)		445,213.17	465,787.28	3,584.59	0.00
FNMA	2007A Single Family	4.75	09/11/07	08/01/37	1,557,550.77	1,583,956.65			(7,444.44)		1,550,106.33	1,598,868.28	22,356.07	0.00
FNMA	2007A Single Family	5.49	09/25/07	09/01/37	1,594,677.84	1,637,628.21			(5,151.15)		1,589,526.49	1,645,442.85	12,965.79	0.00
FNMA	2007A Single Family	5.49	09/25/07	08/01/37	264,426.30	274,475.68			(2,182.42)		262,243.88	274,369.92	2,076.66	0.00
FNMA	2007A Single Family	4.75	09/25/07	09/01/37	1,952,031.28	1,985,181.73			(7,904.31)		1,944,126.97	2,005,340.98	28,063.56	0.00
FNMA	2007A Single Family	5.49	10/09/07	09/01/37	1,137,171.77	1,173,256.69			(4,156.29)		1,133,015.48	1,178,434.92	9,334.52	0.00
FNMA	2007A Single Family	5.49	10/09/07	09/01/37	169,833.49	175,222.67			(665.31)		169,168.18	175,949.66	1,392.30	0.00
FNMA	2007A Single Family	4.75	10/09/07	09/01/37	726,788.86	732,679.44			(2,880.97)		723,907.89	741,540.29	11,741.82	0.00
FNMA	2007A Single Family	5.49	10/25/07	09/01/37	267,557.80	269,726.07			(1,398.11)		266,159.69	272,642.06	4,314.10	0.00
FNMA	2007A Single Family	5.49	10/25/07	10/01/37	1,010,749.48	1,042,837.50			(3,343.01)		1,007,406.47	1,047,805.41	8,310.92	0.00
FNMA	2007A Single Family	5.49	10/25/07	10/01/37	502,063.74	518,003.16			(2,947.17)		499,116.57	519,132.63	4,076.64	0.00
FNMA	2007A Single Family	4.75	10/25/07	10/01/37	1,098,334.90	1,107,253.63			(4,025.32)		1,094,309.58	1,120,980.94	17,752.63	0.00
FNMA	2007A Single Family	5.49	10/25/07	10/01/37	666,314.89	687,468.90			(2,168.91)		664,145.98	690,780.21	5,480.22	0.00
FNMA	2007A Single Family	5.49	11/08/07	10/01/37	557,303.47	575,004.18			(1,795.69)		555,507.78	577,792.30	4,583.81	0.00
FNMA	2007A Single Family	4.75	11/08/07	09/01/37	106,164.80	107,028.18			(387.72)		105,777.08	108,356.36	1,715.90	0.00
FNMA	2007A Single Family	4.75	11/21/07	10/01/37	230,591.26	232,469.34			(2,102.54)		228,488.72	234,063.29	3,696.49	0.00
FNMA	2007A Single Family	5.49	11/21/07	10/01/37	598,969.71	618,000.67			(2,096.55)		596,873.16	620,824.60	4,920.48	0.00
FNMA	2007A Single Family	5.49	11/21/07	09/01/37	406,460.63	419,374.59			(1,668.82)		404,791.81	421,034.52	3,328.75	0.00
FNMA	2007A Single Family	4.75	11/28/07	09/01/37	118,334.23	119,298.62			(432.36)		117,901.87	120,779.00	1,912.74	0.00
FNMA	2007A Single Family	5.49	12/11/07	11/01/37	873,693.74	901,470.73			(2,810.49)		870,883.25	905,846.68	7,166.44	0.00
FNMA	2007A Single Family	5.49	12/12/07	09/01/37	93,640.71	96,617.69			(298.71)		93,342.00	97,089.31	770.33	0.00
FNMA	2007A Single Family	4.75	12/11/07	12/01/37	721,235.00	727,123.89			(2,645.54)		718,589.46	736,136.18	11,657.83	0.00
FNMA	2007A Single Family	5.49	12/11/07	11/01/37	376,166.56	388,125.87			(1,217.09)		374,949.47	390,002.60	3,093.82	0.00
FNMA	2007A Single Family	4.75	12/20/07	12/01/37	215,356.80	217,118.94			(895.34)		214,461.46	219,899.79	3,478.19	0.00
FNMA	2007A Single Family	5.49	12/20/07	12/01/37	324,363.84	334,679.25			(2,012.84)		322,351.00	335,295.50	2,629.09	0.00
FNMA	2007A Single Family	5.49	12/28/07	10/01/37	148,185.96	152,899.34			(485.29)		147,700.67	153,632.60	1,218.55	0.00
FNMA	2007A Single Family	4.75	12/28/07	12/01/37	317,640.87	320,239.26			(1,239.38)		316,401.49	324,132.04	5,132.16	0.00
FNMA	2007A Single Family	5.49	12/28/07	12/01/37	90,083.44	92,948.93			(281.89)		89,801.55	93,408.33	741.29	0.00
FNMA	2007A Single Family	5.49	01/16/08	08/01/37	237,153.22	244,700.10			(1,109.43)		236,043.79	245,527.45	1,936.78	0.00
FNMA	2007A Single Family	5.49	01/30/08	09/01/37	333,318.27	343,930.25			(1,068.24)		332,250.03	345,603.56	2,741.55	0.00
FNMA	2007A Single Family	4.75	01/30/08	12/01/37	105,081.44	105,944.13			(377.36)		104,704.08	107,265.53	1,698.76	0.00
FNMA	2007A Single Family	4.75	01/30/08	12/01/37	94,817.55	95,595.98			(340.51)		94,477.04	96,788.31	1,532.84	0.00
FNMA	2007A Single Family	5.49	01/30/08	01/01/38	732,776.00	739,557.68			(7,374.29)		725,401.71	740,265.29	8,081.90	0.00
FNMA	2007A Single Family	4.75	02/13/08	11/01/37	404,590.82	417,477.84			(2,204.82)		402,386.00	418,564.72	3,291.70	0.00
FNMA	2007A Single Family	5.49	02/13/08	01/01/38	447,481.09	450,930.29			(1,930.79)		445,550.30	456,330.16	7,330.66	0.00
FNMA	2007A Single Family	5.49	02/19/08	01/01/38	206,998.72	213,593.55			(726.93)		206,271.79	214,566.87	1,700.25	0.00
FNMA	2007A Single Family	5.49	02/27/08	02/01/38	180,229.70	185,973.19			(562.65)		179,667.05	186,893.74	1,483.20	0.00
FNMA	2007A Single Family	4.75	03/12/08	02/01/38	233,231.23	235,155.27			(839.09)		232,392.14	236,086.71	3,770.53	0.00
FNMA	2007A Single Family	5.49	03/20/08	02/01/38	301,879.38	311,475.04			(951.09)		300,928.29	313,041.80	2,517.85	0.00
FNMA	2007A Single Family	5.49	03/20/08	11/01/37	356,377.10	367,740.30			(1,126.14)		355,250.96	369,546.46	2,932.30	0.00
FNMA	2007A Single Family	4.75	03/27/08	03/01/38	204,489.52	206,074.05			(721.86)		203,767.66	208,706.14	3,353.95	0.00
FNMA	2007A Single Family	5.49	04/08/08	03/01/38	185,121.91	191,009.74			(590.18)		184,531.73	191,965.13	1,543.57	0.00
FNMA	2007A Single Family	4.75	04/08/08	02/01/38	144,521.67	145,643.00			(513.11)		144,008.56	147,500.22	2,370.33	0.00
FNMA	2007A Single Family	5.49	04/22/08	02/01/38	103,019.27	106,297.11			(318.36)		102,700.91	106,838.14	859.39	0.00
FNMA	2007A Single Family	5.49	04/22/08	04/01/38	192,078.63	193,191.36			(589.10)		191,490.53	199,204.99	1,602.73	0.00
Inv Agmt	2007A Single Family	5.06	06/05/07	09/01/09	4,398,339.23	4,398,339.23	755,362.50				5,153,701.73	5,153,701.73	-	0.00
Inv Agmt	2007A Single Family				5,802,073.15	5,802,073.15		(5,802,073.15)						0.00
Freddie Mac	2007A Single Family	5.25	12/11/07	11/01/37	8,458.12	8,614.04			(28.55)		8,429.57	8,671.71	86.22	0.00
Freddie Mac	2007A Single Family	5.25	12/11/07	11/01/37	6,019.73	6,130.68			(19.93)		5,999.80	6,172.14	61.39	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Freddie Mac	2007A Single Family	5.25	12/20/07	12/01/37	22,707.06	23,125.77			(80.76)		22,626.30	23,276.39	231.38	0.00
Freddie Mac	2007A Single Family	6.00	12/20/07	12/01/37	4,655.13	4,795.54			(13.35)		4,641.78	4,847.89	65.70	0.00
Freddie Mac	2007A Single Family	5.25	12/20/07	12/01/37	16,385.31	16,687.46			(60.02)		15,325.29	16,794.35	166.91	0.00
Freddie Mac	2007A Single Family	5.25	01/16/08	12/01/37	21,984.01	22,389.82			(72.72)		21,911.29	22,541.27	224.17	0.00
Freddie Mac	2007A Single Family	6.00	01/16/08	12/01/37	4,126.80	4,251.35			(11.80)		4,115.00	4,297.81	58.26	0.00
Freddie Mac	2007A Single Family	5.25	01/16/08	12/01/37	7,678.65	7,820.41			(25.33)		7,653.32	7,873.39	78.31	0.00
Freddie Mac	2007A Single Family	5.25	01/30/08	01/01/38	15,142.94	15,422.63			(49.81)		15,093.13	15,527.24	154.42	0.00
Freddie Mac	2007A Single Family	5.25	01/30/08	12/01/37	9,539.41	9,715.60			(42.52)		9,496.89	9,770.05	96.97	0.00
Freddie Mac	2007A Single Family	6.00	01/30/08	01/01/38	6,784.37	6,989.20			(3,025.05)		3,759.32	3,926.17	(37.98)	0.00
Freddie Mac	2007A Single Family	6.00	02/13/08	01/01/38	5,964.10	6,144.23			(17.20)		5,946.90	6,210.91	63.88	0.00
Freddie Mac	2007A Single Family	5.25	02/13/08	01/01/38	7,746.58	7,889.73			(25.43)		7,721.15	7,943.30	79.00	0.00
Freddie Mac	2007A Single Family	5.25	03/20/08	02/01/38	2,700.09	2,750.06			(8.77)		2,691.32	2,768.82	27.53	0.00
Freddie Mac	2007A Single Family	6.00	03/20/08	03/01/38	5,382.46	5,545.16			(15.27)		5,367.19	5,605.60	75.71	0.00
Freddie Mac	2007A Single Family	5.25	03/20/08	11/01/37	4,542.27	4,626.32			(37.73)		4,504.54	4,634.27	45.68	0.00
Freddie Mac	2007A Single Family	6.00	04/22/08	02/01/38	2,291.72	2,361.06			(8.83)		2,284.69	2,386.57	32.34	0.00
Freddie Mac	2007A Single Family	5.25	04/22/08	01/01/38	5,462.38	5,563.62			(17.85)		5,444.53	5,601.46	55.69	0.00
Freddie Mac	2007A Single Family	5.25	05/14/08	04/01/38	10,119.75	10,307.46			(32.75)		10,087.00	10,377.93	103.22	0.00
Freddie Mac	2007A Single Family	6.00	05/15/08	04/01/38	8,702.96	8,966.41			(24.29)		8,678.67	9,064.55	122.44	0.00
Freddie Mac	2007A Single Family	5.25	05/21/08	04/01/38	12,018.82	12,241.51			(42.84)		11,975.68	12,321.14	122.47	0.00
Freddie Mac	2007A Single Family	5.25	05/21/08	05/01/38	8,430.14	8,596.75			(21.16)		8,408.98	8,651.76	86.17	0.00
Freddie Mac	2007A Single Family	5.25	05/28/08	04/01/38	9,195.48	9,366.13			(32.79)		9,162.69	9,427.04	93.70	0.00
Freddie Mac	2007A Single Family	5.25	05/28/08	05/01/38	4,939.89	5,031.58			(15.78)		4,924.11	5,066.19	50.39	0.00
Freddie Mac	2007A Single Family	6.00	06/18/08	05/01/38	10,517.51	10,836.17			(29.62)		10,487.89	10,954.50	147.95	0.00
Freddie Mac	2007A Single Family	5.25	06/18/08	02/01/38	2,972.55	3,027.77			(17.42)		2,955.13	3,040.43	30.08	0.00
Freddie Mac	2007A Single Family	6.00	06/18/08	05/01/38	5,211.75	5,308.56			(16.64)		5,195.11	5,345.08	53.16	0.00
Freddie Mac	2007A Single Family	6.00	06/25/08	05/01/38	3,738.61	3,851.89			(10.35)		3,728.26	3,894.15	52.61	0.00
Freddie Mac	2007A Single Family	6.00	07/16/08	06/01/38	5,837.52	6,014.52			(17.28)		5,820.24	6,079.32	82.08	0.00
Freddie Mac	2007A Single Family	5.25	07/16/08	06/01/38	7,970.06	8,118.28			(25.59)		7,944.47	8,173.99	81.30	0.00
Freddie Mac	2007A Single Family	6.00	07/23/08	06/01/38	5,391.99	5,555.50			(14.82)		5,377.17	5,616.56	75.88	0.00
Freddie Mac	2007A Single Family	6.00	08/13/08	06/01/38	5,534.62	5,702.54			(20.26)		5,514.36	5,759.95	77.67	0.00
Freddie Mac	2007A Single Family	6.00	08/13/08	08/01/38	2,631.80	2,711.65			(7.14)		2,624.66	2,741.55	37.04	0.00
Freddie Mac	2007A Single Family	6.00	08/20/08	06/01/38	5,505.79	5,672.87			(15.54)		5,490.25	5,734.78	77.45	0.00
Freddie Mac	2007A Single Family	6.00	08/27/08	08/01/38	10,952.37	11,284.77			(43.62)		10,908.76	11,394.68	153.53	0.00
Freddie Mac	2007A Single Family	6.00	09/17/08	08/01/38	7,860.32	8,099.01			(24.45)		7,835.67	8,185.04	110.48	0.00
Freddie Mac	2007A Single Family	5.25	09/17/08	08/01/38	3,025.08	3,081.47			(9.53)		3,015.55	3,102.81	30.87	0.00
Freddie Mac	2007A Single Family	5.25	09/24/08	08/01/38	6,478.60	6,599.43			(20.32)		6,458.28	6,645.21	66.10	0.00
Freddie Mac	2007A Single Family	6.00	09/24/08	06/01/38	3,594.82	3,704.01			(9.93)		3,584.89	3,744.65	50.57	0.00
Freddie Mac	2007A Single Family	5.25	09/24/08	06/01/38	5,198.34	5,295.29			(16.49)		5,181.85	5,331.83	53.03	0.00
Freddie Mac	2007A Single Family	5.25	10/08/08	09/01/38	4,292.89	4,373.00			(46.91)		4,245.98	4,368.92	42.83	0.00
Freddie Mac	2007A Single Family	6.00	10/15/08	09/01/38	8,041.77	8,286.15			(21.67)		8,020.10	8,377.65	113.17	0.00
Freddie Mac	2007A Single Family	5.25	10/22/08	07/01/38	4,466.58	4,549.97			(14.09)		4,452.49	4,581.45	45.57	0.00
Freddie Mac	2007A Single Family	6.00	10/22/08	07/01/38	2,744.82	2,828.24			(7.50)		2,737.32	2,859.37	38.63	0.00
Freddie Mac	2007A Single Family	6.00	10/22/08	09/01/38	2,790.21	2,875.01			(7.52)		2,782.69	2,906.76	39.27	0.00
Freddie Mac	2007A Single Family	5.25	10/22/08	08/01/38	5,553.01	5,656.68			(24.43)		5,528.58	5,688.71	56.46	0.00
Freddie Mac	2007A Single Family	5.25	11/19/08	09/01/38	4,131.63	4,208.85			(12.85)		4,118.78	4,238.16	42.16	0.00
Freddie Mac	2007A Single Family	5.25	12/10/08	11/01/38			11,487.99				11,487.99	11,821.15	333.16	0.00
Freddie Mac	2007A Single Family	6.00	12/17/08	11/01/38			6,042.52				6,042.52	6,312.20	269.68	0.00
Freddie Mac	2007A Single Family	5.25	01/14/09	11/01/38			3,013.00				3,013.00	3,100.46	87.46	0.00
Freddie Mac	2007A Single Family	6.00	01/14/09	11/01/38			7,428.72				7,428.72	7,760.43	331.71	0.00
Freddie Mac	2007A Single Family	6.00	02/18/09	01/01/39			4,828.15				4,828.15	5,043.88	215.73	0.00
Freddie Mac	2007A Single Family	5.25	02/18/09	12/01/38			4,107.54				4,107.54	4,228.88	119.34	0.00
Freddie Mac	2007A Single Family	5.49	02/18/09	09/01/38			5,002.17				5,002.17	5,158.39	166.22	0.00
Freddie Mac	2007A Single Family	4.75	02/18/09	10/01/38			1,733.96				1,733.96	1,764.45	30.49	0.00
Freddie Mac	2007A Single Family	4.75	02/18/09	12/01/38			2,516.87				2,516.87	2,561.12	44.25	0.00
GNMA	2007A Single Family	5.25	12/28/07	12/20/37	18,953.56	19,232.01			(61.80)		18,891.76	19,444.13	273.92	0.00
GNMA	2007A Single Family	6.00	12/11/07	11/20/37	26,556.80	27,156.42			(2,910.97)		23,645.83	24,502.02	256.57	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37	101,736.74	103,417.81			(4,085.42)		97,651.32	100,687.28	1,355.09	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37	17,308.11	17,594.06			(74.20)		17,233.91	17,769.69	249.83	0.00
GNMA	2007A Single Family	6.00	12/11/07	11/20/37	15,890.85	16,408.69			(46.50)		15,844.35	16,577.37	215.18	0.00
GNMA	2007A Single Family	5.25	12/11/07	12/20/37	81,593.21	82,941.44			(301.49)		81,291.72	83,819.15	1,179.20	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change in Market Value	Recognized Gain
GNMA	2007A Single Family	5.25	12/11/07	11/20/37	9,133.17	9,284.07			(30.11)		9,103.06	9,386.06	132.10	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37	42,999.12	43,710.03			(159.17)		42,839.95	44,172.33	621.47	0.00
GNMA	2007A Single Family	6.00	12/20/07	12/20/37	10,312.65	10,648.65			(4,324.38)		5,988.27	6,265.40	(59.07)	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37	16,274.14	16,543.21			(53.06)		15,221.08	16,725.58	235.43	0.00
GNMA	2007A Single Family	5.25	12/20/07	11/20/37	4,504.80	4,579.27			(14.79)		4,490.01	4,629.64	65.16	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37	6,696.63	6,807.35			(29.35)		6,667.28	6,874.66	96.66	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38	19,675.38	20,527.07			(58.33)		19,819.05	20,737.72	266.98	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	14,613.19	14,825.86			(51.28)		14,561.91	14,985.84	211.24	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	17,488.17	17,775.09			(56.62)		17,431.55	17,971.67	253.20	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	21,813.65	22,131.18			(9,642.79)		12,170.86	12,525.21	36.82	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38	5,352.41	5,527.91			(15.02)		5,337.39	5,584.80	71.91	0.00
GNMA	2007A Single Family	6.00	01/16/08	12/20/37	35,473.16	36,630.65			(103.40)		35,369.76	37,007.59	480.34	0.00
GNMA	2007A Single Family	5.25	01/16/08	12/20/37	17,166.43	17,450.76			(76.39)		17,090.04	17,622.07	247.70	0.00
GNMA	2007A Single Family	5.25	01/16/08	01/20/38	105,882.05	107,617.68			(5,289.09)		100,592.96	103,708.31	1,379.72	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	26,736.34	26,110.95			(84.39)		25,651.95	26,398.77	372.21	0.00
GNMA	2007A Single Family	5.25	01/30/08	12/20/37	5,235.34	5,322.14			(17.73)		5,217.61	5,380.13	75.72	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38	10,006.31	10,170.64			(32.52)		9,973.79	10,282.99	144.87	0.00
GNMA	2007A Single Family	5.25	02/13/08	02/20/38	12,430.68	12,634.84			(46.95)		12,383.73	12,767.65	179.76	0.00
GNMA	2007A Single Family	6.00	02/13/08	01/20/38	8,979.52	9,274.08			(25.30)		8,954.22	9,369.42	120.64	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	4,570.35	4,720.22			(12.82)		4,557.53	4,768.80	61.40	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	10,205.98	10,373.44			(33.04)		10,172.94	10,488.16	147.76	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	4,888.47	4,988.68			(15.83)		4,872.64	5,023.63	70.78	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38	14,484.62	14,732.45			(57.05)		14,437.57	14,884.93	209.53	0.00
GNMA	2007A Single Family	6.00	02/13/08	01/20/38	12,334.93	12,739.56			(34.52)		12,300.31	12,870.67	165.73	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38	23,788.12	24,178.79			(77.36)		23,710.76	24,445.82	344.39	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38	28,359.06	28,824.79			(93.26)		28,265.80	29,142.06	410.53	0.00
GNMA	2007A Single Family	5.25	04/08/08	03/20/38	13,576.75	13,800.55			(43.60)		13,533.15	13,953.54	196.59	0.00
GNMA	2007A Single Family	5.25	04/08/08	03/20/38	4,989.77	5,072.03			(15.98)		4,973.79	5,128.29	72.24	0.00
GNMA	2007A Single Family	6.00	04/08/08	04/20/38	9,729.88	10,049.68			(28.00)		9,701.88	10,152.38	130.70	0.00
GNMA	2007A Single Family	5.25	04/08/08	04/20/38	18,202.95	18,503.05			(79.41)		18,127.54	18,690.68	263.04	0.00
GNMA	2007A Single Family	6.00	03/12/08	03/20/38	11,002.19	11,363.46			(35.08)		10,967.11	11,476.01	147.63	0.00
GNMA	2007A Single Family	5.25	03/12/08	03/20/38	22,246.45	22,612.49			(71.53)		22,174.92	22,863.10	322.14	0.00
GNMA	2007A Single Family	5.25	03/20/08	03/20/38	18,824.81	19,096.98			(66.39)		18,758.42	19,302.89	272.30	0.00
GNMA	2007A Single Family	6.00	02/19/08	01/20/38	20,464.04	20,464.04			(58.72)		20,405.32	21,351.60	274.85	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38	17,847.71	18,140.94			(60.59)		17,787.12	18,338.67	258.32	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38	4,926.90	5,007.86			(15.86)		4,911.04	5,063.34	71.34	0.00
GNMA	2007A Single Family	6.00	02/19/08	02/20/38	7,385.72	7,628.05			(32.07)		7,353.65	7,694.70	98.72	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38	23,379.74	23,763.87			(86.76)		23,292.98	24,015.25	338.14	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	5,329.44	5,417.05			(38.36)		5,291.08	5,455.18	76.49	0.00
GNMA	2007A Single Family	6.00	02/27/08	02/20/38	8,893.10	9,184.97			(25.63)		8,867.47	9,278.81	119.47	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	8,393.24	8,531.21			(27.15)		8,366.09	8,625.59	121.53	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	12,281.52	12,483.40			(40.30)		12,241.22	12,620.91	177.81	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	10,444.64	10,616.34			(35.78)		10,408.86	10,731.72	151.16	0.00
GNMA	2007A Single Family	6.00	02/27/08	02/20/38	10,840.80	11,196.59			(33.12)		10,807.68	11,308.99	145.52	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38	22,840.31	23,215.77			(80.34)		22,759.97	23,465.93	330.50	0.00
GNMA	2007A Single Family	5.25	03/20/08	03/20/38	5,026.23	5,108.99			(16.07)		5,010.16	5,165.69	72.77	0.00
GNMA	2007A Single Family	6.00	03/20/08	03/20/38	5,154.07	5,323.36			(16.86)		5,137.21	5,375.63	69.13	0.00
GNMA	2007A Single Family	5.25	03/27/08	03/20/38	10,895.61	11,075.08			(35.75)		10,859.86	11,197.06	157.73	0.00
GNMA	2007A Single Family	6.00	03/27/08	03/20/38	18,577.28	19,187.60			(52.45)		18,524.83	19,384.75	249.60	0.00
GNMA	2007A Single Family	5.25	04/15/08	03/20/38	4,864.02	4,944.23			(15.57)		4,848.45	4,999.10	70.44	0.00
GNMA	2007A Single Family	5.25	04/15/08	03/20/38	8,163.01	8,297.64			(31.02)		8,131.99	8,384.68	118.06	0.00
GNMA	2007A Single Family	6.00	04/15/08	04/20/38	6,647.10	6,865.61			(20.46)		6,626.64	6,934.38	89.23	0.00
GNMA	2007A Single Family	5.25	04/24/08	04/20/38	8,995.33	9,143.78			(28.65)		8,966.68	9,245.38	130.25	0.00
GNMA	2007A Single Family	6.00	04/22/08	04/20/38	14,035.88	14,497.43			(38.82)		13,997.06	14,647.21	188.60	0.00
GNMA	2007A Single Family	6.00	05/07/08	04/20/38	15,996.44	16,522.73			(44.22)		15,952.22	16,693.47	214.96	0.00
GNMA	2007A Single Family	5.25	05/07/08	05/20/38	53,424.36	54,306.85			(195.48)		53,228.88	54,884.19	772.82	0.00
GNMA	2007A Single Family	5.25	05/07/08	04/20/38	9,568.25	9,726.27			(30.74)		9,537.51	9,834.09	138.56	0.00
GNMA	2007A Single Family	5.25	05/14/08	04/20/38	18,942.96	19,255.38			(60.41)		18,881.95	19,469.27	274.30	0.00
GNMA	2007A Single Family	6.00	05/21/08	05/20/38	10,588.29	10,936.82			(29.31)		10,558.98	11,049.79	142.28	0.00
GNMA	2007A Single Family	5.25	05/21/08	05/20/38	5,658.81	5,752.37			(18.00)		5,640.81	5,816.33	81.96	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	5.25	05/28/08	05/20/38	9,205.76	9,358.02			(29.60)		9,176.16	9,461.73	133.31	0.00
GNMA	2007A Single Family	6.00	05/28/08	05/20/38	9,719.64	10,039.65			(27.53)		9,692.11	10,142.72	130.60	0.00
GNMA	2007A Single Family	5.25	05/28/08	01/20/38	3,209.79	3,262.87			(10.39)		3,199.40	3,298.96	46.48	0.00
GNMA	2007A Single Family	6.00	06/11/08	06/20/38	15,647.77	16,163.22			(46.18)		15,601.59	16,327.18	210.14	0.00
GNMA	2007A Single Family	5.25	06/11/08	05/20/38	28,076.30	28,541.15			(89.96)		27,986.34	28,857.75	406.56	0.00
GNMA	2007A Single Family	5.25	06/11/08	05/20/38	16,310.12	16,590.16			(52.52)		16,257.60	16,763.81	236.17	0.00
GNMA	2007A Single Family	6.00	07/09/08	07/20/38	36,258.92	37,454.48			(102.06)		36,156.86	37,839.64	487.22	0.00
GNMA	2007A Single Family	5.25	07/09/08	06/20/38	58,697.93	59,671.63			(188.61)		58,509.32	60,332.98	849.96	0.00
GNMA	2007A Single Family	5.25	07/09/08	06/20/38	21,054.13	21,403.39			(67.46)		20,986.67	21,640.80	304.87	0.00
GNMA	2007A Single Family	5.25	07/09/08	06/20/38	10,685.37	10,862.62			(34.10)		10,651.27	10,983.26	154.74	0.00
GNMA	2007A Single Family	6.00	07/16/08	07/20/38	5,364.53	5,541.46			(25.07)		5,339.46	5,588.01	71.62	0.00
GNMA	2007A Single Family	5.25	07/16/08	07/20/38	5,699.48	5,794.09			(17.78)		5,681.70	5,858.83	82.53	0.00
GNMA	2007A Single Family	6.00	06/18/08	09/20/38	12,886.08	13,310.66			(35.21)		12,850.87	13,448.65	173.20	0.00
GNMA	2007A Single Family	5.25	06/18/08	06/20/38	8,788.26	8,933.84			(27.89)		8,760.37	9,033.22	127.27	0.00
GNMA	2007A Single Family	5.25	06/18/08	06/20/38	9,327.79	9,482.31			(48.28)		9,279.51	9,568.53	134.50	0.00
GNMA	2007A Single Family	5.25	06/18/08	06/20/38	8,825.04	8,971.22			(28.08)		8,796.96	9,070.95	127.81	0.00
GNMA	2007A Single Family	6.00	05/18/08	06/20/38	6,015.83	6,214.04			(19.83)		5,996.00	6,274.90	80.69	0.00
GNMA	2007A Single Family	6.00	06/25/08	06/20/38	20,751.98	21,435.90			(67.20)		20,684.78	21,647.11	278.41	0.00
GNMA	2007A Single Family	5.25	06/25/08	06/20/38	24,457.47	24,862.82			(80.27)		24,377.20	25,136.64	354.09	0.00
GNMA	2007A Single Family	5.25	07/16/08	07/20/38	42,612.39	43,319.61			(148.84)		42,463.55	43,787.44	616.67	0.00
GNMA	2007A Single Family	6.00	07/23/08	07/20/38	25,280.37	26,114.35			(81.36)		25,199.01	26,372.18	339.19	0.00
GNMA	2007A Single Family	5.25	07/23/08	07/20/38	58,284.80	59,252.62			(208.39)		58,076.41	59,887.57	843.34	0.00
GNMA	2007A Single Family	5.25	07/23/08	07/20/38	8,512.49	8,653.85			(26.58)		8,485.91	8,750.56	123.29	0.00
GNMA	2007A Single Family	6.00	07/29/08	07/20/38	4,802.71	4,961.17			(12.96)		4,789.75	5,012.78	64.57	0.00
GNMA	2007A Single Family	5.25	07/29/08	07/20/38	25,372.99	25,794.46			(85.27)		25,287.72	26,076.49	367.30	0.00
GNMA	2007A Single Family	5.25	07/29/08	07/20/38	12,417.70	12,623.98			(38.98)		12,378.72	12,764.84	179.84	0.00
GNMA	2007A Single Family	6.00	08/27/08	08/20/38	5,783.66	5,974.69			(15.49)		5,768.17	6,036.94	77.74	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	14,726.40	14,971.51			(50.41)		14,675.99	15,134.25	213.15	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	19,306.17	19,627.51			(59.99)		19,246.18	19,847.14	279.62	0.00
GNMA	2007A Single Family	6.00	08/13/08	08/20/38	45,109.52	46,598.75			(128.90)		44,980.62	47,075.87	606.02	0.00
GNMA	2007A Single Family	5.25	08/13/08	08/20/38	94,136.54	95,701.90			(369.97)		93,766.57	96,692.99	1,361.06	0.00
GNMA	2007A Single Family	5.25	08/13/08	07/20/38	54,666.72	55,575.70			(386.65)		54,280.07	55,974.14	785.09	0.00
GNMA	2007A Single Family	6.00	08/13/08	08/20/38	10,495.43	10,842.95			(28.32)		10,468.11	10,955.72	141.09	0.00
GNMA	2007A Single Family	5.25	08/13/08	08/20/38	19,800.67	20,129.93			(70.82)		19,729.85	20,345.60	286.49	0.00
GNMA	2007A Single Family	5.25	08/13/08	08/20/38	24,248.68	24,652.91			(101.58)		24,148.12	24,901.77	350.42	0.00
GNMA	2007A Single Family	6.00	08/20/08	08/20/38	13,352.07	13,792.96			(36.36)		13,315.71	13,938.09	179.49	0.00
GNMA	2007A Single Family	5.25	08/20/08	08/20/38	37,456.07	38,079.19			(147.91)		37,308.16	38,472.85	541.57	0.00
GNMA	2007A Single Family	5.25	08/20/08	08/20/38	8,586.65	8,729.50			(38.69)		8,547.96	8,814.82	124.01	0.00
GNMA	2007A Single Family	6.00	08/27/08	08/20/38	7,451.61	7,697.74			(20.03)		7,431.58	7,777.87	100.16	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	9,104.27	9,255.80			(34.96)		9,069.31	9,352.50	131.66	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	9,339.96	9,495.42			(28.98)		9,310.98	9,601.73	135.29	0.00
GNMA	2007A Single Family	6.00	08/27/08	08/20/38	32,648.03	33,726.37			(102.87)		32,545.16	34,061.65	438.15	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	44,694.53	45,355.65			(144.24)		44,550.29	45,857.99	646.58	0.00
GNMA	2007A Single Family	5.25	08/27/08	08/20/38	10,996.65	11,179.68			(49.58)		10,947.07	11,288.90	158.80	0.00
GNMA	2007A Single Family	6.00	09/10/08	09/20/38	26,842.73	27,729.73			(89.92)		26,752.81	27,999.86	360.05	0.00
GNMA	2007A Single Family	5.25	09/10/08	09/20/38	69,836.38	70,999.81			(4,663.63)		65,172.75	67,208.88	872.70	0.00
GNMA	2007A Single Family	5.25	09/10/08	08/20/38	31,107.91	31,626.15			(97.33)		31,010.58	31,979.39	450.57	0.00
GNMA	2007A Single Family	5.25	09/17/08	09/20/38	16,059.67	16,327.35			(57.26)		16,002.41	16,502.49	232.40	0.00
GNMA	2007A Single Family	5.25	09/17/08	08/20/38	20,853.13	21,200.71			(64.70)		20,788.43	21,438.06	302.05	0.00
GNMA	2007A Single Family	5.25	09/24/08	07/20/38	4,313.63	4,385.96			(13.47)		4,300.16	4,434.57	62.48	0.00
GNMA	2007A Single Family	6.00	09/24/08	09/20/38	13,967.57	14,429.35			(37.18)		13,930.39	14,579.96	187.79	0.00
GNMA	2007A Single Family	5.25	09/24/08	09/20/38	24,427.37	24,834.73			(98.71)		24,328.66	25,089.13	353.11	0.00
GNMA	2007A Single Family	5.25	09/24/08	08/20/38	3,466.68	3,524.50			(11.04)		3,455.64	3,563.66	50.20	0.00
GNMA	2007A Single Family	5.25	09/24/08	09/20/38	10,075.17	10,243.18			(31.07)		10,044.10	10,358.05	145.94	0.00
GNMA	2007A Single Family	6.00	09/24/08	09/20/38	16,867.75	17,425.42			(45.04)		16,822.71	17,607.15	226.77	0.00
GNMA	2007A Single Family	5.25	09/24/08	09/20/38	31,066.17	31,554.22			(95.99)		30,970.18	31,938.24	450.01	0.00
GNMA	2007A Single Family	6.00	10/08/08	10/20/38	31,189.84	32,221.52			(93.09)		31,096.75	32,547.31	418.88	0.00
GNMA	2007A Single Family	5.25	10/08/08	09/20/38	22,778.78	23,158.99			(80.16)		22,698.62	23,408.49	329.66	0.00
GNMA	2007A Single Family	6.00	10/15/08	09/20/38	4,491.40	4,640.01			(11.95)		4,479.45	4,688.43	60.37	0.00
GNMA	2007A Single Family	6.00	10/15/08	06/20/38	3,265.09	3,373.11			(8.86)		3,256.23	3,408.14	43.89	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	6.00	10/15/08	07/20/38	4,734.36	4,891.00			(13.85)		4,720.51	4,940.74	63.59	0.00
GNMA	2007A Single Family	6.00	10/22/08	10/20/38	28,953.98	29,912.15			(80.08)		28,873.90	30,221.22	389.15	0.00
GNMA	2007A Single Family	5.25	10/22/08	10/20/38	26,786.60	27,234.12			(83.54)		26,703.06	27,538.61	388.03	0.00
GNMA	2007A Single Family	5.25	10/22/08	07/20/38	9,624.16	9,784.94			(30.07)		9,594.09	9,894.27	139.40	0.00
GNMA	2007A Single Family	5.25	10/22/08	09/20/38	11,025.64	11,209.84			(34.18)		10,991.46	11,335.37	159.71	0.00
GNMA	2007A Single Family	6.00	10/22/08	10/20/38	18,512.92	19,125.56			(55.33)		18,457.59	19,318.88	248.65	0.00
GNMA	2007A Single Family	5.25	10/22/08	10/20/38	20,050.50	20,385.48			(61.57)		19,988.93	20,614.38	290.47	0.00
GNMA	2007A Single Family	5.25	10/22/08	08/20/38	4,805.74	4,886.02			(18.53)		4,787.21	4,936.99	69.50	0.00
GNMA	2007A Single Family	5.25	10/29/08	10/20/38	19,743.96	20,073.97			(71.16)		19,672.80	20,288.51	285.70	0.00
GNMA	2007A Single Family	6.00	10/29/08	10/20/38	14,321.79	14,795.86			(38.01)		14,283.78	14,950.40	192.55	0.00
GNMA	2007A Single Family	6.00	10/29/08	10/20/38	10,982.14	11,345.67			(29.09)		10,953.05	11,464.21	147.63	0.00
GNMA	2007A Single Family	5.25	10/29/08	10/20/38	14,446.17	14,687.64			(44.33)		14,401.84	14,852.57	209.26	0.00
GNMA	2007A Single Family	5.25	10/29/08	10/20/38	8,534.87	8,677.53			(26.46)		8,508.41	8,774.71	123.64	0.00
GNMA	2007A Single Family	6.00	10/29/08	10/20/38	15,287.10	15,793.12			(42.21)		15,244.89	15,956.35	205.44	0.00
GNMA	2007A Single Family	5.25	10/29/08	09/20/38	7,255.89	7,377.16			(24.13)		7,231.76	7,458.09	105.06	0.00
GNMA	2007A Single Family	6.00	11/12/08	11/20/38	31,696.07	32,745.74			(106.76)		31,589.31	33,064.11	425.13	0.00
GNMA	2007A Single Family	5.25	11/12/08	10/20/38	14,019.24	14,253.79			(59.41)		13,959.83	14,396.95	202.57	0.00
GNMA	2007A Single Family	6.00	11/12/08	11/20/38	9,966.01	10,296.06			(26.24)		9,939.77	10,403.82	134.00	0.00
GNMA	2007A Single Family	5.25	11/19/08	08/20/38	3,831.31	3,895.44			(30.92)		3,800.39	3,919.42	54.90	0.00
GNMA	2007A Single Family	6.00	11/19/08	10/20/38	15,392.56	15,902.44			(77.39)		15,315.17	16,030.29	205.24	0.00
GNMA	2007A Single Family	5.25	11/19/08	11/20/38	17,295.54	17,585.04			(52.85)		17,242.69	17,782.74	250.55	0.00
GNMA	2007A Single Family	6.00	11/19/08	10/20/38	8,452.53	8,732.52			(33.51)		8,419.02	8,812.14	113.13	0.00
GNMA	2007A Single Family	5.25	11/25/08	10/20/38	2,201.25	2,238.11			(12.31)		2,188.94	2,257.51	31.71	0.00
GNMA	2007A Single Family	5.25	11/25/08	11/20/38	22,522.21	22,899.37			(79.34)		22,442.87	23,145.98	325.95	0.00
GNMA	2007A Single Family	6.00	11/25/08	11/20/38	6,820.27	9,112.51			(25.43)		6,794.84	9,205.57	116.49	0.00
GNMA	2007A Single Family	6.00	11/25/08	11/20/38	13,427.06	13,871.93			(35.27)		13,391.79	14,017.21	180.55	0.00
GNMA	2007A Single Family	6.00	12/10/08	11/20/38			41,518.25				41,518.25	43,457.91	1,939.66	0.00
GNMA	2007A Single Family	5.25	12/10/08	11/20/38			47,358.07				47,358.07	48,842.53	1,484.46	0.00
GNMA	2007A Single Family	5.25	12/10/08	11/20/38			5,295.43				5,295.43	5,461.42	165.99	0.00
GNMA	2007A Single Family	6.00	12/10/08	11/20/38			18,014.20				18,014.20	18,855.80	841.60	0.00
GNMA	2007A Single Family	6.00	12/17/08	11/20/38			10,192.25				10,192.25	10,668.50	476.25	0.00
GNMA	2007A Single Family	6.00	12/17/08	12/20/38			15,510.63				15,510.63	16,235.39	724.76	0.00
GNMA	2007A Single Family	6.00	12/17/08	11/20/38			15,134.43				15,134.43	15,841.60	707.17	0.00
GNMA	2007A Single Family	6.00	12/17/08	11/20/38			16,725.39				16,725.39	17,506.92	781.53	0.00
GNMA	2007A Single Family	6.00	02/18/09	01/20/39			2,775.47				2,775.47	2,905.41	129.94	0.00
GNMA	2007A Single Family	6.00	02/18/09	02/20/39			10,445.39				10,445.39	10,934.44	489.05	0.00
GNMA	2007A Single Family	5.25	02/25/09	02/20/39			11,482.47				11,482.47	11,842.48	360.01	0.00
GNMA	2007A Single Family	5.49	02/25/09	01/20/39			2,925.96				2,925.96	3,041.39	115.43	0.00
GNMA	2007A Single Family	6.00	02/25/09	02/20/39			44,459.33				44,459.33	46,541.31	2,081.98	0.00
GNMA	2007A Single Family	5.25	02/25/09	12/20/38			9,922.54				9,922.54	10,234.45	311.91	0.00
GNMA	2007A Single Family	5.25	02/25/09	12/20/38			4,811.81				4,811.81	4,963.06	151.25	0.00
GNMA	2007A Single Family	6.00	02/25/09	02/20/39			17,603.25				17,603.25	18,427.59	824.34	0.00
GNMA	2007A Single Family	6.00	02/25/09	02/20/39			6,864.84				6,864.84	7,186.31	321.47	0.00
GNMA	2007A Single Family	6.00	02/25/09	02/20/39			4,542.31				4,542.31	4,755.02	212.71	0.00
GNMA	2007A Single Family	5.25	12/30/08	12/20/38			28,195.91				28,195.91	29,080.37	884.46	0.00
GNMA	2007A Single Family	6.00	12/30/08	12/20/38			6,129.64				6,129.64	6,416.15	286.51	0.00
GNMA	2007A Single Family	6.00	12/30/08	12/20/38			19,275.76				19,275.76	20,176.75	900.99	0.00
GNMA	2007A Single Family	6.00	12/30/08	12/20/38			11,098.46				11,098.46	11,617.22	518.76	0.00
GNMA	2007A Single Family	5.25	12/30/08	12/20/38			35,356.45				35,356.45	36,465.53	1,109.08	0.00
GNMA	2007A Single Family	6.00	01/14/09	12/20/38			6,763.07				6,763.07	7,079.31	316.24	0.00
GNMA	2007A Single Family	5.25	01/14/09	01/20/39			20,354.37				20,354.37	20,991.56	637.19	0.00
GNMA	2007A Single Family	5.25	01/14/09	12/20/38			15,279.00				15,279.00	15,758.55	479.55	0.00
GNMA	2007A Single Family	6.00	01/14/09	01/20/39			29,314.33				29,314.33	30,685.66	1,371.33	0.00
GNMA	2007A Single Family	6.00	01/21/09	01/20/39			23,686.40				23,686.40	24,794.62	1,108.22	0.00
GNMA	2007A Single Family	6.00	02/11/09	01/20/39			8,828.01				8,828.01	9,241.27	413.26	0.00
GNMA	2007A Single Family	5.25	02/11/09	01/20/39			10,772.76				10,772.76	11,110.34	337.58	0.00
GNMA	2007A Single Family	5.25	02/11/09	01/20/39			18,807.89				18,807.89	19,397.26	589.37	0.00
GNMA	2007A Single Family	6.00	02/11/09	01/20/39			14,891.25				14,891.25	15,586.34	697.09	0.00
GNMA	2007A Single Family	5.25	02/11/09	01/20/39			4,776.07				4,776.07	4,925.73	149.66	0.00
GNMA	2007A Single Family	5.25	02/11/09	01/20/39			6,418.46				6,418.46	6,619.59	201.13	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	6.00	02/11/09	01/20/39			8,424.58				8,424.58	8,818.95	394.37	0.00
GNMA	2007A Single Family	5.25	02/11/09	01/20/39			8,628.24				8,628.24	8,898.61	270.37	0.00
FNMA	2007A Single Family	6.00	12/11/07	12/01/37	11,654.48	12,071.84			(35.09)		11,619.39	12,162.78	126.03	0.00
FNMA	2007A Single Family	5.25	12/11/07	11/01/37	11,829.53	12,055.58			(39.99)		11,789.54	12,167.65	152.06	0.00
FNMA	2007A Single Family	5.25	12/12/07	12/01/37	71,474.26	72,840.04			(283.21)		71,185.05	73,468.11	917.28	0.00
FNMA	2007A Single Family	5.25	12/20/07	11/01/37	5,093.28	5,190.62			(17.15)		5,076.13	5,238.94	65.47	0.00
FNMA	2007A Single Family	6.00	12/20/07	12/01/37	7,934.27	8,218.42			(23.64)		7,910.63	8,280.60	85.82	0.00
FNMA	2007A Single Family	5.25	12/20/07	12/01/37	16,994.56	17,319.39			(66.36)		16,938.20	17,481.51	218.48	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37	12,855.01	13,100.82			(84.40)		12,770.61	13,180.34	163.92	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37	3,375.24	3,439.78			(24.28)		3,350.96	3,458.47	42.97	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37	17,471.89	17,805.98			(58.25)		17,413.64	17,972.34	224.61	0.00
FNMA	2007A Single Family	6.00	01/18/08	12/01/37	11,675.69	12,117.78			(33.16)		11,642.53	12,210.96	126.34	0.00
FNMA	2007A Single Family	5.25	01/18/08	12/01/37	79,679.91	81,363.79			(263.91)		79,416.00	82,124.34	1,024.46	0.00
FNMA	2007A Single Family	5.25	01/30/08	12/01/37	9,528.09	9,729.55			(31.20)		9,496.89	9,820.88	122.53	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38	16,454.17	17,077.43			(46.65)		16,407.52	17,209.68	178.90	0.00
FNMA	2007A Single Family	5.25	01/30/08	01/01/38	17,794.80	18,171.10			(69.21)		17,725.59	18,330.34	228.45	0.00
FNMA	2007A Single Family	5.25	01/30/08	12/01/37	5,750.63	5,872.20			(18.84)		5,731.79	5,927.32	73.96	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38	4,971.57	5,159.89			(19.49)		4,952.08	5,194.20	53.80	0.00
FNMA	2007A Single Family	5.25	01/30/08	01/01/38	9,116.15	9,306.63			(33.50)		9,082.65	9,392.45	119.32	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38	3,921.92	4,070.44			(11.07)		3,910.85	4,102.02	42.65	0.00
FNMA	2007A Single Family	6.00	02/13/08	02/01/38	16,627.38	17,257.44			(53.19)		16,574.19	17,384.74	180.49	0.00
FNMA	2007A Single Family	5.25	02/13/08	02/01/38	16,400.15	15,722.13			(413.93)		14,986.22	15,497.57	189.37	0.00
FNMA	2007A Single Family	5.25	02/13/08	01/01/38	12,880.32	13,149.59			(41.99)		12,838.33	13,276.37	168.77	0.00
FNMA	2007A Single Family	5.25	02/19/08	01/01/38	7,573.71	7,732.13			(24.65)		7,549.06	7,806.72	99.24	0.00
FNMA	2007A Single Family	5.25	02/19/08	01/01/38	7,564.51	7,722.73			(24.62)		7,539.89	7,797.23	99.12	0.00
FNMA	2007A Single Family	6.00	02/19/08	02/01/38	7,119.70	7,389.53			(20.04)		7,099.66	7,448.89	77.40	0.00
FNMA	2007A Single Family	6.00	02/27/08	02/01/38	14,362.51	14,906.93			(41.41)		14,321.10	15,021.63	156.11	0.00
FNMA	2007A Single Family	5.25	02/27/08	02/01/38	18,566.46	18,954.87			(60.13)		18,506.33	19,138.02	243.28	0.00
FNMA	2007A Single Family	5.25	02/27/08	01/01/38	2,753.17	2,810.76			(10.79)		2,742.38	2,835.98	36.01	0.00
FNMA	2007A Single Family	5.25	02/27/08	02/01/38	21,219.32	21,663.26			(77.74)		21,141.58	21,863.22	277.70	0.00
FNMA	2007A Single Family	6.00	03/20/08	03/01/38	16,124.89	16,736.48			(55.51)		16,069.38	16,855.82	174.85	0.00
FNMA	2007A Single Family	5.25	03/20/08	01/01/38	4,051.34	4,136.17			(13.18)		4,038.16	4,176.07	53.08	0.00
FNMA	2007A Single Family	5.25	03/20/08	02/01/38	19,787.49	20,206.86			(65.19)		19,722.30	20,396.10	254.44	0.00
FNMA	2007A Single Family	5.25	03/27/08	03/01/38	15,345.55	15,667.01			(57.63)		15,287.92	15,810.18	200.80	0.00
FNMA	2007A Single Family	6.00	03/27/08	03/01/38	13,630.95	14,148.02			(38.95)		13,592.00	14,257.26	148.19	0.00
FNMA	2007A Single Family	5.25	03/27/08	03/01/38	9,684.96	9,887.82			(56.81)		9,628.15	9,957.05	126.04	0.00
FNMA	2007A Single Family	5.25	04/15/08	04/01/38	3,939.35	4,021.97			(24.76)		3,914.59	4,048.42	51.21	0.00
FNMA	2007A Single Family	6.00	04/29/08	04/01/38	6,298.75	6,537.88			(17.49)		6,281.26	6,588.90	68.51	0.00
FNMA	2007A Single Family	6.00	02/04/09	10/01/38			1,539.01				1,539.01	1,614.81	75.80	0.00
	<b>2007A Single Family Total</b>				<b>130,501,742.88</b>	<b>131,852,340.82</b>	<b>12,846,121.90</b>	<b>(9,019,518.45)</b>	<b>(1,224,959.12)</b>	<b>0.00</b>	<b>133,103,387.21</b>	<b>136,355,832.32</b>	<b>1,901,847.17</b>	<b>0.00</b>
GICs	2007B Single Family	4.79	09/20/07	08/31/09	899,797.55	899,797.55					400,764.85	400,764.85	-	0.00
Repo Agmt	2007B Single Family	0.26	02/27/09	03/02/09	101,035.61	101,035.61	4,528,552.08		(499,032.70)		4,629,587.69	4,629,587.69	-	0.00
GICs	2007B Single Family	4.52	09/20/07	08/31/09	2,549,529.84	2,549,529.84			(363,566.62)		2,185,963.22	2,185,963.22	-	0.00
GICs	2007B Single Family	4.79	09/20/07	08/31/09	1,327,125.48	1,327,125.48	0.00				1,327,125.48	1,327,125.48	-	0.00
Freddie Mac	2007B Single Family	5.25	12/11/07	11/01/37	234,726.80	239,053.42			(792.66)		233,934.14	240,653.76	2,393.00	0.00
Freddie Mac	2007B Single Family	5.25	12/11/07	11/01/37	167,057.12	170,136.43			(552.96)		166,504.16	171,286.90	1,703.43	0.00
Freddie Mac	2007B Single Family	5.25	12/20/07	12/01/37	630,156.90	641,776.91			(2,241.25)		627,915.65	645,956.73	6,421.07	0.00
Freddie Mac	2007B Single Family	6.00	12/20/07	12/01/37	128,734.79	126,447.26			(420.52)		128,314.27	127,827.57	1,800.83	0.00
Freddie Mac	2007B Single Family	5.25	12/20/07	12/01/37	454,718.66	463,103.60			(1,665.57)		453,053.09	466,070.07	4,632.04	0.00
Freddie Mac	2007B Single Family	5.25	01/16/08	12/01/37	610,091.22	621,353.11			(2,018.03)		608,073.19	625,556.14	6,221.06	0.00
Freddie Mac	2007B Single Family	6.00	01/16/08	12/01/37	114,137.13	112,098.22			(371.54)		113,765.59	113,323.19	1,596.51	0.00
Freddie Mac	2007B Single Family	5.25	01/16/08	12/01/37	213,095.32	217,028.93			(702.76)		212,392.56	218,499.13	2,172.96	0.00
Freddie Mac	2007B Single Family	5.25	01/30/08	01/01/38	420,240.55	428,002.67			(1,382.41)		418,858.14	430,905.68	4,285.42	0.00
Freddie Mac	2007B Single Family	5.25	01/30/08	12/01/37	264,733.78	269,623.31			(1,179.54)		263,554.24	271,134.52	2,690.75	0.00
Freddie Mac	2007B Single Family	6.00	01/30/08	01/01/38	187,651.24	184,289.18			(83,712.49)		103,938.75	103,523.99	2,947.30	0.00
Freddie Mac	2007B Single Family	6.00	02/13/08	01/01/38	164,972.82	162,008.99			(541.28)		164,431.54	163,767.19	2,299.48	0.00
Freddie Mac	2007B Single Family	5.25	02/13/08	01/01/38	214,979.74	218,952.77			(705.77)		214,273.97	220,439.32	2,192.32	0.00
Freddie Mac	2007B Single Family	5.25	03/20/08	02/01/38	74,931.88	76,318.69			(243.59)		74,688.29	76,839.33	764.23	0.00
Freddie Mac	2007B Single Family	6.00	03/20/08	03/01/38	148,908.27	146,213.25			(481.87)		148,426.40	147,806.71	2,075.33	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Freddie Mac	2007B Single Family	5.25	03/20/08	11/01/37	126,055.08	128,387.80			(1,046.75)		125,008.33	128,608.32	1,267.27	0.00
Freddie Mac	2007B Single Family	6.00	04/22/08	02/01/38	63,410.79	62,255.84			(214.31)		63,196.48	62,928.40	886.87	0.00
Freddie Mac	2007B Single Family	5.25	04/22/08	01/01/38	151,590.20	154,399.35			(495.80)		151,094.40	155,449.54	1,545.99	0.00
Freddie Mac	2007B Single Family	5.25	05/14/08	04/01/38	280,839.36	286,048.55			(908.84)		279,930.52	288,004.16	2,864.45	0.00
Freddie Mac	2007B Single Family	6.00	05/15/08	04/01/38	240,830.43	236,423.37			(767.74)		240,062.69	239,011.47	3,355.84	0.00
Freddie Mac	2007B Single Family	5.25	05/21/08	04/01/38	333,532.96	339,721.27			(1,188.86)		332,344.10	341,931.16	3,398.75	0.00
Freddie Mac	2007B Single Family	5.25	05/21/08	05/01/38	233,955.13	238,296.12			(587.13)		233,368.00	240,100.15	2,391.16	0.00
Freddie Mac	2007B Single Family	5.25	05/28/08	04/01/38	255,188.86	259,924.90			(909.88)		254,278.98	261,615.44	2,600.42	0.00
Freddie Mac	2007B Single Family	5.25	05/28/08	05/01/38	137,089.93	139,634.32			(437.75)		136,652.18	140,595.00	1,398.43	0.00
Freddie Mac	2007B Single Family	6.00	06/18/08	05/01/38	291,087.47	285,724.78			(935.86)		290,151.61	288,844.96	4,056.04	0.00
Freddie Mac	2007B Single Family	5.25	06/18/08	02/01/38	82,493.14	84,025.40			(483.61)		82,009.53	84,376.86	835.07	0.00
Freddie Mac	2007B Single Family	5.25	06/18/08	05/01/38	144,634.55	147,321.19			(461.83)		144,172.72	148,334.78	1,475.42	0.00
Freddie Mac	2007B Single Family	6.00	06/25/08	05/01/38	103,474.23	101,565.40			(327.32)		103,146.91	102,679.75	1,441.67	0.00
Freddie Mac	2007B Single Family	6.00	07/16/08	06/01/38	161,582.27	158,589.00			(542.66)		161,039.61	160,297.76	2,251.42	0.00
Freddie Mac	2007B Single Family	5.25	07/16/08	06/01/38	221,181.90	225,295.21			(710.29)		220,471.61	226,841.12	2,256.20	0.00
Freddie Mac	2007B Single Family	6.00	07/23/08	06/01/38	149,254.37	146,485.82			(469.49)		148,784.88	148,095.65	2,079.32	0.00
Freddie Mac	2007B Single Family	6.00	08/13/08	06/01/38	153,216.53	150,362.93			(621.60)		152,594.93	151,876.52	2,135.19	0.00
Freddie Mac	2007B Single Family	6.00	08/13/08	08/01/38	72,857.26	71,500.12			(226.60)		72,630.66	72,288.45	1,014.93	0.00
Freddie Mac	2007B Single Family	6.00	08/20/08	06/01/38	152,423.15	149,580.45			(491.07)		151,932.08	151,212.88	2,123.50	0.00
Freddie Mac	2007B Single Family	6.00	08/27/08	08/01/38	303,216.75	297,553.45			(1,327.65)		301,889.10	300,451.38	4,225.58	0.00
Freddie Mac	2007B Single Family	6.00	09/17/08	08/01/38	217,633.34	213,552.13			(763.33)		216,870.01	215,820.62	3,031.82	0.00
Freddie Mac	2007B Single Family	5.25	09/17/08	08/01/38	83,950.50	85,515.69			(264.14)		83,686.36	86,108.08	856.53	0.00
Freddie Mac	2007B Single Family	5.25	09/24/08	08/01/38	179,791.66	183,144.66			(563.92)		179,227.74	184,415.17	1,834.44	0.00
Freddie Mac	2007B Single Family	6.00	09/24/08	06/01/38	99,535.20	97,686.29			(315.06)		99,220.14	98,737.85	1,386.62	0.00
Freddie Mac	2007B Single Family	5.25	09/24/08	06/01/38	144,262.50	148,952.88			(457.75)		143,804.75	147,966.76	1,471.63	0.00
Freddie Mac	2007B Single Family	5.25	10/03/08	09/01/38	119,134.79	121,357.79			(1,301.95)		117,832.84	121,244.52	1,188.68	0.00
Freddie Mac	2007B Single Family	6.00	10/15/08	09/01/38	222,685.20	218,486.59			(688.66)		221,996.54	220,899.43	3,101.50	0.00
Freddie Mac	2007B Single Family	5.25	10/22/08	07/01/38	123,954.73	126,268.94			(391.09)		123,563.64	127,142.54	1,264.69	0.00
Freddie Mac	2007B Single Family	6.00	10/22/08	07/01/38	76,009.19	74,574.22			(237.95)		75,771.24	75,395.12	1,058.85	0.00
Freddie Mac	2007B Single Family	6.00	10/22/08	09/01/38	77,266.27	75,807.49			(239.04)		77,027.23	76,644.66	1,076.21	0.00
Freddie Mac	2007B Single Family	5.25	10/22/08	08/01/38	154,104.79	156,981.90			(677.83)		153,426.96	157,870.82	1,566.75	0.00
Freddie Mac	2007B Single Family	5.25	11/19/08	09/01/38	114,659.34	116,802.48			(356.72)		114,302.62	117,615.77	1,170.01	0.00
Freddie Mac	2007B Single Family	5.25	12/10/08	11/01/38			318,809.79				318,809.79	328,055.69	9,245.90	0.00
Freddie Mac	2007B Single Family	6.00	12/17/08	11/01/38			167,303.52				167,303.52	166,438.03	(865.49)	0.00
Freddie Mac	2007B Single Family	5.25	01/14/09	11/01/38			83,615.58				83,615.58	86,042.79	2,427.21	0.00
Freddie Mac	2007B Single Family	6.00	01/14/09	11/01/38			205,709.85				205,709.85	204,624.85	(1,085.20)	0.00
Freddie Mac	2007B Single Family	6.00	02/18/09	01/01/39			133,717.91				133,717.91	132,995.27	(722.64)	0.00
Freddie Mac	2007B Single Family	5.25	02/18/09	12/01/38			113,990.88				113,990.88	117,302.92	3,312.04	0.00
Freddie Mac	2007B Single Family	5.49	02/18/09	09/01/38			138,537.59				138,537.59	136,278.49	(2,259.10)	0.00
Freddie Mac	2007B Single Family	4.75	02/18/09	10/01/38			48,120.33				48,120.33	48,966.46	846.13	0.00
Freddie Mac	2007B Single Family	4.75	02/18/09	12/01/38			69,847.06				69,847.06	71,075.22	1,228.16	0.00
GNMA	2007B Single Family	5.25	12/28/07	12/20/37	531,149.64	533,719.00			(1,776.49)		529,373.15	539,605.48	7,662.97	0.00
GNMA	2007B Single Family	6.00	12/11/07	11/20/37	727,394.53	716,051.78			(79,937.67)		647,456.86	646,061.30	9,947.19	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37	2,823,355.87	2,870,002.81			(113,377.03)		2,709,978.84	2,794,231.81	37,606.03	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37	480,327.24	488,263.12			(2,059.39)		478,267.85	493,137.15	6,933.42	0.00
GNMA	2007B Single Family	6.00	12/11/07	11/20/37	438,512.67	432,659.05			(1,461.55)		438,051.12	437,106.93	5,909.43	0.00
GNMA	2007B Single Family	5.25	12/11/07	12/20/37	2,264,340.99	2,301,756.67			(8,366.81)		2,255,974.18	2,326,114.56	32,724.70	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37	253,460.24	257,647.87			(836.02)		252,624.22	260,478.29	3,666.44	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37	1,193,294.00	1,213,022.88			(4,417.28)		1,188,876.74	1,225,852.44	17,246.82	0.00
GNMA	2007B Single Family	6.00	12/20/07	12/20/37	285,242.45	280,785.53			(119,676.13)		165,566.32	165,204.02	4,094.62	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37	451,633.41	459,100.31			(1,472.49)		450,160.92	464,161.53	6,533.71	0.00
GNMA	2007B Single Family	5.25	12/20/07	11/20/37	125,015.39	127,082.16			(410.48)		124,604.91	128,480.04	1,808.36	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37	185,842.37	188,914.93			(814.22)		185,028.15	190,782.78	2,682.07	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38	549,841.77	541,251.11			(1,778.45)		548,063.31	546,805.52	7,332.87	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	405,538.94	411,441.89			(1,423.22)		404,115.72	415,881.05	5,862.38	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	485,324.39	493,287.30			(1,571.11)		483,753.28	498,742.56	7,026.37	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	605,363.87	614,175.42			(267,602.84)		337,761.03	347,594.51	1,021.93	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38	148,071.86	145,758.20			(474.56)		147,587.10	147,258.36	1,974.72	0.00
GNMA	2007B Single Family	6.00	01/16/08	12/20/37	981,282.34	965,865.03			(3,253.42)		978,028.92	975,804.10	13,192.49	0.00
GNMA	2007B Single Family	5.25	01/16/08	12/20/37	476,395.97	484,286.48			(2,119.93)		474,276.04	489,040.52	6,873.97	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2007B Single Family	5.25	01/16/08	01/20/38	2,938,395.37	2,986,561.46			(146,780.58)		2,791,614.79	2,878,070.41	38,289.53	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	714,224.16	724,620.23			(2,342.04)		711,882.12	732,607.66	10,329.47	0.00
GNMA	2007B Single Family	5.25	01/30/08	12/20/37	145,289.45	147,698.11			(491.96)		144,797.49	149,307.39	2,101.24	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38	277,691.20	282,251.67			(902.46)		276,788.74	285,369.49	4,020.28	0.00
GNMA	2007B Single Family	5.25	02/13/08	02/20/38	344,971.17	350,636.94			(1,303.09)		343,668.08	354,322.53	4,988.68	0.00
GNMA	2007B Single Family	6.00	02/13/08	01/20/38	248,428.96	244,536.23			(799.51)		247,629.45	247,049.96	3,313.24	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38	126,436.68	124,461.25			(405.22)		126,031.46	125,742.23	1,686.20	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	283,232.48	287,879.59			(916.89)		282,315.59	291,063.24	4,100.54	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	135,862.94	137,888.82			(439.14)		135,223.80	139,413.76	1,964.08	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38	402,249.14	408,848.99			(1,583.46)		400,665.68	413,080.46	5,814.93	0.00
GNMA	2007B Single Family	6.00	02/13/08	01/20/38	341,260.25	335,912.90			(1,094.33)		340,165.92	339,369.88	4,551.31	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38	660,158.22	670,999.89			(2,147.01)		658,011.21	678,410.26	9,557.38	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38	787,008.65	799,933.56			(2,588.03)		784,420.62	808,738.48	11,382.95	0.00
GNMA	2007B Single Family	5.25	04/08/08	03/20/38	376,776.45	382,987.42			(1,210.00)		375,566.45	387,232.90	5,455.48	0.00
GNMA	2007B Single Family	5.25	04/08/08	03/20/38	138,474.24	140,756.94			(443.71)		138,030.53	142,318.28	2,005.05	0.00
GNMA	2007B Single Family	6.00	04/08/08	04/20/38	269,255.19	264,986.80			(882.26)		268,372.93	267,694.54	3,590.00	0.00
GNMA	2007B Single Family	5.25	04/08/08	04/20/38	505,161.05	513,488.92			(2,092.50)		503,068.55	518,696.22	7,289.80	0.00
GNMA	2007B Single Family	6.00	03/12/08	03/20/38	304,427.14	299,628.06			(1,092.20)		303,334.94	302,595.61	4,059.75	0.00
GNMA	2007B Single Family	5.25	03/12/08	03/20/38	617,374.05	627,532.76			(1,984.93)		615,389.12	634,487.37	8,999.54	0.00
GNMA	2007B Single Family	5.25	03/20/08	03/20/38	521,387.48	529,971.59			(1,830.03)		519,557.45	535,685.94	7,544.38	0.00
GNMA	2007B Single Family	6.00	02/19/08	01/20/38	566,175.63	557,293.27			(1,852.00)		564,323.63	562,992.16	7,550.89	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38	495,302.37	503,440.21			(1,681.17)		493,621.20	508,927.59	7,168.55	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38	136,729.67	138,976.13			(499.93)		136,289.74	140,515.86	1,979.66	0.00
GNMA	2007B Single Family	6.00	02/19/08	02/20/38	204,340.48	201,134.13			(958.37)		203,372.11	202,891.49	2,725.73	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38	648,824.87	659,485.16			(2,407.88)		646,417.09	666,461.39	9,384.11	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	147,900.64	150,331.85			(1,065.05)		146,835.59	151,390.10	2,123.30	0.00
GNMA	2007B Single Family	6.00	02/27/08	02/20/38	246,053.63	242,186.44			(806.90)		245,246.73	244,660.78	3,281.24	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	232,925.85	236,754.75			(753.30)		232,172.55	239,374.02	3,372.57	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	340,831.63	346,434.31			(1,118.49)		339,713.14	350,250.28	4,934.46	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	289,655.54	294,620.26			(983.07)		288,662.47	297,822.31	4,195.12	0.00
GNMA	2007B Single Family	6.00	02/27/08	02/20/38	299,942.37	295,228.22			(1,036.33)		298,906.04	298,191.90	4,000.01	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38	633,854.93	644,274.40			(2,229.63)		631,625.30	651,216.88	9,172.11	0.00
GNMA	2007B Single Family	5.25	03/20/08	03/20/38	139,486.16	141,782.64			(448.10)		139,040.06	143,356.24	2,019.70	0.00
GNMA	2007B Single Family	6.00	03/20/08	03/20/38	142,616.62	140,364.71			(523.57)		142,093.05	141,743.03	1,901.89	0.00
GNMA	2007B Single Family	5.25	03/27/08	03/20/38	302,370.69	307,351.09			(992.37)		301,378.32	310,736.46	4,377.74	0.00
GNMA	2007B Single Family	6.00	03/27/08	03/20/38	514,980.77	505,932.57			(1,856.42)		512,404.35	511,130.78	6,854.63	0.00
GNMA	2007B Single Family	5.25	04/15/08	03/20/38	134,984.03	137,210.30			(431.71)		134,552.32	138,733.13	1,954.54	0.00
GNMA	2007B Single Family	5.25	04/15/08	03/20/38	226,536.68	230,272.89			(860.65)		225,676.03	232,688.22	3,275.98	0.00
GNMA	2007B Single Family	6.00	04/15/08	04/20/38	183,950.47	181,030.20			(639.48)		183,310.99	182,843.56	2,452.84	0.00
GNMA	2007B Single Family	5.25	04/24/08	04/20/38	249,634.64	253,754.38			(795.10)		248,839.54	256,574.07	3,614.79	0.00
GNMA	2007B Single Family	6.00	04/22/08	04/20/38	388,438.96	382,263.51			(1,229.71)		387,209.25	386,212.96	5,179.16	0.00
GNMA	2007B Single Family	6.00	05/07/08	04/20/38	442,725.88	435,665.95			(1,401.19)		441,324.69	440,167.93	5,903.17	0.00
GNMA	2007B Single Family	5.25	05/07/08	05/20/38	1,482,610.90	1,507,101.38			(5,424.90)		1,477,186.00	1,523,123.64	21,447.16	0.00
GNMA	2007B Single Family	5.25	05/07/08	04/20/38	265,533.60	269,919.53			(852.70)		264,680.90	272,911.69	3,844.86	0.00
GNMA	2007B Single Family	5.25	05/14/08	04/20/38	525,680.90	534,367.59			(1,676.95)		524,003.95	540,303.29	7,612.65	0.00
GNMA	2007B Single Family	6.00	05/21/08	05/20/38	293,066.01	288,378.74			(928.66)		292,137.35	291,357.58	3,907.50	0.00
GNMA	2007B Single Family	5.25	05/21/08	05/20/38	157,041.05	159,637.55			(499.15)		156,541.90	161,412.50	2,274.10	0.00
GNMA	2007B Single Family	5.25	05/28/08	05/20/38	255,474.19	259,700.01			(821.54)		254,652.65	262,577.97	3,689.50	0.00
GNMA	2007B Single Family	6.00	05/28/08	05/20/38	269,031.15	264,722.42			(869.12)		268,162.03	267,440.06	3,586.76	0.00
GNMA	2007B Single Family	5.25	05/28/08	01/20/38	89,076.78	90,550.02			(288.25)		88,788.53	91,551.44	1,289.67	0.00
GNMA	2007B Single Family	6.00	06/11/08	06/20/38	433,144.50	426,186.81			(1,451.64)		431,692.86	430,509.85	5,774.68	0.00
GNMA	2007B Single Family	5.25	06/11/08	05/20/38	779,161.92	792,062.16			(2,496.52)		776,665.40	800,848.19	11,282.55	0.00
GNMA	2007B Single Family	5.25	06/11/08	05/20/38	452,631.88	460,125.89			(1,457.66)		451,174.22	465,222.27	6,554.04	0.00
GNMA	2007B Single Family	6.00	07/09/08	07/20/38	1,003,804.06	987,587.44			(3,225.60)		1,000,578.46	997,743.20	13,381.36	0.00
GNMA	2007B Single Family	5.25	07/09/08	06/20/38	1,628,960.66	1,655,982.58			(5,234.61)		1,623,726.05	1,674,336.00	23,588.03	0.00
GNMA	2007B Single Family	5.25	07/09/08	06/20/38	584,285.75	593,976.14			(1,872.23)		582,413.52	600,566.78	8,460.87	0.00
GNMA	2007B Single Family	5.25	07/09/08	06/20/38	296,536.08	301,455.14			(946.38)		295,589.70	304,802.93	4,294.17	0.00
GNMA	2007B Single Family	6.00	07/18/08	07/20/38	148,518.26	146,115.55			(753.21)		147,765.05	147,342.94	1,980.60	0.00
GNMA	2007B Single Family	5.25	07/16/08	07/20/38	158,169.88	160,794.97			(493.76)		157,676.12	162,592.05	2,290.84	0.00
GNMA	2007B Single Family	6.00	06/18/08	06/20/38	356,709.22	350,971.22			(1,116.87)		355,592.35	354,609.69	4,755.34	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2007B Single Family	5.25	05/18/08	06/20/38	243,888.30	247,928.26			(774.10)		243,114.20	250,686.25	3,532.09	0.00
GNMA	2007B Single Family	5.25	06/18/08	06/20/38	258,861.24	263,149.23			(1,339.87)		257,521.37	265,542.15	3,732.79	0.00
GNMA	2007B Single Family	5.25	06/18/08	06/20/38	244,908.93	248,865.79			(779.32)		244,129.61	251,733.29	3,546.82	0.00
GNMA	2007B Single Family	6.00	06/18/08	06/20/38	166,528.69	163,849.93			(615.36)		165,913.33	165,454.85	2,220.28	0.00
GNMA	2007B Single Family	6.00	06/25/08	06/20/38	574,469.02	565,215.08			(2,089.85)		572,379.17	570,784.24	7,659.01	0.00
GNMA	2007B Single Family	5.25	06/25/08	06/20/38	678,734.07	689,982.73			(2,227.85)		676,506.22	697,581.67	9,828.79	0.00
GNMA	2007B Single Family	5.25	07/16/08	07/20/38	1,182,561.25	1,202,187.83			(4,130.68)		1,178,430.57	1,215,170.92	17,113.77	0.00
GNMA	2007B Single Family	6.00	07/23/08	07/20/38	699,913.95	688,574.87			(2,532.38)		697,381.57	695,373.28	9,330.79	0.00
GNMA	2007B Single Family	5.25	07/23/08	07/20/38	1,617,495.82	1,644,354.16			(5,783.14)		1,611,712.68	1,661,975.07	23,404.05	0.00
GNMA	2007B Single Family	5.25	07/23/08	07/20/38	236,235.49	240,158.15			(737.48)		235,498.01	242,842.17	3,421.50	0.00
GNMA	2007B Single Family	6.00	07/29/08	07/20/38	132,971.76	130,814.87			(411.87)		132,559.89	132,175.59	1,772.59	0.00
GNMA	2007B Single Family	5.25	07/29/08	07/20/38	704,140.97	715,837.50			(2,366.52)		701,774.45	723,664.17	10,193.19	0.00
GNMA	2007B Single Family	6.00	08/27/08	08/20/38	344,611.20	350,335.56			(1,081.86)		343,529.34	354,244.70	4,991.00	0.00
GNMA	2007B Single Family	6.00	08/27/08	08/20/38	160,161.63	157,538.69			(493.22)		159,658.41	159,180.06	2,134.59	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	408,681.08	415,483.16			(1,399.27)		407,281.81	419,999.33	5,915.44	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	535,777.05	544,694.53			(1,665.04)		534,112.01	550,789.86	7,760.37	0.00
GNMA	2007B Single Family	6.00	08/13/08	08/20/38	1,249,022.10	1,228,700.64			(4,058.32)		1,244,953.78	1,241,261.23	16,648.91	0.00
GNMA	2007B Single Family	5.25	08/13/08	08/20/38	2,612,438.44	2,655,879.52			(10,267.42)		2,602,171.02	2,683,384.00	37,771.90	0.00
GNMA	2007B Single Family	5.25	08/13/08	07/20/38	1,517,088.57	1,542,314.00			(10,730.18)		1,506,358.39	1,553,371.39	21,787.57	0.00
GNMA	2007B Single Family	6.00	08/13/08	08/20/38	290,632.02	285,903.47			(900.19)		289,731.83	288,877.14	3,873.86	0.00
GNMA	2007B Single Family	5.25	08/13/08	08/20/38	549,500.12	558,637.52			(1,965.68)		547,534.44	564,622.84	7,951.00	0.00
GNMA	2007B Single Family	5.25	08/13/08	08/20/38	672,967.15	684,157.62			(2,818.53)		670,148.62	691,063.76	9,724.67	0.00
GNMA	2007B Single Family	6.00	08/20/08	08/20/38	369,712.16	363,688.57			(1,153.98)		368,558.18	367,462.45	4,927.86	0.00
GNMA	2007B Single Family	5.25	08/20/08	08/20/38	1,039,465.71	1,056,758.01			(4,104.74)		1,035,360.97	1,067,682.92	15,029.65	0.00
GNMA	2007B Single Family	6.00	08/27/08	08/20/38	238,283.30	242,257.50			(1,073.56)		237,219.74	244,625.28	3,441.34	0.00
GNMA	2007B Single Family	6.00	08/27/08	08/20/38	206,338.14	202,971.66			(637.35)		205,700.79	205,084.51	2,750.20	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	252,657.84	256,863.08			(970.10)		251,687.74	259,546.78	3,653.80	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	259,199.00	263,513.11			(804.25)		258,394.75	266,463.23	3,754.37	0.00
GNMA	2007B Single Family	6.00	08/27/08	08/20/38	904,035.61	889,285.91			(3,210.07)		900,825.54	898,126.60	12,050.76	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	1,240,344.05	1,258,691.17			(4,002.77)		1,236,341.28	1,272,631.95	17,943.55	0.00
GNMA	2007B Single Family	5.25	08/27/08	08/20/38	305,174.92	310,254.24			(1,376.01)		303,798.91	313,285.12	4,406.89	0.00
GNMA	2007B Single Family	6.00	09/10/08	09/20/38	743,330.92	731,168.64			(2,786.08)		740,544.84	736,291.22	9,908.66	0.00
GNMA	2007B Single Family	5.25	09/10/08	09/20/38	1,938,070.23	1,970,357.37			(129,422.94)		1,808,647.29	1,865,153.14	24,218.71	0.00
GNMA	2007B Single Family	5.25	09/10/08	08/20/38	863,293.98	877,675.96			(2,701.08)		860,592.90	887,478.71	12,593.83	0.00
GNMA	2007B Single Family	5.25	09/17/08	09/20/38	445,681.66	453,110.12			(1,588.89)		444,092.77	457,970.38	6,449.15	0.00
GNMA	2007B Single Family	5.25	09/17/08	08/20/38	578,707.70	588,353.41			(1,795.71)		576,911.99	594,940.12	8,362.42	0.00
GNMA	2007B Single Family	6.00	09/24/08	07/20/38	119,710.17	121,706.32			(373.69)		119,336.45	123,066.54	1,733.91	0.00
GNMA	2007B Single Family	6.00	09/24/08	09/20/38	386,815.74	380,468.76			(1,184.65)		385,631.09	384,439.76	5,155.65	0.00
GNMA	2007B Single Family	5.25	09/24/08	09/20/38	677,898.60	689,203.17			(2,739.37)		675,159.23	696,263.16	9,799.36	0.00
GNMA	2007B Single Family	5.25	09/24/08	08/20/38	96,206.31	97,810.53			(306.51)		95,899.80	98,987.40	1,393.38	0.00
GNMA	2007B Single Family	6.00	09/24/08	09/20/38	279,602.19	284,264.80			(862.39)		278,739.80	287,452.57	4,050.16	0.00
GNMA	2007B Single Family	6.00	09/24/08	09/20/38	467,132.93	459,467.98			(1,434.36)		465,698.47	464,259.79	6,226.17	0.00
GNMA	2007B Single Family	5.25	09/24/08	09/20/38	862,135.29	876,512.16			(2,663.64)		859,471.65	896,336.77	12,488.25	0.00
GNMA	2007B Single Family	6.00	10/08/08	10/20/38	863,819.64	849,606.53			(2,921.81)		860,897.83	858,196.91	11,512.19	0.00
GNMA	2007B Single Family	5.25	10/08/08	09/20/38	632,147.41	642,698.79			(2,224.33)		629,923.03	649,622.90	9,148.44	0.00
GNMA	2007B Single Family	6.00	10/15/08	09/20/38	124,395.81	122,346.20			(380.95)		124,014.86	123,623.16	1,657.91	0.00
GNMA	2007B Single Family	6.00	10/15/08	06/20/38	90,431.34	88,941.43			(281.96)		90,149.38	89,864.99	1,205.52	0.00
GNMA	2007B Single Family	6.00	10/15/08	07/20/38	131,124.69	126,964.33			(436.19)		130,688.50	130,275.97	1,747.83	0.00
GNMA	2007B Single Family	6.00	10/22/08	10/20/38	801,946.41	788,714.11			(2,538.07)		799,408.34	796,863.46	10,687.42	0.00
GNMA	2007B Single Family	5.25	10/22/08	10/20/38	743,370.94	755,790.26			(2,318.08)		741,052.86	764,240.45	10,768.27	0.00
GNMA	2007B Single Family	5.25	10/22/08	07/20/38	267,085.59	271,547.71			(834.31)		266,251.28	274,581.74	3,868.34	0.00
GNMA	2007B Single Family	5.25	10/22/08	09/20/38	305,979.09	311,091.01			(948.38)		305,030.71	314,574.82	4,432.19	0.00
GNMA	2007B Single Family	6.00	10/22/08	10/20/38	512,757.17	504,296.56			(1,736.51)		511,020.66	509,393.86	6,833.81	0.00
GNMA	2007B Single Family	5.25	10/22/08	10/20/38	566,433.26	565,729.45			(1,703.82)		564,724.44	572,081.80	8,061.17	0.00
GNMA	2007B Single Family	5.25	10/22/08	08/20/38	133,366.90	135,595.03			(514.29)		132,852.61	137,009.44	1,928.70	0.00
GNMA	2007B Single Family	5.25	10/29/08	10/20/38	547,926.30	557,084.88			(1,974.68)		545,951.62	563,038.48	7,928.28	0.00
GNMA	2007B Single Family	6.00	10/29/08	10/20/38	396,686.80	390,132.35			(1,211.33)		395,475.47	394,207.37	5,286.35	0.00
GNMA	2007B Single Family	6.00	10/29/08	10/20/38	304,184.85	299,158.81			(927.77)		303,257.08	302,284.67	4,053.63	0.00
GNMA	2007B Single Family	5.25	10/29/08	10/20/38	400,904.23	407,605.33			(1,230.43)		399,673.80	412,182.54	5,807.64	0.00
GNMA	2007B Single Family	5.25	10/29/08	10/20/38	236,856.49	240,815.55			(734.15)		236,122.34	243,512.35	3,430.95	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2007B Single Family	6.00	10/29/08	10/20/38	423,424.18	416,427.96			(1,338.59)		422,085.59	420,732.18	5,642.81	0.00
GNMA	2007B Single Family	5.25	10/29/08	09/20/38	201,362.32	204,728.08			(669.69)		200,692.63	206,973.78	2,915.39	0.00
GNMA	2007B Single Family	6.00	11/12/08	11/20/38	877,976.80	863,429.26			(3,307.22)		874,669.58	871,823.76	11,701.72	0.00
GNMA	2007B Single Family	5.25	11/12/08	10/20/38	389,056.36	395,565.44			(1,648.77)		387,407.59	399,538.49	5,621.82	0.00
GNMA	2007B Single Family	6.00	11/12/08	11/20/38	276,057.40	271,483.29			(837.15)		275,220.25	274,324.79	3,678.65	0.00
GNMA	2007B Single Family	5.25	11/19/08	08/20/38	106,325.10	108,104.84			(858.04)		105,467.06	108,770.32	1,523.52	0.00
GNMA	2007B Single Family	6.00	11/19/08	10/20/38	426,385.10	419,310.46			(2,314.34)		424,070.76	422,681.65	5,685.53	0.00
GNMA	2007B Single Family	5.25	11/19/08	11/20/38	479,978.79	488,013.00			(1,466.98)		478,511.81	493,499.47	6,953.45	0.00
GNMA	2007B Single Family	6.00	11/19/08	10/20/38	234,141.29	230,256.39			(1,021.83)		233,119.46	232,355.84	3,121.28	0.00
GNMA	2007B Single Family	5.25	11/25/08	10/20/38	61,088.36	62,111.34			(341.74)		60,746.62	62,649.74	880.14	0.00
GNMA	2007B Single Family	5.25	11/25/08	11/20/38	625,027.12	635,493.74			(2,201.66)		622,825.46	642,337.76	9,045.68	0.00
GNMA	2007B Single Family	6.00	11/25/08	11/20/38	244,334.59	240,275.70			(802.47)		243,532.12	242,729.48	3,256.25	0.00
GNMA	2007B Single Family	6.00	11/25/08	11/20/38	371,949.70	365,770.86			(1,126.09)		370,823.61	369,601.43	4,956.66	0.00
GNMA	2007B Single Family	6.00	12/10/08	11/20/38			1,149,730.81				1,149,730.81	1,145,884.05	(3,846.76)	0.00
GNMA	2007B Single Family	5.25	12/10/08	11/20/38			1,314,261.87				1,314,261.87	1,355,457.90	41,196.03	0.00
GNMA	2007B Single Family	5.25	12/10/08	11/20/38			146,956.60				146,956.60	151,563.01	4,606.41	0.00
GNMA	2007B Single Family	6.00	12/10/08	11/20/38			498,852.88				498,852.88	497,183.82	(1,669.06)	0.00
GNMA	2007B Single Family	6.00	12/17/08	11/20/38			282,254.64				282,254.64	281,303.77	(950.87)	0.00
GNMA	2007B Single Family	6.00	12/17/08	12/20/38			429,537.10				429,537.10	428,089.66	(1,447.44)	0.00
GNMA	2007B Single Family	6.00	12/17/08	12/20/38			419,118.79				419,118.79	417,706.45	(1,412.34)	0.00
GNMA	2007B Single Family	6.00	12/17/08	11/20/38			463,177.20				463,177.20	461,616.82	(1,580.38)	0.00
GNMA	2007B Single Family	6.00	02/18/09	01/20/39			76,882.94				76,882.94	76,609.25	(273.69)	0.00
GNMA	2007B Single Family	6.00	02/18/09	02/20/39			289,346.09				289,346.09	288,316.06	(1,030.03)	0.00
GNMA	2007B Single Family	5.25	02/25/09	02/20/39			318,856.75				318,856.75	328,647.64	9,990.89	0.00
GNMA	2007B Single Family	5.49	02/25/09	01/20/39			81,054.05				81,054.05	80,194.31	(859.74)	0.00
GNMA	2007B Single Family	6.00	02/25/09	02/20/39			1,231,599.84				1,231,599.84	1,227,185.98	(4,413.86)	0.00
GNMA	2007B Single Family	5.25	02/25/09	12/20/38			275,366.28				275,366.28	284,022.18	8,655.90	0.00
GNMA	2007B Single Family	5.25	02/25/09	12/20/38			133,535.28				133,535.28	137,732.84	4,197.56	0.00
GNMA	2007B Single Family	6.00	02/25/09	02/20/39			487,640.42				487,640.42	485,892.79	(1,747.63)	0.00
GNMA	2007B Single Family	6.00	02/25/09	02/20/39			190,167.86				190,167.86	189,486.33	(681.53)	0.00
GNMA	2007B Single Family	6.00	02/25/09	02/20/39			125,829.84				125,829.84	125,376.89	(450.95)	0.00
GNMA	2007B Single Family	5.25	12/30/08	12/20/38			782,481.43				782,481.43	807,026.58	24,545.15	0.00
GNMA	2007B Single Family	6.00	12/30/08	12/20/38			169,758.50				169,758.50	169,179.10	(579.40)	0.00
GNMA	2007B Single Family	6.00	12/30/08	12/20/38			533,836.16				533,836.16	532,014.17	(1,821.99)	0.00
GNMA	2007B Single Family	6.00	12/30/08	12/20/38			307,368.20				307,368.20	306,319.14	(1,049.06)	0.00
GNMA	2007B Single Family	5.25	12/30/08	12/20/38			981,198.04				981,198.04	1,011,976.59	30,778.55	0.00
GNMA	2007B Single Family	6.00	01/14/09	12/20/38			187,313.54				187,313.54	186,664.87	(648.67)	0.00
GNMA	2007B Single Family	5.25	01/14/09	01/20/39			564,866.07				564,866.07	582,549.27	17,683.20	0.00
GNMA	2007B Single Family	5.25	01/14/09	12/20/38			424,016.58				424,016.58	437,324.80	13,308.22	0.00
GNMA	2007B Single Family	6.00	01/14/09	01/20/39			811,905.64				811,905.64	809,109.69	(2,795.95)	0.00
GNMA	2007B Single Family	6.00	01/21/09	01/20/39			656,051.03				656,051.03	653,776.68	(2,274.35)	0.00
GNMA	2007B Single Family	6.00	02/11/09	01/20/39			244,535.71				244,535.71	243,670.83	(864.88)	0.00
GNMA	2007B Single Family	5.25	02/11/09	01/20/39			298,961.30				298,961.30	308,329.69	9,368.39	0.00
GNMA	2007B Single Family	5.25	02/11/09	01/20/39			521,948.74				521,948.74	538,304.75	16,356.01	0.00
GNMA	2007B Single Family	6.00	02/11/09	01/20/39			412,487.27				412,487.27	411,028.38	(1,458.89)	0.00
GNMA	2007B Single Family	5.25	02/11/09	01/20/39			132,543.74				132,543.74	136,697.19	4,153.45	0.00
GNMA	2007B Single Family	5.25	02/11/09	01/20/39			178,122.73				178,122.73	183,704.46	5,581.73	0.00
GNMA	2007B Single Family	6.00	02/11/09	01/20/39			233,360.54				233,360.54	232,535.19	(825.35)	0.00
GNMA	2007B Single Family	5.25	02/11/09	01/20/39			239,447.52				239,447.52	246,950.95	7,503.43	0.00
FNMA	2007B Single Family	6.00	12/11/07	12/01/37	321,686.06	318,306.30			(1,091.70)		320,594.36	320,704.27	3,489.67	0.00
FNMA	2007B Single Family	5.25	12/11/07	11/01/37	327,648.84	334,561.73			(1,101.85)		326,546.79	337,671.84	4,211.96	0.00
FNMA	2007B Single Family	5.25	12/12/07	12/01/37	1,979,653.71	2,021,426.75			(7,974.04)		1,971,679.67	2,038,856.51	25,403.80	0.00
FNMA	2007B Single Family	5.25	12/20/07	11/01/37	141,070.56	144,048.21			(472.64)		140,597.92	145,389.11	1,813.54	0.00
FNMA	2007B Single Family	6.00	12/20/07	12/01/37	219,008.27	216,700.63			(736.20)		218,272.07	218,340.20	2,375.77	0.00
FNMA	2007B Single Family	5.25	12/20/07	12/01/37	470,704.86	480,640.68			(1,552.98)		469,151.88	485,139.72	6,052.02	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37	356,050.33	363,568.54			(2,331.75)		353,718.58	365,775.23	4,538.44	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37	93,485.35	95,459.36			(670.94)		92,814.41	95,978.04	1,189.62	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37	483,926.03	494,144.41			(1,604.97)		482,321.06	498,761.19	6,221.75	0.00
FNMA	2007B Single Family	6.00	01/16/08	12/01/37	322,950.30	319,517.90			(1,046.44)		321,903.86	321,974.85	3,503.39	0.00
FNMA	2007B Single Family	5.25	01/16/08	12/01/37	2,211,243.76	2,257,974.31			(7,323.76)		2,203,920.00	2,279,080.81	28,430.26	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
FNMA	2007B Single Family	5.25	01/30/08	12/01/37	264,419.17	270,010.48			(865.74)		263,553.43	272,545.05	3,400.31	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38	455,152.82	450,292.36			(1,472.28)		453,680.54	453,779.28	4,959.20	0.00
FNMA	2007B Single Family	5.25	01/30/08	01/01/38	493,833.98	504,276.89			(1,920.86)		491,913.12	508,696.16	6,340.13	0.00
FNMA	2007B Single Family	5.25	01/30/08	12/01/37	159,588.38	162,962.99			(522.51)		159,065.87	164,492.72	2,052.24	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38	137,523.04	136,054.46			(593.79)		136,929.25	136,959.03	1,498.36	0.00
FNMA	2007B Single Family	5.25	01/30/08	01/01/38	252,987.90	258,273.84			(929.59)		252,058.31	260,655.44	3,311.19	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38	108,486.67	107,328.20			(349.51)		108,137.16	108,160.72	1,182.03	0.00
FNMA	2007B Single Family	6.00	02/13/08	11/01/37	459,969.59	455,038.42			(1,655.64)		458,313.95	458,395.15	5,012.37	0.00
FNMA	2007B Single Family	5.25	02/13/08	02/01/38	427,378.57	436,313.99			(11,487.18)		415,891.33	430,082.15	5,255.34	0.00
FNMA	2007B Single Family	5.25	02/13/08	01/01/38	357,449.14	364,922.15			(1,165.25)		356,263.89	368,440.41	4,683.51	0.00
FNMA	2007B Single Family	5.25	02/19/08	01/01/38	210,183.44	214,578.91			(683.79)		209,499.65	216,648.90	2,753.78	0.00
FNMA	2007B Single Family	5.25	02/19/03	01/01/38	209,928.07	214,318.21			(682.97)		209,245.10	216,385.67	2,750.43	0.00
FNMA	2007B Single Family	6.00	02/19/08	02/01/38	196,961.97	194,844.80			(633.09)		196,328.85	196,357.43	2,145.72	0.00
FNMA	2007B Single Family	6.00	02/27/08	02/01/38	397,342.84	393,061.12			(1,304.26)		396,038.58	396,085.49	4,328.63	0.00
FNMA	2007B Single Family	5.25	02/27/08	02/01/38	515,248.53	526,028.00			(1,666.46)		513,580.07	531,110.55	6,751.01	0.00
FNMA	2007B Single Family	5.25	02/27/08	01/01/38	76,404.87	78,003.26			(299.51)		76,105.36	78,703.06	999.31	0.00
FNMA	2007B Single Family	5.25	02/27/08	02/01/38	588,870.22	601,189.94			(2,157.70)		586,712.52	606,739.29	7,707.05	0.00
FNMA	2007B Single Family	6.00	03/20/08	03/01/38	446,144.19	441,302.18			(1,713.28)		444,430.91	444,448.87	4,859.97	0.00
FNMA	2007B Single Family	5.25	03/20/08	01/01/38	112,431.25	114,785.62			(365.78)		112,065.47	115,892.93	1,473.09	0.00
FNMA	2007B Single Family	5.25	03/20/08	02/01/38	549,134.45	560,772.24			(1,809.32)		547,325.13	566,024.41	7,061.49	0.00
FNMA	2007B Single Family	5.25	03/27/08	03/01/38	425,863.72	434,784.59			(1,599.62)		424,264.10	438,757.84	5,572.87	0.00
FNMA	2007B Single Family	6.00	03/27/08	03/01/38	377,152.87	373,050.66			(1,228.08)		375,924.79	375,930.96	4,108.38	0.00
FNMA	2007B Single Family	5.25	03/27/08	03/01/38	268,772.70	274,402.87			(1,576.68)		267,196.02	276,323.98	3,497.79	0.00
FNMA	2007B Single Family	5.25	04/15/08	04/01/38	109,324.29	111,616.39			(687.22)		108,637.07	112,350.24	1,421.07	0.00
FNMA	2007B Single Family	6.00	04/29/08	04/01/38	174,304.98	172,389.02			(553.44)		173,751.54	173,734.14	1,898.56	0.00
FNMA	2007B Single Family	6.00	02/04/09	10/01/38			42,625.40				42,625.40	42,579.04	(46.36)	0.00
GICs	2007B Single Family	4.79	09/20/07	08/31/09	52,949,539.33	52,949,539.33		(16,461,000.25)			36,488,539.05	36,488,539.05	-	0.00
	2007B Single Family Total				160,648,492.06	161,462,803.73	21,445,001.97	(17,323,599.60)	(1,284,381.04)	0.00	163,485,513.39	165,862,702.62	1,562,877.56	0.00
GNMA	2002 A-D SF MRB	4.49	12/09/04	12/20/34	72,301.95	71,258.41			(357.97)		71,943.98	72,826.87	1,926.43	0.00
GNMA	2002 A-D SF MRB	4.49	12/16/04	12/20/34	48,639.26	47,937.55			(230.78)		48,408.48	49,002.85	1,296.08	0.00
GNMA	2002 A-D SF MRB	4.49	10/14/04	09/20/34	5,798.85	5,729.29			(27.85)		5,771.00	5,857.45	156.01	0.00
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34	12,037.22	11,892.73			(58.51)		11,978.71	12,158.05	323.83	0.00
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34	21,548.26	21,235.98			(292.98)		21,255.28	21,514.84	571.84	0.00
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34	93,827.67	92,470.29			(615.98)		93,211.69	94,352.34	2,498.03	0.00
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34	20,094.68	19,804.12			(111.00)		19,983.68	20,228.38	535.26	0.00
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34	17,731.20	17,474.95			(88.65)		17,642.55	17,858.70	472.40	0.00
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34	75,127.98	74,042.44			(367.28)		74,760.70	75,676.92	2,001.76	0.00
GNMA	2002 A-D SF MRB	4.49	12/02/04	12/20/34	107,680.20	106,125.47			(529.91)		107,150.29	108,464.64	2,869.08	0.00
GNMA	2002 A-D SF MRB	4.49	12/23/04	12/20/34	62,226.15	61,328.72			(295.14)		61,930.44	62,691.16	1,658.15	0.00
GNMA	2002 A-D SF MRB	4.49	12/29/04	12/20/34	48,683.59	47,981.76			(231.73)		48,451.86	49,047.28	1,297.25	0.00
GNMA	2002 A-D SF MRB	4.49	01/06/05	01/20/35	121,602.03	119,798.46			(6,952.89)		114,649.14	115,926.06	3,080.49	0.00
GNMA	2002 A-D SF MRB	4.49	01/13/05	01/20/35	57,224.12	56,375.73			(292.03)		56,932.09	57,566.53	1,482.83	0.00
GNMA	2002 A-D SF MRB	5.40	01/13/05	01/20/35	7,097.00	7,249.10			(28.14)		7,068.86	7,297.70	76.74	0.00
GNMA	2002 A-D SF MRB	4.49	01/19/05	01/20/35	86,425.46	85,144.54			(428.38)		85,997.08	86,955.75	2,239.59	0.00
GNMA	2002 A-D SF MRB	5.40	01/19/05	01/20/35	9,807.31	10,017.53			(38.87)		9,768.44	10,084.69	106.03	0.00
GNMA	2002 A-D SF MRB	4.49	01/27/05	01/20/35	109,766.18	108,140.00			(759.63)		109,005.55	110,222.50	2,842.13	0.00
GNMA	2002 A-D SF MRB	4.49	02/03/05	02/20/35	135,583.14	133,585.54			(698.33)		134,894.81	136,400.78	3,513.57	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	42,712.63	42,080.45			(198.76)		42,513.87	42,988.72	1,107.03	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	111,798.24	110,143.52			(554.56)		111,243.68	112,486.20	2,897.24	0.00
GNMA	2002 A-D SF MRB	4.49	02/17/05	02/20/35	42,095.59	41,472.75			(220.19)		41,875.40	42,343.34	1,090.78	0.00
GNMA	2002 A-D SF MRB	4.49	02/24/05	02/20/35	68,070.07	67,063.32			(346.80)		67,723.27	68,480.46	1,763.94	0.00
GNMA	2002 A-D SF MRB	4.49	03/03/05	03/20/35	65,562.23	64,593.17			(329.50)		65,232.73	65,962.68	1,699.01	0.00
GNMA	2002 A-D SF MRB	4.49	03/11/05	03/20/35	23,785.03	23,433.60			(111.58)		23,673.45	23,938.50	616.48	0.00
GNMA	2002 A-D SF MRB	4.49	03/17/05	03/20/35	39,742.98	39,155.96			(191.34)		39,551.64	39,994.65	1,030.03	0.00
GNMA	2002 A-D SF MRB	4.49	03/24/05	03/20/35	35,768.37	35,240.24			(175.50)		35,592.87	35,991.71	926.97	0.00
GNMA	2002 A-D SF MRB	4.49	04/07/05	04/20/35	49,971.53	49,234.38			(254.43)		49,717.10	50,274.93	1,294.98	0.00
GNMA	2002 A-D SF MRB	4.49	04/14/05	04/20/35	37,434.36	36,977.17			(174.16)		37,260.20	37,782.60	979.59	0.00
GNMA	2002 A-D SF MRB	4.49	04/21/05	04/20/35	56,265.20	55,435.81			(255.98)		56,009.22	56,838.26	1,458.43	0.00
GNMA	2002 A-D SF MRB	4.49	04/28/05	04/20/35	54,555.17	53,751.32			(247.94)		54,307.23	54,917.50	1,414.12	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	05/05/05	05/20/35	82,610.97	81,394.36			(414.25)		82,196.72	83,121.04	2,140.93	0.00
GNMA	2002 A-D SF MRB	4.49	05/12/05	05/20/35	45,562.78	44,892.09			(228.76)		45,334.02	45,844.13	1,180.80	0.00
GNMA	2002 A-D SF MRB	4.49	07/07/05	07/20/35	150,268.97	148,064.38			(5,336.47)		144,932.50	146,570.63	3,842.72	0.00
GNMA	2002 A-D SF MRB	4.49	07/14/05	07/20/35	34,862.00	34,350.73			(157.22)		34,704.78	35,097.23	903.72	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	52,143.54	51,508.57			(282.56)		51,860.98	52,590.02	1,364.01	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	20,065.62	19,770.45			(92.55)		19,973.07	20,198.01	520.11	0.00
GNMA	2002 A-D SF MRB	4.49	06/02/05	06/20/35	47,356.64	46,780.37			(284.75)		47,071.89	47,734.01	1,238.39	0.00
GNMA	2002 A-D SF MRB	4.49	06/09/05	06/20/35	57,625.49	56,778.67			(263.16)		57,362.33	58,009.25	1,493.74	0.00
GNMA	2002 A-D SF MRB	4.49	06/15/05	06/20/35	46,944.94	46,374.14			(218.05)		46,726.89	47,384.63	1,228.54	0.00
GNMA	2002 A-D SF MRB	4.49	06/23/05	06/20/35	96,067.82	94,657.09			(501.58)		95,566.24	96,645.05	2,489.54	0.00
GNMA	2002 A-D SF MRB	4.49	06/29/05	06/20/35	40,929.16	40,328.34			(6,149.43)		34,779.73	35,172.53	993.62	0.00
GNMA	2002 A-D SF MRB	4.49	09/03/05	09/20/35	9,389.19	9,285.64			(42.22)		9,356.97	9,489.44	245.02	0.00
GNMA	2002 A-D SF MRB	4.49	09/15/05	09/20/35	11,231.84	11,067.75			(50.76)		11,181.08	11,308.17	291.18	0.00
GNMA	2002 A-D SF MRB	4.49	09/22/05	09/20/35	21,195.99	20,886.45			(97.54)		21,098.45	21,338.37	549.46	0.00
GNMA	2002 A-D SF MRB	4.49	07/21/05	07/20/35	18,863.03	18,634.28			(84.67)		18,778.36	19,043.31	493.70	0.00
GNMA	2002 A-D SF MRB	4.49	07/28/05	07/20/35	17,580.05	17,322.43			(78.81)		17,501.24	17,699.35	455.73	0.00
GNMA	2002 A-D SF MRB	4.49	08/04/05	08/20/35	3,911.58	3,864.21			(17.25)		3,894.33	3,949.33	102.37	0.00
GNMA	2002 A-D SF MRB	4.49	08/11/05	07/20/35	28,344.02	28,000.70			(126.44)		28,217.58	28,616.14	741.88	0.00
GNMA	2002 A-D SF MRB	4.49	08/18/05	08/20/35	72,262.75	71,205.16			(418.60)		71,844.15	72,658.82	1,872.26	0.00
GNMA	2002 A-D SF MRB	4.49	08/30/05	08/20/35	138,830.45	136,800.04			(6,831.84)		132,198.61	133,699.03	3,530.83	0.00
GNMA	2002 A-D SF MRB	4.49	09/29/05	07/20/35	5,147.09	5,084.96			(33.28)		5,123.81	5,196.39	134.71	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/05	09/20/35	14,630.64	14,417.22			(66.89)		14,563.75	14,729.60	379.27	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/05	10/20/35	73,644.61	72,571.34			(363.98)		73,280.63	74,116.21	1,908.85	0.00
GNMA	2002 A-D SF MRB	4.49	11/01/05	11/20/35	23,997.89	23,709.10			(108.72)		23,889.17	24,228.50	628.12	0.00
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34	5,860.09	5,802.68			(28.81)		5,831.28	5,879.72	105.85	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/04	12/01/34	11,913.17	11,796.72			(64.91)		11,848.26	11,946.95	215.14	0.00
FNMA	2002 A-D SF MRB	4.49	01/19/05	01/01/35	11,842.93	11,727.27			(58.11)		11,784.82	11,883.10	213.94	0.00
FNMA	2002 A-D SF MRB	4.49	01/27/05	01/01/35	10,901.91	10,785.69			(59.90)		10,842.01	10,921.90	193.11	0.00
FNMA	2002 A-D SF MRB	4.49	03/14/05	12/01/34	12,948.82	12,822.65			(67.98)		12,880.84	12,988.55	233.88	0.00
FNMA	2002 A-D SF MRB	4.49	04/07/05	02/01/35	11,213.08	11,096.99			(73.74)		11,139.34	11,221.78	196.53	0.00
FNMA	2002 A-D SF MRB	4.49	07/28/05	07/01/35	19,329.35	19,130.16			(92.28)		19,237.07	19,380.39	342.51	0.00
FNMA	2002 A-D SF MRB	4.49	09/08/05	08/01/35	17,260.52	17,082.98			(107.46)		17,153.06	17,281.19	305.67	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/05	09/01/35	4,798.40	4,749.13			(21.62)		4,776.76	4,812.56	85.05	0.00
GNMA	2002 A-D SF MRB	5.40	11/01/05	10/01/35	9,649.17	9,550.15			(52.47)		9,596.70	9,668.61	170.93	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	06/20/34	7,560.17	7,723.75			(36.50)		7,523.67	7,770.51	83.26	0.00
GNMA	2002 A-D SF MRB	5.40	06/01/04	06/20/34	12,781.19	13,057.53			(2,327.46)		10,453.73	10,796.51	66.44	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	15,615.15	15,954.07			(66.01)		15,549.14	16,060.34	172.28	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	17,738.31	18,090.38			(74.74)		17,663.57	18,211.12	195.48	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	17,283.17	17,653.26			(70.81)		17,212.36	17,778.19	190.74	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	5,001.26	5,109.55			(36.76)		4,964.50	5,127.46	54.67	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	7,608.67	7,773.39			(33.27)		7,575.40	7,824.01	83.89	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	6,399.40	6,537.95			(33.81)		6,365.59	6,574.50	70.36	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	8,193.21	8,370.82			(4,028.57)		4,164.64	4,301.46	(40.79)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	12,663.35	12,937.86			(52.41)		12,610.94	13,025.18	139.73	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	4,396.98	4,492.30			(2,068.66)		2,328.32	2,404.81	(18.83)	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	2,766.04	2,825.98			(14.41)		2,751.63	2,842.01	30.44	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34	14,374.44	14,660.29			(60.78)		14,313.66	14,757.92	158.41	0.00
Repo Agmt	2002 A-D SF MRB	0.26	02/27/09	03/02/09	1,694.89	1,694.89	0.73				1,695.62	1,695.62	-	0.00
Repo Agmt	2002 A-D SF MRB	0.26	02/27/09	03/02/09	4.70	4.70	0.00				4.70	4.70	-	0.00
Repo Agmt	2002 A-D SF MRB	0.26	02/27/09	03/02/09	1,312.34	1,312.34	0.61				1,312.95	1,312.95	-	0.00
Repo Agmt	2002 A-D SF MRB	0.26	02/27/09	03/02/09	19,580.13	19,580.13	4,846,616.89				4,866,197.02	4,866,197.02	-	0.00
Repo Agmt	2002 A-D SF MRB	0.26	02/27/09	03/02/09	2.12	2.12	142,059.41				142,061.53	142,061.53	-	0.00
GICs	2002 A-D SF MRB	5.01	06/26/02	03/01/34	3,079,315.28	3,079,315.28			(2,399,931.63)		679,383.65	679,383.65	-	0.00
GICs	2002 A-D SF MRB	4.51	06/26/02	03/01/34	155,081.74	155,081.74			(33,660.85)		121,420.89	121,420.89	-	0.00
GNMA	2002 A-D SF MRB	5.40	08/29/02	08/20/32	210,705.77	215,270.13				(1,145.44)	209,560.33	216,540.67	2,415.98	0.00
GNMA	2002 A-D SF MRB	6.15	11/12/02	11/20/32	164,760.72	169,235.04			(698.91)		164,061.81	173,179.25	4,643.12	0.00
GNMA	2002 A-D SF MRB	5.40	11/12/02	10/20/32	179,765.08	183,671.02			(927.90)		178,837.18	184,806.05	2,062.93	0.00
GNMA	2002 A-D SF MRB	6.15	09/12/02	08/20/32	61,120.31	62,776.31			(271.83)		60,848.48	64,226.13	1,721.65	0.00
GNMA	2002 A-D SF MRB	6.15	09/19/02	09/20/32	90,480.22	92,932.72			(390.65)		90,089.57	95,091.40	2,549.33	0.00
GNMA	2002 A-D SF MRB	5.40	09/19/02	09/20/32	235,057.49	240,154.44			(1,300.56)		233,756.93	241,548.35	2,694.47	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	6.15	09/26/02	09/20/32	174,997.80	179,639.45			(935.03)		173,962.77	183,622.32	4,917.90	0.00
GNMA	2002 A-D SF MRB	5.40	09/26/02	09/20/32	228,364.63	233,317.61			(1,673.80)		226,690.83	234,247.88	2,604.07	0.00
GNMA	2002 A-D SF MRB	6.15	10/10/02	09/20/32	110,539.87	113,537.62			(499.63)		110,040.24	116,151.40	3,113.21	0.00
GNMA	2002 A-D SF MRB	5.40	10/10/02	09/20/32	67,653.36	69,121.38			(322.42)		67,330.94	69,576.14	777.18	0.00
GNMA	2002 A-D SF MRB	6.15	10/21/02	10/20/32	201,123.91	206,581.33			(4,079.81)		197,044.10	207,990.06	5,488.54	0.00
GNMA	2002 A-D SF MRB	6.15	10/29/02	10/20/32	123,558.15	126,911.65			(564.91)		122,993.24	129,826.30	3,479.56	0.00
GNMA	2002 A-D SF MRB	5.40	10/29/02	09/20/32	53,311.74	54,489.25			(470.39)		52,841.35	54,604.13	605.27	0.00
GNMA	2002 A-D SF MRB	6.15	11/05/02	10/20/32	59,926.08	61,552.80			(253.06)		59,673.02	62,988.51	1,688.77	0.00
GNMA	2002 A-D SF MRB	5.40	11/05/02	09/20/32	133,486.32	136,385.34			(741.51)		132,744.81	137,173.93	1,530.10	0.00
GNMA	2002 A-D SF MRB	6.15	11/19/02	11/20/32	78,950.65	81,085.06			(331.09)		78,619.56	82,989.11	2,225.14	0.00
GNMA	2002 A-D SF MRB	5.40	11/19/02	11/20/32	96,150.40	98,240.62			(462.94)		95,687.46	98,882.18	1,104.50	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	347,611.10	357,054.55			(1,678.35)		345,932.75	365,161.01	9,784.81	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	259,611.70	265,256.84			(1,503.84)		258,107.86	266,726.78	2,973.78	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	98,822.04	101,506.68			(443.56)		98,378.48	103,846.71	2,783.59	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	138,752.12	141,769.23			(794.88)		137,957.24	142,564.02	1,589.67	0.00
GNMA	2002 A-D SF MRB	5.40	12/12/02	12/20/32	103,567.21	105,851.65			(515.08)		103,052.13	106,526.12	1,189.52	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	61,001.19	62,660.26			(356.48)		60,644.71	64,017.43	1,713.65	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	198,481.90	202,803.92			(928.84)		197,553.06	204,155.85	2,280.77	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	169,124.54	173,724.32			(730.53)		168,394.01	177,759.16	4,765.37	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	98,068.37	100,203.82			(456.98)		97,611.39	100,873.82	1,126.98	0.00
GNMA	2002 A-D SF MRB	6.15	01/07/03	12/20/32	112,054.79	115,103.01			(486.39)		111,568.40	117,773.94	3,157.32	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	471,831.16	484,379.81			(2,067.31)		469,763.85	494,750.61	12,438.11	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	95,637.75	97,708.00			(445.86)		95,191.89	98,340.25	1,078.11	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	104,660.57	107,444.11			(757.99)		103,902.59	109,429.20	2,743.07	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	99,195.27	101,342.52			(459.29)		98,735.98	102,001.54	1,118.31	0.00
GNMA	2002 A-D SF MRB	6.15	01/30/03	01/20/33	230,565.37	236,698.59			(1,525.52)		229,039.85	241,223.71	6,050.64	0.00
GNMA	2002 A-D SF MRB	5.40	01/30/03	01/20/33	327,611.33	334,704.80			(1,714.15)		325,897.18	336,677.59	3,686.94	0.00
GNMA	2002 A-D SF MRB	6.15	02/12/03	02/20/33	404,997.50	415,777.06			(94,024.62)		310,972.88	327,520.17	5,767.73	0.00
GNMA	2002 A-D SF MRB	6.15	02/20/03	02/20/33	166,370.87	170,800.07			(873.16)		165,497.71	174,305.10	4,378.19	0.00
GNMA	2002 A-D SF MRB	5.40	03/03/03	03/20/33	113,610.65	116,074.43			(519.56)		113,091.09	116,835.94	1,281.07	0.00
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	423,882.29	435,169.35			(1,756.72)		422,125.57	444,592.38	11,179.75	0.00
GNMA	2002 A-D SF MRB	5.40	02/27/03	01/20/33	102,987.73	105,219.77			(478.58)		102,509.15	105,902.22	1,161.03	0.00
GNMA	2002 A-D SF MRB	6.15	03/12/03	02/20/33	306,169.80	314,325.24			(1,300.06)		304,869.74	321,098.72	8,073.54	0.00
GNMA	2002 A-D SF MRB	6.15	03/24/03	03/20/33	151,691.36	155,733.99			(652.59)		151,038.77	159,081.02	3,999.62	0.00
GNMA	2002 A-D SF MRB				105,249.50	107,533.18			(105,249.50)				(2,283.68)	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	04/20/33	43,527.67	44,688.21			(176.24)		43,351.43	45,660.26	1,148.29	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	03/20/33	155,245.49	159,383.99			(59,378.24)		95,867.25	100,972.54	966.79	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	302,825.88	310,900.44			(2,133.33)		300,692.55	316,707.19	7,940.08	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	68,557.80	70,385.84			(282.25)		68,275.55	71,911.87	1,808.28	0.00
GNMA	2002 A-D SF MRB	6.15	04/17/03	04/20/33	158,752.90	162,987.51			(650.05)		158,102.85	166,525.09	4,187.63	0.00
GNMA	2002 A-D SF MRB	6.15	04/24/03	04/20/33	109,245.55	112,160.19			(445.37)		108,800.18	114,596.65	2,881.83	0.00
GNMA	2002 A-D SF MRB	6.15	04/29/03	03/20/33	85,196.67	87,469.50			(395.04)		84,801.63	89,319.35	2,244.89	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	49,820.56	51,150.29			(215.88)		49,604.68	52,247.97	1,313.56	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	81,469.76	83,644.17			(343.17)		81,126.59	85,449.55	2,148.55	0.00
GNMA	2002 A-D SF MRB	6.15	05/15/03	04/20/33	83,929.76	86,170.21			(344.72)		83,585.04	88,039.39	2,213.90	0.00
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33	61,543.21	63,187.95			(252.23)		61,290.98	64,559.18	1,623.46	0.00
GNMA	2002 A-D SF MRB	6.15	06/19/03	05/20/33	39,651.48	40,711.24			(159.71)		39,491.77	41,597.61	1,046.08	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	50,256.63	51,601.40			(207.59)		50,049.04	52,719.49	1,325.68	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	89,027.06	91,409.29			(602.88)		88,424.18	93,142.24	2,335.83	0.00
GNMA	2002 A-D SF MRB	6.15	07/24/03	07/20/33	84,682.76	86,949.17			(354.75)		84,328.01	88,827.96	2,233.54	0.00
GNMA	2002 A-D SF MRB	6.15	07/30/03	07/20/33	47,013.96	48,272.41			(46,826.87)		46,826.87	49,325.85	1,240.53	0.00
GNMA	2002 A-D SF MRB	6.15	09/04/03	08/20/33	53,700.29	55,139.52			(211.89)		53,488.40	56,344.66	1,417.03	0.00
GNMA	2002 A-D SF MRB	6.15	09/30/03	09/20/33	161,121.83	165,444.00			(641.89)		160,479.94	169,053.54	4,251.43	0.00
GNMA	2002 A-D SF MRB	6.15	10/09/03	08/20/33	56,353.20	57,864.93			(223.97)		56,129.23	59,128.01	1,487.05	0.00
GNMA	2002 A-D SF MRB	6.15	01/15/04	12/20/33	63,492.82	65,202.17			(251.67)		63,241.15	66,626.05	1,675.55	0.00
GNMA	2002 A-D SF MRB	6.15	03/11/04	03/20/34	61,368.78	62,961.69			(230.24)		61,138.54	64,210.44	1,478.79	0.00
GNMA	2002 A-D SF MRB	5.40	07/08/04	06/20/34	181,091.95	185,012.45			(873.89)		180,218.06	186,132.55	1,993.99	0.00
GNMA	2002 A-D SF MRB	6.15	04/01/04	04/20/34	38,734.16	39,740.49			(147.56)		38,586.60	40,526.21	933.28	0.00
GNMA	2002 A-D SF MRB	5.40	06/17/04	06/20/34	306,153.14	312,776.03			(55,750.79)		250,402.35	258,616.23	1,590.99	0.00
GNMA	2002 A-D SF MRB	5.40	09/02/04	09/20/34	374,040.37	382,158.83			(1,560.89)		372,459.48	384,704.33	4,126.39	0.00

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GNMA	2002 A-D SF MRB	5.40	09/09/04	09/20/34	424,895.18	433,331.18			(1,790.24)		423,104.94	436,223.43	4,682.49	0.00
GNMA	2002 A-D SF MRB	5.40	09/16/04	09/20/34	413,980.17	422,980.43			(1,896.15)		412,294.02	425,853.20	4,568.92	0.00
GNMA	2002 A-D SF MRB	5.40	07/15/04	07/20/34	119,797.93	122,392.59			(880.25)		118,917.68	122,821.64	1,309.30	0.00
GNMA	2002 A-D SF MRB	5.40	07/22/04	07/20/34	182,253.08	186,201.33			(796.99)		181,456.09	187,414.02	2,009.68	0.00
GNMA	2002 A-D SF MRB	5.40	07/29/04	07/20/34	153,286.45	158,607.95			(810.05)		152,476.40	157,483.59	1,685.69	0.00
GNMA	2002 A-D SF MRB	5.40	08/05/04	08/20/34	196,257.48	200,512.16			(96,498.74)		99,758.74	103,035.80	(977.62)	0.00
GNMA	2002 A-D SF MRB	5.40	08/12/04	08/20/34	303,331.98	309,909.47			(1,255.41)		302,076.57	312,001.24	3,347.18	0.00
GNMA	2002 A-D SF MRB	5.40	08/20/04	08/20/34	105,322.69	107,607.15			(49,551.33)		55,771.36	57,604.04	(451.78)	0.00
GNMA	2002 A-D SF MRB	5.40	08/26/04	08/20/34	66,255.38	67,692.84			(344.98)		65,910.40	68,076.64	728.78	0.00
GNMA	2002 A-D SF MRB	5.40	12/02/04	12/20/34	300,592.31	307,141.67			(90,208.12)		210,384.19	217,318.46	384.91	0.00
GNMA	2002 A-D SF MRB	4.49	12/09/04	12/20/34	1,324,541.81	1,305,424.58			(6,557.69)		1,317,984.12	1,334,158.20	35,291.31	0.00
GNMA	2002 A-D SF MRB	4.49	12/16/04	12/20/34	891,051.53	876,196.20			(4,227.79)		886,823.74	897,712.11	23,743.70	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34	344,320.79	351,168.00			(1,455.86)		342,864.93	353,506.57	3,794.43	0.00
GNMA	2002 A-D SF MRB	4.49	10/14/04	09/20/34	106,232.57	104,958.24			(510.22)		105,722.35	107,306.07	2,858.05	0.00
GNMA	2002 A-D SF MRB	5.40	10/21/04	10/20/34	1,283,703.93	1,311,620.58			(5,755.74)		1,277,948.19	1,320,016.08	14,151.24	0.00
GNMA	2002 A-D SF MRB	4.49	10/21/04	10/20/34	220,513.11	217,869.88			(1,071.87)		219,441.24	222,730.45	5,932.44	0.00
GNMA	2002 A-D SF MRB	5.40	10/28/04	10/20/34	296,703.14	302,606.79			(1,278.94)		295,424.20	304,595.48	3,266.63	0.00
GNMA	2002 A-D SF MRB	4.49	10/29/04	10/20/34	394,747.17	389,034.48			(5,367.11)		389,380.06	394,143.00	10,475.63	0.00
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34	1,718,884.86	1,694,017.65			(11,284.70)		1,707,599.86	1,728,495.96	45,763.01	0.00
GNMA	2002 A-D SF MRB	5.40	11/04/04	11/20/34	443,665.18	453,320.40			(1,828.71)		441,836.47	456,387.88	45,866.19	0.00
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34	368,126.18	362,803.45			(2,033.28)		366,092.90	370,575.78	9,805.61	0.00
GNMA	2002 A-D SF MRB	5.40	11/10/04	11/20/34	65,919.11	67,353.99			(265.55)		65,653.56	67,816.11	727.67	0.00
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34	324,828.41	320,133.99			(1,624.00)		323,204.41	327,164.11	8,654.12	0.00
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34	1,376,313.43	1,356,427.08			(6,728.40)		1,369,585.03	1,385,369.96	36,671.28	0.00
GNMA	2002 A-D SF MRB	4.49	12/02/04	12/20/34	1,972,656.22	1,944,174.91			(9,707.64)		1,962,948.58	1,987,027.54	52,560.27	0.00
GNMA	2002 A-D SF MRB				103,631.15	105,890.81			(103,631.15)				(2,259.66)	0.00
GNMA	2002 A-D SF MRB	4.49	12/23/04	12/20/34	1,139,967.65	1,123,517.00			(5,417.02)		1,134,540.63	1,148,476.24	30,376.26	0.00
GNMA	2002 A-D SF MRB	4.49	12/29/04	12/20/34	891,864.38	879,006.22			(4,245.41)		887,618.97	898,526.18	23,765.37	0.00
GNMA	2002 A-D SF MRB	4.49	01/06/05	01/20/35	2,227,699.24	2,194,658.41			(127,374.13)		2,100,325.11	2,123,717.71	56,433.43	0.00
GNMA	2002 A-D SF MRB	5.40	01/06/05	01/20/35	430,727.93	439,956.63			(1,722.98)		429,004.95	442,890.14	4,656.49	0.00
GNMA	2002 A-D SF MRB	4.49	01/13/05	01/20/35	1,048,322.63	1,032,780.30			(5,350.00)		1,042,972.63	1,054,595.21	27,164.91	0.00
GNMA	2002 A-D SF MRB	5.40	01/13/05	01/20/35	130,014.29	132,800.76			(515.51)		129,498.78	133,690.96	1,405.71	0.00
GNMA	2002 A-D SF MRB	4.49	01/19/05	01/20/35	1,583,278.72	1,559,813.09			(7,847.78)		1,575,430.94	1,592,993.53	41,026.22	0.00
GNMA	2002 A-D SF MRB	5.40	01/19/05	01/20/35	179,665.71	183,517.24			(712.08)		178,953.63	184,747.52	1,942.36	0.00
GNMA	2002 A-D SF MRB	4.49	01/27/05	01/20/35	2,010,871.24	1,981,080.31			(13,916.35)		1,996,954.89	2,019,230.80	52,066.84	0.00
GNMA	2002 A-D SF MRB	4.49	02/03/05	02/20/35	2,484,010.26	2,447,231.97			(12,793.16)		2,471,217.10	2,498,806.00	64,367.19	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	782,478.17	770,896.69			(3,641.43)		778,836.74	787,535.72	20,290.46	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	2,048,097.82	2,017,783.82			(10,159.24)		2,037,938.58	2,060,700.73	53,075.15	0.00
GNMA	2002 A-D SF MRB	5.40	02/17/05	11/20/34	100,185.75	102,374.39			(403.39)		99,782.36	103,076.89	1,105.89	0.00
GNMA	2002 A-D SF MRB	4.49	02/17/05	02/20/35	771,173.37	759,769.80			(4,033.74)		767,139.63	775,712.66	19,882.60	0.00
GNMA	2002 A-D SF MRB	4.49	02/24/05	02/20/35	1,247,015.89	1,228,572.39			(6,353.17)		1,240,662.72	1,254,533.86	32,314.64	0.00
GNMA	2002 A-D SF MRB	4.49	03/03/05	03/20/35	1,201,073.64	1,183,320.38			(6,036.41)		1,195,037.23	1,208,409.23	31,125.26	0.00
GNMA	2002 A-D SF MRB	4.49	03/11/05	03/20/35	435,732.04	429,294.00			(2,043.97)		433,688.07	438,543.50	11,293.47	0.00
GNMA	2002 A-D SF MRB	5.40	03/17/05	02/20/35	121,414.84	124,023.49			(506.53)		120,908.31	124,828.91	1,311.95	0.00
GNMA	2002 A-D SF MRB	4.49	03/17/05	03/20/35	728,075.78	717,321.19			(3,505.23)		724,570.55	732,685.57	18,869.61	0.00
GNMA	2002 A-D SF MRB	4.49	03/24/05	03/20/35	655,261.87	645,586.78			(3,215.19)		652,046.68	659,353.47	16,981.88	0.00
GNMA	2002 A-D SF MRB	4.49	04/07/05	04/20/35	915,457.85	901,953.62			(4,661.13)		910,796.72	921,016.03	23,723.54	0.00
GNMA	2002 A-D SF MRB	4.49	04/14/05	04/20/35	685,782.56	677,406.61			(3,190.74)		682,591.82	692,161.78	17,945.91	0.00
GNMA	2002 A-D SF MRB	5.40	04/21/05	04/20/35	102,783.97	104,804.12			(407.36)		102,376.61	105,507.85	1,111.09	0.00
GNMA	2002 A-D SF MRB	4.49	04/21/05	04/20/35	1,030,755.06	1,015,561.30			(4,689.52)		1,026,065.84	1,037,589.69	26,717.91	0.00
GNMA	2002 A-D SF MRB	4.49	04/28/05	04/20/35	999,428.22	984,702.17			(4,542.21)		994,886.01	1,006,066.06	25,906.10	0.00
GNMA	2002 A-D SF MRB	5.40	04/28/05	04/20/35	127,882.56	130,635.44			(507.38)		127,375.18	131,510.78	1,382.72	0.00
GNMA	2002 A-D SF MRB	4.49	05/05/05	05/20/35	1,513,398.35	1,491,111.29			(7,588.84)		1,505,809.51	1,522,743.39	39,220.94	0.00
GNMA	2002 A-D SF MRB	5.40	05/05/05	04/20/35	105,567.88	107,643.75			(439.62)		105,128.06	108,344.67	1,140.54	0.00
GNMA	2002 A-D SF MRB	4.49	05/12/05	05/20/35	834,691.76	822,404.61			(4,190.71)		830,501.05	839,845.65	21,631.75	0.00
GNMA	2002 A-D SF MRB	4.49	07/07/05	07/20/35	2,752,865.27	2,712,478.36			(97,761.87)		2,655,103.40	2,685,113.54	70,387.05	0.00
GNMA	2002 A-D SF MRB	5.40	07/07/05	07/20/35	113,003.43	115,443.48			(476.32)		112,527.11	116,188.16	1,221.00	0.00
GNMA	2002 A-D SF MRB	4.49	07/14/05	07/20/35	638,657.06	629,291.28			(2,880.15)		635,776.91	642,966.93	16,550.80	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	955,248.83	943,615.98			(5,176.31)		950,072.52	963,427.55	24,987.88	0.00
GNMA	2002 A-D SF MRB	5.40	05/26/05	05/20/35	155,437.61	158,787.65			(608.00)		154,829.61	159,860.64	1,680.99	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/34	367,608.61	362,186.62			(1,695.00)		365,913.61	370,019.24	9,527.62	0.00
GNMA	2002 A-D SF MRB	4.49	06/02/05	06/20/35	867,554.26	856,997.14			(5,216.49)		862,337.77	874,467.49	22,686.84	0.00
GNMA	2002 A-D SF MRB	5.40	06/09/05	05/20/35	122,443.21	125,083.57			(50,211.34)		72,231.87	74,579.83	(282.40)	0.00
GNMA	2002 A-D SF MRB	4.49	06/09/05	06/20/35	1,055,675.79	1,040,161.89			(4,820.93)		1,050,854.86	1,062,705.67	27,364.71	0.00
GNMA	2002 A-D SF MRB	4.49	06/15/05	06/20/35	860,012.02	849,555.25			(3,994.58)		856,017.44	868,067.01	22,506.34	0.00
GNMA	2002 A-D SF MRB	4.49	06/23/05	06/20/35	1,759,923.01	1,734,078.98			(9,188.72)		1,750,734.29	1,770,497.52	45,607.26	0.00
GNMA	2002 A-D SF MRB	4.49	06/29/05	06/20/35	749,805.75	738,798.76			(112,655.21)		637,150.54	644,346.29	18,202.74	0.00
GNMA	2002 A-D SF MRB	4.49	09/08/05	09/20/35	172,189.76	170,109.13			(773.23)		171,416.53	173,842.72	4,506.82	0.00
GNMA	2002 A-D SF MRB	5.40	09/08/05	08/20/35	57,399.21	58,641.72			(233.09)		57,166.12	59,029.14	620.51	0.00
GNMA	2002 A-D SF MRB	4.49	09/15/05	09/20/35	205,762.80	202,756.78			(929.80)		204,833.00	207,161.16	5,334.18	0.00
GNMA	2002 A-D SF MRB	4.49	09/22/05	09/20/35	388,302.21	382,631.34			(1,787.01)		386,515.20	390,910.32	10,065.99	0.00
GNMA	2002 A-D SF MRB	4.49	07/21/05	07/20/35	345,563.40	341,372.42			(1,550.97)		344,012.43	348,865.78	9,044.33	0.00
GNMA	2002 A-D SF MRB	4.49	07/28/05	07/20/35	322,059.34	317,339.88			(1,443.76)		320,615.58	324,244.97	8,348.85	0.00
GNMA	2002 A-D SF MRB	4.49	08/04/05	08/20/35	71,658.82	70,790.75			(316.13)		71,342.69	72,350.22	1,875.60	0.00
GNMA	2002 A-D SF MRB	5.40	08/11/05	07/20/35	62,069.53	63,411.59			(237.42)		61,832.11	63,845.63	671.46	0.00
GNMA	2002 A-D SF MRB	4.49	08/11/05	07/20/35	519,250.09	512,961.40			(2,316.04)		516,934.05	524,235.92	13,590.56	0.00
GNMA	2002 A-D SF MRB	4.49	08/18/05	08/20/35	1,323,823.53	1,304,449.30			(7,688.35)		1,316,155.18	1,331,079.78	34,989.83	0.00
GNMA	2002 A-D SF MRB	4.49	08/30/05	08/20/35	2,543,316.63	2,506,120.32			(121,492.55)		2,421,824.08	2,449,311.17	64,683.40	0.00
GNMA	2002 A-D SF MRB	4.49	09/29/05	07/20/35	94,292.88	93,154.53			(426.51)		93,866.37	95,195.88	2,467.86	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/05	09/20/35	268,027.34	264,117.51			(1,225.56)		266,801.78	269,840.23	6,948.28	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/05	10/20/35	1,349,138.51	1,329,476.99			(6,668.05)		1,342,470.46	1,357,778.43	34,969.49	0.00
GNMA	2002 A-D SF MRB	4.49	11/01/05	11/20/35	439,631.78	434,341.11			(1,991.77)		437,640.01	443,856.31	11,506.97	0.00
FNMA	2002 A-D SF MRB	6.40	07/24/03	11/01/32	74,359.79	76,790.61			(286.72)		74,073.07	77,846.35	1,342.46	0.00
FNMA	2002 A-D SF MRB	5.40	08/14/03	09/01/32	55,334.97	56,531.19			(278.23)		55,056.74	56,794.07	541.11	0.00
FNMA	2002 A-D SF MRB	6.15	08/14/03	12/01/31	56,772.41	58,674.31			(919.99)		55,852.42	58,556.46	802.14	0.00
FNMA	2002 A-D SF MRB	6.40	08/28/03	11/01/32	46,666.99	48,182.53			(487.71)		46,179.28	48,531.65	826.83	0.00
FNMA	2002 A-D SF MRB	6.15	04/01/04	02/01/34	100,191.86	103,217.45			(382.35)		99,809.51	104,325.64	1,490.54	0.00
FNMA	2002 A-D SF MRB	5.40	10/28/04	10/01/34	293,933.17	299,910.10			(1,240.97)		292,692.20	301,553.43	2,884.30	0.00
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34	107,354.51	106,302.74			(527.89)		106,826.62	107,714.12	1,939.27	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/04	12/01/34	218,244.53	216,111.10			(1,189.20)		217,055.33	218,863.39	3,941.49	0.00
FNMA	2002 A-D SF MRB	4.49	01/19/05	01/01/35	216,957.19	214,838.93			(1,064.52)		215,892.67	217,693.65	3,919.24	0.00
FNMA	2002 A-D SF MRB	4.49	01/27/05	01/01/35	199,718.02	197,644.36			(1,097.34)		198,620.88	200,084.77	3,537.75	0.00
FNMA	2002 A-D SF MRB	4.49	03/14/05	12/01/34	237,217.38	234,905.78			(1,245.31)		235,972.07	237,945.09	4,284.62	0.00
FNMA	2002 A-D SF MRB	5.40	03/24/05	02/01/35	182,743.33	186,470.93			(768.90)		181,974.43	187,495.39	1,793.36	0.00
FNMA	2002 A-D SF MRB	4.49	04/07/05	02/01/35	205,419.32	203,292.35			(1,351.00)		204,068.32	205,578.31	3,636.96	0.00
FNMA	2002 A-D SF MRB	4.49	07/28/05	07/01/35	354,105.67	350,456.79			(1,690.59)		352,415.08	355,040.96	6,274.76	0.00
FNMA	2002 A-D SF MRB	5.40	07/14/05	04/01/35	108,806.14	110,990.22			(432.09)		108,374.05	111,572.46	1,014.33	0.00
FNMA	2002 A-D SF MRB	4.49	09/08/05	08/01/35	316,205.82	312,953.15			(1,968.68)		314,237.14	316,584.29	5,599.82	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/05	09/01/35	87,904.95	87,002.28			(395.97)		87,508.98	88,164.20	1,557.89	0.00
FNMA	2002 A-D SF MRB	4.49	11/01/05	10/01/35	176,768.95	174,954.79			(961.31)		175,807.64	177,125.05	3,131.57	0.00
Repo Agmt	2002 A-D SF MRB	0.26	02/27/09	03/02/09	275,435.15	275,435.15		(84,393.42)			191,041.73	191,041.73	-	0.00
Freddie Mac	2002 A-D SF MRB	5.38	05/21/08	04/01/38	2,463.98	2,515.36			(9.91)		2,454.07	2,529.99	24.54	0.00
Freddie Mac	2002 A-D SF MRB	5.38	06/18/08	04/01/38	4,950.84	5,054.18			(26.30)		4,924.54	5,076.98	49.10	0.00
Freddie Mac	2002 A-D SF MRB	5.63	06/18/08	03/01/38	2,084.61	2,136.78			(19.83)		2,064.78	2,138.97	22.02	0.00
Freddie Mac	2002 A-D SF MRB	5.13	06/25/08	12/01/37	2,646.37	2,688.94			(8.91)		2,637.46	2,707.65	27.62	0.00
Freddie Mac	2002 A-D SF MRB	5.13	07/16/08	06/01/38	3,985.01	4,049.20			(13.09)		3,971.92	4,077.71	41.60	0.00
Freddie Mac	2002 A-D SF MRB	5.63	07/16/08	05/01/38	1,601.97	1,642.10			(4.77)		1,597.20	1,654.60	17.27	0.00
Freddie Mac	2002 A-D SF MRB	5.38	07/23/08	03/01/38	1,774.88	1,811.98			(5.62)		1,769.26	1,824.09	17.73	0.00
Freddie Mac	2002 A-D SF MRB	5.38	08/13/08	07/01/38	2,732.35	2,789.50			(8.98)		2,723.37	2,807.79	27.27	0.00
Freddie Mac	2002 A-D SF MRB	5.38	08/13/08	07/01/38	1,456.14	1,486.59			(4.49)		1,451.65	1,496.65	14.55	0.00
Freddie Mac	2002 A-D SF MRB	5.63	09/24/08	07/01/38	2,611.60	2,677.16			(7.66)		2,603.94	2,697.68	28.18	0.00
Freddie Mac	2002 A-D SF MRB	5.13	10/22/08	03/01/38	3,792.99	3,854.36			(12.54)		3,780.45	3,881.40	39.58	0.00
Freddie Mac	2002 A-D SF MRB	5.13	11/19/08	10/01/38	3,446.90	3,502.74			(10.93)		3,435.97	3,527.81	36.00	0.00
Freddie Mac	2002 A-D SF MRB	5.13	11/25/08	10/01/38	2,791.32	2,836.55			(15.90)		2,775.42	2,849.51	28.96	0.00
Freddie Mac	2002 A-D SF MRB	5.25	12/18/08	09/01/38			4,205.39				4,205.39	4,327.37	121.98	0.00
Freddie Mac	2002 A-D SF MRB	5.13	12/30/08	12/01/38			2,992.09				2,992.09	3,072.16	80.07	0.00
GNMA	2002 A-D SF MRB	5.38	02/20/07	02/20/37	16,709.49	17,067.60			(73.62)		16,635.87	17,206.02	212.04	0.00
GNMA	2002 A-D SF MRB	5.13	02/20/07	02/20/37	23,831.06	24,058.47			(103.76)		23,727.30	24,342.60	387.89	0.00
GNMA	2002 A-D SF MRB	5.63	02/20/07	02/20/37	12,040.80	12,264.28			(1,351.43)		10,689.37	11,081.22	168.37	0.00
GNMA	2002 A-D SF MRB	5.38	03/06/07	02/20/37	22,799.16	23,288.10			(81.73)		22,717.43	23,496.34	289.97	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	5.63	03/06/07	02/20/37	4,933.43	5,025.06			(16.03)		4,917.40	5,097.73	88.70	0.00
GNMA	2002 A-D SF MRB	5.63	03/20/07	02/20/37	5,932.49	6,042.76			(19.27)		5,913.22	6,130.15	106.66	0.00
GNMA	2002 A-D SF MRB	5.13	03/20/07	03/20/37	23,060.88	23,281.61			(99.61)		22,961.07	23,557.22	375.42	0.00
GNMA	2002 A-D SF MRB	5.38	03/20/07	03/20/37	23,112.39	23,608.37			(88.45)		23,023.94	23,813.70	293.78	0.00
GNMA	2002 A-D SF MRB	5.13	03/06/07	02/20/37	8,420.57	8,501.05			(38.47)		8,382.10	8,599.61	137.03	0.00
GNMA	2002 A-D SF MRB	5.13	04/24/07	04/20/37	23,824.63	24,053.57			(85.01)		23,739.62	24,356.86	388.30	0.00
GNMA	2002 A-D SF MRB	5.63	04/24/07	04/20/37	17,687.59	18,017.07			(1,262.46)		16,425.13	17,028.37	273.76	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/07	04/20/37	14,438.60	14,749.04			(1,856.84)		12,581.76	13,013.84	121.64	0.00
GNMA	2002 A-D SF MRB	5.13	03/27/07	03/20/37	18,568.91	18,746.78			(106.06)		18,462.85	18,942.34	301.62	0.00
GNMA	2002 A-D SF MRB	5.62	03/27/07	02/20/37	4,554.02	4,638.70			(14.86)		4,539.16	4,705.71	81.87	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/07	03/20/37	8,344.79	8,524.17			(28.38)		8,316.41	8,601.97	106.18	0.00
GNMA	2002 A-D SF MRB	5.38	04/10/07	03/20/37	13,583.40	13,875.21			(47.28)		13,536.12	14,000.74	172.81	0.00
GNMA	2002 A-D SF MRB	5.13	04/10/07	03/20/37	22,261.09	22,474.65			(79.23)		22,181.86	22,758.23	362.81	0.00
GNMA	2002 A-D SF MRB	5.63	04/10/07	03/20/37	7,646.90	7,789.21			(25.68)		7,621.24	7,901.01	137.46	0.00
GNMA	2002 A-D SF MRB	5.13	05/08/07	04/20/37	12,977.90	13,102.81			(49.65)		12,928.25	13,264.58	211.42	0.00
GNMA	2002 A-D SF MRB	5.63	05/08/07	04/20/37	6,143.09	6,257.62			(19.68)		6,123.41	6,348.40	110.46	0.00
GNMA	2002 A-D SF MRB	5.38	05/08/07	05/20/37	13,870.72	14,169.14			(47.62)		13,823.10	14,298.01	176.49	0.00
GNMA	2002 A-D SF MRB	5.63	05/22/07	04/20/37	4,836.39	4,826.63			(15.68)		4,820.71	4,997.91	86.96	0.00
GNMA	2002 A-D SF MRB	5.38	05/22/07	05/20/37	20,165.43	20,599.57			(72.60)		20,092.83	20,783.46	256.49	0.00
GNMA	2002 A-D SF MRB	5.13	05/22/07	05/20/37	28,130.85	28,401.98			(132.10)		27,998.75	28,727.57	457.69	0.00
GNMA	2002 A-D SF MRB	5.63	06/05/07	05/20/37	24,420.05	24,946.14			(82.87)		24,337.18	25,174.05	310.78	0.00
GNMA	2002 A-D SF MRB	5.63	09/05/07	05/20/37	7,695.82	7,839.51			(27.54)		7,668.28	7,950.24	138.27	0.00
GNMA	2002 A-D SF MRB	5.13	06/05/07	05/20/37	40,883.41	41,278.08			(162.27)		40,721.14	41,781.77	665.96	0.00
GNMA	2002 A-D SF MRB	5.38	06/19/07	05/20/37	9,366.34	9,568.26			(31.50)		9,334.84	9,655.96	119.20	0.00
GNMA	2002 A-D SF MRB	5.13	06/19/07	06/20/37	19,911.80	20,104.14			(71.15)		19,840.45	20,357.54	324.55	0.00
GNMA	2002 A-D SF MRB	5.63	06/19/07	06/20/37	9,748.85	9,931.04			(31.01)		9,717.84	10,075.34	175.31	0.00
GNMA	2002 A-D SF MRB	5.13	08/07/07	07/20/37	43,472.99	43,916.78			(161.32)		43,311.67	44,464.01	708.55	0.00
GNMA	2002 A-D SF MRB	5.38	07/03/07	05/20/37	17,753.19	18,136.16			(61.16)		17,692.03	18,300.89	225.89	0.00
GNMA	2002 A-D SF MRB	5.13	07/03/07	06/20/37	17,163.39	17,298.02			(2,644.36)		14,519.03	14,870.77	217.11	0.00
GNMA	2002 A-D SF MRB	5.38	07/17/07	06/20/37	18,086.87	18,477.37			(60.12)		18,026.75	18,647.46	230.21	0.00
GNMA	2002 A-D SF MRB	5.13	07/17/07	06/20/37	15,913.36	16,038.42			(85.22)		15,848.14	16,232.32	259.12	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/08	04/20/38	4,799.19	4,906.61			(17.23)		4,781.96	4,949.85	60.47	0.00
GNMA	2002 A-D SF MRB	5.13	04/24/08	04/20/38	7,129.46	7,201.82			(23.29)		7,106.17	7,296.14	117.61	0.00
GNMA	2002 A-D SF MRB	5.38	04/22/08	03/20/38	6,477.07	6,622.02			(22.87)		6,454.20	6,680.78	81.63	0.00
GNMA	2002 A-D SF MRB	5.63	04/22/08	03/20/38	5,623.61	5,732.69			(16.87)		5,606.74	5,817.89	102.07	0.00
GNMA	2002 A-D SF MRB	5.38	05/07/08	03/20/38	2,434.05	2,488.56			(7.78)		2,426.27	2,511.48	30.70	0.00
GNMA	2002 A-D SF MRB	5.13	05/07/08	04/20/38	9,094.83	9,187.25			(34.85)		9,059.98	9,302.30	149.90	0.00
GNMA	2002 A-D SF MRB	5.63	05/07/08	04/20/38	5,854.57	5,968.20			(17.56)		5,837.01	6,056.91	106.27	0.00
GNMA	2002 A-D SF MRB	5.38	05/14/08	04/20/38	7,319.67	7,483.66			(22.77)		7,296.90	7,553.26	92.37	0.00
GNMA	2002 A-D SF MRB	5.13	05/21/08	05/20/38	12,368.31	12,471.42			(40.68)		12,327.63	12,634.60	203.86	0.00
GNMA	2002 A-D SF MRB	5.13	06/11/08	05/20/38	5,350.32	5,404.90			(17.40)		5,332.92	5,475.76	88.26	0.00
GNMA	2002 A-D SF MRB	5.63	07/09/08	06/20/38	6,383.39	6,507.75			(18.79)		6,364.61	6,604.84	115.87	0.00
GNMA	2002 A-D SF MRB	5.38	07/09/08	03/20/38	4,200.41	4,294.78			(13.12)		4,187.29	4,334.66	53.00	0.00
GNMA	2002 A-D SF MRB	5.13	07/16/08	06/20/38	2,473.58	2,498.91			(7.95)		2,465.63	2,531.77	40.81	0.00
GNMA	2002 A-D SF MRB	5.63	06/18/08	03/20/38	629.32	641.55			(1.88)		627.44	651.09	11.42	0.00
GNMA	2002 A-D SF MRB	5.63	06/25/08	05/20/38	3,995.62	4,073.39			(11.79)		3,983.83	4,134.14	72.54	0.00
GNMA	2002 A-D SF MRB	5.38	06/25/08	05/20/38	13,189.83	13,485.96			(41.59)		13,148.24	13,610.79	166.42	0.00
GNMA	2002 A-D SF MRB	5.38	07/23/08	06/20/38	7,257.30	7,420.48			(22.33)		7,234.97	7,489.74	91.59	0.00
GNMA	2002 A-D SF MRB	5.38	07/29/08	06/20/38	3,429.48	3,505.62			(10.51)		3,418.97	3,539.38	43.27	0.00
GNMA	2002 A-D SF MRB	5.13	08/27/08	08/20/38	5,169.35	5,221.53			(17.24)		5,151.11	5,289.54	85.25	0.00
GNMA	2002 A-D SF MRB	5.63	08/13/08	07/20/38	4,568.79	4,657.98			(13.30)		4,555.49	4,727.63	82.95	0.00
GNMA	2002 A-D SF MRB	5.38	08/13/08	07/20/38	3,569.87	3,650.20			(10.90)		3,558.97	3,684.37	45.07	0.00
GNMA	2002 A-D SF MRB	5.13	08/13/08	07/20/38	5,351.62	5,406.60			(24.64)		5,326.98	5,470.06	88.10	0.00
GNMA	2002 A-D SF MRB	5.63	08/27/08	08/20/38	2,337.13	2,382.80			(6.74)		2,330.39	2,418.49	42.43	0.00
GNMA	2002 A-D SF MRB	5.13	09/10/08	09/20/38	10,975.32	11,088.41			(40.77)		10,934.55	11,228.59	180.95	0.00
GNMA	2002 A-D SF MRB	5.38	09/24/08	07/20/38	2,411.19	2,465.58			(7.35)		2,403.84	2,488.66	30.43	0.00
GNMA	2002 A-D SF MRB	5.13	09/24/08	09/20/38	4,733.00	4,781.84			(18.74)		4,714.26	4,841.10	78.00	0.00
GNMA	2002 A-D SF MRB	5.38	09/24/08	09/20/38	5,158.79	5,275.16			(29.56)		5,129.23	5,310.22	64.62	0.00
GNMA	2002 A-D SF MRB	5.13	10/15/08	08/20/38	2,653.44	2,680.88			(8.97)		2,644.47	2,715.68	43.77	0.00
GNMA	2002 A-D SF MRB	5.63	10/15/08	08/20/38	2,744.35	2,798.12			(7.92)		2,736.43	2,840.03	49.83	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	5.13	10/15/08	09/20/38	1,401.71	1,416.21			(4.42)		1,397.29	1,434.91	23.12	0.00
GNMA	2002 A-D SF MRB	5.63	10/29/08	09/20/38	3,615.34	3,686.24			(10.37)		3,604.97	3,741.52	65.65	0.00
GNMA	2002 A-D SF MRB	5.13	11/12/08	10/20/38	5,896.85	5,958.03			(36.07)		5,860.76	6,018.79	96.83	0.00
GNMA	2002 A-D SF MRB	5.38	11/12/08	10/20/38	1,923.92	1,967.42			(5.76)		1,918.16	1,985.95	24.29	0.00
GNMA	2002 A-D SF MRB	5.13	11/25/08	09/20/38	2,649.04	2,877.63			(9.11)		2,838.93	2,915.51	46.99	0.00
GNMA	2002 A-D SF MRB	5.38	11/25/08	11/20/38	10,581.14	10,820.56			(31.67)		10,549.47	10,922.46	133.57	0.00
GNMA	2002 A-D SF MRB	5.63	12/10/08	10/20/38			2,906.58				2,906.58	3,016.81	110.23	0.00
GNMA	2002 A-D SF MRB	5.38	12/10/08	11/20/38			6,134.47				6,134.47	6,351.47	217.00	0.00
GNMA	2002 A-D SF MRB	5.13	12/10/08	11/20/38			7,218.51				7,218.51	7,413.37	194.86	0.00
GNMA	2002 A-D SF MRB	5.38	12/17/08	11/20/38			7,598.97				7,598.97	7,867.83	268.86	0.00
GNMA	2002 A-D SF MRB	5.25	12/17/08	12/20/38			11,530.28				11,530.28	11,891.80	361.52	0.00
GNMA	2002 A-D SF MRB	5.25	12/17/08	11/20/38			4,244.48				4,244.48	4,377.55	133.07	0.00
GNMA	2002 A-D SF MRB	5.25	12/17/08	12/20/38			5,874.04				5,874.04	6,058.22	184.18	0.00
GNMA	2002 A-D SF MRB	5.13	12/17/08	12/20/38			10,212.89				10,212.89	10,488.66	275.77	0.00
GNMA	2002 A-D SF MRB	5.25	12/17/08	11/20/38			5,961.28				5,961.28	6,148.19	186.91	0.00
GNMA	2002 A-D SF MRB	5.25	12/23/08	12/20/38			14,182.95				14,182.95	14,627.75	444.80	0.00
GNMA	2002 A-D SF MRB	5.25	12/23/08	10/20/38			5,376.01				5,376.01	5,544.61	168.60	0.00
GNMA	2002 A-D SF MRB	5.13	12/30/08	12/20/38			5,616.97				5,616.97	5,768.72	151.75	0.00
GNMA	2002 A-D SF MRB	5.38	12/30/08	11/20/38			2,946.39				2,946.39	3,050.68	104.29	0.00
GNMA	2002 A-D SF MRB	5.25	12/30/08	12/20/38			1,987.85				1,987.85	2,050.21	62.36	0.00
GNMA	2002 A-D SF MRB	5.15	12/30/08	12/20/38			5,474.44				5,474.44	5,627.82	153.38	0.00
FNMA	2002 A-D SF MRB	5.13	02/20/07	01/01/37	9,368.72	9,505.23			(34.98)		9,333.74	9,568.64	98.39	0.00
FNMA	2002 A-D SF MRB	5.38	03/06/07	02/01/37	12,802.05	13,050.94			(96.27)		12,705.78	13,067.27	112.60	0.00
FNMA	2002 A-D SF MRB	5.63	03/06/07	02/01/37	5,868.02	6,005.63			(19.39)		5,848.63	6,037.53	51.29	0.00
FNMA	2002 A-D SF MRB	5.13	03/20/07	09/01/36	1,704.55	1,729.40			(20.98)		1,683.57	1,725.96	17.54	0.00
FNMA	2002 A-D SF MRB	5.63	03/20/07	02/01/37	7,698.47	7,879.02			(26.50)		7,671.97	7,919.78	67.26	0.00
FNMA	2002 A-D SF MRB	5.38	03/20/07	09/01/36	5,095.71	5,195.83			(25.93)		5,069.78	5,215.08	45.18	0.00
FNMA	2002 A-D SF MRB	5.13	03/27/07	03/01/37	9,012.19	9,141.67			(40.55)		8,971.64	9,195.70	94.58	0.00
FNMA	2002 A-D SF MRB	5.38	04/10/07	03/01/37	21,205.27	21,617.86			(73.05)		21,132.22	21,733.79	188.98	0.00
FNMA	2002 A-D SF MRB	5.63	04/10/07	03/01/37	11,448.77	11,717.41			(39.40)		11,409.37	11,778.06	100.05	0.00
FNMA	2002 A-D SF MRB	5.13	04/10/07	03/01/37	18,143.49	18,404.28			(77.97)		18,065.52	18,516.83	190.52	0.00
FNMA	2002 A-D SF MRB	5.38	04/24/07	04/01/37	34,042.85	34,712.97			(3,213.79)		30,829.06	31,713.70	214.52	0.00
FNMA	2002 A-D SF MRB	5.13	04/24/07	04/01/37	9,963.71	10,107.00			(36.55)		9,927.15	10,175.23	104.78	0.00
FNMA	2002 A-D SF MRB	5.63	04/24/07	04/01/37	5,220.82	5,343.37			(17.49)		5,203.33	5,371.53	45.65	0.00
FNMA	2002 A-D SF MRB	5.13	05/08/07	04/01/37	5,180.74	5,255.27			(18.48)		5,162.26	5,291.29	54.50	0.00
FNMA	2002 A-D SF MRB	5.38	05/22/07	04/01/37	5,001.77	5,099.17			(18.40)		4,983.37	5,125.31	44.54	0.00
FNMA	2002 A-D SF MRB	5.13	05/22/07	04/01/37	4,162.67	4,222.59			(30.54)		4,132.13	4,235.44	43.39	0.00
FNMA	2002 A-D SF MRB	5.38	06/05/07	05/01/37	7,304.66	7,448.58			(27.28)		7,277.38	7,486.32	65.02	0.00
FNMA	2002 A-D SF MRB	5.63	06/05/07	05/01/37	8,477.71	8,676.87			(28.09)		8,449.62	8,722.90	74.12	0.00
FNMA	2002 A-D SF MRB	5.13	06/05/07	04/01/37	8,811.22	8,938.09			(41.93)		8,769.29	8,988.58	92.42	0.00
FNMA	2002 A-D SF MRB	5.38	06/19/07	05/01/37	13,772.06	14,040.47			(73.29)		13,698.77	14,089.17	121.99	0.00
FNMA	2002 A-D SF MRB	5.13	07/03/07	06/01/37	11,818.37	11,988.71			(63.17)		11,755.20	12,049.34	123.80	0.00
FNMA	2002 A-D SF MRB	5.13	04/08/08	03/01/38	3,690.85	3,746.58			(12.95)		3,677.90	3,791.46	57.83	0.00
FNMA	2002 A-D SF MRB	5.63	04/15/08	12/01/37	3,176.47	3,256.17			(14.23)		3,162.24	3,292.83	60.89	0.00
FNMA	2002 A-D SF MRB	5.38	04/15/08	01/01/38	5,321.82	5,462.96			(18.58)		5,303.04	5,500.41	56.03	0.00
FNMA	2002 A-D SF MRB	5.13	04/15/08	04/01/38	2,431.73	2,468.48			(7.96)		2,423.77	2,493.65	38.13	0.00
FNMA	2002 A-D SF MRB	5.38	04/29/08	04/01/38	3,520.31	3,613.86			(17.28)		3,503.03	3,633.45	36.87	0.00
	<b>2002 A-D SF MRB Total</b>				<b>79,073,957.05</b>	<b>78,687,193.88</b>	<b>5,093,141.23</b>	<b>(2,817,985.90)</b>	<b>(1,539,065.66)</b>	<b>0.00</b>	<b>80,110,046.72</b>	<b>81,468,887.53</b>	<b>1,745,603.98</b>	<b>0.00</b>
Repo Agmt	2004A Single Family Jr. Lien	0.26	02/27/09	03/02/09	53.75	53.75	9,375.20				9,428.95	9,428.95	-	0.00
Repo Agmt	2004A Single Family Jr. Lien	0.26	02/27/09	03/02/09	124,109.19	124,109.19			(8,459.19)		115,650.00	115,650.00	-	0.00
	<b>2004A Single Family Jr. Lien Total</b>				<b>124,162.94</b>	<b>124,162.94</b>	<b>9,375.20</b>	<b>(8,459.19)</b>	<b>0.00</b>	<b>0.00</b>	<b>125,078.95</b>	<b>125,078.95</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1991 A S/F (1980 A Refunding)	6.08	02/27/09	03/02/09	995.00	995.00	30,168.40				31,163.40	31,163.40	-	0.00
GICs	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	697,285.53	697,285.53	36,351.00				733,636.53	733,636.53	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	0.26	02/27/09	03/02/09			2.97				2.97	2.97	-	0.00
GICs	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	99.20	99.20	0.00				99.20	99.20	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	0.26	02/27/09	03/02/09			14,687.34				14,687.34	14,687.34	-	0.00
GICs	1991 A S/F (1980 A Refunding)	4.51	06/26/02	03/01/34	618,850.11	618,850.11		(1,201.73)			617,648.38	617,648.38	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	0.26	02/27/09	03/02/09			0.01				0.01	0.01	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change in Market Value	Recognized Gain
GICs	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	0.12	0.12	0.00				0.12	0.12	-	0.00
	1991 A S/F (1980 A Refunding) Total				1,317,229.96	1,317,229.96	81,209.72	(1,201.73)	0.00	0.00	1,397,237.95	1,397,237.95	0.00	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	0.26	02/27/09	03/02/09	0.41	0.41	465.38				465.79	465.79	-	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	0.26	02/27/09	03/02/09	0.01	0.01	16.53				16.54	16.54	-	0.00
GICs	1994 A&B SF (1983 Refunding)	6.08	11/14/96	09/30/29	21,685.15	21,685.15	9,130.00				30,815.15	30,815.15	-	0.00
GICs	1994 A&B SF (1983 Refunding)	6.08	11/14/96	09/30/29	908.75	908.75	0.01				908.76	908.76	-	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	04/01/26	9,893.76	10,259.01			(84.66)		9,809.10	10,354.90	180.55	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	06/27/96	05/01/26	9,141.16	9,467.38			(120.65)		9,020.51	9,511.31	164.58	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/01/26	10,367.13	10,759.48			(113.76)		10,253.37	10,833.47	187.75	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/01/96	06/01/26	7,774.52	8,072.82			(65.93)		7,708.59	8,148.77	141.88	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/01/26	10,830.10	11,242.25			(192.69)		10,637.41	11,241.50	191.94	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/01/26	7,930.98	8,199.95			(94.20)		7,836.78	8,210.54	104.79	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	08/01/26	7,448.74	7,693.36			(246.22)		7,202.52	7,538.30	91.16	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/01/26	15,882.49	16,401.05			(240.26)		15,642.23	16,368.50	207.71	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	11/01/26	11,233.52	11,605.33			(138.77)		11,094.75	11,614.85	148.29	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	01/01/27	10,893.44	11,246.55			(137.75)		10,755.69	11,252.56	143.76	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	07/01/27	4,995.02	5,156.36			(35.69)		4,959.33	5,226.40	105.73	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/30/96	07/20/26	44,693.17	45,769.20			(424.45)		44,268.72	46,436.32	1,091.57	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/28/96	03/20/26	12,104.82	12,395.30			(184.55)		11,920.17	12,502.88	292.23	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/20/26	36,896.46	37,776.42			(533.25)		36,363.21	38,135.39	892.22	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/96	04/20/26	13,838.49	14,168.83			(170.83)		13,667.66	14,334.08	336.08	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/15/96	05/20/26	45,102.95	45,176.77			(474.98)		44,627.97	46,801.06	1,099.27	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	05/20/26	15,732.87	16,110.72			(129.27)		15,603.60	16,368.67	385.22	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/17/96	05/20/26	49,601.96	50,788.15			(2,450.20)		47,151.76	49,452.80	1,114.85	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/29/96	06/20/26	11,485.48	11,758.09			(90.01)		11,395.47	11,949.54	281.46	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/20/26	60,029.17	61,447.12			(648.79)		59,380.38	62,260.62	1,462.29	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/20/26	40,909.87	41,728.98			(515.79)		40,394.08	42,206.59	993.40	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	09/20/26	20,048.05	20,436.46			(267.22)		19,780.83	20,655.45	486.21	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/26/96	09/20/26	14,577.49	14,865.35			(1,875.25)		12,702.24	13,268.66	278.56	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/20/26	43,988.57	44,844.37			(503.15)		43,485.42	45,411.74	1,070.52	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/28/96	11/20/26	26,460.09	26,994.68			(238.05)		26,222.04	27,403.44	646.81	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	12/20/26	15,204.28	15,495.75			(130.82)		15,073.46	15,736.83	371.90	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/16/97	12/20/26	36,150.99	36,844.78			(343.13)		35,807.86	37,384.53	382.88	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/30/97	01/20/27	18,858.47	19,232.20			(217.65)		18,640.82	19,545.12	530.57	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/13/97	02/20/27	15,367.63	15,671.64			(1,078.14)		14,289.49	14,882.18	388.68	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/27/97	02/20/27	6,951.07	7,081.67			(60.12)		6,890.95	7,218.05	196.50	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	03/20/27	22,370.60	22,775.90			(214.06)		22,156.54	23,193.15	631.31	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/97	04/20/27	10,609.04	10,794.36			(79.62)		10,529.42	11,015.12	300.38	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/29/97	05/20/27	13,198.24	13,428.76			(330.64)		12,867.60	13,461.12	363.00	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/26/97	06/20/27	8,356.43	8,505.78			(96.06)		8,260.37	8,644.78	235.06	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/18/97	07/20/27	13,035.05	13,343.17			(150.10)		12,884.95	13,559.94	366.87	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	08/20/27	27,510.63	28,003.56			(206.18)		27,304.45	28,576.40	779.02	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/26/98	02/20/28	6,898.83	6,815.39			(62.47)		6,636.36	6,949.07	196.15	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/28/98	01/20/28	7,857.83	7,994.57			(626.45)		7,231.38	7,572.14	204.02	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/98	04/20/28	11,120.62	11,314.04			(87.06)		11,033.56	11,553.38	326.40	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/25/98	05/20/28	8,576.05	8,725.29			(74.87)		8,501.18	8,901.78	251.36	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/16/98	06/20/28	4,607.86	4,688.07			(84.44)		4,523.42	4,736.60	132.97	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/10/98	07/20/28	17,344.27	17,646.06			(164.16)		17,180.11	17,889.64	507.74	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/19/98	10/20/28	26,817.80	27,284.43			(199.19)		26,618.61	27,872.87	787.63	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	0.26	02/27/09	03/02/09	50,150.22	50,150.22	98,139.16				148,289.38	148,289.38	-	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/01/28	1,908.43	1,973.00			(27.14)		1,881.29	1,973.86	28.00	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/01/28	3,654.68	3,777.77			(34.78)		3,619.90	3,799.16	56.17	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	06/28/98	05/01/28	958.05	990.29			(34.41)		923.64	969.35	13.47	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/20/28	20,468.69	20,883.00			(1,755.25)		18,713.44	19,637.53	509.78	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	09/01/28	4,144.86	4,284.48			(27.91)		4,116.95	4,320.84	64.27	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/20/28	40,748.29	41,573.05			(370.06)		40,378.23	42,372.11	1,169.12	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/19/98	05/20/28	24,221.86	24,712.11			(839.70)		23,382.16	24,536.76	664.35	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	17,663.99	18,008.03			(155.26)		17,508.73	18,040.23	187.46	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	08/14/98	07/20/28	14,872.85	15,173.88			(137.27)		14,735.58	15,463.22	426.61	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Refunding)	6.25	06/29/98	06/20/28	7,262.31	7,409.31			(50.06)		7,212.25	7,568.41	209.16	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	09/18/98	09/20/28	11,052.20	11,275.87			(75.35)		10,976.85	11,518.86	318.34	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	11/01/28	1,954.08	2,019.91			(33.78)		1,920.30	2,015.41	29.28	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	8,688.27	8,864.10			(58.21)		8,630.08	9,056.19	250.30	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	7,606.79	7,760.76			(55.22)		7,551.57	7,924.48	218.94	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	10/20/28	2,571.87	2,623.92			(16.47)		2,555.40	2,681.58	74.13	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	11/01/28	1,490.99	1,541.43			(125.19)		1,365.80	1,433.00	16.76	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	02/16/99	02/20/29	15,063.79	15,365.81			(142.00)		14,921.79	15,660.72	436.91	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	02/20/29	981.80	1,001.47			(15.91)		965.89	1,013.70	28.14	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	05/20/29	5,568.24	5,679.91			(36.84)		5,531.40	5,805.34	162.27	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	11,401.94	11,627.84			(1,313.11)		10,088.63	10,403.74	89.01	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	10,959.08	11,178.15			(78.31)		10,880.77	11,220.33	122.49	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	1,676.65	1,714.87			(10.43)		1,666.22	1,720.32	15.88	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	5,419.37	5,526.73			(35.22)		5,384.15	5,552.19	60.68	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	6,032.48	6,171.27			(54.81)		5,977.67	6,173.06	56.60	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	4,321.14	4,420.57			(41.90)		4,279.24	4,419.13	40.46	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	19,606.46	19,994.86			(149.43)		19,457.03	20,064.29	218.86	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	2,816.84	2,872.65			(29.35)		2,787.49	2,874.50	31.20	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	36,332.11	37,051.80			(1,020.28)		35,311.83	36,413.87	382.35	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	11,932.81	12,165.35			(73.38)		11,859.43	12,219.58	127.61	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	5,039.51	5,137.67			(31.38)		5,008.13	5,160.17	53.88	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	6,992.03	7,128.21			(57.34)		6,934.69	7,145.22	74.35	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	4,510.95	4,607.64			(28.46)		4,482.49	4,620.16	40.98	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	8,168.95	8,328.05			(84.87)		8,084.08	8,329.48	86.30	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	1,538.18	1,568.09			(9.28)		1,528.90	1,575.26	16.45	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	9,410.11	9,593.41			(59.48)		9,350.63	9,634.51	100.58	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	15,783.44	16,090.88			(256.65)		15,526.78	15,998.14	163.92	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	2,309.95	2,359.38			(40.01)		2,269.94	2,339.57	20.20	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	94,633.21	96,507.84			(10,898.38)		83,734.83	86,348.14	738.68	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	90,957.04	92,758.95			(649.97)		90,307.07	93,125.61	1,016.63	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	13,914.13	14,234.07			(86.59)		13,827.54	14,279.33	131.85	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	44,979.31	45,670.30			(292.29)		44,687.02	46,081.66	503.65	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	50,067.80	51,219.86			(454.91)		49,612.89	51,234.73	469.78	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	35,864.37	36,689.58			(347.78)		35,516.59	36,677.60	335.80	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	162,728.17	165,951.81			(1,240.17)		161,488.00	166,528.04	1,816.40	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	23,379.11	23,842.24			(243.59)		23,135.52	23,857.56	259.91	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/30/29	301,546.03	307,519.60			(8,467.96)		293,078.07	302,224.98	3,173.34	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	99,039.71	100,969.03			(608.98)		98,430.73	101,419.11	1,059.06	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	41,826.49	42,641.26			(260.40)		41,566.09	42,828.02	447.16	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	15,726.63	16,032.95			(128.95)		15,597.68	16,071.20	167.20	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/22/99	06/20/29	94,194.25	96,060.27			(1,254.26)		92,939.99	95,840.69	1,034.68	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	117,436.23	119,762.62			(907.38)		116,528.85	120,165.69	1,310.45	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	79,444.27	81,018.05			(589.13)		78,855.14	81,316.19	887.27	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	86,326.03	87,639.92			(439.82)		85,886.21	87,942.48	742.38	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/99	11/01/29	38,032.97	38,908.07			(1,143.05)		36,889.92	38,095.81	330.79	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/29/99	10/20/29	124,526.68	126,993.55			(887.83)		123,638.85	127,497.62	1,391.90	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	177,309.44	180,821.97			(1,306.02)		176,003.42	181,496.51	1,680.56	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	145,492.98	148,375.22			(955.69)		144,537.29	149,048.33	1,628.80	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	165,787.59	169,017.13			(1,080.10)		164,707.49	169,707.99	1,770.96	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	90,667.62	92,433.82			(764.08)		89,883.54	92,612.40	962.66	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	39,626.51	40,398.17			(250.99)		39,375.52	40,570.69	423.51	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/23/00	01/01/30	19,518.51	19,967.62			(118.10)		19,400.41	20,034.60	185.08	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	146,605.74	149,461.62			(1,288.67)		145,317.07	149,728.90	1,555.95	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	42,305.14	43,129.25			(346.87)		41,958.27	43,232.12	449.74	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	37,439.83	38,242.16			(326.28)		37,203.55	38,346.06	340.18	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	67,799.76	69,120.50			(704.38)		67,095.38	69,132.40	176.28	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	12,766.05	13,014.72			(77.05)		12,689.00	13,074.22	136.55	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	78,101.32	79,622.67			(493.70)		77,607.62	79,963.72	834.75	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	130,998.01	133,549.85			(2,130.25)		128,867.76	132,780.17	1,360.57	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	19,171.39	19,582.23			(332.10)		18,839.29	19,417.84	167.71	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/20/30	153,620.15	156,612.68			(11,403.68)		142,216.47	146,534.16	1,325.16	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/28/00	08/20/30	30,841.00	31,441.81			(182.42)		30,658.58	31,589.40	330.01	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	5,966.50	6,082.95			(37.79)		5,928.71	6,108.93	63.77	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/20/30	53,337.08	54,376.06			(365.14)		52,971.94	54,580.14	569.22	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	05/20/30	74,496.36	75,947.58			(1,606.69)		72,887.67	75,100.57	761.68	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	06/20/30	147,360.52	150,231.10			(11,211.09)		136,149.43	140,282.93	1,262.92	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/31/00	05/01/30	26,773.29	27,347.08			(191.99)		26,581.30	27,397.65	242.56	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/23/00	09/20/30	5,557.81	5,666.06			(31.71)		5,526.10	5,693.85	59.50	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	10/20/30	36,235.61	36,941.41			(268.41)		35,967.20	37,059.10	386.10	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	60,277.17	61,568.87			(610.36)		59,666.81	61,499.13	540.62	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/00	05/20/30	8,813.65	8,985.35			(52.69)		8,760.96	9,026.96	94.30	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/06/00	09/01/30	40,980.31	41,858.53			(341.71)		40,638.60	41,886.62	368.80	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	08/01/30	43,886.39	44,826.85			(366.68)		43,519.71	44,856.17	396.00	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/12/01	02/01/30	10,382.60	10,621.51			(63.20)		10,319.40	10,656.74	98.43	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	07/07/05	07/20/35	195,194.72	192,331.04			(6,931.11)		188,262.81	190,390.71	4,991.58	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/15/05	09/20/35	14,589.79	14,376.68			(65.93)		14,523.86	14,688.97	378.22	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/22/05	09/20/35	27,532.95	27,130.87			(126.70)		27,406.25	27,717.90	713.73	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/11/05	07/20/35	36,817.97	36,372.05			(164.22)		36,653.75	37,171.48	963.65	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/18/05	08/20/35	93,627.57	92,493.30			(556.09)		93,071.48	94,381.56	2,444.35	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/30/05	08/20/35	180,336.45	177,699.01			(8,614.56)		171,721.89	173,670.90	4,586.45	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/29/05	07/20/35	6,685.92	6,605.21			(30.25)		6,655.67	6,749.96	175.00	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	10/13/05	09/20/35	19,004.75	18,727.51			(86.90)		18,917.85	19,133.29	492.68	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	10/27/05	10/20/35	95,662.08	94,267.92			(472.81)		95,189.27	96,274.66	2,479.55	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	11/01/05	11/20/35	31,172.55	30,797.40			(141.22)		31,031.33	31,472.09	815.91	0.00
FNMA	1994 A&B SF (1983 Refunding)	4.49	09/08/05	08/01/35	22,420.91	22,190.25			(139.59)		22,281.32	22,447.72	397.06	0.00
FNMA	1994 A&B SF (1983 Refunding)	4.49	11/01/05	10/01/35	12,533.98	12,405.34			(68.16)		12,465.82	12,559.23	222.05	0.00
	<b>1994 A&amp;B SF (1983 Refunding) Total</b>				<b>5,342,694.97</b>	<b>5,425,468.78</b>	<b>107,751.08</b>	<b>0.00</b>	<b>(104,685.76)</b>	<b>0.00</b>	<b>5,345,760.29</b>	<b>5,508,140.16</b>	<b>79,606.06</b>	<b>0.00</b>
Repo Agmt	1995 C SF (1985 A&B Refunding)	0.26	02/27/09	03/02/09			0.70				0.70	0.70	-	0.00
GICs	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	23.53	23.53	0.00				23.53	23.53	-	0.00
Repo Agmt	1995 C SF (1985 A&B Refunding)	0.26	02/27/09	03/02/09			0.01				0.01	0.01	-	0.00
GICs	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	0.33	0.33	0.00				0.33	0.33	-	0.00
	<b>1995 C SF (1985 A&amp;B Refunding) Total</b>				<b>23.86</b>	<b>23.86</b>	<b>0.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>24.57</b>	<b>24.57</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	2005 A Single Family	0.26	02/27/09	03/02/09	1,197,811.69	1,197,811.69	556.08				1,198,367.77	1,198,367.77	-	0.00
Repo Agmt	2005 A Single Family	0.26	02/27/09	03/02/09	170,500.59	170,500.59	4,264,196.99				4,434,697.58	4,434,697.58	-	0.00
GIC's	2005 A Single Family				2,223,675.36	2,223,675.36		(2,223,675.36)					-	0.00
GNMA	2005 A Single Family	4.49	08/11/05	07/20/35	1,174,491.37	1,159,113.81			(5,454.34)		1,169,037.03	1,184,125.60	30,466.13	0.00
GNMA	2005 A Single Family	4.49	08/30/05	08/20/35	662,919.38	654,253.68			(3,000.92)		659,918.46	668,450.09	17,197.33	0.00
GNMA	2005 A Single Family	4.49	10/27/05	10/20/35	1,637,158.25	1,615,856.86			(7,398.15)		1,629,760.10	1,650,933.54	42,474.83	0.00
GNMA	2005 A Single Family	4.49	10/27/05	10/20/35	971,076.93	958,442.08			(4,292.34)		966,784.59	979,344.82	25,195.03	0.00
GNMA	2005 A Single Family	4.49	09/29/05	09/20/35	6,215,409.14	6,134,359.56			(28,255.83)		6,187,153.31	6,267,345.36	161,241.63	0.00
GNMA	2005 A Single Family	4.49	10/06/05	09/20/35	2,007,416.57	1,981,251.67			(121,054.79)		1,866,361.78	1,910,624.55	50,627.67	0.00
GNMA	2005 A Single Family	4.49	10/20/05	10/20/35	1,303,802.37	1,288,630.58			(6,343.65)		1,297,458.72	1,314,305.72	33,818.79	0.00
GNMA	2005 A Single Family	4.49	12/08/05	12/20/35	1,098,046.20	1,083,809.70			(4,749.61)		1,093,296.59	1,107,551.93	28,491.84	0.00
GNMA	2005 A Single Family	4.49	12/15/05	12/20/35	969,994.74	959,885.39			(4,816.22)		965,178.52	980,471.52	25,402.35	0.00
GNMA	2005 A Single Family	4.49	11/03/05	11/20/35	376,968.97	373,023.99			(1,907.04)		375,061.93	380,988.14	9,871.19	0.00
GNMA	2005 A Single Family	4.49	11/10/05	11/20/35	1,877,223.39	1,857,591.28			(9,969.98)		1,867,253.43	1,896,768.65	49,147.33	0.00
GNMA	2005 A Single Family	4.49	11/17/05	11/20/35	1,341,718.21	1,324,291.65			(6,635.40)		1,335,082.81	1,352,459.32	34,803.07	0.00
GNMA	2005 A Single Family	4.49	11/22/05	11/20/35	700,802.20	691,703.48			(3,629.61)		697,172.59	706,250.05	18,176.18	0.00
GNMA	2005 A Single Family	4.49	11/29/05	11/20/35	1,053,920.27	1,042,917.31			(5,289.93)		1,048,630.34	1,065,225.20	27,597.82	0.00
GNMA	2005 A Single Family	4.49	12/22/05	12/20/35	1,457,202.07	1,442,025.25			(8,182.98)		1,449,019.09	1,471,987.36	38,145.09	0.00
GNMA	2005 A Single Family	4.49	12/29/05	12/20/35	2,509,041.54	2,476,561.08			(12,768.71)		2,496,272.83	2,528,872.45	65,080.08	0.00
GNMA	2005 A Single Family	4.49	01/05/06	01/20/36	1,572,660.32	1,552,015.39			(13,260.01)		1,559,400.31	1,578,473.20	39,717.82	0.00
GNMA	2005 A Single Family	4.49	01/12/06	01/20/36	1,558,979.75	1,542,510.91			(6,914.56)		1,552,065.19	1,575,433.17	39,836.82	0.00
GNMA	2005 A Single Family	4.49	03/09/06	02/20/36	1,447,569.67	1,428,657.79			(7,721.99)		1,439,847.72	1,457,549.67	36,613.83	0.00
GNMA	2005 A Single Family	4.49	03/02/06	02/20/36	1,779,754.78	1,756,490.63			(9,050.44)		1,770,704.34	1,792,463.07	45,022.88	0.00
GNMA	2005 A Single Family	4.49	01/19/06	01/20/36	878,785.68	867,260.93			(4,002.16)		874,783.52	885,494.54	22,235.77	0.00
GNMA	2005 A Single Family	4.49	01/26/06	01/20/36	1,292,503.98	1,275,562.58			(115,362.87)		1,177,141.11	1,191,561.53	31,361.82	0.00
GNMA	2005 A Single Family	4.49	02/02/06	02/20/36	2,702,472.24	2,667,076.72			(13,060.18)		2,689,412.06	2,722,385.81	68,369.27	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2005 A Single Family	4.49	02/09/06	02/20/36	1,145,006.15	1,131,003.23			(5,363.88)		1,140,642.27	1,154,635.36	28,996.01	0.00
GNMA	2005 A Single Family	4.49	02/16/06	02/20/36	1,611,935.22	1,590,843.84			(8,874.52)		1,603,060.70	1,622,738.10	40,768.78	0.00
GNMA	2005 A Single Family	4.49	02/23/06	02/20/36	1,770,707.80	1,747,551.33			(7,649.08)		1,763,058.72	1,784,710.91	44,808.66	0.00
GNMA	2005 A Single Family	4.49	05/11/06	04/20/36	852,648.73	841,565.35			(4,080.24)		848,568.49	859,058.32	21,573.21	0.00
GNMA	2005 A Single Family	4.49	05/11/06	05/20/36	384,465.56	380,452.18			(3,077.17)		381,388.39	387,179.49	9,804.48	0.00
GNMA	2005 A Single Family	4.49	05/18/06	05/20/36	1,030,446.57	1,017,061.32			(4,563.10)		1,025,883.47	1,038,575.78	26,077.56	0.00
GNMA	2005 A Single Family	4.49	05/18/06	05/20/36	418,123.90	413,761.67			(1,963.40)		416,160.50	422,482.58	10,684.31	0.00
GNMA	2005 A Single Family	4.49	03/16/06	03/20/36	723,724.51	716,126.26			(3,178.54)		720,545.97	731,443.38	18,495.66	0.00
GNMA	2005 A Single Family	4.49	03/23/06	03/20/36	1,818,061.05	1,794,337.91			(8,058.24)		1,810,002.81	1,832,287.06	46,007.39	0.00
GNMA	2005 A Single Family	4.49	03/30/06	03/20/36	1,117,233.65	1,102,663.12			(4,868.97)		1,112,364.68	1,126,066.64	28,272.49	0.00
GNMA	2005 A Single Family	4.49	04/06/06	03/20/36	1,649,675.36	1,628,170.76			(8,243.98)		1,641,431.38	1,661,662.02	41,735.24	0.00
GNMA	2005 A Single Family	4.49	04/13/06	03/20/36	1,055,440.27	1,041,689.32			(4,726.15)		1,050,714.12	1,063,671.72	26,708.55	0.00
GNMA	2005 A Single Family	4.49	04/20/06	04/20/36	1,954,142.50	1,928,702.18			(131,731.67)		1,822,410.83	1,844,901.92	47,931.41	0.00
GNMA	2005 A Single Family	4.49	04/27/06	04/20/36	628,740.32	620,558.72			(3,944.79)		624,795.53	632,510.85	15,896.92	0.00
GNMA	2005 A Single Family	4.49	05/05/06	04/20/36	1,581,788.52	1,565,262.24			(7,168.58)		1,574,619.94	1,598,516.51	40,422.85	0.00
GNMA	2005 A Single Family	4.49	05/25/06	05/20/36	981,803.03	969,056.49			(4,778.48)		977,024.55	989,119.34	24,841.33	0.00
GNMA	2005 A Single Family	4.49	05/01/06	06/20/36	1,285,327.44	1,271,939.67			(5,663.39)		1,279,664.05	1,299,125.04	32,848.76	0.00
GNMA	2005 A Single Family	4.49	06/08/06	06/20/36	1,505,316.45	1,485,797.30			(7,000.96)		1,498,315.49	1,516,888.03	38,091.69	0.00
GNMA	2005 A Single Family	4.49	06/15/06	06/20/36	1,114,036.34	1,102,447.20			(5,043.50)		1,108,992.84	1,125,874.22	28,470.52	0.00
GNMA	2005 A Single Family	4.49	06/27/06	06/20/36	1,795,998.38	1,777,336.48			(8,906.50)		1,787,091.88	1,814,315.62	45,885.64	0.00
GNMA	2005 A Single Family	4.49	07/06/06	07/20/36	780,300.80	772,201.43			(3,456.52)		776,844.28	788,687.15	19,942.24	0.00
GNMA	2005 A Single Family	4.49	07/13/06	06/20/36	1,415,274.57	1,400,589.94			(244,571.32)		1,170,703.25	1,188,555.24	32,536.62	0.00
GNMA	2005 A Single Family	4.49	07/19/06	06/20/36	1,833,153.38	1,809,456.39			(9,362.34)		1,823,781.04	1,846,470.81	46,376.76	0.00
GNMA	2005 A Single Family	4.49	07/27/06	07/20/36	1,173,049.40	1,160,896.81			(4,963.89)		1,168,085.51	1,185,917.95	29,985.03	0.00
GNMA	2005 A Single Family	4.49	08/02/06	08/20/36	730,056.52	722,499.12			(3,075.74)		726,980.78	738,085.13	18,661.75	0.00
GNMA	2005 A Single Family	4.49	08/09/06	08/20/36	1,828,080.45	1,809,149.49			(10,000.28)		1,818,060.17	1,845,843.35	46,684.14	0.00
GNMA	2005 A Single Family	4.49	08/16/06	07/20/36	1,053,996.47	1,040,402.04			(112,277.09)		941,719.38	953,459.03	25,334.08	0.00
GNMA	2005 A Single Family	4.49	08/23/06	07/20/36	751,030.93	743,269.92			(3,277.31)		747,753.62	759,188.31	19,195.70	0.00
GNMA	2005 A Single Family	4.49	09/06/06	08/20/36	842,253.82	833,563.59			(3,774.08)		838,479.74	851,316.41	21,526.90	0.00
GNMA	2005 A Single Family	4.49	09/12/06	08/20/36	504,738.18	499,533.45			(2,087.92)		502,650.26	510,348.18	12,902.65	0.00
GNMA	2005 A Single Family	4.49	09/26/06	09/20/36	590,115.74	584,040.02			(2,446.71)		587,669.03	596,679.20	15,085.89	0.00
GNMA	2005 A Single Family	4.49	10/17/06	10/20/36	1,036,372.95	1,025,726.43			(5,018.16)		1,031,354.69	1,047,190.78	26,482.51	0.00
GNMA	2005 A Single Family	4.49	11/14/06	10/20/36	845,127.20	836,468.21			(3,996.50)		841,130.70	854,070.11	21,598.40	0.00
GNMA	2005 A Single Family	4.49	11/28/06	10/20/36	213,995.82	211,806.29			(937.67)		213,058.15	216,338.57	5,469.95	0.00
GNMA	2005 A Single Family	4.49	12/12/06	10/20/36	245,360.28	242,853.23			(1,027.29)		244,332.99	248,098.41	5,272.47	0.00
GNMA	2005 A Single Family	4.49	01/16/07	12/20/36	242,247.40	239,781.40			(984.12)		241,263.28	244,991.09	6,193.81	0.00
GNMA	2005 A Single Family	4.49	01/30/07	12/20/36	128,460.27	125,959.21			(626.92)		127,933.35	128,701.50	3,269.21	0.00
GNMA	2005 A Single Family	4.49	02/13/07	01/20/37	307,594.76	304,781.64			(1,279.92)		306,314.84	311,482.19	7,990.47	0.00
GNMA	2005 A Single Family	4.49	02/20/07	02/20/37	223,845.60	221,804.18			(1,060.26)		222,785.34	226,558.34	5,814.42	0.00
GNMA	2005 A Single Family	4.49	03/20/07	01/20/37	219,191.93	216,972.65			(879.85)		218,312.08	221,750.34	5,657.54	0.00
GNMA	2005 A Single Family	4.49	04/24/07	03/20/37	515,774.09	510,571.57			(2,104.82)		513,669.27	521,779.23	13,312.48	0.00
GNMA	2005 A Single Family	4.49	04/10/07	02/20/37	265,313.08	262,632.67			(1,064.21)		264,248.87	268,416.85	6,848.39	0.00
GNMA	2005 A Single Family	4.49	05/22/07	04/20/37	379,424.87	374,642.38			(1,497.29)		377,927.58	382,836.29	9,691.20	0.00
GNMA	2005 A Single Family	4.49	06/05/07	05/20/37	319,120.57	315,916.07			(1,256.43)		317,864.14	322,897.71	8,238.07	0.00
GNMA	2005 A Single Family	4.49	07/03/07	06/20/37	258,461.32	255,873.67			(1,006.53)		257,454.79	261,539.39	6,672.25	0.00
GNMA	2005 A Single Family	4.49	11/21/07	09/20/37	234,212.82	232,015.50			(892.67)		233,320.15	237,171.72	6,048.89	0.00
GNMA	2005 A Single Family	4.49	09/25/07	04/20/37	115,000.62	113,913.99			(763.63)		114,236.99	116,114.77	2,984.41	0.00
GNMA	2005 A Single Family	4.49	12/11/07	08/20/37	136,791.78	135,511.17			(524.27)		136,267.51	138,519.76	3,532.86	0.00
GNMA	2005 A Single Family	4.49	01/30/08	01/20/38	395,589.92	391,725.81			(1,474.71)		394,115.21	400,206.55	9,955.45	0.00
GNMA	2005 A Single Family	4.49	01/30/08	01/20/38	119,531.76	118,055.78			(447.94)		119,083.82	120,584.62	2,976.78	0.00
GNMA	2005 A Single Family	4.49	03/26/08	03/20/38	364,156.29	360,621.48			(1,354.61)		362,801.68	368,432.17	9,165.30	0.00
FNMA	2005 A Single Family	4.49	10/20/05	10/01/35	155,559.42	153,996.82			(703.48)		154,855.94	156,050.38	2,757.04	0.00
FNMA	2005 A Single Family	4.49	11/10/05	11/01/35	114,205.99	113,059.91			(935.98)		113,270.01	114,144.82	2,020.89	0.00
FNMA	2005 A Single Family	4.49	12/15/05	12/01/35	235,895.79	233,532.32			(79,927.83)		155,967.96	157,175.10	3,570.61	0.00
FNMA	2005 A Single Family	4.49	01/05/06	12/01/35	336,792.84	333,421.46			(2,061.49)		334,731.35	337,325.05	5,965.08	0.00
FNMA	2005 A Single Family	4.49	02/09/06	02/01/36	203,545.71	201,532.05			(1,069.91)		202,475.80	203,972.93	3,510.79	0.00
FNMA	2005 A Single Family	4.49	02/23/06	01/01/36	237,716.69	235,365.97			(3,116.73)		236,399.96	238,148.92	4,099.68	0.00
FNMA	2005 A Single Family	4.49	03/16/06	03/01/36	371,938.93	368,265.29			(2,681.33)		369,257.60	371,993.92	6,409.68	0.00
FNMA	2005 A Single Family	4.49	04/06/06	03/01/36	259,225.52	256,667.23			(1,111.07)		258,114.45	260,029.27	4,473.11	0.00
FNMA	2005 A Single Family	4.49	04/20/06	04/01/36	365,428.72	361,824.87			(1,632.45)		363,796.27	366,497.65	6,305.23	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
FNMA	2005 A Single Family	4.49	05/11/06	04/01/36	285,517.28	282,704.08			(1,578.69)		283,938.59	286,049.60	4,924.21	0.00
FNMA	2005 A Single Family	4.49	06/08/06	04/01/36	269,076.70	266,428.67			(1,167.92)		267,908.78	269,903.84	4,643.09	0.00
FNMA	2005 A Single Family	4.49	06/27/06	06/01/36	277,584.69	274,855.70			(1,174.32)		276,410.37	278,471.55	4,780.17	0.00
FNMA	2005 A Single Family	4.49	07/13/06	06/01/36	341,839.90	338,481.58			(1,517.15)		340,322.75	342,862.93	5,898.50	0.00
FNMA	2005 A Single Family	4.49	07/19/06	07/01/36	520,848.64	515,733.77			(2,319.87)		518,528.77	522,401.17	6,987.27	0.00
FNMA	2005 A Single Family	4.49	08/02/06	07/01/36	469,817.55	465,206.62			(1,982.59)		467,834.96	471,331.13	8,107.10	0.00
FNMA	2005 A Single Family	4.49	08/09/06	07/01/36	352,627.19	349,167.48			(1,586.39)		351,040.80	353,665.26	6,084.17	0.00
FNMA	2005 A Single Family	4.49	09/12/06	08/01/36	272,319.16	269,651.41			(1,236.55)		271,082.61	273,113.64	4,698.78	0.00
FNMA	2005 A Single Family	4.49	10/17/06	09/01/36	252,058.74	249,593.49			(1,847.22)		250,211.52	252,090.24	4,343.97	0.00
FNMA	2005 A Single Family	4.49	11/14/06	10/01/36	386,407.39	382,633.13			(1,524.73)		384,762.66	387,676.87	6,668.47	0.00
FNMA	2005 A Single Family	4.49	11/21/06	10/01/36	270,540.27	267,898.57			(1,217.18)		269,323.09	271,349.68	4,668.29	0.00
FNMA	2005 A Single Family	4.49	12/12/06	11/01/36	362,319.26	358,785.01			(1,529.95)		360,789.31	363,507.48	6,252.42	0.00
FNMA	2005 A Single Family	4.49	01/30/07	11/01/36	54,039.77	53,513.76			(349.28)		53,690.49	54,096.11	931.63	0.00
FNMA	2005 A Single Family	4.49	02/13/07	01/01/37	56,819.16	56,260.40			(233.47)		56,585.69	57,094.62	1,067.69	0.00
FNMA	2005 A Single Family	4.49	03/20/07	02/01/37	159,361.13	157,727.15			(655.61)		158,705.52	160,055.12	2,983.58	0.00
FNMA	2005 A Single Family	4.49	04/10/07	01/01/37	214,946.66	212,744.67			(880.36)		214,066.30	215,888.41	4,024.10	0.00
FNMA	2005 A Single Family	4.49	04/24/07	04/01/37	365,075.79	361,338.70			(1,499.47)		363,616.32	366,714.67	6,835.44	0.00
FNMA	2005 A Single Family	4.49	05/22/07	04/01/37	221,317.12	219,054.27			(880.48)		220,436.64	222,317.67	4,143.88	0.00
FNMA	2005 A Single Family	4.49	06/05/07	05/01/37	260,222.05	257,563.21			(1,033.18)		258,188.87	261,402.40	4,872.37	0.00
FNMA	2005 A Single Family	4.49	07/03/07	06/01/37	678,589.79	671,685.04			(2,712.57)		676,877.22	681,658.26	12,705.79	0.00
FNMA	2005 A Single Family	4.49	09/25/07	09/01/37	354,563.58	352,660.80			(1,373.99)		353,189.59	357,936.81	6,650.00	0.00
FNMA	2005 A Single Family	4.49	11/08/07	09/01/37	348,342.75	348,235.12			(1,588.13)		346,754.62	353,158.34	6,511.35	0.00
FNMA	2005 A Single Family	4.49	11/21/07	09/01/37	142,733.97	142,691.44			(546.31)		142,187.66	144,815.11	2,669.98	0.00
FNMA	2005 A Single Family	4.49	12/11/07	11/01/37	319,113.10	319,024.48			(1,307.26)		317,805.84	323,685.06	5,967.84	0.00
FNMA	2005 A Single Family	4.49	03/26/08	02/01/38	599,177.18	599,033.16			(3,151.67)		596,015.51	606,475.00	10,603.51	0.00
	<b>2005 A Single Family Total</b>				<b>92,790,699.33</b>	<b>91,753,359.69</b>	<b>4,264,753.07</b>	<b>(2,223,675.36)</b>	<b>(1,195,802.40)</b>	<b>0.00</b>	<b>93,635,974.64</b>	<b>94,793,393.69</b>	<b>2,194,758.69</b>	<b>0.00</b>
	<b>Total Single Family Investment Summary</b>				<b>1,128,659,843.12</b>	<b>1,136,617,400.37</b>	<b>82,924,810.81</b>	<b>(51,160,796.34)</b>	<b>(15,717,059.98)</b>	<b>0.00</b>	<b>1,144,706,797.61</b>	<b>1,170,435,627.96</b>	<b>17,771,273.10</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs**  
**Residential Mortgage Revenue Bonds Investment Summary**  
**For Period Ending February 28, 2009**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Repo Agmt	1989 A&B RMRB	0.26	02/27/09	03/02/09	2,719.67	2,719.67	1.25				2,720.92	2,720.92	-	0.00
	1989 A&B RMRB Total				2,719.67	2,719.67	1.25	0.00	0.00	0.00	2,720.92	2,720.92	0.00	0.00
Repo Agmt	1998 A/B RMRB	0.26	02/27/09	03/02/09	37,867.08	37,867.08		(37,847.73)			19.35	19.35	-	0.00
GICs	1998 A/B RMRB	5.04	12/03/98	01/01/31	5,785,768.33	5,785,768.33		(2,267,521.66)			3,518,246.67	3,518,246.67	-	0.00
GICs	1998 A/B RMRB	5.04	12/03/98	01/01/31	1,662,346.43	1,662,346.43		(125,915.09)			1,536,431.34	1,536,431.34	-	0.00
GNMA	1998 A/B RMRB	5.35	07/28/00	07/20/30	975,111.65	989,699.31			(6,432.04)		968,679.61	994,000.88	10,733.61	0.00
GNMA	1998 A/B RMRB	5.35	08/28/00	07/20/30	2,187,352.43	2,220,075.22			(90,762.90)		2,096,589.53	2,151,394.38	22,082.06	0.00
FNMA	1998 A/B RMRB	5.35	05/25/99	04/01/29	104,459.94	106,678.67			(806.17)		103,653.77	106,920.94	1,048.44	0.00
FNMA	1998 A/B RMRB	5.35	04/16/99	04/20/29	777,233.73	789,195.30			(5,466.05)		771,767.68	793,338.54	9,609.29	0.00
FNMA	1998 A/B RMRB	5.35	05/22/99	05/01/29	100,822.91	102,964.33			(705.78)		100,117.13	103,272.76	1,014.21	0.00
GNMA	1998 A/B RMRB	5.35	05/25/99	05/20/29	2,482,584.05	2,520,790.97			(70,402.13)		2,412,181.92	2,479,602.36	29,213.52	0.00
GNMA	1998 A/B RMRB	5.35	06/22/99	06/20/29	3,427,051.59	3,479,793.83			(110,535.87)		3,316,515.72	3,409,212.22	39,954.26	0.00
FNMA	1998 A/B RMRB	5.35	07/30/99	07/01/29	70,157.26	71,647.37			(497.52)		69,659.74	71,855.39	705.54	0.00
FNMA	1998 A/B RMRB	5.35	08/24/99	08/01/29	132,686.61	135,504.87			(975.48)		131,711.13	135,862.66	1,333.27	0.00
GNMA	1998 A/B RMRB	5.35	07/30/99	07/20/29	3,027,811.56	3,074,409.47			(26,742.16)		3,001,069.40	3,084,949.18	37,281.87	0.00
GNMA	1998 A/B RMRB	5.35	09/26/99	08/20/29	2,044,841.69	2,076,311.83			(84,926.49)		1,959,915.20	2,014,694.84	23,309.50	0.00
FNMA	1998 A/B RMRB	5.35	09/30/99	08/01/29	172,858.67	176,530.18			(1,109.08)		171,749.59	177,163.13	1,742.03	0.00
GNMA	1998 A/B RMRB	5.35	09/20/99	09/20/29	1,862,897.05	1,891,567.03			(69,245.01)		1,793,652.04	1,843,784.61	21,462.59	0.00
FNMA	1998 A/B RMRB	5.35	10/29/99	10/01/29	313,358.49	320,014.25			(4,333.72)		309,024.77	318,765.27	3,084.74	0.00
FNMA	1998 A/B RMRB	5.35	11/16/99	10/01/29	200,419.54	204,676.44			(3,379.29)		197,040.25	203,250.95	1,953.80	0.00
GNMA	1998 A/B RMRB	5.35	12/21/99	11/01/29	453,708.26	463,344.99			(79,068.97)		374,639.29	386,447.88	2,171.86	0.00
GNMA	1998 A/B RMRB	5.35	10/29/99	10/20/29	2,389,987.29	2,426,769.21			(20,635.55)		2,369,351.74	2,435,575.08	29,441.42	0.00
GNMA	1998 A/B RMRB	5.35	11/18/99	11/20/29	2,641,792.13	2,682,449.31			(19,049.01)		2,622,743.12	2,696,048.79	32,648.49	0.00
GNMA	1998 A/B RMRB	5.35	12/30/99	12/20/29	4,356,376.49	4,423,420.97			(165,624.07)		4,190,752.42	4,307,883.80	50,086.90	0.00
GNMA	1998 A/B RMRB	5.35	01/28/00	01/20/30	1,982,565.01	2,012,224.12			(16,114.78)		1,966,450.23	2,017,853.14	21,743.80	0.00
GNMA	1998 A/B RMRB	5.35	02/22/00	01/20/30	2,485,501.94	2,522,684.99			(22,847.35)		2,462,654.59	2,527,028.33	27,190.69	0.00
FNMA	1998 A/B RMRB	5.35	03/27/00	03/20/30	1,485,294.42	1,507,514.38			(10,987.48)		1,474,306.94	1,512,845.28	16,318.38	0.00
FNMA	1998 A/B RMRB	5.35	02/23/00	01/01/30	372,440.02	380,350.60			(3,660.67)		368,779.35	380,403.23	3,713.30	0.00
FNMA	1998 A/B RMRB	5.35	03/27/00	02/01/30	248,772.40	253,695.60			(4,914.81)		243,857.59	251,114.79	2,334.00	0.00
GNMA	1998 A/B RMRB	5.35	04/21/00	04/01/30	293,904.59	299,720.95			(1,923.55)		291,981.04	300,670.39	2,872.99	0.00
GNMA	1998 A/B RMRB	5.35	04/24/00	04/20/30	1,702,549.33	1,728,019.51			(11,914.06)		1,690,635.27	1,734,828.52	18,723.07	0.00
GNMA	1998 A/B RMRB	5.35	05/30/00	05/20/30	1,479,480.13	1,501,613.09			(70,571.93)		1,408,908.20	1,445,737.00	14,695.84	0.00
GNMA	1998 A/B RMRB	5.35	06/21/00	06/20/30	1,165,630.02	1,183,067.65			(9,136.11)		1,156,493.91	1,186,724.68	12,792.94	0.00
FNMA	1998 A/B RMRB	5.35	05/30/00	05/01/30	322,443.74	328,824.89			(6,010.32)		316,433.42	325,850.46	3,035.89	0.00
GNMA	1998 A/B RMRB	5.35	06/21/00	06/01/30	180,385.54	183,955.36			(2,270.83)		178,114.71	183,415.40	1,730.87	0.00
GNMA	1998 A/B RMRB	5.35	10/23/00	09/20/30	1,531,990.31	1,554,908.83			(10,302.28)		1,521,688.03	1,561,464.92	16,858.37	0.00
FNMA	1998 A/B RMRB	5.35	10/25/00	10/20/30	426,195.01	432,570.88			(4,974.56)		421,220.45	432,231.14	4,634.82	0.00
FNMA	1998 A/B RMRB	5.35	07/24/00	06/01/30	378,607.46	386,100.09			(3,549.49)		375,057.97	386,219.69	3,669.09	0.00
GNMA	1998 A/B RMRB	5.35	08/25/00	07/01/30	189,901.31	193,659.45			(2,322.47)		187,578.84	193,161.18	1,824.20	0.00
GNMA	1998 A/B RMRB	5.35	01/16/01	12/20/30	295,005.75	299,419.03			(6,053.12)		288,952.63	296,505.84	3,139.93	0.00
GNMA	1998 A/B RMRB	5.35	01/31/01	08/20/30	192,878.01	195,763.46			(7,022.87)		185,855.14	190,713.38	1,972.79	0.00
GNMA	1998 A/B RMRB	5.35	11/16/00	11/20/30	108,642.02	110,267.26			(50,676.42)		57,965.60	59,480.78	(110.06)	0.00
GNMA	1998 A/B RMRB	5.35	11/18/00	11/20/30	295,732.53	300,156.68			(4,381.27)		291,351.26	298,967.17	3,191.76	0.00
GNMA	1998 A/B RMRB	5.35	11/29/00	11/20/30	643,912.60	653,545.49			(19,046.91)		624,865.69	641,199.64	6,701.06	0.00
GNMA	1998 A/B RMRB	5.35	12/21/00	11/20/30	128,868.18	130,796.04			(754.74)		128,113.44	131,462.32	1,421.02	0.00
FNMA	1998 A/B RMRB	5.35	10/06/00	09/01/30	283,034.77	287,268.96			(1,628.15)		281,406.62	288,762.58	3,121.77	0.00
FNMA	1998 A/B RMRB	5.35	10/06/00	09/01/30	401,204.68	409,144.47			(4,817.49)		396,387.19	408,183.62	3,856.64	0.00
Repo Agmt	1998 A/B RMRB	0.26	02/27/09	03/02/09	375,880.35	383,318.98			(2,956.06)		372,924.29	384,022.46	3,659.56	0.00
GNMA	1998 A/B RMRB	5.49	01/12/06	01/20/36	1,373,582.89	1,373,592.89	963.32				1,374,556.21	1,374,556.21	-	0.00
GNMA	1998 A/B RMRB	5.49	03/09/06	03/20/36	26,461.05	27,127.24			(95.98)		26,365.07	27,303.00	271.74	0.00
GNMA	1998 A/B RMRB	5.49	03/02/06	03/20/36	32,294.49	33,109.19			(125.37)		32,169.12	33,315.19	331.37	0.00
GNMA	1998 A/B RMRB	5.49	02/23/06	02/20/36	18,557.56	19,025.59			(67.08)		18,490.48	19,149.10	190.59	0.00
GNMA	1998 A/B RMRB	5.49	03/16/06	03/20/36	34,928.93	35,809.62			(203.71)		34,725.22	35,961.90	355.99	0.00
GNMA	1998 A/B RMRB	5.49	03/30/06	03/20/36	28,950.38	29,680.84			(127.40)		28,822.98	29,849.98	296.54	0.00
GNMA	1998 A/B RMRB	5.49	03/30/06	03/20/36	29,713.39	30,407.72			(112.50)		29,600.89	30,600.14	304.92	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	1998 A/B RMRB	5.49	04/06/06	04/20/36	36,018.99	36,928.59			(145.61)		35,873.38	37,152.38	369.40	0.00
FNMA	1998 A/B RMRB	5.49	04/27/06	03/01/36	16,615.68	16,976.58			(60.14)		16,555.54	17,051.47	135.03	0.00
	<b>1998 A/B RMRB Total</b>				<b>53,775,446.66</b>	<b>54,483,074.61</b>	<b>963.32</b>	<b>(2,431,284.48)</b>	<b>(1,040,472.80)</b>	<b>0.00</b>	<b>50,304,652.70</b>	<b>51,512,506.35</b>	<b>500,225.70</b>	<b>0.00</b>
Repo Agmt	2000 BCDE RMRB	0.26	02/27/09	03/02/09	253,015.42	253,015.42	117.50				253,132.92	253,132.92	-	0.00
Repo Agmt	2000 BCDE RMRB	0.26	02/27/09	03/02/09	582,832.89	582,832.89	270.61				583,103.50	583,103.50	-	0.00
Repo Agmt	2000 BCDE RMRB	0.26	02/27/09	03/02/09	1,233,280.99	1,233,280.99	525,828.56				1,759,109.55	1,759,109.55	-	0.00
Repo Agmt	2000 BCDE RMRB	0.26	02/27/09	03/02/09	1,228.19	1,228.19	0.00				1,228.19	1,228.19	-	0.00
Repo Agmt	2000 BCDE RMRB	0.26	02/27/09	03/02/09	1,947,135.89	1,947,135.89		(1,914,746.85)			32,387.04	32,387.04	-	0.00
GNMA	2000 BCDE RMRB	6.10	02/22/01	02/20/31	659,481.36	672,816.17			(3,648.26)		655,833.10	688,574.74	19,406.63	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	02/20/31	176,088.61	179,648.74			(1,111.67)		174,976.94	183,712.03	5,174.96	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	01/20/31	113,372.30	115,664.01			(574.54)		112,797.76	118,428.33	3,338.66	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	195,584.47	199,540.21			(86,393.94)		109,190.53	114,642.31	1,496.04	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	1,211,737.25	1,236,245.01			(8,735.68)		1,203,001.57	1,263,066.27	35,556.94	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	92,046.31	93,907.97			(503.56)		91,542.75	96,113.39	2,708.98	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	226,631.54	231,216.36			(1,130.58)		225,500.96	236,761.16	6,675.38	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	661,341.07	674,720.21			(3,717.22)		657,623.85	690,461.79	19,458.80	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	26,117.08	26,645.57			(132.77)		25,984.31	27,281.96	769.16	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	245,648.49	250,619.35			(1,761.29)		243,887.20	256,066.85	7,208.79	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	03/20/31	175,794.35	179,342.54			(896.76)		174,887.59	183,622.53	5,176.75	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	04/20/31	543,542.61	554,546.49			(42,336.68)		501,205.93	526,240.69	14,030.88	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	412,052.38	420,396.32			(2,673.48)		409,378.90	429,829.06	12,106.22	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	742,701.00	757,740.62			(4,590.59)		738,110.41	774,982.23	21,882.20	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	93,148.95	95,035.21			(458.60)		92,690.35	97,320.64	2,744.03	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	162,319.61	165,607.55			(935.45)		161,384.16	169,447.00	4,774.90	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	386,056.39	393,876.37			(2,095.64)		383,960.75	403,143.70	11,562.97	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	107,876.37	110,061.62			(788.66)		107,087.71	112,437.98	3,165.02	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	1,076,980.75	1,098,797.16			(6,387.58)		1,070,593.17	1,124,081.79	31,672.21	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	05/20/31	111,349.89	113,605.84			(556.89)		110,793.00	116,328.75	3,279.80	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	45,611.12	46,535.35			(258.77)		45,352.35	47,618.52	1,341.94	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	274,435.71	279,996.59			(1,951.66)		272,484.05	286,099.49	8,054.56	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	46,321.65	47,260.27			(229.81)		46,091.84	48,394.95	1,364.49	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	128,134.59	130,731.75			(721.45)		127,413.14	133,780.48	3,770.18	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	1,135,207.37	1,158,217.23			(8,323.39)		1,126,883.98	1,183,199.23	33,305.39	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	41,745.00	42,591.14			(219.61)		41,525.39	43,600.59	1,229.06	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	238,472.90	243,308.28			(1,357.28)		237,115.62	248,967.05	7,016.05	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	865,792.86	883,348.07			(4,631.92)		861,160.94	904,203.21	25,487.06	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	251,711.98	256,815.81			(1,893.15)		249,818.83	262,305.20	7,382.54	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	211,357.36	215,644.71			(1,328.30)		210,029.06	220,528.48	6,212.07	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	07/20/31	599,093.50	611,247.73			(3,165.01)		595,928.49	625,720.88	17,638.16	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	131,940.54	134,616.91			(1,182.07)		130,758.47	137,295.10	3,860.26	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	139,704.42	142,539.41			(787.44)		138,916.98	145,862.61	4,110.64	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	08/20/31	897,492.45	915,707.88			(5,455.55)		892,036.90	936,640.27	28,387.94	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	168,283.25	171,698.19			(1,515.76)		166,767.49	175,105.62	4,923.19	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	268,612.64	274,066.57			(1,468.81)		267,143.83	280,503.72	7,905.96	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	750,328.64	765,563.38			(5,767.44)		744,561.20	781,796.79	22,000.85	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	111,573.57	113,836.97			(806.68)		110,766.89	116,306.36	3,274.07	0.00
FNMA	2000 BCDE RMRB	6.10	02/14/01	02/01/31	249,446.97	257,468.70			(2,890.98)		246,555.99	258,254.33	3,476.61	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	222,554.10	227,081.07			(1,157.00)		221,397.10	232,477.59	6,553.52	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	256,755.56	261,978.20			(2,209.11)		254,546.45	267,286.00	7,516.91	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	11/20/31	195,387.53	199,362.50			(956.99)		194,430.54	204,162.03	5,756.52	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	251,113.54	256,214.24			(1,237.73)		249,875.81	262,374.24	7,397.73	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	09/20/31	578,916.56	590,677.42			(3,240.93)		575,675.63	604,471.88	17,035.39	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	178,665.19	182,294.28			(1,454.99)		177,210.20	186,074.00	5,234.71	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	64,773.75	66,080.18			(1,109.13)		63,664.62	66,849.77	1,868.72	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	663,837.96	677,329.07			(4,384.70)		659,452.86	692,445.34	19,500.97	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	191,460.98	195,352.15			(1,097.87)		190,363.11	199,887.01	5,632.73	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	08/20/31	91,552.99	93,414.23			(434.28)		91,118.71	95,677.96	2,688.01	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	10/20/31	199,731.56	203,793.26			(975.96)		198,755.60	208,701.89	5,884.59	0.00
FNMA	2000 BCDE RMRB	6.10	03/15/01	02/01/31	140,440.88	144,958.49			(43,283.70)		97,157.18	101,685.42	10.63	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	01/22/02	12/20/31	196,057.37	200,050.19			(1,019.01)		195,038.36	204,804.58	5,776.40	0.00
FNMA	2000 BCDE RMRB	6.10	05/10/01	04/01/31	301,923.83	311,643.74			(4,218.97)		297,704.86	311,587.93	4,163.16	0.00
GNMA	2000 BCDE RMRB	6.10	02/25/02	02/20/32	308,669.28	315,298.86			(2,494.38)		306,174.90	321,521.11	8,716.63	0.00
FNMA	2000 BCDE RMRB	6.10	05/30/01	04/01/31	146,374.66	151,087.84			(910.24)		145,464.42	152,248.87	2,071.27	0.00
FNMA	2000 BCDE RMRB	6.10	07/12/01	05/01/31	271,710.72	280,464.73			(4,090.89)		267,619.83	280,106.39	3,732.55	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	414,923.63	423,850.43			(2,109.47)		412,814.36	433,520.80	11,779.84	0.00
GNMA	2000 BCDE RMRB	6.10	05/24/02	05/20/32	107,738.19	110,056.39			(504.99)		107,233.20	112,612.28	3,060.88	0.00
GNMA	2000 BCDE RMRB	6.10	03/21/02	02/20/32	143,950.17	147,043.12			(1,754.34)		142,195.83	149,324.23	4,035.45	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/02	04/20/32	252,969.20	258,408.42			(1,200.51)		251,768.69	264,394.02	7,185.11	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/02	04/20/32	336,974.99	344,221.83			(1,756.93)		335,218.06	352,029.50	9,564.60	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	73,875.09	75,464.40			(333.01)		73,542.08	77,230.87	2,099.48	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	02/20/32	43,167.88	44,098.19			(199.06)		42,968.82	45,123.70	1,226.57	0.00
GNMA	2000 BCDE RMRB	6.10	08/29/02	08/20/32	927,926.58	947,932.72			(6,344.62)		921,581.96	967,851.61	26,269.65	0.00
GNMA	2000 BCDE RMRB	6.10	06/03/02	05/20/32	423,818.08	432,938.67			(2,432.32)		421,385.76	442,524.86	12,018.51	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/02	06/20/32	429,001.37	438,236.14			(1,987.59)		427,013.78	448,437.90	12,189.35	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/02	06/20/32	510,904.32	521,903.74			(7,687.03)		503,217.29	528,466.31	14,249.60	0.00
GNMA	2000 BCDE RMRB	6.10	06/25/02	06/20/32	427,840.45	437,052.43			(2,479.82)		425,360.63	446,704.07	12,131.46	0.00
GNMA	2000 BCDE RMRB	6.10	07/05/02	06/20/32	646,369.26	660,288.41			(4,479.55)		641,889.71	674,099.97	18,291.11	0.00
GNMA	2000 BCDE RMRB	6.10	07/22/02	07/20/32	588,155.50	600,826.50			(3,020.58)		585,134.92	614,502.78	16,696.86	0.00
GNMA	2000 BCDE RMRB	6.10	07/29/02	07/20/32	85,463.33	87,304.71			(428.62)		85,034.71	89,302.79	2,426.70	0.00
GNMA	2000 BCDE RMRB	6.10	08/01/02	07/20/32	189,073.02	193,146.91			(889.95)		188,183.07	197,628.55	5,371.59	0.00
GNMA	2000 BCDE RMRB	6.10	08/12/02	08/20/32	1,253,402.41	1,280,418.07			(7,344.15)		1,246,058.26	1,308,610.92	35,537.00	0.00
GNMA	2000 BCDE RMRB	6.10	08/23/02	08/20/32	997,981.41	1,019,495.88			(5,242.12)		992,739.29	1,042,579.42	28,325.66	0.00
GNMA	2000 BCDE RMRB	6.10	11/12/02	10/20/32	443,822.33	453,405.27			(2,361.90)		441,460.43	463,639.16	12,595.79	0.00
GNMA	2000 BCDE RMRB	6.10	09/12/02	08/20/32	725,451.08	741,095.57			(3,892.45)		721,558.63	757,788.80	20,585.68	0.00
GNMA	2000 BCDE RMRB	6.10	09/19/02	09/20/32	281,347.74	287,416.54			(1,486.76)		279,860.98	293,914.88	7,985.10	0.00
GNMA	2000 BCDE RMRB	6.10	09/26/02	09/20/32	1,267,523.71	1,294,867.23			(6,971.06)		1,260,552.65	1,323,856.92	35,960.05	0.00
GNMA	2000 BCDE RMRB	6.10	10/10/02	10/20/32	891,943.23	911,191.81			(4,745.88)		887,197.35	931,759.34	25,313.41	0.00
GNMA	2000 BCDE RMRB	6.10	10/21/02	10/20/32	589,101.22	571,168.67			(2,948.14)		586,153.08	584,089.24	15,868.71	0.00
GNMA	2000 BCDE RMRB	6.10	10/29/02	11/20/32	455,453.73	465,286.87			(55,356.04)		400,097.69	420,197.54	10,266.71	0.00
FNMA	2000 BCDE RMRB	6.10	08/31/01	06/01/31	517,210.15	533,883.93			(3,926.39)		513,283.76	537,243.32	7,285.78	0.00
GNMA	2000 BCDE RMRB	6.10	11/05/02	10/20/32	222,444.18	227,246.67			(1,843.84)		220,600.34	231,682.68	6,279.85	0.00
GNMA	2000 BCDE RMRB	6.10	11/19/02	11/20/32	29,321.45	29,954.70			(335.15)		28,986.30	30,442.71	823.16	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	115,826.98	118,328.85			(971.80)		114,855.18	120,626.41	3,289.36	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	151,329.32	154,598.03			(755.70)		150,573.62	158,139.63	4,297.30	0.00
GNMA	2000 BCDE RMRB	6.10	12/12/02	11/20/32	22,411.34	22,895.54			(833.90)		21,577.44	22,691.78	600.14	0.00
GNMA	2000 BCDE RMRB	6.10	12/19/02	06/20/32	62,145.17	63,487.13			(291.15)		61,854.02	64,961.60	1,765.62	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	09/20/32	76,298.64	77,947.16			(642.14)		75,656.50	79,458.56	2,153.54	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	11/20/32	33,465.03	34,188.25			(156.46)		33,308.57	34,982.64	950.85	0.00
GNMA	2000 BCDE RMRB	6.10	01/07/03	12/20/32	115,175.63	117,665.43			(1,019.92)		114,155.71	119,893.84	3,248.33	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	14,972.10	15,287.16			(762.92)		14,209.18	14,893.59	369.35	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	321,546.17	328,312.61			(1,513.40)		320,032.77	335,447.55	8,646.34	0.00
GNMA	2000 BCDE RMRB	6.10	02/12/03	02/20/33	166,593.40	170,100.80			(1,470.67)		165,122.73	173,077.82	4,447.69	0.00
FNMA	2000 BCDE RMRB	6.10	10/17/01	09/01/31	302,660.91	312,578.06			(4,537.67)		298,123.24	312,232.61	4,192.22	0.00
GNMA	2000 BCDE RMRB	6.10	02/20/03	02/20/33	247,921.98	253,142.17			(1,382.25)		246,539.73	258,417.74	6,657.82	0.00
GNMA	2000 BCDE RMRB	6.10	02/27/03	02/20/33	99,995.04	102,100.81			(419.65)		99,575.39	104,373.13	2,691.97	0.00
GNMA	2000 BCDE RMRB	6.10	03/24/03	03/20/33	184,468.93	188,355.71			(804.30)		183,664.63	192,516.09	4,964.68	0.00
GNMA	2000 BCDE RMRB	6.10	04/02/03	03/20/33	144,905.48	147,959.10			(609.17)		144,296.31	151,250.92	3,900.99	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/03	04/20/33	141,243.67	144,221.28			(677.16)		140,566.49	147,342.52	3,798.42	0.00
GNMA	2000 BCDE RMRB	6.10	04/24/03	04/20/33	26,409.74	26,966.54			(111.49)		26,298.25	27,566.02	710.97	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/03	04/20/33	325,155.92	332,011.98			(1,397.15)		323,758.77	339,366.98	8,752.15	0.00
GNMA	2000 BCDE RMRB	6.10	05/08/03	04/20/33	80,054.18	81,742.41			(437.65)		79,616.53	83,455.05	2,150.29	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/03	04/20/33	69,922.80	71,397.59			(288.14)		69,634.66	72,992.14	1,882.69	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/03	05/20/33	142,360.53	145,363.87			(632.72)		141,727.81	148,562.07	3,830.92	0.00
GNMA	2000 BCDE RMRB	6.10	05/29/03	04/20/33	59,616.84	60,874.56			(247.41)		59,369.43	62,232.28	1,605.13	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/03	05/20/33	129,746.40	132,484.42			(33,058.86)		96,687.54	101,350.52	1,924.96	0.00
GNMA	2000 BCDE RMRB	6.10	05/19/03	06/20/33	187,305.54	191,259.38			(1,087.44)		186,218.10	195,200.07	5,028.13	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	58,674.98	59,913.55			(258.70)		58,416.28	61,233.91	1,579.06	0.00
GNMA	2000 BCDE RMRB	6.10	06/26/03	06/20/33	96,002.59	98,029.40			(390.14)		95,612.45	100,224.39	2,585.13	0.00
GNMA	2000 BCDE RMRB	6.10	07/03/03	07/20/33	70,338.15	71,823.42			(287.34)		70,050.81	73,430.13	1,894.05	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	07/10/03	07/20/33	466,316.78	476,165.06			(2,001.87)		464,314.91	486,715.38	12,552.19	0.00
GNMA	2000 BCDE RMRB	6.10	07/17/03	07/20/33	231,126.19	236,007.88			(46,983.63)		184,142.56	193,026.74	4,002.49	0.00
GNMA	2000 BCDE RMRB	6.10	07/24/03	07/20/33	47,579.36	48,584.45			(192.38)		47,386.98	49,673.37	1,281.30	0.00
GNMA	2000 BCDE RMRB	6.10	07/30/03	07/20/33	166,240.73	169,752.81			(766.11)		165,474.62	173,459.02	4,472.32	0.00
GNMA	2000 BCDE RMRB	6.10	08/07/03	08/20/33	165,402.92	168,898.15			(687.01)		164,715.91	172,664.56	4,453.42	0.00
GNMA	2000 BCDE RMRB	6.10	08/14/03	08/20/33	164,624.49	168,103.78			(665.07)		163,959.42	171,872.09	4,433.38	0.00
FNMA	2000 BCDE RMRB	6.10	12/27/01	10/01/31	217,293.62	224,310.39			(1,221.28)		216,072.34	226,170.14	3,081.03	0.00
GNMA	2000 BCDE RMRB	6.10	08/21/03	08/20/33	198,373.87	202,566.84			(894.23)		197,479.64	207,010.41	5,337.80	0.00
GNMA	2000 BCDE RMRB	6.10	08/28/03	08/20/33	330,526.04	337,513.30			(1,467.19)		329,058.85	344,940.93	8,894.82	0.00
GNMA	2000 BCDE RMRB	6.10	09/04/03	08/20/33	151,971.50	155,184.45			(778.31)		151,193.19	158,490.87	4,084.73	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	09/20/33	375,011.72	382,943.23			(1,575.82)		373,435.90	391,463.78	10,096.37	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	08/20/33	79,060.55	80,732.44			(321.40)		78,739.15	82,540.09	2,129.05	0.00
GNMA	2000 BCDE RMRB	6.10	09/29/03	09/20/33	315,228.90	321,896.97			(1,407.05)		313,821.85	328,972.81	8,482.89	0.00
GNMA	2000 BCDE RMRB	6.10	10/09/03	09/20/33	184,331.25	188,231.19			(871.48)		183,459.77	192,317.76	4,958.05	0.00
GNMA	2000 BCDE RMRB	6.10	10/16/03	09/20/33	86,062.88	87,883.99			(344.11)		85,718.77	89,857.80	2,317.92	0.00
GNMA	2000 BCDE RMRB	5.40	10/23/03	10/20/33	227,431.99	231,443.99			(1,085.09)		226,346.90	232,925.73	2,566.83	0.00
GNMA	2000 BCDE RMRB	6.10	10/23/03	10/20/33	236,219.15	241,218.59			(995.36)		235,223.77	246,582.82	6,359.61	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	103,431.73	105,256.71			(456.82)		102,974.91	105,968.30	1,168.41	0.00
GNMA	2000 BCDE RMRB	6.10	10/30/03	08/20/33	56,487.60	57,683.01			(247.76)		56,239.84	58,955.57	1,520.32	0.00
GNMA	2000 BCDE RMRB	5.40	11/13/03	11/20/33	466,770.14	475,008.98			(2,177.45)		464,592.69	478,101.07	5,269.54	0.00
GNMA	2000 BCDE RMRB	6.10	11/13/03	11/20/33	132,503.35	135,309.06			(559.71)		131,943.64	138,316.65	3,567.30	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	481,214.06	489,709.30			(2,515.35)		478,698.71	492,618.69	5,424.74	0.00
GNMA	2000 BCDE RMRB	6.10	11/20/03	10/20/33	46,025.50	47,000.07			(193.81)		45,831.69	48,045.40	1,239.14	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	259,067.99	263,642.06			(1,152.45)		257,915.54	265,415.96	2,926.35	0.00
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	351,928.36	358,143.06			(1,754.81)		350,173.55	360,358.02	3,969.77	0.00
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	316,677.28	322,270.76			(2,029.65)		314,647.63	323,800.16	3,559.05	0.00
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	910,019.42	926,095.86			(120,412.61)		788,606.81	812,577.44	6,894.19	0.00
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	787,775.24	801,693.76			(4,139.54)		783,635.70	806,434.27	8,880.05	0.00
GNMA	2000 BCDE RMRB	5.40	01/08/04	01/20/34	125,737.47	127,899.42			(607.90)		125,129.57	128,678.05	1,386.53	0.00
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	1,011,078.76	1,028,465.70			(8,160.35)		1,002,898.41	1,031,341.34	11,055.99	0.00
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	236,582.14	240,214.22			(1,087.59)		235,494.55	241,734.37	2,607.74	0.00
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	47,930.66	48,755.14			(247.33)		47,683.33	49,035.90	528.09	0.00
GNMA	2000 BCDE RMRB	6.10	02/02/04	12/20/33	42,982.67	43,894.22			(200.62)		42,782.05	44,849.91	1,156.31	0.00
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	157,133.07	159,753.54			(715.46)		156,417.61	161,509.04	2,470.96	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	666,770.82	677,921.11			(2,917.83)		663,852.99	685,492.56	10,489.28	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	233,909.90	237,821.54			(1,299.80)		232,610.10	240,192.48	3,670.74	0.00
GNMA	2000 BCDE RMRB	5.75	04/08/04	04/20/34	158,248.15	160,888.05			(694.98)		157,583.17	162,713.38	2,480.31	0.00
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	202,050.31	205,421.82			(862.44)		201,187.87	207,738.26	3,179.18	0.00
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	64,022.96	65,091.31			(256.91)		63,766.05	65,842.30	1,007.90	0.00
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	249,793.12	253,962.22			(1,052.61)		248,740.51	258,840.45	3,930.84	0.00
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	128,957.59	131,110.43			(557.26)		128,400.33	132,582.06	2,028.89	0.00
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	291,167.08	296,028.79			(1,383.15)		289,783.93	299,222.48	4,576.84	0.00
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	488,029.35	496,179.61			(50,468.96)		437,560.39	451,813.51	6,102.86	0.00
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	239,261.81	243,258.06			(1,006.31)		238,255.50	246,016.95	3,765.20	0.00
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34	340,156.07	345,839.21			(1,519.18)		338,636.89	349,670.12	5,350.09	0.00
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34	366,028.65	372,144.86			(1,477.56)		364,551.09	376,429.46	5,762.16	0.00
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34	94,706.24	96,289.01			(397.33)		94,308.91	97,382.08	1,490.40	0.00
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34	372,686.93	378,916.25			(1,547.61)		371,139.32	389,234.24	5,865.60	0.00
GNMA	2000 BCDE RMRB	5.75	09/02/04	08/20/34	101,831.74	103,536.94			(431.06)		101,400.68	104,708.36	1,602.48	0.00
GNMA	2000 BCDE RMRB	5.75	09/09/04	08/20/34	101,999.46	103,707.79			(407.61)		101,591.85	104,906.07	1,605.89	0.00
GNMA	2000 BCDE RMRB	5.75	09/16/04	09/20/34	91,640.54	93,175.75			(359.94)		91,280.60	94,258.82	1,443.01	0.00
GNMA	2000 BCDE RMRB	5.75	09/23/04	08/20/34	93,307.51	94,870.76			(375.36)		92,932.15	95,964.37	1,468.97	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/04	09/20/34	224,504.83	228,267.02			(895.89)		223,608.94	230,905.83	3,534.70	0.00
GNMA	2000 BCDE RMRB	5.75	10/07/04	10/20/34	137,908.88	140,220.55			(579.24)		137,329.64	141,811.69	2,170.37	0.00
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34	460,378.61	468,078.40			(2,310.06)		458,068.53	473,001.11	7,232.79	0.00
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34	516,230.59	524,866.03			(4,485.04)		511,745.55	528,429.50	8,048.51	0.00
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34	369,641.45	375,825.54			(1,496.09)		368,145.36	380,148.45	5,819.00	0.00
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34	405,233.79	412,015.40			(3,286.75)		401,947.04	415,054.27	6,325.62	0.00
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34	378,057.93	384,385.53			(1,584.09)		376,473.84	388,751.18	5,949.74	0.00
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34	233,782.23	237,348.38			(1,086.36)		232,696.87	239,937.02	3,675.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34	74,154.73	75,396.30			(296.10)		73,858.63	76,267.72	1,167.52	0.00
GNMA	2000 BCDE RMRB	5.75	12/02/04	11/20/34	13,381.35	13,605.98			(64.85)		13,316.50	13,751.44	210.31	0.00
GNMA	2000 BCDE RMRB	5.75	12/17/04	12/20/34	183,872.72	186,960.55			(1,045.63)		182,827.09	188,799.77	2,894.85	0.00
GNMA	2000 BCDE RMRB	5.75	10/14/04	10/20/34	56,373.09	57,318.24			(220.40)		56,152.69	57,985.55	887.71	0.00
GNMA	2000 BCDE RMRB	5.75	10/28/04	10/20/34	51,332.92	52,193.82			(280.87)		51,052.05	52,718.69	805.74	0.00
GNMA	2000 BCDE RMRB	5.75	11/04/04	10/20/34	60,360.77	61,373.18			(241.30)		60,119.47	62,082.21	950.33	0.00
GNMA	2000 BCDE RMRB	5.75	11/23/04	11/20/34	59,022.54	60,013.06			(226.21)		58,796.33	60,716.45	929.60	0.00
GNMA	2000 BCDE RMRB	5.75	12/23/04	12/20/34	290,356.28	295,232.90			(1,152.69)		289,203.59	298,652.02	4,571.81	0.00
GNMA	2000 BCDE RMRB	5.75	02/17/05	02/20/35	50,917.42	51,738.09			(192.05)		50,725.37	52,380.98	814.94	0.00
GNMA	2000 BCDE RMRB	5.75	05/05/05	04/20/35	134,874.01	137,052.34			(507.45)		134,366.56	138,703.65	2,158.76	0.00
FNMA	2000 BCDE RMRB	6.10	06/10/02	05/01/32	119,310.02	123,172.26			(994.00)		118,316.02	123,854.90	1,676.64	0.00
GNMA	2000 BCDE RMRB	5.75	09/08/05	08/20/35	61,369.35	62,644.62			(223.64)		61,145.71	63,404.29	983.31	0.00
GNMA	2000 BCDE RMRB	5.75	10/27/05	10/20/35	120,238.96	122,743.07			(432.86)		119,806.10	124,237.06	1,926.85	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/05	09/20/35	133,460.52	136,236.56			(583.30)		132,877.22	137,788.14	2,134.88	0.00
GNMA	2000 BCDE RMRB	5.75	11/22/05	11/20/35	164,442.56	167,113.16			(592.73)		163,849.83	169,153.46	2,633.03	0.00
GNMA	2000 BCDE RMRB	5.75	12/29/05	12/20/35	116,238.15	118,127.77			(571.52)		115,666.63	119,412.53	1,856.28	0.00
FNMA	2000 BCDE RMRB	6.10	07/29/02	07/01/32	268,180.08	276,496.37			(1,911.37)		266,268.71	278,438.06	3,853.06	0.00
GNMA	2000 BCDE RMRB	5.75	02/02/06	01/20/36	154,678.24	157,196.73			(550.83)		154,127.41	159,102.73	2,456.83	0.00
FNMA	2000 BCDE RMRB	6.10	09/12/02	07/01/32	259,780.67	267,840.53			(1,287.91)		258,492.76	270,363.36	3,760.74	0.00
FNMA	2000 BCDE RMRB	6.10	10/29/02	10/01/32	128,600.30	130,531.29			(693.70)		125,906.60	131,666.23	1,828.64	0.00
FNMA	2000 BCDE RMRB	6.10	04/10/03	03/01/33	110,110.55	113,441.34			(581.50)		109,529.05	114,465.07	1,605.23	0.00
FNMA	2000 BCDE RMRB	6.10	07/03/03	05/01/33	198,567.46	204,581.23			(27,374.13)		171,193.33	178,914.59	1,707.49	0.00
FNMA	2000 BCDE RMRB	6.10	08/14/03	08/01/33	239,587.83	246,849.38			(1,013.67)		238,574.16	249,339.97	3,504.26	0.00
FNMA	2000 BCDE RMRB	6.10	09/04/03	08/01/33	178,714.65	184,132.70			(2,965.93)		175,748.72	183,680.98	2,514.21	0.00
FNMA	2000 BCDE RMRB	6.10	12/04/03	10/01/33	111,926.15	115,323.67			(1,862.80)		110,063.35	115,348.78	1,587.91	0.00
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	206,941.20	211,250.22			(1,086.51)		205,854.69	212,251.18	2,087.47	0.00
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	172,785.96	176,387.68			(1,210.83)		171,575.13	176,910.35	1,733.50	0.00
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	246,679.46	252,898.40			(1,513.23)		245,166.23	254,081.73	2,696.56	0.00
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34	224,163.77	229,817.83			(1,040.78)		223,122.99	231,239.66	2,462.61	0.00
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34	279,823.47	286,885.75			(1,354.57)		278,468.90	288,603.27	3,072.09	0.00
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34	169,299.77	173,575.24			(822.72)		168,477.05	174,611.11	1,858.59	0.00
FNMA	2000 BCDE RMRB	5.75	09/23/04	08/01/34	71,342.16	73,144.78			(300.04)		71,042.12	73,629.66	784.92	0.00
FNMA	2000 BCDE RMRB	5.75	11/10/04	10/01/34	43,863.91	44,973.24			(188.73)		43,675.18	45,266.91	482.40	0.00
FNMA	2000 BCDE RMRB	5.75	02/03/05	02/01/35	225,485.91	231,057.07			(920.57)		224,565.34	232,476.92	2,340.42	0.00
FNMA	2000 BCDE RMRB	5.75	06/26/05	04/01/35	61,817.20	63,348.25			(229.91)		61,587.29	63,760.71	642.37	0.00
FNMA	2000 BCDE RMRB	5.75	10/27/05	10/01/35	132,650.25	135,943.25			(622.36)		132,027.89	136,694.96	1,374.07	0.00
FNMA	2000 BCDE RMRB	5.75	01/12/06	12/01/35	146,236.10	149,871.35			(523.42)		145,712.68	150,868.51	1,520.58	0.00
Repo Agmt	2000 BCDE RMRB	0.26	02/27/09	03/02/09	1,955.54	1,855.54	0.85				1,956.39	1,956.39	-	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	18,911.71	19,245.42			(90.23)		18,821.48	19,368.63	213.44	0.00
GNMA	2000 BCDE RMRB	5.40	10/20/03	10/20/33	8,600.83	8,752.48			(37.99)		8,562.84	8,811.65	97.16	0.00
GNMA	2000 BCDE RMRB	5.40	11/19/03	10/20/33	38,813.65	39,498.76			(181.07)		38,632.58	39,755.88	438.19	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	40,014.74	40,721.14			(209.17)		39,805.57	40,963.07	451.10	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	21,542.43	21,922.81			(95.82)		21,446.61	22,070.32	243.33	0.00
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	29,264.12	29,780.92			(145.93)		29,118.19	29,965.10	330.11	0.00
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	26,332.89	26,798.00			(168.77)		26,164.12	26,925.18	295.95	0.00
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	75,871.45	77,008.31			(10,012.75)		65,868.70	67,568.83	573.27	0.00
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	65,506.44	66,663.81			(344.22)		65,162.22	67,058.00	738.41	0.00
GNMA	2000 BCDE RMRB	5.40	01/01/04	01/20/34	10,455.51	10,635.31			(50.55)		10,404.96	10,700.06	115.30	0.00
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	84,074.94	85,520.73			(680.23)		83,394.71	85,759.85	919.35	0.00
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	19,672.70	19,974.70			(90.42)		19,582.28	20,101.10	216.82	0.00
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	3,985.82	4,054.17			(20.58)		3,965.04	4,077.51	43.92	0.00
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	6,081.38	6,182.79			(27.68)		6,053.70	6,250.73	95.62	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	25,805.41	26,236.93			(112.92)		25,692.49	26,529.96	405.95	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	9,052.78	9,204.18			(50.30)		9,002.48	9,295.94	142.06	0.00
GNMA	2000 BCDE RMRB	4.75	04/08/04	04/20/34	6,124.53	6,226.69			(25.74)		6,098.79	6,297.33	96.38	0.00
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	7,819.73	7,950.23			(33.37)		7,786.36	8,039.89	123.03	0.00
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	2,477.80	2,519.16			(9.94)		2,467.86	2,548.23	39.01	0.00
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	9,667.55	9,828.85			(40.74)		9,626.81	9,940.25	152.14	0.00
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	4,990.69	5,074.24			(21.57)		4,969.32	5,131.19	78.52	0.00
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	11,268.78	11,456.91			(53.53)		11,215.25	11,580.52	177.14	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	18,887.75	19,203.15			(1,953.25)		16,934.50	17,486.10	236.20	0.00
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	9,259.93	9,414.58			(38.95)		9,220.98	9,521.35	145.72	0.00
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34	13,164.71	13,384.68			(58.79)		13,105.92	13,592.94	207.05	0.00
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34	14,166.06	14,402.76			(57.17)		14,108.89	14,568.58	222.99	0.00
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34	3,665.35	3,726.58			(15.39)		3,649.96	3,768.88	57.69	0.00
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34	14,423.76	14,664.83			(59.89)		14,363.87	14,831.94	227.00	0.00
GNMA	2000 BCDE RMRB	5.75	09/02/04	08/20/34	3,941.10	4,007.08			(16.68)		3,924.42	4,052.42	62.02	0.00
GNMA	2000 BCDE RMRB	5.75	09/09/04	08/20/34	3,947.99	4,013.70			(15.77)		3,931.82	4,060.07	62.14	0.00
GNMA	2000 BCDE RMRB	5.75	09/16/04	09/20/34	3,546.68	3,606.09			(13.92)		3,532.76	3,646.01	55.84	0.00
GNMA	2000 BCDE RMRB	5.75	09/23/04	08/20/34	3,611.21	3,671.69			(14.52)		3,596.89	3,714.01	56.84	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/04	09/20/34	8,698.81	8,834.39			(34.68)		8,654.13	8,936.52	136.81	0.00
GNMA	2000 BCDE RMRB	5.75	10/07/04	10/20/34	5,337.33	5,426.82			(22.40)		5,314.93	5,488.40	83.98	0.00
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34	17,817.58	18,115.58			(89.40)		17,728.18	18,306.10	279.92	0.00
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34	19,979.16	20,313.38			(173.58)		19,805.58	20,451.29	311.49	0.00
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34	14,305.89	14,545.21			(57.91)		14,247.98	14,712.51	225.21	0.00
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34	15,683.38	15,945.83			(127.20)		15,556.18	16,063.44	244.81	0.00
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34	14,631.62	14,876.50			(61.31)		14,570.31	15,045.46	230.27	0.00
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34	9,047.86	9,185.86			(42.04)		9,005.82	9,286.05	142.23	0.00
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34	2,869.93	2,917.99			(11.45)		2,858.48	2,951.71	45.17	0.00
GNMA	2000 BCDE RMRB	5.75	12/02/04	11/20/34	517.91	526.57			(2.51)		515.40	532.20	8.14	0.00
GNMA	2000 BCDE RMRB	5.75	12/17/04	12/20/34	7,116.25	7,235.75			(40.48)		7,075.77	7,306.93	111.66	0.00
GNMA	2000 BCDE RMRB	5.75	10/14/04	10/20/34	2,181.76	2,218.33			(8.53)		2,173.23	2,244.15	34.35	0.00
GNMA	2000 BCDE RMRB	5.75	10/28/04	10/20/34	1,986.71	2,020.00			(10.87)		1,975.84	2,040.32	31.19	0.00
GNMA	2000 BCDE RMRB	5.75	11/04/04	10/20/34	2,336.06	2,375.26			(9.34)		2,326.72	2,402.70	36.78	0.00
GNMA	2000 BCDE RMRB	5.75	11/23/04	11/20/34	2,284.29	2,322.62			(8.75)		2,275.54	2,349.85	35.98	0.00
GNMA	2000 BCDE RMRB	5.75	12/23/04	12/20/34	11,237.37	11,426.11			(44.62)		11,192.75	11,588.44	176.85	0.00
GNMA	2000 BCDE RMRB	5.75	02/17/05	02/20/35	1,970.59	2,002.37			(7.43)		1,963.16	2,026.47	31.53	0.00
GNMA	2000 BCDE RMRB	5.75	05/05/05	04/20/35	5,219.81	5,304.20			(19.64)		5,200.27	5,368.11	83.55	0.00
GNMA	2000 BCDE RMRB	5.75	09/08/05	08/20/35	2,375.14	2,424.47			(8.65)		2,366.49	2,453.87	38.05	0.00
GNMA	2000 BCDE RMRB	5.75	10/27/05	10/20/35	4,674.54	4,750.40			(17.03)		4,657.51	4,808.22	74.85	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/05	09/20/35	5,165.20	5,272.63			(22.57)		5,142.63	5,332.68	82.62	0.00
GNMA	2000 BCDE RMRB	5.75	11/22/05	11/20/35	6,364.26	6,467.62			(22.96)		6,341.30	6,546.58	101.92	0.00
GNMA	2000 BCDE RMRB	5.75	12/29/05	12/20/35	4,498.63	4,571.78			(22.12)		4,476.51	4,621.50	71.84	0.00
GNMA	2000 BCDE RMRB	5.75	02/02/06	01/20/36	5,988.36	6,083.83			(21.32)		5,965.04	6,157.59	95.08	0.00
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	17,207.92	17,566.24			(90.35)		17,117.57	17,649.47	173.58	0.00
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	14,367.76	14,667.28			(100.68)		14,267.08	14,710.75	144.15	0.00
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	9,546.99	9,787.68			(58.56)		9,488.43	9,833.48	104.36	0.00
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34	8,675.57	8,894.42			(40.27)		8,635.30	8,949.44	95.29	0.00
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34	10,829.73	11,103.06			(52.42)		10,777.31	11,169.53	118.89	0.00
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34	6,552.24	6,717.71			(31.83)		6,520.41	6,757.80	71.92	0.00
FNMA	2000 BCDE RMRB	5.75	09/23/04	08/01/34	2,761.09	2,830.85			(11.60)		2,749.49	2,849.62	30.37	0.00
FNMA	2000 BCDE RMRB	5.75	11/10/04	10/01/34	1,697.63	1,740.55			(7.31)		1,690.32	1,751.91	18.67	0.00
FNMA	2000 BCDE RMRB	5.75	02/03/05	02/01/35	8,726.75	8,942.38			(35.62)		8,691.13	8,997.33	90.57	0.00
FNMA	2000 BCDE RMRB	5.75	05/26/05	04/01/35	2,392.50	2,451.70			(8.90)		2,383.60	2,467.66	24.86	0.00
FNMA	2000 BCDE RMRB	5.75	10/27/05	10/01/35	5,133.84	5,261.28			(24.10)		5,109.74	5,290.37	53.19	0.00
FNMA	2000 BCDE RMRB	5.75	01/12/06	12/01/35	5,659.64	5,800.32			(20.26)		5,639.38	5,838.91	58.85	0.00
	<b>2000 BCDE RMRB Total</b>				<b>61,334,176.26</b>	<b>62,521,156.36</b>	<b>526,217.52</b>	<b>(1,914,748.85)</b>	<b>(839,662.10)</b>	<b>0.00</b>	<b>59,105,982.83</b>	<b>61,599,710.76</b>	<b>1,306,747.83</b>	<b>0.00</b>
Repo Agmt	2001 A-E RMRB	0.26	02/27/09	03/02/09	5,024.14	5,024.14	2.33				5,026.47	5,026.47	-	0.00
Repo Agmt	2001 A-E RMRB	0.26	02/27/09	03/02/09	32.10	32.10	0.00				32.10	32.10	-	0.00
Repo Agmt	2001 A-E RMRB	0.26	02/27/09	03/02/09	367.89	367.89	0.08				367.97	367.97	-	0.00
Repo Agmt	2001 A-E RMRB	0.26	02/27/09	03/02/09	528,650.79	528,650.79	679,843.19				1,208,493.98	1,208,493.98	-	0.00
Repo Agmt	2001 A-E RMRB	0.26	02/27/09	03/02/09	13,807.21	13,807.21			(1,934.92)		11,872.29	11,872.29	-	0.00
Repo Agmt	2001 A-E RMRB	0.26	02/27/09	03/02/09	3,263,238.14	3,263,238.14			(2,856,977.81)		406,260.33	406,260.33	-	0.00
Repo Agmt	2001 A-E RMRB				4,101.67	4,101.67			(4,101.67)				-	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	131,024.61	139,927.28			(4,234.35)		126,790.26	135,661.22	(31.71)	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	38,777.63	40,611.82			(1,917.71)		36,859.92	38,997.64	303.53	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	40,058.03	42,779.73			(1,171.18)		38,886.85	41,607.48	(1,07)	0.00
GNMA	2001 A-E RMRB	7.19	01/22/90	11/20/14	120,232.36	125,730.75			(5,312.10)		114,920.26	121,133.03	714.38	0.00
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14	21,342.43	22,754.58			(904.49)		20,437.94	21,779.09	(71.00)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	7.19	01/01/90	11/20/14	73,631.36	76,998.26			(3,089.97)		70,541.39	74,354.62	446.33	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	11/20/14	33,460.23	35,673.98			(1,164.81)		32,295.42	34,414.49	(94.68)	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	12/20/14	77,187.18	80,718.06			(11,331.28)		65,855.90	69,417.11	30.33	0.00
GNMA	2001 A-E RMRB	8.19	02/28/90	12/20/14	113,328.52	120,829.90			(4,102.23)		109,226.29	116,396.69	(330.98)	0.00
GNMA	2001 A-E RMRB	7.19	01/20/90	01/20/15	179,511.25	187,978.82			(7,396.03)		172,115.22	182,074.73	1,491.94	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	01/20/15	186,498.05	199,144.64			(6,871.24)		179,626.81	192,170.22	(103.18)	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	76,124.33	79,715.67			(2,582.94)		73,541.39	77,797.44	664.71	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	12/20/14	53,918.56	57,487.48			(1,885.20)		52,033.36	55,449.11	(153.17)	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	90,229.41	94,486.21			(3,276.57)		88,952.84	91,985.07	775.43	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15	98,896.96	105,604.48			(4,106.52)		94,790.44	101,410.89	(87.07)	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	01/20/15	41,725.04	43,693.77			(1,777.78)		39,947.26	42,259.33	343.34	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	01/20/15	76,979.41	82,200.92			(3,557.98)		73,421.43	78,549.83	(93.11)	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	02/20/15	32,718.14	34,262.55			(811.93)		31,906.21	33,753.55	302.93	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	02/20/15	168,942.55	180,405.12			(6,468.04)		162,474.51	173,826.34	(110.74)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	155,576.52	162,923.59			(5,331.60)		150,244.92	158,947.20	1,355.21	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	156,491.00	167,112.21			(6,748.00)		149,743.00	160,208.67	(155.54)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	155,912.09	163,275.00			(7,607.43)		148,304.66	156,894.57	1,227.00	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	383,222.67	409,232.36			(15,422.24)		367,800.43	393,506.21	(303.91)	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	41,526.45	43,488.50			(1,462.88)		40,063.57	42,385.03	359.41	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	03/20/15	28,557.83	30,496.34			(899.36)		27,658.47	29,591.76	(5.22)	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	99,056.51	103,736.91			(7,055.50)		91,991.01	97,321.53	650.12	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	04/20/15	326,844.54	349,036.37			(31,305.57)		295,538.97	316,202.17	(1,528.69)	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	65,248.57	68,333.16			(2,209.98)		63,038.59	66,692.95	569.75	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	45,054.38	48,114.63			(1,416.88)		43,637.50	46,689.62	(8.13)	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	56,514.33	59,186.06			(1,894.41)		54,619.92	57,786.27	494.62	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	185,008.30	197,574.56			(5,829.37)		179,178.93	191,710.96	(34.23)	0.00
GNMA	2001 A-E RMRB	6.19	06/28/90	05/20/15	69,731.31	71,053.66			(2,363.28)		67,368.03	69,673.29	982.91	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	43,760.01	45,829.88			(1,638.23)		42,121.78	44,564.69	373.04	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	06/20/15	23,609.80	24,726.81			(739.49)		22,870.31	24,196.95	209.63	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15	61,805.75	66,007.09			(2,035.99)		59,769.77	63,953.37	(17.74)	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	07/20/15	48,403.52	50,694.32			(1,501.88)		46,901.64	49,623.01	430.57	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	08/20/15	92,813.58	99,124.25			(3,821.58)		88,992.00	95,222.59	(80.08)	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15	81,710.42	83,264.13			(2,792.24)		78,918.18	81,622.77	1,150.88	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	80,107.21	85,554.27			(2,859.12)		77,248.09	82,656.79	(38.36)	0.00
GNMA	2001 A-E RMRB	6.19	09/28/90	08/20/15	134,753.23	137,318.34			(5,073.54)		129,679.69	134,126.80	1,882.00	0.00
GNMA	2001 A-E RMRB	7.19	09/28/90	08/20/15	174,851.17	141,236.20			(4,748.64)		130,102.53	137,654.45	1,166.89	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	273,830.03	292,449.73			(31,556.73)		242,273.30	259,236.60	(1,656.40)	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	08/20/15	7,275.20	7,619.70			(210.65)		7,064.55	7,474.66	65.61	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	58,668.44	62,659.36			(1,795.92)		56,872.52	60,856.09	(7.35)	0.00
GNMA	2001 A-E RMRB	6.19	10/31/90	09/20/15	72,368.55	73,747.96			(2,703.33)		69,665.22	72,055.98	1,011.35	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	09/20/15	20,396.50	21,362.76			(1,493.31)		18,903.19	20,000.90	131.45	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	204,041.05	217,920.78			(6,061.07)		197,979.98	211,847.10	(12.61)	0.00
GNMA	2001 A-E RMRB	6.19	11/28/90	10/20/15	103,154.51	105,123.00			(3,375.06)		99,779.45	103,205.98	1,458.04	0.00
GNMA	2001 A-E RMRB	8.19	11/28/90	10/20/15	361,850.37	386,473.51			(21,898.65)		339,951.72	363,771.43	(803.43)	0.00
GNMA	2001 A-E RMRB	7.19	12/21/90	10/20/15	42,384.93	44,394.11			(1,185.48)		41,199.45	43,593.18	384.55	0.00
GNMA	2001 A-E RMRB	8.19	12/21/90	11/20/15	87,642.26	93,608.16			(2,715.06)		84,927.20	90,879.84	(13.26)	0.00
GNMA	2001 A-E RMRB	8.19	02/25/91	10/20/15	16,808.30	17,952.45			(469.90)		16,338.40	17,483.55	1.00	0.00
GNMA	2001 A-E RMRB	6.19	01/25/91	11/20/15	100,085.46	101,998.44			(3,110.06)		96,975.40	100,308.66	1,420.28	0.00
GNMA	2001 A-E RMRB	8.19	01/28/91	11/20/15	32,502.98	34,715.84			(1,172.72)		31,330.26	33,526.54	(16.58)	0.00
GNMA	2001 A-E RMRB	8.19	02/25/90	01/20/16	53,856.09	57,311.03			(1,542.97)		52,313.12	55,878.65	110.59	0.00
GNMA	2001 A-E RMRB	8.19	03/28/91	02/20/16	56,176.31	59,786.14			(3,405.78)		52,770.53	56,372.82	(7.54)	0.00
GNMA	2001 A-E RMRB	8.75	04/29/91	02/20/20	114,509.68	123,536.61			(1,532.78)		112,976.90	121,460.04	(543.79)	0.00
GNMA	2001 A-E RMRB	8.19	04/29/91	04/20/16	76,126.82	81,022.05			(2,000.33)		74,126.49	79,189.92	168.20	0.00
GNMA	2001 A-E RMRB	7.19	04/29/91	02/20/16	165,563.17	173,599.15			(4,949.30)		160,613.87	170,348.29	1,698.44	0.00
GNMA	2001 A-E RMRB	6.19	04/26/91	04/20/16	252,268.17	256,712.25			(7,866.08)		244,402.09	252,762.97	3,916.80	0.00
GNMA	2001 A-E RMRB	7.19	04/26/91	04/20/16	36,902.49	38,694.88			(1,218.71)		35,683.78	37,847.76	37.59	0.00
GNMA	2001 A-E RMRB	6.19	10/23/92	09/20/17	236,143.86	240,266.23			(20,728.95)		215,414.90	222,980.12	3,442.85	0.00
GNMA	2001 A-E RMRB	8.19	11/23/92	01/20/17	15,198.20	15,149.70			(389.95)		13,808.24	14,796.79	37.05	0.00
GNMA	2001 A-E RMRB	7.19	10/30/92	08/20/17	201,262.91	211,217.89			(4,607.03)		196,655.88	208,753.73	2,142.87	0.00
GNMA	2001 A-E RMRB	6.00	10/30/92	09/20/17	279,629.04	289,327.14			(6,508.11)		273,120.93	285,434.76	2,615.73	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	5.45	02/25/02	01/20/32	440,369.99	450,866.10			(2,356.42)		436,013.57	453,319.83	4,810.15	0.00
GNMA	2001 A-E RMRB	4.95	02/25/02	02/20/32	972,321.92	979,670.79			(7,508.75)		964,813.17	990,224.18	18,062.14	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	218,126.52	223,343.28			(1,100.61)		217,025.91	224,627.92	2,385.25	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	05/20/32	921,729.91	928,764.64			(5,304.97)		916,424.94	940,630.63	17,170.96	0.00
GNMA	2001 A-E RMRB	4.95	05/24/02	05/20/32	717,780.21	723,262.83			(4,570.04)		713,210.17	732,052.81	13,360.02	0.00
GNMA	2001 A-E RMRB	5.45	05/24/02	05/20/32	321,514.16	329,205.59			(1,659.22)		319,854.94	331,060.90	3,514.53	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	791,304.32	810,183.70			(79,991.13)		711,313.19	736,186.99	5,994.42	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	96,107.78	98,400.78			(738.89)		95,368.89	98,703.83	1,041.64	0.00
GNMA	2001 A-E RMRB	4.95	03/21/02	02/20/32	571,636.19	575,966.49			(6,030.39)		565,605.80	580,511.93	10,575.83	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	04/20/32	1,300,454.65	1,331,521.82			(7,561.81)		1,292,892.84	1,338,145.50	14,185.49	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	03/20/32	149,003.49	152,562.18			(742.43)		148,261.06	153,449.43	1,629.68	0.00
GNMA	2001 A-E RMRB	4.95	04/17/02	04/20/32	1,219,529.25	1,228,804.73			(10,031.38)		1,209,497.87	1,241,412.13	22,638.78	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	59,923.93	61,356.04			(294.39)		59,629.54	61,717.14	655.49	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	1,492,900.88	1,504,269.20			(10,461.70)		1,482,439.18	1,521,567.62	27,760.12	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	611,970.70	626,596.06			(3,562.32)		608,408.38	629,708.45	6,674.71	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	76,799.02	77,383.83			(447.14)		76,351.88	78,367.16	1,430.47	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	332,871.68	340,832.75			(1,699.86)		331,171.82	342,772.19	3,639.30	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	04/20/32	310,163.06	312,528.40			(1,649.78)		308,513.28	316,659.89	5,781.27	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	04/20/32	122,719.01	125,653.24			(626.33)		122,092.68	126,368.49	1,341.58	0.00
GNMA	2001 A-E RMRB	5.45	08/29/02	08/20/32	260,815.63	267,077.66			(5,061.74)		255,753.89	264,736.77	2,720.65	0.00
GNMA	2001 A-E RMRB	4.95	08/29/02	08/20/32	326,146.65	328,665.98			(1,724.63)		324,422.02	333,021.58	6,080.23	0.00
GNMA	2001 A-E RMRB	5.45	06/03/02	05/20/32	192,006.21	196,600.87			(1,022.45)		190,983.76	197,676.17	2,097.75	0.00
GNMA	2001 A-E RMRB	4.95	06/03/02	05/20/32	697,062.05	702,391.30			(3,957.52)		693,104.53	711,420.94	12,987.16	0.00
GNMA	2001 A-E RMRB	4.95	06/10/02	05/20/32	386,377.07	389,333.03			(2,334.53)		384,042.54	394,193.10	7,194.60	0.00
GNMA	2001 A-E RMRB	5.45	06/19/02	06/20/32	94,515.72	95,779.12			(524.78)		93,990.94	97,286.22	1,031.88	0.00
GNMA	2001 A-E RMRB	4.95	06/19/02	06/20/32	176,302.89	177,653.84			(951.79)		175,351.10	179,988.13	3,286.08	0.00
GNMA	2001 A-E RMRB	5.45	06/25/02	05/20/32	89,778.96	91,928.73			(442.42)		89,336.54	92,468.45	982.14	0.00
GNMA	2001 A-E RMRB	4.95	06/25/02	06/20/32	184,078.74	185,490.02			(996.45)		183,082.29	187,924.53	3,430.96	0.00
GNMA	2001 A-E RMRB	5.45	07/05/02	06/20/32	339,534.75	347,669.55			(1,648.89)		337,885.86	349,735.86	3,715.20	0.00
GNMA	2001 A-E RMRB	4.95	07/05/02	06/20/32	789,070.82	795,125.97			(5,294.00)		783,776.82	804,512.12	14,680.15	0.00
GNMA	2001 A-E RMRB	5.45	07/15/02	06/20/32	114,188.76	116,925.39			(708.93)		113,479.83	117,460.51	1,244.05	0.00
GNMA	2001 A-E RMRB	4.95	07/15/02	06/20/32	280,017.64	282,158.44			(1,913.19)		278,104.45	285,463.90	5,208.65	0.00
GNMA	2001 A-E RMRB	5.45	07/22/02	06/20/32	159,731.83	163,560.76			(842.91)		158,888.92	164,463.30	1,745.45	0.00
GNMA	2001 A-E RMRB	4.95	07/22/02	07/20/32	351,352.40	354,055.02			(4,359.39)		346,993.01	356,179.37	6,483.74	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	165,641.66	169,613.10			(902.39)		164,739.27	170,519.76	1,809.05	0.00
GNMA	2001 A-E RMRB	4.95	07/29/02	07/20/32	344,806.83	347,460.89			(80,781.51)		264,025.32	271,016.31	4,396.93	0.00
GNMA	2001 A-E RMRB	5.45	08/01/02	07/20/32	61,339.07	62,810.25			(297.73)		61,041.34	63,183.71	671.19	0.00
GNMA	2001 A-E RMRB	4.95	08/01/02	06/20/32	53,676.89	54,089.63			(294.33)		53,382.36	54,795.67	1,000.37	0.00
GNMA	2001 A-E RMRB	5.45	08/12/02	07/20/32	158,150.18	161,944.45			(800.65)		157,349.53	162,873.18	1,729.38	0.00
GNMA	2001 A-E RMRB	4.95	08/12/02	07/20/32	229,860.35	231,631.72			(1,521.99)		228,338.36	234,386.76	4,277.03	0.00
GNMA	2001 A-E RMRB	5.45	08/23/02	08/20/32	824,960.19	844,764.27			(4,331.51)		820,628.68	849,448.34	9,015.58	0.00
GNMA	2001 A-E RMRB	4.95	08/23/02	08/20/32	1,012,125.47	1,019,939.60			(116,283.01)		895,642.46	919,585.19	15,928.60	0.00
GNMA	2001 A-E RMRB	5.45	11/12/02	10/20/32	337,701.59	345,832.18			(2,326.99)		335,374.60	347,176.41	3,671.22	0.00
GNMA	2001 A-E RMRB	5.45	09/12/02	08/20/32	227,462.15	232,925.89			(1,444.28)		226,017.87	233,958.65	2,477.04	0.00
GNMA	2001 A-E RMRB	4.95	09/12/02	08/20/32	417,326.23	420,554.18			(2,201.15)		415,125.08	426,133.30	7,780.27	0.00
GNMA	2001 A-E RMRB	5.45	09/19/02	09/20/32	110,569.82	113,227.02			(521.78)		110,048.04	113,915.68	1,210.44	0.00
GNMA	2001 A-E RMRB	4.95	09/19/02	09/20/32	524,114.18	528,173.91			(3,462.43)		520,651.75	534,464.17	9,752.69	0.00
GNMA	2001 A-E RMRB	5.45	09/26/02	09/20/32	575,938.89	589,782.74			(2,858.79)		573,080.10	593,224.00	6,300.05	0.00
GNMA	2001 A-E RMRB	4.95	09/26/02	09/20/32	368,282.30	371,116.68			(1,950.17)		366,312.13	376,031.94	6,865.43	0.00
GNMA	2001 A-E RMRB	5.45	10/10/02	09/20/32	573,844.94	587,644.42			(2,771.05)		571,073.89	591,152.67	6,279.30	0.00
GNMA	2001 A-E RMRB	4.95	10/10/02	09/20/32	318,480.92	320,952.69			(1,829.04)		316,651.88	325,056.96	5,933.31	0.00
GNMA	2001 A-E RMRB	5.45	10/21/02	10/20/32	146,697.75	150,227.42			(700.22)		145,997.53	151,132.89	1,605.69	0.00
GNMA	2001 A-E RMRB	4.95	10/21/02	10/20/32	298,326.60	300,645.90			(1,858.60)		296,468.00	304,341.62	5,554.32	0.00
GNMA	2001 A-E RMRB	5.45	10/29/02	11/20/32	49,235.32	50,420.52			(233.46)		49,001.86	50,726.03	598.97	0.00
GNMA	2001 A-E RMRB	4.95	10/29/02	11/20/32	302,536.52	304,891.93			(1,920.89)		300,615.64	308,602.83	5,691.78	0.00
GNMA	2001 A-E RMRB	5.45	11/05/02	10/20/32	410,433.13	420,313.14			(2,097.63)		408,335.50	422,702.67	4,487.16	0.00
GNMA	2001 A-E RMRB	4.95	11/05/02	10/20/32	249,174.63	251,114.59			(1,271.54)		247,903.09	254,489.48	4,646.43	0.00
GNMA	2001 A-E RMRB	5.45	11/19/02	11/20/32	106,331.77	108,893.05			(502.86)		105,828.91	109,554.24	1,164.05	0.00
GNMA	2001 A-E RMRB	4.95	11/19/02	11/20/32	71,050.45	71,604.69			(359.66)		70,690.77	72,570.09	1,325.08	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	186,297.45	190,785.91			(935.14)		185,362.31	191,888.33	2,037.56	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.95	11/26/02	11/20/32	76,424.01	77,020.56			(393.90)		76,030.11	78,051.76	1,425.10	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	167,542.16	171,578.72			(1,103.45)		166,438.71	172,298.45	1,823.18	0.00
GNMA	2001 A-E RMRB	4.95	12/12/02	11/20/32	73,664.92	74,240.76			(382.01)		73,282.91	75,232.35	1,373.60	0.00
GNMA	2001 A-E RMRB	5.45	12/12/02	11/20/32	296,745.30	303,898.10			(1,553.01)		295,192.29	305,588.41	3,243.32	0.00
GNMA	2001 A-E RMRB	5.45	12/19/02	12/20/32	356,144.20	364,732.80			(1,844.27)		354,299.93	366,781.76	3,883.23	0.00
GNMA	2001 A-E RMRB	4.95	12/19/02	11/20/32	63,325.54	63,820.87			(317.41)		63,008.13	64,684.57	1,181.11	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	333,114.46	341,150.43			(2,132.23)		330,982.23	342,645.01	3,626.81	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	42,132.89	43,149.30			(199.60)		41,933.29	43,410.89	461.19	0.00
GNMA	2001 A-E RMRB	4.95	12/30/02	12/20/32	56,342.18	56,783.69			(438.04)		55,906.14	57,394.37	1,046.72	0.00
GNMA	2001 A-E RMRB	5.45	01/09/03	12/20/32	100,028.22	102,442.00			(769.76)		99,238.46	102,736.14	1,083.90	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	369,201.90	378,064.73			(1,929.83)		367,272.07	380,044.73	3,909.83	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	360,292.60	363,813.98			(2,250.91)		358,041.69	368,003.51	6,440.44	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	90,002.71	92,163.25			(419.08)		89,583.63	92,699.09	954.92	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	45,884.68	46,333.14			(865.20)		45,019.48	46,272.06	804.12	0.00
GNMA	2001 A-E RMRB	5.45	01/30/03	12/20/32	273,370.69	279,971.63			(1,733.48)		271,637.21	281,215.09	2,976.94	0.00
GNMA	2001 A-E RMRB	4.95	01/30/03	01/20/33	70,934.98	71,528.63			(476.38)		70,458.60	72,419.34	1,267.09	0.00
GNMA	2001 A-E RMRB	5.45	02/12/03	01/20/33	228,904.02	234,402.49			(1,273.50)		227,630.52	235,550.18	2,421.19	0.00
GNMA	2001 A-E RMRB	4.95	02/12/03	02/20/33	156,150.16	157,679.50			(787.03)		155,363.13	159,689.03	2,796.56	0.00
GNMA	2001 A-E RMRB	5.45	02/20/03	02/20/33	174,298.29	178,487.06			(835.14)		173,463.15	179,500.40	1,848.48	0.00
GNMA	2001 A-E RMRB	4.95	02/27/03	02/20/33	135,372.86	136,700.22			(698.76)		134,674.10	138,425.48	2,424.02	0.00
GNMA	2001 A-E RMRB	4.95	03/12/03	02/20/33	156,311.48	157,845.58			(782.97)		155,528.51	159,862.24	2,799.63	0.00
GNMA	2001 A-E RMRB	5.45	03/20/03	02/20/33	258,925.15	265,153.03			(1,678.76)		257,246.39	266,206.82	2,730.55	0.00
GNMA	2001 A-E RMRB	4.95	03/20/03	02/20/33	99,885.71	100,866.64			(575.07)		99,310.64	102,078.40	1,786.83	0.00
GNMA	2001 A-E RMRB	5.45	04/02/03	03/20/33	110,336.74	112,992.25			(517.81)		109,818.93	113,644.99	1,170.55	0.00
GNMA	2001 A-E RMRB	5.45	04/10/03	03/20/33	120,013.01	122,902.14			(635.34)		119,377.67	123,537.37	1,270.57	0.00
GNMA	2001 A-E RMRB	5.45	04/17/03	03/20/33	49,573.74	50,767.41			(718.14)		48,855.60	50,558.22	508.95	0.00
GNMA	2001 A-E RMRB	5.45	04/29/03	04/20/33	215,617.42	220,812.32			(1,008.10)		214,609.32	222,091.62	2,287.40	0.00
GNMA	2001 A-E RMRB	5.45	05/08/03	04/20/33	200,660.02	205,495.79			(1,038.44)		199,621.58	206,582.79	2,125.44	0.00
GNMA	2001 A-E RMRB				138,871.14	140,241.28			(138,871.14)				(1,370.14)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/03	04/20/33	143,352.34	144,767.43			(706.32)		142,646.02	146,629.06	2,567.95	0.00
GNMA	2001 A-E RMRB	5.45	05/22/03	04/20/33	148,463.36	152,042.76			(769.46)		147,693.90	152,845.83	1,572.53	0.00
GNMA	2001 A-E RMRB	5.45	05/29/03	05/20/33	277,640.92	284,337.61			(1,265.51)		276,375.41	286,018.94	2,946.84	0.00
GNMA	2001 A-E RMRB	5.45	06/10/03	05/20/33	155,896.59	159,658.26			(703.79)		155,192.80	160,609.38	1,654.91	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	110,630.22	113,301.01			(635.22)		109,995.00	113,835.45	1,169.66	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	206,328.99	211,310.11			(2,182.70)		204,146.29	211,274.02	2,146.81	0.00
GNMA	2001 A-E RMRB	5.45	06/26/03	06/20/33	99,882.76	102,294.61			(555.56)		99,327.20	102,795.70	1,056.65	0.00
GNMA	2001 A-E RMRB	5.45	07/10/03	06/20/33	48,498.64	49,670.23			(215.65)		48,282.99	49,969.53	514.95	0.00
GNMA	2001 A-E RMRB	5.45	07/17/03	07/20/33	51,908.71	53,163.21			(229.33)		51,679.38	53,485.10	551.22	0.00
GNMA	2001 A-E RMRB	5.45	07/24/03	07/20/33	48,369.46	49,538.67			(217.41)		48,152.05	49,834.77	513.51	0.00
GNMA	2001 A-E RMRB	5.45	07/30/03	07/20/33	51,055.58	52,289.94			(373.27)		50,682.31	52,453.67	537.00	0.00
GNMA	2001 A-E RMRB	5.45	08/07/03	07/20/33	93,953.08	96,225.14			(1,119.40)		92,833.68	96,078.82	973.08	0.00
GNMA	2001 A-E RMRB	5.45	08/28/03	08/20/33	53,223.61	54,511.86			(293.31)		52,930.30	54,781.67	563.12	0.00
GNMA	2001 A-E RMRB	5.45	09/29/03	09/20/33	52,547.83	53,821.25			(280.79)		52,267.04	54,096.79	556.33	0.00
GNMA	2001 A-E RMRB	5.45	10/23/03	10/20/33	48,599.46	49,778.30			(217.97)		48,381.49	50,076.32	515.99	0.00
GNMA	2001 A-E RMRB	5.45	11/20/03	10/20/33	51,931.12	53,191.90			(225.92)		51,705.20	53,517.60	551.62	0.00
GNMA	2001 A-E RMRB	5.45	11/26/03	06/20/33	82,158.89	83,667.08			(294.81)		81,864.08	84,031.60	659.33	0.00
GNMA	2001 A-E RMRB	5.45	12/04/03	11/20/33	240,537.64	246,381.12			(1,051.02)		239,486.62	247,884.97	2,554.87	0.00
GNMA	2001 A-E RMRB	5.45	12/11/03	12/20/33	59,049.79	60,484.93			(351.94)		58,697.85	60,758.89	623.90	0.00
GNMA	2001 A-E RMRB	4.95	01/15/04	01/20/34	119,778.58	120,979.70			(550.05)		119,228.53	122,535.97	2,106.32	0.00
GNMA	2001 A-E RMRB	4.95	01/22/04	01/20/34	368,304.35	371,089.76			(1,952.48)		366,351.87	375,596.82	6,459.54	0.00
GNMA	2001 A-E RMRB	5.45	01/22/04	12/20/33	50,921.52	52,160.74			(217.81)		50,703.71	52,483.91	540.98	0.00
GNMA	2001 A-E RMRB	5.45	01/29/04	11/20/33	50,223.39	51,445.67			(218.21)		50,005.18	51,760.90	533.44	0.00
GNMA	2001 A-E RMRB	5.45	02/12/04	11/20/33	50,522.99	51,753.08			(337.17)		50,185.82	51,948.47	532.66	0.00
GNMA	2001 A-E RMRB	5.45	03/11/04	02/20/34	51,371.25	52,599.45			(257.47)		51,113.78	52,872.18	530.20	0.00
GNMA	2001 A-E RMRB	4.95	03/11/04	02/20/34	125,111.75	126,372.22			(575.09)		124,536.66	127,997.28	2,200.15	0.00
GNMA	2001 A-E RMRB	4.95	04/08/04	02/20/34	98,603.19	99,355.11			(451.71)		98,151.48	100,634.64	1,731.24	0.00
GNMA	2001 A-E RMRB	5.49	04/16/04	04/20/34	92,784.48	95,163.08			(448.92)		92,335.56	95,641.21	907.05	0.00
FNMA	2001 A-E RMRB	5.45	04/17/02	03/01/32	276,255.90	282,455.07			(1,729.34)		274,526.56	283,345.86	2,620.13	0.00
FNMA	2001 A-E RMRB	4.95	05/15/02	04/01/32	182,549.66	184,588.82			(2,727.30)		179,822.36	184,130.53	2,269.01	0.00
FNMA	2001 A-E RMRB	4.95	06/10/02	06/01/32	83,699.61	84,635.85			(844.51)		82,855.10	84,841.42	1,050.08	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
FNMA	2001 A-E RMRB	4.95	07/22/02	06/01/32	227,487.31	230,014.91			(1,662.40)		225,804.91	231,221.45	2,868.95	0.00
FNMA	2001 A-E RMRB	5.45	09/19/02	08/01/32	231,825.34	237,043.43			(1,142.78)		230,682.56	238,109.37	2,208.72	0.00
FNMA	2001 A-E RMRB	4.95	09/26/02	09/01/32	84,338.21	85,285.44			(435.93)		83,902.28	85,917.57	1,068.06	0.00
FNMA	2001 A-E RMRB	5.45	01/23/03	11/01/32	293,037.28	299,648.82			(1,929.98)		291,107.30	300,495.17	2,776.33	0.00
FNMA	2001 A-E RMRB	4.95	07/24/03	09/01/32	214,065.96	216,493.45			(1,382.32)		212,673.64	217,805.14	2,704.01	0.00
FNMA	2001 A-E RMRB	5.45	09/18/03	01/01/33	54,325.09	55,506.71			(488.61)		53,836.48	55,545.71	527.61	0.00
FNMA	2001 A-E RMRB	5.45	04/03/04	01/01/32	24,689.56	25,250.11			(170.81)		24,518.75	25,312.88	233.58	0.00
Repo Agmt	2001 A-E RMRB	0.26	02/27/09	03/02/09	495.71	495.71	0.11				495.82	495.82	-	0.00
Repo Agmt	2001 A-E RMRB	0.26	02/27/09	03/02/09	183.80	183.80	0.03				183.83	183.83	-	0.00
GNMA	2001 A-E RMRB	5.49	03/12/03	03/20/33	4,737.95	4,860.89			(21.36)		4,716.59	4,887.26	47.73	0.00
GNMA	2001 A-E RMRB	5.49	03/20/03	02/20/33	11,467.87	11,765.43			(52.43)		11,415.44	11,828.50	115.50	0.00
GNMA	2001 A-E RMRB	5.49	04/02/03	03/20/33	19,832.17	20,347.06			(106.71)		19,725.46	20,439.53	199.18	0.00
GNMA	2001 A-E RMRB	4.80	04/02/03	03/20/33	10,836.29	10,848.71			(56.78)		10,779.51	11,000.96	208.43	0.00
GNMA	2001 A-E RMRB	4.80	04/10/03	04/20/33	48,570.89	48,627.11			(243.06)		48,327.83	49,318.51	994.46	0.00
GNMA	2001 A-E RMRB	5.49	04/17/03	04/20/33	44,412.05	45,565.82			(285.85)		44,126.20	45,724.32	444.35	0.00
GNMA	2001 A-E RMRB	4.80	04/17/03	03/20/33	9,230.05	9,240.71			(53.96)		9,176.09	9,364.17	177.42	0.00
GNMA	2001 A-E RMRB	4.80	04/24/03	04/20/33	10,919.29	10,932.03			(54.27)		10,865.02	11,087.85	210.09	0.00
GNMA	2001 A-E RMRB	5.49	04/29/03	04/20/33	6,831.65	7,009.21			(31.07)		6,800.58	7,046.95	68.81	0.00
GNMA	2001 A-E RMRB	4.80	04/29/03	03/20/33	9,342.81	9,353.69			(48.76)		9,294.05	9,484.64	179.71	0.00
GNMA	2001 A-E RMRB	5.49	05/08/03	05/20/33	27,229.64	27,937.61			(123.53)		27,106.11	28,088.40	274.32	0.00
GNMA	2001 A-E RMRB	5.49	05/15/03	05/20/33	14,701.74	15,084.04			(66.05)		14,635.69	15,166.13	148.14	0.00
GNMA	2001 A-E RMRB	4.80	05/15/03	04/20/33	13,717.12	13,733.34			(73.72)		13,643.40	13,923.43	263.81	0.00
GNMA	2001 A-E RMRB	5.49	05/22/03	05/20/33	36,390.16	37,338.70			(166.28)		36,223.88	37,536.98	366.56	0.00
GNMA	2001 A-E RMRB	4.80	05/22/03	04/20/33	25,393.77	25,423.92			(126.51)		25,267.26	25,785.97	488.56	0.00
GNMA	2001 A-E RMRB	5.49	05/29/03	05/20/33	13,619.33	13,973.66			(7,853.62)		5,765.71	5,974.76	(145.28)	0.00
GNMA	2001 A-E RMRB	4.80	05/29/03	05/20/33	19,355.86	19,379.05			(96.52)		19,259.34	19,654.93	372.40	0.00
GNMA	2001 A-E RMRB	5.49	06/10/03	05/20/33	10,974.44	11,280.03			(48.89)		10,925.55	11,321.73	110.59	0.00
GNMA	2001 A-E RMRB	4.80	06/10/03	05/20/33	8,853.38	8,864.05			(67.67)		8,795.71	8,976.44	170.06	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	11,151.75	11,442.12			(49.95)		11,101.80	11,504.53	112.36	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	10,184.04	10,196.48			(49.94)		10,134.10	10,342.49	195.95	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	12,690.42	13,020.82			(65.35)		12,625.07	13,083.02	127.55	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	6,491.39	6,499.29			(32.44)		6,458.95	6,591.74	124.89	0.00
GNMA	2001 A-E RMRB	5.49	06/26/03	06/20/33	4,935.41	5,063.97			(22.16)		4,913.25	5,091.53	49.72	0.00
GNMA	2001 A-E RMRB	5.49	07/03/03	06/20/33	14,576.59	14,956.25			(127.80)		14,448.79	14,973.05	144.60	0.00
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33	14,941.40	15,330.68			(86.37)		14,875.03	15,414.88	150.57	0.00
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33	13,860.70	13,877.82			(68.44)		13,792.26	14,076.09	266.71	0.00
GNMA	2001 A-E RMRB	5.49	07/17/03	06/20/33	50,335.69	50,398.04			(362.61)		49,973.08	51,001.60	966.17	0.00
GNMA	2001 A-E RMRB	5.49	07/24/03	07/20/33	37,967.02	38,956.74			(253.56)		37,713.46	39,082.73	379.55	0.00
GNMA	2001 A-E RMRB	4.80	07/24/03	07/20/33	38,166.61	38,214.27			(245.40)		37,921.21	38,702.09	733.22	0.00
GNMA	2001 A-E RMRB	5.49	07/30/03	07/20/33	11,511.18	11,811.31			(53.20)		11,457.98	11,874.05	115.94	0.00
GNMA	2001 A-E RMRB	5.49	08/07/03	07/20/33	26,695.72	27,391.93			(154.24)		26,541.48	27,505.41	267.72	0.00
GNMA	2001 A-E RMRB	4.80	08/07/03	06/20/33	10,557.75	10,570.99			(51.84)		10,505.91	10,722.30	203.15	0.00
GNMA	2001 A-E RMRB	5.49	08/14/03	08/20/33	15,791.25	16,203.20			(89.96)		15,721.29	16,292.39	159.15	0.00
GNMA	2001 A-E RMRB	4.80	08/14/03	07/20/33	30,742.08	30,780.95			(153.29)		30,588.79	31,219.18	591.52	0.00
GNMA	2001 A-E RMRB	5.49	08/21/03	08/20/33	11,932.59	12,243.99			(53.47)		11,879.12	12,310.76	120.24	0.00
GNMA	2001 A-E RMRB	4.80	08/28/03	08/20/33	12,458.20	12,474.13			(63.28)		12,394.92	12,650.52	239.67	0.00
GNMA	2001 A-E RMRB	5.49	09/04/03	08/20/33	5,214.19	5,350.31			(25.63)		5,188.36	5,376.93	52.45	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	32,532.68	33,382.44			(146.02)		32,386.66	33,564.24	327.82	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	44,830.48	44,898.76			(11,973.09)		32,857.39	33,535.71	620.04	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	7,254.34	7,263.76			(34.95)		7,219.39	7,368.43	139.62	0.00
GNMA	2001 A-E RMRB	5.49	09/29/03	09/20/33	54,347.57	55,767.63			(12,401.96)		41,945.61	43,471.13	105.46	0.00
GNMA	2001 A-E RMRB	4.80	09/29/03	09/20/33	33,561.60	33,605.52			(191.49)		33,370.11	34,059.30	645.27	0.00
GNMA	2001 A-E RMRB	5.49	10/16/03	09/20/33	9,648.22	9,900.45			(43.53)		9,604.69	9,954.13	97.21	0.00
GNMA	2001 A-E RMRB	5.49	10/30/03	10/20/33	22,555.13	23,103.02			(98.18)		22,456.95	23,232.19	227.35	0.00
GNMA	2001 A-E RMRB	4.80	10/30/03	10/20/33	194,238.51	194,022.13			(16,643.28)		179,595.23	182,862.21	3,483.36	0.00
GNMA	2001 A-E RMRB	5.49	11/13/03	10/20/33	19,589.73	20,064.80			(132.41)		19,456.32	20,128.20	195.81	0.00
GNMA	2001 A-E RMRB	4.80	11/13/03	10/20/33	101,627.97	101,764.65			(512.22)		101,115.75	103,207.93	1,955.30	0.00
GNMA	2001 A-E RMRB	5.49	11/20/03	11/20/33	5,074.49	5,207.35			(28.66)		5,045.83	5,229.59	50.90	0.00
GNMA	2001 A-E RMRB	4.80	11/20/03	11/20/33	148,428.44	148,266.21			(777.22)		147,651.22	150,340.13	2,851.14	0.00
GNMA	2001 A-E RMRB	5.49	11/26/03	10/20/33	6,188.18	6,350.17			(73.55)		6,114.63	6,337.31	60.89	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.80	11/26/03	11/20/33	51,165.47	51,235.10			(255.21)		50,910.26	51,964.42	984.53	0.00
GNMA	2001 A-E RMRB	4.80	12/04/03	12/20/33	57,401.95	57,340.06			(379.53)		57,022.42	58,061.77	1,101.24	0.00
GNMA	2001 A-E RMRB	5.49	12/04/03	11/20/33	4,882.92	5,010.78			(21.30)		4,861.62	5,038.70	49.22	0.00
GNMA	2001 A-E RMRB	4.80	12/11/03	12/20/33	42,637.87	42,592.12			(276.64)		42,361.23	43,133.58	818.10	0.00
GNMA	2001 A-E RMRB	5.49	12/11/03	09/20/33	10,186.71	10,453.42			(51.75)		10,134.96	10,504.08	102.41	0.00
GNMA	2001 A-E RMRB	5.49	12/18/03	12/20/33	5,475.21	5,618.70			(23.76)		5,451.45	5,650.15	55.21	0.00
GNMA	2001 A-E RMRB	4.80	12/18/03	12/20/33	41,050.21	41,106.95			(196.32)		40,853.89	41,700.70	790.07	0.00
GNMA	2001 A-E RMRB	5.49	12/23/03	12/20/33	5,976.69	6,133.35			(25.76)		5,950.93	6,167.85	60.26	0.00
GNMA	2001 A-E RMRB	4.80	12/23/03	12/20/33	5,447.57	5,441.75			(25.75)		5,421.82	5,520.69	104.69	0.00
GNMA	2001 A-E RMRB	5.49	01/15/04	01/20/34	31,215.93	32,020.20			(6,419.47)		24,796.46	25,682.01	81.28	0.00
GNMA	2001 A-E RMRB	5.49	01/22/04	01/20/34	38,841.75	39,769.94			(186.74)		38,655.01	39,963.28	380.08	0.00
GNMA	2001 A-E RMRB	4.80	01/22/04	01/20/34	37,388.53	37,448.88			(183.19)		37,205.34	37,972.44	706.75	0.00
GNMA	2001 A-E RMRB	5.49	01/29/04	01/20/34	11,938.00	12,245.74			(6,145.03)		5,792.97	5,999.94	(100.77)	0.00
GNMA	2001 A-E RMRB	4.80	01/29/04	11/20/33	8,153.71	8,165.22			(39.96)		8,113.75	8,282.16	156.90	0.00
GNMA	2001 A-E RMRB	4.80	02/12/04	01/20/34	19,943.73	19,927.36			(107.89)		19,835.84	20,195.72	376.25	0.00
GNMA	2001 A-E RMRB	5.49	02/12/04	02/20/34	42,252.03	43,341.78			(186.28)		42,065.75	43,569.19	413.69	0.00
GNMA	2001 A-E RMRB	4.80	02/26/04	02/20/34	26,262.72	26,241.59			(145.06)		26,117.66	26,591.95	495.42	0.00
GNMA	2001 A-E RMRB	5.49	02/26/04	02/20/34	21,269.18	21,778.11			(92.82)		21,176.36	21,893.74	208.45	0.00
GNMA	2001 A-E RMRB	4.80	03/11/04	03/20/34	24,808.84	24,789.27			(116.96)		24,691.88	25,140.67	468.36	0.00
GNMA	2001 A-E RMRB	5.49	03/11/04	03/20/34	70,255.39	72,069.25			(14,465.56)		55,789.23	57,785.25	181.56	0.00
GNMA	2001 A-E RMRB	5.49	03/25/04	03/20/34	28,059.27	28,731.41			(117.55)		27,941.72	28,889.04	275.18	0.00
GNMA	2001 A-E RMRB	5.49	07/09/04	07/20/34	7,622.24	7,819.86			(49.99)		7,572.25	7,843.91	74.04	0.00
GNMA	2001 A-E RMRB	4.80	07/08/04	06/20/34	9,527.08	9,520.52			(44.53)		9,482.55	9,655.85	179.86	0.00
GNMA	2001 A-E RMRB	5.49	04/01/04	04/20/34	27,906.22	36,672.12			(45.67)		27,860.55	36,865.78	239.33	0.00
GNMA	2001 A-E RMRB	4.80	04/22/04	04/20/34	30,291.21	30,342.63			(164.71)		30,126.50	30,750.19	572.27	0.00
GNMA	2001 A-E RMRB	5.49	04/22/04	04/20/34	18,528.56	19,007.62			(86.54)		18,442.02	19,102.33	181.25	0.00
GNMA	2001 A-E RMRB	4.80	04/23/04	04/20/34	21,890.99	21,874.60			(110.18)		21,780.81	22,177.59	413.17	0.00
GNMA	2001 A-E RMRB	5.49	04/23/04	04/20/34	10,364.27	10,632.27			(45.21)		10,319.06	10,688.55	101.49	0.00
GNMA	2001 A-E RMRB	4.80	05/06/04	04/20/34	17,096.56	17,125.79			(81.29)		17,015.27	17,367.72	323.22	0.00
GNMA	2001 A-E RMRB	5.49	05/06/04	04/20/34	6,830.92	7,007.59			(30.85)		6,800.07	7,043.59	66.85	0.00
GNMA	2001 A-E RMRB	4.80	05/13/04	04/20/34	10,726.38	10,744.76			(49.62)		10,676.76	10,897.97	202.83	0.00
GNMA	2001 A-E RMRB	5.49	05/27/04	05/20/34	18,317.60	18,791.79			(79.15)		18,238.45	18,892.02	179.38	0.00
GNMA	2001 A-E RMRB	5.49	06/03/04	05/20/34	6,458.13	6,625.35			(26.56)		6,431.57	6,662.09	63.30	0.00
GNMA	2001 A-E RMRB	5.49	06/24/04	06/20/34	13,421.69	13,769.50			(54.92)		13,366.77	13,846.15	131.57	0.00
GNMA	2001 A-E RMRB	5.49	09/02/04	08/20/34	15,787.26	16,167.74			(68.71)		15,718.55	16,253.79	154.76	0.00
GNMA	2001 A-E RMRB	5.49	09/09/04	09/20/34	28,209.24	28,942.27			(114.07)		28,095.17	29,104.79	276.59	0.00
GNMA	2001 A-E RMRB	5.49	09/16/04	09/20/34	16,645.66	17,078.46			(67.02)		16,578.84	17,174.67	163.23	0.00
GNMA	2001 A-E RMRB	4.80	09/29/04	09/20/34	13,544.53	13,589.43			(60.64)		13,483.89	13,764.98	256.19	0.00
GNMA	2001 A-E RMRB	5.49	09/29/04	09/20/34	16,311.36	16,735.48			(67.19)		16,244.17	16,828.18	159.89	0.00
GNMA	2001 A-E RMRB	5.49	10/07/04	09/20/34	12,020.82	12,333.47			(50.11)		11,970.71	12,401.16	117.80	0.00
GNMA	2001 A-E RMRB	4.80	10/07/04	09/20/34	13,310.94	13,335.50			(61.24)		13,249.70	13,526.00	251.74	0.00
GNMA	2001 A-E RMRB	5.49	07/15/04	04/20/34	11,578.70	11,878.85			(48.47)		11,530.23	11,943.84	113.46	0.00
GNMA	2001 A-E RMRB	5.49	07/22/04	07/20/34	11,255.97	11,547.97			(45.92)		11,210.05	11,612.40	110.35	0.00
GNMA	2001 A-E RMRB	5.49	07/29/04	07/20/34	6,408.73	6,574.99			(26.01)		6,382.72	6,511.80	62.82	0.00
GNMA	2001 A-E RMRB	5.49	08/05/04	08/20/34	25,575.05	26,238.85			(107.97)		25,467.08	26,381.48	250.60	0.00
GNMA	2001 A-E RMRB	5.49	08/19/04	09/20/34	21,456.05	22,013.16			(165.62)		21,290.43	22,055.08	207.54	0.00
GNMA	2001 A-E RMRB	5.49	08/26/04	08/20/34	13,115.77	13,456.36			(53.30)		13,062.47	13,531.65	128.59	0.00
GNMA	2001 A-E RMRB	5.49	12/02/04	11/20/34	36,846.40	37,806.61			(153.28)		36,693.12	38,014.48	361.15	0.00
GNMA	2001 A-E RMRB	4.80	12/02/04	11/20/34	25,050.63	25,098.15			(113.58)		24,937.05	25,458.39	473.82	0.00
GNMA	2001 A-E RMRB	4.80	10/14/04	09/20/34	3,148.56	3,154.34			(16.81)		3,131.75	3,197.03	59.50	0.00
GNMA	2001 A-E RMRB	4.80	10/28/04	09/20/34	9,732.26	9,726.53			(83.59)		9,648.67	9,826.00	183.06	0.00
GNMA	2001 A-E RMRB	5.49	10/28/04	10/20/34	14,415.55	14,790.75			(58.67)		14,356.88	14,873.40	141.32	0.00
GNMA	2001 A-E RMRB	5.49	12/29/04	12/20/34	23,695.88	24,313.99			(93.76)		23,602.12	24,452.65	232.42	0.00
GNMA	2001 A-E RMRB	4.80	12/29/04	12/20/34	14,575.33	14,603.35			(64.09)		14,511.24	14,814.99	275.73	0.00
GNMA	2001 A-E RMRB	5.49	01/06/05	01/20/35	10,877.79	11,157.84			(42.50)		10,835.29	11,219.57	104.23	0.00
GNMA	2001 A-E RMRB	5.49	01/13/05	12/20/34	11,845.27	12,154.37			(47.89)		11,797.38	12,222.64	116.16	0.00
GNMA	2001 A-E RMRB	5.49	01/27/05	01/20/35	45,563.34	46,651.55			(2,357.96)		43,205.38	44,657.22	363.63	0.00
GNMA	2001 A-E RMRB	5.49	03/10/05	12/20/34	11,543.45	11,845.23			(45.49)		11,497.96	11,912.95	113.21	0.00
GNMA	2001 A-E RMRB	5.49	05/05/05	03/20/35	6,407.97	6,573.57			(25.90)		6,382.07	6,609.02	61.35	0.00
GNMA	2001 A-E RMRB	5.49	07/07/05	06/20/35	7,967.10	8,173.49			(47.22)		7,919.88	8,202.04	75.77	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.80	07/07/05	06/20/35	8,422.04	8,288.64			(87.11)		8,384.93	8,408.80	157.27	0.00
GNMA	2001 A-E RMRB	4.80	06/02/05	04/20/35	33,863.37	33,246.54			(179.90)		33,683.47	33,697.98	631.34	0.00
GNMA	2001 A-E RMRB	5.49	09/08/05	08/20/35	13,787.93	14,120.06			(55.23)		13,732.70	14,197.04	132.19	0.00
GNMA	2001 A-E RMRB	5.49	09/15/05	09/20/35	25,726.85	26,346.82			(98.99)		25,627.86	26,494.60	248.77	0.00
GNMA	2001 A-E RMRB	5.49	08/04/05	08/20/35	34,110.97	34,995.69			(131.01)		33,979.96	35,191.62	326.94	0.00
GNMA	2001 A-E RMRB	4.80	10/13/05	09/20/35	12,952.49	12,746.12			(57.49)		12,895.00	12,930.47	241.84	0.00
GNMA	2001 A-E RMRB	5.49	10/13/05	10/20/35	21,419.44	21,976.36			(79.13)		21,340.31	22,102.63	205.40	0.00
GNMA	2001 A-E RMRB	5.49	12/19/05	12/20/35	24,233.03	24,864.56			(127.78)		24,105.25	24,957.82	231.04	0.00
GNMA	2001 A-E RMRB	5.49	11/17/05	11/20/35	26,128.17	26,808.32			(104.30)		26,023.87	26,954.32	250.30	0.00
GNMA	2001 A-E RMRB	4.80	11/22/05	10/20/35	24,361.53	23,661.69			(124.72)		24,236.81	23,990.32	453.35	0.00
GNMA	2001 A-E RMRB	4.80	12/22/05	12/20/35	21,881.25	21,531.19			(93.94)		21,787.31	21,845.76	408.51	0.00
GNMA	2001 A-E RMRB	5.49	12/29/05	11/20/35	19,037.69	19,533.93			(70.44)		18,967.25	19,646.06	182.57	0.00
GNMA	2001 A-E RMRB	5.49	01/12/06	01/20/35	8,225.82	8,432.70			(29.85)		8,195.77	8,487.34	84.49	0.00
FNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33	27,774.87	28,399.81			(127.62)		27,647.25	28,540.19	268.00	0.00
FNMA	2001 A-E RMRB	4.80	09/18/03	8,323.40	8,323.40	8,358.23			(41.78)		8,281.62	8,436.83	120.38	0.00
FNMA	2001 A-E RMRB	5.49	12/04/03	11/01/33	6,129.75	6,268.25			(26.70)		6,103.05	6,300.74	59.19	0.00
FNMA	2001 A-E RMRB	4.80	01/15/04	11/01/33	31,514.49	31,648.06			(233.17)		31,281.32	31,869.27	454.38	0.00
FNMA	2001 A-E RMRB	4.80	02/26/04	01/01/34	10,697.26	10,736.14			(130.14)		10,567.12	10,755.98	149.98	0.00
FNMA	2001 A-E RMRB	5.49	04/08/04	06/01/33	7,367.41	7,534.02			(36.63)		7,330.78	7,568.38	70.99	0.00
FNMA	2001 A-E RMRB	5.49	09/01/04	08/01/34	26,673.29	27,380.36			(111.55)		26,561.74	27,517.57	248.76	0.00
FNMA	2001 A-E RMRB	4.80	09/23/04	08/01/34	6,525.90	6,550.24			(38.34)		6,487.56	6,604.12	92.22	0.00
FNMA	2001 A-E RMRB	4.80	11/10/04	10/01/34	6,663.30	6,688.29			(30.02)		6,633.28	6,752.60	94.33	0.00
FNMA	2001 A-E RMRB	5.49	07/14/05	05/01/35	4,191.79	4,283.61			(16.81)		4,174.98	4,303.45	36.65	0.00
FNMA	2001 A-E RMRB	4.80	07/14/05	04/01/35	8,185.20	8,067.97			(59.31)		8,125.89	8,124.13	115.47	0.00
FNMA	2001 A-E RMRB	5.49	11/03/05	10/01/35	26,509.99	27,092.02			(111.68)		26,398.31	27,211.98	231.64	0.00
FNMA	2001 A-E RMRB	4.80	12/15/05	10/01/35	7,797.82	7,684.30			(34.01)		7,763.61	7,760.27	109.98	0.00
	<b>2001 A-E RMRB Total</b>				<b>46,634,706.24</b>	<b>47,570,742.30</b>	<b>679,845.74</b>	<b>(2,863,014.40)</b>	<b>(1,016,473.66)</b>	<b>0.00</b>	<b>43,435,063.92</b>	<b>44,906,923.39</b>	<b>535,823.41</b>	<b>0.00</b>
Repo Agmt	2002 RMRB	0.26	02/27/09	03/02/09	0.15	0.15	0.00				0.15	0.15	-	0.00
Repo Agmt	2002 RMRB	0.26	02/27/09	03/02/09	262,219.63	262,219.63		(262,216.40)			3.23	3.23	-	0.00
GICs	2002 RMRB	4.20	12/18/02	04/01/34	1,559,959.38	1,559,959.38		(620,250.80)			939,708.58	939,708.58	-	0.00
GICs	2002 RMRB	4.20	12/18/02	04/01/34	9.72	9.72	0.20				9.92	9.92	-	0.00
GNMA	2002 RMRB	5.49	03/12/03	03/20/33	38,729.53	39,734.43			(174.61)		38,554.92	39,950.02	390.20	0.00
GNMA	2002 RMRB	5.49	03/20/03	02/20/33	93,741.99	96,174.38			(428.56)		93,313.43	96,689.93	944.11	0.00
GNMA	2002 RMRB	5.49	04/02/03	03/20/33	162,114.40	166,323.28			(872.29)		161,242.11	167,079.14	1,628.15	0.00
GNMA	2002 RMRB	4.80	04/02/03	03/20/33	88,579.36	88,680.84			(464.15)		88,115.21	89,920.42	1,703.73	0.00
GNMA	2002 RMRB	4.80	04/10/03	04/20/33	397,033.83	397,493.26			(1,966.63)		395,047.00	403,144.94	7,638.51	0.00
GNMA	2002 RMRB	5.49	04/17/03	04/20/33	363,038.01	372,469.25			(2,336.62)		360,701.39	373,764.86	3,632.23	0.00
GNMA	2002 RMRB	4.80	04/17/03	03/20/33	75,449.19	75,536.49			(440.99)		75,008.20	76,545.68	1,450.18	0.00
GNMA	2002 RMRB	4.80	04/24/03	04/20/33	89,257.69	89,361.88			(443.60)		88,814.09	90,635.57	1,717.29	0.00
GNMA	2002 RMRB	5.49	04/29/03	04/20/33	55,844.22	57,295.48			(253.95)		55,590.27	57,604.02	562.49	0.00
GNMA	2002 RMRB	4.80	04/29/03	03/20/33	76,371.12	76,460.02			(398.60)		75,972.52	77,530.39	1,468.97	0.00
GNMA	2002 RMRB	5.49	05/08/03	05/20/33	222,583.72	228,370.80			(1,009.79)		221,573.93	229,603.33	2,242.32	0.00
GNMA	2002 RMRB	5.49	05/15/03	05/20/33	120,176.55	123,301.70			(539.85)		119,636.70	123,972.70	1,210.85	0.00
GNMA	2002 RMRB	4.80	05/15/03	04/20/33	112,128.11	112,260.66			(602.55)		111,525.56	113,914.51	2,156.40	0.00
GNMA	2002 RMRB	5.49	05/22/03	05/20/33	297,464.90	305,201.88			(1,359.21)		296,105.69	306,839.01	2,996.34	0.00
GNMA	2002 RMRB	4.80	05/22/03	04/20/33	207,576.59	207,823.05			(1,034.17)		206,542.42	210,782.61	3,993.73	0.00
GNMA	2002 RMRB	5.49	05/29/03	05/20/33	111,328.94	114,225.11			(64,197.98)		47,130.96	48,839.58	(1,187.55)	0.00
GNMA	2002 RMRB	4.80	05/29/03	05/20/33	158,221.01	158,410.47			(789.01)		157,432.00	160,665.61	3,044.15	0.00
GNMA	2002 RMRB	5.49	05/10/03	05/20/33	89,708.40	92,042.99			(399.61)		89,308.79	92,547.39	904.01	0.00
GNMA	2002 RMRB	4.80	06/10/03	05/20/33	72,370.24	72,457.57			(471.44)		71,898.80	73,376.26	1,390.13	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	91,158.02	93,531.47			(408.34)		90,749.68	94,041.66	918.53	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	83,247.82	83,349.25			(408.33)		82,839.49	84,542.75	1,601.83	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	103,735.32	106,436.27			(534.28)		103,201.04	106,944.73	1,042.74	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	53,062.54	53,127.24			(265.17)		52,797.37	53,882.98	1,020.91	0.00
GNMA	2002 RMRB	5.49	06/26/03	06/20/33	40,343.90	41,394.50			(181.23)		40,162.67	41,619.77	406.50	0.00
GNMA	2002 RMRB	5.49	07/03/03	06/20/33	119,153.51	122,257.09			(1,044.77)		118,108.74	122,394.41	1,182.09	0.00
GNMA	2002 RMRB	5.49	07/10/03	06/20/33	122,135.86	125,317.77			(542.53)		121,593.33	126,006.09	1,230.85	0.00
GNMA	2002 RMRB	4.80	07/10/03	06/20/33	113,301.86	113,441.65			(559.43)		112,742.43	115,062.31	2,180.09	0.00
GNMA	2002 RMRB	4.80	07/17/03	06/20/33	411,459.53	411,969.29			(2,964.13)		408,495.40	416,903.04	7,897.86	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2002 RMRB	5.49	07/24/03	07/20/33	310,354.38	318,444.61			(2,072.69)		308,281.69	319,474.42	3,102.50	0.00
GNMA	2002 RMRB	4.80	07/24/03	07/20/33	311,985.71	312,375.36			(2,005.93)		309,979.78	316,362.95	5,993.52	0.00
GNMA	2002 RMRB	5.49	07/30/03	07/20/33	94,096.14	96,549.38			(434.86)		93,661.28	97,062.19	947.67	0.00
GNMA	2002 RMRB	5.49	08/07/03	07/20/33	218,219.46	223,910.21			(1,260.93)		216,958.53	224,837.88	2,188.60	0.00
GNMA	2002 RMRB	4.80	08/07/03	06/20/33	86,302.36	86,410.60			(423.76)		85,878.60	87,647.50	1,660.66	0.00
GNMA	2002 RMRB	5.49	08/14/03	08/20/33	129,082.50	132,450.09			(571.88)		128,510.62	133,179.14	1,300.93	0.00
GNMA	2002 RMRB	4.80	08/14/03	07/20/33	251,295.43	251,613.11			(1,252.95)		250,042.48	255,195.29	4,835.13	0.00
GNMA	2002 RMRB	5.49	08/21/03	08/20/33	97,541.03	100,086.22			(437.10)		97,103.93	100,631.99	982.87	0.00
GNMA	2002 RMRB	5.49	09/04/03	08/20/33	42,622.50	43,735.15			(517.27)		101,319.83	103,409.36	1,959.15	0.00
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	265,932.22	272,878.53			(211.13)		42,411.37	43,952.74	428.72	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	366,458.21	366,934.76			(1,193.59)		264,738.63	274,364.59	2,679.65	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	59,299.17	59,376.30			(97,871.68)		268,586.53	274,131.41	5,068.33	0.00
GNMA	2002 RMRB	5.49	09/29/03	09/20/33	444,254.24	455,862.05			(285.65)		59,013.52	60,231.84	1,141.19	0.00
GNMA	2002 RMRB	4.80	09/29/03	09/20/33	274,343.02	274,702.04			(101,377.53)		342,876.71	355,346.59	862.07	0.00
GNMA	2002 RMRB	5.49	10/16/03	09/20/33	78,967.67	80,929.37			(1,665.32)		272,777.70	278,411.39	5,274.67	0.00
GNMA	2002 RMRB	5.49	10/30/03	10/20/33	184,372.66	188,851.35			(355.85)		78,511.82	81,368.16	794.64	0.00
GNMA	2002 RMRB	4.80	10/30/03	10/20/33	1,587,766.29	1,585,997.47			(802.62)		183,570.06	189,907.17	1,858.44	0.00
GNMA	2002 RMRB	5.49	11/13/03	10/20/33	160,124.51	164,016.00			(119,698.78)		1,468,067.51	1,494,772.80	28,474.11	0.00
GNMA	2002 RMRB	4.80	11/13/03	10/20/33	830,738.72	831,857.64			(1,082.35)		158,042.16	164,534.20	1,600.55	0.00
GNMA	2002 RMRB	5.49	11/20/03	11/20/33	41,480.65	42,566.55			(4,187.10)		828,551.62	843,653.82	15,983.28	0.00
GNMA	2002 RMRB	4.80	11/20/03	11/20/33	1,213,300.27	1,211,974.27			(234.34)		41,248.31	42,748.41	416.20	0.00
GNMA	2002 RMRB	5.49	11/26/03	10/20/33	50,584.19	51,908.36			(6,353.26)		1,206,947.01	1,228,927.12	23,306.11	0.00
GNMA	2002 RMRB	4.80	11/26/03	11/20/33	418,242.51	418,811.77			(501.23)		49,982.96	51,803.22	496.09	0.00
GNMA	2002 RMRB	4.80	12/04/03	12/20/33	469,221.65	468,715.51			(2,086.22)		416,156.29	424,773.43	8,047.88	0.00
GNMA	2002 RMRB	5.49	12/04/03	11/20/33	39,914.40	40,959.73			(3,102.45)		466,119.20	474,615.07	9,002.01	0.00
GNMA	2002 RMRB	4.80	12/11/03	12/20/33	348,535.20	348,161.28			(174.13)		39,740.27	41,188.00	402.40	0.00
GNMA	2002 RMRB	5.49	12/11/03	09/20/33	83,269.18	85,449.57			(2,261.38)		348,273.82	352,587.36	6,687.46	0.00
GNMA	2002 RMRB	5.49	12/18/03	12/20/33	44,756.24	45,929.02			(423.07)		82,846.11	85,863.70	837.20	0.00
GNMA	2002 RMRB	4.80	12/18/03	12/20/33	335,587.26	336,021.11			(194.20)		44,562.04	46,186.07	451.25	0.00
GNMA	2002 RMRB	5.49	12/23/03	12/20/33	48,855.58	50,135.92			(1,604.85)		333,952.41	340,874.62	6,458.36	0.00
GNMA	2002 RMRB	4.80	12/23/03	12/20/33	44,529.96	44,492.59			(210.54)		48,644.95	50,417.93	492.64	0.00
GNMA	2002 RMRB	5.49	01/15/04	01/20/34	255,168.34	261,743.12			(52,474.73)		202,693.61	209,932.79	684.40	0.00
GNMA	2002 RMRB	5.49	01/22/04	01/20/34	317,504.70	325,091.91			(1,526.59)		315,978.11	326,672.37	3,107.05	0.00
GNMA	2002 RMRB	4.80	01/22/04	01/20/34	305,625.54	306,118.89			(1,497.39)		304,128.15	310,398.62	5,777.12	0.00
GNMA	2002 RMRB	5.49	01/29/04	01/20/34	97,585.01	100,100.54			(50,231.36)		47,353.65	49,045.37	(823.81)	0.00
GNMA	2002 RMRB	4.80	01/29/04	11/20/33	66,651.15	66,745.08			(326.69)		66,324.46	67,701.01	1,282.62	0.00
GNMA	2002 RMRB	4.80	02/12/04	01/20/34	163,026.04	162,892.47			(881.93)		162,144.11	165,086.12	3,075.58	0.00
GNMA	2002 RMRB	5.49	02/12/04	02/20/34	345,381.16	354,289.32			(1,522.74)		343,858.42	356,148.22	3,381.64	0.00
GNMA	2002 RMRB	4.80	02/26/04	02/20/34	214,679.70	214,506.99			(1,185.76)		213,493.94	217,370.90	4,049.67	0.00
GNMA	2002 RMRB	5.49	02/26/04	02/20/34	173,860.85	178,021.04			(758.76)		173,102.09	178,966.30	1,704.02	0.00
GNMA	2002 RMRB	4.80	03/11/04	03/20/34	202,795.58	202,635.26			(956.03)		201,839.55	205,507.74	3,828.51	0.00
GNMA	2002 RMRB	5.49	03/11/04	03/20/34	574,289.54	589,116.61			(118,246.13)		456,043.41	472,354.70	1,484.22	0.00
GNMA	2002 RMRB	5.49	03/25/04	03/20/34	229,365.23	234,859.47			(960.82)		228,404.41	236,148.06	2,249.41	0.00
GNMA	2002 RMRB	5.49	07/09/04	07/20/34	62,306.44	63,921.98			(408.63)		61,897.81	64,118.63	605.28	0.00
GNMA	2002 RMRB	4.80	07/08/04	06/20/34	77,877.16	77,823.70			(364.04)		77,513.12	78,929.96	1,470.30	0.00
GNMA	2002 RMRB	5.49	04/01/04	04/20/34	228,114.23	299,769.38			(373.37)		227,740.86	301,352.43	1,956.42	0.00
GNMA	2002 RMRB	4.80	04/22/04	04/20/34	247,610.19	248,030.13			(1,346.41)		246,263.78	251,361.69	4,677.97	0.00
GNMA	2002 RMRB	5.49	04/22/04	04/20/34	151,458.25	155,374.27			(707.34)		150,750.91	156,148.49	1,481.56	0.00
GNMA	2002 RMRB	4.80	04/29/04	04/20/34	178,943.92	178,809.86			(900.58)		178,043.34	181,286.57	3,377.29	0.00
GNMA	2002 RMRB	5.49	04/29/04	04/20/34	84,720.58	86,911.51			(369.61)		84,350.97	87,371.58	829.68	0.00
GNMA	2002 RMRB	4.80	05/06/04	04/20/34	139,753.02	139,991.59			(684.51)		139,088.51	141,969.23	2,642.15	0.00
GNMA	2002 RMRB	5.49	05/06/04	04/20/34	55,837.88	57,282.25			(252.20)		55,585.88	57,576.51	546.46	0.00
GNMA	2002 RMRB	4.80	05/13/04	04/20/34	87,680.95	87,831.06			(405.61)		87,275.34	89,083.47	1,658.02	0.00
GNMA	2002 RMRB	5.49	05/27/04	05/20/34	149,733.73	153,609.98			(647.12)		149,086.61	154,429.30	1,466.44	0.00
GNMA	2002 RMRB	5.49	06/03/04	05/20/34	52,790.82	54,157.71			(217.14)		52,573.68	54,456.03	517.46	0.00
GNMA	2002 RMRB	5.49	06/24/04	06/20/34	109,713.21	112,556.24			(448.93)		109,264.28	113,182.83	1,075.52	0.00
GNMA	2002 RMRB	5.49	09/02/04	08/20/34	129,049.97	132,160.18			(561.59)		128,485.38	132,863.59	1,265.00	0.00
GNMA	2002 RMRB	5.49	09/01/04	09/20/34	230,592.54	236,583.20			(932.53)		229,660.01	237,911.66	2,260.99	0.00
GNMA	2002 RMRB	5.49	09/16/04	09/20/34	136,067.98	139,604.66			(547.84)		135,520.14	140,391.09	1,334.27	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change in Market Value	Recognized Gain
GNMA	2002 RMRB	4.80	09/29/04	09/20/34	110,717.15	110,920.82			(495.70)		110,221.45	112,519.28	2,094.16	0.00
GNMA	2002 RMRB	5.49	09/29/04	09/20/34	133,334.07	136,801.07			(549.24)		132,784.83	137,558.84	1,307.01	0.00
GNMA	2002 RMRB	5.49	10/07/04	09/20/34	98,262.00	100,817.63			(409.69)		97,852.31	101,371.00	963.06	0.00
GNMA	2002 RMRB	4.80	10/07/04	09/20/34	108,807.75	109,008.57			(500.57)		108,307.18	110,565.78	2,057.78	0.00
GNMA	2002 RMRB	5.49	07/15/04	04/20/34	94,648.05	97,101.49			(396.22)		94,251.83	97,632.69	927.42	0.00
GNMA	2002 RMRB	5.49	07/22/04	07/20/34	92,010.06	94,396.73			(375.34)		91,634.72	94,923.41	902.02	0.00
GNMA	2002 RMRB	5.49	07/29/04	07/20/34	52,386.86	53,746.02			(212.70)		52,174.16	54,046.95	513.63	0.00
GNMA	2002 RMRB	5.49	08/05/04	08/20/34	209,058.51	214,484.54			(882.61)		208,175.90	215,650.41	2,048.48	0.00
GNMA	2002 RMRB	5.49	08/19/04	08/20/34	175,388.49	179,942.48			(1,353.84)		174,034.65	180,265.17	1,696.53	0.00
GNMA	2002 RMRB	5.49	08/26/04	08/20/34	107,212.02	109,996.48			(435.67)		106,776.35	110,611.96	1,051.15	0.00
GNMA	2002 RMRB	5.49	12/02/04	11/20/34	301,193.87	309,043.04			(1,252.92)		299,940.95	310,742.24	2,952.12	0.00
GNMA	2002 RMRB	4.80	12/02/04	11/20/34	204,771.92	205,160.15			(928.40)		203,843.52	208,104.84	3,873.09	0.00
GNMA	2002 RMRB	4.80	10/14/04	09/20/34	25,736.88	25,784.55			(137.35)		25,599.53	26,133.54	486.34	0.00
GNMA	2002 RMRB	4.80	10/28/04	09/20/34	79,554.57	79,507.73			(683.29)		78,871.28	80,320.88	1,496.44	0.00
GNMA	2002 RMRB	5.49	10/28/04	10/20/34	117,836.98	120,904.19			(479.61)		117,357.37	121,579.79	1,155.21	0.00
GNMA	2002 RMRB	5.49	12/29/04	12/20/34	193,697.35	196,750.15			(766.45)		192,930.90	199,883.65	1,899.95	0.00
GNMA	2002 RMRB	4.80	12/29/04	12/20/34	119,143.47	119,372.38			(523.88)		118,619.59	121,102.38	2,263.88	0.00
GNMA	2002 RMRB	5.49	01/06/05	01/20/35	88,818.76	91,207.74			(347.34)		88,571.42	91,712.34	851.94	0.00
GNMA	2002 RMRB	5.49	01/13/05	12/20/34	96,826.75	99,353.68			(391.40)		96,435.35	99,911.74	949.46	0.00
GNMA	2002 RMRB	5.49	01/27/05	01/20/35	372,448.76	381,344.36			(19,274.76)		353,174.00	365,042.07	2,972.47	0.00
GNMA	2002 RMRB	5.49	03/10/05	12/20/34	94,359.73	96,826.60			(371.91)		93,987.82	97,380.23	925.54	0.00
GNMA	2002 RMRB	5.49	05/05/05	03/20/35	52,380.60	53,734.44			(211.76)		52,168.84	54,024.27	501.59	0.00
GNMA	2002 RMRB	5.49	07/07/05	06/20/35	65,125.43	66,812.66			(385.96)		64,739.47	67,046.05	619.35	0.00
GNMA	2002 RMRB	4.80	07/07/05	06/20/35	68,844.68	67,754.01			(303.29)		68,541.39	68,736.18	1,285.46	0.00
GNMA	2002 RMRB	5.49	09/08/05	08/20/35	276,810.07	271,767.65			(1,470.65)		275,339.42	275,457.85	5,160.85	0.00
GNMA	2002 RMRB	5.49	09/15/05	09/20/35	112,707.06	115,422.01			(451.41)		112,255.65	116,051.06	1,080.46	0.00
GNMA	2002 RMRB	5.49	08/04/05	08/20/35	210,299.39	215,367.13			(809.14)		209,480.25	216,575.15	2,017.15	0.00
GNMA	2002 RMRB	5.49	09/01/05	09/20/35	278,833.98	286,065.76			(1,070.89)		277,763.09	287,667.36	2,672.49	0.00
GNMA	2002 RMRB	4.80	10/13/05	09/20/35	232,626.69	238,229.61			(863.55)		231,763.14	239,598.67	2,232.61	0.00
GNMA	2002 RMRB	5.49	10/13/05	10/20/35	106,046.84	104,190.83			(456.92)		105,589.92	105,697.75	1,963.84	0.00
GNMA	2002 RMRB	5.49	12/19/05	12/20/35	175,089.29	179,641.62			(646.89)		174,442.40	180,673.85	1,679.12	0.00
GNMA	2002 RMRB	5.49	11/17/05	11/20/35	198,088.30	203,250.72			(1,044.48)		197,043.82	204,094.79	1,888.55	0.00
GNMA	2002 RMRB	4.80	11/22/05	10/20/35	213,579.84	219,139.57			(852.54)		212,727.30	220,333.04	2,046.01	0.00
GNMA	2002 RMRB	4.80	11/22/05	10/20/35	196,556.41	193,418.03			(983.11)		195,573.30	196,104.35	3,669.43	0.00
GNMA	2002 RMRB	4.80	12/22/05	12/20/35	178,863.98	176,002.70			(767.97)		178,096.01	176,574.12	3,339.39	0.00
GNMA	2002 RMRB	5.49	12/29/05	11/20/35	155,620.02	159,676.46			(575.83)		155,044.19	160,593.06	1,492.43	0.00
GNMA	2002 RMRB	5.49	01/12/06	01/20/36	283,539.73	290,678.06			(1,028.47)		282,511.26	292,561.49	2,911.90	0.00
GNMA	2002 RMRB	5.49	03/09/06	03/20/36	263,965.05	270,644.81			(1,024.80)		262,960.25	272,328.77	2,708.76	0.00
GNMA	2002 RMRB	5.49	03/02/06	03/20/36	151,695.22	155,521.19			(548.41)		151,146.81	156,530.76	1,557.88	0.00
GNMA	2002 RMRB	5.49	02/23/06	02/20/36	285,520.26	292,719.10			(1,665.13)		283,855.13	293,963.85	2,909.88	0.00
GNMA	2002 RMRB	5.49	03/16/06	03/20/36	236,649.17	242,620.50			(1,041.30)		235,607.87	244,003.09	2,423.89	0.00
GNMA	2002 RMRB	5.49	03/30/06	03/20/36	242,836.35	248,562.24			(919.53)		241,966.82	250,135.14	2,492.43	0.00
GNMA	2002 RMRB	5.49	04/06/06	04/20/36	294,430.48	301,865.88			(1,190.26)		293,240.22	303,695.15	3,019.53	0.00
FNMA	2002 RMRB	5.49	05/29/03	04/01/33	227,040.43	232,148.90			(1,043.25)		225,997.18	233,296.41	2,190.76	0.00
FNMA	2002 RMRB	4.80	09/18/03	07/01/33	68,037.99	68,322.81			(341.54)		67,696.45	68,965.33	984.06	0.00
FNMA	2002 RMRB	5.49	12/04/03	11/01/33	50,106.94	51,238.64			(218.28)		49,888.66	51,504.27	483.91	0.00
FNMA	2002 RMRB	4.80	01/15/04	11/01/33	257,608.90	258,701.15			(1,905.93)		255,702.97	260,509.42	3,714.20	0.00
FNMA	2002 RMRB	4.80	02/26/04	01/01/34	87,442.59	87,760.58			(1,063.79)		86,378.80	87,922.71	1,225.92	0.00
FNMA	2002 RMRB	5.49	04/08/04	06/01/33	60,222.96	61,585.46			(299.42)		59,923.54	61,866.39	580.35	0.00
FNMA	2002 RMRB	5.49	09/02/04	08/01/34	218,035.83	223,815.68			(911.60)		217,124.23	224,937.24	2,033.16	0.00
FNMA	2002 RMRB	4.80	09/01/04	08/01/34	53,345.26	53,543.76			(313.50)		53,031.76	53,984.18	753.92	0.00
FNMA	2002 RMRB	4.80	11/10/04	10/01/34	54,467.87	54,672.20			(245.45)		54,222.42	55,197.84	771.09	0.00
FNMA	2002 RMRB	5.49	07/14/05	05/01/35	34,265.10	35,015.61			(137.42)		34,127.68	35,177.80	299.61	0.00
FNMA	2002 RMRB	4.80	07/14/05	04/01/35	66,908.39	65,950.18			(484.90)		66,423.49	66,409.22	943.94	0.00
FNMA	2002 RMRB	5.49	11/03/05	10/01/35	216,700.82	221,458.65			(912.65)		215,787.97	222,439.27	1,893.47	0.00
FNMA	2002 RMRB	4.80	12/15/05	10/01/35	63,740.37	62,813.87			(278.02)		63,462.35	63,434.86	899.01	0.00
FNMA	2002 RMRB	5.49	04/27/06	03/01/36	135,821.65	138,771.86			(491.61)		135,330.04	139,384.09	1,103.84	0.00
Repo Agmt	2002 RMRB	0.26	02/27/09	03/02/09	6,188.15	6,188.15					6,093.33	6,093.33	-	0.00
	<b>2002 RMRB Total</b>				<b>28,649,855.27</b>	<b>29,070,781.63</b>	<b>0.20</b>	<b>(94.82)</b>	<b>(737,622.41)</b>	<b>0.00</b>	<b>27,029,671.04</b>	<b>27,808,428.46</b>	<b>357,831.06</b>	<b>0.00</b>

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Repo Agmt	1999 B-D RMRB	0.26	02/27/09	03/02/09	17,774.67	17,774.67					2.65	2.65	-	0.00
GICs	1999 B-D RMRB	6.40	12/02/99	07/01/32	2,710,904.12	2,710,904.12					1,700,123.93	1,700,123.93	-	0.00
GICs	1999 B-D RMRB	6.40	12/02/99	07/01/32	1,879,201.01	1,879,201.01	0.00	(17,772.02)			1,879,201.01	1,879,201.01	-	0.00
GNMA	1999 B-D RMRB	8.18	08/01/90	06/20/20	166,263.92	177,169.06			(3,299.41)		162,964.51	174,653.50	783.85	0.00
GNMA	1999 B-D RMRB	7.18	08/01/90	06/20/20	64,312.80	67,424.03			(1,168.09)		63,144.71	67,380.39	1,124.45	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	220,258.00	234,707.87			(39,052.73)		181,205.27	194,205.36	(1,449.79)	0.00
GNMA	1999 B-D RMRB	8.18	07/02/90	05/20/20	13,058.25	13,914.54			(738.32)		12,319.93	13,203.44	27.22	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	163,445.36	174,172.95			(4,492.00)		158,953.36	170,361.81	680.86	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	08/20/20	118,234.97	125,992.88			(2,436.64)		115,798.33	124,107.14	550.90	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	99,649.81	106,187.31			(2,055.11)		97,594.70	104,596.42	464.22	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	08/20/20	108,511.95	115,632.98			(1,359.95)		107,152.00	114,841.48	588.45	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	67,171.98	71,580.75			(1,344.75)		65,827.23	70,551.83	315.83	0.00
GNMA	1999 B-D RMRB	7.18	11/01/90	09/20/20	79,217.25	83,052.96			(1,113.65)		78,103.60	83,346.15	1,406.84	0.00
GNMA	1999 B-D RMRB	8.18	12/03/90	10/20/20	9,544.19	10,170.82			(402.80)		9,141.39	9,797.69	29.67	0.00
GNMA	1999 B-D RMRB	8.75	12/28/89	09/20/18	836,952.35	901,051.68			(15,937.50)		821,014.85	878,213.92	(6,900.26)	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	10/20/18	87,592.19	94,301.06			(1,673.83)		85,918.36	91,904.76	(722.47)	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	09/20/18	88,736.60	95,534.44			(1,734.66)		87,003.94	93,065.07	(734.71)	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	11/20/18	199,204.04	214,464.72			(4,855.87)		194,348.17	207,892.39	(1,716.46)	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	12/20/18	20,683.88	22,268.59			(743.16)		19,940.72	21,330.58	(194.85)	0.00
GNMA	1999 B-D RMRB	8.75	02/27/90	01/20/19	96,863.56	104,338.44			(1,789.57)		95,073.99	101,852.19	(696.68)	0.00
GNMA	1999 B-D RMRB	8.75	05/29/90	04/20/19	123,605.54	133,149.85			(2,833.33)		120,772.21	129,388.00	(928.52)	0.00
GNMA	1999 B-D RMRB	8.75	06/28/90	05/20/19	44,878.03	48,344.04			(686.07)		44,191.96	47,345.31	(312.66)	0.00
GNMA	1999 B-D RMRB	7.18	02/01/91	11/20/20	101,819.59	106,753.42			(2,725.17)		99,094.42	105,749.54	1,721.29	0.00
GNMA	1999 B-D RMRB	8.18	02/25/91	11/20/20	62,905.40	67,036.68			(882.21)		62,023.19	66,477.26	322.79	0.00
GNMA	1999 B-D RMRB	7.18	05/02/91	02/20/21	62,686.27	65,723.48			(836.59)		61,849.68	66,085.59	1,188.70	0.00
GNMA	1999 B-D RMRB	8.75	09/28/90	08/20/19	84,091.25	90,589.69			(1,372.88)		82,718.37	88,624.59	(592.22)	0.00
GNMA	1999 B-D RMRB	8.75	10/23/90	09/20/19	39,513.31	42,567.42			(2,998.36)		36,514.95	39,122.70	(446.36)	0.00
GNMA	1999 B-D RMRB	8.75	11/28/90	09/20/19	87,912.78	94,708.40			(963.34)		86,949.44	93,159.59	(565.47)	0.00
GNMA	1999 B-D RMRB	8.75	12/21/90	09/20/19	47,150.61	50,795.59			(383.70)		46,766.91	50,107.39	(304.50)	0.00
GNMA	1999 B-D RMRB	8.75	01/25/91	12/20/19	76,028.37	81,908.45			(820.67)		75,207.70	80,582.38	(505.40)	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	02/20/20	41,980.45	45,254.26			(1,578.98)		40,401.47	43,401.71	(273.57)	0.00
GNMA	1999 B-D RMRB	8.18	05/02/91	03/20/21	143,768.60	153,250.66			(412.89)		143,355.71	151,763.36	(333.03)	0.00
GNMA	1999 B-D RMRB	6.10	07/28/00	07/20/30	1,351,391.56	1,372,027.29			(2,221.08)		141,547.52	151,763.36	733.78	0.00
FNMA	1999 B-D RMRB	6.10	04/28/00	04/01/30	118,693.21	122,138.87			(61,014.77)		1,290,376.79	1,350,005.10	38,992.58	0.00
GNMA	1999 B-D RMRB	6.10	04/20/00	04/20/30	761,649.87	773,280.25			(713.98)		117,979.23	123,120.76	1,695.87	0.00
GNMA	1999 B-D RMRB	6.10	06/26/00	06/20/30	1,162,846.51	1,180,603.15			(6,368.28)		755,281.59	790,183.14	23,271.17	0.00
GNMA	1999 B-D RMRB	6.10	05/30/00	03/20/30	1,650,146.18	1,675,343.88			(7,113.55)		843,703.55	882,691.03	25,995.55	0.00
FNMA	1999 B-D RMRB	6.10	05/30/00	05/01/30	206,350.90	212,341.26			(8,747.96)		1,154,098.55	1,207,429.38	35,574.19	0.00
GNMA	1999 B-D RMRB	6.10	06/26/00	06/01/30	90,759.58	93,394.32			(10,475.88)		1,639,670.30	1,715,439.50	50,571.50	0.00
GNMA	1999 B-D RMRB	6.10	09/14/00	08/20/30	2,304,514.59	2,339,704.48			(2,172.20)		204,178.70	213,076.80	2,907.74	0.00
GNMA	1999 B-D RMRB	6.10	10/19/00	09/20/30	820,245.19	832,770.34			(784.26)		89,975.32	93,896.44	1,286.38	0.00
GNMA	1999 B-D RMRB	6.10	10/23/00	10/20/30	311,904.53	316,667.32			(16,241.27)		2,288,273.32	2,394,014.36	70,551.15	0.00
GNMA	1999 B-D RMRB	6.10	10/27/00	10/20/30	290,791.63	254,621.20			(6,705.31)		813,539.89	851,133.58	25,068.55	0.00
GNMA	1999 B-D RMRB	6.10	10/30/00	10/20/30	197,542.46	200,558.90			(1,727.76)		310,176.77	324,510.04	9,570.48	0.00
GNMA	1999 B-D RMRB	6.10	01/18/01	12/20/30	101,576.72	103,127.79			(1,654.30)		249,137.33	260,649.94	7,683.04	0.00
GNMA	1999 B-D RMRB	6.10	01/29/01	12/20/30	54,332.18	55,161.82			(1,100.18)		196,442.28	205,519.84	6,061.12	0.00
GNMA	1999 B-D RMRB	6.10	12/21/00	11/20/30	515,869.96	523,747.26			(1,031.50)		100,545.22	105,191.41	3,052.12	0.00
GNMA	1999 B-D RMRB	6.10	12/27/00	12/20/30	236,585.59	240,198.25			(417.58)		53,914.60	56,405.99	1,681.75	0.00
GNMA	1999 B-D RMRB	6.10	02/20/01	01/20/31	60,120.46	61,120.23			(3,525.70)		512,344.26	536,019.64	15,798.08	0.00
GNMA	1999 B-D RMRB	6.10	03/15/01	03/20/31	195,831.79	199,088.46			(1,967.04)		234,618.55	245,460.26	7,228.05	0.00
GNMA	1999 B-D RMRB	6.10	03/29/01	03/20/31	102,318.75	104,020.30			(320.05)		59,800.41	62,567.35	1,767.17	0.00
GNMA	1999 B-D RMRB	6.10	05/10/01	04/20/31	649,498.27	660,299.41			(1,116.21)		194,715.58	203,725.06	5,752.31	0.00
FNMA	1999 B-D RMRB	6.10	09/11/00	08/01/30	733,002.91	754,281.99			(519.54)		101,799.21	106,509.45	3,008.69	0.00
FNMA	1999 B-D RMRB	6.10	10/06/00	10/01/30	102,046.09	105,008.47			(85,664.90)		563,833.37	589,921.92	15,287.41	0.00
GNMA	1999 B-D RMRB	6.10	05/30/01	05/20/31	254,050.33	258,275.18			(5,809.79)		727,193.12	758,884.21	10,412.01	0.00
GNMA	1999 B-D RMRB	6.10	05/18/01	04/20/31	200,928.55	204,269.98			(1,547.51)		100,498.58	104,878.30	1,417.34	0.00
GNMA	1999 B-D RMRB	6.10	07/25/01	06/20/31	428,025.85	435,143.92			(1,502.13)		252,548.20	264,233.59	7,460.54	0.00
GNMA	1999 B-D RMRB	6.10	08/31/01	08/20/31	434,720.15	441,949.56			(1,513.86)		199,414.69	208,641.60	5,885.48	0.00
											424,870.68	444,529.44	12,540.69	0.00
											431,102.55	451,049.68	12,717.72	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
FNMA	1999 B-D RMRB	6.10	12/27/00	11/01/30	138,368.67	142,385.49			(1,418.63)		136,950.04	142,918.30	1,951.44	0.00
FNMA	1999 B-D RMRB	6.10	01/12/01	12/01/30	40,757.61	41,940.80			(918.06)		39,839.55	41,575.75	553.01	0.00
FNMA	1999 B-D RMRB	6.10	02/05/01	01/01/31	242,262.94	249,295.83			(2,150.61)		240,112.33	250,576.41	3,431.19	0.00
GNMA	1999 B-D RMRB	6.10	12/27/01	10/20/31	52,892.92	53,772.52			(1,539.30)		51,353.62	53,729.75	1,496.53	0.00
GNMA	1999 B-D RMRB	6.10	09/20/01	08/20/31	235,408.80	239,323.62			(2,072.60)		233,336.20	244,132.64	6,881.62	0.00
GNMA	1999 B-D RMRB				64,393.11	65,463.96			(64,393.11)				(1,070.85)	0.00
GNMA	1999 B-D RMRB	6.10	10/17/01	09/20/31	173,507.13	176,392.55			(897.39)		172,609.74	180,596.39	5,101.23	0.00
GNMA	1999 B-D RMRB	6.10	10/30/01	05/20/31	40,454.20	41,126.95			(238.10)		40,216.10	42,076.89	1,188.04	0.00
FNMA	1999 B-D RMRB	6.10	03/15/01	02/01/31	228,424.75	235,055.91			(1,919.70)		226,505.05	236,376.14	3,239.93	0.00
GNMA	1999 B-D RMRB	6.10	02/25/02	02/20/32	737,000.65	750,050.29			(4,194.57)		732,806.08	766,734.99	20,869.27	0.00
GNMA	1999 B-D RMRB	6.10	05/24/02	05/20/32	230,393.06	234,475.62			(1,180.38)		229,212.70	239,825.24	6,529.98	0.00
GNMA	1999 B-D RMRB	6.10	03/21/02	03/20/32	321,058.91	326,748.11			(1,610.55)		319,448.36	334,238.85	9,101.29	0.00
GNMA	1999 B-D RMRB	6.10	04/17/02	03/20/32	562,501.50	572,468.86			(3,094.60)		559,406.90	585,307.37	15,933.01	0.00
GNMA	1999 B-D RMRB	6.10	04/29/02	04/20/32	476,854.35	485,304.19			(2,341.40)		474,512.95	496,482.89	13,520.10	0.00
GNMA	1999 B-D RMRB	6.10	06/03/02	05/20/32	301,548.87	306,892.31			(1,364.10)		300,184.77	314,083.32	8,555.11	0.00
GNMA	1999 B-D RMRB	6.10	06/19/02	04/20/32	204,843.08	208,472.89			(922.86)		203,920.22	213,361.72	5,811.69	0.00
GNMA	1999 B-D RMRB	6.10	06/28/02	06/20/32	58,883.91	59,927.33			(264.76)		58,619.15	61,333.21	1,670.64	0.00
GNMA	1999 B-D RMRB	6.10	11/12/02	10/20/32	89,375.30	90,959.02			(390.36)		88,984.94	93,104.94	2,536.28	0.00
GNMA	1999 B-D RMRB	6.10	01/30/03	01/20/33	104,320.95	106,109.01			(442.98)		103,877.97	108,469.37	2,803.34	0.00
FNMA	1999 B-D RMRB	6.10	10/17/01	09/01/31	76,451.84	78,633.01			(464.79)		75,987.05	79,251.45	1,083.23	0.00
FNMA	1999 B-D RMRB	6.10	01/28/02	11/01/31	197,992.05	203,640.76			(984.46)		197,007.59	205,471.03	2,814.73	0.00
FNMA	1999 B-D RMRB	6.10	04/17/02	02/01/32	34,109.86	35,035.94			(156.55)		33,953.31	35,373.57	494.18	0.00
Repo Agmt	1999 B-D RMRB	0.26	02/27/09	03/02/09	310.37	310.37	0.00				310.37	310.37	-	0.00
	1999 B-D RMRB Total				26,774,250.99	27,342,322.70	0.00	(1,028,552.21)	(432,401.43)	0.00	25,313,297.35	26,392,359.13	510,990.07	0.00
Repo Agmt	2000 A RMRB	0.26	02/27/09	03/02/09	51,310.38	51,310.38	23.83				51,334.21	51,334.21	-	0.00
Repo Agmt	2000 A RMRB	0.26	02/27/09	03/02/09	12,082.83	12,082.83		(12,080.54)			2.29	2.29	-	0.00
GICs	2000 A RMRB	6.51	05/01/00	07/01/31	1,097,596.21	1,097,596.21		(480,443.65)			617,152.36	617,152.36	-	0.00
Repo Agmt	2000 A RMRB	0.26	02/27/09	03/02/09			0.12				0.12	0.12	-	0.00
GICs	2000 A RMRB	6.51	05/01/00	07/01/31	303,734.78	303,734.78	10,033.63				313,768.41	313,768.41	-	0.00
GNMA	2000 A RMRB	6.45	07/28/00	07/20/30	328,440.22	336,670.89			(1,735.65)		326,704.57	344,405.36	9,470.12	0.00
GNMA	2000 A RMRB	6.45	09/14/00	08/20/30	1,787,779.78	1,832,581.52			(12,329.13)		1,775,450.65	1,871,644.53	51,392.14	0.00
GNMA	2000 A RMRB	6.45	10/16/00	09/20/30	329,509.58	337,767.06			(1,688.42)		327,821.16	345,582.46	9,503.82	0.00
GNMA	2000 A RMRB	6.45	10/23/00	10/20/30	507,805.79	520,531.37			(2,702.37)		505,103.42	532,469.90	14,640.90	0.00
GNMA	2000 A RMRB	6.45	10/30/00	10/20/30	413,383.70	423,743.07			(2,539.57)		410,844.13	433,103.64	11,900.14	0.00
FNMA	2000 A RMRB	6.45	07/28/00	06/01/30	145,034.24	150,181.50			(909.78)		144,124.46	151,874.02	2,602.30	0.00
GNMA	2000 A RMRB	6.45	01/03/01	12/20/30	158,490.85	162,462.60			(789.24)		157,701.61	166,245.86	4,572.50	0.00
GNMA	2000 A RMRB	6.45	01/29/01	01/20/31	110,912.35	113,996.79			(1,209.88)		109,702.49	115,658.21	2,871.28	0.00
GNMA	2000 A RMRB	6.45	11/16/00	11/20/30	691,960.56	709,301.09			(3,937.05)		688,023.51	725,300.62	19,936.58	0.00
GNMA	2000 A RMRB	6.45	11/29/00	11/20/30	310,849.85	318,639.76			(1,773.17)		309,076.68	325,822.45	8,955.86	0.00
GNMA	2000 A RMRB	6.45	12/21/00	11/20/30	298,331.45	305,807.61			(2,269.63)		296,061.62	312,102.21	8,584.43	0.00
GNMA	2000 A RMRB	6.45	12/27/00	11/20/30	69,551.24	71,294.24			(356.51)		69,194.73	72,943.75	2,006.02	0.00
GNMA	2000 A RMRB	6.45	02/20/01	01/20/31	214,841.73	220,816.49			(1,142.04)		213,699.69	225,301.45	5,627.00	0.00
GNMA	2000 A RMRB	6.45	02/28/01	02/20/31	348,581.14	358,275.15			(2,184.09)		346,397.05	365,202.92	9,111.86	0.00
GNMA	2000 A RMRB	6.45	03/15/01	06/20/31	317,125.34	325,944.59			(1,784.72)		315,340.62	332,460.47	8,300.60	0.00
GNMA	2000 A RMRB	6.45	03/29/01	02/20/31	95,643.41	98,303.25			(562.86)		95,080.55	100,242.47	2,502.08	0.00
GNMA	2000 A RMRB	6.45	04/30/01	04/20/31	179,603.83	184,598.64			(669.20)		178,934.63	188,438.15	4,708.71	0.00
FNMA	2000 A RMRB	6.45	09/11/00	08/01/30	335,580.68	347,490.42			(1,975.82)		333,604.86	351,542.77	6,028.17	0.00
FNMA	2000 A RMRB	6.45	10/06/00	09/01/30	27,801.73	28,788.40			(140.31)		27,661.42	29,148.77	500.68	0.00
FNMA	2000 A RMRB	6.45	11/16/00	10/01/30	66,447.41	68,805.62			(335.88)		66,111.53	69,656.34	1,196.60	0.00
GNMA	2000 A RMRB	6.45	05/30/01	05/30/31	400,154.84	411,283.13			(2,004.95)		398,149.69	419,765.44	10,487.26	0.00
GNMA	2000 A RMRB	6.45	06/18/01	03/20/31	206,800.26	212,551.37			(1,521.46)		205,278.80	216,423.38	5,393.47	0.00
GNMA	2000 A RMRB	6.45	07/16/01	06/20/31	123,835.09	127,278.94			(677.10)		123,157.99	129,844.23	3,242.39	0.00
GNMA	2000 A RMRB	6.45	08/08/01	07/20/31	222,067.60	228,243.30			(94,295.37)		127,772.23	134,708.98	761.05	0.00
FNMA	2000 A RMRB	6.45	08/31/01	08/20/31	159,013.06	163,435.16			(758.79)		158,254.27	166,845.85	4,169.46	0.00
FNMA	2000 A RMRB	6.45	12/27/00	11/01/30	200,396.92	207,509.01			(1,124.77)		199,272.15	209,987.02	3,602.78	0.00
FNMA	2000 A RMRB	6.45	02/05/01	01/01/31	81,110.57	83,989.18			(690.49)		80,420.08	84,744.26	1,445.57	0.00
GNMA	2000 A RMRB	6.45	11/29/01	11/20/31	389,148.07	399,970.21			(2,091.43)		387,056.64	408,069.87	10,191.09	0.00
GNMA	2000 A RMRB	6.45	12/17/01	11/20/31	159,052.15	163,475.36			(2,821.44)		156,230.71	164,712.45	4,058.53	0.00
GNMA	2000 A RMRB	6.45	12/27/01	12/20/31	420,212.39	431,898.48			(2,137.63)		418,074.76	440,772.03	11,011.18	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2000 A RMRB	6.45	09/25/01	09/20/31	170,609.56	175,354.19			(1,511.10)		169,098.46	178,278.80	4,435.71	0.00
GNMA	2000 A RMRB	6.45	09/28/01	09/20/31	557,613.04	573,120.25			(4,404.16)		553,208.88	583,242.58	14,526.49	0.00
GNMA	2000 A RMRB	6.45	10/17/01	10/20/31	266,007.47	273,405.09			(3,189.75)		262,817.72	277,086.06	6,870.72	0.00
GNMA	2000 A RMRB	6.45	10/30/01	10/20/31	254,575.01	261,654.76			(1,169.15)		253,405.86	267,163.29	6,677.68	0.00
GNMA	2000 A RMRB	6.45	11/15/01	11/20/31	191,179.60	196,496.33			(1,082.03)		190,097.57	200,417.99	5,003.69	0.00
FNMA	2000 A RMRB	6.45	03/29/01	02/01/31	115,422.65	119,518.99			(3,759.74)		111,662.91	117,667.02	1,907.77	0.00
GNMA	2000 A RMRB	6.45	01/22/02	01/20/32	549,885.34	565,177.62			(4,756.70)		545,128.64	574,734.55	14,313.63	0.00
GNMA	2000 A RMRB	6.45	01/30/02	12/20/31	45,668.31	46,938.34			(202.59)		45,465.72	47,934.05	1,198.30	0.00
GNMA	2000 A RMRB	6.45	02/25/02	02/20/32	1,231,467.20	1,265,714.27			(85,339.74)		1,146,127.46	1,208,373.62	27,999.09	0.00
FNMA	2000 A RMRB	6.45	07/12/01	06/01/31	39,676.61	41,082.35			(187.47)		39,489.14	41,587.59	692.71	0.00
GNMA	2000 A RMRB	6.45	05/15/02	04/20/32	86,302.59	89,216.57			(399.69)		86,402.90	91,095.44	2,278.56	0.00
GNMA	2000 A RMRB	6.45	05/24/02	05/20/32	201,792.22	207,404.06			(1,020.68)		200,771.54	211,675.44	5,292.06	0.00
GNMA	2000 A RMRB	6.45	03/21/02	02/20/32	377,870.73	388,379.34			(1,778.78)		376,091.95	396,517.53	9,916.97	0.00
GNMA	2000 A RMRB	6.45	04/17/02	03/20/32	326,160.37	335,230.85			(2,281.18)		323,899.19	341,490.12	8,520.45	0.00
GNMA	2000 A RMRB	6.45	04/29/02	04/20/32	89,241.46	91,723.26			(399.24)		88,842.22	93,667.23	2,343.21	0.00
GNMA	2000 A RMRB	6.45	05/15/02	03/20/32	64,505.12	66,299.00			(292.65)		64,212.47	67,699.84	1,693.49	0.00
GNMA	2000 A RMRB	6.45	08/29/02	08/20/32	62,145.82	63,874.09			(261.52)		61,884.30	65,245.23	1,632.66	0.00
GNMA	2000 A RMRB	6.45	06/03/02	05/20/32	59,275.46	60,923.91			(765.38)		58,510.08	61,687.76	1,529.23	0.00
GNMA	2000 A RMRB	6.45	07/05/02	03/20/32	35,512.04	36,489.62			(676.65)		34,835.39	36,727.29	904.32	0.00
GNMA	2000 A RMRB	6.45	08/01/02	05/20/32	59,379.39	61,030.73			(253.68)		59,125.71	62,336.82	1,599.77	0.00
GNMA	2000 A RMRB	6.45	11/12/02	11/20/32	128,055.72	131,616.94			(534.71)		127,521.01	134,446.67	3,364.44	0.00
GNMA	2000 A RMRB	6.45	10/21/02	10/20/32	71,500.98	73,489.42			(296.19)		71,204.79	75,071.92	1,786.69	0.00
GNMA	2000 A RMRB	6.45	11/26/02	11/20/32	37,984.32	39,040.66			(268.75)		37,715.57	39,763.90	989.99	0.00
GNMA	2000 A RMRB	6.45	12/30/02	12/20/32	64,714.78	66,514.49			(292.56)		64,422.22	67,920.99	1,699.05	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	75,725.41	77,766.20			(331.35)		75,394.06	79,156.22	1,721.37	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	50,433.64	51,792.82			(219.82)		50,213.82	52,719.48	1,146.48	0.00
FNMA	2000 A RMRB	6.45	09/28/01	09/01/31	151,582.05	156,952.60			(1,071.92)		150,510.13	158,508.23	2,627.55	0.00
FNMA	2000 A RMRB	6.45	10/17/01	09/01/31	155,346.81	160,850.74			(726.14)		154,620.67	162,837.21	2,712.61	0.00
FNMA	2000 A RMRB	6.45	12/27/01	11/01/31	77,332.92	80,072.82			(1,124.02)		76,208.90	80,258.63	1,309.83	0.00
FNMA	2000 A RMRB	6.45	04/17/02	03/01/32	115,538.38	119,422.77			(753.04)		114,785.34	120,806.97	2,137.24	0.00
Repo Agmt	2000 A RMRB	0.26	02/27/09	03/02/09	401.93	401.93	0.00				401.93	401.93	-	0.00
	2000 A RMRB Total				16,277,596.76	16,687,323.43	10,057.58	(492,524.39)	(268,689.31)	0.00	15,526,440.64	16,313,807.65	377,640.34	0.00
Repo Agmt	2003A RMRB	0.26	02/27/09	03/02/09	14.83	14.83	0.00				14.83	14.83	-	0.00
Repo Agmt	2003A RMRB	0.26	02/27/09	03/02/09	3,787,090.64	3,787,090.64		(2,672,316.70)			1,114,773.94	1,114,773.94	-	0.00
Repo Agmt	2003A RMRB	0.26	02/27/09	03/02/09	0.77	0.77	0.00				0.77	0.77	-	0.00
GNMA	2003A RMRB	4.49	03/25/04	03/20/34	8,961,294.75	8,829,889.57			(248,288.35)		8,713,006.40	8,817,867.82	236,266.60	0.00
GNMA	2003A RMRB	4.49	03/30/04	03/20/34	1,635,687.12	1,611,708.50			(6,757.81)		1,626,929.31	1,646,514.46	43,563.77	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	1,014,062.12	999,287.98			(6,071.67)		1,007,990.45	1,020,219.36	27,003.05	0.00
GNMA	2003A RMRB	4.49	07/08/04	06/20/34	162,403.32	166,613.57			(690.98)		161,712.34	167,513.53	1,590.94	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	172,730.87	170,644.53			(1,160.78)		171,570.09	174,125.59	4,641.84	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	165,316.17	169,291.35			(742.43)		164,572.74	170,168.58	1,619.66	0.00
GNMA	2003A RMRB	4.49	04/08/04	04/20/34	1,320,795.19	1,304,736.66			(7,249.98)		1,313,545.21	1,333,002.61	35,515.93	0.00
GNMA	2003A RMRB	4.49	04/15/04	04/20/34	950,984.03	939,426.49			(5,035.67)		945,948.36	959,965.43	25,574.61	0.00
GNMA	2003A RMRB	4.49	04/15/04	04/20/34	60,767.51	62,338.36			(261.86)		60,505.65	62,671.71	595.21	0.00
GNMA	2003A RMRB	4.49	04/22/04	04/20/34	1,166,702.05	1,152,528.64			(149,086.96)		1,017,615.09	1,032,699.32	29,257.64	0.00
GNMA	2003A RMRB	4.49	04/29/04	04/20/34	1,030,221.51	1,015,145.40			(5,296.35)		1,024,925.16	1,037,291.53	27,442.48	0.00
GNMA	2003A RMRB	4.49	04/29/04	04/20/34	58,268.95	59,773.76			(241.43)		58,025.52	60,103.40	571.07	0.00
GNMA	2003A RMRB	4.49	05/06/04	05/20/34	641,105.49	631,730.02			(3,149.48)		637,956.01	645,659.88	17,079.34	0.00
GNMA	2003A RMRB	4.49	05/13/04	05/20/34	510,082.27	502,625.41			(2,942.65)		507,139.62	513,266.36	13,583.80	0.00
GNMA	2003A RMRB	4.49	05/01/04	04/20/34	91,183.43	93,541.67			(858.77)		90,324.66	93,559.35	876.45	0.00
GNMA	2003A RMRB	4.49	05/20/04	05/20/34	1,076,261.69	1,060,533.25			(5,852.82)		1,070,408.87	1,083,345.91	28,665.48	0.00
GNMA	2003A RMRB	4.49	05/27/04	05/20/34	626,916.56	617,758.61			(3,072.50)		623,844.06	631,387.11	16,701.00	0.00
GNMA	2003A RMRB	4.49	06/03/04	06/20/34	912,064.89	898,749.58			(4,423.33)		907,641.56	918,625.24	24,298.99	0.00
GNMA	2003A RMRB	4.49	06/10/04	06/20/34	531,794.37	524,033.33			(2,707.26)		529,087.11	535,492.49	14,166.42	0.00
GNMA	2003A RMRB	4.49	06/17/04	06/20/34	1,139,470.65	1,122,847.91			(5,883.42)		1,133,587.23	1,147,317.92	30,353.43	0.00
GNMA	2003A RMRB	4.49	06/24/04	06/20/34	1,224,724.42	1,206,864.04			(6,182.43)		1,218,541.99	1,233,307.89	32,626.28	0.00
GNMA	2003A RMRB	4.49	06/24/04	06/20/34	958,316.80	983,149.93			(52,934.69)		905,382.11	937,851.89	7,636.65	0.00
GNMA	2003A RMRB	4.49	09/02/04	08/20/34	129,142.41	127,286.94			(533.88)		128,508.53	130,073.76	3,440.70	0.00
GNMA	2003A RMRB	4.49	09/09/04	09/20/34	77,140.16	79,144.71			(494.84)		76,645.32	79,399.66	749.79	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2003A RMRB	4.49	09/09/04	09/20/34	149,989.21	147,812.32			(719.43)		149,269.78	151,089.25	3,996.36	0.00
GNMA	2003A RMRB	5.49	09/16/04	09/20/34	163,811.85	166,069.64			(657.82)		163,154.03	169,018.19	1,606.37	0.00
GNMA	2003A RMRB	4.49	09/16/04	09/20/34	1,090,919.83	1,076,093.16			(6,336.81)		1,084,583.02	1,097,809.80	29,053.45	0.00
GNMA	2003A RMRB	5.49	09/23/04	09/20/34	73,462.30	75,372.10			(303.30)		73,159.00	75,788.90	720.10	0.00
GNMA	2003A RMRB	4.49	09/23/04	09/20/34	189,805.89	187,525.99			(956.27)		188,849.62	191,675.43	5,105.71	0.00
GNMA	2003A RMRB	4.49	09/29/04	09/20/34	430,802.11	424,556.50			(2,069.98)		428,732.13	433,965.03	11,478.51	0.00
GNMA	2003A RMRB	5.49	09/29/04	09/20/34	196,102.85	200,834.13			(852.92)		195,249.93	201,903.52	1,822.31	0.00
GNMA	2003A RMRB	5.49	10/07/04	09/20/34	132,533.79	135,980.79			(631.94)		132,001.85	136,748.52	1,299.67	0.00
GNMA	2003A RMRB	4.49	10/07/04	10/20/34	318,223.55	313,612.89			(1,729.48)		316,494.07	320,359.93	8,476.52	0.00
GNMA	2003A RMRB	5.49	07/15/04	06/20/34	51,368.88	52,700.87			(209.96)		51,158.92	52,994.50	503.59	0.00
GNMA	2003A RMRB	4.49	07/15/04	07/20/34	342,750.51	337,758.93			(1,641.62)		341,108.89	345,249.31	9,132.00	0.00
GNMA	2003A RMRB	5.49	07/22/04	07/20/34	60,529.40	62,099.48			(245.99)		60,283.41	62,446.93	593.44	0.00
GNMA	2003A RMRB	4.49	07/22/04	07/20/34	438,790.63	432,402.59			(2,122.62)		436,668.01	441,970.57	11,690.60	0.00
GNMA	2003A RMRB	4.49	07/29/04	07/20/34	534,104.43	527,661.74			(2,570.96)		531,533.47	539,459.23	14,368.45	0.00
GNMA	2003A RMRB	5.49	07/29/04	07/20/34	247,655.62	254,080.88			(44,919.53)		202,736.09	210,013.18	851.63	0.00
GNMA	2003A RMRB	4.49	08/05/04	08/20/34	319,535.08	315,683.85			(92,923.44)		226,611.64	229,993.00	7,232.59	0.00
GNMA	2003A RMRB	5.49	08/05/04	07/20/34	105,506.43	108,244.38			(431.08)		105,075.35	108,847.62	1,034.32	0.00
GNMA	2003A RMRB	4.49	08/12/04	08/20/34	370,319.51	365,858.03			(2,695.73)		367,623.78	373,111.11	9,948.81	0.00
GNMA	2003A RMRB	5.49	08/12/04	07/20/34	82,856.84	85,007.24			(336.41)		82,520.23	85,483.19	812.36	0.00
GNMA	2003A RMRB	4.49	08/19/04	08/20/34	370,498.76	366,036.96			(1,808.63)		368,690.13	374,195.26	9,966.93	0.00
GNMA	2003A RMRB	5.49	08/19/04	08/20/34	205,172.76	210,500.07			(1,222.47)		203,950.29	211,275.23	1,997.63	0.00
GNMA	2003A RMRB	4.49	12/02/04	10/20/34	135,431.44	133,475.13			(636.79)		134,794.65	136,447.04	3,608.70	0.00
GNMA	2003A RMRB	4.49	12/09/04	11/20/34	135,910.05	133,948.04			(698.97)		135,211.08	136,869.81	3,620.74	0.00
GNMA	2003A RMRB	5.49	12/16/04	12/20/34	112,563.03	115,498.20			(524.69)		112,038.34	116,074.75	1,101.24	0.00
GNMA	2003A RMRB	4.49	12/16/04	12/20/34	286,659.77	282,524.10			(1,751.73)		284,908.04	288,406.13	7,633.76	0.00
GNMA	2003A RMRB	4.49	10/14/04	09/20/34	330,053.78	325,272.36			(2,077.30)		327,976.48	331,983.27	8,788.21	0.00
GNMA	2003A RMRB	5.49	10/14/04	09/20/34	39,684.54	40,716.88			(173.61)		39,510.93	40,931.91	388.64	0.00
GNMA	2003A RMRB	5.49	10/21/04	10/20/34	179,595.46	184,269.06			(755.02)		178,840.44	185,274.01	1,759.97	0.00
GNMA	2003A RMRB	4.49	10/21/04	10/20/34	186,373.86	184,139.63			(872.48)		185,501.18	188,281.64	5,014.49	0.00
GNMA	2003A RMRB	5.49	10/28/04	10/20/34	401,443.06	395,633.43			(1,886.22)		399,556.84	404,443.62	10,696.61	0.00
GNMA	2003A RMRB	5.49	11/04/04	11/20/34	52,087.24	53,443.02			(223.64)		51,863.40	53,729.39	510.21	0.00
GNMA	2003A RMRB	5.49	11/04/04	11/20/34	475,563.96	487,054.86			(5,715.29)		469,848.67	495,877.00	4,537.43	0.00
GNMA	2003A RMRB	4.49	11/04/04	10/20/34	182,072.88	179,438.84			(851.36)		181,221.52	183,439.13	4,851.65	0.00
GNMA	2003A RMRB	5.49	11/10/04	11/20/34	63,933.59	65,598.59			(256.64)		63,676.95	65,968.92	626.97	0.00
GNMA	2003A RMRB	4.49	11/10/04	10/20/34	111,835.24	110,495.47			(650.99)		111,284.25	112,953.99	3,008.51	0.00
GNMA	2003A RMRB	5.49	11/18/04	11/20/34	103,440.09	106,134.69			(419.82)		103,020.27	106,728.99	1,014.12	0.00
GNMA	2003A RMRB	4.49	11/18/04	10/20/34	232,586.79	229,803.90			(1,092.24)		231,494.65	234,969.38	6,257.72	0.00
GNMA	2003A RMRB	5.49	11/23/04	11/20/34	258,921.19	265,666.85			(1,155.58)		257,765.61	267,046.23	2,534.96	0.00
GNMA	2003A RMRB	4.49	11/01/04	11/20/34	169,064.57	166,618.90			(920.94)		168,143.63	170,201.39	4,503.43	0.00
GNMA	2003A RMRB	5.49	12/29/04	12/20/34	315,676.55	323,911.31			(1,325.55)		314,351.00	325,679.43	3,093.67	0.00
GNMA	2003A RMRB	4.49	12/29/04	12/20/34	151,793.75	149,610.24			(809.96)		150,988.79	152,844.16	4,043.88	0.00
GNMA	2003A RMRB	5.49	01/06/05	01/20/35	50,682.63	51,987.33			(361.17)		50,321.46	52,105.96	479.80	0.00
GNMA	2003A RMRB	4.49	03/30/05	01/20/35	169,497.71	166,994.86			(1,429.80)		168,067.91	169,951.08	4,386.02	0.00
GNMA	2003A RMRB	5.49	01/13/05	01/20/35	215,757.67	221,313.12			(1,030.36)		214,727.31	222,343.32	2,060.56	0.00
GNMA	2003A RMRB	4.49	01/19/05	01/20/35	104,132.36	102,852.64			(593.30)		103,539.06	104,982.52	2,723.18	0.00
GNMA	2003A RMRB	4.49	01/27/05	01/20/35	642,025.32	632,513.75			(3,023.03)		639,002.29	646,130.31	16,639.59	0.00
GNMA	2003A RMRB	5.49	02/03/05	01/20/35	209,795.30	214,807.14			(86,686.51)		123,108.79	127,246.37	(874.26)	0.00
GNMA	2003A RMRB	4.49	02/03/05	02/20/35	730,707.29	721,738.25			(3,794.49)		726,972.80	737,119.62	19,115.86	0.00
GNMA	2003A RMRB	5.49	02/17/05	01/20/35	53,855.01	55,243.21			(213.10)		53,641.91	55,546.01	515.90	0.00
GNMA	2003A RMRB	5.49	03/10/05	02/20/35	101,482.49	104,100.46			(395.00)		101,087.49	104,677.85	972.39	0.00
GNMA	2003A RMRB	4.49	03/17/05	01/20/35	26,750.46	26,422.88			(122.83)		26,627.63	27,000.05	700.00	0.00
GNMA	2003A RMRB	5.49	03/17/05	03/20/35	115,487.85	118,468.07			(452.55)		115,035.30	119,122.01	1,106.49	0.00
GNMA	2003A RMRB	5.49	04/07/05	04/20/35	301,496.97	309,283.49			(1,271.89)		300,225.08	310,897.06	2,895.46	0.00
GNMA	2003A RMRB	5.49	04/21/05	04/20/35	218,371.24	224,013.43			(946.96)		217,424.28	225,155.47	2,089.00	0.00
GNMA	2003A RMRB	4.49	04/28/05	03/20/35	60,088.10	59,354.62			(273.63)		59,814.47	60,653.50	1,572.51	0.00
GNMA	2003A RMRB	5.49	04/28/05	04/20/35	176,914.46	181,486.80			(700.50)		176,213.96	182,480.89	1,894.79	0.00
GNMA	2003A RMRB	5.49	05/12/05	05/20/35	163,945.54	168,184.89			(3,389.73)		160,555.81	166,268.22	1,473.06	0.00
GNMA	2003A RMRB	4.49	05/19/05	05/20/35	1,207,866.46	1,189,894.97			(6,360.66)		1,201,305.80	1,214,828.81	31,294.50	0.00
GNMA	2003A RMRB	5.49	07/07/05	07/20/35	550,951.33	565,226.51			(2,106.62)		548,844.71	568,400.73	5,280.84	0.00
GNMA	2003A RMRB	5.49	07/14/05	07/20/35	348,211.61	356,582.62			(1,312.76)		346,898.85	358,610.64	3,340.78	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
GNMA	2003A RMRB	4.49	05/26/05	04/20/35	122,589.02	121,095.78			(556.89)		122,032.13	123,747.02	3,208.13	0.00
GNMA	2003A RMRB	5.49	05/26/05	05/20/35	316,879.39	324,871.78			(1,368.92)		315,310.47	326,532.52	3,029.66	0.00
GNMA	2003A RMRB	5.49	06/09/05	05/20/35	275,491.41	282,621.41			(1,270.65)		274,220.76	283,983.55	2,632.79	0.00
GNMA	2003A RMRB	5.49	06/15/05	06/20/35	271,549.60	278,579.83			(1,036.83)		270,512.77	280,145.81	2,602.81	0.00
GNMA	2003A RMRB	5.49	06/23/05	06/20/35	174,258.52	178,444.09			(678.01)		173,582.51	179,439.28	1,671.20	0.00
GNMA	2003A RMRB	5.49	09/08/05	09/20/35	268,545.14	275,518.71			(1,057.58)		267,487.56	277,034.11	2,572.98	0.00
GNMA	2003A RMRB	5.49	09/15/05	09/20/35	579,902.12	594,964.60			(2,756.46)		577,145.66	597,747.44	5,539.30	0.00
GNMA	2003A RMRB	5.49	09/22/05	09/20/35	131,088.45	134,494.05			(501.12)		130,587.33	135,249.45	1,256.52	0.00
GNMA	2003A RMRB	4.49	07/28/05	07/20/35	84,009.03	82,990.68			(426.48)		83,580.55	84,760.22	2,198.02	0.00
GNMA	2003A RMRB	5.49	07/21/05	07/20/35	380,953.18	390,828.01			(2,530.45)		378,422.73	391,910.73	3,613.17	0.00
GNMA	2003A RMRB	5.49	07/28/05	07/20/35	221,910.08	227,663.68			(840.93)		221,069.15	228,950.04	2,127.29	0.00
GNMA	2003A RMRB	5.49	08/04/05	07/20/35	261,409.85	268,188.94			(1,196.52)		260,213.33	269,491.03	2,498.61	0.00
GNMA	2003A RMRB	5.49	08/11/05	08/20/35	252,202.63	258,745.29			(961.82)		251,240.81	260,200.96	2,417.49	0.00
GNMA	2003A RMRB	5.49	08/18/05	07/20/35	301,473.26	309,294.73			(1,307.04)		300,166.22	310,871.85	2,884.16	0.00
GNMA	2003A RMRB	5.49	08/30/05	08/20/35	830,068.26	851,614.85			(4,442.30)		825,625.96	855,083.67	7,911.12	0.00
GNMA	2003A RMRB	5.49	08/30/05	08/20/35	397,807.38	408,133.52			(1,633.52)		396,173.86	410,309.05	3,809.05	0.00
GNMA	2003A RMRB	5.49	10/27/05	10/20/35	312,608.93	320,740.34			(1,189.01)		311,419.92	322,548.08	2,996.75	0.00
GNMA	2003A RMRB	5.49	09/29/05	09/20/35	600,156.49	615,751.88			(2,264.21)		597,882.28	619,241.48	5,753.81	0.00
GNMA	2003A RMRB	5.49	10/06/05	09/20/35	406,132.97	416,688.67			(1,512.30)		404,620.67	419,070.77	3,894.40	0.00
GNMA	2003A RMRB	5.49	10/13/05	10/20/35	317,356.88	325,608.18			(1,181.62)		316,175.26	327,469.70	3,043.14	0.00
GNMA	2003A RMRB	5.49	10/20/05	10/20/35	319,154.24	327,453.92			(1,186.97)		317,967.27	329,327.39	3,060.44	0.00
GNMA	2003A RMRB	5.49	10/20/05	10/20/35	280,894.05	288,198.76			(1,202.43)		279,691.62	289,684.25	2,687.92	0.00
GNMA	2003A RMRB	5.49	12/15/05	12/20/35	149,433.82	153,327.76			(644.81)		148,789.01	154,112.61	1,429.66	0.00
GNMA	2003A RMRB	5.49	11/03/05	09/20/35	199,626.99	204,820.20			(747.09)		198,879.90	205,987.00	1,913.89	0.00
GNMA	2003A RMRB	5.49	11/03/05	10/20/35	266,818.30	273,760.01			(988.24)		265,830.06	275,330.51	2,558.74	0.00
GNMA	2003A RMRB	5.49	11/10/05	11/20/35	156,760.97	160,840.82			(578.31)		156,182.66	161,765.91	1,503.40	0.00
GNMA	2003A RMRB	5.49	11/17/05	07/20/35	118,474.95	121,557.63			(445.19)		118,029.76	122,248.25	1,135.81	0.00
GNMA	2003A RMRB	5.49	11/17/05	10/20/35	419,084.58	429,982.95			(1,604.14)		417,480.44	432,405.49	4,016.68	0.00
GNMA	2003A RMRB	5.49	11/22/05	11/20/35	214,021.87	219,593.98			(877.22)		213,144.65	220,766.20	2,048.44	0.00
GNMA	2003A RMRB	5.49	12/29/05	12/20/35	419,892.55	430,050.96			(2,037.08)		417,855.47	432,027.35	4,013.47	0.00
GNMA	2003A RMRB	5.49	01/12/06	01/20/36	208,436.49	213,684.07			(775.11)		207,661.38	215,048.87	2,139.91	0.00
GNMA	2003A RMRB	5.49	01/12/06	12/20/35	76,977.39	78,985.02			(280.29)		76,697.10	79,443.14	738.41	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	309,157.26	316,375.43			(1,163.70)		307,993.56	318,384.41	3,172.68	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	196,675.86	201,636.91			(718.85)		195,957.01	202,937.75	2,019.69	0.00
GNMA	2003A RMRB	5.49	02/09/06	01/20/36	201,603.59	206,683.72			(828.28)		200,775.31	207,922.44	2,067.00	0.00
GNMA	2003A RMRB	5.49	02/23/06	01/20/36	91,117.86	93,415.03			(329.58)		90,788.28	94,021.18	935.73	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	356,014.45	364,994.74			(1,299.48)		354,714.97	367,351.27	3,656.01	0.00
GNMA	2003A RMRB	5.49	03/30/06	03/20/36	334,022.42	342,454.88			(1,194.32)		332,828.10	344,691.66	3,431.10	0.00
GNMA	2003A RMRB	5.49	04/27/06	03/20/36	136,754.82	140,210.48			(503.97)		136,250.85	141,110.61	1,404.10	0.00
GNMA	2003A RMRB	4.49	04/27/06	03/20/36	117,827.14	116,106.15			(499.32)		117,327.82	118,586.47	2,979.64	0.00
FNMA	2003A RMRB	4.49	03/25/04	02/01/34	194,195.80	192,274.31			(964.48)		193,231.32	194,817.47	3,507.64	0.00
FNMA	2003A RMRB	4.49	07/29/04	07/01/34	299,139.62	296,196.39			(1,472.74)		297,666.88	300,127.17	5,403.52	0.00
FNMA	2003A RMRB	4.49	08/26/04	08/01/34	253,221.01	250,732.60			(1,551.77)		251,669.24	253,752.40	4,571.57	0.00
FNMA	2003A RMRB	5.49	09/23/04	08/01/34	196,677.04	201,022.47			(817.17)		195,859.87	202,043.70	1,838.40	0.00
FNMA	2003A RMRB	4.49	09/29/04	09/01/34	318,211.02	315,088.69			(1,528.96)		316,682.06	319,308.16	5,748.43	0.00
FNMA	2003A RMRB	4.49	11/10/04	10/01/34	158,307.84	156,757.14			(769.78)		157,537.86	158,846.97	2,859.61	0.00
FNMA	2003A RMRB	4.49	03/29/05	01/20/35	220,574.30	218,289.56			(1,039.61)		219,534.69	221,158.26	3,909.31	0.00
FNMA	2003A RMRB	5.49	06/23/05	06/01/35	343,545.72	351,068.02			(1,361.92)		342,183.80	352,710.44	3,004.34	0.00
FNMA	2003A RMRB	5.49	08/18/05	08/01/35	304,400.82	311,072.87			(2,262.06)		302,138.76	311,440.37	2,629.56	0.00
FNMA	2003A RMRB	5.49	09/08/05	08/01/35	180,966.06	184,934.63			(694.98)		180,271.08	185,822.94	1,583.29	0.00
FNMA	2003A RMRB	5.49	10/06/05	10/01/35	257,034.73	262,675.17			(1,250.46)		255,784.27	263,865.44	2,240.73	0.00
FNMA	2003A RMRB	5.49	10/20/05	10/01/35	240,533.89	245,813.46			(59,559.57)		180,974.32	186,551.40	297.51	0.00
FNMA	2003A RMRB	4.49	12/15/05	06/01/35	87,421.81	86,525.66			(393.99)		87,027.82	87,680.94	1,549.27	0.00
FNMA	2003A RMRB	5.49	12/29/05	12/01/35	302,906.85	309,564.80			(1,130.11)		301,776.74	311,085.96	2,651.27	0.00
FNMA	2003A RMRB	4.49	01/12/06	12/01/35	72,233.73	71,494.64			(314.69)		71,919.04	72,480.23	1,280.28	0.00
FNMA	2003A RMRB	5.49	02/02/06	01/01/36	111,142.10	113,592.13			(406.79)		110,735.31	114,048.46	903.12	0.00
Repo Agmt	2003A RMRB	0.26	02/27/09	03/02/09	4,114.89	4,114.89	1.88				4,116.77	4,116.77	-	0.00
	<b>2003A RMRB Total</b>				<b>58,275,364.66</b>	<b>58,289,512.20</b>	<b>1.88</b>	<b>(2,672,316.70)</b>	<b>(946,546.76)</b>	<b>0.00</b>	<b>54,656,503.08</b>	<b>55,757,865.45</b>	<b>1,087,214.83</b>	<b>0.00</b>
GNMA	1999 A RMRB	7.50	06/31/89	07/20/18	276,046.10	291,485.73			(4,914.32)		271,131.78	290,110.68	3,539.27	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change in Market Value	Recognized Gain
GNMA	1999 A RMRB	7.50	10/31/89	09/20/18	505,223.19	533,496.49			(10,726.74)		494,496.45	529,125.97	6,356.22	0.00
GNMA	1999 A RMRB	8.75	10/31/89	09/20/18	60,083.14	64,684.22			(1,848.83)		58,234.31	62,290.96	(544.43)	0.00
GNMA	1999 A RMRB	7.50	11/30/89	10/20/18	545,600.20	579,440.93			(45,252.13)		500,348.07	538,844.67	4,855.87	0.00
GNMA	1999 A RMRB	8.75	11/30/89	09/20/18	36,855.76	40,255.61			(1,178.53)		35,677.23	38,740.11	(336.97)	0.00
GNMA	1999 A RMRB	7.50	01/01/90	11/20/18	307,063.61	324,256.91			(7,133.12)		299,930.49	320,943.87	3,820.08	0.00
GNMA	1999 A RMRB	8.75	01/01/90	11/20/18	111,924.84	120,499.24			(4,785.90)		107,138.94	114,605.51	(1,107.63)	0.00
GNMA	1999 A RMRB	7.50	01/01/90	12/20/18	154,301.65	162,942.89			(2,735.14)		151,566.51	162,187.04	1,979.29	0.00
GNMA	1999 A RMRB	7.50	02/27/90	12/20/18	30,287.21	31,983.74			(514.39)		29,772.82	31,859.39	390.04	0.00
GNMA	1999 A RMRB	8.75	05/29/90	02/20/19	108,602.28	116,986.10			(21,507.55)		87,094.73	93,306.43	(2,172.12)	0.00
GNMA	1999 A RMRB	7.50	03/30/90	01/20/19	212,405.19	224,380.21			(3,825.13)		208,580.06	223,616.77	3,061.69	0.00
GNMA	1999 A RMRB	8.75	03/30/90	01/20/19	65,252.88	70,288.80			(997.93)		64,254.95	68,836.32	(454.55)	0.00
GNMA	1999 A RMRB	7.50	04/26/90	03/20/19	183,210.90	193,544.57			(3,559.12)		179,651.78	192,607.37	2,621.92	0.00
GNMA	1999 A RMRB	8.75	04/26/90	03/20/19	120,854.44	130,184.39			(2,790.42)		118,064.02	126,484.74	(909.23)	0.00
GNMA	1999 A RMRB	7.50	05/29/90	04/20/19	321,200.27	339,321.88			(5,937.64)		315,262.63	338,002.70	4,618.46	0.00
GNMA	1999 A RMRB	8.75	06/28/90	04/20/19	55,554.65	59,844.64			(1,009.28)		54,545.37	58,436.88	(398.45)	0.00
GNMA	1999 A RMRB	7.50	10/31/90	07/20/19	31,874.39	33,674.54			(477.86)		31,396.53	33,663.05	466.37	0.00
GNMA	1999 A RMRB	7.50	12/21/90	08/20/19	22,892.22	24,185.52			(345.57)		22,546.65	24,174.71	394.76	0.00
GNMA	1999 A RMRB	7.50	03/28/91	11/20/19	36,466.02	38,527.93			(550.16)		35,915.86	38,511.04	533.27	0.00
GNMA	1999 A RMRB	8.75	04/26/91	01/20/20	116,105.77	125,159.65			(2,935.30)		113,170.47	121,574.08	(650.27)	0.00
GNMA	1999 A RMRB	7.50	04/29/91	12/20/19	20,620.50	21,786.81			(280.90)		20,339.60	21,809.64	303.73	0.00
GNMA	1999 A RMRB	5.35	01/31/01	08/20/30	40,352.41	40,956.10			(18,822.52)		21,529.89	22,092.69	(40.89)	0.00
GNMA	1999 A RMRB	5.35	01/31/01	01/20/31	141,464.83	143,152.50			(848.47)		140,616.36	143,867.41	1,563.35	0.00
GNMA	1999 A RMRB	5.35	05/10/01	04/20/31	3,613.86	3,656.97			(1,334.57)		2,279.29	2,331.98	9.58	0.00
FNMA	1999 A RMRB	5.35	03/15/01	10/01/30	234,230.79	238,866.21			(90,078.59)		144,152.20	148,442.16	(345.46)	0.00
FNMA	1999 A RMRB	5.35	06/18/01	03/01/31	62,285.74	63,409.99			(688.25)		61,597.49	63,322.21	600.47	0.00
GNMA	1999 A RMRB	5.35	03/18/02	02/20/32	38,016.84	38,452.13			(198.87)		37,817.97	38,711.23	457.97	0.00
Repo Agmt	1999 A RMRB	0.26	02/27/09	03/02/09	401,199.23	401,199.23	0.00				401,199.23	401,199.23	-	0.00
	1999 A RMRB Total				4,243,568.91	4,456,623.93	0.00	0.00	(235,277.23)	0.00	4,008,311.68	4,249,698.84	28,352.14	0.00
<b>Total Residential Mortgage Revenue Bonds Investment Summary</b>					295,967,705.42	300,424,256.83	1,217,087.49	(12,285,003.05)	(5,517,145.70)	0.00	279,382,644.16	288,544,020.95	4,704,825.38	0.00

**Texas Department of Housing and Community Affairs**  
**Collateralized Home Mortgage Revenue Bonds Investment Summary**  
**For Period Ending February 28, 2009**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Repo Agmt	1990 A&B CHMRB	0.26	02/27/09	03/02/09	53,898.93	53,898.93	24.92				53,923.85	53,923.85	-	0.00
Repo Agmt	1990 A&B CHMRB	0.26	02/27/09	03/02/09	87,149.08	87,149.08	40.48				87,189.56	87,189.56	-	0.00
Repo Agmt	1990 A&B CHMRB	0.26	02/27/09	03/02/09	240,749.17	240,749.17	111.79				240,860.96	240,860.96	-	0.00
	<b>1990 A&amp;B CHMRB Total</b>				<b>381,797.18</b>	<b>381,797.18</b>	<b>177.19</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>381,974.37</b>	<b>381,974.37</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1991 A CHMRB	0.26	02/27/09	03/02/09	113,733.02	113,733.02	52.76				113,785.78	113,785.78	-	0.00
Repo Agmt	1991 A CHMRB	0.26	02/27/09	03/02/09	7,582.15	7,582.15	3.47				7,585.62	7,585.62	-	0.00
	<b>1991 A CHMRB Total</b>				<b>121,315.17</b>	<b>121,315.17</b>	<b>56.23</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>121,371.40</b>	<b>121,371.40</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1992 A-C CHMRB	0.26	02/27/09	03/02/09	50,810.57	50,810.57		(50,809.04)			1.53	1.53	-	0.00
GICs	1992 A-C CHMRB	6.09	06/29/92	07/02/24	869,447.88	869,447.88		(528,349.91)			341,097.97	341,097.97	-	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	28,481.02	30,040.63			(290.46)		28,170.56	30,257.24	507.07	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	99,159.89	104,657.43			(6,360.45)		98,081.09	105,318.71	1,760.08	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	217,177.45	229,200.13			(13,360.18)		947,701.57	1,018,313.43	17,350.20	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	961,081.75	1,014,323.41			(7,623.66)		547,343.55	588,128.85	10,025.19	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	554,967.21	585,727.32			(2,562.71)		134,284.36	144,290.58	2,421.17	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	136,847.07	144,432.12			(6,696.94)		516,853.08	555,374.71	9,495.14	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	523,550.02	552,576.51			(9,264.69)		632,387.38	679,577.02	11,692.56	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	641,682.07	677,149.15			(1,441.16)		119,066.32	128,933.63	5,814.74	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	120,507.48	124,760.05			(24,051.95)		158,287.19	171,291.02	6,620.84	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	182,339.14	188,722.13			(3,180.66)		141,306.67	152,921.37	6,551.06	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	144,487.33	149,550.97			(4,778.97)		334,711.82	362,237.18	15,614.60	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	339,490.79	351,401.55			(948.70)		76,049.29	82,304.37	3,552.68	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	76,995.99	79,698.39			(448.54)		13,473.71	14,582.12	619.59	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	13,922.25	14,411.07			(3,361.44)		211,966.81	229,412.56	9,877.32	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	215,328.25	222,896.68			(372.37)		37,426.81	40,503.62	1,751.64	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	37,799.18	39,124.35			(6,206.87)		506,237.45	547,258.75	23,524.37	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	512,444.32	529,941.25			(9,811.10)		456,650.50	493,659.22	21,083.22	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	466,261.60	482,187.10			(3,565.75)		335,663.63	362,871.08	15,616.98	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	339,229.38	350,819.85					100,000.00	100,000.00	-	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
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	108,880.70	114,704.91			(1,733.21)		106,947.49	114,861.77	1,890.07	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	635,754.86	658,008.17			(36,798.97)		598,955.89	648,160.13	26,950.93	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	1,563,573.15	1,616,862.51			(22,236.89)		1,541,336.26	1,666,131.47	71,505.85	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	1,243,365.21	1,285,755.60			(44,525.69)		1,198,838.52	1,295,919.94	54,690.03	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	1,345,250.44	1,391,126.36			(52,118.06)		1,293,132.38	1,397,862.57	58,852.27	0.00
Repo Agmt	1992 A-C CHMRB	0.26	02/27/09	03/02/09	13,023.07	13,023.07	6.03				13,029.10	13,029.10	-	0.00
	<b>1992 A-C CHMRB Total</b>				<b>11,541,588.07</b>	<b>11,971,361.16</b>	<b>6.03</b>	<b>(579,158.95)</b>	<b>(262,636.22)</b>	<b>0.00</b>	<b>10,699,798.93</b>	<b>11,510,755.53</b>	<b>381,183.51</b>	<b>0.00</b>
	<b>Total CHMRB Investment Summary</b>				<b>12,044,700.42</b>	<b>12,474,473.51</b>	<b>239.45</b>	<b>(579,158.95)</b>	<b>(262,636.22)</b>	<b>0.00</b>	<b>11,203,144.70</b>	<b>12,014,101.30</b>	<b>381,183.51</b>	<b>0.00</b>



**Texas Department of Housing and Community Affairs  
Multi Family Investment Summary  
For Period Ending February 28, 2009**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.03	02/01/09	03/01/09	43,449.97	43,449.97		(2,749.98)			40,699.99	40,699.99	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.03	02/01/09	03/01/09	18,961.82	18,961.82	6,262.32				25,224.14	25,224.14	-	0.00
	<b>1996 A&amp;B MF (Brighton/LasColi) Total</b>				<b>62,411.79</b>	<b>62,411.79</b>	<b>6,262.32</b>	<b>(2,749.98)</b>	<b>0.00</b>	<b>0.00</b>	<b>65,924.13</b>	<b>65,924.13</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1996 A&B MF (Braxton's)	0.00	02/01/09	03/01/09	72,591.17	72,591.17		(3,380.54)			69,210.63	69,210.63	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.00	02/01/09	03/01/09	30,241.07	30,241.07	8,717.86				38,958.93	38,958.93	-	0.00
	<b>1996 A&amp;B MF (Braxton's) Total</b>				<b>102,832.24</b>	<b>102,832.24</b>	<b>8,717.86</b>	<b>(3,380.54)</b>	<b>0.00</b>	<b>0.00</b>	<b>108,169.56</b>	<b>108,169.56</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1987 South Tx. Rental Housing	0.26	02/27/09	03/02/09	768,657.26	768,657.26		(246,728.99)			521,928.27	521,928.27	-	0.00
	<b>1987 South Tx. Rental Housing Total</b>				<b>768,657.26</b>	<b>768,657.26</b>	<b>0.00</b>	<b>(246,728.99)</b>	<b>0.00</b>	<b>0.00</b>	<b>521,928.27</b>	<b>521,928.27</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1998 M/F (Pebble Brook)	0.03	02/01/09	03/01/09	109,796.33	109,796.33	17,037.06				126,833.39	126,833.39	-	0.00
Inv Agmt	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30	318,142.50	318,142.50		(179,076.77)			139,065.73	139,065.73	-	0.00
Money Market	1998 M/F (Pebble Brook)	0.03	02/01/09	03/01/09	3,005.75	3,005.75	0.96				3,006.71	3,006.71	-	0.00
	<b>1998 M/F (Pebble Brook) Total</b>				<b>430,944.58</b>	<b>430,944.58</b>	<b>17,038.02</b>	<b>(179,076.77)</b>	<b>0.00</b>	<b>0.00</b>	<b>268,905.83</b>	<b>268,905.83</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	02/01/09	03/01/09	151,407.78	151,407.78	124,521.32				275,929.10	275,929.10	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	02/01/09	03/01/09	56,826.98	56,826.98	48,595.52				105,422.50	105,422.50	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	02/01/09	03/01/09	12,833.33	12,833.33	0.00				12,833.33	12,833.33	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	02/01/09	03/01/09	41,124.46	41,124.46	0.00				41,124.46	41,124.46	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.00	02/01/09	03/01/09	27.30	27.30	0.00				27.30	27.30	-	0.00
	<b>1998 M/F (Residence Oaks Proj) Total</b>				<b>262,219.85</b>	<b>262,219.85</b>	<b>173,116.84</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>435,336.69</b>	<b>435,336.69</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.00	02/01/09	03/01/09	50,201.44	50,201.44	9,375.00				59,576.44	59,576.44	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.00	02/01/09	03/01/09	294,107.83	294,107.83		(169,711.77)			124,396.06	124,396.06	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.00	02/01/09	03/01/09	383.58	383.58	16.02				399.60	399.60	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.01	02/01/09	03/01/09	62,499.99	62,499.99	62,499.99				124,999.98	124,999.98	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.01	02/01/09	03/01/09	158,937.00	158,937.00	158,937.00				317,874.00	317,874.00	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.01	02/01/09	03/01/09	15,752.88	15,752.88	10,176.33				25,931.21	25,931.21	-	0.00
	<b>1998 M/F (Greens-Hickory Trail) Total</b>				<b>581,882.72</b>	<b>581,882.72</b>	<b>241,006.34</b>	<b>(169,711.77)</b>	<b>0.00</b>	<b>0.00</b>	<b>653,177.29</b>	<b>653,177.29</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1999 M/F (Mayfield Apts)	0.00	02/01/09	03/01/09	183,282.97	183,282.97		(162,172.08)			21,110.89	21,110.89	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.00	02/01/09	03/01/09	8,549.11	8,549.11	153,893.22				162,442.33	162,442.33	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.00	02/01/09	03/01/09	56,186.89	56,186.89		(11,427.42)			44,759.47	44,759.47	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.00	02/01/09	03/01/09	19,209.37	19,209.37	18,666.67				37,876.04	37,876.04	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.00	02/01/09	03/01/09	58,444.01	58,444.01	47,918.00				106,362.01	106,362.01	-	0.00
	<b>1999 M/F (Mayfield Apts) Total</b>				<b>325,672.35</b>	<b>325,672.35</b>	<b>220,477.89</b>	<b>(173,599.50)</b>	<b>0.00</b>	<b>0.00</b>	<b>372,550.74</b>	<b>372,550.74</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2000 M/F (Timber Point Apts)	0.00	02/01/09	03/01/09	11,147.65	11,147.65		(1,960.11)			9,187.54	9,187.54	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.00	02/01/09	03/01/09	28,482.24	28,482.24	9,754.47				38,236.71	38,236.71	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.00	02/01/09	03/01/09	83,632.40	83,632.40		(68,575.00)			15,057.40	15,057.40	-	0.00
	<b>2000 M/F (Timber Point Apts) Total</b>				<b>123,262.29</b>	<b>123,262.29</b>	<b>9,754.47</b>	<b>(70,535.11)</b>	<b>0.00</b>	<b>0.00</b>	<b>62,481.65</b>	<b>62,481.65</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.01	02/01/09	03/01/09	199,395.89	199,395.89		(123,120.10)			76,275.79	76,275.79	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.01	02/01/09	03/01/09	265,531.46	265,531.46	14,305.32				279,836.78	279,836.78	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.01	02/01/09	03/01/09	94,097.93	94,097.93	5.71				94,103.64	94,103.64	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.01	02/01/09	03/01/09	23,817.67	23,817.67	7,823.05				31,640.92	31,640.92	-	0.00
	<b>2000 A&amp;B M/F (Oaks at Hampton) Total</b>				<b>582,843.15</b>	<b>582,843.15</b>	<b>22,134.08</b>	<b>(123,120.10)</b>	<b>0.00</b>	<b>0.00</b>	<b>481,857.13</b>	<b>481,857.13</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2000 M/F (Deerwood Apts)	0.01	02/01/09	03/01/09	14,547.44	14,547.44	6,000.00				20,547.44	20,547.44	-	0.00
Inv Agmt	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	236,289.07	236,289.07		(120,110.40)			116,178.67	116,178.67	-	0.00
	<b>2000 M/F (Deerwood Apts) Total</b>				<b>250,836.51</b>	<b>250,836.51</b>	<b>6,000.00</b>	<b>(120,110.40)</b>	<b>0.00</b>	<b>0.00</b>	<b>136,726.11</b>	<b>136,726.11</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2000 M/F (Creek Point Apts)	0.00	02/01/09	03/01/09	16,150.88	16,150.88	5,916.60				22,067.48	22,067.48	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.00	02/01/09	03/01/09	24,247.62	24,247.62	157.00				24,404.62	24,404.62	-	0.00
Money Market	2000 M/F (Creek Point Apts)	0.00	02/01/09	03/01/09	108,630.72	108,630.72		(77,788.00)			30,842.72	30,842.72	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
	<b>2000 MF (Creek Point Apts) Total</b>				149,029.22	149,029.22	6,073.60	(77,314.82)	0.00	0.00	77,314.82	77,314.82	0.00	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.01	02/01/09	03/01/09	23,389.33	23,389.33	2,020.02				25,409.35	25,409.35	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.01	02/01/09	03/01/09	234,874.21	234,874.21	14,290.90				249,165.11	249,165.11	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.01	02/01/09	03/01/09	93,097.41	93,097.41	7.47				93,104.88	93,104.88	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.01	02/01/09	03/01/09	202,629.51	202,629.51		(111,149.08)			91,480.43	91,480.43	-	0.00
	<b>2000 M/F (Parks @ Westmoreld) Total</b>				553,990.46	553,990.46	16,318.39	(111,149.08)	0.00	0.00	459,159.77	459,159.77	0.00	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	02/01/09	03/01/09	181,434.15	181,434.15		(121,798.71)			59,635.44	59,635.44	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	02/01/09	03/01/09	87,901.91	87,901.91		(68,492.94)			19,408.97	19,408.97	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	02/01/09	03/01/09	34,257.67	34,257.67	31,057.34				65,315.01	65,315.01	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	02/01/09	03/01/09	336.59	336.59	10,666.67				11,003.26	11,003.26	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.00	02/01/09	03/01/09	1,548.27	1,548.27	47,497.50				49,045.77	49,045.77	-	0.00
	<b>2000 A-C MF Highland Meadows Total</b>				305,478.59	305,478.59	89,221.51	(190,291.65)	0.00	0.00	204,408.45	204,408.45	0.00	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.01	02/01/09	03/01/09	24,052.38	24,052.38	24,052.38				48,104.76	48,104.76	-	0.00
Money Market	2000 A/B MF Greenbridge	0.01	02/01/09	03/01/09	12,101.77	12,101.77	12,105.27				24,207.04	24,207.04	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.01	02/01/09	03/01/09	14,975.92	14,975.92	43.85				15,019.77	15,019.77	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.01	02/01/09	03/01/09	11,770.00	11,770.00	0.00				11,770.00	11,770.00	-	0.00
Inv Agmt	2000 A/B MF Greenbridge	6.15	11/09/00		5.45	5.45	0.00				5.45	5.45	-	0.00
Money Market	2000 A/B MF Greenbridge	0.01	02/01/09	03/01/09	32,654.36	32,654.36	10,134.42				42,788.78	42,788.78	-	0.00
	<b>2000 A/B MF Greenbridge Total</b>				95,559.88	95,559.88	46,335.92	0.00	0.00	0.00	141,895.80	141,895.80	0.00	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.03	02/01/09	03/01/09	195,103.05	195,103.05		(173,806.68)			21,296.37	21,296.37	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.03	02/01/09	03/01/09	22,019.60	22,019.60		(22,015.65)			3.95	3.95	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.03	02/01/09	03/01/09	1,275.53	1,275.53	80,924.81				82,200.34	82,200.34	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.03	02/01/09	03/01/09	17,078.44	17,078.44	8.55				17,086.99	17,086.99	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.03	02/01/09	03/01/09	82,172.52	82,172.52	30,042.95				112,215.47	112,215.47	-	0.00
	<b>2000 A-C MF Collingham Park Total</b>				317,649.14	317,649.14	110,976.31	(195,822.33)	0.00	0.00	232,803.12	232,803.12	0.00	0.00
Mutual Fund	2000 A/B MF Williams Run	0.01	02/01/09	03/01/09	13.09	13.09	0.00				13.09	13.09	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.01	02/01/09	03/01/09	14.72	14.72	0.00				14.72	14.72	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.01	02/01/09	03/01/09	11,144.28	11,144.28	1,014.68				12,158.96	12,158.96	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.01	02/01/09	03/01/09	1,592.84	1,592.84	0.44				1,593.28	1,593.28	-	0.00
	<b>2000 A/B MF Williams Run Total</b>				12,764.93	12,764.93	1,015.12	0.00	0.00	0.00	13,780.05	13,780.05	0.00	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.01	02/01/09	03/01/09	24,469.12	24,469.12	8,215.05				32,684.17	32,684.17	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.01	02/01/09	03/01/09	195,620.96	195,620.96		(130,787.89)			64,833.07	64,833.07	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.01	02/01/09	03/01/09	172,470.03	172,470.03	14,501.89				186,971.92	186,971.92	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.01	02/01/09	03/01/09	96,920.09	96,920.09	0.00				96,920.09	96,920.09	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.01	02/01/09	03/01/09	42,039.92	42,039.92	19.75				42,059.67	42,059.67	-	0.00
	<b>2001A MF Bluffview Sr. Apts. Total</b>				531,520.12	531,520.12	22,736.69	(130,787.89)	0.00	0.00	423,468.92	423,468.92	0.00	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.01	02/01/09	03/01/09	13,772.24	13,772.24	9,208.95				22,981.19	22,981.19	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.01	02/01/09	03/01/09	209,624.12	209,624.12		(134,491.26)			75,132.86	75,132.86	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.01	02/01/09	03/01/09	106,130.87	106,130.87	11,626.66				117,757.53	117,757.53	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.01	02/01/09	03/01/09	118,876.35	118,876.35		(0.01)			118,876.34	118,876.34	-	0.00
	<b>2001A MF Knollwood Villas Apts Total</b>				448,403.58	448,403.58	20,835.61	(134,491.27)	0.00	0.00	334,747.92	334,747.92	0.00	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	02/01/09	03/01/09	22,577.12	22,577.12	1,620.16				24,197.28	24,197.28	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	02/01/09	03/01/09	232,105.00	232,105.00		(35,123.40)			196,981.60	196,981.60	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	02/01/09	03/01/09	857.11	857.11	262.67				1,119.78	1,119.78	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	02/01/09	03/01/09	158,728.03	158,728.03		(120,814.05)			37,913.98	37,913.98	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	02/01/09	03/01/09	34,696.09	34,696.09	29,759.41				64,455.50	64,455.50	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	02/01/09	03/01/09	53,333.36	53,333.36		(24,999.98)			28,333.38	28,333.38	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.01	02/01/09	03/01/09	188,939.94	188,939.94		(72,233.13)			116,706.81	116,706.81	-	0.00
	<b>2001A MF Skyway Villas Total</b>				691,236.65	691,236.65	31,642.24	(253,170.56)	0.00	0.00	469,708.33	469,708.33	0.00	0.00
Mutual Fund	2001AB MF Cobb Park Apts	0.01	02/01/09	03/01/09	8,902.89	8,902.89	161.86				9,064.75	9,064.75	-	0.00
Mutual Fund	2001AB MF Cobb Park Apts	0.01	02/01/09	03/01/09	207,327.30	207,327.30		(74,212.09)			133,115.21	133,115.21	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Mutual Fund	2001AB MF Cobb Park Apts	0.01	02/01/09	03/01/09	16,434.93	16,434.93	6,384.04				22,818.97	22,818.97	-	0.00
Mutual Fund	2001AB MF Cobb Park Apts	0.01	02/01/09	03/01/09	58,312.85	58,312.85	27.40				58,340.25	58,340.25	-	0.00
	<b>2001AB MF Cobb Park Apts Total</b>				<b>290,977.97</b>	<b>290,977.97</b>	<b>6,573.30</b>	<b>(74,212.09)</b>	<b>0.00</b>	<b>0.00</b>	<b>223,339.18</b>	<b>223,339.18</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2001A MF Greens Road Apts	0.03	02/01/09	03/01/09	32.38	32.38					32.38	32.38	-	0.00
Inv Agmt	2001A MF Greens Road Apts	4.01	09/14/01	06/01/34	270,378.02	270,378.02		(131,178.48)			139,199.54	139,199.54	-	0.00
	<b>2001A MF Greens Road Apts Total</b>				<b>270,410.40</b>	<b>270,410.40</b>	<b>0.00</b>	<b>(131,178.48)</b>	<b>0.00</b>	<b>0.00</b>	<b>139,231.92</b>	<b>139,231.92</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2001AB MF Meridian Apts	0.00	02/01/09	03/01/09	7,555.88	7,555.88		(3,954.34)			3,601.54	3,601.54	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	02/01/09	03/01/09	58,697.91	58,697.91	0.03				58,697.94	58,697.94	-	0.00
Money Market	2001AB MF Meridian Apts	0.00	02/01/09	03/01/09	224,797.36	224,797.36		(201,610.08)			23,187.28	23,187.28	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	02/01/09	03/01/09	223,840.74	223,840.74	74,360.99				298,201.73	298,201.73	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	02/01/09	03/01/09	91.32	91.32	0.00				91.32	91.32	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	02/01/09	03/01/09	53,386.99	53,386.99		(53,333.30)			53.69	53.69	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.00	02/01/09	03/01/09	212,764.12	212,764.12		(212,541.53)			222.59	222.59	-	0.00
	<b>2001AB MF Meridian Apts Total</b>				<b>781,134.32</b>	<b>781,134.32</b>	<b>74,361.02</b>	<b>(471,439.25)</b>	<b>0.00</b>	<b>0.00</b>	<b>384,056.09</b>	<b>384,056.09</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2001AB MF Wildwood Branch	0.00	02/01/09	03/01/09	1,557.16	1,557.16	2,500.00				4,057.16	4,057.16	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	02/01/09	03/01/09	173,847.83	173,847.83		(164,444.43)			9,403.40	9,403.40	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	02/01/09	03/01/09	444,864.58	444,864.58		(277,659.66)			167,204.92	167,204.92	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	02/01/09	03/01/09	101.79	101.79	0.00				101.79	101.79	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	02/01/09	03/01/09	26,726.65	26,726.65		(26,666.64)			60.01	60.01	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.00	02/01/09	03/01/09	104,776.52	104,776.52	62,736.09				167,512.61	167,512.61	-	0.00
	<b>2001AB MF Wildwood Branch Total</b>				<b>751,874.53</b>	<b>751,874.53</b>	<b>65,236.09</b>	<b>(468,770.73)</b>	<b>0.00</b>	<b>0.00</b>	<b>348,339.89</b>	<b>348,339.89</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2001ABC MF Fallbrook Apts	0.00	02/01/09	03/01/09	278,418.36	278,418.36		(190,249.48)			88,168.88	88,168.88	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	02/01/09	03/01/09	26,030.85	26,030.85		(193.49)			25,837.36	25,837.36	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	02/01/09	03/01/09	131.60	131.60	0.17				131.77	131.77	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	02/01/09	03/01/09	1,070,313.89	1,070,313.89		(689,685.00)			380,628.89	380,628.89	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	02/01/09	03/01/09	127,767.99	127,767.99	9,494.06				137,262.05	137,262.05	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	02/01/09	03/01/09	110,592.25	110,592.25		(55,432.04)			55,160.21	55,160.21	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.01	02/01/09	03/01/09	460,348.49	460,348.49		(211,516.43)			248,832.06	248,832.06	-	0.00
	<b>2001ABC MF Fallbrook Apts Total</b>				<b>2,073,603.43</b>	<b>2,073,603.43</b>	<b>9,494.23</b>	<b>(1,147,076.44)</b>	<b>0.00</b>	<b>0.00</b>	<b>936,021.22</b>	<b>936,021.22</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2001 MF Oak Hollow Apts	0.01	02/01/09	03/01/09	36,470.05	36,470.05		(11,427.14)			25,042.91	25,042.91	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.01	02/01/09	03/01/09	42,909.96	42,909.96	8,845.04				51,755.00	51,755.00	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.01	02/01/09	03/01/09	56,297.37	56,297.37		(187.50)			56,109.87	56,109.87	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.01	02/01/09	03/01/09	119,241.98	119,241.98		(69,590.04)			49,651.94	49,651.94	-	0.00
	<b>2001 MF Oak Hollow Apts Total</b>				<b>254,919.36</b>	<b>254,919.36</b>	<b>8,845.04</b>	<b>(81,204.68)</b>	<b>0.00</b>	<b>0.00</b>	<b>182,559.72</b>	<b>182,559.72</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2001AB MF Hillside Apts	0.01	02/01/09	03/01/09	28,924.42	28,924.42		(18,912.38)			10,012.04	10,012.04	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.01	02/01/09	03/01/09	49,270.95	49,270.95	12,971.00				62,241.95	62,241.95	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.01	02/01/09	03/01/09	101,231.26	101,231.26		(1.82)			101,229.44	101,229.44	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.01	02/01/09	03/01/09	188,567.59	188,567.59		(110,261.25)			78,306.34	78,306.34	-	0.00
	<b>2001AB MF Hillside Apts Total</b>				<b>367,994.22</b>	<b>367,994.22</b>	<b>12,971.00</b>	<b>(129,175.45)</b>	<b>0.00</b>	<b>0.00</b>	<b>251,789.77</b>	<b>251,789.77</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002A MF Millstone Apts	0.01	02/01/09	03/01/09	14,780.96	14,780.96		(8,871.68)			5,909.28	5,909.28	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	02/01/09	03/01/09	131,790.74	131,790.74	10,343.75				142,134.49	142,134.49	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	02/01/09	03/01/09	31,449.79	31,449.79	86,792.59				118,242.38	118,242.38	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	02/01/09	03/01/09	49,768.76	49,768.76	27,083.73				76,852.49	76,852.49	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	02/01/09	03/01/09	71,281.40	71,281.40		(43,330.84)			27,950.56	27,950.56	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	02/01/09	03/01/09	251,447.11	251,447.11		(150,130.44)			101,316.67	101,316.67	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.01	02/01/09	03/01/09	192,170.04	192,170.04		(146,736.56)			45,433.48	45,433.48	-	0.00
	<b>2002A MF Millstone Apts Total</b>				<b>742,688.80</b>	<b>742,688.80</b>	<b>124,220.07</b>	<b>(349,069.52)</b>	<b>0.00</b>	<b>0.00</b>	<b>517,839.35</b>	<b>517,839.35</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF SugarCreek Apts	0.01	02/01/09	03/01/09	275.19	275.19	0.00				275.19	275.19	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.01	02/01/09	03/01/09	399,182.19	399,182.19		(239,525.69)			159,656.50	159,656.50	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.01	02/01/09	03/01/09	3,487.79	3,487.79	14,257.27				17,745.06	17,745.06	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.01	02/01/09	03/01/09	0.05	0.05	0.00				0.05	0.05	-	0.00
	<b>2002 MF SugarCreek Apts Total</b>				<b>402,945.22</b>	<b>402,945.22</b>	<b>14,257.27</b>	<b>(239,525.69)</b>	<b>0.00</b>	<b>0.00</b>	<b>177,676.80</b>	<b>177,676.80</b>	<b>0.00</b>	<b>0.00</b>

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Mutual Fund	2002 MF West Oaks Apts	0.01	02/01/09	03/01/09	879.82	879.82	0.41				880.23	880.23	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.01	02/01/09	03/01/09	206,773.43	206,773.43	9,509.69				216,283.12	216,283.12	-	0.00
Money Market	2002 MF West Oaks Apts	0.01	02/01/09	03/01/09	16,253.11	16,253.11		(14,512.98)			1,740.13	1,740.13	-	0.00
Mutual Fund	2002 MF West Oaks Apts				88,975.45	88,975.45		(88,975.45)					-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.01	02/01/09	03/01/09	354,748.28	354,748.28		(63,493.14)			291,255.14	291,255.14	-	0.00
	<b>2002 MF West Oaks Apts Total</b>				<b>667,630.09</b>	<b>667,630.09</b>	<b>9,510.10</b>	<b>(166,981.57)</b>	<b>0.00</b>	<b>0.00</b>	<b>510,158.62</b>	<b>510,158.62</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Park Meadows Apts	0.00	02/01/09	03/01/09	3,380.42	3,380.42		(2,749.97)			630.45	630.45	-	0.00
Mutual Fund	2002 MF Park Meadows Apts	0.00	02/01/09	03/01/09	233,545.27	233,545.27		(83,816.62)			149,728.65	149,728.65	-	0.00
Mutual Fund	2002 MF Park Meadows Apts	0.00	02/01/09	03/01/09	52.41	52.41	0.00				52.41	52.41	-	0.00
	<b>2002 MF Park Meadows Apts Total</b>				<b>236,978.10</b>	<b>236,978.10</b>	<b>0.00</b>	<b>(86,566.59)</b>	<b>0.00</b>	<b>0.00</b>	<b>150,411.51</b>	<b>150,411.51</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Clarkridge Villas Apts	0.01	02/01/09	03/01/09	13,636.63	13,636.63	8,120.29				21,766.92	21,766.92	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	0.01	02/01/09	03/01/09	142,361.24	142,361.24	10,561.70				152,922.94	152,922.94	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	0.01	02/01/09	03/01/09	117,499.47	117,499.47	133.50				117,632.97	117,632.97	-	0.00
Money Market	2002 MF Clarkridge Villas Apts	0.01	02/01/09	03/01/09	245,585.80	245,585.80		(130,758.52)			114,827.28	114,827.28	-	0.00
	<b>2002 MF Clarkridge Villas Apts Total</b>				<b>519,083.14</b>	<b>519,083.14</b>	<b>18,815.49</b>	<b>(130,758.52)</b>	<b>0.00</b>	<b>0.00</b>	<b>407,140.11</b>	<b>407,140.11</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Hickory Trace Apts	0.01	02/01/09	03/01/09	2,057.22	2,057.22	6,377.34				8,434.56	8,434.56	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.01	02/01/09	03/01/09	63,463.62	63,463.62		(12,866.93)			50,596.69	50,596.69	-	0.00
Money Market	2002 MF Hickory Trace Apts	0.01	02/01/09	03/01/09	91,297.59	91,297.59	0.00				91,297.59	91,297.59	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.01	02/01/09	03/01/09	153,852.99	153,852.99		(86,859.81)			66,993.18	66,993.18	-	0.00
	<b>2002 MF Hickory Trace Apts Total</b>				<b>310,671.42</b>	<b>310,671.42</b>	<b>6,377.34</b>	<b>(99,726.74)</b>	<b>0.00</b>	<b>0.00</b>	<b>217,322.02</b>	<b>217,322.02</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Green Crest Apts	0.01	02/01/09	03/01/09	124,608.36	124,608.36		(51,753.60)			72,854.76	72,854.76	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.01	02/01/09	03/01/09	115,202.28	115,202.28	9,654.56				124,856.84	124,856.84	-	0.00
Mutual Fund	2002 MF Green Crest Apts				102,381.65	102,381.65		(102,381.65)					-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.01	02/01/09	03/01/09	1,114.58	1,114.58	280.55				1,395.13	1,395.13	-	0.00
	<b>2002 MF Green Crest Apts Total</b>				<b>343,306.87</b>	<b>343,306.87</b>	<b>9,935.11</b>	<b>(154,135.25)</b>	<b>0.00</b>	<b>0.00</b>	<b>199,106.73</b>	<b>199,106.73</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Ironwood Apts	0.01	02/01/09	03/01/09	521,698.07	521,698.07		(230,564.46)			291,133.61	291,133.61	-	0.00
Mutual Fund	2002 MF Ironwood Apts	0.01	02/01/09	03/01/09	3,995.59	3,995.59	1.11				3,996.70	3,996.70	-	0.00
Mutual Fund	2002 MF Ironwood Apts	0.01	02/01/09	03/01/09	9,704.38	9,704.38	4.84				9,709.22	9,709.22	-	0.00
Mutual Fund	2002 MF Ironwood Apts	0.01	02/01/09	03/01/09	892.96	892.96	0.25				893.21	893.21	-	0.00
	<b>2002 MF Ironwood Apts Total</b>				<b>536,291.00</b>	<b>536,291.00</b>	<b>6.20</b>	<b>(230,564.46)</b>	<b>0.00</b>	<b>0.00</b>	<b>305,732.74</b>	<b>305,732.74</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2002 MF Woodway Village	0.00	02/01/09	03/01/09	2,695.77	2,695.77	8,194.71				10,890.48	10,890.48	-	0.00
Mutual Fund	2002 MF Woodway Village	0.00	02/01/09	03/01/09	270,141.41	270,141.41		(136,018.53)			134,122.88	134,122.88	-	0.00
	<b>2002 MF Woodway Village Total</b>				<b>272,837.18</b>	<b>272,837.18</b>	<b>8,194.71</b>	<b>(136,018.53)</b>	<b>0.00</b>	<b>0.00</b>	<b>145,013.36</b>	<b>145,013.36</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2003 AB MF Reading Road	0.00	02/01/09	03/01/09	15,256.87	15,256.87		(15,191.76)			65.11	65.11	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	02/01/09	03/01/09	62,493.56	62,493.56		(37,343.74)			25,149.82	25,149.82	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	02/01/09	03/01/09	19,687.79	19,687.79		(11,663.97)			8,023.82	8,023.82	-	0.00
Money Market	2003 AB MF Reading Road	0.00	02/01/09	03/01/09	7.96	7.96	0.00				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	02/01/09	03/01/09	7.96	7.96	0.00				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	02/01/09	03/01/09	21,013.96	21,013.96	50,580.00				71,593.96	71,593.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.00	02/01/09	03/01/09	0.16	0.16	0.00				0.16	0.16	-	0.00
	<b>2003 AB MF Reading Road Total</b>				<b>118,468.26</b>	<b>118,468.26</b>	<b>50,580.00</b>	<b>(64,199.47)</b>	<b>0.00</b>	<b>0.00</b>	<b>104,848.79</b>	<b>104,848.79</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2003 AB MF North Vista Apts	0.33	02/01/09	03/01/09	173,006.27	173,006.27		(172,961.03)			45.24	45.24	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.33	02/01/09	03/01/09	397.57	397.57	0.91				398.58	398.58	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.33	02/01/09	03/01/09	61,457.00	61,457.00	168,067.02				229,524.02	229,524.02	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.33	02/01/09	03/01/09	144,577.76	144,577.76	286.45				144,866.21	144,866.21	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.33	02/01/09	03/01/09	22,397.41	22,397.41	38.31				22,435.72	22,435.72	-	0.00
Money Market	2003 AB MF North Vista Apts	0.01	02/01/09	03/01/09	87,545.61	87,545.61		(84,922.71)			2,622.90	2,622.90	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.33	02/01/09	03/01/09	255,282.33	255,282.33		(249,484.56)			5,817.77	5,817.77	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.33	02/01/09	03/01/09	27,398.56	27,398.56		(24,280.04)			3,118.52	3,118.52	-	0.00
	<b>2003 AB MF North Vista Apts Total</b>				<b>772,062.61</b>	<b>772,062.61</b>	<b>168,394.69</b>	<b>(531,628.34)</b>	<b>0.00</b>	<b>0.00</b>	<b>408,828.96</b>	<b>408,828.96</b>	<b>0.00</b>	<b>0.00</b>

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Mutual Fund	2003 AB MF West Virginia Apts	0.62	02/01/09	03/01/09	30,733.43	30,733.43		(19,576.85)			11,156.58	11,156.58	-	0.00
Money Market	2003 AB MF West Virginia Apts	0.62	02/01/09	03/01/09	101,802.10	101,802.10	276.03				102,078.13	102,078.13	-	0.00
Money Market	2003 AB MF West Virginia Apts	0.62	02/01/09	03/01/09	217,250.03	217,250.03		(192,625.63)			24,624.40	24,624.40	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.62	02/01/09	03/01/09	11,084.08	11,084.08	232,710.57				243,794.65	243,794.65	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.62	02/01/09	03/01/09	12,855.86	12,855.86	29.92				12,885.78	12,885.78	-	0.00
Money Market	2003 AB MF West Virginia Apts	0.62	02/01/09	03/01/09	68,078.71	68,078.71		(59,915.26)			8,163.45	8,163.45	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.62	02/01/09	03/01/09	218,354.58	218,354.58		(180,085.74)			38,268.84	38,268.84	-	0.00
	<b>2003 AB MF West Virginia Apts Total</b>				<b>660,158.79</b>	<b>660,158.79</b>	<b>233,016.52</b>	<b>(452,203.48)</b>	<b>0.00</b>	<b>0.00</b>	<b>440,971.83</b>	<b>440,971.83</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2003AB MF Sphinx @ Murdeaux	0.01	02/01/09	03/01/09	2,102.26	2,102.26		(315.80)			1,786.46	1,786.46	-	0.00
GNMA	2003AB MF Sphinx @ Murdeaux	5.10	12/30/04	12/15/42	14,554,098.10	14,554,098.10			(37,833.43)		14,516,264.67	14,516,264.67	-	0.00
Inv Agmt	2003AB MF Sphinx @ Murdeaux	2.51	05/13/03	12/01/42	377,443.63	377,443.63		(226,104.07)			151,339.56	151,339.56	-	0.00
	<b>2003AB MF Sphinx @ Murdeaux Total</b>				<b>14,933,643.99</b>	<b>14,933,643.99</b>	<b>0.00</b>	<b>(226,419.87)</b>	<b>(37,833.43)</b>	<b>0.00</b>	<b>14,669,390.69</b>	<b>14,669,390.69</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2003 AB MF Primrose Houston	0.01	02/01/09	03/01/09	99,846.62	99,846.62		(18.62)			99,828.00	99,828.00	-	0.00
Money Market	2003 AB MF Primrose Houston	0.01	02/01/09	03/01/09	2,722.52	2,722.52	5,733.04				8,455.56	8,455.56	-	0.00
	<b>2003 AB MF Primrose Houston Total</b>				<b>102,569.14</b>	<b>102,569.14</b>	<b>5,733.04</b>	<b>(18.62)</b>	<b>0.00</b>	<b>0.00</b>	<b>108,283.56</b>	<b>108,283.56</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2003 AB MF Timber Oaks Apts	0.01	02/01/09	03/01/09	16,088.18	16,088.18	14,069.80				30,157.98	30,157.98	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.01	02/01/09	03/01/09	187,610.28	187,610.28	14,533.50				202,143.78	202,143.78	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.01	02/01/09	03/01/09	93,926.94	93,926.94		(93,926.79)			0.15	0.15	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.01	02/01/09	03/01/09	12,129.10	12,129.10	4,284.80				16,413.90	16,413.90	-	0.00
	<b>2003 AB MF Timber Oaks Apts Total</b>				<b>309,754.50</b>	<b>309,754.50</b>	<b>32,888.10</b>	<b>(93,926.79)</b>	<b>0.00</b>	<b>0.00</b>	<b>248,715.81</b>	<b>248,715.81</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2003 AB MF Ash Creek	0.01	02/01/09	03/01/09	1,214.04	1,214.04	1.68				1,215.72	1,215.72	-	0.00
Mutual Fund	2003 AB MF Ash Creek	0.01	02/01/09	03/01/09	4,828.48	4,828.48	0.00				4,828.48	4,828.48	-	0.00
Mutual Fund	2003 AB MF Ash Creek	0.01	02/01/09	03/01/09	99,297.66	99,297.66		(25.84)			99,271.82	99,271.82	-	0.00
Money Market	2003 AB MF Ash Creek	0.01	02/01/09	03/01/09			5,598.99				5,598.99	5,598.99	-	0.00
	<b>2003 AB MF Ash Creek Total</b>				<b>105,340.18</b>	<b>105,340.18</b>	<b>5,600.67</b>	<b>(25.84)</b>	<b>0.00</b>	<b>0.00</b>	<b>110,915.01</b>	<b>110,915.01</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2003 AB MF Peninsula	0.01	02/01/09	03/01/09	136,841.93	136,841.93	204,944.50				341,786.43	341,786.43	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.01	02/01/09	03/01/09	143.00	143.00	0.29				143.29	143.29	-	0.00
	<b>2003 AB MF Peninsula Total</b>				<b>136,984.93</b>	<b>136,984.93</b>	<b>204,944.79</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>341,929.72</b>	<b>341,929.72</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.01	02/01/09	03/01/09	31.41	31.41	0.01				31.42	31.42	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.01	02/01/09	03/01/09	100,885.67	100,885.67	9,694.80				110,580.47	110,580.47	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.01	02/01/09	03/01/09	81,616.32	81,616.32	3.61				81,619.93	81,619.93	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.01	02/01/09	03/01/09	1,012.45	1,012.45	0.28				1,012.73	1,012.73	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.01	02/01/09	03/01/09	0.03	0.03	0.00				0.03	0.03	-	0.00
Money Market	2003 A MF Evergreen @ Mesquite	0.01	02/01/09	03/01/09	37.63	37.63	0.01				37.64	37.64	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.01	02/01/09	03/01/09	18,467.71	18,467.71	4,104.90				22,572.61	22,572.61	-	0.00
	<b>2003 A MF Evergreen @ Mesquite Total</b>				<b>202,051.22</b>	<b>202,051.22</b>	<b>13,803.61</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>215,854.83</b>	<b>215,854.83</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2003 AB Arlington Villas	0.01	02/01/09	03/01/09	108,350.62	108,350.62	38.78				108,389.40	108,389.40	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.01	02/01/09	03/01/09	7,736.90	7,736.90	5,969.74				13,606.64	13,606.64	-	0.00
	<b>2003 AB Arlington Villas Total</b>				<b>116,087.52</b>	<b>116,087.52</b>	<b>5,908.52</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>121,996.04</b>	<b>121,996.04</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2003 AB Parkview Twnhms	0.01	02/01/09	03/01/09	6,548.44	6,548.44		(838.08)			5,710.36	5,710.36	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.01	02/01/09	03/01/09	78,624.48	78,624.48	36.94				78,661.42	78,661.42	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.01	02/01/09	03/01/09	68.49	68.49		(68.20)			0.29	0.29	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.01	02/01/09	03/01/09	409.03	409.03		(0.28)			408.75	408.75	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.01	02/01/09	03/01/09	221,001.01	221,001.01	103.81				221,104.82	221,104.82	-	0.00
	<b>2003 AB Parkview Twnhms Total</b>				<b>306,651.45</b>	<b>306,651.45</b>	<b>140.75</b>	<b>(906.56)</b>	<b>0.00</b>	<b>0.00</b>	<b>305,885.64</b>	<b>305,885.64</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2003 MF NHP-Asmara-Refunding	0.01	02/01/09	03/01/09	166,846.81	166,846.81	95,247.15				262,093.96	262,093.96	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	0.01	02/01/09	03/01/09	90,202.69	90,202.69		(53,329.68)			36,873.01	36,873.01	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	0.01	02/01/09	03/01/09	670.56	670.56	0.00				670.56	670.56	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	0.01	02/01/09	03/01/09	99,551.28	99,551.28	27.58				99,578.86	99,578.86	-	0.00
	<b>2003 MF NHP-Asmara-Refunding Total</b>				<b>357,271.34</b>	<b>357,271.34</b>	<b>95,274.73</b>	<b>(53,329.68)</b>	<b>0.00</b>	<b>0.00</b>	<b>399,216.39</b>	<b>399,216.39</b>	<b>0.00</b>	<b>0.00</b>

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Money Market	2004 A&B Timber Ridge	0.01	02/01/09	03/01/09	16,613.60	16,613.60		(11,704.93)			4,908.67	4,908.67	-	0.00
Money Market	2004 A&B Timber Ridge	0.01	02/01/09	03/01/09	52,289.95	52,289.95	630.86				52,920.81	52,920.81	-	0.00
	<b>2004 A&amp;B Timber Ridge Total</b>				<b>68,903.55</b>	<b>68,903.55</b>	<b>630.86</b>	<b>(11,704.93)</b>	<b>0.00</b>	<b>0.00</b>	<b>57,829.48</b>	<b>57,829.48</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 A&B Century Park	0.01	02/01/09	03/01/09	40,010.98	40,010.98		(9,292.16)			30,718.82	30,718.82	-	0.00
Money Market	2004 A&B Century Park	0.01	02/01/09	03/01/09			46,512.54				46,512.54	46,512.54	-	0.00
Money Market	2004 A&B Century Park	0.01	02/01/09	03/01/09	139,143.47	139,143.47		(129,668.86)			9,474.61	9,474.61	-	0.00
Money Market	2004 A&B Century Park	0.01	02/01/09	03/01/09	18,134.96	18,134.96	101.75				18,236.71	18,236.71	-	0.00
Money Market	2004 A&B Century Park	0.01	02/01/09	03/01/09	70,000.00	70,000.00		(34,982.75)			35,017.25	35,017.25	-	0.00
Money Market	2004 A&B Century Park	0.01	02/01/09	03/01/09	96,035.22	96,035.22		(4,315.28)			91,719.94	91,719.94	-	0.00
Money Market	2004 A&B Century Park	0.01	02/01/09	03/01/09	263,940.00	263,940.00		(129,717.48)			134,222.52	134,222.52	-	0.00
	<b>2004 A&amp;B Century Park Total</b>				<b>627,264.63</b>	<b>627,264.63</b>	<b>46,614.29</b>	<b>(307,976.53)</b>	<b>0.00</b>	<b>0.00</b>	<b>365,902.39</b>	<b>365,902.39</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 A&B MF Veterans Memorial	0.01	02/01/09	03/01/09	0.17	0.17	0.00				0.17	0.17	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.01	02/01/09	03/01/09	345.51	345.51	0.16				345.67	345.67	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.01	02/01/09	03/01/09	64,197.20	64,197.20	30.16				64,227.36	64,227.36	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.01	02/01/09	03/01/09	0.19	0.19	0.08				0.27	0.27	-	0.00
Money Market	2004 A&B MF Veterans Memorial	0.01	02/01/09	03/01/09	0.91	0.91	0.00				0.91	0.91	-	0.00
	<b>2004 A&amp;B MF Veterans Memorial Total</b>				<b>64,543.98</b>	<b>64,543.98</b>	<b>30.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>64,574.38</b>	<b>64,574.38</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Rush Creek Apts	0.01	02/01/09	03/01/09	59,376.53	59,376.53	7,715.62				67,092.15	67,092.15	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	02/01/09	03/01/09	1,328.08	1,328.08	1.68				1,329.76	1,329.76	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	02/01/09	03/01/09	0.13	0.13	0.00				0.13	0.13	-	0.00
Money Market	2004 MF Rush Creek Apts				24.76	24.76		(24.76)					-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	02/01/09	03/01/09	73.15	73.15	0.10				73.25	73.25	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	02/01/09	03/01/09	20,252.63	20,252.63	25.70				20,278.33	20,278.33	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	02/01/09	03/01/09	19,029.97	19,029.97		(13,729.34)			5,300.63	5,300.63	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	02/01/09	03/01/09	163,751.34	163,751.34		(118,702.23)			45,049.11	45,049.11	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	02/01/09	03/01/09	0.30	0.30	0.00				0.30	0.30	-	0.00
Money Market	2004 MF Rush Creek Apts	0.01	02/01/09	03/01/09	325.30	325.30	0.41				325.71	325.71	-	0.00
	<b>2004 MF Rush Creek Apts Total</b>				<b>264,162.19</b>	<b>264,162.19</b>	<b>7,743.51</b>	<b>(132,456.33)</b>	<b>0.00</b>	<b>0.00</b>	<b>139,449.37</b>	<b>139,449.37</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Humble Parkway	0.01	02/01/09	03/01/09	97,448.83	97,448.83	10,924.35				108,373.18	108,373.18	-	0.00
Money Market	2004 MF Humble Parkway	0.01	02/01/09	03/01/09	170,573.89	170,573.89		(109,483.06)			61,090.83	61,090.83	-	0.00
Money Market	2004 MF Humble Parkway	0.01	02/01/09	03/01/09	9.04	9.04		(6.73)			2.31	2.31	-	0.00
Inv Agmt	2004 MF Humble Parkway	3.65	11/16/05	02/01/10	318,723.48	318,723.48		(213,401.43)			105,322.05	105,322.05	-	0.00
Money Market	2004 MF Humble Parkway	0.01	02/01/09	03/01/09	10,682.20	10,682.20		(5,378.67)			5,303.53	5,303.53	-	0.00
	<b>2004 MF Humble Parkway Total</b>				<b>597,437.44</b>	<b>597,437.44</b>	<b>10,924.35</b>	<b>(328,269.89)</b>	<b>0.00</b>	<b>0.00</b>	<b>280,091.90</b>	<b>280,091.90</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Chisholm Trail Apts	0.24	02/01/09	03/01/09	1,445.52	1,445.52	0.00				1,445.52	1,445.52	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.01	02/01/09	03/01/09	162,607.04	162,607.04		(62,174.36)			100,432.68	100,432.68	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.24	02/01/09	03/01/09	2,244.46	2,244.46	17.85				2,262.31	2,262.31	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.24	02/01/09	03/01/09	14,069.71	14,069.71	477.32				14,547.03	14,547.03	-	0.00
	<b>2004 MF Chisholm Trail Apts Total</b>				<b>180,366.73</b>	<b>180,366.73</b>	<b>495.17</b>	<b>(62,174.36)</b>	<b>0.00</b>	<b>0.00</b>	<b>118,687.54</b>	<b>118,687.54</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Evergreen at Plano	0.24	02/01/09	03/01/09	196,468.29	196,468.29		(78,219.54)			118,248.75	118,248.75	-	0.00
Money Market	2004 MF Evergreen at Plano	0.24	02/01/09	03/01/09	15,049.80	15,049.80	4,170.79				19,220.59	19,220.59	-	0.00
Money Market	2004 MF Evergreen at Plano	0.24	02/01/09	03/01/09	2,171.63	2,171.63	0.59				2,172.22	2,172.22	-	0.00
Money Market	2004 MF Evergreen at Plano	0.24	02/01/09	03/01/09	6,995.30	6,995.30	115.22				7,110.52	7,110.52	-	0.00
Money Market	2004 MF Evergreen at Plano	0.24	02/01/09	03/01/09	79,971.76	79,971.76		(79,891.42)			80.34	80.34	-	0.00
Money Market	2004 MF Evergreen at Plano	0.24	02/01/09	03/01/09	1,031.43	1,031.43	130.53				1,161.96	1,161.96	-	0.00
Money Market	2004 MF Evergreen at Plano	0.24	02/01/09	03/01/09	156,864.98	156,864.98	13,175.63				170,040.61	170,040.61	-	0.00
	<b>2004 MF Evergreen at Plano Total</b>				<b>458,553.19</b>	<b>458,553.19</b>	<b>17,892.76</b>	<b>(158,110.95)</b>	<b>0.00</b>	<b>0.00</b>	<b>318,034.99</b>	<b>318,034.99</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Montgomery Pines Apts	0.24	02/01/09	03/01/09	9,136.58	9,136.58	5,169.27				14,305.85	14,305.85	-	0.00
Money Market	2004 MF Montgomery Pines Apts	0.24	02/01/09	03/01/09			27,965.77				27,965.77	27,965.77	-	0.00
Money Market	2004 MF Montgomery Pines Apts				33.80	33.80		(33.80)					-	0.00
Money Market	2004 MF Montgomery Pines Apts	0.24	02/01/09	03/01/09	1,051.12	1,051.12	35.63				1,086.75	1,086.75	-	0.00
	<b>2004 MF Montgomery Pines Apts Total</b>				<b>10,221.50</b>	<b>10,221.50</b>	<b>33,170.67</b>	<b>(33.80)</b>	<b>0.00</b>	<b>0.00</b>	<b>43,358.37</b>	<b>43,358.37</b>	<b>0.00</b>	<b>0.00</b>

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Money Market	2004 MF Bristol Apts	0.24	02/01/09	03/01/09	227.23	227.23	165.35				392.58	392.58	-	0.00
Money Market	2004 MF Bristol Apts				16.52	16.52		(16.52)					-	0.00
Money Market	2004 MF Bristol Apts				99.58	99.58		(99.58)					-	0.00
Money Market	2004 MF Bristol Apts	0.24	02/01/09	03/01/09	0.02	0.02	0.02				0.04	0.04	-	0.00
Money Market	2004 MF Bristol Apts	0.24	02/01/09	03/01/09	15,174.69	15,174.69	6,529.87				21,704.56	21,704.56	-	0.00
Money Market	2004 MF Bristol Apts				49.12	49.12		(49.12)					-	0.00
Money Market	2004 MF Bristol Apts	0.24	02/01/09	03/01/09	104,705.50	104,705.50		(76,609.73)			28,095.77	28,095.77	-	0.00
Money Market	2004 MF Bristol Apts				0.05	0.05		(0.05)					-	0.00
	<b>2004 MF Bristol Apts Total</b>				<b>120,272.71</b>	<b>120,272.71</b>	<b>6,695.24</b>	<b>(76,775.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>50,192.95</b>	<b>50,192.95</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Pinnacle Apts	0.24	02/01/09	03/01/09	12,193.90	12,193.90		(3,112.87)			9,081.03	9,081.03	-	0.00
Money Market	2004 MF Pinnacle Apts	0.24	02/01/09	03/01/09	121,534.77	121,534.77	27,156.35				148,691.12	148,691.12	-	0.00
Money Market	2004 MF Pinnacle Apts	0.24	02/01/09	03/01/09	1,023.00	1,023.00	0.28				1,023.28	1,023.28	-	0.00
Money Market	2004 MF Pinnacle Apts	0.24	02/01/09	03/01/09	51.50	51.50	0.01				51.51	51.51	-	0.00
Money Market	2004 MF Pinnacle Apts	0.24	02/01/09	03/01/09	0.06	0.06	0.02				0.08	0.08	-	0.00
Money Market	2004 MF Pinnacle Apts	0.24	02/01/09	03/01/09	238.94	238.94	0.06				239.00	239.00	-	0.00
Money Market	2004 MF Pinnacle Apts	0.24	02/01/09	03/01/09	44.32	44.32	0.01				44.33	44.33	-	0.00
	<b>2004 MF Pinnacle Apts Total</b>				<b>135,086.49</b>	<b>135,086.49</b>	<b>27,156.73</b>	<b>(3,112.87)</b>	<b>0.00</b>	<b>0.00</b>	<b>159,130.35</b>	<b>159,130.35</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Tranquility Bay Apts	0.24	02/01/09	03/01/09	90,668.33	90,668.33	12,326.04				102,994.37	102,994.37	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.24	02/01/09	03/01/09	261.44	261.44	0.07				261.51	261.51	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.24	02/01/09	03/01/09	1,175.28	1,175.28	0.34				1,175.62	1,175.62	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.24	02/01/09	03/01/09	343,326.48	343,326.48		(79,975.00)			263,351.48	263,351.48	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.24	02/01/09	03/01/09	41,084.64	41,084.64	2,254.55				43,339.19	43,339.19	-	0.00
Money Market	2004 MF Tranquility Bay Apts	0.24	02/01/09	03/01/09	1.96	1.96	0.00				1.96	1.96	-	0.00
	<b>2004 MF Tranquility Bay Apts Total</b>				<b>476,518.13</b>	<b>476,518.13</b>	<b>14,581.00</b>	<b>(79,975.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>411,124.13</b>	<b>411,124.13</b>	<b>0.00</b>	<b>0.00</b>
GNMA	2004 MF Sphinx @ Delafield	5.42	03/01/06	01/15/44	11,119,053.15	11,119,053.15			(25,096.14)		11,093,957.01	11,093,957.01	-	0.00
Inv Agmt	2004 MF Sphinx @ Delafield	3.00	11/22/04	01/20/44	237,428.02	237,428.02		(177,253.56)			60,174.46	60,174.46	-	0.00
Money Market	2004 MF Sphinx @ Delafield	0.01	02/01/09	03/01/09	5,637.27	5,637.27	2,480.04				8,117.31	8,117.31	-	0.00
	<b>2004 MF Sphinx @ Delafield Total</b>				<b>11,362,118.44</b>	<b>11,362,118.44</b>	<b>2,480.04</b>	<b>(177,253.56)</b>	<b>(25,096.14)</b>	<b>0.00</b>	<b>11,162,248.78</b>	<b>11,162,248.78</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Churchill @ Pinnacle	0.24	02/01/09	03/01/09	8,436.74	8,436.74	2.31				8,439.05	8,439.05	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.24	02/01/09	03/01/09	319,363.87	319,363.87		(116,779.04)			202,584.83	202,584.83	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.24	02/01/09	03/01/09	358.73	358.73	0.10				358.83	358.83	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.24	02/01/09	03/01/09	124,916.78	124,916.78	7,004.01				131,920.79	131,920.79	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.24	02/01/09	03/01/09	5,892.53	5,892.53		(5,890.12)			2.41	2.41	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.24	02/01/09	03/01/09	54,721.33	54,721.33		(54,636.94)			84.39	84.39	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.24	02/01/09	03/01/09	752.97	752.97	0.82				753.79	753.79	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	0.24	02/01/09	03/01/09	18,643.37	18,643.37	330.28				18,973.65	18,973.65	-	0.00
	<b>2004 MF Churchill @ Pinnacle Total</b>				<b>533,086.32</b>	<b>533,086.32</b>	<b>7,337.52</b>	<b>(177,306.10)</b>	<b>0.00</b>	<b>0.00</b>	<b>363,117.74</b>	<b>363,117.74</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 A/B MF Post Oak East Apts	0.24	02/01/09	03/01/09	3,041.10	3,041.10	0.83				3,041.93	3,041.93	-	0.00
Money Market	2004 A/B MF Post Oak East Apts	0.24	02/01/09	03/01/09	2.89	2.89	0.00				2.89	2.89	-	0.00
Money Market	2004 A/B MF Post Oak East Apts	0.24	02/01/09	03/01/09	6.01	6.01	0.00				6.01	6.01	-	0.00
	<b>2004 A/B MF Post Oak East Apts Total</b>				<b>3,050.00</b>	<b>3,050.00</b>	<b>0.83</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,050.83</b>	<b>3,050.83</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Village Fair	0.01	02/01/09	03/01/09	254,764.21	254,764.21		(106,384.49)			148,379.72	148,379.72	-	0.00
Money Market	2004 MF Village Fair	0.01	02/01/09	03/01/09	111,937.18	111,937.18		(248.30)			111,688.88	111,688.88	-	0.00
Money Market	2004 MF Village Fair	0.01	02/01/09	03/01/09	2.37	2.37	6.15				8.52	8.52	-	0.00
Money Market	2004 MF Village Fair	0.01	02/01/09	03/01/09	30,207.00	30,207.00		(20,383.09)			9,823.91	9,823.91	-	0.00
	<b>2004 MF Village Fair Total</b>				<b>396,910.76</b>	<b>396,910.76</b>	<b>6.15</b>	<b>(127,015.88)</b>	<b>0.00</b>	<b>0.00</b>	<b>269,901.03</b>	<b>269,901.03</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF Pecan Grove	0.01	02/01/09	03/01/09	605.47	605.47		(605.13)			0.34	0.34	-	0.00
Money Market	2005 MF Pecan Grove	0.01	02/01/09	03/01/09	0.02	0.02	0.00				0.02	0.02	-	0.00
	<b>2005 MF Pecan Grove Total</b>				<b>605.49</b>	<b>605.49</b>	<b>0.00</b>	<b>(605.13)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.36</b>	<b>0.36</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF Prairie Oaks	0.01	02/01/09	03/01/09	31,173.01	31,173.01		(13,241.03)			17,931.98	17,931.98	-	0.00
Money Market	2005 MF Prairie Oaks	0.01	02/01/09	03/01/09	70,949.37	70,949.37	2,974.59				73,923.96	73,923.96	-	0.00
Money Market	2005 MF Prairie Oaks	0.01	02/01/09	03/01/09	371,187.09	371,187.09	174.34				371,361.43	371,361.43	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Money Market	2005 MF Prairie Oaks	0.01	02/01/09	03/01/09	25,561.43	25,561.43	12.01				25,573.44	25,573.44	-	0.00
Money Market	2005 MF Prairie Oaks	0.01	02/01/09	03/01/09	89,190.46	89,190.46		(0.03)			89,190.43	89,190.43	-	0.00
Money Market	2005 MF Prairie Oaks	0.01	02/01/09	03/01/09	205,067.78	205,067.78		(112,422.52)			92,645.26	92,645.26	-	0.00
	<b>2005 MF Prairie Oaks Total</b>				<b>793,129.14</b>	<b>793,129.14</b>	<b>3,160.94</b>	<b>(125,663.58)</b>	<b>0.00</b>	<b>0.00</b>	<b>670,626.50</b>	<b>670,626.50</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF Port Royal	0.01	02/01/09	03/01/09	447.78	447.78		(447.50)			0.28	0.28	-	0.00
	<b>2005 MF Port Royal Total</b>				<b>447.78</b>	<b>447.78</b>	<b>0.00</b>	<b>(447.50)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.28</b>	<b>0.28</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF Mission Del Rio				6.83	6.83		(6.83)					-	0.00
Money Market	2005 MF Mission Del Rio	0.01	02/01/09	03/01/09	470,120.52	470,120.52		(464,995.79)			5,124.73	5,124.73	-	0.00
Money Market	2005 MF Mission Del Rio	0.01	02/01/09	03/01/09	2,105.03	2,105.03		(0.15)			2,104.88	2,104.88	-	0.00
Money Market	2005 MF Mission Del Rio	0.01	02/01/09	03/01/09	20,010.93	20,010.93		(20,010.84)			0.09	0.09	-	0.00
Money Market	2005 MF Mission Del Rio	0.01	02/01/09	03/01/09	340,067.54	340,067.54		(340,008.87)			58.67	58.67	-	0.00
Money Market	2005 MF Mission Del Rio	0.01	02/01/09	03/01/09	2,350.97	2,350.97		(2,350.13)			0.84	0.84	-	0.00
	<b>2005 MF Mission Del Rio Total</b>				<b>834,661.82</b>	<b>834,661.82</b>	<b>0.00</b>	<b>(827,372.61)</b>	<b>0.00</b>	<b>0.00</b>	<b>7,289.21</b>	<b>7,289.21</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF Atascocita Apts	0.01	02/01/09	03/01/09	18,545.97	18,545.97	6,603.43				25,149.40	25,149.40	-	0.00
Money Market	2005 MF Atascocita Apts	0.01	02/01/09	03/01/09	27.00	27.00	0.00				27.00	27.00	-	0.00
Money Market	2005 MF Atascocita Apts	0.01	02/01/09	03/01/09	35,106.35	35,106.35	28,223.60				63,329.95	63,329.95	-	0.00
	<b>2005 MF Atascocita Apts Total</b>				<b>53,679.32</b>	<b>53,679.32</b>	<b>34,827.03</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>88,506.35</b>	<b>88,506.35</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF Tower Ridge	0.00	02/01/09	03/01/09	21,818.98	21,818.98	9,619.98				31,438.96	31,438.96	-	0.00
Money Market	2005 MF Tower Ridge	0.00	02/01/09	03/01/09	916.49	916.49	0.01				916.50	916.50	-	0.00
Money Market	2005 MF Tower Ridge	0.03	02/01/09	03/01/09	86.21	86.21	0.00				86.21	86.21	-	0.00
Money Market	2005 MF Tower Ridge	0.03	02/01/09	03/01/09	1,826.51	1,826.51	0.04				1,826.65	1,826.65	-	0.00
	<b>2005 MF Tower Ridge Total</b>				<b>24,648.29</b>	<b>24,648.29</b>	<b>9,620.03</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>34,268.32</b>	<b>34,268.32</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF Alta Cullen				0.05	0.05		(0.05)			0.00	0.00	-	0.00
	<b>2005 MF Alta Cullen Total</b>				<b>0.05</b>	<b>0.05</b>	<b>0.00</b>	<b>(0.05)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
GNMA	2005 MF Prairie Ranch	4.99	03/28/06	01/15/45	12,004,955.07	12,004,955.07			(28,075.27)		11,976,879.80	11,976,879.80	-	0.00
Inv Agmt	2005 MF Prairie Ranch	3.25	12/06/05	01/20/45	314,050.26	314,050.26		(180,311.63)			133,738.63	133,738.63	-	0.00
Money Market	2005 MF Prairie Ranch	0.01	02/01/09	03/01/09	3,583.19	3,583.19	0.99				3,584.18	3,584.18	-	0.00
Money Market	2005 MF Prairie Ranch	0.01	02/01/09	03/01/09	12,354.37	12,354.37	12,002.85				24,357.22	24,357.22	-	0.00
	<b>2005 MF Prairie Ranch Total</b>				<b>12,334,942.89</b>	<b>12,334,942.89</b>	<b>12,003.84</b>	<b>(180,311.63)</b>	<b>(28,075.27)</b>	<b>0.00</b>	<b>12,138,559.83</b>	<b>12,138,559.83</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF St. Augustine				42.44	42.44		(42.44)					-	0.00
Money Market	2005 MF St. Augustine	0.24	02/01/09	03/01/09	4,282.31	4,282.31		(4,282.26)			0.05	0.05	-	0.00
Money Market	2005 MF St. Augustine	0.24	02/01/09	03/01/09			13,564.97				13,564.97	13,564.97	-	0.00
Money Market	2005 MF St. Augustine	0.00	02/01/09	03/01/09	13,956.78	13,956.78	4,727.31				18,684.09	18,684.09	-	0.00
Money Market	2005 MF St. Augustine	0.24	02/01/09	03/01/09	25,549.63	25,549.63		(25,546.17)			3.46	3.46	-	0.00
	<b>2005 MF St. Augustine Total</b>				<b>43,831.16</b>	<b>43,831.16</b>	<b>18,292.28</b>	<b>(29,870.87)</b>	<b>0.00</b>	<b>0.00</b>	<b>32,252.57</b>	<b>32,252.57</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2005 MF Park Manor	0.09	02/01/09	03/01/09	75.38	75.38	25.83				101.21	101.21	-	0.00
Money Market	2005 MF Park Manor	0.09	02/01/09	03/01/09	118.71	118.71	0.22				118.93	118.93	-	0.00
Money Market	2005 MF Park Manor	0.09	02/01/09	03/01/09	14,502.59	14,502.59		(5,201.31)			9,301.28	9,301.28	-	0.00
	<b>2005 MF Park Manor Total</b>				<b>14,696.68</b>	<b>14,696.68</b>	<b>26.05</b>	<b>(5,201.31)</b>	<b>0.00</b>	<b>0.00</b>	<b>9,521.42</b>	<b>9,521.42</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF Pr Mockingbird	0.01	02/01/09	03/01/09	57,680.97	57,680.97		(6,492.74)			51,188.23	51,188.23	-	0.00
Money Market	2005 MF Pr Mockingbird	0.01	02/01/09	03/01/09	120,431.46	120,431.46		(97,953.77)			22,477.69	22,477.69	-	0.00
Money Market	2005 MF Pr Mockingbird	0.01	02/01/09	03/01/09	113,031.40	113,031.40		(1.76)			113,029.64	113,029.64	-	0.00
Money Market	2005 MF Pr Mockingbird	0.01	02/01/09	03/01/09	20,859.57	20,859.57	4,701.64				25,561.21	25,561.21	-	0.00
	<b>2005 MF Pr Mockingbird Total</b>				<b>312,003.40</b>	<b>312,003.40</b>	<b>4,701.64</b>	<b>(104,448.27)</b>	<b>0.00</b>	<b>0.00</b>	<b>212,256.77</b>	<b>212,256.77</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF PI @ Chase Oaks	0.24	02/01/09	03/01/09			411.00				411.00	411.00	-	0.00
Money Market	2005 MF PI @ Chase Oaks				410.94	410.94		(410.94)					-	0.00
Money Market	2005 MF PI @ Chase Oaks	0.24	02/01/09	03/01/09	119.96	119.96	0.04				120.00	120.00	-	0.00
	<b>2005 MF PI @ Chase Oaks Total</b>				<b>530.90</b>	<b>530.90</b>	<b>411.04</b>	<b>(410.94)</b>	<b>0.00</b>	<b>0.00</b>	<b>531.00</b>	<b>531.00</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2005 MF Canal Place	0.01	02/01/09	03/01/09	15,706.81	15,706.81	7,921.77				23,628.58	23,628.58	-	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Money Market	2005 MF Canal Place	0.01	02/01/09	03/01/09	101,578.74	101,578.74	85.34				101,664.08	101,664.08	-	0.00
Money Market	2005 MF Canal Place	0.01	02/01/09	03/01/09	9,240.75	9,240.75	6,132.62				15,373.37	15,373.37	-	0.00
	<b>2005 MF Canal Place Total</b>				126,526.30	126,526.30	14,139.73	0.00	0.00	0.00	140,666.03	140,666.03	0.00	0.00
Money Market	2006 MF Coral Hills	0.00	02/01/09	03/01/09	176,429.48	176,429.48		(89,036.54)			87,392.94	87,392.94	-	0.00
	<b>2006 MF Coral Hills Total</b>				176,429.48	176,429.48	0.00	(89,036.54)	0.00	0.00	87,392.94	87,392.94	0.00	0.00
Money Market	2006 MF Harris Branch	0.01	02/01/09	03/01/09	34,482.05	34,482.05	42,911.31				77,393.36	77,393.36	-	0.00
Money Market	2006 MF Harris Branch	0.01	02/01/09	03/01/09	4,731.06	4,731.06	2.22				4,733.28	4,733.28	-	0.00
Money Market	2006 MF Harris Branch	0.01	02/01/09	03/01/09	24,946.03	24,946.03	560.92				25,506.95	25,506.95	-	0.00
Money Market	2006 MF Harris Branch	0.01	02/01/09	03/01/09	3,554.15	3,554.15	1.66				3,555.81	3,555.81	-	0.00
Money Market	2006 MF Harris Branch	0.01	02/01/09	03/01/09	592.95	592.95	16,728.84				17,321.79	17,321.79	-	0.00
	<b>2006 MF Harris Branch Total</b>				68,306.24	68,306.24	60,204.95	0.00	0.00	0.00	128,511.19	128,511.19	0.00	0.00
Money Market	2006 MF Bella Vista	0.01	02/01/09	03/01/09	8,323.20	8,323.20	3.91				8,327.11	8,327.11	-	0.00
Money Market	2006 MF Bella Vista				2,565.95	2,565.95		(2,565.95)					-	0.00
Money Market	2006 MF Bella Vista	0.01	02/01/09	03/01/09	240,270.74	240,270.74	112.85				240,383.59	240,383.59	-	0.00
Money Market	2006 MF Bella Vista	0.01	02/01/09	03/01/09	30,013.32	30,013.32	12,366.80				42,380.12	42,380.12	-	0.00
Money Market	2006 MF Bella Vista	0.01	02/01/09	03/01/09	71,463.38	71,463.38	104,352.75				175,816.13	175,816.13	-	0.00
Money Market	2006 MF Bella Vista	0.01	02/01/09	03/01/09	6,336.63	6,336.63		(6,045.83)			290.80	290.80	-	0.00
Money Market	2006 MF Bella Vista	0.01	02/01/09	03/01/09	364.23	364.23	0.17				364.40	364.40	-	0.00
	<b>2006 MF Bella Vista Total</b>				359,337.45	359,337.45	116,836.48	(6,611.78)	0.00	0.00	467,562.15	467,562.15	0.00	0.00
Money Market	2006 MF Village Park	0.00	02/01/09	03/01/09	3.82	3.82	0.00				3.82	3.82	-	0.00
Money Market	2006 MF Village Park	0.00	02/01/09	03/01/09	424,845.66	424,845.66		(166,644.98)			258,200.68	258,200.68	-	0.00
	<b>2006 MF Village Park Total</b>				424,849.48	424,849.48	0.00	(166,644.98)	0.00	0.00	258,204.50	258,204.50	0.00	0.00
Money Market	2006 MF Oakmoor	0.24	02/01/09	03/01/09	16,886.28	16,886.28	13,433.33				30,319.61	30,319.61	-	0.00
Money Market	2006 MF Oakmoor	0.24	02/01/09	03/01/09	4,133.33	4,133.33	12,402.53				15,535.86	15,535.86	-	0.00
Money Market	2006 MF Oakmoor	0.24	02/01/09	03/01/09	879.00	879.00	1.59				880.69	880.69	-	0.00
Money Market	2006 MF Oakmoor	0.24	02/01/09	03/01/09	20,594.74	20,594.74	29,814.98				50,409.72	50,409.72	-	0.00
	<b>2006 MF Oakmoor Total</b>				42,493.35	42,493.35	55,652.53	0.00	0.00	0.00	98,145.88	98,145.88	0.00	0.00
Money Market	2006 MF Sunset Pointe	0.38	02/01/09	03/01/09	1,188.98	1,188.98	4.49				1,193.47	1,193.47	-	0.00
	<b>2006 MF Sunset Pointe Total</b>				1,188.98	1,188.98	4.49	0.00	0.00	0.00	1,193.47	1,193.47	0.00	0.00
Money Market	2006 MF Hillcrest	0.00	02/01/09	03/01/09	4,909.69	4,909.69	0.00				4,909.69	4,909.69	-	0.00
Money Market	2006 MF Hillcrest	0.00	02/01/09	03/01/09	170,794.48	170,794.48	222,939.89				393,734.37	393,734.37	-	0.00
Money Market	2006 MF Hillcrest	0.00	02/01/09	03/01/09	373,479.15	373,479.15	0.00				373,479.15	373,479.15	-	0.00
Money Market	2006 MF Hillcrest	0.00	02/01/09	03/01/09	24.60	24.60	0.00				24.60	24.60	-	0.00
	<b>2006 MF Hillcrest Total</b>				549,207.92	549,207.92	222,939.89	0.00	0.00	0.00	772,147.81	772,147.81	0.00	0.00
Money Market	2006 MF Pleasant Village	0.09	02/01/09	03/01/09	116,881.84	116,881.84	2,160.57				119,042.41	119,042.41	-	0.00
Mutual Fund	2006 MF Pleasant Village	0.09	02/01/09	03/01/09	7,531.02	7,531.02	17,499.61				25,030.63	25,030.63	-	0.00
Money Market	2006 MF Pleasant Village	0.09	02/01/09	03/01/09	3,088.97	3,088.97	0.14				3,089.11	3,089.11	-	0.00
Money Market	2006 MF Pleasant Village	0.09	02/01/09	03/01/09	36,295.12	36,295.12	0.00				36,295.12	36,295.12	-	0.00
	<b>2006 MF Pleasant Village Total</b>				163,796.95	163,796.95	19,660.32	0.00	0.00	0.00	183,457.27	183,457.27	0.00	0.00
Money Market	2006 MF Grove Village	0.09	02/01/09	03/01/09	120,025.22	120,025.22	19,389.02				139,414.24	139,414.24	-	0.00
Money Market	2006 MF Grove Village	0.09	02/01/09	03/01/09	12.87	12.87	0.00				12.87	12.87	-	0.00
Money Market	2006 MF Grove Village	0.09	02/01/09	03/01/09	8,375.07	8,375.07	3,079.99				11,455.06	11,455.06	-	0.00
Money Market	2006 MF Grove Village	0.09	02/01/09	03/01/09	2.61	2.61	0.00				2.61	2.61	-	0.00
Money Market	2006 MF Grove Village	0.09	02/01/09	03/01/09	37,383.97	37,383.97	0.00				37,383.97	37,383.97	-	0.00
	<b>2006 MF Grove Village Total</b>				165,799.74	165,799.74	22,469.01	0.00	0.00	0.00	188,268.75	188,268.75	0.00	0.00
Money Market	2006 MF Red Hills	0.01	02/01/09	03/01/09	15,833.79	15,833.79	5,255.77				21,089.56	21,089.56	-	0.00
Money Market	2006 MF Red Hills	0.01	02/01/09	03/01/09	76,050.40	76,050.40	9,944.52				85,994.92	85,994.92	-	0.00
Money Market	2006 MF Red Hills	0.01	02/01/09	03/01/09			0.15				0.15	0.15	-	0.00
	<b>2006 MF Red Hills Total</b>				91,884.19	91,884.19	15,200.44	0.00	0.00	0.00	107,084.63	107,084.63	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Money Market	2006 MF Champion Crossing	0.01	02/01/09	03/01/09	97.31	97.31	0.05				97.36	97.36	-	0.00
Money Market	2006 MF Champion Crossing	0.01	02/01/09	03/01/09	15,341.91	15,341.91	5,063.30				20,405.21	20,405.21	-	0.00
Money Market	2006 MF Champion Crossing	0.01	02/01/09	03/01/09	37,401.07	37,401.07	16,773.23				54,174.30	54,174.30	-	0.00
Money Market	2006 MF Champion Crossing	0.01	02/01/09	03/01/09			0.14				0.14	0.14	-	0.00
	<b>2006 MF Champion Crossing Total</b>				<b>52,840.29</b>	<b>52,840.29</b>	<b>21,836.72</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>74,677.01</b>	<b>74,677.01</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2006 MF Stonehaven	0.01	02/01/09	03/01/09	4,991.13	4,991.13	62,909.32				67,900.45	67,900.45	-	0.00
	<b>2006 MF Stonehaven Total</b>				<b>4,991.13</b>	<b>4,991.13</b>	<b>62,909.32</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>67,900.45</b>	<b>67,900.45</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2006 MF Center Ridge	0.00	02/01/09	03/01/09	79.60	79.60	0.00				79.60	79.60	-	0.00
Money Market	2006 MF Center Ridge	0.00	02/01/09	03/01/09	1,545.14	1,545.14	0.00				1,545.14	1,545.14	-	0.00
Money Market	2006 MF Center Ridge	0.00	02/01/09	03/01/09	75,901.70	75,901.70	106,976.25				182,877.95	182,877.95	-	0.00
	<b>2006 MF Center Ridge Total</b>				<b>77,526.44</b>	<b>77,526.44</b>	<b>106,976.25</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>184,502.69</b>	<b>184,502.69</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2006 MF Meadowlands	0.00	02/01/09	03/01/09	902,724.96	902,724.96	2.48				902,727.44	902,727.44	-	0.00
Money Market	2006 MF Meadowlands	0.00	02/01/09	03/01/09	17,068.53	17,068.53	5,055.47				22,124.00	22,124.00	-	0.00
Money Market	2006 MF Meadowlands	0.00	02/01/09	03/01/09	96,937.10	96,937.10		(71,684.17)			25,252.93	25,252.93	-	0.00
Money Market	2006 MF Meadowlands	0.00	02/01/09	03/01/09	112,261.95	112,261.95		(108,749.45)			3,512.50	3,512.50	-	0.00
Money Market	2006 MF Meadowlands	0.00	02/01/09	03/01/09	562,342.74	562,342.74		(309,026.83)			253,315.91	253,315.91	-	0.00
Money Market	2006 MF Meadowlands	0.00	02/01/09	03/01/09	31.94	31.94	0.00				31.94	31.94	-	0.00
	<b>2006 MF Meadowlands Total</b>				<b>1,691,367.22</b>	<b>1,691,367.22</b>	<b>5,057.95</b>	<b>(489,460.45)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,206,964.72</b>	<b>1,206,964.72</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2006 MF East Texas Pines	0.01	02/01/09	03/01/09	11,661.32	11,661.32	4,129.99				15,791.31	15,791.31	-	0.00
Money Market	2006 MF East Texas Pines	0.01	02/01/09	03/01/09	124,722.67	124,722.67	123,878.53				248,601.20	248,601.20	-	0.00
Money Market	2006 MF East Texas Pines	0.01	02/01/09	03/01/09	31,296.54	31,296.54	10,430.12				41,726.66	41,726.66	-	0.00
Money Market	2006 MF East Texas Pines				2,926.33	2,926.33		(2,926.33)					-	0.00
Money Market	2006 MF East Texas Pines				1.16	1.16		(1.16)					-	0.00
	<b>2006 MF East Texas Pines Total</b>				<b>170,608.02</b>	<b>170,608.02</b>	<b>138,438.64</b>	<b>(2,927.49)</b>	<b>0.00</b>	<b>0.00</b>	<b>306,119.17</b>	<b>306,119.17</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2006 MF Villas at Henderson	0.01	02/01/09	03/01/09	3.11	3.11	0.00				3.11	3.11	-	0.00
Money Market	2006 MF Villas at Henderson	0.01	02/01/09	03/01/09	19.00	19.00	0.00				19.00	19.00	-	0.00
Money Market	2006 MF Villas at Henderson	0.01	02/01/09	03/01/09	8.38	8.38	0.00				8.38	8.38	-	0.00
Money Market	2006 MF Villas at Henderson	0.01	02/01/09	03/01/09	15,207.28	15,207.28		(1,751.07)			13,456.21	13,456.21	-	0.00
	<b>2006 MF Villas at Henderson Total</b>				<b>15,237.77</b>	<b>15,237.77</b>	<b>0.00</b>	<b>(1,751.07)</b>	<b>0.00</b>	<b>0.00</b>	<b>13,486.70</b>	<b>13,486.70</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2006 MF Aspen Parks Apts				696.70	696.70		(696.70)					-	0.00
Money Market	2006 MF Aspen Parks Apts	0.00	02/01/09	03/01/09	249,419.27	249,419.27		(111,813.10)			137,606.17	137,606.17	-	0.00
Money Market	2006 MF Aspen Parks Apts	0.00	02/01/09	03/01/09	0.19	0.19	6,650.02				6,650.21	6,650.21	-	0.00
Money Market	2006 MF Aspen Parks Apts				148.19	148.19		(148.19)					-	0.00
	<b>2006 MF Aspen Parks Apts Total</b>				<b>250,264.35</b>	<b>250,264.35</b>	<b>7,162.94</b>	<b>(112,657.99)</b>	<b>0.00</b>	<b>0.00</b>	<b>144,769.30</b>	<b>144,769.30</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2006 MF Idlewild Apts	0.01	02/01/09	03/01/09	20,306.06	20,306.06	4,222.94				24,529.00	24,529.00	-	0.00
Money Market	2006 MF Idlewild Apts	0.01	02/01/09	03/01/09	9,516.72	9,516.72	28,847.11				38,363.83	38,363.83	-	0.00
Money Market	2006 MF Idlewild Apts	0.01	02/01/09	03/01/09	22,587.96	22,587.96	19.20				22,607.16	22,607.16	-	0.00
	<b>2006 MF Idlewild Apts Total</b>				<b>52,410.74</b>	<b>52,410.74</b>	<b>33,089.25</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>85,499.99</b>	<b>85,499.99</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2007 MF Landcaster Apts	0.01	02/01/09	03/01/09	21,486.76	21,486.76	934.39				22,421.15	22,421.15	-	0.00
Money Market	2007 MF Landcaster Apts	0.01	02/01/09	03/01/09	888.02	888.02	0.00				888.02	888.02	-	0.00
Money Market	2007 MF Landcaster Apts	0.01	02/01/09	03/01/09	9,516.72	9,516.72	28,847.11				38,363.83	38,363.83	-	0.00
Money Market	2007 MF Landcaster Apts	0.01	02/01/09	03/01/09	28,804.19	28,804.19	23.89				28,828.08	28,828.08	-	0.00
	<b>2007 MF Landcaster Apts Total</b>				<b>60,695.69</b>	<b>60,695.69</b>	<b>29,805.39</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>90,501.08</b>	<b>90,501.08</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2007 MF Park Place				0.01	0.01		(0.01)					-	0.00
Money Market	2007 MF Park Place				475.75	475.75		(475.75)					-	0.00
Money Market	2007 MF Park Place	0.00	02/01/09	03/01/09	88,132.74	88,132.74	320,271.61				408,404.35	408,404.35	-	0.00
Money Market	2007 MF Park Place	0.00	02/01/09	03/01/09	2,768,803.08	2,768,803.08		(1,938,028.46)			830,774.62	830,774.62	-	0.00
Money Market	2007 MF Park Place				72,500.00	72,500.00		(72,500.00)					-	0.00
Money Market	2007 MF Park Place	0.00	02/01/09	03/01/09	4,678.13	4,678.13	8,551.88				13,230.01	13,230.01	-	0.00
	<b>2007 MF Park Place Total</b>				<b>2,934,589.71</b>	<b>2,934,589.71</b>	<b>328,823.49</b>	<b>(2,011,004.22)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,252,408.98</b>	<b>1,252,408.98</b>	<b>0.00</b>	<b>0.00</b>

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Money Market	2007 MF Terrace @ Cibolo				28,164.73	28,164.73		(28,164.73)					-	0.00
Money Market	2007 MF Terrace @ Cibolo	0.01	02/01/09	03/01/09	743,268.95	743,268.95					205,890.63	205,890.63	-	0.00
Money Market	2007 MF Terrace @ Cibolo	0.01	02/01/09	03/01/09	283,697.99	283,697.99		(537,378.32)			267,123.01	267,123.01	-	0.00
Money Market	2007 MF Terrace @ Cibolo	0.01	02/01/09	03/01/09	26,879.31	26,879.31	25.67	(16,574.98)			26,904.98	26,904.98	-	0.00
Money Market	2007 MF Terrace @ Cibolo	0.01	02/01/09	03/01/09	9,527.75	9,527.75	1,412.02				10,939.77	10,939.77	-	0.00
Money Market	2007 MF Terrace @ Cibolo				21,099.75	21,099.75		(21,099.75)					-	0.00
	<b>2007 MF Terrace @ Cibolo Total</b>				<b>1,112,638.48</b>	<b>1,112,638.48</b>	<b>1,437.69</b>	<b>(603,217.78)</b>	<b>0.00</b>	<b>0.00</b>	<b>510,858.39</b>	<b>510,858.39</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2007 MF Santora Villas				604.24	604.24		(604.24)					-	0.00
Money Market	2007 MF Santora Villas	0.00	02/01/09	03/01/09	100,000.00	100,000.00	0.00				100,000.00	100,000.00	-	0.00
Money Market	2007 MF Santora Villas	0.00	02/01/09	03/01/09	261,203.31	261,203.31		(128,762.68)			132,440.63	132,440.63	-	0.00
Money Market	2007 MF Santora Villas				63,181.33	63,181.33		(63,181.33)					-	0.00
Money Market	2007 MF Santora Villas	0.00	02/01/09	03/01/09	2,912,063.04	2,912,063.04		(1,291,043.12)			1,621,019.92	1,621,019.92	-	0.00
Money Market	2007 MF Santora Villas	0.00	02/01/09	03/01/09	1,529.65	1,529.65	0.38				1,530.03	1,530.03	-	0.00
	<b>2007 MF Santora Villas Total</b>				<b>3,338,581.57</b>	<b>3,338,581.57</b>	<b>0.38</b>	<b>(1,483,591.37)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,854,990.58</b>	<b>1,854,990.58</b>	<b>0.00</b>	<b>0.00</b>
GNMA	2007 A/B MF Villas @ Mesquite	5.17	07/30/07	03/15/11	15,800,869.00	15,800,869.00	191,302.00				15,992,171.00	15,992,171.00	-	0.00
GICs	2007 A/B MF Villas @ Mesquite	5.04	06/26/07	01/15/10	1,045,966.37	1,045,966.37		(192,052.15)			853,914.22	853,914.22	-	0.00
Money Market	2007 A/B MF Villas @ Mesquite	0.01	02/01/09	03/01/09	11,980.00	11,980.00		(8,034.55)			3,945.45	3,945.45	-	0.00
GICs	2007 A/B MF Villas @ Mesquite	4.78	08/23/07	07/20/17	314,652.05	314,652.05		(206,920.95)			107,731.10	107,731.10	-	0.00
Money Market	2007 A/B MF Villas @ Mesquite	0.01	02/01/09	03/01/09	9,548.95	9,548.95	4,466.91				14,015.86	14,015.86	-	0.00
	<b>2007 A/B MF Villas @ Mesquite Total</b>				<b>17,183,016.37</b>	<b>17,183,016.37</b>	<b>195,768.91</b>	<b>(407,007.65)</b>	<b>0.00</b>	<b>0.00</b>	<b>16,971,777.63</b>	<b>16,971,777.63</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2007 MF Summit Point	0.00	02/01/09	03/01/09	143,101.55	143,101.55		(133,086.12)			10,015.43	10,015.43	-	0.00
GNMA	2007 MF Summit Point	5.32	07/30/07	07/15/09	11,317,707.00	11,317,707.00	356,541.00				11,674,248.00	11,674,248.00	-	0.00
Money Market	2007 MF Summit Point	0.00	02/01/09	03/01/09	258,296.25	258,296.25		(34,841.32)			223,454.93	223,454.93	-	0.00
Inv Agmt	2007 MF Summit Point				335,600.31	335,600.31		(335,600.31)					-	0.00
Money Market	2007 MF Summit Point	0.00	02/01/09	03/01/09	0.24	0.24	0.00				0.24	0.24	-	0.00
	<b>2007 MF Summit Point Total</b>				<b>12,054,705.35</b>	<b>12,054,705.35</b>	<b>356,541.00</b>	<b>(503,527.75)</b>	<b>0.00</b>	<b>0.00</b>	<b>11,907,718.60</b>	<b>11,907,718.60</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2007 MF Costa Riaho				1,242,165.96	1,242,165.96		(1,242,165.96)					-	0.00
Money Market	2007 MF Costa Riaho	0.01	02/01/09	03/01/09	220,129.78	220,129.78		(165,034.01)			55,095.77	55,095.77	-	0.00
	<b>2007 MF Costa Riaho Total</b>				<b>1,462,295.74</b>	<b>1,462,295.74</b>	<b>0.00</b>	<b>(1,407,199.97)</b>	<b>0.00</b>	<b>0.00</b>	<b>55,095.77</b>	<b>55,095.77</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2007 MF Windshire Apts	0.01	02/01/09	03/01/09	12,528.52	12,528.52	2,332.07				14,860.59	14,860.59	-	0.00
Money Market	2007 MF Windshire Apts	0.01	02/01/09	03/01/09	313,568.01	313,568.01	147.27				313,715.28	313,715.28	-	0.00
Money Market	2007 MF Windshire Apts	0.01	02/01/09	03/01/09	2,085,211.35	2,085,211.35	419,792.29				2,505,003.64	2,505,003.64	-	0.00
Money Market	2007 MF Windshire Apts	0.01	02/01/09	03/01/09	1,832.96	1,832.96	48,484.59				50,317.55	50,317.55	-	0.00
Money Market	2007 MF Windshire Apts	0.01	02/01/09	03/01/09	9,373.21	9,373.21	10.88				9,384.09	9,384.09	-	0.00
Money Market	2007 MF Windshire Apts	0.01	02/01/09	03/01/09	39.76	39.76	0.02				39.78	39.78	-	0.00
	<b>2007 MF Windshire Apts Total</b>				<b>2,422,553.81</b>	<b>2,422,553.81</b>	<b>470,767.12</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,893,320.93</b>	<b>2,893,320.93</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2007 MF Residences @ Onion Crk	0.86	02/01/09	03/01/09	68,743.53	68,743.53		(36,520.70)			32,222.83	32,222.83	-	0.00
Money Market	2007 MF Residences @ Onion Crk	0.86	02/01/09	03/01/09	9,613,117.17	9,613,117.17		(1,933,754.37)			7,679,362.80	7,679,362.80	-	0.00
Money Market	2007 MF Residences @ Onion Crk	0.86	02/01/09	03/01/09	147.22	147.22	0.54				147.76	147.76	-	0.00
	<b>2007 MF Residences @ Onion Crk Total</b>				<b>9,682,007.92</b>	<b>9,682,007.92</b>	<b>0.54</b>	<b>(1,970,275.07)</b>	<b>0.00</b>	<b>0.00</b>	<b>7,711,733.39</b>	<b>7,711,733.39</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2008 MF West Oaks Apts	0.01	02/01/09	03/01/09	8,208,372.50	8,208,372.50		(4,410,585.37)			3,797,787.13	3,797,787.13	-	0.00
Money Market	2008 MF West Oaks Apts	0.01	02/01/09	03/01/09	24.12	24.12	3.16				27.28	27.28	-	0.00
Money Market	2008 MF West Oaks Apts	0.01	02/01/09	03/01/09	320,863.30	320,863.30		(37,826.70)			283,036.60	283,036.60	-	0.00
Money Market	2008 MF West Oaks Apts	0.01	02/01/09	03/01/09			7,191.78				7,191.78	7,191.78	-	0.00
Money Market	2008 MF West Oaks Apts	0.01	02/01/09	03/01/09	87,486.56	87,486.56		(67,237.87)			20,248.69	20,248.69	-	0.00
	<b>2008 MF West Oaks Apts Total</b>				<b>8,616,746.48</b>	<b>8,616,746.48</b>	<b>7,194.94</b>	<b>(4,515,649.94)</b>	<b>0.00</b>	<b>0.00</b>	<b>4,108,291.48</b>	<b>4,108,291.48</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2008 MF Costa Ibiza Apts	0.01	02/01/09	03/01/09			5.20				5.20	5.20	-	0.00
Money Market	2008 MF Costa Ibiza Apts	0.01	02/01/09	03/01/09	29,512.97	29,512.97		(29,367.98)			144.99	144.99	-	0.00
Money Market	2008 MF Costa Ibiza Apts	0.01	02/01/09	03/01/09	11,526,801.04	11,526,801.04		(6,145,599.73)			5,381,201.31	5,381,201.31	-	0.00
	<b>2008 MF Costa Ibiza Apts Total</b>				<b>11,556,314.01</b>	<b>11,556,314.01</b>	<b>5.20</b>	<b>(6,174,967.71)</b>	<b>0.00</b>	<b>0.00</b>	<b>5,381,351.50</b>	<b>5,381,351.50</b>	<b>0.00</b>	<b>0.00</b>

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Money Market	2008 MF Addison Park Apts	0.01	02/01/09	03/01/09	1.59	1.59	0.01				1.60	1.60	-	0.00
Mutual Fund	2008 MF Addison Park Apts	0.01	02/01/09	03/01/09	25,119.80	25,119.80	37,738.07				62,857.87	62,857.87	-	0.00
	<b>2008 MF Addison Park Apts Total</b>				25,121.39	25,121.39	37,738.08	0.00	0.00	0.00	62,859.47	62,859.47	0.00	0.00
Money Market	2008 MF Alta Cullen Ref	0.24	02/01/09	03/01/09			0.10				0.10	0.10	-	0.00
Money Market	2008 MF Alta Cullen Ref	0.24	02/01/09	03/01/09			3,266.18				3,266.18	3,266.18	-	0.00
	<b>2008 MF Alta Cullen Ref Total</b>				0.00	0.00	3,266.28	0.00	0.00	0.00	3,266.28	3,266.28	0.00	0.00
<b>Total Multi-Family Investment Summary</b>					138,187,590.83	138,187,590.83	4,827,175.90	(30,565,605.44)	(91,004.84)	0.00	112,358,156.45	112,358,156.45	0.00	0.00

**Texas Department of Housing and Community Affairs  
Commercial Paper Investment Summary  
For Period Ending February 28, 2009**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Repo Agmt	Commercial Paper	0.26	02/27/09	03/02/09	163,896.29	163,896.29	76.12				163,972.41	163,972.41	-	0.00
Commercial Paper	Commercial Paper	0.00	10/14/08	07/10/09	71,431,000.00	71,431,000.00	0.00				71,431,000.00	71,431,000.00	-	0.00
	<b>Commercial Paper Total</b>				71,594,896.29	71,594,896.29	76.12	0.00	0.00	0.00	71,594,972.41	71,594,972.41	0.00	0.00
<b>Total Commercial Paper Investment Summary</b>					71,594,896.29	71,594,896.29	76.12	0.00	0.00	0.00	71,594,972.41	71,594,972.41	0.00	0.00

**Texas Department of Housing and Community Affairs  
General Fund Investment Summary  
For Period Ending February 28, 2009**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Repo Agmt	General Fund				2,972,711.76	2,972,711.76		(2,972,711.76)					-	0.00
Repo Agmt	General Fund				3,556,940.99	3,556,940.99		(3,556,940.99)					-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09			7,266,339.16				7,266,339.16	7,266,339.16	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	225,326.75	225,326.75	104.63				225,431.38	225,431.38	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	786,321.01	786,321.01	21,354.36				807,675.37	807,675.37	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	63,132.72	63,132.72	460.00				63,592.72	63,592.72	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	970,661.92	970,661.92	78,349.23				1,049,011.15	1,049,011.15	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	751,518.38	751,518.38		(249,742.62)			501,775.76	501,775.76	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	214,767.84	214,767.84	126,276.42				341,044.26	341,044.26	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	344,439.40	344,439.40	159.92				344,599.32	344,599.32	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	415,153.70	415,153.70	192.73				415,346.43	415,346.43	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	109,610.69	109,610.69	4,268.16				113,878.85	113,878.85	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	426,942.43	426,942.43	198.21				427,140.64	427,140.64	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	233,995.39	233,995.39	6,431.78				240,427.17	240,427.17	-	0.00
Repo Agmt	General Fund				733,374.33	733,374.33		(733,374.33)					-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	218,148.81	218,148.81	6,871.11				225,019.92	225,019.92	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	31,200.00	31,200.00	0.00				31,200.00	31,200.00	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	1,622,328.18	1,622,328.18		(236,937.43)			1,385,390.75	1,385,390.75	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	233,433.14	233,433.14	108.36				233,541.50	233,541.50	-	0.00
Repo Agmt	General Fund	0.26	02/27/09	03/02/09	23,458.44	23,458.44		(6,405.66)			15,052.78	15,052.78	-	0.00
<b>General Fund Total</b>					<b>13,933,465.88</b>	<b>13,933,465.88</b>	<b>7,511,114.07</b>	<b>(7,758,112.79)</b>	<b>0.00</b>	<b>0.00</b>	<b>13,686,467.16</b>	<b>13,686,467.16</b>	<b>0.00</b>	<b>0.00</b>
<b>Total General Fund Investment Summary</b>					<b>13,933,465.88</b>	<b>13,933,465.88</b>	<b>7,511,114.07</b>	<b>(7,758,112.79)</b>	<b>0.00</b>	<b>0.00</b>	<b>13,686,467.16</b>	<b>13,686,467.16</b>	<b>0.00</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs  
Housing Trust Fund Investment Summary  
For Period Ending February 28, 2009**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Repo Agmt	Housing Assistance Fund	0.26	02/27/09	03/02/09	190,929.56	190,929.56	11,963.29				202,892.85	202,892.85	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	250,000.00	250,000.00	0.00				250,000.00	250,000.00	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	33,384.59	33,384.59	0.00				33,384.59	33,384.59	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09			32,848.58				32,848.58	32,848.58	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	564,270.56	564,270.56		(96,964.29)			467,306.27	467,306.27	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	102,153.22	102,153.22	4,483.75				106,636.97	106,636.97	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	97,176.03	97,176.03	10.19				97,186.22	97,186.22	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	780,014.22	780,014.22	20,088.39				800,102.61	800,102.61	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	91,170.02	91,170.02	7.73				91,177.75	91,177.75	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	611,572.32	611,572.32		(1,000.00)			610,572.32	610,572.32	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	153,020.15	153,020.15	97,509.96				250,530.11	250,530.11	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	1,062,816.00	1,062,816.00	0.00				1,062,816.00	1,062,816.00	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	250,000.00	250,000.00	0.00				250,000.00	250,000.00	-	0.00
Repo Agmt	Housing Trust Fund	0.26	02/27/09	03/02/09	1,000,000.00	1,000,000.00	0.00				1,000,000.00	1,000,000.00	-	0.00
Repo Agmt	General Revenue Appn	0.26	02/27/09	03/02/09	874,418.66	874,418.66		(700,437.54)			173,981.12	173,981.12	-	0.00
Repo Agmt	General Revenue Appn	0.26	02/27/09	03/02/09			93,875.40				93,875.40	93,875.40	-	0.00
Repo Agmt	General Revenue Appn	0.26	02/27/09	03/02/09	4,329,637.78	4,329,637.78		(3,995,208.48)			334,429.30	334,429.30	-	0.00
Repo Agmt	General Revenue Appn	0.26	02/27/09	03/02/09	844,397.00	844,397.00	0.00				844,397.00	844,397.00	-	0.00
Repo Agmt	General Revenue Appn	0.26	02/27/09	03/02/09	2,000,000.00	2,000,000.00	0.00				2,000,000.00	2,000,000.00	-	0.00
Repo Agmt	Disaster Recover - GR	0.26	02/27/09	03/02/09	704,899.14	704,899.14		(150,653.24)			554,245.90	554,245.90	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.26	02/27/09	03/02/09	35,000.00	35,000.00	0.00				35,000.00	35,000.00	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.26	02/27/09	03/02/09			750,000.00				750,000.00	750,000.00	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.26	02/27/09	03/02/09			1,000,000.00				1,000,000.00	1,000,000.00	-	0.00
Repo Agmt	Bootstrap -GR	0.26	02/27/09	03/02/09	18,650.40	18,650.40		(15,000.00)			3,650.40	3,650.40	-	0.00
Repo Agmt	Bootstrap -GR	0.26	02/27/09	03/02/09	482,851.98	482,851.98		(347,900.00)			134,951.98	134,951.98	-	0.00
Repo Agmt	Bootstrap -GR	0.26	02/27/09	03/02/09	3,601,411.62	3,601,411.62		(1,053,163.54)			2,548,248.08	2,548,248.08	-	0.00
Repo Agmt	Bootstrap -GR	0.26	02/27/09	03/02/09			2,566,782.24				2,566,782.24	2,566,782.24	-	0.00
Repo Agmt	Bootstrap -GR	0.26	02/27/09	03/02/09			97,461.00				97,461.00	97,461.00	-	0.00
<b>Housing Trust Fund Total</b>					<b>18,077,773.25</b>	<b>18,077,773.25</b>	<b>4,675,030.53</b>	<b>(6,360,327.09)</b>	<b>0.00</b>	<b>0.00</b>	<b>16,392,476.69</b>	<b>16,392,476.69</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Housing Trust Fund Investment Summary</b>					<b>18,077,773.25</b>	<b>18,077,773.25</b>	<b>4,675,030.53</b>	<b>(6,360,327.09)</b>	<b>0.00</b>	<b>0.00</b>	<b>16,392,476.69</b>	<b>16,392,476.69</b>	<b>0.00</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs  
Administration Investment Summary  
For Period Ending February 28, 2009**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Repo Agmt	Administration	0.26	02/27/09	03/02/09	158,665.94	158,665.94	35.63				158,701.57	158,701.57	-	0.00
	<b>Administration Total</b>				158,665.94	158,665.94	35.63	0.00	0.00	0.00	158,701.57	158,701.57	0.00	0.00
	<b>Total Administration Investment Summary</b>				158,665.94	158,665.94	35.63	0.00	0.00	0.00	158,701.57	158,701.57	0.00	0.00



**Texas Department of Housing and Community Affairs  
Compliance Investment Summary  
For Period Ending February 28, 2009**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Repo Agmt	RTC	0.26	02/27/09	03/02/09	128,864.24	128,864.24		(28,536.41)			100,327.83	100,327.83	-	0.00
Repo Agmt	Multi Family	0.26	02/27/09	03/02/09	876,584.50	876,584.50		(107,286.56)			769,297.84	769,297.84	-	0.00
Repo Agmt	Multi Family	0.26	02/27/09	03/02/09	167,194.90	167,194.90	38,707.42				205,902.32	205,902.32	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.26	02/27/09	03/02/09	2,769,679.55	2,769,679.55	435,888.55				3,205,568.10	3,205,568.10	-	0.00
<b>Compliance Total</b>					<b>3,942,323.19</b>	<b>3,942,323.19</b>	<b>474,595.97</b>	<b>(135,823.07)</b>	<b>0.00</b>	<b>0.00</b>	<b>4,281,096.09</b>	<b>4,281,096.09</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Compliance Investment Summary</b>					<b>3,942,323.19</b>	<b>3,942,323.19</b>	<b>474,595.97</b>	<b>(135,823.07)</b>	<b>0.00</b>	<b>0.00</b>	<b>4,281,096.09</b>	<b>4,281,096.09</b>	<b>0.00</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs  
Housing Initiatives Investment Summary  
For Period Ending February 28, 2009**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/08	Beginning Market Value 11/30/08	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/28/09	Ending Market Value 02/28/09	Change In Market Value	Recognized Gain
Repo Agmt	S/F Interim Construction	0.26	02/27/09	03/02/09	536,133.32	536,133.32	191.85				536,325.17	536,325.17	-	0.00
Repo Agmt	S/F Interim Construction	0.26	02/27/09	03/02/09	197.53	197.63	0.03				197.66	197.66	-	0.00
Repo Agmt	S/F Interim Construction	0.26	02/27/09	03/02/09	7.26	7.26	0.00				7.26	7.26	-	0.00
Repo Agmt	Mtg. Credit Certificate				77,896.39	77,896.39		(77,896.39)					-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.26	02/27/09	03/02/09	521,768.42	521,768.42	41,227.70				562,996.12	562,996.12	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.26	02/27/09	03/02/09	6,059,366.02	6,059,366.02		(142,798.94)			5,916,567.08	5,916,567.08	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.26	02/27/09	03/02/09	402,846.25	402,846.25		(17,118.75)			385,727.50	385,727.50	-	0.00
<b>Housing Initiatives Total</b>					<b>7,598,215.29</b>	<b>7,598,215.29</b>	<b>41,419.58</b>	<b>(237,814.08)</b>	<b>0.00</b>	<b>0.00</b>	<b>7,401,820.79</b>	<b>7,401,820.79</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Housing Initiatives Investment Summary</b>					<b>7,598,215.29</b>	<b>7,598,215.29</b>	<b>41,419.58</b>	<b>(237,814.08)</b>	<b>0.00</b>	<b>0.00</b>	<b>7,401,820.79</b>	<b>7,401,820.79</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Investment Summary</b>					<b>1,690,155,179.53</b>	<b>1,703,009,061.38</b>	<b>101,671,585.55</b>	<b>(109,082,640.81)</b>	<b>(21,587,846.74)</b>	<b>0.00</b>	<b>1,661,166,277.63</b>	<b>1,696,867,441.37</b>	<b>22,857,281.99</b>	<b>0.00</b>

**OFFICE OF COLONIA INITIATIVES**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Items**

Presentation, Discussion and Possible Approval of new members to the Colonia Resident Advisory Committee (C-RAC).

**Required Action**

Approve, deny or approve with modifications the recommended Colonia Resident Advisory Committee (C-RAC) members.

**Background**

The Texas Department of Housing and Community Affairs (the "Department") is required to establish Colonia Self-Help Centers under Chapter 2306, Subchapter Z of the Texas Government Code to provide on-site technical assistance to improve the quality of life for colonia residents located in five counties (El Paso, Webb, Starr, Hidalgo, and Cameron/Willacy). Additionally, the Department is authorized to establish other Colonia Self-Help Centers if it determines it is necessary and appropriate. Since the creation of the program in 1995, two additional Colonia Self-Help Centers have been established in Maverick and Val Verde Counties. Five colonias within each county are selected to receive concentrated technical assistance in the areas of housing rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help, housing, finance, credit and debt counseling, grant preparation, infrastructure constructions, contract-for-deed conversions, and capital access for mortgages and other improvements. To date, the Department oversees seven Colonia Self-Help Centers along the Texas-Mexico border region located in El Paso, Webb, Hidalgo, Starr, Cameron/Willacy, Maverick and Val Verde Counties.

The Legislature also mandated that 2.5% of the Community Development Block Grant (CDBG) annual allocation be set aside for this initiative. The Department's Governing Board is required under Section 2306.584 of the Texas Government Code to appoint at least five persons who are residents of colonias to serve on a Colonia Resident Advisory Committee. These members must reside in a colonia in the county the member represents, and may not be a board member, contractor, or employee of, or have any ownership interest in an entity that is awarded a contract under the Colonia Self-Help Center Program. The individuals recommended were provided by the county with input from local nonprofit organizations.

The Colonia Resident Advisory Committee is required to advise the Department's Governing Board and evaluate the needs of colonia residents, review programs that are proposed or operated through the Colonia Self-Help Centers and activities that may be undertaken through the Colonia Self-Help Centers to better serve the needs of colonia residents. The Colonia Resident Advisory Committee is required to meet 30 days before the contract is scheduled to be award by the Department's Governing Board and may meet at other times. The Colonia Resident Advisory Committee will be composed of two persons from each county designated to have a Colonia Self-Help Center. A Member's term of service shall be for four (4) years.

Approval of the following recommendations will allow the Department to carry out the requirements and establish the Colonia Resident Advisory Committee.

**Cameron County**

**Primary**

Jose Luis Almazan  
9301 Alaska  
Brownsville, Texas 78521  
(956) 639-1958

**Secondary**

Rosa Bodden  
P.O. Box 644  
Port Isabel, Texas 78578  
(956) 943-8594

**El Paso County**

**Primary**

Guillermo Garcia  
870 Agua Pura  
El Paso, Texas 79928  
(915) 852-3568

**Secondary**

Hector Ramos  
13409 Boody Court  
El Paso, Texas 79927  
(915) 852-7195

**Hidalgo County**

**Primary**

Yolanda Hernandez  
P.O. Box 8112  
Alamo, Texas 78516  
(956) 782-4929

**Secondary**

Juan Pena  
4521 Jerry St.  
Mission, Texas 78573  
(956) 907-0861

**Maverick County**

**Primary**

Jerry Chacon  
1721 Coyunda Street  
Eagle Pass, Texas 78852  
(830) 752-1874

**Secondary**

Dora Lucia Contreras  
2030 Boulder Ridge St.  
Eagle Pass, Texas 78852  
(830) 757-3652

**Starr County**

**Primary**

DeWitt Jones  
6163 FM 1430  
Rio Grande City, Texas 78582  
No Number

**Secondary**

Rosabel Alvarez  
51 Ladrillera Rd  
Rio Grande City, Texas 78582  
(956) 487-5925

**Val Verde County**

**Primary**

Luz Saucedo Licerio  
210 Denise Drive  
Del Rio, Texas 78840  
(830) 298-1705

**Secondary**

Eva Cortazzo  
HCR 2-Box 137  
Del Rio, Texas 78840  
(830) 774-4463

**Webb County**

**Primary**

Amelia R. Juarez  
Rt 3 Box 27H San Enrique HWY 359  
Laredo, Texas 78043  
(956) 220-1661

**Secondary**

Amelia M. Rodríguez  
Rt 3 Box 27H San Enrique 359  
Laredo, Texas 78043  
(956) 220-1194

**Willacy County**

**Primary**

Manuel Carlos Valles  
1589 N. Monterrey Street  
Raymondville, Texas 78580  
(843) 439-5578

**Secondary**

Raul Ramirez  
1604 N. Monterrey Street  
Raymondville, Texas 78580  
(956) 398-7050

**Recommendation**

Approve or approve with modifications the recommended Colonia Resident Advisory Committee Members.



CARLOS H. CASCOS, CPA  
COUNTY JUDGE

1100 E. MONROE STREET  
BROWNSVILLE, TEXAS  
78520

COUNTY COURTHOUSE  
(956) 544-0830 FAX: (956) 544-0801  
1-866-544-0830

April 1, 2009

Homero Cabello, Director  
Office of Colonia Initiatives  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

RE: Cameron County CRAC Members-TDHCA Contract No. 728013

Dear Mr. Cabello:

Cameron County has nominated the two individuals listed below to serve as Colonia Resident Advisory Council (CRAC) members for TDHCA Executive Board consideration. Willacy County CRAC members will be forwarded to you under separate cover.

Lead Member:

Jose Luis Almazan  
P.O. Box 5763  
Brownsville, Texas 78523  
956-542-3326 home  
956-639-1958 cell

Background:

Active Community Development Advocate  
Volunteer member on various local groups  
Resident of Valle Escondido Colonia

Alternate Member:

Rosa Bodden  
P.O. Box 644  
Port Isabel, Texas 78578  
956-943-8594

Background:

Business Owner: Bodden & Sons Grocery Store  
Valley Interfaith Active Volunteer  
Resident of Laguna Heights Colonia

If additional information is needed, please call Raul Garcia at (956) 544-0828.

Sincerely,

Carlos H. Cascos, CPA  
County Judge

cc: Will Gudeman, OCI Coordinator

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APR 06 2009

OFFICE OF COLONIA INITIATIVES



PLANNING & DEVELOPMENT DEPARTMENT  
800 S. Overland, Suite 200 • El Paso, Texas 79901  
915-543-3845 / 915 543-3846 Fax

April 1, 2008  
Mr. Homero Cabello  
Office of Colonia Initiatives (OCI)  
P.O. Box 13041  
Austin, Texas 78711-3941

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RE: C-RAC Members  
County of El Paso

OFFICE OF COLONIA INITIATIVES

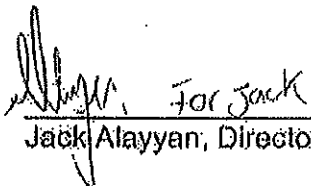
Dear Mr. Cabello:

El Paso County recommends the following two (2) persons to serve as Colonia Resident Advisory Committee (C-RAC) members to represent El Paso County Self-Help Center.

1. Mr. Guillermo Garcia – colonia Resident since 1997  
870 Agua Pura  
El Paso, Texas 79928  
(915) 852-3588  
*Married with family of three*  
*Worked tirelessly to improve his community.*  
*Served on C-RAC for six years*  
*Offered testimony on colonia issues*  
*Instrumental in advocating for recreational activities for the colonia youth.*

---

2. Mr. Hector Ramos – colonia resident since 1997  
13409 Boody Court,  
El Paso, Texas 79928  
*Excellent communication skills and a hard-working team player*  
*Advocate for improving the living conditions of the El Paso Hills Colonia.*  
*C-RAC member for the past eight years.*

  
Jack Alayyan, Director

4/1/09  
Date

CC: Honorable Anthony Cobos  
El Paso County Judge



## URBAN COUNTY PROGRAM

1916 TESORO BLVD. • PHARR, TEXAS 78577 • (956) 787-8127 FAX (956) 787-5291  
E-mail [ucp@bizrgv.rr.com](mailto:ucp@bizrgv.rr.com)

April 14, 2009

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**APR 14 2009**

**OFFICE OF COLONIA INITIATIVES**

Homero V. Cabello Jr., Colonia Initiative Director (OCI)  
c/o Yesenia A. Ayala, Borderfield Rep.  
Texas Department of Housing & Community Affairs (TDHCA)  
P. O. Box 13941, 221 East 11<sup>th</sup>  
Austin, Texas 78711-3941

RE: 2008 Self Help Center Program (SHC) Funds Contract # 728003  
Hidalgo County SHC C-RAC Members

Dear Mr. Cabello:

Enclosed please find the Hidalgo County Commissioners' Court approved Agenda Request Form where the Hidalgo County Judge and County Commissioners approved the 2008 Self Help Center Program (SHC) Funds Contract # 728003 C-RAC Members. The approved Colonia residents C-RAC Members are as follows:

(Primary)  
Yolanda Hernandez  
P.O. Box 8112  
Alamo, TX 78516  
Colonia South Tower Estates

(Alternate)  
Juan Pena  
4521 Jerry St.  
Mission, TX 78573  
Colonia Linda Vista Estates

Please be advised that recommendation from Proyecto Azteca was taken into consideration.

Should you have any questions or need additional information, please do not hesitate to contact Pete De La Cruz, Colonia Coordinator at (956) 787-8127.

Sincerely,

Ms. Diana R. Serna  
Urban County Program Director

Enclosures



**URBAN COUNTY PROGRAM**  
Hidalgo County Commissioners' Court  
Agenda Request Form

No. 9857

Date: 06/23/08 Meeting Date Request: 07/01/2008  
Deadline for Action: 07/01/2008 Contact Person: Ms. Diana R. Serna  
Department: Urban County Program Phone: (956) 787-8127 Fax: (956) 787-5291  
Ms. Diana R. Serna, Urban County Program Director *DRS*

**Caption:**

Approval of Appointment of Colonia Resident Advisory Committee (C-RAC) Members

**Background:**

UCP is requesting approval of Proyecto Azteca's recommendation to appoint the following two colonia residents to the TDHCA-OCI Colonia Resident Advisory Committee:

( )	(Primary)	(Alternate)
	Yolanda Hernandez	Juan Pena
	P.O. Box 8112	4521 Jerry St.
	Alamo, TX 78516	Mission, TX 78573
	Colonia: South Tower Estates	Colonia: Linda Vista Estates
	PH. 956-782-4929	PH. 956-907-0861

See Proyecto Azteca's recommendation letter attached.

**Please initial for approval:**

Legal Counsel \_\_\_\_\_ Budget \_\_\_\_\_ Human Resources \_\_\_\_\_  
 Dept./Fund No. \_\_\_\_\_ Amt. Expended: \$ \_\_\_\_\_ Funds/Staffing Budgeted: Yes: \_\_\_\_\_ No: \_\_\_\_\_  
 Account Code: \_\_\_\_\_ Impact on Future Budget: Yes: \_\_\_\_\_ No: \_\_\_\_\_

**Comments:**

**Action taken by Commissioner's Court:**

Approved \_\_\_\_\_ Tabled \_\_\_\_\_ Denied \_\_\_\_\_ Motion made by \_\_\_\_\_ Seconded \_\_\_\_\_ Vote \_\_\_\_\_

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**APR 14 2009**

**OFFICE OF COLONIA INITIATIVES**

**APPROVED** Co. Comm. Ct.  
DATE 7-1-08 *DRS*



**COUNTY OF MAVERICK**

Office of the County Judge

March 26, 2009

Mr. Homero Cabello  
Office of Colonia Initiatives (OCI)  
Texas Dept. Of Housing & Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

RE: C-RAC Members  
Maverick County

Dear Mr. Cabello:

Maverick County formally request that the two names mention below be allowed to participate as C-RAC members and represent the Maverick County Self Help Center at all C-RAC Board meetings.

Mr. Jerry Chacon  
1721 Coyunda St.  
Colonia-Loma Bonita  
Eagle Pass, Texas 78852  
830-752-1874 - Home  
830-513-1660 - Cell

Constable Precinct 4  
Volunteer at Self Help Center  
Active Member of the Community

Mrs. Dora Lucia Contreras  
2030 Boulder Ridge St.  
Colonia - Loma Bonita  
Eagle Pass, Texas 78852  
830-757-3652

Housewife and Mother  
Volunteer at Self Help Center  
Active Member of the Community

If additional information is needed, please do not hesitate to contact our Planning Department at 830-773-4377.

Sincerely,  
MAVERICK COUNTY

Hon. Jose A. Aranda, Jr.  
County Judge

800 Quarry Street Suite 3 • Eagle Pass, Texas, 78852 • Tel. (830) 773-3324 • Facsimile (830) 773-6430  
e-mail: [judge@co.maverick.tx.us](mailto:judge@co.maverick.tx.us)

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**STARR COUNTY COURTHOUSE**

Rio Grande City, Texas 78582

ELOY VERA  
STARR COUNTY JUDGE

OFFICE PHONE (956) 487-8016

March 12, 2009

Homero Cabello  
Texas Community Development Program  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

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MAR 17 2009  
OFFICE OF COLONIA INITIATIVES

RE: CRAC Members

Dear Mr. Cabello;

Starr County formally request that the two names mention below be allowed to participate as CRAC members and represent the Starr County Self Help Center at all CRAC Board meetings.

(Garciasville)  
Dewitt Jones  
84 Cemetery RD  
Rio Grande City, TX. 78582  
(956) 487-7743

Business Owner: Chachi's Wrecker Service  
Volunteers at the Starr County Self Help Center  
Active member of the Community

(Casita)  
Rosabel Alvarez  
51 Ladrillera Rd  
Rio Grande City, TX. 78582  
(956) 487-5925  
(956) 437-4782

Housewife and Mother  
Volunteers at the Self Help Center  
Active member of the Community

If additional information is needed, please call Anna Villarreal SHC Director.

Sincerely,

Eloy Vera  
Starr County Judge



Mike L. Hernandez

County Judge

April 1, 2009

Phone (830) 774-7501  
Del Rio, Texas 78840

Homero Cabello  
Director, Office of Colonia Initiatives  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

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APR 02 2009

Re: C-RAC Members

OFFICE OF COLONIA INITIATIVES

Dear Mr. Cabello:

Val Verde County requests that its two current members of the Colonia Resident Advisory Committee (C-RAC) continue to represent Val Verde County. The present Commissioners Court may submit new names for membership at such time as a re-evaluation is completed.

Luz Saucedo Licerio  
210 Denise Drive  
Del Rio, Texas 78840  
(830) 298-1705  
(830) 719-0866


Housewife  
Volunteers at the Self-Help Center  
Helps with food distribution  
Active member of colonia advocacy group

Eva Cortazzo  
HCR 2 - Box 137  
Del Rio, Texas 78840  
(830) 774-4463

Housewife  
Member of colonia advocacy group

Please call if additional information is needed.

Sincerely,

  
Mike L. Fernandez  
County Judge



**DANNY VALDEZ**  
WEBB COUNTY JUDGE

March 24, 2009.

Mr. Homero Cabello, Director  
Office of Colonia Initiatives  
Texas Department of Housing and Community Affairs  
221 E. 11<sup>th</sup> Street  
Austin, Texas 78701-2410

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MAR 27 2009  
OFFICE OF COLONIA INITIATIVES

Re: Webb County Self-Help Center CRAC Appointees for  
TCDP Contract No. 728003

Dear Mr. Cabello:

Webb County is formally recommending the following two (2) persons to serve as  
Colonia Resident Advisory Committee (C-RAC) Appointees.

Primary Appointee - Ms. Amelia R. Juarez (housewife)  
Rt. 3 Box 27H HWY 359  
Colonia San Carlos I (San Enrique)  
(956) 220-1661

Secondary Appointee - Ms. Amelia R. Rodriguez (laundromat attendant)  
Rt. 3 Box 27H HWY 359  
Colonia San Carlos I (San Enrique)  
(956) 220-1194

They shall represent the Webb County Self-Help Center at all C-RAC Board Meetings.  
Both appointees have been Self-Help Center volunteers for over ten (10) years and both  
are active members of their communities. Because of their apparent commitment, Webb  
County requested their service on the Self-Help Center C-RAC Committee and both  
honorably accepted.

Should you have any questions, please contact Mr. Juan Vargas at (956) 523-4605.

Sincerely,

Danny Valdez  
Webb County Judge

**REAL ESTATE ANALYSIS**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Items**

Presentation, Discussion, and Possible Approval for publication in the *Texas Register* of a final order adopting amendments to 10 TAC Chapter 1, §1.36, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines

**Background**

At the November 13, 2008 meeting the TDHCA Board approved for publication in the *Texas Register* a final order adopting 10 TAC, Chapter 1, §§ 31-37, 2009 Real Estate Analysis Rules and Guidelines. The 2009 Real Estate Analysis Rules were adopted on December 26, 2008. However, upon review of the final published version in the *Texas Register* staff discovered that a portion of the REA Rules was inadvertently omitted from the final rule sent to the Texas Register. Sections 1.36(a)(4)(A)-(C) of the Property Condition Assessment Guidelines were omitted. Although this section had no proposed amendments or changes throughout the public comment period, the technical error must be corrected using the normal amendment process in order to publish the correct final version in the Texas Register.

On February 5, 2009 the TDHCA Board approved publication of the proposed amendment of 10 TAC Chapter 1, §1.36, 2009 Real Estate Analysis Rules and Guidelines in the *Texas Register*. The 2009 Real Estate Analysis Rules were published in the *Texas Register* on February 27, 2009. Upon publication a public comment period commenced and ended on March 27, 2009. The Department received no written comments during the public comment period.

**Recommendation**

Approve the final order adopting amendments to 10 TAC Chapter 1, §1.36, Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, Property Condition Assessment, and Reserve for Replacement Rules and Guidelines for publication in the *Texas Register*.



## Real Estate Analysis Division 2009 Real Estate Analysis Rules

§1.31. GENERAL PROVISIONS. ....	1
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### §1.31. General Provisions.

(a) **Purpose.** The Rules in this subchapter apply to the underwriting, market analysis, appraisal, environmental site assessment, property condition assessment, and reserve for replacement standards employed by the Texas Department of Housing and Community Affairs (the "Department" or "TDHCA"). This chapter provides rules for the underwriting review of an affordable housing development's financial feasibility and economic viability that ensures the most efficient allocation of resources while promoting and preserving the public interest in ensuring the long-term health of the Department's portfolio. In addition, this chapter guides the underwriting staff in making recommendations to the Executive Award and Review Advisory Committee "the Committee", Executive Director, and TDHCA Governing Board ("the Board") to help ensure procedural consistency in the determination of Development feasibility (§2306.0661(f) and §2306.6710(d), Texas Government Code). Due to the unique characteristics of each development the interpretation of the rules and guidelines described in this subchapter is subject to the discretion of the Department and final determination by the Board.

(b) **Definitions.** Terms used in this subchapter that are also defined in Chapter 50 of this title (the Department's Housing Tax Credit Program Qualified Allocation Plan and Rules, known as the "QAP") have the same meaning as in the QAP. Those terms that are not defined in the QAP or which may have another meaning when used in this subchapter, shall have the meanings set forth in §1.32(b) of this subchapter.

(1) **Affordable Housing**--Housing that has been funded through one or more of the Department's programs or other local, state or federal programs or has at least one unit that is restricted in the rent that can be charged either by a Land Use Restriction Agreement or other form of Deed Restriction.

(2) **Bank Trustee**--A bank authorized to do business in this state, with the power to act as trustee.

(3) **Cash Flow**--The funds available from operations after all expenses and debt service required to be paid has been considered.

(4) **Credit Underwriting Analysis Report**--Sometimes referred to as the "Report." A decision making tool used by the Department and Board containing a synopsis and reconciliation of the application information submitted by the Applicant.

(5) **Comparable Unit**--A Unit, when compared to the subject Unit, similar in overall condition, unit amenities, utility structure, and common amenities, and

(A) for purposes of calculating the inclusive capture rate targets the same population and is likely to draw from the same demand pool;

(B) for purposes of estimating the Restricted Market Rent targets the same population and is similar in net rentable square footage and number of bedrooms; or

(C) for purposes of estimating the subject Unit market rent does not have any income or rent restrictions and is similar in net rentable square footage and number of bedrooms.

- (6) **Contract Rent**--Maximum rent limits based upon current and executed rental assistance contract(s), typically with a federal, state or local governmental agency.
- (7) **DCR**--Debt Coverage Ratio. Sometimes referred to as the "Debt Coverage" or "Debt Service Coverage." A measure of the number of times loan principal and interest are covered by Net Operating Income.
- (8) **Development**--Sometimes referred to as the "Subject Development." Multi-unit residential housing that meets the affordability requirements for and requests or has received funds from one or more of the Department's sources of funds.
- (9) **EGI**--Effective Gross Income. The sum total of all sources of anticipated or actual income for a rental Development less vacancy and collection loss, leasing concessions, and rental income from employee-occupied units that is not anticipated to be charged or collected.
- (10) **ESA**--Environmental Site Assessment. An environmental report that conforms with the Standard Practice for Environmental Site Assessments: Phase I Assessment Process (ASTM Standard Designation: E 1527) and conducted in accordance with the Department's Environmental Site Assessment Rules and Guidelines in §1.35 of this subchapter as it relates to a specific Development.
- (11) **First Lien Lender**--A lender whose lien has first priority.
- (12) **Gross Program Rent**--Sometimes called the "Program Rents." Maximum rent limits based upon the tables promulgated by the Department's division responsible for compliance which are developed by program and by county or Metropolitan Statistical Area ("MSA") or Primary Metropolitan Statistical Area ("PMSA") or national non-metro area.
- (13) **Market Analysis**--Sometimes referred to as "Market Study." An evaluation of the economic conditions of supply, demand and rental rates or pricing conducted in accordance with the Department's Market Analysis Rules and Guidelines in §1.33 of this subchapter as it relates to a specific Development.
- (14) **Market Analyst**--Any person who prepares a market study.
- (15) **Market Rent**--The unrestricted rent concluded by the Market Analyst for a particular unit type and size after adjustments are made to rents charged by owners of Comparable Units.
- (16) **NOI**--Net Operating Income. The income remaining after all operating expenses, including replacement reserves and taxes have been paid.
- (17) **Primary Market**--Sometimes referred to as "Primary Market Area" or "Submarket" or "PMA". The area defined by the Qualified Market Analyst as described in §1.33(d)(8) of this subchapter from which a proposed or existing Development is most likely to draw the majority of its prospective tenants or homebuyers.
- (18) **PCA**--Property Condition Assessment. Sometimes referred to as "Physical Needs Assessment," "Project Capital Needs Assessments," "Property Condition Report," or "Property Work Write-Up." An evaluation of the physical condition of the existing property and evaluation of the cost of rehabilitation conducted in accordance with the Department's Property Condition Assessment Rules and Guidelines in §1.36 of this subchapter as it relates to a specific Development.
- (19) **Qualified Market Analyst**--A real estate appraiser certified or licensed by the Texas Appraiser Licensing and Certification Board, a real estate consultant, or other professional currently active in the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality written report. The individual's performance, experience, and educational background will provide the general basis for determining competency as a Market Analyst. Competency will be determined by the Department, in its sole discretion. The Qualified Market Analyst must be a Third Party.
- (20) **Rent Over-Burdened Households**--Non-elderly households paying more than 35% of gross income towards total housing expenses (unit rent plus utilities) and elderly households paying more than 50% of gross income towards total housing expenses.
- (21) **Reserve Account**--An individual account:
- (A) Created to fund any necessary repairs for a multifamily rental housing development; and
  - (B) Maintained by a First Lien Lender or Bank Trustee.
- (22) **Restricted Market Rent**--The restricted rent concluded by the Qualified Market Analyst for a particular unit type and size after adjustments are made to rents charged by owners of Comparable Units with the same rent and income restrictions.
- (23) **Secondary Market**--Sometimes referred to as "Secondary Market Area". The area defined by the Qualified Market Analyst as described in §1.33(d)(7) of this subchapter.
- (24) **Supportive Housing**--Residential Rental Developments intended for occupancy by individuals or households transitioning from homelessness, at risk of homelessness, or in need of specialized and specific social services.



(25) **Sustaining Occupancy**--The occupancy level at which rental income plus secondary income is equal to all operating expenses and mandatory debt service requirements for a Development.

(26) **TDHCA Operating Expense Database**--Sometimes referred to as "TDHCA Database." A consolidation of recent actual operating expense information collected through the Department's Annual Owner Financial Certification process, as required and described in Subchapter A of Chapter 60 of this title, and published on the Department's web site.

(27) **Underwriter**--The author(s), as evidenced by signature, of the Credit Underwriting Analysis Report.

(28) **Unstabilized Development**--A Development with Comparable Units that has been approved for funding by the TDHCA Board or is currently under construction or has not maintained a 90% occupancy level for at least 12 consecutive months following construction completion.

(29) **Utility Allowance**--The estimate of tenant-paid utilities, based either on the most current HUD Form 52667, "Section 8, Existing Housing Allowance for Tenant-Furnished Utilities and Other Services," provided by the local entity responsible for administering the HUD Section 8 program with most direct jurisdiction over the majority of the buildings existing, a documented estimate from the utility provider proposed in the Application, or for an existing development an allowance calculated by the Department pursuant to §60.109 of this title. Documentation from the local utility provider to support an alternative calculation can be used to justify alternative Utility Allowance conclusions but must be specific to the subject development and consistent with the building plans provided.

(30) **Work Out Development**--A financially distressed Development seeking a change in the terms of Department funding or program restrictions based upon market changes.

(c) **Appeals.** Certain programs contain express appeal options. Where not indicated, §1.7 and §1.8 of this chapter include general appeal procedures. In addition, the Department encourages the use of Alternative Dispute Resolution methods as outlined in §1.17 of this chapter.

### §1.32. Underwriting Rules and Guidelines.

(a) **General Provisions.** The Department Governing Board has authorized the development of these rules under its authority under §2306.148, Texas Government Code. The rules provide a mechanism to produce consistent information in the form of an Underwriting Report to provide interested parties information the Board relies upon in balancing the desire to assist as many Texans as possible by providing no more financing than necessary and have independent verification that Developments are economically feasible. The Report should consider all information timely provided by the Applicant. The Report generated in no way guarantees or purports to warrant the actual performance, feasibility, or viability of the Development by the Department.

(b) **Report Contents.** The Report provides an organized and consistent synopsis and reconciliation of the application information submitted by the Applicant. The Report should consider only information that is provided in accordance with the time frames provided in the current QAP, Program Rules or Notice of Funds Availability as appropriate. The Report should also identify the number of revisions and date of most current revision to any information deemed to be relevant by the Underwriter.

(c) **Recommendations in the Report.** The conclusion of the Report includes a recommended award of funds or allocation of Tax Credits based on the lesser amount calculated by the program limit method (if applicable), gap/DCR method, or the amount requested by the Applicant as further described in paragraphs (1) - (3) of this subsection, and states any feasibility conditions to be placed on the award.

(1) **Program Limit Method.** For Developments requesting Housing Tax Credits, this method is based upon calculation of Eligible Basis after applying all cost verification measures and program limits as described in this section. The Applicable Percentage used is as defined in the QAP. For Developments requesting funding through a Department program other than Housing Tax Credits, this method is based upon calculation of the funding limit based on current program rules at the time of underwriting.

(2) **Gap/DCR Method.** This method evaluates the amount of funds needed to fill the gap created by total development cost less total non-Department-sourced funds or Tax Credits. In making this determination, the Underwriter resizes any anticipated deferred developer fee down to zero before reducing the amount of Department funds or Tax Credits. In the case of Housing Tax Credits, the syndication proceeds needed to fill the gap in permanent funds are divided by the syndication rate to determine the amount of Tax Credits. In making this determination, the Department adjusts the permanent loan amount and/or any Department-sourced loans, as necessary, such that it conforms to the DCR standards described in this section.

(3) **The Amount Requested.** The amount of funds that is requested by the Applicant as reflected in the Application documentation.

(d) **Operating Feasibility.** The operating financial feasibility of Developments funded by the Department is tested by adding total income sources and subtracting vacancy and collection losses and operating expenses to determine Net Operating Income. This Net Operating Income is divided by the annual debt service to determine the Debt Coverage Ratio. The Underwriter characterizes a Development as infeasible from an operational standpoint when the Debt Coverage Ratio does not meet the minimum standard set forth in paragraph (4)(D) of this subsection. The Underwriter may choose to make adjustments to the financing structure, such as lowering the debt and increasing the deferred developer fee that could result in a re-characterization of the Development as feasible based upon specific conditions set forth in the Report.

(1) **Income.** In determining the Year 1 proforma, the Underwriter evaluates the reasonableness of the Applicant's income estimate by determining the appropriate rental rate per unit based on contract, program and market factors. Miscellaneous income and vacancy and collection loss limits as set forth in subparagraphs (B) and (C) of this paragraph, respectively, are applied unless well-documented support is provided.

(A) **Rental Income.** The Underwriter will update the utility allowance and calculate the appropriate rent on a conservative or Contract Rent basis for comparison to the Applicant's estimate in the Application. The conservative basis for a restricted unit is the lesser of the Gross Program Rent less Utility Allowances ("Net Program Rent") or Restricted Market Rent. The conservative basis for an unrestricted unit is the lesser of the Market Rent or Applicant's projected rent where the Applicant's projected rent is reasonable to the Underwriter. Where Contract Rents are included, they will be used regardless of the conservative basis derived rent.

(i) **Market Rents.** The Underwriter reviews the attribute adjustment matrix of Comparable Units by unit size provided by the Market Analyst and determines if the adjustments and conclusions made are reasoned and well documented. The Underwriter uses the Market Analyst's conclusion of adjusted Market Rent by unit, as long as the proposed Market Rent is reasonably justified and does not exceed the highest existing unadjusted market comparable rent. Random checks of the validity of the Market Rents may include direct contact with the comparable properties. The Market Analyst's attribute adjustment matrix should include, at a minimum, adjustments for location, size, amenities, and concessions as more fully described in §1.33 of this subchapter.

(ii) **Restricted Market Rent.** The Underwriter reviews the attribute adjustment matrix of Comparable Units by unit size and income and rent restrictions provided by the Market Analyst and determines if the adjustments and conclusions made are reasoned and well documented. The Underwriter uses the Market Analyst's conclusion of adjusted Restricted Market Rent by unit, as long as the proposed Restricted Market Rent is reasonably justified and does not exceed the highest existing unadjusted market comparable restricted rent. Random checks of the validity of the Restricted Market Rents may include direct contact with the comparable properties. The Market Analyst's attribute adjustment matrix should include, at a minimum, adjustments for location, size, amenities, and concessions as more fully described in §1.33 of this subchapter.

(iii) **Gross Program Rents less Utility Allowance or Net Program Rents.** The Underwriter reviews the Applicant's proposed rent schedule and determines if it is consistent with the representations made in the remainder of the Application. The Underwriter uses the Gross Program Rents as promulgated by the Department's division responsible for compliance for the year that is most current at the time the underwriting begins. When underwriting for a simultaneously funded competitive round, all of the Applications are underwritten with the rents promulgated for the same year. Gross Program Rents are reduced by the Utility Allowance.

(I) Units must be individually metered for all utility costs to be paid by the tenant.

(II) Gas utilities are verified on the building plans and elsewhere in the Application when applicable.

(III) Trash allowances paid by the tenant are rare and only considered when the building plans allow for individual exterior receptacles.

(IV) Refrigerator and range allowances are not considered part of the tenant-paid utilities unless the tenant is expected to provide their own appliances, and no eligible appliance costs are included in the development cost breakdown.

(iv) **Contract Rents.** The Underwriter reviews submitted rental assistance contracts to determine the Contract Rents currently applicable to the Development. Documentation supporting the likelihood of continued rental assistance is also reviewed. The underwriting analysis will take into consideration the Applicant's intent to request a Contract Rent increase. At the discretion of the Underwriter, the Applicant's proposed rents may be used in the underwriting analysis with the recommendations of the Report conditioned upon receipt of final approval of such increase.

(B) **Miscellaneous Income.** All ancillary fees and miscellaneous secondary income, including but not limited to late fees, storage fees, laundry income, interest on deposits, carport rent, washer and dryer rent, telecommunications fees, and other miscellaneous income, are anticipated to be included in a \$5 to \$15 per unit per month range. Exceptions may be made at the discretion of the Underwriter for garage income, pass-through utility payments, pass-through water, sewer and trash payments, cable fees, congregate care/assisted living/elderly facilities, and child care facilities.

(i) Exceptions must be justified by operating history of existing comparable properties.

(ii) The Applicant must show that the tenant will not be required to pay the additional fee or charge as a condition of renting an apartment unit and must show that the tenant has a reasonable alternative.

(iii) The Applicant's operating expense schedule should reflect an offsetting cost associated with income derived from pass-through utility payments, pass-through water, sewer and trash payments, and cable fees.

(iv) Collection rates of exceptional fee items will generally be heavily discounted.

(v) If the total secondary income is over the maximum per unit per month limit, any cost associated with the construction, acquisition, or development of the hard assets needed to produce an additional fee may also need to be reduced from Eligible Basis for Tax Credit Developments as they may, in that case, be considered to be a commercial cost rather than an incidental to the housing cost of the Development.

(C) **Vacancy and Collection Loss.** The Underwriter uses a vacancy rate of 7.5% (5% vacancy plus 2.5% for collection loss) unless the Market Analysis reflects a higher or lower established vacancy rate for the area. Elderly and 100% project-based rental subsidy Developments and other well documented cases may be underwritten at a combined 5% at the discretion of the Underwriter if the historical performance reflected in the Market Analysis is consistently higher than a 95% occupancy rate.

(D) **Effective Gross Income.** The Underwriter independently calculates EGI. If the EGI figure provided by the Applicant is within 5% of the EGI figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating DCR the Underwriter will maintain and use its independent calculation unless the Applicant's proforma meets the requirements of paragraph (3) of this subsection.

(2) **Expenses.** In determining the Year 1 proforma, the Underwriter evaluates the reasonableness of the Applicant's expense estimate by line item comparisons based upon the specifics of each transaction, including the type of Development, the size of the units, and the Applicant's expectations as reflected in their proforma. Historical stabilized certified or audited financial statements of the Development or Third Party quotes specific to the Development will reflect the strongest data points to predict future performance. The Department's database of properties in the same location or region as the proposed Development also provides heavily relied upon data points; the Department's database summary is available on the TDHCA website. Data from the Institute of Real Estate Management's (IREM) most recent Conventional Apartments-Income/Expense Analysis book for the proposed Development's property type and specific location or region may be referenced. In some cases local or project-specific data such as Public Housing Authority ("PHA") Utility Allowances and property tax rates are also given significant weight in determining the appropriate line item expense estimate. Estimates of utility savings from green building components, including on-site renewable energy, must be documented by experience of third parties not related to the contractor or component vendor. Finally, well documented information provided in the Market Analysis, the Application, and other sources may be considered.

(A) **General and Administrative Expense.** General and Administrative Expense includes all accounting fees, legal fees, advertising and marketing expenses, office operation, supplies, and equipment expenses. The underwriting tolerance level for this line item is 20%.

(B) **Management Fee.** Management Fee is paid to the property management company to oversee the effective operation of the property and is most often based upon a percentage of Effective Gross Income as documented in the management agreement contract. Typically, 5% of the Effective Gross Income is used, though higher percentages for rural transactions that are consistent with the TDHCA Database can be concluded. Percentages as low as 3% may be utilized if documented by a fully executed management contract agreement with an acceptable management company. The Underwriter will require documentation for any percentage difference from the 5% of the Effective Gross Income standard.

(C) **Payroll and Payroll Expense.** Payroll and Payroll Expense includes all direct staff payroll, insurance benefits, and payroll taxes including payroll expenses for repairs and maintenance typical of a conventional development. It does not, however, include direct security payroll or additional supportive services payroll. The underwriting tolerance level for this line item is 10%.

(D) **Repairs and Maintenance Expense.** Repairs and Maintenance Expense includes all repairs and maintenance contracts and supplies. It should not include extraordinary capitalized expenses that would result from major renovations. Direct payroll for repairs and maintenance activities are included in payroll expense. The underwriting tolerance level for this line item is 20%.

(E) **Utilities Expense (Gas & Electric).** Utilities Expense includes all gas and electric energy expenses paid by the owner. It includes any pass-through energy expense that is reflected in the EGI. The underwriting tolerance level for this line item is 30%.

(F) **Water, Sewer and Trash Expense.** Water, Sewer and Trash Expense includes all water, sewer and trash expenses paid by the owner. It would also include any pass-through water, sewer and trash expense that is reflected in the EGI. The underwriting tolerance level for this line item is 30%.

(G) **Insurance Expense.** Insurance Expense includes any insurance for the buildings, contents, and liability but not health or workman's compensation insurance. The underwriting tolerance level for this line item is 30%.

(H) **Property Tax.** Property Tax includes all real and personal property taxes but not payroll taxes. The underwriting tolerance level for this line item is 10%.

(i) The per unit assessed value will be calculated based on the capitalization rate published on the county taxing authority's website. If the county taxing authority does not publish a capitalization rate on the internet, a capitalization rate of 10% will be used or comparable assessed values may be used in evaluating this line item expense.

(ii) Property tax exemptions or proposed payment in lieu of tax agreement (PILOT) must be documented as being reasonably achievable if they are to be considered by the Underwriter. At the discretion of the Underwriter, a property tax exemption that meets known federal, state and local laws may be applied based on the tax-exempt status of the Development Owner and its Affiliates.

(I) **Reserves.** Reserves include annual reserve for replacements of future capitalizable expenses as well as any ongoing additional operating reserve requirements. The Underwriter includes minimum reserves of \$250 per unit for new construction and \$300 per unit for all other Developments. The Underwriter may require an amount above \$300 for Developments other than new construction based on information provided in the PCA. The Applicant's expense for reserves may be adjusted by the Underwriter if the amount provided by the Applicant is insufficient to fund future capital needs as documented by the PCA. Higher levels of reserves also may be used if they are documented in the financing commitment letters.

(J) **Other Expenses.** The Underwriter will include other reasonable and documented expenses, not including depreciation, interest expense, lender or syndicator's asset management fees, or other ongoing partnership fees. Lender or syndicator's asset management fees or other ongoing partnership fees also are not considered in the Department's calculation of debt coverage. The most common other expenses are described in more detail in clauses (i) - (iv) of this subparagraph.

(i) **Supportive Services Expense.** Supportive Services Expense includes the documented cost to the owner of any non-traditional tenant benefit such as payroll for instruction or activities personnel. The Underwriter will not evaluate any selection points for this item. The Underwriter's verification will be limited to assuring any anticipated costs are included. For all transactions supportive services expenses are considered in calculating the Debt Coverage Ratio.

(ii) **Security Expense.** Security Expense includes contract or direct payroll expense for policing the premises of the Development. The Applicant's amount is typically accepted as provided. The Underwriter will require documentation of the need for security expenses that exceed 50% of the anticipated payroll expense estimate discussed in subparagraph (C) of this paragraph.

(iii) **Compliance Fees.** Compliance fees include only compliance fees charged by TDHCA. The Department's charge for a specific program may vary over time; however, the Underwriter uses the current charge per unit per year at the time of underwriting. For all transactions compliance fees are considered in calculating the Debt Coverage Ratio.

(iv) **Cable Television Expense.** Cable Television Expense includes fees charged directly to the owner of the Development to provide cable services to all units. The expense will be considered only if a contract for such services with terms is provided and income derived from cable television fees is included in the projected EGI. Cost of providing cable television in only the community building should be included in General and Administrative Expense as described in subparagraph (A) of this paragraph.

(K) The Department will communicate with and allow for clarification by the Applicant when the overall expense estimate is over 5% greater or less than the Underwriter's estimate. In such a case, the Underwriter will inform the Applicant of the line items that exceed the tolerance levels indicated in this paragraph, but may request additional documentation supporting some, none or all expense line items. If a rationale acceptable to the Underwriter for the difference is not provided, the discrepancy is

documented in the Report and the justification provided by the Applicant and the countervailing evidence supporting the Underwriter's determination is noted. If the Applicant's total expense estimate is within 5% of the final total expense figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating DCR the Underwriter will maintain and use its independent calculation unless the Applicant's Year 1 proforma meets the requirements of paragraph (3) of this subsection.

(3) **Net Operating Income.** NOI is the difference between the EGI and total operating expenses. If the Year 1 NOI figure provided by the Applicant is within 5% of the Year 1 NOI figure calculated by the Underwriter, the Applicant's figure is characterized as reasonable in the Report; however, for purposes of calculating the Year 1 DCR the Underwriter will maintain and use his independent calculation of NOI unless the Applicant's Year 1 EGI, Year 1 total expenses, and Year 1 NOI are each within 5% of the Underwriter's estimates.

(4) **Debt Coverage Ratio.** Debt Coverage Ratio is calculated by dividing Net Operating Income by the sum of loan principal and interest for all permanent sources of funds. Loan principal and interest, or "Debt Service," is calculated based on the terms indicated in the submitted commitments for financing. Terms generally include the amount of initial principal, the interest rate, amortization period, and repayment period. Unusual financing structures and their effect on Debt Service will also be taken into consideration.

(A) **Interest Rate.** The interest rate used should be the rate documented in the commitment letter.

(i) Commitments indicating a variable rate must provide a detailed breakdown of the component rates comprising the all-in rate. The commitment must also state the lender's underwriting interest rate, or the Applicant must submit a separate statement executed by the lender with an estimate of the interest rate as of the date of the statement.

(ii) The maximum rate allowed for a competitive application cycle is determined by the Director of the Department's division responsible for Credit Underwriting Analysis Reports based upon current market conditions and posted to the Department's web site prior to the close of the Application Acceptance Period.

(B) **Amortization Period.** The Department requires an amortization of not less than thirty (30) years and not more than forty (40) years (fifty (50) years for federally sourced loans), or an adjustment to the amortization structure is evaluated and recommended. In non-Tax Credit transactions a lesser amortization period may be used if the Department's funds are fully amortized over the same period.

(C) **Repayment Period.** For purposes of projecting the DCR over a 30-year period for Developments with permanent financing structures with balloon payments in less than 30 years, the Underwriter will carry forward Debt Service calculated based on a full amortization and the interest rate stated in the commitment.

(D) **Acceptable Debt Coverage Ratio Range.** The acceptable Year 1 DCR range for all priority or foreclosable lien financing plus the Department's proposed financing falls between a minimum of 1.15 to a maximum of 1.35. HOPE VI and USDA Rural Development transactions may underwrite to a DCR less than 1.15 based upon documentation of acceptance from the lender.

(i) For Developments other than HOPE VI and USDA Rural Development transactions, if the DCR is less than the minimum, the recommendations of the Report are conditioned upon a reduced debt service and the Underwriter will make adjustments to the assumed financing structure in the order presented in subclauses (I) - (III) of this clause.

(I) A reduction of the interest rate or an increase in the amortization period for TDHCA funded loans;

(II) A reclassification of TDHCA funded loans to reflect grants, if permitted by program rules;

(III) A reduction in the permanent loan amount for non-TDHCA funded loans based upon the rates and terms in the permanent loan commitment letter as long as they are within the ranges in subparagraphs (A) and (B) of this paragraph.

(ii) If the DCR is greater than the minimum, the recommendations of the Report may be conditioned upon an increase in the debt service and the Underwriter may make adjustments to the requested financing structure in the order presented in subclauses (I) and (II) of this clause. If the DCR is greater than the maximum, the recommendations of the Report are conditioned upon an increase in the debt service and the Underwriter will make adjustments to the assumed financing structure in the order presented in subclauses (I) - (III) of this clause.

- (I) A reclassification of TDHCA funded grants to reflect loans, if permitted by program rules;
  - (II) An increase in the interest rate or a decrease in the amortization period for TDHCA funded loans;
  - (III) An increase in the permanent loan amount for non-TDHCA funded loans based upon the rates and terms in the permanent loan commitment letter as long as they are within the ranges in subparagraphs (A) and (B) of this paragraph.
    - (iii) For Housing Tax Credit Developments, a reduction in the recommended Tax Credit allocation may be made based on the gap/DCR method described in subsection (c)(2) of this section.
    - (iv) Although adjustments in Debt Service may become a condition of the Report, future changes in income, expenses, and financing terms could allow for an acceptable DCR.
- (5) **Long Term Proforma.** The Underwriter will create a 30-year operating proforma.
- (A) The base year projection utilized is the Underwriter's Year 1 EGI, Year 1 operating expenses, and Year 1 NOI unless the Applicant's Year 1 EGI, Year 1 total operating expenses, and Year 1 NOI are each within 5% of the Underwriter's estimates.
  - (B) A 2% annual growth factor is utilized for income and a 3% annual growth factor is utilized for expenses.
  - (C) Adjustments may be made to the Long Term Proforma if sufficient support documentation is provided by the Applicant. Support may include:
    - (i) documentation with terms for project-based rental assistance or operating subsidy;
    - (ii) a fully executed management contract with clear terms;
    - (iii) documentation prepared and signed by the Central Appraisal District (CAD) with jurisdiction over the Development indicating the appraisal methodology consistently employed by the CAD and a ten-year history, beginning with the Application year, of tax rates for each taxing district with jurisdiction over the Development; and
    - (iv) required reserve for replacement schedule prepared and signed by the proposed permanent lender or equity provider. In no instance will the reserve for replacement figure included in the Long Term Proforma be less than the minimum requirements as described in §1.37 of this subchapter.
  - (e) **Development Costs.** The Development's need for permanent funds and, when applicable, the Development's Eligible Basis is based upon the projected total development costs. The Department's estimate of the total development cost will be based on the Applicant's project cost schedule to the extent that it can be verified to a reasonable degree of certainty with documentation from the Applicant and tools available to the Underwriter. For new construction Developments, the Underwriter's total cost estimate will be used unless the Applicant's total development cost is within 5% of the Underwriter's estimate. In the case of a rehabilitation Development, the Underwriter may use a lower tolerance level due to the reliance upon the PCA. If the Applicant's total development cost is utilized and the Applicant's line item costs are inconsistent with documentation provided in the Application or program rules, the Underwriter may make adjustments to the Applicant's total cost estimate.
    - (1) **Acquisition Costs.** The proposed acquisition price is verified with the fully executed site control document(s) for the entire proposed site.
      - (A) **Excess Land Acquisition.** Where more land is being acquired than will be utilized for the site and the remaining acreage is not being utilized as permanent green space, the value ascribed to the proposed Development will be prorated from the total cost reflected in the site control document(s). An appraisal or tax assessment value may be tools that are used in making this determination; however, the Underwriter will not utilize a prorated value greater than the total amount in the site control document(s).
      - (B) **Identity of Interest Acquisitions.**
        - (i) The acquisition will be considered an identity of interest transaction when an Affiliate of, a Related Party to, or any owner at any level of the Development Team or permanent lender:
          - (I) is the current owner in whole or in part of the proposed property, or
          - (II) was the owner in whole or in part of the proposed property during any period within the 36 months prior to the first day of the Application Acceptance Period.
        - (ii) In all identity of interest transactions the Applicant is required to provide subclauses (I) and (II) of this clause:
          - (I) the original acquisition cost listed in the submitted settlement statement or, if a settlement statement is not available, the original asset value listed in the most current audited financial statement for the identity of interest owner, and

(II) if the original acquisition cost evidenced by subclause (I) of this clause is less than the acquisition cost claimed in the application,

(-a-) an appraisal that meets the requirements of §1.34 of this subchapter, and

(-b-) any other verifiable costs of owning, holding, or improving the Property, excluding seller financing, that when added to the value from subclause (I) of this clause justifies the Applicant's proposed acquisition amount.

(-1-) For land-only transactions, documentation of owning, holding or improving costs since the original acquisition date may include Property taxes, interest expense, a calculated return on equity at a rate consistent with the historical returns of similar risks, the cost of any physical improvements made to the Property, the cost of rezoning, replatting or developing the Property, or any costs to provide or improve access to the Property.

(-2-) For transactions which include existing buildings that will be rehabilitated or otherwise maintained as part of the Development, documentation of owning, holding, or improving costs since the original acquisition date may include capitalized costs of improvements to the Property, a calculated return on equity at a rate consistent with the historical returns of similar risks, and allow the cost of exit taxes not to exceed an amount necessary to allow the sellers to be made whole in the original and subsequent investment in the Property and avoid foreclosure.

(iii) in no instance will the acquisition cost utilized by the Underwriter exceed the lesser of the original acquisition cost evidenced by clause (ii)(I) of this subparagraph plus costs identified in clause (ii)(II)(-b-) of this subparagraph, or the "as-is" value conclusion evidenced by clause (ii)(II)(-a-) of this subparagraph.

**(C) Acquisition of Buildings for Tax Credit Properties.** In order to make a determination of the appropriate building acquisition value, the Applicant will provide and the Underwriter will utilize an appraisal that meets the Department's Appraisal Rules and Guidelines as described in §1.34 of this subchapter. The Underwriter will prorate the actual sales price or identity of interest adjusted sales price based upon a calculated "as-is" improvement value over the total "as-is" value provided in the appraisal, so long as the resulting land value utilized by the Underwriter is not less than the land value indicated in the appraisal or tax assessment. In the case where the land value indicated by either the appraisal or tax assessment is greater than the prorata land value attributed to the sales price as described above, the greater of the land value in the appraisal or tax assessment is deducted from the sales price to determine the acquisition basis.

(2) **Off-Site Costs.** Off-Site costs are costs of development up to the site itself such as the cost of roads, water, sewer and other utilities to provide the site with access. All off-site costs must be well documented and certified by a Third Party engineer on the required application form.

(3) **Site Work Costs.** Project site work costs exceeding \$9,000 per Unit must be well documented and certified by a Third Party engineer on the required application form. In addition, for Applicants seeking Tax Credits, documentation in keeping with §50.9(h)(6)(G) of this title will be utilized in calculating eligible basis.

(4) **Direct Construction Costs.** Direct construction costs are the costs of materials and labor required for the building or rehabilitation of a Development.

**(A) New Construction.** The Underwriter will use the Marshall and Swift Residential Cost Handbook or equivalent other comparable published third-party cost estimating data source and historical final cost certifications of all previous Housing Tax Credit allocations to estimate the direct construction cost for a new construction Development. If the Applicant's estimate is more than 5% greater or less than the Underwriter's estimate, the Underwriter will attempt to reconcile this concern and ultimately identify this as a cost concern in the Report.

(i) The "Average Quality" multiple, townhouse, or single family costs, as appropriate, from the Marshall and Swift Residential Cost Handbook or equivalent other comparable published third-party data source, based upon the details provided in the application and particularly site and building plans and elevations will be used to estimate direct construction costs. If the Development contains amenities not included in the Average Quality standard, the Department will take into account the costs of the amenities as designed in the Development.

(ii) If the difference in the Applicant's direct cost estimate and the direct construction cost estimate detailed in clause (i) of this subparagraph is more than 5%, the Underwriter shall also evaluate the direct construction cost of the Development based on acceptable cost parameters as adjusted for inflation and as established by historical final cost certifications of all previous housing tax credit allocations for:

(I) the county in which the Development is to be located, or

(II) if cost certifications are unavailable under subclause (I) of this clause, the uniform state service region in which the Development is to be located.

(B) **Rehabilitation including Reconstruction Costs.** In the case where the Applicant has provided a PCA which is inconsistent with the Applicant's figures as proposed in the development cost schedule, the Underwriter may request a supplement executed by the PCA provider reconciling the Applicant's estimate and detailing the difference in costs. If said supplement is not provided or the Underwriter determines that the reasons for the initial difference in costs are not well-documented, the Underwriter utilizes the initial PCA estimations in lieu of the Applicant's estimates.

(5) **Contingency.** All contingencies identified in the Applicant's project cost schedule including any soft cost contingency will be added to Contingency with the total limited to the guidelines detailed in this paragraph. Contingency is limited to a maximum of 5% of direct costs plus site work for new construction Developments and 10% of direct costs plus site work for rehabilitation Developments. For Housing Tax Credit Developments, the percentage is applied to the sum of the eligible direct construction costs plus eligible site work costs in calculating the eligible contingency cost. The Applicant's figure is used by the Underwriter if the figure is less than 5%.

(6) **Contractor Fee.** Contractor fees are limited at a total of 14%. The percentage is applied to the sum of the direct construction costs plus site work costs. For tax credit Developments, the percentages are applied to the sum of the eligible direct construction costs plus eligible site work costs in calculating the eligible contractor fees. For Developments also receiving financing from TX-USDA-RHS, the combination of builder's general requirements, builder's overhead, and builder's profit should not exceed the lower of TDHCA or TX-USDA-RHS requirements. Additional fees for ineligible costs will be limited to the same percentage of ineligible construction costs but will be ineligible for tax credit basis purposes.

(7) **Developer Fee.** Developer fee claimed must be adjusted by the same applicable percentage from which it is calculated and consistent with §50.9(d)(6) of this title. Additional fees for ineligible costs will be limited to the same percentage of ineligible development costs but will be ineligible for tax credit basis purposes. All fees to related parties to the owner or developer for work determined by the Underwriter to be typically completed by the developer will be considered part of the Developer fee claimed.

(A) For Tax Credit Developments, the development cost associated with developer fees and Development Consultant (also known as Housing Consultant) fees included in Eligible Basis cannot exceed 15% of the project's Total Eligible Basis less developer fees for developments proposing 50 units or more and 20% of the project's Total Eligible Basis less developer fees for developments proposing 49 units or less, as defined in the QAP.

(B) In the case of a transaction requesting acquisition Tax Credits:

(i) the allocation of eligible developer fee in calculating rehabilitation/new construction Tax Credits will not exceed 15% of the rehabilitation/new construction basis less developer fees for developments proposing 50 units or more and 20% of the rehabilitation/new construction basis less developer fees for developments proposing 49 units or less; and

(ii) no developer fee attributable to an identity of interest acquisition of the Development will be included in Eligible Basis.

(C) For non-Tax Credit Developments, the percentage can be up to 15% but is based upon total development costs less the sum of the fee itself, land costs, the costs of permanent financing, excessive construction period financing described in paragraph (8) of this subsection, reserves, and any other identity of interest acquisition cost.

(8) **Financing Costs.** Eligible construction period financing is limited to not more than one year's fully drawn construction loan funds at the construction loan interest rate indicated in the commitment. Any excess over this amount is removed to ineligible cost and will not be considered in the determination of developer fee.

(9) **Reserves.** The Department will utilize the amount described in the Applicant's project cost schedule if it is within the range of two to six months of stabilized operating expenses less management fees and reserve for replacements plus debt service. Alternatively, the Underwriter may consider a greater amount proposed by the conventional lender or syndicator if the detail for such greater amount is well documented in the conventional lender or syndicator commitment letter.

(10) **Other Soft Costs.** For Tax Credit Developments all other soft costs are divided into eligible and ineligible costs. Eligible costs are defined by Internal Revenue Code but generally are costs that can be capitalized in the basis of the Development for tax purposes. Ineligible costs are those that tend to fund future operating activities. The Underwriter will evaluate and accept the allocation of these soft costs in accordance with the Department's prevailing interpretation of the Internal Revenue Code. If the



Underwriter questions the eligibility of any soft costs, the Applicant is given an opportunity to clarify and address the concern prior to removal from Eligible Basis.

(f) **Developer Capacity.** The Underwriter will evaluate the capacity of the Person(s) accountable for the role of the Developer to determine their ability to secure financing and successfully complete the Development. The Department will review financial statements, and personal credit reports for those individuals anticipated to guarantee the completion of the Development.

(1) **Credit Reports.** The Underwriter will characterize the Development as "high risk" if the Applicant, General Partner, Developer, anticipated Guarantor or Principals thereof have a credit score which reflects a 40% or higher potential default rate.

(2) **Financial Statements of Principals.** The Applicant, Developer, any principals of the Applicant, General Partner, and Developer and any Person who will be required to guarantee the Development will be required to provide a signed and dated financial statement and authorization to release credit information in accordance with the Department's program rules.

(A) **Individuals.** The Underwriter will evaluate and discuss financial statements for individuals in a confidential portion of the Report. The Development may be characterized as "high risk" if the Developer, anticipated Guarantor or Principals thereof is determined to have limited net worth or significant lack of liquidity.

(B) **Partnerships and Corporations.** The Underwriter will evaluate and discuss financial statements for partnerships and corporations in the Report. The Development may be characterized as "high risk" if the Developer, anticipated Guarantor or Principals thereof is determined to have limited net worth or significant lack of liquidity.

(C) If the Development is characterized as a high risk for either lack of previous experience as determined by the TDHCA division responsible for compliance or a higher potential default rate is identified as described in paragraph (1) or (2) of this subsection, the Report must condition any potential award upon the identification and inclusion of additional Development partners who can meet the Department's guidelines.

(g) **Other Underwriting Considerations.** The Underwriter will evaluate numerous additional elements as described in subsection (b) of this section and those that require further elaboration are identified in this subsection.

(1) **Floodplains.** The Underwriter evaluates the site plan, floodplain map, survey and other information provided to determine if any of the buildings, drives, or parking areas reside within the 100-year floodplain. If such a determination is made by the Underwriter, the Report will include a condition that:

(A) The Applicant must pursue and receive a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR-F); or

(B) The Applicant must identify the cost of flood insurance for the buildings and for the tenant's contents for buildings within the 100-year floodplain; or

(C) The Development must be designed to comply with the QAP, as proposed.

(2) The Underwriter will identify in the report any Developments funded or known and anticipated to be eligible for funding within one linear mile of the subject.

(3) **Supportive Housing.** The unique development and operating characteristics of Supportive Housing Developments may require special consideration in the following areas:

(A) **Operating Income.** The extremely-low-income tenant population typically targeted by a Supportive Housing Development may include deep-skewing of rents to well below the 50% AMI level or other maximum rent limits established by the Department. The Underwriter should utilize the Applicant's proposed rents in the Report as long as such rents are at or below the maximum rent limit proposed for the units and equal to any project based rental subsidy rent to be utilized for the Development.

(B) **Operating Expenses.** A Supportive Housing Development may have significantly higher expenses for payroll, management fee, security, resident support services, or other items than typical Affordable Housing Developments. The Underwriter will rely heavily upon the historical operating expenses of other Supportive Housing Developments provided by the Applicant or otherwise available to the Underwriter.

(C) **DCR and Long Term Feasibility.** Supportive Housing Developments may be exempted from the DCR requirements of subsection (d)(4)(D) of this section if the Development is anticipated to operate without conventional debt. Applicants must provide evidence of sufficient financial resources to offset any projected 15-year cumulative negative cash flows. Such evidence will be evaluated by the Underwriter on a case-by-case basis to satisfy the Department's long term feasibility requirements and may take the form of one or a combination of the following: executed subsidy commitment(s), set-aside of Applicant's financial resources, to be substantiated by an audited financial statement evidencing

sufficient resources, and/or proof of annual fundraising success sufficient to fill anticipated operating losses. If either a set aside of financial resources or annual fundraising are used to evidence the long term feasibility of a Supportive Housing Development, a resolution from the Applicant's governing board must be provided confirming their irrevocable commitment to the provision of these funds and activities.

(D) **Development Costs.** For Supportive Housing that is styled as efficiencies, the Underwriter may use "Average Quality" dormitory costs from the Marshall & Swift Valuation Service, with adjustments for amenities and/or quality as evidenced in the application, as a base cost in evaluating the reasonableness of the Applicant's direct construction cost estimate for new construction Developments.

(h) **Work Out Development.** Developments that are underwritten subsequent to Board approval in order to refinance or gain relief from restrictions may be considered infeasible based on the guidelines in this section, but may be characterized as "the best available option" or "acceptable available option" depending on the circumstances and subject to the discretion of the Underwriter as long as the option analyzed and recommended is more likely to achieve a better financial outcome for the property and the Department than the status quo.

(i) **Feasibility Conclusion.** An infeasible Development will not be recommended for funding or allocation unless the Underwriter can determine a plausible alternative feasible financing structure and conditions the recommendations of the report upon receipt of documentation supporting the alternative feasible financing structure. A development will be characterized as infeasible if paragraph (1) or (2) of this subsection applies. The Development will be characterized as infeasible if one or more of paragraphs (3) - (5) of this subsection applies unless paragraph (6)(B) of this subsection also applies.

(1) **Inclusive Capture Rate.** The method for determining the inclusive capture rate for a Development is defined in §1.33(d)(10)(E) of this subchapter. The Underwriter will independently verify all components and conclusions of the inclusive capture rate and may at their discretion use independently acquired demographic data to calculate demand. The Development:

(A) is characterized as Rural, Elderly or Special Needs and the inclusive capture rate is above 75% for the total proposed units; or

(B) is not characterized as Rural, Elderly or Special Needs and the inclusive capture rate is above 25% for the total proposed units.

(C) Developments meeting the requirements of subparagraph (A) or (B) of this paragraph may avoid being characterized as infeasible if clause (i) or (ii) of this subparagraph apply.

(i) **Replacement Housing.** The Development is comprised of Affordable Housing which replaces previously existing substandard Affordable Housing within the Primary Market Area as defined in §1.33 of this subchapter on a Unit for Unit basis, and gives the displaced tenants of the previously existing substandard Affordable Housing a leasing preference.

(ii) **Existing Housing.** The Development is comprised of existing Affordable Housing which is at least 80% occupied and gives displaced existing tenants a leasing preference as stated in the submitted relocation plan.

(2) **Deferred Developer Fee.** Developments requesting an allocation of tax credits cannot repay the estimated deferred developer fee, based on the Underwriter's recommended financing structure, from cashflow within the first fifteen (15) years of the long term proforma as described in subsection (d)(5) of this section.

(3) **Restricted Market Rent.** The Restricted Market Rent for units with rents restricted at 60% of AMGI is less than both the Net Program Rent and Market Rent for units with rents restricted at or below 50% of AMGI unless the Applicant accepts the Underwriting recommendation that all restricted units have rents and incomes restricted at or below the 50% of AMGI level.

(4) **Initial Feasibility.** The Year 1 annual total operating expense divided by the Year 1 Effective Gross Income is greater than 65%.

(5) **Long Term Feasibility.** Any year in the first fifteen (15) years of the Long Term Proforma, as defined in subsection (d)(5) of this section, reflects:

(A) negative Cash Flow; or

(B) a Debt Coverage Ratio below 1.15.

(6) **Exceptions.** The infeasibility conclusions may be excepted where either of the following apply.

(A) The requirements in this subsection may be waived by the Executive Director of the Department on appeal if documentation is submitted by the Applicant to support unique circumstances that would provide mitigation.

(B) Developments meeting the requirements of one or more of paragraphs (3) - (5) of this subsection will be re-characterized as feasible if one or more of clauses (i) - (vi) of this subparagraph apply.

(i) The Development will receive Project-based Section 8 Rental Assistance for at least 50% of the units and a firm commitment with terms including contract rent and number of units is submitted at application.

(ii) The Development will receive rental assistance for at least 50% of the units in association with USDA-RD-RHS financing.

(iii) The Development will be characterized as public housing as defined by HUD for at least 50% of the units.

(iv) The Development will be characterized as Supportive Housing for at least 50% of the units and evidence of adequate financial support for the long term viability of the Development is provided.

(v) The Development has other long term project based restrictions on rents for at least 50% of the units that allow rents to increase based upon expenses and those rents are currently more than 10% lower than both the Net Program Rent and Restricted Market Rent.

(vi) The units not receiving Project-based Section 8 Rental Assistance or rental assistance in association with USDA-RD-RHS financing, or not characterized as public housing do not propose rents that are less than the Project-based Section 8, USDA-RD-RHS financing, or public housing units.

### §1.33. Market Analysis Rules and Guidelines.

(a) **General Provision.** A Market Analysis prepared for the Department must evaluate the need for decent, safe, and sanitary housing at rental rates or sales prices that eligible tenants can afford. The analysis must determine the feasibility of the subject Property rental rates or sales price and state conclusions as to the impact of the Property with respect to the determined housing needs. The Market Analysis must include a statement that the report preparer has read and understood the requirements of this section.

(b) **Self-Contained.** A Market Analysis prepared for the Department must allow the reader to understand the market data presented, the analysis of the data, and the conclusions derived from such data. All data presented should reflect the most current information available and the report must provide a parenthetical (in-text) citation or footnote describing the data source. The analysis must clearly lead the reader to the same or similar conclusions reached by the Market Analyst. All steps leading to a calculated figure must be presented in the body of the report.

(c) **Market Analyst Qualifications.** A Market Analysis submitted to the Department must be prepared and certified by an approved Qualified Market Analyst (§2306.67055). The Department will maintain an approved Market Analyst list based on the guidelines set forth in paragraphs (1) - (3) of this subsection.

(1) If not listed as approved by the Department, Market Analysts must submit subparagraphs (A) - (F) of this paragraph at least thirty days prior to the first day of the Application Acceptance Period for which the Market Analyst must be approved. To maintain status as an approved Qualified Market Analyst, updates to the items described in subparagraphs (A) - (C) of this paragraph must be submitted annually on the first Monday in February for review by the Department.

(A) Documentation of good standing in the State of Texas.

(B) A current organization chart or list reflecting all members of the firm who may author or sign the Market Analysis.

(C) Resumes for all members of the firm or subcontractors who may author or sign the Market Analysis.

(D) General information regarding the firm's experience including references, the number of previous similar assignments and time frames in which previous assignments were completed.

(E) Certification from an authorized representative of the firm that the services to be provided will conform to the Department's Market Analysis Rules and Guidelines, as described in this section, in effect for the application round in which each Market Analysis is submitted.

(F) A sample Market Analysis that conforms to the Department's Market Analysis Rules and Guidelines, as described in this section, in effect for the year in which the sample Market Analysis is submitted.

(2) During the underwriting process each Market Analysis will be reviewed and any discrepancies with the rules and guidelines set forth in this section may be identified and require timely correction. Subsequent to the completion of the application round and as time permits, staff or a review appraiser will re-review a sample set of submitted market analyses to ensure that the Department's Market Analysis Rules and Guidelines are met. If it is found that a Market Analyst has not conformed to the

Department's Market Analysis Rules and Guidelines, as certified to, the Market Analyst will be notified of the discrepancies in the Market Analysis and will be removed from the approved Qualified Market Analyst list.

(A) In and of itself, removal from the list of approved Market Analysts will not invalidate a Market Analysis commissioned prior to the removal date and at least 90 days prior to the first day of the applicable Application Acceptance Period.

(B) To be reinstated as an approved Qualified Market Analyst, the Market Analyst must amend the previous report to remove all discrepancies or submit a new sample Market Analysis that conforms to the Department's Market Analysis Rules and Guidelines, as described in this section, in effect for the year in which the updated or new sample Market Analysis is submitted.

(3) The list of approved Qualified Market Analysts is posted on the Department's web site and updated within 72 hours of a change in the status of a Market Analyst.

(d) **Market Analysis Contents.** A Market Analysis for a rental Development prepared for the Department must be organized in a format that follows a logical progression and must include, at minimum, items addressed in paragraphs (1) - (12) of this subsection.

(1) **Title Page.** Include Property address or location, effective date of analysis, date report completed, name and address of person authorizing report, and name and address of Market Analyst.

(2) **Letter of Transmittal.** The date of the letter must be the date the report was completed. Include Property address or location, description of Property, statement as to purpose and scope of analysis, reference to accompanying Market Analysis report with effective date of analysis and summary of conclusions, date of Property inspection, name of persons inspecting subject Property, and signatures of all Market Analysts authorized to work on the assignment. Include a statement that the report preparer has read and understood the requirements of this section.

(3) **Table of Contents.** Number the exhibits included with the report for easy reference.

(4) **Assumptions and Limiting Conditions.** Include a description of all assumptions, both general and specific, made by the Market Analyst concerning the Property.

(5) **Identification of the Property.** Provide a statement to acquaint the reader with the Development. Such information includes street address, tax assessor's parcel number(s), and Development characteristics.

(6) **Statement of Ownership.** Disclose the current owners of record and provide a three year history of ownership for the subject Property.

(7) **Secondary Market Area.** All of the Market Analyst's conclusions specific to the subject Development must be based on only one Secondary Market Area definition. The entire PMA, as described in paragraph (8) of this subsection, must be contained within the Secondary Market boundaries. The Market Analyst must adhere to the methodology described in this paragraph when determining the secondary market area (§2306.67055).

(A) The Secondary Market Area will be defined by the Market Analyst with:

(i) size based on a base year population of no more than 250,000 people for Developments targeting families; and

(ii) boundaries based on:

(I) major roads;

(II) political boundaries; and

(III) natural boundaries.

(IV) A radius is prohibited as a boundary definition.

(B) The Market Analyst's definition of the Secondary Market Area must be supported with a detailed description of the methodology used to determine the boundaries. If applicable, the Market Analyst must place special emphasis on data used to determine an irregular shape for the Secondary Market.

(C) A scaled distance map indicating the Secondary Market Area boundaries that clearly identifies the location of the subject Property must be included.

(8) **Primary Market Area.** All of the Market Analyst's conclusions specific to the subject Development must be based on only one Primary Market Area definition. The Market Analyst must adhere to the methodology described in this paragraph when determining the market area (§2306.67055).

(A) The Primary Market Area will be defined by the Market Analyst with:

(i) size based on a base year population of no more than 100,000 people; and

(ii) boundaries identifying the most recent Census Tract definitions, as established by the U.S. Census Bureau and based on:

(I) major roads;

(II) political boundaries; and

(III) natural boundaries.

(IV) A radius is prohibited as a boundary definition.

(B) The Market Analyst's definition of the Primary Market Area must be supported with a detailed description of the methodology used to determine the boundaries. If applicable, the Market Analyst must place special emphasis on data used to determine an irregular shape for the PMA.

(C) A scaled distance map indicating the Primary Market Area boundaries that clearly identifies the location of the subject Property and the location of all Local Amenities must be included.

**(9) Market Information.**

(A) For each of the defined market areas and all census tracts contained in whole or in part by that area, identify the number of units for each of the categories in clauses (i) - (vi) of this subparagraph; the data must be clearly labeled as relating to either the PMA or the Secondary Market, if applicable:

- (i) total housing;
- (ii) rental developments (all multi-family);
- (iii) Affordable Housing;
- (iv) Comparable Units;
- (v) Unstabilized Comparable Units; and
- (vi) proposed Comparable Units.

(B) **Occupancy.** The occupancy rate indicated in the Market Analysis may be used to support both the overall demand conclusion for the proposed Development and the vacancy rate assumption used in underwriting the Development (§1.32(d)(1)(C) of this subchapter). State the overall physical occupancy rate for the proposed housing tenure (renter or owner) within the defined market areas by:

- (i) number of Bedrooms;
- (ii) quality of construction (class);
- (iii) Targeted Population; and
- (iv) Comparable Units.

(C) **Absorption.** State the absorption trends by quality of construction (class) and absorption rates for Comparable Units.

(D) **Turnover.** Turnover rates should be specific to the Targeted Population. The data supporting the turnover rate must originate from documented turnover rates from the most current Department data on the Department web site or the most current U.S. Census Bureau tenure appropriate data for movership rates over the last 12 months or next shortest term. The Market Analyst should use the more reasonable rate, supported by IREM (Institute for Real Estate Management) or independent surveys conducted by the Market Analyst and which is subject to review by the Underwriter.

(E) **Demand.** Provide a comprehensive evaluation of the need for the proposed housing for the Development as a whole and each Unit type by number of Bedrooms proposed and rent restriction category within the defined market areas using the most current census and demographic data available.

(i) **Demographics.** The Market Analyst should use demographic data specific to the characteristics of the households that will be living in the proposed Development. For example, the Market Analyst should use demographic data specific to elderly population for an elderly Development, if available, and should avoid making adjustments from more general demographic data. If adjustment rates are used based on more general data for any of the following they should be clearly identified and documented as to their source in the report.

(I) **Population.** Provide population and household figures, supported by actual demographics, for a five-year period with the year of application as the base year.

(II) **Target.** If applicable, adjust the household projections for the Qualified Elderly or special needs population targeted by the proposed Development.

(III) **Household Size-Appropriate.** Adjust the household projections or target household projections, as applicable, for the appropriate household size for the proposed Unit type by number of Bedrooms proposed and rent restriction category based on 1.5 persons per Bedroom (round up).

(IV) **Income Eligible.** Adjust the household size appropriate projections for income eligibility based on the income bands for the proposed Unit type by number of Bedrooms proposed and rent restriction category with:

(-a-) the lower end of each income band calculated based on the lowest gross rent proposed divided by 35% for the general population and 50% for Qualified Elderly households, and

(-b-) the upper end of each income band equal to the applicable gross median income limit for the largest appropriate household size based on 1.5 persons per Bedroom (round up) or one person for efficiency units.

(V) **Tenure-Appropriate.** Adjust the income-eligible household projections for tenure (renter or owner). If tenure appropriate income eligible target household data is available, a tenure appropriate adjustment is not necessary.

(ii) **Demand from Turnover.** Apply the turnover rate as described in subparagraph (D) of this paragraph to the target, income-eligible, size-appropriate and tenure-appropriate households in the PMA projected at the proposed placed in service date.

(iii) **Demand from Home Ownership Turnover for Qualified Elderly Developments.** Apply the turnover rate as described in subparagraph (D) of this paragraph, but not greater than 10%, to the target, income-eligible, size-appropriate and owner households in the PMA projected at the proposed placed in service date.

(iv) **Demand from Population Growth.** Calculate the target, income-eligible, size-appropriate and tenure-appropriate household growth in the PMA for the twelve month period following the proposed placed in service date.

(v) **Demand from Secondary Market Area.**

(I) Apply the turnover rate as described in subparagraph (D) of this paragraph to the target, income-eligible, size-appropriate and tenure-appropriate households in the Secondary Market Area projected at the proposed placed in service date.

(II) Not more than 25% of the demand can come from outside the PMA as calculated in subclause (I) of this clause and be included in the calculation of demand as described in paragraph (10)(D) of this subsection and for use in calculation of inclusive capture rate as described in paragraph (10)(E) of this subsection. In addition, 25% of the Comparable Units from Unstabilized Developments within the Secondary Market Area must be included in the calculation of inclusive capture rate.

(vi) **Demand from Other Sources.** The source of additional demand and the methodology used to calculate the additional demand must be clearly stated. Calculation of additional demand must factor in the adjustments described in clause (i) of this subparagraph.

(10) **Conclusions.** Include a comprehensive evaluation of the subject Property, separately addressing each housing type and specific population to be served by the Development in terms of items in subparagraphs (A) - (G) of this paragraph. All conclusions must be consistent with the data and analysis presented throughout the Market Analysis.

(A) **Unit Mix.** Provide a best possible unit mix conclusion based on the occupancy rates by Bedroom type within the PMA and target, income-eligible, size-appropriate and tenure-appropriate household demand within the PMA.

(B) **Rents.** Provide a separate Market Rent and Restricted Market Rent conclusion for each proposed Unit type by number of Bedrooms and rent restriction category. Conclusions of Market Rent or Restricted Market Rent below the maximum Net Program Rent limit must be well documented as the conclusions may impact the feasibility of the Development under §1.32(i) of this subchapter.

(i) **Comparable Units.** Identify developments in the PMA with Comparable Units. In Primary Market Areas lacking sufficient rent comparables, it may be necessary for the Market Analyst to collect data from markets with similar characteristics and make quantifiable location adjustments. Provide a data sheet for each development consisting of:

- (I) Development name;
- (II) address;
- (III) year of construction and year of rehabilitation, if applicable;
- (IV) property condition;
- (V) population target;
- (VI) unit mix specifying number of Bedrooms, number of baths, net rentable square

footage; and

- (-a-) monthly rent and utility allowance; or
- (-b-) sales price with terms, marketing period and date of sale;
- (VII) description of concessions;
- (VIII) list of unit amenities;
- (IX) utility structure;
- (X) list of common amenities; and
- (XI) for rental developments only:
  - (-a-) occupancy; and
  - (-b-) turnover.

(ii) Provide a scaled distance map indicating the Primary Market Area boundaries that clearly identifies the location of the subject Property and the location of the identified developments with Comparable Units.

(iii) **Rent Adjustments.** In support of the Market Rent and Restricted Market Rent conclusions, provide a separate attribute adjustment matrix for each proposed unit type by number of Bedrooms and rental restriction category.

(I) The Department recommends use of HUD Form 92273.

(II) A minimum of three developments must be represented on each attribute adjustment matrix.

(III) Adjustments for concessions must be included, if applicable.

(IV) Total adjustments in excess of 15% must be supported with additional narrative.

(V) Total adjustments in excess of 25% indicate the Units are not comparable for the purposes of determining Market Rent and Restricted Market Rent conclusions.

(C) **Effective Gross Income.** Provide rental income, secondary income, and vacancy and collection loss projections for the subject derived independent of the Applicant's estimates.

(D) **Demand.** State the target, income-eligible, size-appropriate and tenure-appropriate household demand by Unit type by number of Bedrooms proposed and rent restriction category (e.g. one-Bedroom units restricted at 50% of AMFI; two-Bedroom units restricted at 60% of AMFI) by summing the demand components applicable to the subject Development discussed in paragraph (9)(E)(ii) - (v) of this subsection. State the total target, income-eligible, size-appropriate and tenure-appropriate household demand by summing the demand components applicable to the subject Development discussed in paragraph (9)(E)(ii) - (v) of this subsection.

(E) **Inclusive Capture Rate.** The Market Analyst must calculate inclusive capture rates for the subject Development's proposed Unit types by number of Bedrooms and rent restriction categories, market rate Units, if applicable, and total Units. The Underwriter will adjust the inclusive capture rates to take into account any errors or omissions. To calculate an inclusive capture rate:

(i) total:

(I) the proposed subject Units;

(II) Comparable Units with priority, as defined in §50.9(d)(2) of this title, over the subject that have made application to TDHCA and have not been presented to the TDHCA Board for decision; and

(III) Comparable Units in previously approved but Unstabilized Developments; and

(ii) divide by the total target, income-eligible, size-appropriate and tenure-appropriate household demand stated in subparagraph (D) of this paragraph.

(iii) Refer to §1.32(i) of this subchapter for feasibility criteria.

(F) **Absorption.** Project an absorption period for the subject Development to achieve Sustaining Occupancy. State the absorption rate.

(G) **Market Impact.** Provide an assessment of the impact the subject Development, as completed, will have on existing Developments supported by Housing Tax Credits in the Primary Market (§2306.67055).

(11) **Photographs.** Provide labeled color photographs of the subject Property, the neighborhood, street scenes, and comparables. An aerial photograph is desirable but not mandatory.

(12) **Appendices.** Any Third Party reports including demographics relied upon by the Market Analyst must be provided in appendix form. A list of works cited including personal communications also must be provided, and the Modern Language Association (MLA) format is suggested.

(e) The Department reserves the right to require the Market Analyst to address such other issues as may be relevant to the Department's evaluation of the need for the subject Development and the provisions of the particular program guidelines.

(f) All Applicants shall acknowledge, by virtue of filing an application, that the Department shall not be bound by any such opinion or Market Analysis, and may substitute its own analysis and underwriting conclusions for those submitted by the Market Analyst.

#### §1.34. Appraisal Rules and Guidelines.

(a) **General Provision.** An appraisal prepared for the Department must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation. The appraisal must include a statement that the report preparer has read and understood the requirements of this section.

(b) **Self-Contained.** An appraisal prepared for the Department must describe sufficient and adequate data and analyses to support the final opinion of value. The final value(s) must be reasonable, based on the information included. Any Third Party reports relied upon by the appraiser must be verified by the appraiser as to the validity of the data and the conclusions.

(c) **Appraiser Qualifications.** The qualifications of each appraiser are determined on a case-by-case basis by the Director of Real Estate Analysis or review appraiser, based upon the quality of the report itself and the experience and educational background of the appraiser. At minimum, a qualified appraiser must be appropriately certified or licensed by the Texas Appraiser Licensing and Certification Board.

(d) **Appraisal Contents.** An appraisal prepared for the Department must be organized in a format that follows a logical progression. In addition to the contents described in USPAP Standards Rule 2, the appraisal must include items addressed in paragraphs (1) - (12) of this subsection.

(1) **Title Page.** Include a statement identifying the Department as the client, acknowledging that the Department is granted full authority to rely on the findings of the report, and name and address of person authorizing report.

(2) **Letter of Transmittal.** Include reference to accompanying appraisal report, reference to all person(s) that provided significant assistance in the preparation of the report, date of report, effective date of appraisal, date of property inspection, name of person(s) inspecting the property, tax assessor's parcel number(s) of the site, estimate of marketing period, and signatures of all appraisers authorized to work on the assignment including the appraiser who inspected the property. Include a statement indicating the report preparer has read and understood the requirements of this section.

(3) **Table of Contents.** Number the exhibits included with the report for easy reference.

(4) **Disclosure of Competency.** Include appraiser's qualifications, detailing education and experience.

(5) **Statement of Ownership of the Subject Property.** Discuss all prior sales of the subject property which occurred within the past three years. Any pending agreements of sale, options to buy, or listing of the subject property must be disclosed in the appraisal report.

(6) **Property Rights Appraised.** Include a statement as to the property rights (e.g., fee simple interest, leased fee interest, leasehold, etc.) being considered. The appropriate interest must be defined in terms of current appraisal terminology with the source cited.

(7) **Site/Improvement Description.** Discuss the site characteristics including subparagraphs (A) - (E) of this paragraph.

(A) **Physical Site Characteristics.** Describe dimensions, size (square footage, acreage, etc.), shape, topography, corner influence, frontage, access, ingress-egress, etc. associated with the site. Include a plat map and/or survey.

(B) **Floodplain.** Discuss floodplain (including flood map panel number) and include a floodplain map with the subject clearly identified.

(C) **Zoning.** Report the current zoning and description of the zoning restrictions and/or deed restrictions, where applicable, and type of Development permitted. Any probability of change in zoning should be discussed. A statement as to whether or not the improvements conform to the current zoning should be included. A statement addressing whether or not the improvements could be rebuilt if damaged or destroyed, should be included. If current zoning is not consistent with the highest and best use, and zoning changes are reasonable to expect, time and expense associated with the proposed zoning change should be considered and documented. A zoning map should be included.

(D) **Description of Improvements.** Provide a thorough description and analysis of the improvements including size (net rentable area, gross building area, etc.), number of stories, number of buildings, type/quality of construction, condition, actual age, effective age, exterior and interior amenities, items of deferred maintenance, energy efficiency measures, etc. All applicable forms of depreciation should be addressed along with the remaining economic life.

(E) **Environmental Hazards.** It is recognized appraisers are not experts in such matters and the impact of such deficiencies may not be quantified; however, the report should disclose any potential environmental hazards (e.g., discolored vegetation, oil residue, asbestos-containing materials, lead-based paint etc.) noted during the inspection.

(8) **Highest and Best Use.** Market Analysis and feasibility study is required as part of the highest and best use. The highest and best use analysis should consider paragraph (7)(A) - (E) of this subsection as well as a supply and demand analysis.

(A) The appraisal must inform the reader of any positive or negative market trends which could influence the value of the appraised property. Detailed data must be included to support the appraiser's estimate of stabilized income, absorption, and occupancy.

(B) The highest and best use section must contain a separate analysis "as if vacant" and "as improved" (or "as proposed to be improved/renovated"). All four elements (legally permissible, physically possible, feasible, and maximally productive) must be considered.



(9) **Appraisal Process.** It is mandatory that all three approaches, Cost Approach, Sales Comparison Approach and Income Approach, are considered in valuing the property. If an approach is not applicable to a particular property an adequate explanation must be provided. A land value estimate must be provided if the cost approach is not applicable.

(A) **Cost Approach.** This approach should give a clear and concise estimate of the cost to construct the subject improvements. The source(s) of the cost data should be reported.

(i) Cost comparables are desirable; however, alternative cost information may be obtained from Marshall & Swift Valuation Service or similar publications. The section, class, page, etc. should be referenced. All soft costs and entrepreneurial profit must be addressed and documented.

(ii) All applicable forms of depreciation must be discussed and analyzed. Such discussion must be consistent with the description of the improvements.

(iii) The land value estimate should include a sufficient number of sales which are current, comparable, and similar to the subject in terms of highest and best use. Comparable sales information should include address, legal description, tax assessor's parcel number(s), sales price, date of sale, grantor, grantee, three year sales history, and adequate description of property transferred. The final value estimate should fall within the adjusted and unadjusted value ranges. Consideration and appropriate cash equivalent adjustments to the comparable sales price for subclauses (I) - (VII) of this clause should be made when applicable.

(I) Property rights conveyed.

(II) Financing terms.

(III) Conditions of sale.

(IV) Location.

(V) Highest and best use.

(VI) Physical characteristics (e.g., topography, size, shape, etc.).

(VII) Other characteristics (e.g., existing/proposed entitlements, special assessments, etc.).

(B) **Sales Comparison Approach.** This section should contain an adequate number of sales to provide the reader with a description of the current market conditions concerning this property type. Sales data should be recent and specific for the property type being appraised. The sales must be confirmed with buyer, seller, or an individual knowledgeable of the transaction.

(i) Sales information should include address, legal description, tax assessor's parcel number(s), sales price, financing considerations and adjustment for cash equivalency, date of sale, recordation of the instrument, parties to the transaction, three year sale history, complete description of the property and property rights conveyed, and discussion of marketing time. A scaled distance map clearly identifying the subject and the comparable sales must be included.

(ii) The method(s) used in the Sales Comparison Approach must be reflective of actual market activity and market participants.

(I) **Sale Price/Unit of Comparison.** The analysis of the sale comparables must identify, relate, and evaluate the individual adjustments applicable for property rights, terms of sale, conditions of sale, market conditions, and physical features. Sufficient narrative must be included to permit the reader to understand the direction and magnitude of the individual adjustments, as well as a unit of comparison value indicator for each comparable.

(II) **Net Operating Income/Unit of Comparison.** The net operating income statistics or the comparables must be calculated in the same manner. It should be disclosed if reserves for replacement have been included in this method of analysis. At least one other method should accompany this method of analysis.

(C) **Income Approach.** This section must contain an analysis of both the actual historical and projected income and expense aspects of the subject property.

(i) **Market Rent Estimate/Comparable Rental Analysis.** This section of the report should include an adequate number of actual market transactions to inform the reader of current market conditions concerning rental units. The comparables must indicate current research for this specific property type. The comparables must be confirmed with the landlord, tenant or agent and individual data sheets must be included. The individual data sheets should include property address, lease terms, description of the property (e.g., unit type, unit size, unit mix, interior amenities, exterior amenities, etc.), physical characteristics of the property, and location of the comparables. Analysis of the Market Rents should be sufficiently detailed to permit the reader to understand the appraiser's logic and rationale. Adjustment for lease rights, condition of the lease, location, physical characteristics of the property, etc. must be considered.

(ii) **Comparison of Market Rent to Contract Rent.** Actual income for the subject along with the owner's current budget projections must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. The contract rents should be compared to the market-derived rents. A determination should be made as to whether the contract rents are below, equal to, or in excess of market rates. If there is a difference, its impact on value must be qualified.

(iii) **Vacancy/Collection Loss.** Historical occupancy data and current occupancy level for the subject should be reported and compared to occupancy data from the rental comparables and overall occupancy data for the subject's Primary Market.

(iv) **Expense Analysis.** Actual expenses for the subject, along with the owner's projected budget, must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made. Historical expenses should be compared to comparables expenses of similar property types or published survey data (e.g., IREM, BOMA, etc.). Any expense differences should be reconciled. Include historical data regarding the subject's assessment and tax rates and a statement as to whether or not any delinquent taxes exist.

(v) **Capitalization.** The appraiser should present the capitalization method(s) reflective of the subject market and explain the omission of any method not considered in the report.

(I) **Direct Capitalization.** The primary method of deriving an overall rate (OAR) is through market extraction. If a band of investment or mortgage equity technique is utilized, the assumptions must be **fully disclosed and discussed**.

(II) **Yield Capitalization (Discounted Cash Flow Analysis).** This method of analysis should include a detailed and supportive discussion of the projected holding/investment period, income and income growth projections, occupancy projections, expense and expense growth projections, reversionary value and support for the discount rate.

(10) **Value Estimates.** Reconciliation final value estimate is required.

(A) All appraisals shall contain a separate estimate of the "as vacant" market value of the underlying land, based upon current sales comparables. The appraiser should consider the fee simple or leased fee interest as appropriate.

(B) Appraisal assignments for new construction are required to provide an "as completed" value of the proposed structures. These reports shall provide an "as restricted with favorable financing" value as well as an "unrestricted market" value.

(C) Reports on Properties to be rehabilitated shall address the "as restricted with favorable financing" value as well as both an "as is" value and an "as completed" value. The appraiser should consider the fee simple or leased fee interest as appropriate.

(D) If required the appraiser must include a separate assessment of personal property, furniture, fixtures, and equipment (FF&E) and/or intangible items. If personal property, FF&E, or intangible items are not part of the transaction or value estimate, a statement to such effect should be included.

(11) **Marketing Time.** Given property characteristics and current market conditions, the appraiser(s) should employ a reasonable marketing period. The report should detail existing market conditions and assumptions considered relevant.

(12) **Photographs.** Provide good quality color photographs of the subject property (front, rear, and side elevations, on-site amenities, interior of typical units if available). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and comparables should be included. An aerial photograph is desirable but not mandatory.

(e) **Additional Appraisal Concerns.** The appraiser(s) must be aware of Department program rules and guidelines and the appraisal must include analysis of any impact to the subject's value.

### §1.35. Environmental Site Assessment Rules and Guidelines.

(a) **General Provisions.** The Environmental Site Assessments (ESA) prepared for the Department should be conducted and reported in conformity with the standards of the American Society for Testing and Materials. The initial report should conform with the Standard Practice for Environmental Site Assessments: Phase I Assessment Process (ASTM Standard Designation: E1527-05). Any subsequent reports should also conform to ASTM standards and such other recognized industry standards as a reasonable person would deem relevant in view of the Property's anticipated use for human habitation. The environmental assessment shall be conducted by a Third Party environmental professional at the expense of the Applicant, and addressed to TDHCA as a User of the report (as defined by ASTM standards). Copies of reports provided to TDHCA which were commissioned by other financial institutions should address

TDHCA as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to TDHCA. The ESA report should also include a statement that the person or company preparing the ESA report will not materially benefit from the Development in any other way than receiving a fee for performing the Environmental Site Assessment, and that the fee is in no way contingent upon the outcome of the assessment. The ESA report must contain a statement indicating the report preparer has read and understood the requirements of this section.

(b) In addition to ASTM requirements, the report must:

(1) State if a noise study is recommended for a property in accordance with current HUD guidelines and identify its proximity to industrial zones, major highways, active rail lines, civil and military airfields, or other potential sources of excessive noise;

(2) Provide a copy of a current survey, if available, or other drawing of the site reflecting the boundaries and adjacent streets, all improvements on the site, and any items of concern described in the body of the environmental site assessment or identified during the physical inspection;

(3) Provide a copy of the current **FEMA Flood Insurance Rate Map** showing the panel number and encompassing the site with the site boundaries precisely identified and superimposed on the map;

(4) If the subject site includes any improvements or debris from pre-existing improvements, state if testing for **asbestos containing materials (ACMs)** would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

(5) If the subject site includes any improvements or debris from pre-existing improvements, state if testing for **Lead Based Paint** would be required pursuant to local, state, and federal laws, or recommended due to any other consideration;

(6) State if testing for lead in the **drinking water** would be required pursuant to local, state, and federal laws, or recommended due to any other consideration such as the age of pipes and solder in existing improvements; and

(7) Assess the potential for the presence of **Radon** on the property, and recommend specific testing if necessary.

(c) If the report recommends further studies or establishes that environmental hazards currently exist on the Property, or are originating off-site but would nonetheless affect the Property, the Development Owner must act on such a recommendation or provide a plan for either the abatement or elimination of the hazard. Evidence of action or a plan for the abatement or elimination of the hazard must be presented upon Application submittal.

(d) For Developments in programs that allow a waiver of the Phase I ESA such as a TX-USDA-RHS funded Development, the Development Owners are hereby notified that it is their responsibility to ensure that the Development is maintained in compliance with all state and federal environmental hazard requirements.

(e) Those Developments which have or are to receive first lien financing from HUD may submit HUD's environmental assessment report, provided that it conforms to the requirements of this subsection.

### **§1.36. Property Condition Assessment Guidelines.**

(a) **General Provisions.** The objective of the Property Condition Assessment (the PCA) is to provide cost estimates for repairs, replacements, or new construction which are: immediately necessary; proposed by the developer; and expected to be required throughout the term of the regulatory period and not less than 30 years. The PCA prepared for the Department should be conducted and reported in conformity with the American Society for Testing and Materials "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process (ASTM Standard Designation: E 2018" except as provided for in subsections (b) and (c) of this section. The PCA report must contain a statement indicating the report preparer has read and understood the requirements of this section. The PCA must include discussion and analysis of the following:

(1) **Useful Life Estimates.** For each system and component of the property the PCA should assess the condition of the system or component, and estimate its remaining useful life, citing the basis or the source from which such estimate is derived;

(2) **Code Compliance.** The PCA should review and document any known violations of any applicable federal, state, or local codes. In developing the cost estimates specified herein, it is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA adequately considers any and all applicable federal, state, and local laws and regulations which may govern any work performed to the subject property;

(3) **Program Rules.** The PCA should assess the extent to which any systems or components must be modified, repaired, or replaced in order to comply with any specific requirements of the housing

program under which the Development is proposed to be financed, particular consideration being given to accessibility requirements, the Department's Housing Quality Standards, and any scoring criteria for which the Applicant may claim points; and

(4) **Cost Estimates for Repair and Replacement.** It is the responsibility of the Housing Sponsor or Applicant to ensure that the PCA provider is apprised of all development activities associated with the proposed transaction and consistency of the total immediately necessary and proposed repair and replacement cost estimates with the development cost schedule submitted as an exhibit of the Application.

(A) **Immediately Necessary Repairs and Replacement.** Systems or components which are expected to have a remaining useful life of less than one year, which are found to be in violation of any applicable codes, which must be modified, repaired or replaced in order to satisfy program rules, or which are otherwise in a state of deferred maintenance or pose health and safety hazards should be considered immediately necessary repair and replacement. The PCA must provide a separate estimate of the costs associated with the repair, replacement, or maintenance of each system or component which is identified as being an immediate need, citing the basis or the source from which such cost estimate is derived.

(B) **Proposed Repair, Replacement, or New Construction.** If the development plan calls for additional repair, replacement, or new construction above and beyond the immediate repair and replacement described in subparagraph (A) of this paragraph, such items must be identified and the nature or source of obsolescence or improvement to the operations of the Property discussed. The PCA must provide a separate estimate of the costs associated with the repair, replacement, or new construction which is identified as being above and beyond the immediate need, citing the basis or the source from which such cost estimate is derived.

(C) **Expected Repair and Replacement Over Time.** The term during which the PCA should estimate the cost of expected repair and replacement over time must equal the longest term of any land use or regulatory restrictions which are, or will be, associated with the provision of housing on the property. The PCA must estimate the periodic costs which are expected to arise for repairing or replacing each system or component or the property, based on the estimated remaining useful life of such system or component as described in paragraph (1) of this subsection adjusted for completion of repair and replacement immediately necessary and proposed as described in subparagraphs (A) and (B) of this paragraph. The PCA must include a separate table of the estimated long term costs which identifies in each line the individual component of the property being examined, and in each column the year during the term in which the costs are estimated to be incurred and no less than 15 years. The estimated costs for future years should be given in both present dollar values and anticipated future dollar values assuming a reasonable inflation factor of not less than 2.5% per annum.

(b) If a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied, the Department will also accept copies of reports commissioned or required by the primary lender for a proposed transaction, which have been prepared in accordance with:

- (1) Fannie Mae's criteria for Physical Needs Assessments;
- (2) Federal Housing Administration's criteria for Project Capital Needs Assessments;
- (3) Freddie Mac's guidelines for Engineering and Property Condition Reports;
- (4) TX-USDA-RHS guidelines for Capital Needs Assessment; or
- (5) Standard and Poor's Property Condition Assessment Criteria: Guidelines for Conducting Property Condition Assessments, Multifamily Buildings.

(c) The Department may consider for acceptance reports prepared according to other standards which are not specifically named above in subsection (b) of this section, if a copy of such standards or a sample report have been provided for the Department's review, if such standards are widely used, and if all other criteria and requirements described in this section are satisfied.

(d) The PCA shall be conducted by a Third Party at the expense of the Applicant, and addressed to TDHCA as the client. Copies of reports provided to TDHCA which were commissioned by other financial institutions should address TDHCA as a co-recipient of the report, or letters from both the provider and the recipient of the report should be submitted extending reliance on the report to TDHCA. The PCA report should also include a statement that the person or company preparing the PCA report will not materially benefit from the Development in any other way than receiving a fee for performing the PCA. The PCA report must contain a statement indicating the report preparer has read and understood the requirements of this section. The PCA should be signed and dated by the Third Party report provider not more than six months prior to the date of the application.

**§1.37. Reserve for Replacement Rules and Guidelines.**

(a) **General Provisions.** The Department will require Developments to provide regular maintenance to keep housing sanitary, safe and decent by maintaining a reserve for replacement in accordance with §2306.186. The reserve must be established for each unit in a Development of 25 or more rental units, regardless of the amount of rent charged for the unit. The Department shall, through cooperation of its divisions responsible for asset management and compliance, ensure compliance with this section.

(b) The First Lien Lender shall maintain the reserve account through an escrow agent acceptable to the First Lien Lender to hold reserve funds in accordance with an executed escrow agreement and the rules set forth in this section and §2306.186.

(1) Where there is a First Lien Lender other than the Department or a Bank Trustee as a result of a bond indenture or tax credit syndication, the Department shall:

(A) Be a required signatory party in all escrow agreements for the maintenance of reserve funds;

(B) Be given notice of any asset management findings or reports, transfer of money in reserve accounts to fund necessary repairs, and any financial data and other information pursuant to the oversight of the Reserve Account within 30 days of any receipt or determination thereof; and

(C) Subordinate its rights and responsibilities under the escrow agreement, including those described in this subsection, to the First Lien Lender or Bank Trustee through a subordination agreement subject to its ability to do so under the law and normal and customary limitations for fraud and other conditions contained in the Department's standard subordination clause agreements as modified from time to time, to include subsection (c) of this section.

(2) The escrow agreement and subordination agreement, if applicable, shall further specify the time and circumstances under which the Department can exercise its rights under the escrow agreement in order to fulfill its obligations under §2306.186 and as described in this section.

(3) Where the Department is the First Lien Lender and there is no Bank Trustee as a result of a bond indenture or tax credit syndication or where there is no First Lien Lender but the allocation of funds by the Department and §2306.186 requires that the Department oversee a Reserve Account, the Owner shall provide at their sole expense for appointment of an escrow agent acceptable to the Department to act as Bank Trustee as necessary under this section. The Department shall retain the right to replace the escrow agent with another Bank Trustee or act as escrow agent at a cost plus fee payable by the Owner due to breach of the escrow agent's responsibilities or otherwise with 30 days prior notice of all parties to the escrow agreement.

(c) If the Department is not the First Lien Lender with respect to the Development, each Owner receiving Department assistance for multifamily rental housing shall submit on an annual basis within the Department's required Owner's Financial Certification packet a signed certification by the First Lien Lender including:

(1) Reserve for replacement requirements under the first lien loan agreement;

(2) Monitoring standards established by the First Lien Lender to ensure compliance with the established reserve for replacement requirements; and

(3) A statement by the First Lien Lender.

(A) That the Development has met all established reserve for replacement requirements; or

(B) Of the plan of action to bring the Development in compliance with all established reserve for replacement requirements, if necessary.

(d) If the Development meets the minimum unit size described in subsection (a) of this section and the establishment of a Reserve Account for repairs has not been required by the First Lien Lender or Bank Trustee, each Owner receiving Department assistance for multifamily rental housing shall set aside the repair reserve amount as described in subsection (e)(1) - (3) of this section through the date described in subsection (f)(2) of this section through the appointment of an escrow agent as further described in subsection (b)(3) of this section.

(e) If the Department is the First Lien Lender with respect to the Development, each Owner receiving Department assistance for multifamily rental housing shall deposit annually into a Reserve Account through the date described in subsection (f)(2) of this section.

(1) For new construction Developments:

(A) Not less than \$150 per unit per year for units one to five years old; and

(B) Not less than \$200 per unit per year for units six or more years old.

(2) For rehabilitation Developments:

(A) An amount per unit per year established by the Department's division responsible for credit underwriting based on the information presented in a Property Condition Assessment in conformance with §1.36 of this subchapter; and

(B) Not less than \$300 per unit per year.

(3) For either new construction or rehabilitation Developments, the Owner of a multifamily rental housing Development shall contract for a third-party Property Condition Assessment meeting the requirements of §1.36 of this subchapter and the Department will reanalyze the annual reserve requirement based on the findings and other support documentation.

(A) A Property Condition Assessment will be conducted:

(i) At appropriate intervals that are consistent with requirements of the First Lien Lender, other than the Department; or

(ii) At least once during each five-year period beginning with the 11th year after the awarding of any financial assistance for the Development by the Department, if the Department is the First Lien Lender or the First Lien Lender does not require a third-party Property Condition Assessment.

(B) Submission by the Owner to the Department will occur within 30 days of completion of the Property Condition Assessment and must include:

(i) The complete Property Condition Assessment;

(ii) First Lien Lender and/or Owner response to the findings of the Property Condition Assessment;

(iii) Documentation of repairs made as a result of the Property Condition Assessment; and

(iv) Documentation of adjustments to the amounts held in the replacement Reserve Account based upon the Property Condition Assessment.

(f) A Land Use Restriction Agreement or restrictive covenant between the Owner and the Department must require:

(1) The Owner to begin making annual deposits to the reserve account on the later of:

(A) The date that occupancy of the Development stabilizes as defined by the First Lien Lender or in the absence of a First Lien Lender other than the Department, the date the property is at least 90% occupied; or

(B) The date that permanent financing for the Development is completely in place as defined by the First Lien Lender or in the absence of a First Lien Lender other than the Department, the date when the permanent loan is executed and funded.

(2) The Owner to continue making deposits until the earliest of the following dates:

(A) The date on which the Owner suffers a total casualty loss with respect to the Development;

(B) The date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored;

(C) The date on which the Development is demolished;

(D) The date on which the Development ceases to be used as a multifamily rental property;

or

(E) The later of

(i) The end of the affordability period specified by the Land Use Restriction Agreement or restrictive covenant; or

(ii) The end of the repayment period of the first lien loan.

(g) The duties of the Owner of a multifamily rental housing Development under this section cease on the date of a change in ownership of the Development; however, the subsequent Owner of the Development is subject to the requirements of this section.

(h) If the Department is the First Lien Lender with respect to the Development or the First Lien Lender does not require establishment of a Reserve Account, the Owner receiving Department assistance for multifamily rental housing shall submit on an annual basis within the Department's required Owner's Financial Certification packet:

(1) Financial statements, audited if available, with clear identification of the replacement Reserve Account balance and all capital improvements to the Development within the fiscal year;

(2) Identification of costs other than capital improvements funded by the replacement Reserve Account; and

(3) Signed statement of cause for:

(A) Use of replacement Reserve Account for expenses other than necessary repairs, including property taxes or insurance;

(B) Deposits to the replacement Reserve Account below the Department's or First Lien Lender's mandatory levels as defined in subsections (c), (d) and (e) of this section; and

(C) Failure to make a required deposit.

(i) If a request for extension or waiver is not approved by the Department, Department action, including a penalty of up to \$200 per dwelling unit in the Development and/or characterization of the Development as Materially Non-Compliant, as defined in §60.1 of this title, may be taken when:

(1) A Reserve Account, as described in this section, has not been established for the Development;

(2) The Department is not a party to the escrow agreement for the Reserve Account;

(3) Money in the Reserve Account

(A) Is used for expenses other than necessary repairs, including property taxes or insurance;

or

(B) Falls below mandatory deposit levels;

(4) Owner fails to make a required deposit;

(5) Owner fails to contract for the third party Property Condition Assessment as required under subsection (e)(3) of this section; or

(6) Owner fails to make necessary repairs, as defined in subsection (k) of this section.

(j) On a case by case basis, the Department may determine that the money in the Reserve Account may:

(1) Be used for expenses other than necessary repairs, including property taxes or insurance, if:

(A) Development income before payment of return to Owner or deferred developer fee is insufficient to meet operating expense and debt service requirements; and

(B) The funds withdrawn from the Reserve Account are replaced as cashflow after payment of expenses, but before payment of return to Owner or developer fee is available.

(2) Fall below mandatory deposit levels without resulting in Department action, if:

(A) Development income after payment of operating expenses, but before payment of return to Owner or deferred developer fee is insufficient to fund the mandatory deposit levels; and

(B) Subsequent deposits to the Reserve Account exceed mandatory deposit levels as cashflow after payment of operating expenses, but before payment of return to Owner or deferred developer fee is available until the Reserve Account has been replenished to the mandatory deposit level less capital expenses to date.

(k) The Department or its agent may make repairs to the Development if the Owner fails to complete necessary repairs indicated in the submitted Property Condition Assessment or identified by physical inspection. Repairs may be deemed necessary if the Development is notified of the Owner's failure to comply with federal, state and/or local health, safety, or building code.

(1) Payment for necessary repairs must be made directly by the Owner or through a replacement Reserve Account established for the Development under this section.

(2) The Department or its agent will produce a Request for Bids to hire a contractor to complete and oversee necessary repairs.

(l) This section does not apply to a Development for which the Owner is required to maintain a Reserve Account under any other provision of federal or state law.

**OFFICE OF ARRA ACCOUNTABILITY AND OVERSIGHT**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Presentation, Discussion and Possible Action on a Status Report on the Implementation of the American Recovery and Reinvestment Act of 2009 (ARRA).

**Required Action**

Presentation, Discussion and Possible Action on Update of Activity relating to the implementation of the American Recovery and Reinvestment Act of 2009 (ARRA).

**Background**

This item provides an update on the status of the Department's activity relating to overall ARRA activities as well as on each of the ARRA programs. Staff intends to bring a status report to each meeting that covers an overall summary of ARRA, separate from any program-specific Board items.

**All ARRA Programs/Department Wide:**

Effective April 14, 2009, the Department has instituted a new organizational structure to address the influx of ARRA funds. Several key components of that reorganization that impact ARRA activities include:

- Creation of a new Office for ARRA Accountability and Oversight. Brooke Boston will lead this area which is designed solely for the purpose of ensuring accountability and oversight of all ARRA funds. This function will be dedicated to looking at issues that cut across all ARRA programs including ARRA reporting, working with responsible division areas in streamlining reporting, sharing guidance, communicating and coordinating with the governor's office and legislative oversight committees, and working with Internal Audit to identify and mitigate risk in the program development and operation.
- Each program division has been assigned to one of two Program Deputies – Brooke Boston or Tom Gouris. Programs are grouped as Community Based Programs, led by Brooke Boston, and Housing Programs, led by Tom Gouris. Activities under each deputy will include regular ongoing programs as well as programs created by or expanded under ARRA. This split allows a greater specialization at the deputy level as well as a more manageable scope as they lead their respective divisions. The Homebuyer Tax Credit Program, also associated with ARRA, is operated by the Texas Homeownership Program, which now reports to Bill Dally.
- Creation of a new area entitled Program Services, which will be led by Lora Myrick. Organizationally this area will be in the Housing Programs Division, led by Tom Gouris. This group is the "clearinghouse" for front-end services and expertise that are needed across multiple programs and will now centrally provide the following services for all Department divisions and programs – existing and new: quality assurance, final set ups and draw



approvals; real estate closings for single and multi family activities; post closing document tracking; environmental reviews and clearances; Davis-Bacon oversight; and serving as the central source of federal program expertise on other technical HUD program requirements such as Lead Based Paint oversight, Uniform Relocation Act requirements and oversight, and Limited English Proficiency requirements. Many, if not all, of these are requirements of our regular funds and of ARRA funds.

- Changes to structure to allow enhanced delivery of ARRA monitoring and asset oversight which will include asset management oversight, if necessary, for any programs.

As part of overall ARRA coordination, the following will be occurring over the next several weeks:

- Focused analysis and review of initial estimates of staffing needs for each activity, with associated staffing plans, including development of job descriptions, budgetary needs, space, and development of timelines for staffing changes. All staffing changes will be managed to work within the scope of available federal funds. Staffing solutions using the following key criteria:
  - Existing expertise will be utilized to take lead roles in overseeing the development and execution of ARRA programs.
  - Any additional resources identified will be assessed for the optimal solution, which may include any or all of the following: internal transfers on a temporary basis, recruitment of additional staff, use of temporaries, and possible procurement and outsourcing.
  - Enhanced processes will also be considered in the development of these solutions.
- Identification of common areas across ARRA programs to streamline and/or outsource program delivery
- Development of program specific timelines
- Development of a program development checklist to cover risk assessment considerations – this will essentially be a series of questions / considerations to ask during the full program design to ensure that nothing is getting missed
- Creation of an ARRA database to track state and federal requirements, reporting, performance, timelines, etc.
- Confirmation of all ARRA requirements – federal and state
- Identification of ongoing ARRA questions – in particular those of broader scope – such as how job creation is defined. Development and maintenance of a comprehensive and current record of issues requiring federal guidance or interpretation and the status of any efforts to obtain such guidance or interpretation.
- Dissemination of appropriate information to the Office of the Governor, the legislative oversight committees, the Legislative Budget Board, auditors, and others.

**ARRA Program Specific Updates are provided on the attached table.**

Program / Amount	Status	Allocation of Funds	Obligations/ Expenditures	Perform. Measures	Contracts	Board Action	Applicant Next Steps
Homelessness Prevention (HPRP)  \$41,472,772	A HUD Con Plan Amendment is being presented to the Board on this April 23 Board agenda, as well as a draft NOFA for the HPRP release of funds. The Plan Amendment will be released for no less than 12 days of public comment as federally required and will then be submitted to HUD by May 18. While HUD approval is not expected to be received until July, staff projects that applications for funds will be due to TDHCA in June and awards made in July or August.	<ul style="list-style-type: none"> <li>▪ 5% for Administration (2 ½ for TDHCA and 2 ½ for recipients)</li> <li>▪ 5% Set Aside for Statewide Pilot</li> <li>▪ 5% for Data and Evaluation</li> <li>▪ Balance of funds regionally allocated to 13 service regions based on poverty and unemployment data.</li> </ul>	Not yet applicable	Not yet applicable	Recipients will be required to expend all funds within a two year contract period.	<p>April - Approval of Amendment and NOFA.</p> <p>July / August - Approval of awards.</p>	NOFA is anticipated to be released April 24. Upon release of the NOFA, one or more application workshops will be hosted. Applications due in June.
Weatherization (WAP)  \$326,975,732	A Department of Energy Plan is being presented to the Board on this April 23 Board agenda. Staff projects that the Plan will be submitted to DOE on or about April 27. A NOFA will be presented to the Board in May. Staff projects that applications for funds will be due to TDHCA in June and awards made in July or August.	<ul style="list-style-type: none"> <li>▪ 3% for State Administration</li> <li>▪ 6.5% for Training and Technical Assistance</li> <li>▪ Balance of funds for Subrecipient administration (5%), direct services, and health and safety improvements (up to 10%).</li> <li>▪ These numbers are estimates at the time of this report. Actual amount requested must be supported by detailed schedules, as required by DOE.</li> <li>▪ Subrecipient Allocation (\$295,913,037) to be apportioned between the existing WAP network (approximately \$144 million), cities with populations exceeding 75,000 (approximately \$144 million), and small cities, nonprofits and units of local government (\$7,500,000).</li> </ul>	Not yet applicable	Not yet applicable	Recipients will be required to expend all funds within a two year contract period.	<p>April - Approval of DOE Plan</p> <p>May – Approval of NOFA</p> <p>July / August - Approval of awards.</p>	Input on NOFA at May Board Meeting. Upon release of the NOFA, one or more application workshops will be hosted. Applications due in June.
Community Services Block Grant (CSBG)  \$48,148,071	Guidance released on April 10 indicates that a CSBG Plan for ARRA Funds to the Office of Community Service (OCS) by May 29, 2009. Guidance confirms that there will be no administrative funds and no discretionary funds. Up to 1% will be allowed for benefits enrollment activity.	To be determined as Plan is developed for Board approval, but staff preliminarily anticipates using the existing CSBG formula to provide funds to the existing Community Action Network.	Not yet applicable	Not yet applicable	Recipients will be required to expend all funds within a one year contract period.	May - Approval of Plan (Plan itself may be the direct allocation of funds and serve as the award process).	One additional public input session may occur prior to, or as part of, the May Board meeting providing opportunities for public inspection and comment.

**Disclaimer:** Information on this report is based on an initial analysis of ARRA and does not necessarily take into account federal rules which may have a direct bearing on the amount of funds made available to TDHCA and Texas. The Department believes that adjustments will be made that will have either positive or negative impact on the final funding amounts. Information in this report is subject to greater detail in specific Board action items.

Program / Amount	Status	Allocation of Funds	Obligations/ Expenditures	Perform. Measures	Contracts	Board Action	Applicant Next Steps
Tax Credit Assistance Program (TCAP)  \$148,354,769	Staff is awaiting federal guidance, in particular guidance relating to whether the program will more closely mirror Section 42 or HOME and whether HUD recapture requirements apply if required affordability is not delivered. That distinction drives the policy decisions to be made regarding the use of funds. Staff anticipates a May Board action item.	Eligible for 2007, 2008 and 2009 Housing Tax Credits awards. Not clear if HOME administrative funds (typically 10%) will be available or not. Allocation methodology to be determined.	Not yet applicable	Not yet applicable	Recipients will be required by TDHCA to expend all funds within a two year contract period. May correlate with placement in service.	May – Possible Board action.	Possible Action by Board in May.
HTC Exchange (HTCEX)  \$314,000,000*	Staff is awaiting federal guidance and is intending to make policy recommendations to this Board regarding the Exchange Program after decisions regarding the TCAP funds have been made.  *Could increase based upon IRS guidance and additional returns of prior year credit later this year.	Eligible only for 2009 Housing Tax Credit applicants per current state law and QAP deadlines. No administrative funds anticipated; however utilization of processing fee may be included. Allocation methodology to be determined.	Not yet applicable	Not yet applicable	To Be Determined. Unused funds to be returned by January 2011.	May – Possible Board action.	Possible Action by Board in May.
Homebuyer Tax Credit  \$8,000 per household	In March, the Board approved the development of a down payment assistance program in conjunction with the Department's MCC and bond programs that provides a tax credit advance loan for up to \$6,000. Approving the program design at the April 23 Board meeting.	Up to approximately \$1.7 million will be utilized for this program. No pre-determined allocation occurs; contracts are with participating lenders and program is first come-first serve for households within that network of lenders. Loan repayments will be recycled for use to eligible households.	Not yet applicable	Not yet applicable	Tax credit advance loan to the borrower is interest free for the initial 120 days; loan repayment can be extended for up to five years at a 7% interest rate.	April - Approval of Programs. No further action needed.	NA
Neighborhood Stabilization Program (NSP) I HERA  \$102,000,000	Applications from Select Pool and Direct Pool applicants are due April 27. Awards are expected to be made in June/July. MOU with ORCA for Select Pool administration to be executed by the end of April.	<ul style="list-style-type: none"> <li>▪ Direct Allocation (up to 25 counties): \$50,692,337</li> <li>▪ Select Pool (up to 76 counties): \$31,104,826</li> <li>▪ Land Banking: 10,000,000</li> <li>▪ Administration: \$10,196,685 (a portion for state and a portion for subs)</li> </ul>	Not yet applicable	Not yet applicable	Contracts will require all funds be obligated within 6-8 months	June / July - Approval of awards.	Submit applications by April 27 deadline.

**Disclaimer:** Information on this report is based on an initial analysis of ARRA and does not necessarily take into account federal rules which may have a direct bearing on the amount of funds made available to TDHCA and Texas. The Department believes that adjustments will be made that will have either positive or negative impact on the final funding amounts. Information in this report is subject to greater detail in specific Board action items.

Program / Amount	Status	Allocation of Funds	Obligations/ Expenditures	Perform. Measures	Contracts	Board Action	Applicant Next Steps
Neighborhood Stabilization Program (NSP) II ARRA  Amount Not Known**	Guidance from HUD to be released May 2. Application from TDHCA will be due to HUD by July 6.  ** Texas has to apply for a specific amount. Applications will be competitive on a national basis.	Not yet determined.	Not yet applicable	Not yet applicable	Not yet determined.	June – Approval of application to HUD	Provide input in May/June on ARRA portion of funds.

**Disclaimer:** Information on this report is based on an initial analysis of ARRA and does not necessarily take into account federal rules which may have a direct bearing on the amount of funds made available to TDHCA and Texas. The Department believes that adjustments will be made that will have either positive or negative impact on the final funding amounts. Information in this report is subject to greater detail in specific Board action items.

**To Be Posted  
three days  
prior to the meeting**

**COMMUNITY AFFAIRS DIVISION  
BOARD ACTION REQUEST  
April 23, 2009**

**Action Item**

Presentation, Discussion and Possible Approval of the Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Homelessness Prevention and Rapid Re-Housing Program (HPRP).

**Requested Action**

Approve, deny or approve with modifications the Substantial Amendment to the HUD Consolidated Plan 2008 Action Plan.

**Background**

The U.S. Department of Housing and Urban Development (HUD) will provide the State of Texas, through the Department, \$41,472,772 in HPRP funds to be utilized within three years from the date of the final grant award from HUD. The purpose of HPRP is to provide homelessness prevention assistance to households who would otherwise become homeless – many due to the economic crisis – and to provide assistance to rapidly re-house persons who are homeless. The funds can be utilized to provide funds for four major activities: 1) Financial Assistance - rent, utility payments, utility and rent deposits, moving assistance, motel and hotel vouchers, and habitability inspections; 2) Housing Relocation and Stabilization Services – case management related to housing needs of the participant, outreach and engagement, housing search and placement, legal services and credit repair; 3) Data Collection and Evaluation related to HPRP; and 4) Administrative Costs limited to 5% of the total allocation which is to be shared by the Department with subrecipients. HUD requires that the Consolidated Plan be substantially amended to reflect the Department's utilization of these funds.

The Department composed an internal HPRP Workgroup to develop the Substantial Amendment. Additionally, the Department held public input sessions in Austin, Dallas, Houston, and El Paso to gather input on the use and distribution of the funds which was taken into consideration during the preparation of the Substantial Amendment.

Pending approval, the Substantial Amendment will be released to the public by April 27, 2009 for the required 12 day public comment period. The Substantial Amendment is due to HUD by May 18, 2009. To ensure timely submission to HUD, staff requests approval for the Executive Director to make changes to the Substantial Amendment if necessary following the public comment period and prior to submission to HUD.

**Recommendation**

Staff recommends the approval of the Substantial Amendment to the Consolidated Plan 2008 Action Plan.

## **Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Homelessness Prevention and Rapid Re-Housing Program (HPRP)**

Grantees eligible to receive funds under the Homelessness Prevention and Rapid Re-Housing Program (HPRP) are required to complete a substantial amendment to their Consolidated Plan 2008 Action Plan. This form sets forth the required format for this substantial amendment. A completed form is due to HUD within 60 days of the publication of the HUD HPRP notice.

To aid grantees in meeting this submission deadline, the HPRP Notice reduces the requirement for a 30-day public comment period to no less than 12 calendar days for this substantial amendment. With this exception, HPRP grantees are required to follow their Consolidated Plan's citizen participation process, including consultation with the Continuum of Care (CoC) in the appropriate jurisdiction(s). Grantees are also required to coordinate HPRP activities with the CoC's strategies for homeless prevention and ending homelessness. To maximize transparency, HUD strongly recommends that each grantee post its substantial amendment materials on the grantee's official website as the materials are developed.

A complete submission contains the following three documents:

- 1) A signed and dated SF-424,
- 2) A completed form HUD-40119 (this form), and
- 3) Signed and dated General Consolidated Plan and HPRP certifications.

For additional information regarding the HPRP program, visit the HUD Homelessness Resource Exchange ([www.hudhre.info](http://www.hudhre.info)). This site will be regularly updated to include HPRP resources developed by HUD and its technical assistance providers.

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The information collection requirements contained in this application have been submitted to the Office of Management and Budget (OMB) for review under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

*Information is submitted in accordance with the regulatory authority contained in each program rule. The information will be used to rate applications, determine eligibility, and establish grant amounts.*

Public reporting burden for this collection of information is estimated to be 16 hours, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. To the extent that any information collected is of a confidential nature, there will be compliance with Privacy Act requirements. However, the substantial amendment to the Consolidated Plan 2008 Action Plan does not request the submission of such information.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

**Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Homelessness Prevention and Rapid Re-Housing Program (HPRP)**

**A. General Information**

<b>Grantee Name</b>	State of Texas
<b>Name of Entity or Department Administering Funds</b>	Texas Department of Housing and Community Affairs
<b>HPRP Contact Person</b> (person to answer questions about this amendment and HPRP)	Amy Oehler
<b>Title</b>	Director, Community Affairs Division
<b>Address Line 1</b>	PO Box 13941
<b>Address Line 2</b>	
<b>City, State, Zip Code</b>	Austin, TX 78711
<b>Telephone</b>	512- 475-3864
<b>Fax</b>	512-475-4684
<b>Email Address</b>	amy.oehler@tdhca.state.tx.us
<b>Authorized Official</b> (if different from Contact Person)	Michael Gerber
<b>Title</b>	Executive Director
<b>Address Line 1</b>	PO Box 13941
<b>Address Line 2</b>	
<b>City, State, Zip Code</b>	Austin, TX 78711
<b>Telephone</b>	512-475-3934
<b>Fax</b>	512-469-9606
<b>Email Address</b>	michael.gerber@tdhca.state.tx.us
<b>Web Address where this Form is Posted</b>	www.tdhca.state.tx.us

<b>Amount Grantee is Eligible to Receive*</b>	\$41,472,772
<b>Amount Grantee is Requesting</b>	\$41,472,772

\*Amounts are available at <http://www.hud.gov/recovery/homelesspreventrecov.xls>



**Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Homelessness Prevention and Rapid Re-Housing Program (HPRP)**

**B. Citizen Participation and Public Comment**

1. Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment (limit 250 words).

Response:

The Texas Department of Housing and Community Affairs (the Department) strives to include the public in policy, program and resource allocation decisions that concern the Department.

On April 2, 2009 the Department held a Roundtable Discussion in Austin, Texas to provide stakeholders, prospective subrecipients and continuum of care members an opportunity to provide input to the Department on the implementation and administration of the HPRP funds. Approximately 80 participants attended the Roundtable representing service providers, advocates, and policy makers. The Roundtable was simultaneously broadcast over the Internet.

Additionally, the Department held open meetings on April 6, 7 and 8, 2009 in Houston, Dallas and El Paso, respectively, to offer the public an opportunity to provide input on HPRP as well as Weatherization Assistance Program and Community Service Block Grant Program funds.

The draft Substantial Amendment is included in the Board Book posted on the Department's website for the April 23, 2009 meeting of the TDHCA Board of Directors. Public comment is accepted on all Board agenda items, including the draft Substantial Amendment.

The Department will post the draft Substantial Amendment to the Consolidated Plan on the Department's official website for at least 12 days for a formal public comment period. The Department will review all public comment and prepare reasoned responses for each comment. Each reasoned response will indicate acceptance of suggested changes or justifications for the Department's decision to not include suggested changes to the substantial amendment, as appropriate.

2. Provide the appropriate response regarding this substantial amendment by checking one of the following options:
  - Grantee did not receive public comments.
  - Grantee received and accepted all public comments.
  - Grantee received public comments and did not accept one or more of the comments.

## **Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Homelessness Prevention and Rapid Re-Housing Program (HPRP)**

3. Provide a summary of the public comments regarding this substantial amendment. Include a summary of any comments or views not accepted and the reasons for non-acceptance.

Response: The summary of public comment and reasoned responses will be included in the final version of the Substantial Amendment to the Consolidated Plan to be submitted to HUD by May 18, 2009.

### **C. Distribution and Administration of Funds**

Reminder: The HPRP grant will be made by means of a grant agreement executed by HUD and the grantee. The three-year deadline to expend funds begins when HUD signs the grant agreement. Grantees should ensure that sufficient planning is in place to begin to expend funds shortly after grant agreement.

1. Check the process(es) that the grantee plans to use to select subrecipients. Note that a subrecipient is defined as the organization to which the recipient provides HPRP funds.

Competitive Process

Formula Allocation

Other (Specify: set-aside)

2. Briefly describe the process(es) indicated in question 1 above (limit 250 words).

Response:

A Notice of Funding Availability (NOFA) is being presented to the TDHCA Board on April 23, 2009 for approval. Once the NOFA is officially released, applicants will have four (4) weeks to submit applications for consideration.

Five percent (5%) of the funds will be set aside for a statewide "Access to Mainstream Services Pilot Program" which will promote the creation of Homelessness Prevention Councils in communities that emphasize access to mainstream services for people exiting identified "feeder" systems (i.e., youth exiting foster care, criminal justice, behavioral health and military). If these funds are not awarded within a reasonable period of time they will be rolled into the larger allocation.

The remaining funds will first be allocated regionally and then awarded competitively within each region. Initial allocations will be distributed under the established 13 Uniform State Service Regions. Two factors are being used in the regional allocation formula: poverty and unemployment figures. Calculation of

**Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Homelessness Prevention and Rapid Re-Housing Program (HPRP)**

regional allocation amounts will include 2000 U.S. Census numbers for individuals in poverty as well as unemployment numbers for December 2008 and January and February 2009 provided by the Texas Workforce Commission. Each data set will contribute 50% weight toward the allocation formula.

Once the allocation is established for each region, the Department will issue a Notice of Funding Availability (NOFA). Applicants from the 13 regions will be placed in competition with other applicants from the same region. After awards for each region have been made any remaining funds will be collapsed into a state-wide allocation to fund the remaining applicants statewide based on score.

3. Briefly describe the process the grantee plans to use, once HUD signs the grant agreement, to allocate funds available to subrecipients by September 30, 2009, as required by the HPRP Notice (limit 250 words).

Response:

The Department has prepared a Notice of Funding Availability (NOFA) following the same timetable as the substantial amendment. The NOFA is being presented to the TDHCA Board on April 23, 2009 for approval. Once the NOFA is officially released, applicants will have four (4) weeks to submit applications for consideration.

Reviewers will pre-screen all applications to ensure eligibility requirements are met. If an application does not meet eligibility requirements, it will be deemed ineligible and will not be scored.

Applications which meet eligibility requirements will then be scored according to the criteria in the NOFA using a standard review instrument. Applications will be ranked according to their score within each set-aside or region. Applicants who have unresolved monitoring and audit findings from any TDHCA funded program will be ineligible for HPRP funding.

Department award recommendations are anticipated to be presented to the TDHCA Board for approval no later than September 2009. Award letters will be mailed within one week of the Board meeting and approval.

4. Describe the grantee's plan for ensuring the effective and timely use of HPRP grant funds on eligible activities, as outlined in the HPRP Notice. Include a description of how the grantee plans to oversee and monitor the administration and use of its own HPRP funds, as well as those used by its subrecipients (limit 500 words).

## **Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Homelessness Prevention and Rapid Re-Housing Program (HPRP)**

Response:

HPRP grant and contract activities will be tracked through TDHCA's website, which maintains an Oracle-based report system. This system maintains funds drawn, funds expended, performance data, and other reports as needed. HPRP data shall also be tracked through HUD's IDIS. TDHCA will ensure adequate progress is made toward committing and expending HPRP funds by regular review of internal reports.

TDHCA monitors subrecipients based on an assessment of associated risks. The assessment of associated risks utilizes factors developed by the Department's Compliance and Asset Oversight Division in conjunction with the Community Affairs Division. The factors include the time since the last on-site monitoring, status of the most recent monitoring report, timeliness of grant reporting, results of the last on-site monitoring review, number and dollar amounts of Department funds contracts, final expenditure rate for previous contract period, and single audit issues. In addition to the results of the risk assessment survey consideration is also given to recommendations made from other TDHCA Divisions regarding performance with other TDHCA funded programs. Subrecipients with the highest rankings are considered high risk and will receive extended full on-site monitoring review. Subrecipients with low rankings will have a desk review conducted and an abbreviated on-site monitoring review. During the on-site monitoring reviews, staff reviews supporting documentation provided by the Subrecipient and information gathered from outside sources to prevent fraud and abuse of the funds and to ensure compliance with the Homelessness Prevention and Rapid Re-Housing Program (HPRP) Contract, Title XII of the American Recovery and Reinvestment Act of 2009, and OMB Circulars related to expenditure of funds.

If a Subrecipient mismanages funds, sanctions such as cost reimbursement method of payment, deobligation of funds, suspension of funds, and termination of contract are enforced and disallowed costs are refunded to TDHCA. Also, if fraud is suspected, TDHCA makes referrals and works closely with HUD, the State Auditor's Office, the Inspector General, the Internal Revenue Service, and local law enforcement agencies as applicable.

Additionally, the Department may deobligate all or part of the funds provided under these program contracts, if subrecipients have not expended funds as specified in the contract of each subrecipient according to the expenditure rate during the contract term. The performance will be reviewed periodically. Subrecipient's failure to expend the funds provided under this contract in a timely manner may also result in the subrecipient's ineligibility to receive additional funding during the grant period. The deobligation and reobligation provision will be based on performance.

**Substantial Amendment to the Consolidated Plan 2008 Action Plan for the  
Homelessness Prevention and Rapid Re-Housing Program (HPRP)**

**D. Collaboration**

1. Briefly describe how the grantee plans to collaborate with the local agencies that can serve similar target populations, which received funds under the American Recovery and Reinvestment Act of 2009 from other Federal agencies, including the U.S. Departments of Education, Health and Human Services, Homeland Security, and Labor (limit 250 words).

Response:

The Department will require that all subrecipients coordinate with other local organizations that are planning and carrying out activities related to prevention and rapid re-housing. These organization and entities include FEMA Boards, local agencies responsible for administering and implementing ten-year plans (and other plans) to end homelessness, and agencies that administer mainstream resources such as Temporary Assistance to Needy Families (TANF), unemployment insurance (UI) and Food Stamps.

The Department will require subrecipients to ensure that program participants are enrolled in all applicable mainstream resources. Subrecipients must carefully assess how HPRP funds will be used in conjunction with other funds from the Recovery Act to prevent homelessness and rapidly re-house homeless persons, and plan a coordinated approach to serving similar target populations. Subrecipients will be monitored by the Department for compliance.

2. Briefly describe how the grantee plans to collaborate with appropriate Continuum(s) of Care and mainstream resources regarding HPRP activities (limit 250 words).

Response:

The Department will require all subrecipients to coordinate with the local CoC to ensure that HPRP activities are aligned with the CoC's strategies for preventing and ending homelessness. The impact of persons receiving HPRP assistance will ultimately be reported by CoCs through required point-in-time counts and through other data collected by HUD.

The Department is the lead agency for Homelessness in Texas and chairs the Texas Interagency Council for the Homeless (TICH). TICH is comprised of 11 state agencies, a representative of the Governor and the Texas House Speaker, as well as several advocates, federal agencies and experts serving in the capacity of Advisory Members. Among other activities, the TICH is charged with improving interagency coordination; evaluating service delivery to homeless populations; increasing the flow of information between service providers, Continuums of Care, state agencies

**Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Homelessness Prevention and Rapid Re-Housing Program (HPRP)**

and consumers; and developing any statewide plans addressing homelessness. The TICH will monitor overall effectiveness of the HPRP program and will provide periodic updates to the Department.

Additionally, the Department is setting aside 5% of funds for a state-wide pilot program to create homelessness prevention councils to specifically address “feeder” systems such as foster care, criminal justice, behavioral health and military by coordinating and encouraging access to HPRP and mainstream resources.

3. Briefly describe how HPRP grant funds for financial assistance and housing relocation/stabilization services will be used in a manner that is consistent with the grantee’s Consolidated Plan (limit 250 words).

Response:

The HPRP grant funds will be used in a manner that is consistent with the Department’s Consolidated Plan. The use of HPRP funds will be consistent with the Plan, especially as it relates to Goal #3, “To Improve Living Conditions for the Poor and Homeless and Reduce the Cost of Home energy for Very Low Income Texans.” As identified in the Plan, Homeless persons are considered a priority group for housing-related funding. The Plan also includes those who are “At-risk” for homelessness.

Additionally, the Plan identifies the following as Objectives: providing funding to assist outreach efforts to ensure that homeless persons and persons at risk of homelessness are aware of available services, comprehensive case management, and support of statewide efforts to address homelessness. The Plan calls for geographic distribution, which is accomplished with the 13 Region model outlined and defined in the Plan. Furthermore, the Plan calls for Monitoring of all programs, which will be closely tied to the monitoring of entities and activities funded through HPRP.

**Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Homelessness Prevention and Rapid Re-Housing Program (HPRP)**

**E. Estimated Budget Summary**

HUD requires the grantee to complete the following table so that participants in the citizen participation process may see the grantee's preliminary estimated amounts for various HPRP activities. Enter the estimated budget amounts for each activity in the appropriate column and row. The grantee will be required to report actual amounts in subsequent reporting.

<b>HPRP Estimated Budget Summary</b>			
	<b>Homelessness Prevention</b>	<b>Rapid Re-housing</b>	<b>Total Amount Budgeted</b>
Financial Assistance <sup>1</sup>	\$10,264,512	\$10,264,511	\$20,529,023
Housing Relocation and Stabilization Services <sup>2</sup>	\$8,398,237	\$8,398,236	\$16,796,473
<b>Subtotal</b> (add previous two rows)	<b>\$18,662,750</b>	<b>\$18,662,748</b>	<b>\$37,325,496</b>
Data Collection and Evaluation <sup>3</sup>			\$2,073,638
Administration (up to 5% of allocation)			\$2,073,638
<b>Total HPRP Amount Budgeted<sup>4</sup></b>			<b>\$41,472,772</b>

<sup>1</sup>Financial assistance includes the following activities as detailed in the HPRP Notice: short-term rental assistance, medium-term rental assistance, security deposits, utility deposits, utility payments, moving cost assistance, and motel or hotel vouchers.

<sup>2</sup>Housing relocation and stabilization services include the following activities as detailed in the HPRP Notice: case management, outreach, housing search and placement, legal services, mediation, and credit repair.

<sup>3</sup>Data collection and evaluation includes costs associated with operating HUD-approved homeless management information systems for purposes of collecting unduplicated counts of homeless persons and analyzing patterns of use of HPRP funds.

<sup>4</sup>This amount must match the amount entered in the cell on the table in Section A titled "Amount Grantee is Requesting."

**Substantial Amendment to the Consolidated Plan 2008 Action Plan for the  
Homelessness Prevention and Rapid Re-Housing Program (HPRP)**

**F. Authorized Signature**

By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete, and accurate to the best of my knowledge. I also provide the required assurances and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title



**Application for Federal Assistance SF-424**

Version 02

**\*1. Type of Submission:**

- Preapplication
- Application
- Changed/Corrected Application

**\*2. Type of Application**

- New
- Continuation
- Revision

\* If Revision, select appropriate letter(s)

\*Other (Specify)  
\_\_\_\_\_

3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

\*5b. Federal Award Identifier:

**State Use Only:**

6. Date Received by State:

7. State Application Identifier:

**8. APPLICANT INFORMATION:**

\*a. Legal Name: State of Texas

\*b. Employer/Taxpayer Identification Number (EIN/TIN):  
74-2610542

\*c. Organizational DUNS:  
806781902

**d. Address:**

\*Street 1: 221 East 11<sup>th</sup> Street

Street 2: \_\_\_\_\_

\*City: Austin

County: Travis

\*State: Texas

Province: \_\_\_\_\_

\*Country: USA

\*Zip / Postal Code 78701-2410

**e. Organizational Unit:**

Department Name:  
Texas Department of Housing and Community Affairs

Division Name:

**f. Name and contact information of person to be contacted on matters involving this application:**

Prefix: Mr. \*First Name: Michael

Middle Name: \_\_\_\_\_

\*Last Name: Gerber

Suffix: \_\_\_\_\_

Title: Executive Director

Organizational Affiliation:

\*Telephone Number: 512-475-3930

Fax Number: 512-475-9606

\*Email: michael.gerber@tdhca.state.tx.us

**Application for Federal Assistance SF-424**

Version 02

**\*9. Type of Applicant 1: Select Applicant Type:**

A.State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\*Other (Specify)

**\*10 Name of Federal Agency:**

U.S. Department of Housing and Urban Development

**11. Catalog of Federal Domestic Assistance Number:**

14-257

CFDA Title:

Homelessness Prevention and Rapid Re-Housing Program

**\*12 Funding Opportunity Number:**

\*Title:

Homelessness Prevention and Rapid Re-Housing Program

**13. Competition Identification Number:**

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

State of Texas

**\*15. Descriptive Title of Applicant's Project:**

Homelessness Prevention and Rapid Re-Housing Program

<b>Application for Federal Assistance SF-424</b>		Version 02
<b>16. Congressional Districts Of:</b>		
*a. Applicant: Statewide	*b. Program/Project: Statewide	
<b>17. Proposed Project:</b>		
*a. Start Date: 2/1/09	*b. End Date: 1/31/10	
<b>18. Estimated Funding (\$):</b>		
*a. Federal	<u>41,472,772</u>	
*b. Applicant	_____	
*c. State	_____	
*d. Local	_____	
*e. Other	_____	
*f. Program Income	_____	
*g. TOTAL	<u>41,472,772</u>	
<b>*19. Is Application Subject to Review By State Under Executive Order 12372 Process?</b>		
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on _____		
<input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review.		
<input checked="" type="checkbox"/> c. Program is not covered by E. O. 12372		
<b>*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)</b>		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)		
<input checked="" type="checkbox"/> ** I AGREE		
** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions		
<b>Authorized Representative:</b>		
Prefix: Mr. _____	*First Name: Michael _____	
Middle Name: _____		
*Last Name: Gerber _____		
Suffix: _____		
*Title: Executive Director		
*Telephone Number: 512-475-3930	Fax Number: 512-469-9606	
* Email: michael.gerber@tdhca.state.tx.us		
*Signature of Authorized Representative:		*Date Signed:

**Application for Federal Assistance SF-424**

Version 02

**\*Applicant Federal Debt Delinquency Explanation**

The following should contain an explanation if the Applicant organization is delinquent of any Federal Debt.

## **GENERAL CERTIFICATIONS FOR STATE OR LOCAL GOVERNMENT FOR THE HOMELESSNESS PREVENTION AND RAPID RE-HOUSING PROGRAM (HPRP)**

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the state, territory, or local government certifies that:

**Affirmatively Further Fair Housing** -- The state, territory, or local government will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the jurisdiction or state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

**Drug-Free Workplace** -- It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about:
  - (a) The dangers of drug abuse in the workplace;
  - (b) The grantee's policy of maintaining a drug-free workplace;
  - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
  - (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will -
  - (a) Abide by the terms of the statement; and
  - (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted -
  - (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

- (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, state, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

**Anti-Lobbying** -- To the best of the state, territory, or local government's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

**Authority of Local Government, State, or Territory** -- The submission of the consolidated plan is authorized under state law and local law (as applicable) and the jurisdiction or state possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

**Consistency with Plan** -- The housing activities to be undertaken with HPRP funds are consistent with the strategic plan.

**Section 3** -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

## APPENDIX TO CERTIFICATIONS

### INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

#### A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

#### B. Drug-Free Workplace Certification

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.
2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).
5. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph three).
6. The Grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

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Check  if there are workplaces on file that are not identified here.

The certification with regard to the drug-free workplace is required by 24 CFR part 24, subpart F.

7. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).



## **Homelessness Prevention and Rapid Re-Housing Program (HPRP) Certifications**

The HPRP Grantee certifies that:

**Consolidated Plan** – It is following a current HUD-approved Consolidated Plan or CHAS.

**Consistency with Plan** – The housing activities to be undertaken with HPRP funds are consistent with the strategic plan.

**Confidentiality** – It will develop and implement procedures to ensure:

- (1) The confidentiality of records pertaining to any individual provided with assistance; and
- (2) That the address or location of any assisted housing will not be made public, except to the extent that this prohibition contradicts a preexisting privacy policy of the grantee.

**Discharge Policy** – A certification that the State or jurisdiction has established a policy for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons.

**HMIS** – It will comply with HUD's standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**To Be Posted  
three days  
prior to the meeting**

# ORAL PRESENTATION

**To Be Posted  
three days  
prior to the meeting**

**DISASTER RECOVERY DIVISION**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Report and Discussion on the Hurricane Ike and Dolly Action Plan.

**Requested Action**

Review report and discussion on the Hurricane Ike and Dolly Action Plan.

**Background**

On March 31, 2009, the Office of Rural and Community Affairs (“ORCA”) executed a grant agreement with the US Department of Housing and Urban Development (“HUD”), accepting for the State of Texas \$1,394,990,193 in CDBG emergency funds. This represents the first portion of funds appropriated for Hurricanes Ike and Dolly, and of this amount, it is anticipated that approximately \$650,000,000 will be made available to the Texas Department of Housing and Community Affairs (“TDHCA”) to administer housing programs. The administration of housing programs will be as follows:

A formula to allocate the funds among disaster impacted regions was developed utilizing Federal Emergency Management Administration (“FEMA”) data on the damage estimates in impacted counties as of December 1, 2008. The councils of governments (“COGs”) for the impacted counties were assigned the responsibility of determining how funds would be allocated through a Method of Distribution (“MOD”) process. The primary intent of the MOD process is to identify the recipients of the CDBG funds, determine the allocation amounts to each based on objective and verifiable data, and to determine the allocation between housing (TDHCA-administered) and non-housing (ORCA-administered) activities. ORCA is responsible for the receipt of these MODs and coordination of the review and approval process. Although methods of distribution were due on February 20, 2009, the deadline was extended for all regions. TDHCA anticipates that six of the eleven effected COG regions will have subrecipients that receive housing allocations, and that there will be approximately 20 subrecipients. To date, only H-GAC has received conditional approval of their MOD that allows the cities of Houston and Galveston to apply for and be awarded funding for housing programs. No other COG requesting housing allocations has received full or conditional MOD approval. Each COG is still in the process of receiving final approval of their MOD or they are in the second stage of the MOD process that identifies the local subrecipients and the housing programs (by type and dollar amount) to be administered at the county level. Once the MODs are approved to that level, the designated local subrecipients will proceed with applications to the Department. The applications require subrecipients to demonstrate capacity and identify benchmarks.

A second major element of the housing component is the establishment of a \$58 million set-aside for affordable rental housing. This set-aside, established from 15% of the total grant amount that was available for planning purposes, will be distributed under a competitive notice of funds availability (“NOFA”). The NOFA provides that:

- Funds are allocated regionally based on the same COG groupings and percentages as the general Ike/Dolly allocations.
- If a region is not fully subscribed, it collapses into a disaster region-wide pot.
- The structure will offer the possibility of funding smaller disaster-impacted properties if it creates additional affordable housing rental stock.

The Department held public roundtables on the draft NOFA in Houston on April 6, 2009 and in Brownsville on April 15, 2009. No comments were received that necessitated material revisions to the draft NOFA presented to the Governing Board on April 23, 2009.

Several requests for waivers to the regulations governing use of CDBG disaster recovery funds have been submitted to ORCA for submittal to HUD. Included is a request to allow compensation or incentive programs. Although the Action Plan for this program provides for compensation or incentive programs, the approval of this waiver from HUD will be a requirement to any such award for this housing activity.

**To Be Posted  
three days  
prior to the meeting**

## EXECUTIVE BOARD ACTION REQUEST

April 23, 2009

### Action Item

Presentation, and possible action to adopt a policy regarding the documentation of ownership status on CDBG disaster relief benefit recipients.

### Required Action

Approve, amend, or take no action on the proposed policy.

### Background

If one or more individuals apply for disaster recovery assistance to fund the repair or replacement of their primary residence under a federally funded program administered by the Department using CDBG disaster recovery funds and they otherwise meet the requirements to be eligible for the benefits of that program, the Department shall proceed with the processing of their application as if they were the holder(s) of record fee simple title to that residence if they either:

- 1) are, in fact, the holder of record fee simple title; or
- 2) provide to the Department, on a form prescribed by the Department, an affidavit that sets forth how they are the successors in interest, through devise, intestacy, or conveyance, to the holder(s) of record title and that either:
  - i. there is no other person entitled to claim any ownership interest in the property; or
  - ii. each person who may be entitled to claim an ownership interest in the property has given their consent or cannot be located after a reasonable effort and provide to the Department either:
    - i. proof that they have been, for the current and last preceding tax year, the person reflected on the tax rolls as the owner and the person liable for property taxes; or
    - ii. other evidence, reasonably acceptable to the Department, that establishes that they have ownership over the property.

Compliance with section 2 above shall be used to document the reasonable belief that there are no other persons who might claim to have received or been entitled to receive, or object to, or be compensated for any such benefits, and that the applicant has, in fact, an appropriate ownership interest to support receipt of CDBG disaster recovery funds under the terms of the program.



**HOME AND HOUSING TRUST PROGRAMS DIVISION**  
**BOARD ACTION REQUEST**  
**April 23, 2009**

**Action Item**

Presentation, Discussion and Possible Approval of HOME Program Award Recommendations.

**Requested Action**

Approve, Deny, or Approve with Amendments the HOME Program Award Recommendations.

**Background**

Awards for contracts from all active Notices of Funding Availability (NOFAs), reflecting multiple activity types, and disaster relief, are combined in this one action item.

***OWNER OCCUPIED HOUSING ASSISTANCE, HOMEBUYER ASSISTANCE, AND  
TENANT- BASED RENTAL ASSISTANCE***

On July 31, 2008, the Board approved the 2008 Single Family (Owner Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs) Notice of Funding Availability (NOFA) which made available \$23,034,118. These funds are the Department's 2008 annual HOME allocation from the U. S. Department of Housing and Urban Development. The NOFA published in the *Texas Register* on August 29, 2008. As published in the 2008 State of Texas Consolidated Plan One-Year Action Plan, \$16,123,882 is available for the Owner-Occupied Housing Assistance (OCC) Program, \$3,455,118 is available for the Homebuyer Assistance (HBA) Program, and \$3,455,118 is available for the Tenant-Based Rental Assistance (TBRA) Program. Funds were made available under an open cycle and subject to the Regional Allocation Formula (RAF) until October 15, 2008. On October 16, 2008, any funds not requested were made available statewide in any Uniform State Service Region and remained within each HOME Program Activity specified in the NOFA until January 15, 2009. On January 16, 2009, any funds not awarded or requested were made available in any Uniform State Service Region for any Eligible HOME Program Activity specified in the NOFA until the earlier of the award of all funds or Thursday, April 30, 2009.

On December 18, 2008, the Board approved the transfer of \$4,000,000 in declined HOME funds to the current 2008 Single Family (Owner Occupied Housing Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance Programs) NOFA which increased the total amount of the NOFA to \$27,034,118. The additional \$4 million was used to increase the Owner Occupied Housing Assistance Program Activity set aside funds from \$16,123,882 to \$20,123,882.

The OCC Program provides eligible households with loans for the rehabilitation or reconstruction of their existing owner-occupied home and earning 80% or less of the Area Median family Income (AMFI) as defined by HUD. The assisted unit must be the principal residence of the homeowner and, meet all program eligibility requirements.

The HBA Program provides downpayment and closing costs assistance, to eligible first-time homebuyers for the acquisition of affordable single family housing. The assisted homebuyer must earn 80% or less of the AMFI, occupy the unit as their principal residence, and meet all program eligibility requirements.

The TBRA Program provides eligible households with rental subsidies, including security and utility deposits for a period not to exceed 24 months. Tenants must earning 80% or less of the AMFI, participate in a self-sufficiency program, and meet all program eligibility requirements. Ninety percent (90%) of the households assisted with respect to rental or TBRA units must have incomes at or below 60% of the AMFI, in accordance with 24 CFR §92.216.

To date, 95 applications totaling \$32,387,777 in project funds and \$982,987 in administrative funds have been received. The Board has approved funding for 60 applications totaling \$19,514,161 in project funds and \$593,284 in administrative funds, although one awardee subsequently declined funds. Ten applications have been terminated, one application has withdrawn, Two applications are currently under review and/or are in the process of clearing deficiencies, and 22 applications are being presented for a funding recommendation today.

During the open application cycle, eligible applications were categorized by date, time received, and were reviewed and scored in accordance with the requirements in the NOFA. Attached are the Application Logs and Award Recommendation Logs for each HOME Activity. The Single Family NOFA is over subscribed by \$405,043. Staff is recommending the Board utilize \$405,043 of declined HOME funds which are available to commit in order to fully fund all eligible applications received and reflected in the Award Recommendation Logs.

Staff is recommending for award 22 applications, totaling \$8,300,000 in project funds and \$356,000 in administrative funds, which will result in 145 affordable housing units.

**Award Recommendations Summary:**

HOME Activity	# of Awards Recommended	Total Project Funds Recommended	Total Admin. Funds Recommended	# of Units Recommended
OCC	20	\$7,500,000	\$300,000	100
HBA	1	\$ 500,000	\$ 20,000	25
TBRA	1	\$ 300,000	\$ 36,000	20
<b>Totals</b>	<b>22</b>	<b>\$8,300,000</b>	<b>\$356,000</b>	<b>145</b>

All applications have been reviewed by the Portfolio Management and Compliance Division and no issues of material non-compliance, unresolved audit findings or questioned or disallowed costs have been identified.

If the attached award recommendations are approved, the Single Family NOFA will have no remaining funds. Moreover, the \$28,373,445 in project and administrative funds awarded to 81

viable applications under this NOFA since December 18, 2008 will be used to assist 591 households access safe, decent, and affordable housing.

Attached:

- 2008 HOME Single Family NOFA (OCC) – Award Recommendations Log;
- 2008 HOME Single Family NOFA (HBA) – Award Recommendations Log;
- 2008 HOME Single Family NOFA (TBRA) – Award Recommendations Log; and,
- 2008 HOME Single Family NOFA - Application Log.

### ***CONTRACT FOR DEED PROGRAM***

On May 5, 2008 the Board approved the Notice of Funding Availability (NOFA) for the Contract for Deed Program which made approximately \$9,280,000 in funding available, which is not subject to the Regional Allocation Formula. The Contract for Deed Program assists eligible households with the acquisition (deed conversion) or the acquisition and rehabilitation, new construction or reconstruction of properties for the purpose of converting an eligible contract for deed to homeownership and bringing the assisted unit up to housing standards. Assisted households must reside in a colonia, have a household income that does not exceed 60% of the area median family income (AMFI) and meet all program eligibility requirements. This open cycle NOFA makes funds available on a first-come, first-served basis until all funds have been awarded or 5:00 p.m., May 1, 2009, whichever is first to occur.

To date, four applications totaling \$2,000,000 in project funds and \$80,000 in administrative funds have been received. The Board has approved funding for 3 applications totaling \$1,500,000 in project funds and \$60,000 in administrative funds. One application for \$500,000 in project funds and \$20,000 in administrative funds is being recommended for funding today.

If the attached award recommendation is approved, a total of \$7,280,000 will remain in the NOFA.

Attached:

- HOME Contract for Deed NOFA – Award Recommendations; and,
- HOME Contract for Deed NOFA - Application Log;

### ***DISASTER RELIEF PROGRAM***

On October 27, 2008, the Department received a letter from Governor Rick Perry recognizing that a disaster occurred on August 18, 2008, in Starr County due to severe storms which caused major flooding in the City of Roma and Starr County. The letter requests for the Department make available any and all assistance to the citizens of Starr County. The availability of HOME disaster relief funds, as permitted by the Deobligated Funds Policy, was shared with the Starr County Judge and City of Roma officials. Technical assistance for completing an application was also provided by staff.

In accordance with the Department's HOME Program Rule at 10 TAC §53.47(a)(2), applications for disaster relief will only be accepted within six months after the first day assistance under the program is made available.

The City of Roma submitted an application for assistance under the HOME Owner Occupied Housing Assistance for Disaster Relief Program. The City is requesting \$500,000 in project funds and \$20,000 in administrative funds and is proposing to assist 7 eligible households that were directly affected by the disaster. The proposed application reflects that 13 inches of rain fell within a short period of time, causing flooding and wind damage in three neighborhoods located south of US Highway 83. This disaster affected approximately 774 homes. Most of the homeowners did not have insurance and continue to live in substandard housing conditions. The City of Roma has previously been awarded three HOME OCC contracts totaling \$1,072,965 and assisted 20 households. Eight of the 20 households were served under a previous award of Disaster Relief funds.

Staff recommends an award to the City of Roma for \$500,000 and approval of 4% of project funds requested for program administration.

Attached:

- Disaster Relief Award Recommendation; and
- Disaster Relief Application Log

### **Recommendation**

Staff recommends that the Board approve all of the awards as detailed in the Award Recommendations logs attached.

Financing Narrative  
SilverLeaf at Chandler  
Chandler, TX

It is contemplated that the property will be financed by a HOME loan from TDHCA with a 0% interest rate and a term of 40 years.

Draws will be made during construction and the loan will convert to a permanent loan at completion of construction.

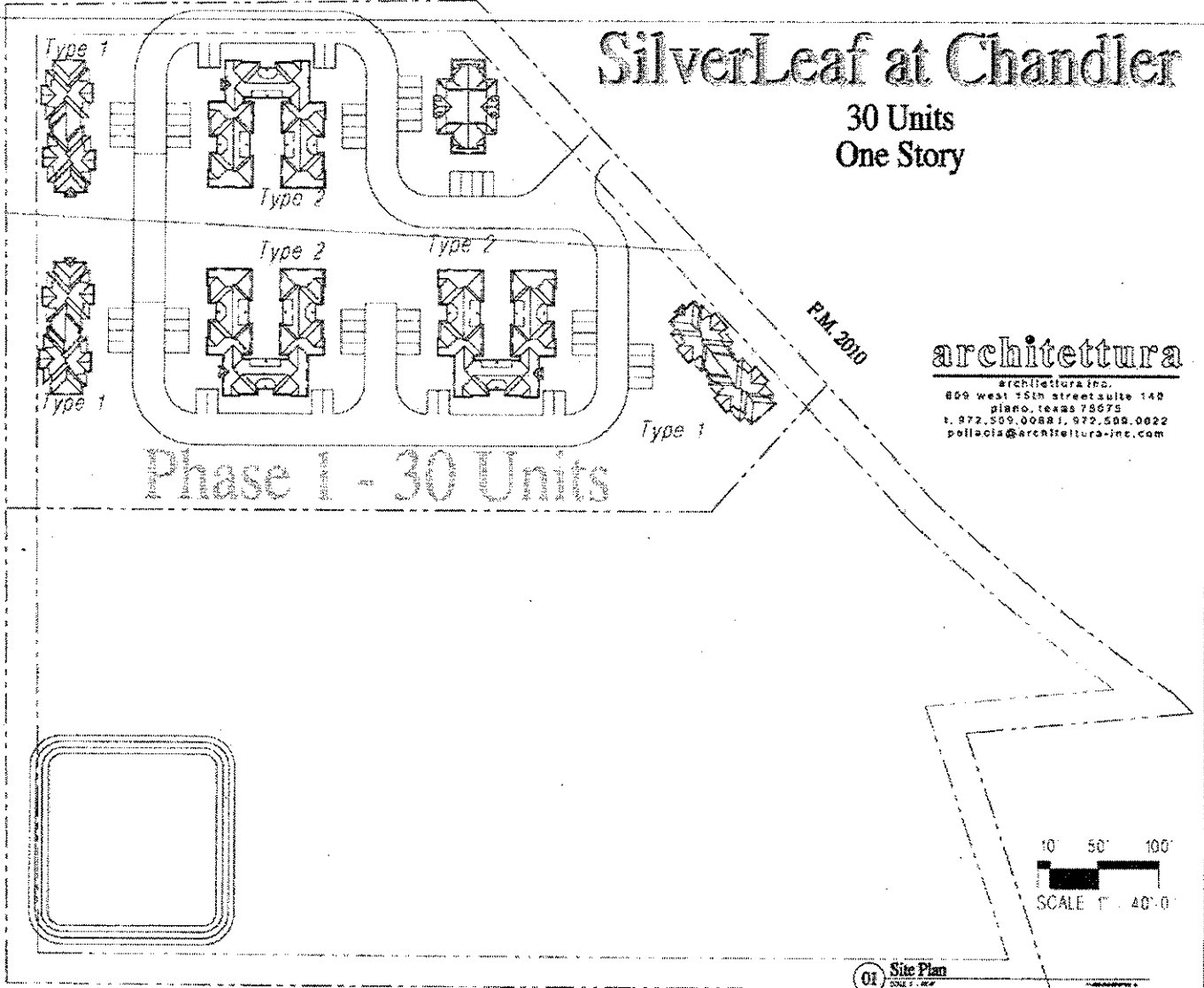
We are requesting that 50% of the loan be forgiven and the other 50% to be paid in monthly installments.

Also, at the permanent loan phase, StoneLeaf Development, LLC will defer \$106,925 its developer fee, to be paid from cash flow.

The permanent mortgage and deferred developer fee will be sufficient to pay the total development costs.

# SilverLeaf at Chandler

30 Units  
One Story



Phase 1 - 30 Units

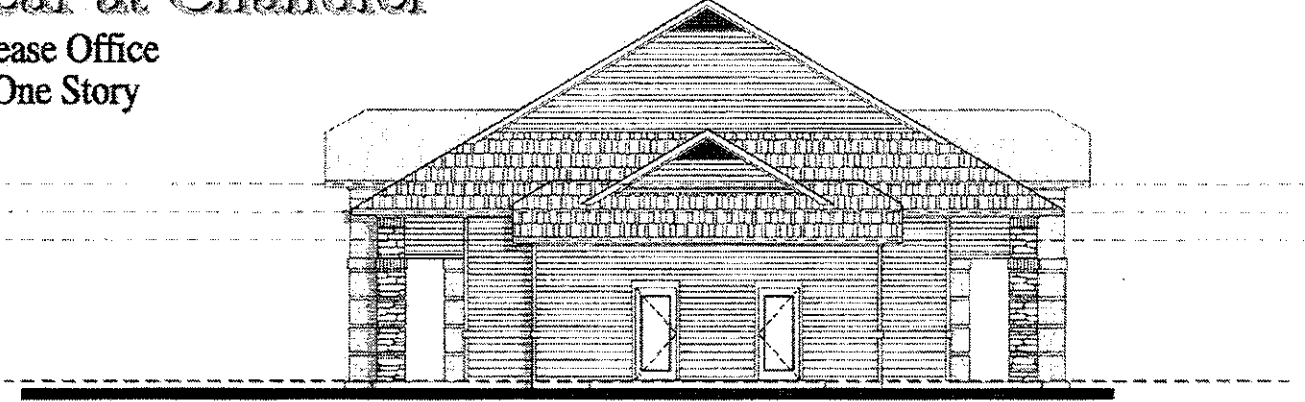
**architettura**

architettura inc.  
809 west 15th street suite 140  
plano, texas 75075  
t. 972.592.0081 f. 972.592.0822  
pollacia@architettura-inc.com

01 Site Plan

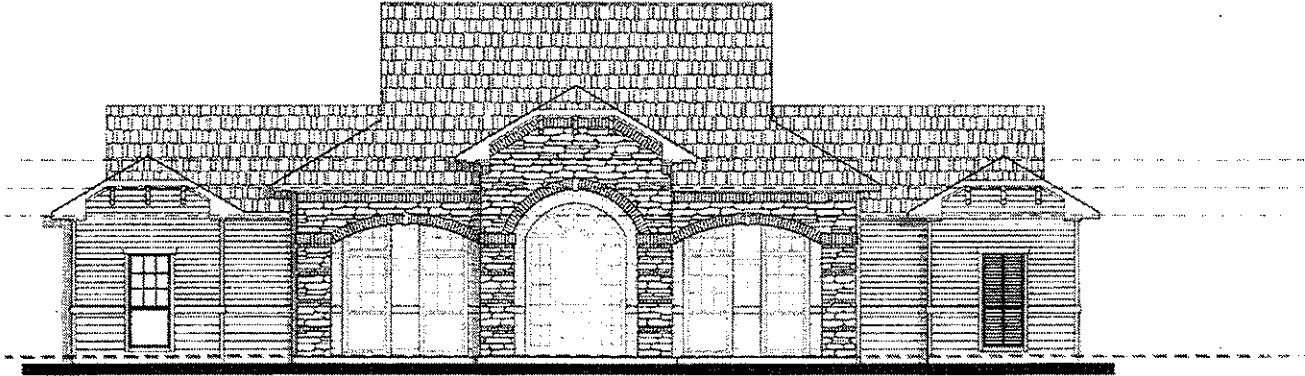
# SliverLeaf at Chandler

Lease Office  
One Story



100% Masonry Products

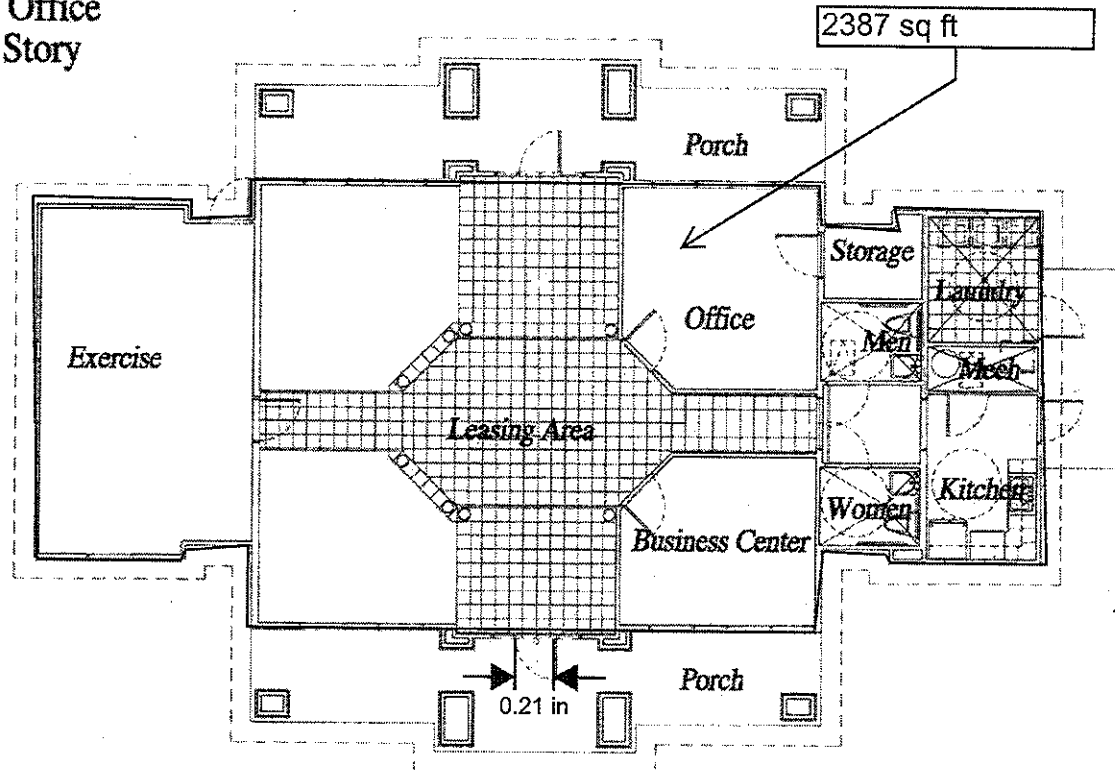
Side Elevation



Front Elevation

# SliverLeaf at Chandler

Lease Office  
One Story







**Volume 1, Tab 2. Populations Served**

**Part B. Rent Schedule (Cont.)**

<b>HOUSING</b>	TC30%	3
	TC40%	0
	TC50%	12
	TC60%	15
	<b>TAX</b>	HTC LI Total
<b>CREDITS</b>	TCEO	0
	NR	0
	MR Total	0
	<b>TC Total</b>	<b>30</b>
<b>MORTGAGE</b>	MRB30%	0
	MRB40%	0
	MRB50%	0
	MRB60%	0
<b>REVENUE</b>	MRB LI Total	0
<b>BOND</b>	MRBMR	0
	MRBMR Total	0
	MRB Total	0

<b>HOUSING</b>	HTF30%	0
	HTF40%	0
	HTF50%	0
	HTF60%	0
	<b>TRUST</b>	HTF80%
<b>FUND</b>	HTF LI Total	0
	MR	0
	MR Total	0
	<b>HTF Total</b>	<b>0</b>
<b>HOME</b>	HOME HH	15
	HOME LH	15
	HOME LI Total	30
	MR/EO	0
	MR	0
	MR Total	0
	<b>HOME Total</b>	<b>30</b>
<b>OTHER</b>	Total OT Units	0

Note: Pursuant to 49.9(h)(7)(C), any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. The income and corresponding rent restrictions will be continuously maintained over the compliance and extended use period as specified in the LURA.

**Volume 1, Tab 2. Populations Served**

**Part C. Utility Allowances**

*Applicant must attach to this form documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application Packet. This exhibit must clearly indicate which utility costs are included in the estimate.*

**NOTE:**

*If more than one entity (Sec. 8 administrator, public housing authority) is responsible for setting the utility allowance(s) in the area of the development location, then the selected utility allowance must be the one which most closely reflects the actual expenses.*

*If an independent utility cost evaluation is conducted it must include confirming documentation from all the relevant utility providers.*

*If other reductions to the tenant rent is required such as the cost of flood insurance for the tenant's contents, documentation for these reductions to gross rent should also be attached.*

**Development Name:** SilverLeaf at Chandler, USDA

**City:** Chandler, TX

Utility(1)	Energy Source (2)	Source of Utility Allowance	Effective Date
<input checked="" type="checkbox"/> Heating	E	City of Tyler Housing Authority	1-Jul-08
<input checked="" type="checkbox"/> Cooling	E		
<input checked="" type="checkbox"/> Water Heater	E		
<input checked="" type="checkbox"/> Cooking	E		
<input type="checkbox"/> Water			
<input type="checkbox"/> Sewer			
<input type="checkbox"/> Trash			
<input checked="" type="checkbox"/> General Electricity			

**Other (Describe)**


(1) Check the box if the TENANT will have to pay for this utility directly or will have to pay an extra fee for the appliances listed.

(2) Indicate the type of energy source used where applicable as follows: N= Natural Gas, P= Propane, E= Electric, L= Oil, O= Other

**Volume 1, Tab 2. ACTIVITY OVERVIEW**

Development Name: **SilverLeaf at Chandler**

City: **Chandler, TX**

<b>Part D. Annual Operating Expenses</b>			
<b>General &amp; Administrative Expenses</b>			
Accounting	\$	900.00	
Advertising	\$	1,000.00	
Legal fees	\$	600.00	
Leased equipment	\$	600.00	
Postage & office supplies	\$	600.00	
Telephone	\$	1,200.00	
Other <i>Misc office exp</i>	\$	600.00	
<b>Total General &amp; Administrative Expenses:</b>			<b>\$ 5,500.00</b>
<b>Management Fee:</b>	Percent of Effective Gross Income:	5.65%	<b>\$ 7,500.00</b>
<b>Payroll, Payroll Tax &amp; Employee Benefits</b>			
Management	\$	11,000.00	
Maintenance	\$	10,000.00	
Other <i>Describe</i>	\$		
<b>Total Payroll, Payroll Tax &amp; Employee Benefits:</b>			<b>\$ 21,000.00</b>
<b>Repairs &amp; Maintenance</b>			
Elevator	\$		
Exterminating	\$	1,200.00	
Grounds	\$	3,000.00	
Make-ready	\$	1,800.00	
Repairs	\$	3,000.00	
Pool	\$	1,800.00	
Other <i>Uniforms</i>	\$	120.00	
<b>Total Repairs &amp; Maintenance:</b>			<b>\$ 10,920.00</b>
<b>Utilities (Enter development owner expense)</b>			
Electric	\$	3,000.00	
Natural gas	\$		
Trash	\$	1,200.00	
Water & sewer	\$	8,200.00	
Other <i>Describe</i>	\$		
<b>Total Utilities:</b>			<b>\$ 12,400.00</b>
<b>Annual Property Insurance:</b>	Rate per net rentable square foot:	\$ 0.40	<b>\$ 10,000.00</b>
<b>Property Taxes:</b>			
Published Capitalization Rate: _____	Source: _____		
Annual Property Taxes:	\$	8,400.00	
Payments in Lieu of Taxes:	\$		
Other Taxes <i>Describe</i>	\$		
<b>Total Property Taxes:</b>			<b>\$ 8,400.00</b>
<b>Reserve for Replacements:</b>	Annual reserves per unit:	\$ 250	<b>\$ 7,500.00</b>
<b>Other Expenses</b>			
Cable TV	\$		
Supportive service contract fees	\$	1,500.00	
Compliance fees	\$	1,500.00	
Security	\$		
Other <i>Describe</i>	\$		
<b>Total Other Expenses:</b>			<b>\$ 3,000.00</b>
<b>TOTAL ANNUAL EXPENSES</b>	Expense per unit:	\$ 2874.00	<b>\$ 86,220.00</b>
	Expense to Income Ratio:	64.97%	
<b>NET OPERATING INCOME (before debt service)</b>			<b>\$ 46,480.50</b>
<b>Annual Debt Service</b>			
<i>HOME</i>	\$	37,533	
	\$		
	\$		
<b>TOTAL ANNUAL DEBT SERVICE</b>	Debt Coverage Ratio:	1.24	<b>\$ 37,533.00</b>
<b>NET CASH FLOW</b>			<b>\$ 8,947.50</b>

**Volume 1, Tab 2. ACTIVITY OVERVIEW**

**Part E. 30 Year Rental Housing Operating Proforma**

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 3% for income and 4% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit. While the 30-year proforma projects 30 years of data, the Department's standard for financial feasibility is 15 years.

Development Name: **SilverLeaf at Chandler, USDA**

City: **Chandler, TX**

INCOME	LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30
		POTENTIAL GROSS ANNUAL RENTAL INCOME		\$138,060	\$142,202	\$146,468	\$150,862	\$155,398	\$180,137	\$208,828	\$242,089
Secondary Income		5,400	5,562	5,729	5,901	6,078	\$7,048	8,158	9,469	10,977	12,725
POTENTIAL GROSS ANNUAL INCOME		\$143,460	\$147,764	\$152,197	\$156,763	\$161,465	\$187,183	\$216,995	\$251,558	\$291,625	\$338,073
Provision for Vacancy & Collection Loss		10,760	11,082	11,415	11,757	12,110	14,039	16,275	18,867	21,872	25,355
Rental Concessions											
EFFECTIVE GROSS ANNUAL INCOME		\$132,701	\$136,682	\$140,782	\$145,005	\$149,356	\$173,144	\$200,721	\$232,691	\$269,753	\$312,717
EXPENSES											
General & Administrative Expenses	\$	5,500.00	\$5,720	\$5,949	\$6,187	\$6,434	\$7,828	\$9,524	\$11,588	\$14,098	\$17,153
Management Fee		7,500	7,800	8,112	8,436	8,774	10,675	12,988	15,801	19,225	23,390
Payroll, Payroll Tax & Employee Benefits		21,000	21,840	22,714	23,622	24,567	29,890	36,365	44,244	53,829	65,492
Repairs & Maintenance		10,920	11,357	11,811	12,284	12,775	15,543	18,910	23,007	27,991	34,056
Electric & Gas Utilities		3,000	3,120	3,245	3,375	3,510	4,270	5,195	6,321	7,690	9,356
Water, Sewer & Trash Utilities		9,800	10,192	10,600	11,024	11,465	13,948	16,970	20,647	25,120	30,563
Annual Property Insurance Premiums		10,000	10,400	10,816	11,249	11,699	14,233	17,317	21,068	25,633	31,187
Property Tax		8,000	8,320	8,653	8,999	9,359	11,386	13,853	16,855	20,506	24,949
Reserve for Replacements		7,500	7,800	8,112	8,436	8,774	10,675	12,988	15,801	19,225	23,390
Other Expenses:		3,000	3,120	3,245	3,375	3,510	4,270	5,195	6,321	7,690	9,356
TOTAL ANNUAL EXPENSES		\$86,220	\$89,569	\$93,256	\$96,986	\$100,865	\$122,718	\$149,305	\$181,653	\$221,008	\$268,890
NET OPERATING INCOME		\$46,481	\$47,013	\$47,526	\$48,020	\$48,490	\$50,426	\$51,416	\$51,039	\$48,745	\$43,827
DEBT SERVICE											
First Deed of Trust Annual Loan Payment		\$37,533	\$37,533	\$37,533	\$37,533	\$37,533	\$37,533	\$37,533	\$37,533	\$37,533	\$37,533
Second Deed of Trust Annual Loan Payment											
Third Deed of Trust Annual Loan Payment											
Other Annual Required Payment:											
NET CASH FLOW		\$8,948	\$9,480	\$9,993	\$10,487	\$10,957	\$12,893	\$13,883	\$13,506	\$11,212	\$6,294
Debt Coverage Ratio	#DIV/0!	1.24	1.25	1.27	1.28	1.29	1.34	1.37	1.36	1.30	1.17

**Volume 1, Tab 2. ACTIVITY OVERVIEW**

**Part F. Building/Unit Type Configuration (Required for All Rental Developments)**

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by unhiding the columns between J and Z in Excel.

Development Name: **SilverLeaf at Chandler**

City: **Chandler, TX**

Unit Type				Building Configuration					Total # of Buildings	Total # of Units	Total Sq Ft for Unit Type
				Building Label	Type 1a	Type 1b	Type 2a	Type 2b			
				Number of Buildings	3		3		-	6	
Unit Label	# of Bedrooms	# of Baths	Sq. Ft. Per Unit	Number of Units Per Building							
A	1	1	750	4					12	9,000	
B	2	1	900			6			18	16,200	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
<b>Totals</b>				<b>12</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>25,200</b>	

Net Rentable Square Footage from Rent Schedule **25,200**

**Volume 1, Tab 3. ACTIVITY OVERVIEW**

**Part A. Development Cost Schedule**

*This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the eligible basis columns and the Requested Credit calculation below.*

**DEVELOPMENT NAME:**

**SilverLeaf at Chandler, USDA**

**TOTAL DEVELOPMENT SUMMARY**

Total Cost	Eligible Basis (If Applicable)	
	Acquisition	New/Rehab.

**Expected Payee Taxpayer Identification Number (TIN)<sup>1</sup>**  
(and % of cost if item involves multiple payees)

**ACQUISITION**

- Site acquisition cost
- Existing building acquisition cost
- Closing costs & acq. legal fees
- Other<sup>2</sup> (specify)

120,000		
<b>\$120,000</b>	<b>\$0</b>	<b>\$0</b>

**Subtotal Acquisition Cost**

**OFF-SITES<sup>3</sup>**

- Off-site concrete
- Storm drains & devices
- Water & fire hydrants
- Off-site utilities
- Sewer lateral(s)
- Off-site paving
- Off-site electrical
- Other<sup>4</sup> (specify)

35,500		
<b>\$35,500</b>	<b>\$0</b>	<b>\$0</b>

**Subtotal Off-Sites Cost**

**SITE WORK<sup>4</sup>**

- Demolition
- Rough grading
- Fine grading
- On-site concrete
- On-site electrical
- On-site paving
- On-site utilities
- Decorative masonry
- Bumper stops, striping & signs
- Landscaping
- Pool and decking
- Athletic court(s), playground(s)
- Fencing
- Other<sup>5</sup> (specify)

40,000		40,000
25,000		25,000
50,000		50,000
		0
50,000		50,000
30,000		30,000
		0
1,500		1,500
30,000		30,000
25,000		25,000
		0
18,000		18,000
		0
<b>\$269,500</b>	<b>\$0</b>	<b>\$269,500</b>

**Subtotal Site Work Cost**

**DIRECT CONSTRUCTION COSTS<sup>6</sup>:**

- Concrete
- Masonry
- Metals
- Woods and Plastics
- Thermal and Moisture Protection
- Roof Covering
- Doors and Windows
- Finishes
- Specialties
- Equipment

212,000		212,000
115,000		115,000
35,000		35,000
420,000		420,000
50,000		50,000
60,000		60,000
120,000		120,000
120,000		120,000
60,000		60,000
60,000		60,000

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) <sup>1</sup> (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
	Acquisition	New/Rehab.	

**DIRECT CONSTRUCTION COSTS (Continued):**

Furnishings	60,000		60,000
Special Construction			0
Conveying Systems (Elevators)			0
Mechanical (HVAC; Plumbing)	180,000		180,000
Electrical	96,000		96,000

**Individually Itemize costs below:**

Accessory Buildings			0
Carports and/or Garages			0
Lead-Based Paint Abatement			0
Asbestos Abatement			0
Other <sup>c</sup> (Specify)			0
<b>Subtotal Direct Const. Costs</b>	<b>\$1,588,000</b>	<b>\$0</b>	<b>\$1,588,000</b>

**TOTAL DIRECT CONST. & SITE WORK**

	<b>\$1,857,500</b>	<b>\$0</b>	<b>\$1,857,500</b>
--	--------------------	------------	--------------------

**OTHER CONSTRUCTION COSTS**

General requirements (<6%)	6.00%	111,450	0	111,450
Field supervision (within GR limit)				
Contractor overhead (<2%)	2.00%	37,150	0	37,150
G & A Field (within overhead limit)				
Contractor profit (<6%)	6.00%	111,450	0	111,450
Contingency (<5%)	5.00%	92,875	0	92,875
<b>Subtotal Ancillary Hard Costs</b>		<b>\$352,925</b>	<b>\$0</b>	<b>\$352,925</b>

**TOTAL DIRECT HARD COSTS**

	<b>\$2,210,425</b>	<b>\$0</b>	<b>\$2,210,425</b>
--	--------------------	------------	--------------------

**INDIRECT CONSTRUCTION COSTS<sup>4</sup>**

Architectural - Design fees		30,000		30,000
Architectural - Supervision fees		6,000		6,000
Engineering fees		30,000		30,000
Real estate attorney/other legal fees		40,000		40,000
Accounting fees		15,000		15,000
Impact Fees				0
Building permits & related costs		5,000		5,000
Appraisal		8,000		8,000
Market analysis		8,000		8,000
Environmental assessment		9,000		9,000
Soils report		6,000		6,000
Survey		8,000		8,000
Marketing		5,000		0
Course of construction insurance		40,000		40,000
Hazard & liability insurance				0
Real property taxes				0
Personal property taxes				0
Tenant relocation expenses				0
Other <sup>c</sup>				0
<b>Subtotal Indirect Const. Cost</b>		<b>\$210,000</b>	<b>\$0</b>	<b>\$205,000</b>

**DEVELOPER FEES<sup>4</sup>**

Housing consultant fees <sup>5</sup>				0
General & administrative				0
Profit or fee		372,000		372,000
<b>Subtotal Developer's Fees</b>	14.99%	<b>\$372,000</b>	<b>\$0</b>	<b>\$372,000</b>



TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) <sup>1</sup> (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
		Acquisition	New/Rehab.

**FINANCING:**

**CONSTRUCTION LOAN(S)<sup>4</sup>**

Interest			0
Loan origination fees	10,000		10,000
Title & recording fees			0
Closing costs & legal fees	30,000		30,000
Inspection fees	8,000		8,000
Credit Report			0
Discount Points			0
Other <sup>2</sup> (specify)			0

**PERMANENT LOAN(S)**

Loan origination fees	5,000		
Title & recording fees	15,000		
Closing costs & legal			
Bond premium			
Credit report			
Discount points			
Credit enhancement fees			
Prepaid MIP			
Other <sup>2</sup> (specify)			

**BRIDGE LOAN(S)**

Interest			0
Loan origination fees			0
Title & recording fees			0
Closing costs & legal fees			0
Other <sup>2</sup> (specify)			0

**OTHER FINANCING COSTS<sup>4</sup>**

Tax credit fees			
Tax and/or bond counsel			
Payment bonds	18,000		
Performance bonds	18,000		18,000
Credit enhancement fees			0
Mortgage insurance premiums			0
Cost of underwriting & issuance			0
Syndication organizational cost			
Tax opinion	10,000		
Contractor Guarantee Fee			
Developer Guarantee Fee			
Other <sup>2</sup> (specify)			
<b>Subtotal Financing Cost</b>	<b>\$114,000</b>	<b>\$0</b>	<b>\$66,000</b>

**RESERVES**

Rent-up	15,000		
Operating	30,000		
Replacement			
Escrows			
<b>Subtotal Reserves</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$0</b>

**TOTAL HOUSING DEVELOPMENT COSTS<sup>9</sup>**

<b>- Commercial Space Costs<sup>7</sup></b>	<b>\$3,106,925</b>	<b>\$0</b>	<b>\$2,853,425</b>
<b>TOTAL RESIDENTIAL DEVELOPMENT COSTS</b>	<b>\$3,106,925</b>		



**Volume 1, Tab 3. ACTIVITY OVERVIEW**

**Part A. Development Cost Schedule (Continued)**

Based on the Development Cost Schedule as completed, the proposed development's total taxpayer's reasonably expected basis (TREB) is estimated. The TREB may be used at carryover, if the proposed development receives a commitment for Low Income Housing Tax Credits. The TREB is not equivalent to the estimated eligible basis used to determine tax credit eligibility and is generally not relied upon until carryover. The TREB generally includes the direct and indirect costs of acquiring, constructing, and rehabilitating a property. It may also include any commercial or non-residential space being constructed as part of the project. Also, for proposed developments located within a QCT or DDA, the 30% boost that may be applicable for eligible basis is not included as part of the TREB calculation.

Development Name: **SilverLeaf at Chandler**

**TAXPAYER'S REASONABLY EXPECTED BASIS (TREB)**

Interim financing costs associated with development of commercial space:

The estimated total taxpayer's reasonably expected basis derived from the costs as presented is:

**\$3,008,925**

**Volume 1, Tab 3. ACTIVITY OVERVIEW**

**Part B. Offsite Costs Breakdown**

*This form must be submitted with the Development Cost Schedule if the development has Off Site Costs.*

*Column A: The off-site activity reflected here must match the off-site activity reflected in Exhibit 102, Project Cost Schedule.*

*Columns B and C: In determining actual construction cost, two different methods may be used. Either, the construction costs may be broken into labor (Col. B) and materials (Col. C) for the activity; OR The other method involves the use of unit price (Col. B) and the number of units (Col. C) data for the activity.*

*Column D: If based on labor and materials, add Column B and Column C together to arrive at total construction costs. If based on unit price measures, Column B is multiplied by Column C to arrive at total construction costs.*

*Column E: Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.*

*Column F: Engineering/architectural costs must be broken out by the off-site activity.*

*Column G: Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.*

*This form must be completed by a professional engineer or architect, licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.*

Development Name: **SilverLeaf at Chandler, USDA**

A.	B.	C.	D.	E.	F.	G.
ACTIVITY	LABOR OR UNIT PRICE	OR # OF UNITS	CONSTRUCTION COSTS	ACQUISITION COSTS	ARCHITECTURAL COSTS	TOTAL ACTIVITY COSTS
Sewer brought to site			\$35,500.00			\$35,500.00

*CITY CLERK - CITY OF CHANDLER ESTIMATE - Jim Muffett - CITY MGR.*

(SEAL)

\_\_\_\_\_  
Signature of Registered Engineer/Architect Responsible for

\_\_\_\_\_  
Date

**Volume 1, Tab 3. ACTIVITY OVERVIEW**

**Part C. Site Work Costs**

*This form must be submitted with the Development Cost Schedule if the development has Site Work Costs in excess of \$9,000 per unit.*

*Column A: The site work activity reflected here must match the Site Work activity reflected in Volume 1, Tab 3, Part A. Development Cost Schedule.*

*Columns B and C: In determining actual construction cost, two different methods may be used. Either, the construction costs may be broken into labor (Col. B) and materials (Col. C) for the activity; OR The other method involves the use of unit price (Col. B) and the number of units (Col. C) data for the activity.*

*Column D: If based on labor and materials, add Column B and Column C together to arrive at total construction costs. If based on unit price measures, Column B is multiplied by Column C to arrive at total construction costs.*

*Column E: Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.*

*Column F: Engineering/architectural costs must be broken out by the site work activity.*

*Column G: Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.*

**This form must be completed by a professional engineer or architect, licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.**

Development Name: **SilverLeaf at Chandler, USDA**

A.	B.	C.	D.	E.	F.	G.
ACTIVITY	LABOR OR UNIT PRICE	MATERIALS OR # OF UNITS	TOTAL CONSTRUCTION COSTS	ACQUISITION COSTS	ENGINEERING/ ARCHITECTURAL COSTS	TOTAL ACTIVITY COSTS

(SEAL)

\_\_\_\_\_  
Signature of Registered Engineer/Architect Responsible for  
Budget Justification

\_\_\_\_\_  
Date

**Volume 1, Tab 4, Funding Request**

**PART A. Summary Sources and Uses of Funds**

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants and Development Cost Schedule forms). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

Applicants must attach a written narrative to this form that describes the financing plan for the Development. The narrative shall include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to the Development; (c) the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and (d) the commitment status of the funding sources

Development Name: **SilverLeaf at Chandler**

Source #	Funding Description	Priority of Lien	Construction or Rehab. Loan Stage Amt.	Permanent Loan Stage Amount	Financing Participants
1	Conventional Loan				
2	Conventional Loan/FHA				
3	Conventional Loan/Letter of Credit				
4	HOME		\$ 3,000,000	\$ 3,000,000	
5	Housing Trust Fund				
6	CDBG				
7	Mortgage Revenue Bonds				
8	HTC Syndication Proceeds				
9	Historic Tax Credit Syndication Proceeds				
10	USDA/ TXRD Loan(s)				
11	Other Federal Loan or Grant				
12	Other State Loan or Grant				
13	Local Government Loan or Grant				
14	Private Loan or Grant				
15	Cash Equity				
16	In-Kind Equity/Deferred Developer Fee		\$ 106,925	\$ 106,925	StoneLeaf Development, LLC
<b>TOTAL SOURCES OF FUNDS</b>			<b>\$ 3,106,925</b>	<b>\$ 3,106,925</b>	
<b>TOTAL USES OF FUNDS</b>			<b>\$ 3,106,925</b>	<b>\$ 3,106,925</b>	

<sup>(1)</sup> Indicate Exclusive Use Financing Participant only where funds from that source are dedicated only for a specific purpose, i.e. CDBG infrastructure funds used only for off-site construction

**Volume 1, Tab 2**  
**PART A. POPULATIONS SERVED**

**1. Unit Composition<sup>1</sup>**

Type of Unit	# of Designated Units	% of Total Units in Development
Migrant Farm Workers		
Elderly	30	100%
Victims of Domestic Violence		
Persons with Disabilities	3	10%
Homeless Populations		
Intergenerational		%
Persons with alcohol and/or drug addictions		%
Persons with HIV/AIDS		%
Other: (Specify)		%
		%

*NOTE: The populations are anticipated at the time of Application submission and the Applicant will not be held to this representation long-term, unless required by TDHCA Program rules and federal regulations.*

<sup>1</sup> "Type of Unit" categories are not mutually exclusive. (For a 200 unit Qualified Elderly Development with 10% of the units set-aside for Persons with Disabilities, the table would read: 200 Elderly units and 20 units for Persons with Disabilities with corresponding % of total units.)

**3. Funding Request**

Complete the table below to describe this Application's funding request.

TDHCA Programs for which this Application will be used:	Requested Amount	If the award will be in the form of a loan, the requested terms are:		
		Interest Rate (%)	Amortization (Yrs)	Term (Yrs)
HOME Activity Funds	\$ 3,000,000	0	40	40
HOME CHDO Operating Expenses	\$			
Housing Trust Fund	\$			
Housing Tax Credit (Annual amount)	\$			
Private Activity Mortgage Revenue Bond	\$			
501(c) (3) Mortgage Revenue Bond	\$			

**4. Previously Awarded State and Federal Funding**

Has this site/activity previously received TDHCA funds?  Yes  No

If "Yes", enter Project #08157 and TDHCA Funding Source HOME Contract # 1001006

Has this site/activity previously received non-TDHCA federal funding?  Yes  No

Will this site/activity receive non-TDHCA federal funding for costs described in this Application?  Yes  No





**Volume 1, Tab 8**  
**RELEVANT DEVELOPMENT INFORMATION, Part 2**

**CHECK BOX IF THE AMENITIES HAVE NOT CHANGED FROM PRE-APPLICATION. IF THEY HAVE CHANGED FROM PRE-APPLICATION, A NEW SELECTION MUST BE PROVIDED BELOW.**

**Unit Amenities and Quality. Select All That Apply:**

- Covered entries
- Nine-foot ceilings
- Microwave ovens
- Self-cleaning ovens
- Ceiling fixtures in all rooms
- Refrigerator with icemaker
- Laundry connections
- Storage room
- Laundry equipment (washers and dryers) in each individual unit
- Thirty year architectural shingle roofing
- Covered patios/balconies
- Covered parking
- 100% masonry on exterior
- Greater than 75% masonry
- Use of energy efficient alternative construction materials
- R-15 Walls / R-30 Ceilings (rating of wall system)
- 14 SEER HVAC air conditioners, evaporative coolers, or radiant barrier in the attics
- High Speed Internet service to all Units at no cost to residents
- Fire Sprinklers in all Units

**Common Amenities. Select All That Apply:**

- Full perimeter fencing
- Controlled gate access
- Gazebo with sitting area
- Accessible walking/jogging path
- Community laundry room
- Barbecue grills and picnic tables
- Covered pavilion that includes barbecue grills and tables
- Swimming pool
- Furnished fitness center
- Equipped and functioning business center or equipped computer learning center
- Furnished community room
- Library
- Enclosed sun porch
- Service coordinator office
- Senior activity room
- Health screening room
- Secured entry
- Horseshoe pit, putting green or shuffleboard court
- Community dining room
- Children's playscape(s) or Tot Lot(s)
- Sport court
- Furnished and staffed children's activity center
- Community theater room
- Green building amenities (indicate which below)
  - a. Evaporative coolers
  - b. Passive solar heating/cooling
  - c. Water conserving features
  - d. Solar water heaters
  - e. Irrigation and landscaping

(list continues)

- f. Sub-metered utility meters
- g. Energy Efficiency
- h. Thermally and draft efficient doors
- i. Photovoltaic panels for electricity
- j. Construction waste management
- k Recycling service provided throughout the compliance period
- l. Water permeable walkways
- m. Bamboo flooring, wool carpet, linoleum flooring; straw board, poplar OSB; or cotton batt insulation

**Volume 3, Tab 1**  
**PART B. SPECIFICATIONS AND AMENITIES**

**SITE ATTRIBUTES**

Total Acquisition Acreage: 7 +/-      Development Site Acreage: 7 +/-      # Units per Acre: 4.28 +/-  
 Single Site       Contiguous Multiple Sites (# Sites:     )       Scattered Sites (# Sites:     )\*\*

**\*\* Note: If Scattered Site, submit evidence of scattered site pursuant to ASPM behind this tab.**

**DEVELOPMENT ATTRIBUTES** *Selections must be consistent with submitted architectural plans*

# of Residential Buildings: 6      Maximum # of Floors: 1      # of Non-Residential Buildings: 1  
**Configuration:**       Duplex       Fourplex       Single family construction  
 Townhome       >4 units per building       SRO (per §42(i)(3)(B))  
 Transitional (per §42(i)(3)(B))

Fire Sprinkler in all residential areas      # of Passenger Elevators:           Wt Capacity     

**EXTERIOR** *Selections must be consistent with submitted architectural plans*

**Subfloor**

- Wood
- Concrete Slab
- Other (*Describe*)

**Walls**

- % Plywood/Hardboard
- % Vinyl or Aluminum Siding
- 20 % Masonry Veneer
- 80 % Fiber Cement Siding
- % Stucco
- % Other (*Describe*)

**Parking**

- #Shed or Flat Roof Carport Spaces
- #Detached Garage Spaces
- 45 #Uncovered Spaces
- #Parking Garage Spaces

**Roofs**

- Built-Up Tar and Gravel
- Comp. Shingle
- Comp. Roll
- Elastomeric
- Wood Shake
- Other (*Describe*)

**INTERIOR** *Selections must be consistent with submitted architectural plans*

**Flooring**

- 68 % Carpet
- 30 % Resilient Covering
- 2 % Ceramic Tile
- % Light Concrete
- % Other (*Describe*)

**Air System**

- Forced Air
- Furnace
- Hot Water
- Warm and Cooled Air
- Heat Pump, packaged
- Wall Units
- Other (*Describe*)

**Walls**

- Drywall
- Plaster
- Foot Ceilings

**Other**

- Washer and Dryers onsite (#     )
- Fireplace included in all Units
- Fireplace onsite (#     )
- Other (*Describe*)

**Volume 3, Tab 1**  
**PART C. COMMON AMENITIES (ALL PROGRAMS THRESHOLD)**

**Complete Part 1 and Part 2.**

**Part 1. Common Amenities Threshold.**

All Developments must meet at least the minimum threshold of points. These points are not associated with the selection criteria points. The amenities selected must be made available for the benefit of all tenants. If fees in addition to rent are charged for amenities reserved for an individual tenant's use, then the amenity may not be included among those provided to complete this exhibit. Developments must provide a minimum number of common amenities in relation to the Development size being proposed. The amenities selected must be selected from Part 2 of this form and made available for the benefit of all tenants.

Developments proposing Rehabilitation (excluding Reconstruction) or proposing Single Room Occupancy will receive 1.5 points for each point item.

Applications for non-contiguous scattered site housing, including New Construction, Reconstruction, Rehabilitation, and single-family design, will have the threshold test applied based on the number of Units per individual site, and must submit a separate certification for each individual site under control by the Applicant.

Any future changes in these amenities, or substitution of these amenities, must be approved by the Department in accordance with §49.17(d) of the QAP and may result in a decrease in awarded credits if the substitution or change includes a decrease in cost, or in the cancellation of a Commitment Notice or Carryover Allocation if all of the Common Amenities claimed are no longer met.

**(Check the appropriate box):**

- Total Units are less than 16, 0 points are required to meet Threshold for Single Room Occupancy Developments; **and 1 point is required for all other Developments.**
- Total Units are 16 to 24, 2 point are required to meet Threshold.
- Total Units are 25 to 40, 3 points are required to meet Threshold.
- Total Units are 41 to 76, 6 points are required to meet Threshold.
- Total Units are 77 to 99, 9 points are required to meet Threshold.
- Total Units are 100 to 149, 12 points are required to meet Threshold.
- Total Units are 150 to 199, 15 points are required to meet Threshold.
- Total Units are 200 or more, 18 points are required to meet Threshold.

**(Continued Certification Next Page)**

**Part 2.**

Amenities for selection include those items listed below. Both Developments designed for families and Qualified Elderly Developments can earn points for providing each identified amenity. All amenities must meet accessibility standards as further described in §49.9(h)(4)(E), (G) and (H) of the QAP. An Application can only count an amenity once, therefore combined functions (a library which is part of a community room) only count under one category. Spaces for activities must be sized appropriately to serve the anticipated population.

If Scattered Site, the address of the site: \_\_\_\_\_

**Select All That Apply:**

- Full perimeter fencing (2 points)
- Controlled gate access (1 point)
- Gazebo with sitting area (1 point)
- Accessible walking/jogging path separate from a sidewalk (1 point)
- Community laundry room with at least one front-loading washer (1 point)
- Barbecue grills and picnic tables – at least one for every 50 Units (1 point)
- Covered pavilion that includes barbecue grills and tables (2 points)
- Swimming pool (3 points)
- Furnished fitness center equipped with a minimum of two of the following fitness equipment options with at least one option per every 40 units or partial increment of 40 units: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, sauna, stair climber, etc. The maximum number of equipment options required for any Development, regardless of number of Units, shall be five (2 points)
- Equipped and functioning business center or equipped computer learning center with 1 computer for every 30 units proposed in the Application, 1 printer for every 3 computers (with a minimum of 1 printer), and 1 fax machine (2 points)
- Furnished Community room (1 point)
- Library with accessible sitting areas (separate from the community room) (1 point)
- Enclosed sun porch or covered community porch/patio (2 points)
- Service Coordinator Office in addition to leasing offices (1 point)
- Senior Activity Room (Arts and Crafts, etc.) (2 points)
- Health Screening Room (1 point)
- Secured Entry (elevator buildings only) (1 point)
- Horseshoe pit, putting green or shuffleboard court (1 point)
- Community Dining Room with full or warming kitchen (3 points)
- One children's Playscape equipped for 5 to 12 year olds or one Tot Lot (1 point)
- Two Children's Playscapes equipped for 5 to 12 year olds, two Tot Lots, or one of each (2 points)
- Sport Court (Tennis, Basketball or Volleyball) (2 points)
- Furnished and staffed Children's Activity Center (3 points)
- Community Theater Room equipped with a 52 inch or larger screen with surround sound equipment; DVD player; and theater seating (3 points)
- Green Building Amenities (indicate which below)
  - (-a-) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);

(list continues)

- (-b-) passive solar heating/cooling (3 points maximum)
- Two points for completing both of the following:
- (-1-). The glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west- facing walls; and
- (-2-). The east-west axis of the building is within 15 degrees of due east-west
- One point for completing all of the following:
- (-1-). In addition to the east-west axis of the building oriented within 15 degrees of due east-west, utilize a narrow floor plate (less than 40 feet), single loaded corridors and open floor plan to optimize daylight penetration and passive ventilation (note: to qualify for this particular point, application must also implement building orientation option b. above); and
- (-2-). 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August); and
- (-3-). Solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east.
- (-c-) water conserving features (2 points maximum, 1 point for each):
- Install low-flow toilets using less than or equal to 1.6 gallons per flush, or high efficiency toilets using less than or equal to 1.28 gallons/flush; and/or
- Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets.
- (-d-) solar water heaters (Solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.) (2 points);
- (-e-) irrigation and landscaping (must implement both of the following) (2 points)
- (-1-). Collected water (at least 50%) for irrigation purposes; and
- (-2-). selection of native trees and plants that are appropriate to the site's soils and microclimate and locate them to allow for shading in the summer and allow for heat gain in the winter
- (-f-) sub-metered utility meters (2 points maximum);
- Sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or
- Sub-metered utility meters on new construction project (excluding new construction senior project) (1 point)
- (-g-) energy efficiency (4 points maximum);
- Energy Elements (must implement i-iii) (3 points)
- (i) Energy-Star qualified windows and glass doors; and
- (ii) Exterior envelope insulation, vapor barriers and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and
- (iii) HVAC, domestic hot water heater, and insulation that exceeds Energy Star standards or exceeds the IRC 2006; or
- The project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85 (4 points)
- (-h-) thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) (2 points);

- (-i-) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum);
  - Photovoltaic panels that total 10 kW (1 point); or
  - Photovoltaic panels that total 20 kW (2 points); or
  - Photovoltaic panels that total 30 kW (3 points)
- (-j-) construction waste management and implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);
- (-k-) recycling service provided throughout the compliance period (1 point);
- (-l-) water permeable walkways (at least 20% of walkways and parking) (1 point); or
- (-m-) bamboo flooring, wool carpet, linoleum flooring, straw board, poplar OSB, or cotton batt insulation (50% of flooring on the ground floor of the development must be finished concrete and/or ceramic tile. 50% of the flooring on upper floors must be ceramic tile and/or a flooring material that is Floor Score Certified (developed by the Resilient Floor Covering Institute), applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty. (2 points)



**Volume 3, Tab 1**  
**PART D. UNIT AMENITIES**  
**(ALL PROGRAMS THRESHOLD)**

**Quality of the Units (14 Point Maximum)**

Applications in which Developments provide specific amenity and quality features in every Unit at no extra charge to the tenant will be awarded points, not to exceed 14 points in total. Applications involving scattered site Developments must have all of the Units located with a specific amenity to count for points. Applications involving Rehabilitation or Single Room Occupancy may multiply the points by 1.5 for each item, not to exceed 14 points in total.

If Scattered Site, the address of the site: \_\_\_\_\_

**Select All That Apply. Please note that the Applicant will be required to comply with all elections even if more items are selected than necessary to score the maximum number of points.**

- Covered entries (1 point)
- Nine foot ceilings in living room and all bedrooms (at minimum) (1 point)
- Microwave ovens (1 point)
- Self-cleaning or continuous cleaning ovens (1 point)
- Ceiling fixtures in all rooms (light with ceiling fan in living area and all bedrooms) (1 point)
- Refrigerator with icemaker (1 point)
- Laundry connections (2 points)
- Storage room or closet, of approximately 9 square feet or greater, which does not include bedroom, entryway or linen closets -- does not need to be in the Unit but must be on the property site (1 point)
- Laundry equipment (washers and dryers) for each individual unit including a front loading washer and dryer in required UFAS compliant Units (3 points)
- Thirty-year architectural shingle roofing (1 point)
- Covered patios or covered balconies (1 point)
- Covered parking (including garages) of at least one covered space per Unit (2 points)
- 100% masonry or exterior, which can include stucco, cementitious board products, concrete brick and mortarless concrete masonry, but not EFIS synthetic stucco (3 points)
- Greater than 75% masonry on exterior, which can include stucco and cementitious board products, concrete brick and mortarless concrete masonry, but not EFIS synthetic stucco (1 point) **(May not select both 75% and 100% masonry)**
- Use of energy efficient alternative construction materials (for example, Structurally Insulated Panel construction) with wall insulation at a minimum of R-20 (3 points)
- R-15 Walls / R-30 Ceilings (ratings of wall system) (3 points)
- 14 SEER HVAC or evaporative coolers in dry climates for New Construction, Adaptive Reuse and Reconstruction or radiant barrier in the attic for Rehabilitation (excluding Reconstruction) (3 points)
- High Speed Internet Service to all Units at no cost to residents (2 points)
- Fire sprinklers in all Units (2 points)

NOTE: These points will be awarded to Competitive Housing Tax Credit Applications if requested in the Self Score



PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)

02-13-06

UNIMPROVED PROPERTY CONTRACT

NOTICE: Not For Use For Condominium Transactions

1. PARTIES: Neches Construction (Seller) agrees to sell and convey to SOLUTIONS Plus, Inc. and/or its Assignor. (Buyer) and Buyer agrees to buy from Seller the Property described below.

2. PROPERTY: Lot \_\_\_\_\_, Block \_\_\_\_\_, Addition, City of Chandler, Texas, known as 7.77 acres in SIMON WEISS SURVEY AB 799, County of Henderson (address/zip code), or as described on attached exhibit together with all rights, privileges and appurtenances pertaining thereto, including but not limited to: water rights, claims, permits, strips and gores, easements, and cooperative or association memberships (the Property).

3. SALES PRICE: A. Cash portion of Sales Price payable by Buyer at closing..... \$ 120,000 B. Sum of all financing described below (excluding any loan funding fee or mortgage insurance premium) ..... \$ C. Sales Price (Sum of A and B) ..... \$ 120,000

4. FINANCING: The portion of Sales Price not payable in cash will be paid as follows: (Check applicable boxes below)

[ ] A. THIRD PARTY FINANCING: One or more third party mortgage loans in the total amount of \$ \_\_\_\_\_ (excluding any loan funding fee or mortgage insurance premium).

(1) Property Approval: If the Property does not satisfy the lenders' underwriting requirements for the loan(s), this contract will terminate and the earnest money will be refunded to Buyer.

(2) Financing Approval: (Check one box only)

[ ] (a) This contract is subject to Buyer being approved for the financing described in the attached Third Party Financing Condition Addendum.

[ ] (b) This contract is not subject to Buyer being approved for financing and does not involve FHA or VA financing.

[ ] B. ASSUMPTION: The assumption of the unpaid principal balance of one or more promissory notes described in the attached TREC Loan Assumption Addendum

[ ] C. SELLER FINANCING: A promissory note from Buyer to Seller of \$ \_\_\_\_\_ secured by vendor's and deed of trust liens, and containing the terms and conditions described in the attached TREC Seller Financing Addendum. If an owner policy of title insurance is furnished, Buyer shall furnish Seller with a mortgagee policy of title insurance.

5. EARNEST MONEY: Upon execution of this contract by both parties, Buyer shall deposit \$ 100.00 as earnest money with Fidelity National Title Co. (David McCallum), as escrow agent, at Dallas, TX (address). Buyer shall deposit additional earnest money of \$ b/a with escrow agent within n/a days after the effective date of this contract. If Buyer fails to deposit the earnest money as required by this contract, Buyer will be in default.

6. TITLE POLICY AND SURVEY:

A. TITLE POLICY: Seller shall furnish to Buyer at [ ] Seller's [X] Buyer's expense an owner policy of title insurance (Title Policy) issued by Fidelity National Title

(Title Company) in the amount of the Sales Price, dated at or after closing, insuring Buyer against loss under the provisions of the Title Policy, subject to the promulgated exclusions (including existing building and zoning ordinances) and the following exceptions:

- (1) Restrictive covenants common to the platted subdivision in which the Property is located.
(2) The standard printed exception for standby fees, taxes and assessments.
(3) Liens created as part of the financing described in Paragraph 4.
(4) Utility easements created by the dedication deed or plat of the subdivision in which the Property is located.
(5) Reservations or exceptions otherwise permitted by this contract or as may be approved by Buyer in writing.
(6) The standard printed exception as to marital rights.
(7) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.
(8) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements. Buyer, at Buyer's expense, may have the exception amended to read, "shortages in area".

B. COMMITMENT: Within 20 days after the Title Company receives a copy of this contract, Seller shall furnish to Buyer a commitment for title insurance (Commitment) and, at Buyer's

Initiated for identification by Buyer

[Signature]

and Seller

[Signature]

TREC NO. 9-6

Contract Concerning 711 ACRES IN SIMON WEISS SURVEY AB 799 Page 2 of 8 02-13-06  
(Address of Property)

expense, legible copies of restrictive covenants and documents evidencing exceptions in the Commitment (Exception Documents) other than the standard printed exceptions. Seller authorizes the Title Company to deliver the Commitment and Exception Documents to Buyer at Buyer's address shown in Paragraph 21. If the Commitment and Exception Documents are not delivered to Buyer within the specified time, the time for delivery will be automatically extended up to 15 days or the Closing Date, whichever is earlier.

C. SURVEY: The survey must be made by a registered professional land surveyor acceptable to the Title Company and any lender. (Check one box only)

(1) Within N/A days after the effective date of this contract, Seller shall furnish to Buyer and Title Company Seller's existing survey of the Property and a Residential Real Property Affidavit promulgated by the Texas Department of Insurance (Affidavit). If the existing survey or Affidavit is not acceptable to Title Company or Buyer's lender, Buyer shall obtain a new survey at  Seller's  Buyer's expense no later than 3 days prior to Closing Date. If Seller fails to furnish the existing survey or Affidavit within the time prescribed, Buyer shall obtain a new survey at Seller's expense no later than 3 days prior to Closing Date.

(2) Within 120 days after the effective date of this contract, Buyer shall obtain a new survey at Buyer's expense. Buyer is deemed to receive the survey on the date of actual receipt or the date specified in this paragraph, whichever is earlier.

(3) Within N/A days after the effective date of this contract, Seller, at Seller's expense shall furnish a new survey to Buyer.

D. OBJECTIONS: Buyer may object in writing to (i) defects, exceptions, or encumbrances to title; disclosed on the survey other than items 6A(1) through (7) above; or disclosed in the Commitment other than items 6A(1) through (8) above; (ii) any portion of the Property lying in a special flood hazard area (Zone V or A) as shown on the current Federal Emergency Management Agency map; or (iii) any exceptions which prohibit the following use or activity:

Buyer must object not later than (i) the Closing Date or (ii) 10 days after Buyer receives the Commitment, Exception Documents, and the survey, whichever is earlier. Buyer's failure to object within the time allowed will constitute a waiver of Buyer's right to object; except that the requirements in Schedule C of the Commitment are not waived. Provided Seller is not obligated to incur any expense, Seller shall cure the timely objections of Buyer or any third party lender within 15 days after Seller receives the objections and the Closing Date will be extended as necessary. If objections are not cured within such 15 day period, this contract will terminate and the earnest money will be refunded to Buyer unless Buyer waives the objections.

E. TITLE NOTICES:

(1) ABSTRACT OR TITLE POLICY: Broker advises Buyer to have an abstract of title covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a Title Policy. If a Title Policy is furnished, the Commitment should be promptly reviewed by an attorney of Buyer's choice due to the time limitations on Buyer's right to object.

(2) MANDATORY OWNERS' ASSOCIATION MEMBERSHIP: The Property  is  is not subject to mandatory membership in an owners' association. If the Property is subject to mandatory membership in an owners' association, Seller notifies Buyer under §5.012, Texas Property Code, that, as a purchaser of property in the residential community in which the Property is located, you are obligated to be a member of the owners' association. Restrictive covenants governing the use and occupancy of the Property and a dedicatory instrument governing the establishment, maintenance, and operation of this residential community have been or will be recorded in the Real Property Records of the county in which the Property is located. Copies of the restrictive covenants and dedicatory instrument may be obtained from the county clerk. You are obligated to pay assessments to the owners' association. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of the Property. If Buyer is concerned about these matters, the TREC promulgated Addendum for Property Subject to Mandatory Membership in an Owner's Association should be used.

(3) STATUTORY TAX DISTRICTS: If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this contract.

(4) TIDE WATERS: If the Property abuts the tidally influenced waters of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included in the contract. An addendum containing the notice promulgated by TREC or

(5) ANNEXATION: If the Property is located outside the limits of a municipality, Seller notifies Buyer under §5.011, Texas Property Code, that the Property may now or later be included in the extraterritorial jurisdiction of a municipality and may now or later be subject to

Initialed for identification by Buyer [Signature] and Seller [Signature] [Signature]

TREC NO. 9-6

Contract Concerning 1.4 acres in SIMON WEISS SURVEY A8799 Page 3 of 8 02-13-06  
(Address of Property)

annexation by the municipality. Each municipality maintains a map that depicts its boundaries and extraterritorial jurisdiction. To determine if the Property is located within a municipality's extraterritorial jurisdiction or is likely to be located within a municipality's extraterritorial jurisdiction, contact all municipalities located in the general proximity of the Property for further information.

- (6) **PROPERTY LOCATED IN A CERTIFICATED SERVICE AREA OF A UTILITY SERVICE PROVIDER:** Notice required by §13.257, Water Code: The real property, described in Paragraph 2, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned Buyer hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in Paragraph 2 or at closing of purchase of the real property.
- (7) **PUBLIC IMPROVEMENT DISTRICTS:** If the Property is in a public improvement district, §5.014, Property Code, requires Seller to notify Buyer as follows: As a purchaser of this parcel of real property you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Chapter 372, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the assessment. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of your property.
- (8) **TEXAS AGRICULTURAL DEVELOPMENT DISTRICT:** The Property  is  is not located in a Texas Agricultural Development District. For additional information, contact the Texas Department of Agriculture.

**7. PROPERTY CONDITION:**

**A. ACCESS, INSPECTIONS AND UTILITIES:** Seller shall permit Buyer and Buyer's agents access to the Property at reasonable times. Buyer may have the Property inspected by inspectors selected by Buyer and licensed by TREC or otherwise permitted by law to make inspections. Seller at Seller's expense shall turn on existing utilities for inspections.

**NOTICE:** Buyer should determine the availability of utilities to the Property suitable to satisfy Buyer's needs.

**B. ACCEPTANCE OF PROPERTY CONDITION:** Buyer accepts the Property in its present condition; provided Seller, at Seller's expense, shall complete the following: n/a

**C. COMPLETION OF REPAIRS:** Unless otherwise agreed in writing, Seller shall complete all agreed repairs prior to the Closing Date. All required permits must be obtained, and repairs must be performed by persons who are licensed or otherwise permitted by law to provide such repairs. At Buyer's election, any transferable warranties received by Seller with respect to the repairs will be transferred to Buyer at Buyer's expense. If Seller fails to complete any agreed repairs prior to the Closing Date, Buyer may do so and receive reimbursement from Seller at closing. The Closing Date will be extended up to 15 days, if necessary, to complete repairs.

**D. ENVIRONMENTAL MATTERS:** Buyer is advised that the presence of wetlands, toxic substances, including asbestos and wastes or other environmental hazards, or the presence of a threatened or endangered species or its habitat may affect Buyer's intended use of the Property. If Buyer is concerned about these matters, an addendum promulgated by TREC or required by the parties should be used.

**E. SELLER'S DISCLOSURES:** Except as otherwise disclosed in this contract, Seller has no knowledge of the following:

- (1) any flooding of the Property;
- (2) any pending or threatened litigation, condemnation, or special assessment affecting the Property;
- (3) any environmental hazards or conditions affecting the Property;
- (4) any dumpsite, landfill, or underground tanks or containers now or previously located on the Property;
- (5) any wetlands, as defined by federal or state law or regulation, affecting the Property; or
- (6) any threatened or endangered species or their habitat affecting the Property.

**8. BROKERS' FEES:** All obligations of the parties for payment of brokers' fees are contained in separate written agreements.

**9. CLOSING:**

A. The closing of the sale will be on or before August 31, 2009, or within 7 days after objections made under Paragraph 6D have been cured or waived, whichever date is later

Initiated for identification by Buyer JWS and Seller MS

TREC NO. 9-6

Contract Concerning 7.7 acres in SIMON WEISS SURVEY AB 799 Page 4 of 8 02-13-08  
(Address of Property)

(Closing Date). If either party fails to close the sale by the Closing Date, the non-defaulting party may exercise the remedies contained in Paragraph 15.

**B. At closing:**

- (1) Seller shall execute and deliver a general warranty deed conveying title to the Property to Buyer and showing no additional exceptions to those permitted in Paragraph 6 and furnish tax statements or certificates showing no delinquent taxes on the Property.
- (2) Buyer shall pay the Sales Price in good funds acceptable to the escrow agent.
- (3) Seller and Buyer shall execute and deliver any notices, statements, certificates, affidavits, releases, loan documents and other documents required of them by this contract, the Commitment or law necessary for the closing of the sale and the issuance of the Title Policy.

C. Unless expressly prohibited by written agreement, Seller may continue to show the Property and receive, negotiate and accept back up offers.

D. All covenants, representations and warranties in this contract survive closing.

**10. POSSESSION:** Seller shall deliver to Buyer possession of the Property in its present or required condition upon closing and funding.

**11. SPECIAL PROVISIONS:** (Insert only factual statements and business details applicable to the sale. TREC rules prohibit licensees from adding factual statements or business details for which a contract addendum or other form has been promulgated by TREC for mandatory use.)

SEE ATTACHED

**12. SETTLEMENT AND OTHER EXPENSES:**

A. The following expenses must be paid at or prior to closing:

- (1) Expenses payable by Seller (Seller's Expenses):
  - (a) Releases of existing liens, including prepayment penalties and recording fees; release of Seller's loan liability; tax statements or certificates; preparation of deed; one-half of escrow fee; and other expenses payable by Seller under this contract.
  - (b) Seller shall also pay an amount not to exceed \$ N/A to be applied in the following order: Buyer's Expenses which Buyer is prohibited from paying by FHA, VA, Texas Veterans Housing Assistance Program or other governmental loan programs, and then to other Buyer's Expenses as allowed by the lender.
- (2) Expenses payable by Buyer (Buyer's Expenses):

- (a) Loan origination, discount, buy-down, and commitment fees (Loan Fees).
- (b) Appraisal fees; loan application fees; credit reports; preparation of loan documents; interest on the notes from date of disbursement to one month prior to dates of first monthly payments; recording fees; copies of easements and restrictions; mortgagee title policy with endorsements required by lender; loan-related inspection fees; photos; amortization schedules; one-half of escrow fee; all prepaid items, including required premiums for flood and hazard insurance, reserve deposits for insurance, ad valorem taxes and special governmental assessments; final compliance inspection; courier fee; report inspection, underwriting fee, wire transfer fee, expenses incident to any loan, and other expenses payable by Buyer under this contract.

B. Buyer shall pay Private Mortgage Insurance Premium (PMI), VA Loan Funding Fee, or FHA Mortgage Insurance Premium (MIP) as required by the lender.

C. If any expense exceeds an amount expressly stated in this contract for such expense to be paid by a party, that party may terminate this contract unless the other party agrees to pay such excess. Buyer may not pay charges and fees expressly prohibited by FHA, VA, Texas Veterans Housing Assistance Program or other governmental loan program regulations.

Initialed for Identification by Buyer

JMS and Seller MB

TREC NO. 9-6

Contract Concerning 7 1/2 acres in SIMON WEISS SURVEY AB 799 Page 5 of 8 02-13-06  
(Address of Property)

**13. PRORATIONS AND ROLLBACK TAXES:**

- A. **PRORATIONS:** Taxes for the current year, interest, maintenance fees, assessments, dues and rents will be prorated through the Closing Date. The tax proration may be calculated taking into consideration any change in exemptions that will affect the current year's taxes. If taxes for the current year vary from the amount prorated at closing, the parties shall adjust the prorations when tax statements for the current year are available. If taxes are not paid at or prior to closing, Buyer shall pay taxes for the current year.
- B. **ROLLBACK TAXES:** If this sale or Buyer's use of the Property after closing results in the assessment of additional taxes, penalties or interest (Assessments) for periods prior to closing, the Assessments will be the obligation of Buyer. If Seller's change in use of the Property prior to closing or denial of a special use valuation on the Property claimed by Seller results in Assessments for periods prior to closing, the Assessments will be the obligation of Seller. Obligations imposed by this paragraph will survive closing.

**14. CASUALTY LOSS:** If any part of the Property is damaged or destroyed by fire or other casualty after the effective date of this contract, Seller shall restore the Property to its previous condition as soon as reasonably possible, but in any event by the Closing Date. If Seller fails to do so due to factors beyond Seller's control, Buyer may (a) terminate this contract and the earnest money will be refunded to Buyer (b) extend the time for performance up to 15 days and the Closing Date will be extended as necessary or (c) accept the Property in its damaged condition with an assignment of insurance proceeds and receive credit from Seller at closing in the amount of the deductible under the insurance policy. Seller's obligations under this paragraph are independent of any other obligations of Seller under this contract.

**15. DEFAULT:** If Buyer fails to comply with this contract, Buyer will be in default, and Seller may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money as liquidated damages, thereby releasing both parties from this contract. If, due to factors beyond Seller's control, Seller fails within the time allowed to make any non-casualty repairs or deliver the Commitment, or survey, if required of Seller, Buyer may (a) extend the time for performance up to 15 days and the Closing Date will be extended as necessary or (b) terminate this contract as the sole remedy and receive the earnest money. If Seller fails to comply with this contract for any other reason, Seller will be in default and Buyer may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money, thereby releasing both parties from this contract.

**16. MEDIATION:** It is the policy of the State of Texas to encourage resolution of disputes through alternative dispute resolution procedures such as mediation. Any dispute between Seller and Buyer related to this contract which is not resolved through informal discussion  will  will not be submitted to a mutually acceptable mediation service or provider. The parties to the mediation shall bear the mediation costs equally. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

**17. ATTORNEY'S FEES:** The prevailing party in any legal proceeding related to this contract is entitled to recover reasonable attorney's fees and all costs of such proceeding incurred by the prevailing party.

**18. ESCROW:**

- A. **ESCROW:** The escrow agent is not (i) a party to this contract and does not have liability for the performance or nonperformance of any party to this contract, (ii) liable for interest on the earnest money and (iii) liable for the loss of any earnest money caused by the failure of any financial institution in which the earnest money has been deposited unless the financial institution is acting as escrow agent.
- B. **EXPENSES:** At closing, the earnest money must be applied first to any cash down payment, then to Buyer's Expenses and any excess refunded to Buyer. If no closing occurs, escrow agent may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of escrow agent from all parties.
- C. **DEMAND:** Upon termination of this contract, either party or the escrow agent may send a release of earnest money to each party and the parties shall execute counterparts of the release and deliver same to the escrow agent. If either party fails to execute the release, either party may make a written demand to the escrow agent for the earnest money. If only one party makes written demand for the earnest money, escrow agent shall promptly provide a copy of the demand to the other party. If escrow agent does not receive written objection to the demand from the other party within 15 days, escrow agent may disburse the earnest money to the party making demand reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and escrow agent may pay the same to the creditors. If escrow agent complies with the provisions of this paragraph, each party hereby releases escrow agent from all adverse claims related to the disbursement of the earnest money.

Initialed for Identification by Buyer JA and Seller MS

Contract Concerning 7+ acres in SIMON WEBS SURVEY AB-799 Page 6 of 8 02-13-06  
(Address of Property)

- D. DAMAGES: Any party who wrongfully fails or refuses to sign a release acceptable to the escrow agent within 7 days of receipt of the request will be liable to the other party for liquidated damages of three times the amount of the earnest money.
- E. NOTICES: Escrow agent's notices will be effective when sent in compliance with Paragraph 21. Notice of objection to the demand will be deemed effective upon receipt by escrow agent.
- 19. REPRESENTATIONS: Seller represents that as of the Closing Date (a) there will be no liens, assessments, or security interests against the Property which will not be satisfied out of the sales proceeds unless securing payment of any loans assumed by Buyer and (b) assumed loans will not be in default. If any representation of Seller in this contract is untrue on the Closing Date, Seller will be in default.
- 20. FEDERAL TAX REQUIREMENTS: If Seller is a "foreign person," as defined by applicable law, or if Seller fails to deliver an affidavit to Buyer that Seller is not a "foreign person," then Buyer shall withhold from the sales proceeds an amount sufficient to comply with applicable tax law and deliver the same to the Internal Revenue Service together with appropriate tax forms. Internal Revenue Service regulations require filing written reports if currency in excess of specified amounts is received in the transaction.
- 21. NOTICES: All notices from one party to the other must be in writing and are effective when mailed to, hand-delivered at, or transmitted by facsimile or electronic transmission as follows:

To Buyer at:

Solutions Plus, Inc.  
1302 S. 3rd St., Suite 105  
Mabank, TX 75147  
 Telephone: (903) 887-4344  
 Facsimile: 903 887-4355  
 E-mail: msugrue@hotmail.com

To Seller at:

Neches Construction  
601 Charmwood  
Chandler, Tx 75758  
 Telephone: 903 571-2598  
 Facsimile: 903 849-3811  
 E-mail: \_\_\_\_\_

22. AGREEMENT OF PARTIES: This contract contains the entire agreement of the parties and cannot be changed except by their written agreement. Addenda which are a part of this contract are (check all applicable boxes):

- Third Party Financing Condition Addendum
- Seller Financing Addendum
- Loan Assumption Addendum
- Addendum for Property Subject to Mandatory Membership in an Owners' Association
- Addendum for Sale of Other Property by Buyer
- Other (list): \_\_\_\_\_
- Environmental Assessment, Threatened or Endangered Species and Wetlands Addendum
- Addendum for Coastal Area Property
- Addendum for Property Located Seaward of the Gulf Intracoastal Waterway
- Addendum for Release of Liability on Assumption of FHA, VA, or Conventional Loan Restoration of Seller's Entitlement for VA Guaranteed Loan
- Addendum for "Back-Up" Contract

Initialed for identification by Buyer JMS and Seller MS MB

TREC NO. 9-6



Contract Concerning 7 +/- acres in SIMON WEISS SURVEY AB-799 Page 7 of 8 02-13-06  
(Address of Property)

**23. TERMINATION OPTION:** For nominal consideration, the receipt of which is hereby acknowledged by Seller, and Buyer's agreement to pay Seller \$ \_\_\_\_\_ (Option Fee) within 2 days after the effective date of this contract, Seller grants Buyer the unrestricted right to terminate this contract by giving notice of termination to Seller within \_\_\_\_\_ days after the effective date of this contract. If no dollar amount is stated as the Option Fee or if Buyer fails to pay the Option Fee within the time prescribed, this paragraph will not be a part of this contract and Buyer shall not have the unrestricted right to terminate this contract. If Buyer gives notice of termination within the time prescribed, the Option Fee will not be refunded; however, any earnest money will be refunded to Buyer. The Option Fee  will  will not be credited to the Sales Price at closing. **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

**24. CONSULT AN ATTORNEY:** Real estate licensees cannot give legal advice. **READ THIS CONTRACT CAREFULLY.** If you do not understand the effect of this contract, consult an attorney **BEFORE** signing.

Buyer's Attorney is: Cynthia Bast

Seller's Attorney is: Melvin G. Bateman

Locke, Lord, Bissell & Liddell LLP

Bateman & Bateman LLP

Telephone: 512 305-4707

Telephone: 903 675-9212

Facsimile: 512 391-4707

Facsimile: 903 675-1275

E-mail: cbast@lockelord.com

E-mail: melvin@batemanllp.com

EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (EFFECTIVE DATE).  
(BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)

Buyer [Signature]

Seller [Signature]

Buyer \_\_\_\_\_

Seller Matth Berg

The form of this contract has been approved by the Texas Real Estate Commission. TREC forms are intended for use only by trained real estate licensees. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not intended for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, 1-800-250-8732 or (512) 459-8544 (<http://www.trec.state.tx.us>) TREC NO. 9-6. This form replaces TREC NO. 9-5.



Contract Concerning 7+/- acres in SIMON WEISS SURVEY AB-799 Page 8 of 8 02-13-06  
(Address of Property)

**BROKER INFORMATION AND RATIFICATION OF FEE**

Listing Broker has agreed to pay Other Broker n/a of the total sales price when Listing Broker's fee is received. Escrow Agent is authorized and directed to pay Other Broker from Listing Broker's fee at closing.

Other Broker \_\_\_\_\_ License No. \_\_\_\_\_  
represents  Buyer only as Buyer's agent  
 Seller as Listing Broker's subagent

Listing Broker \_\_\_\_\_ License No. \_\_\_\_\_  
represents  Seller and Buyer as an intermediary  
 Seller only as Seller's agent

Associate \_\_\_\_\_ Telephone \_\_\_\_\_

Listing Associate \_\_\_\_\_ Telephone \_\_\_\_\_

Broker's Address \_\_\_\_\_

Listing Associate's Office Address \_\_\_\_\_ Facsimile \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Facsimile \_\_\_\_\_

Email Address \_\_\_\_\_

Email Address \_\_\_\_\_

Selling Associate \_\_\_\_\_ Telephone \_\_\_\_\_

Selling Associate's Office Address \_\_\_\_\_ Facsimile \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Email Address \_\_\_\_\_

**OPTION FEE RECEIPT**

Receipt of \$ \_\_\_\_\_ (Option Fee) in the form of \_\_\_\_\_ is acknowledged.

Seller or Listing Broker \_\_\_\_\_ Date \_\_\_\_\_

**CONTRACT AND EARNEST MONEY RECEIPT**

Receipt of  Contract and  \$ \_\_\_\_\_ Earnest Money in the form of \_\_\_\_\_ is acknowledged.

Escrow Agent: \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_

Email Address \_\_\_\_\_

Address \_\_\_\_\_ Telephone: (\_\_\_\_) \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Facsimile: (\_\_\_\_) \_\_\_\_\_

Contract Concerning 7 +/- acres in SIMON WEISS SURVEY, AB 799

11. SPECIAL PROVISIONS

1. Purchase is subject to Buyer receiving a commitment of HOME funds for this tract from Texas Department of Housing & Community Affairs (TDHCA).
2. Buyer agrees that Buyer or its Assigns shall contract to build the apartment units if a commitment of HOME funds is received. Neches Construction or its Assigns shall be compensated at a cost plus 7% basis of a budget agreed to by the Parties, plus all approved change orders.
3. Buyer acknowledges that Seller would not be selling the subject property to Buyer on the terms and conditions set out herein but for the promise and obligation of Buyer to use Neches Construction to construct all of the units on the subject property under the terms and conditions set out herein; therefore, if Buyer chooses another Contractor other than Neches Construction, or its Assigns, to construct any apartment units on the subject property, Buyer shall pay to Neches Construction or its Assigns, upon completion of the unit or units, liquidated damages in a sum equal to 10% of the gross total cost to construct the apartment unit or units not constructed by Neches Construction or its Assigns.
4. The terms, promises, and obligations in this contract between Buyer and Seller shall survive the closing of this transaction and shall be binding on Buyer and Seller or their Assigns.


BUYER:

SELLER:


SOLUTIONS PLUS, INC.

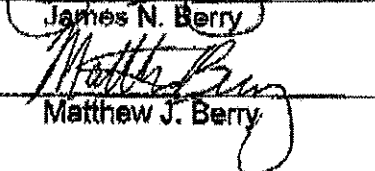
NECHES CONSTRUCTION

By:

  
 \_\_\_\_\_  
 J. Michael Sigrua

By:

  
 \_\_\_\_\_  
 James N. Berry

  
 \_\_\_\_\_  
 Matthew J. Berry



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report - Addendum

REPORT DATE: 04/13/09 PROGRAM: HOME FILE NUMBER: 08157

**DEVELOPMENT**

SilverLeaf at Chandler

Location: 801 FM 2010 Region: 4

City: Chandler County: Henderson Zip: 75758  OCT  DDA

Key Attributes: Elderly, New Construction, Rural, and Multifamily

**ALLOCATION**

	PREVIOUS REQUEST			PREVIOUS RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
HOME Activity Funds	\$1,658,090	4.50%	40/40	<b>\$1,658,090</b>	<b>AFR</b>	<b>30/30</b>
Housing Tax Credit (Annual)	\$761,465			<b>\$761,465</b>		

	CURRENT REQUEST			CURRENT RECOMMENDATION*		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
HOME Activity Funds	\$3,000,000	0.00%	40/40	<b>see below</b>		

\*The Applicant has requested to structure half of the total HOME award as a repayable loan and the other half as a forgivable loan. The Underwriter recommends that \$1,760,851 be structured as a repayable loan at 0.0% interest and 40-year amortization, and the remaining \$1,239,149 be structured as a non-amortizing forgivable loan. The Applicant already has an existing HOME contract in the amount of \$1,658,090 structured as a repayable loan with a 4.50% interest rate and 30-year amortization. Therefore, the existing HOME contract for this development will require an amendment to restructure the existing amount in accordance with the underwriting recommendation made in this addendum.

**CONDITIONS**

- 1 Receipt, review and acceptance of documentation that the Applicant has accomplished one of the following three options in their entirety: 1) contracted with a different General Contractor for this proposed development; 2) reduced the total development cost by the acquisition cost reflected in the application; or 3) requests and receives a waiver from the TDHCA Board for §50.9(h)(14)(G)(ii) of the 2008 QAP for having not met the required deadline to submit the required appraisal and submits an acceptable appraisal and documentation to support the Seller's original acquisition and holding costs pursuant to §50.9(h)(7)(A)(iv).
- 2 Receipt, review, and acceptance, by closing, of a zoning change from the City of Chandler Planning and Zoning Commission approving a zoning change from R1 to Multi Family (MF).
- 3 Receipt, review, and acceptance, by closing, of a third party engineering off-site cost certification is a condition of this report.
- 4 Receipt, review and acceptance, by closing, of evidence of an alternative financing source to cover the off-site costs which is a non-eligible HOME activities.
- 5 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/Low Home	3
50% of AMI	50%/Low Home	12
60% of AMI	60%/High Home	15

**PROS**

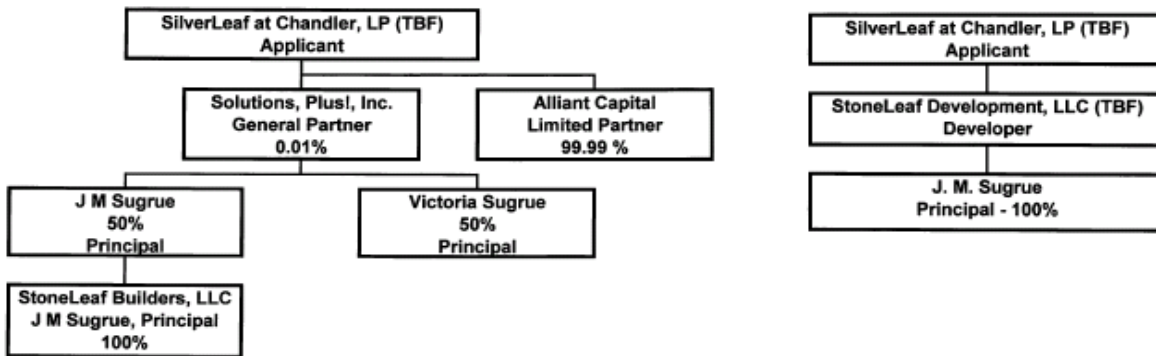
- The developer has a considerable amount of experience in the development of affordable housing.
- This would be the first tax credit development in Chandler

**CONS**

- The Applicant's and Underwriter's expense to income ratios are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses.
- The Applicant has no permanent conventional financing therefore without the HOME funds, the Development would not be financially feasible.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Mike Sugrue Phone: (903) 887-4344 Fax: (903) 887-4355  
 Email: msugrue@hotmail.com

**ADDENDUM**

The Application was originally underwritten and approved during the 2008 9% HTC cycle and was awarded annual tax credits in the amount of \$761,465 along with a HOME award in the amount of \$1,658,090 structured as a loan with interest at AFR and 30-year amortization.

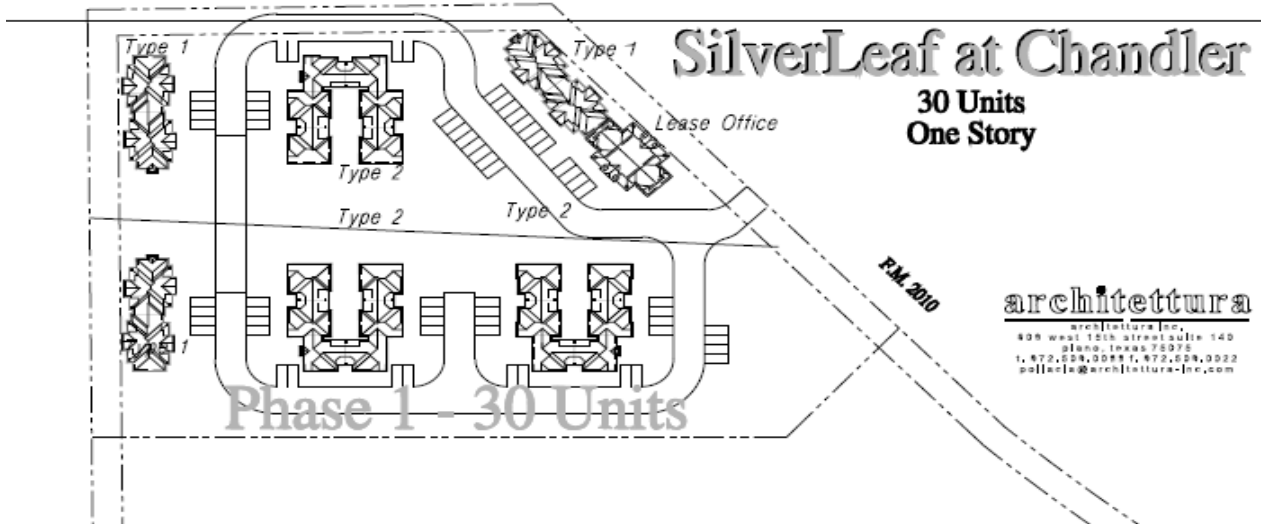
The Applicant has returned all of the previously awarded 2008 tax credit allocation and is now requesting increased HOME funds for a total HOME award of \$3,000,000. The Applicant has requested that half of the total amount of HOME funds be structured as an amortizing and repayable loan at 0.0% interest and 40-year amortization, and that the remaining half be structured as a forgivable loan. Current HOME rules allow up to 50% of the HOME funds to be forgivable provided that 10% of all units target tenants at 30% AMI & 50% of all units target tenants at 50% AMI or less.

The Applicant has reduced the number of buildings to six residential buildings and an attached community/leasing office building attached to one of the residential buildings. With this reduction in buildings the unit count has been reduced from eighty units to thirty units and subsequently reducing the site to seven acres from the previous thirteen acres.

This addendum has been issued to evaluate the effect these changes have made on the financial viability of the transaction based on the revised documentation provided. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.

**PROPOSED SITE**

**SITE PLAN**



**REVISED BUILDING CONFIGURATION**

Building Type	One	Two									Total Buildings
Floors/Stories	1	1									
Number	3	3									6

BR/BA	SF	Units								Total Units	Total SF
1/1	750	4								12	9,000
2/1	900		6							18	16,200
Units per Building		4	6							30	25,200

**SITE ISSUES**

Total Size: 7 acres      Scattered site?       Yes       No

Flood Zone: X      Within 100-yr floodplain?       Yes       No

Zoning: R1      Needs to be re-zoned?       Yes       No       N/A

Comments:  
 Currently is zoned R1 and a request to the City of Chandler to change the zoning to MF has been submitted. This is being made a condition of this report.

This section intentionally left blank.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      One      Date of Last Applicant Revision:      3/19/2009

The Applicant's revised projected rents collected per unit were calculated by subtracting "All Electric" tenant-paid utility allowances as of July 1, 2008, maintained by The City of Tyler Housing Authority from the 2008 HOME gross rent limits. Tenants will be required to pay all electric utility costs only.

The Underwriter's projected rental income has been calculated by subtracting the tenant-paid utility allowances from the recently published 2009 HOME gross rent limits.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      One      Date of Last Applicant Revision:      3/19/2009

The Applicant's revised total annual operating expense projection at \$2,874 per unit is within 1% of the Underwriter's estimate of \$2,848 derived from the TDHCA database, and third-party data sources.

**Conclusion:**

While the Applicant's income and operating expense estimates are within 5% of the Underwriter's estimates, the Applicant's net operating income is not within 5% of the Underwriter's estimate; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. Based on the Applicant's requested structure of the HOME funds, the calculated DCR is 1.35 which is within the Department's guidelines. Since the calculated DCR is at the maximum allowable, this would suggest that the development could support additional debt service and still fall within the acceptable range of 1.15 to 1.35. This will be discussed further in the Conclusions section of this addendum.

The Applicant's and Underwriter's expense to income ratios are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses.

**Feasibility:**

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with 2008 TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	12.6 acres	<u>\$28,830</u>	Tax Year:	<u>2007</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Tax Statement</u>
Total Assessed Value:		<u>\$28,830</u>	Tax Rate:	<u>2.492934</u>

**EVIDENCE of PROPERTY CONTROL**

Type:      Unimproved Property Contract      Acreage:      7 +/-

Contract Expiration:      8/31/2009      Valid Through Board Date?       Yes       No

Acquisition Cost:      \$120,000      Other:      \_\_\_\_\_

Seller:      Neches Construction      Related to Development Team?       Yes       No

**Comments:**

The Applicant provided a revised Unimproved Property Contract with the current HOME application reflecting a lesser amount of acreage to be transferred. Neches Construction is still identified as the seller of the property and the development General Contractor in the transaction. Therefore, this remains an identity of interest transfer as characterized and reflected in the original HTC underwriting report.

## CONSTRUCTION COST ESTIMATE EVALUATION

### Acquisition Value:

The HTC application originally proposed to develop a total of 13 acres. However, the Applicant's revised Unimproved Property Contract submitted with the current HOME application reflects that a reduced amount of acreage (7 acres) will be purchased. As a result, the total sales price has been revised to \$120K.

Due to the fact that Neches Construction continues to be a part of the Development Team in this application, the acquisition is characterized as an identity of interest transaction. There is no provision in the QAP or the underwriting rules for the applicant to provide the appraisal required for an identity of interest transaction after the deadline. It should also be noted that the underwriting report for the original HTC application conditioned any funding recommendation upon receipt, review and acceptance of documentation that the Applicant has accomplished one of the following three options in their entirety: 1) contracted with a different General Contractor for this proposed development; 2) reduced the total development cost by the acquisition cost reflected in the application; or 3) request and receive a waiver from the TDHCA Board for §50.9(h)(14)(G)(ii) of the 2008 QAP for not having met the required deadline to submit the required appraisal and submit an acceptable appraisal and documentation to support the Seller's original acquisition and holding costs pursuant to §50.9(h)(7)(A)(iv).

The Applicant has not provided evidence that either of the three options have been satisfied as of the date of this addendum. Therefore, this condition will remain in place with the Underwriter's current recommendation.

The Underwriter evaluated the initial impact of the second option by calculating the Applicant's total development cost estimate less the revised total acquisition cost for the site of \$120,000 and determined that there is insufficient deferred developer fee to account for this difference. Thus the initial impact of this option would require a gap reduction in the HOME funding recommendation all else held equal.

### Off-Site Cost:

The Applicant claimed off-site costs of \$35,500 for sewer lines brought to the site, but did not provide a third party engineering cost certification to justify these costs. Receipt, review, and acceptance of a third party engineering off-site cost certification is a condition of this report.

Moreover, since the Applicant's current request is for HOME funds only, federal HOME rules do not allow off-site costs to be paid for with HOME funds. The Underwriter evaluated the impact of reducing the total development cost by the off-site costs reflected in the application and determined that the developer fee would decrease from \$106,925 to \$71,425 to account for this difference. Thus the initial impact of this option would not require a gap reduction in the HOME award recommendation all else held equal.

### Sitework Cost:

The Applicant's claimed sitework costs of \$8,983 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

### Direct Construction Cost:

The Applicant's direct construction cost estimate is \$86.3K or 5.2% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

### Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds.

However, as mentioned previously there is a concern that the Underwriter has with respect to the costs reflected in the Applicant's current HOME request. Specifically, the costs associated with off-sites because HOME funds cannot be used to pay for this cost. The Applicant has not provided documentation of an alternative source of financing for this item. Therefore, any funding recommendation will be conditioned upon receipt, review and acceptance of evidence of an alternative financing source to cover the offsite construction cost.

## FINANCING STRUCTURE

SOURCES & USES Number of Revisions: One Date of Last Applicant Revision: 3/19/2009

Source: TDHCA HOME Type: Permanent & Interim Financing

Principal: \$3,000,000 Interest Rate: AFR  Fixed Amort: 480 months

Comments:

The original request was for \$1,500,000 at 0% interest and 40 year amortization and the remaining \$1,500,000 of the loan be forgiven.

Amount: \$106,925 Type: Deferred Developer Fees

## CONCLUSIONS

Recommended Financing Structure:

As stated previously the Underwriter's proforma is used to determine the development's debt service capacity and need for funds. The Applicant has requested a total HOME award of \$3,000,000 with half of this amount structured as a repayable loan at 0.0% interest and 40-year amortization, and the other half structured as a forgivable loan. This proposed financing structure yields a DCR of 1.35 which adheres to the Department's guidelines.

Alternatively, the Underwriter has determined that up to \$1,760,851 of the total requested HOME funds could be structured as a repayable loan set at the terms requested and \$1,239,149 structured as a forgivable loan. This alternative financing structure would yield an acceptable DCR of 1.15 and would enable the Department to be repaid on a slightly higher amount of HOME funds than proposed. Therefore, the Underwriter recommends an award of HOME funds in the total amount of \$3,000,000. Of this total, \$1,760,851 should be structured as repayable at 0.0% interest and 40-year amortization, and the remaining \$1,239,149 should be structured as a forgivable loan. It should be noted that an existing HOME contract exists for the property for the previous award made in 2008 for \$1,658,090. This award amount is currently structured as a repayable loan with a 4.50% interest rate and 30-year amortization. The existing HOME contract will require an amendment in order to restructure the funds in accordance with the recommendations made in this addendum.

The Underwriter's recommended financing structure indicates the need for \$71,425 in additional permanent funds. Deferred developer in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the amended number of HOME units to (30) total units.

Underwriter: \_\_\_\_\_ Date: April 13, 2009  
*Carl Hoover*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: April 13, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: April 13, 2009  
*Brent Stewart*



**MULTIFAMILY COMPARATIVE ANALYSIS**

**SilverLeaf at Chandler, Chandler, HOME #08157**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
30%/LH	1	1	1	750	\$435	\$321	\$321	\$0.43	\$114.00	\$35.00
50%/LH	4	1	1	750	\$435	\$321	1,284	0.43	114.00	35.00
60%/HH	7	1	1	750	\$479	\$365	2,555	0.49	114.00	35.00
30%/LH	2	2	1	900	\$522	\$378	756	0.42	144.00	39.00
50%/LH	8	2	1	900	\$522	\$378	3,024	0.42	144.00	39.00
60%/HH	8	2	1	900	\$630	\$486	3,888	0.54	144.00	39.00
<b>TOTAL:</b>	<b>30</b>		<b>AVERAGE:</b>	<b>840</b>		<b>\$394</b>	<b>\$11,828</b>	<b>\$0.47</b>	<b>\$132.00</b>	<b>\$37.40</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	25,200	<b>TDHCA</b>	<b>TDHCA-9%</b>	<b>APPLICANT-9%</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>	
<b>POTENTIAL GROSS RENT</b>						\$141,936	\$402,552	\$403,776	\$138,060	Henderson		4	
Secondary Income		Per Unit Per Month:	\$15.00		5,400	9,600	9,600	5,400	\$15.00	Per Unit Per Month			
Other Support Income:					0	0			\$0.00	Per Unit Per Month			
<b>POTENTIAL GROSS INCOME</b>						\$147,336	\$412,152	\$413,376	\$143,460				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(11,050)	(30,911)	(31,008)	(10,764)	-7.50%	of Potential Gross Income			
Employee or Other Non-Rental Units or Concessions					0	0							
<b>EFFECTIVE GROSS INCOME</b>						\$136,286	\$381,241	\$382,368	\$132,696				
<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				5.21%	\$237	0.28	\$7,096	\$23,007	\$19,300	\$5,500	\$0.22	\$183	4.14%
Management				5.00%	227	0.27	6,814	19,062	19,119	7,500	0.30	250	5.65%
Payroll & Payroll Tax				12.50%	568	0.68	17,042	59,643	66,000	21,000	0.83	700	15.83%
Repairs & Maintenance				8.48%	385	0.46	11,563	30,415	24,670	10,920	0.43	364	8.23%
Utilities				3.03%	138	0.16	4,127	17,107	12,000	3,000	0.12	100	2.26%
Water, Sewer, & Trash				8.16%	371	0.44	11,121	25,728	24,000	9,400	0.37	313	7.08%
Property Insurance				5.29%	240	0.29	7,206	18,383	15,000	10,000	0.40	333	7.54%
Property Tax	2.492934			7.68%	349	0.42	10,470	31,910	40,000	8,400	0.33	280	6.33%
Reserve for Replacements				5.50%	250	0.30	7,500	20,000	20,000	7,500	0.30	250	5.65%
TDHCA Compliance Fees				0.88%	40	0.05	1,200	3,200	3,040	1,500	0.06	50	1.13%
Other: Supp. Serv.				1.10%	50	0.06	1,500	5,000	5,000	1,500	0.06	50	1.13%
<b>TOTAL EXPENSES</b>				<b>62.84%</b>	<b>\$2,855</b>	<b>\$3.40</b>	<b>\$85,640</b>	<b>\$253,455</b>	<b>\$248,129</b>	<b>\$86,220</b>	<b>\$3.42</b>	<b>\$2,874</b>	<b>64.98%</b>
<b>NET OPERATING INC</b>				<b>37.16%</b>	<b>\$1,688</b>	<b>\$2.01</b>	<b>\$50,646</b>	<b>\$127,786</b>	<b>\$134,239</b>	<b>\$46,476</b>	<b>\$1.84</b>	<b>\$1,549</b>	<b>35.02%</b>
<b>DEBT SERVICE</b>													
TDHCA HOME				27.52%	\$1,250	\$1.49	\$37,500	\$89,450	\$107,395	\$37,533	\$1.49	\$1,251	28.28%
TDHCA HOME-Forgivable				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>9.65%</b>	<b>\$438</b>	<b>\$0.52</b>	<b>\$13,146</b>	<b>\$38,336</b>	<b>\$26,844</b>	<b>\$8,943</b>	<b>\$0.35</b>	<b>\$298</b>	<b>6.74%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>							1.35	1.43	1.25	1.24			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>							1.15		1.31				

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>TDHCA-9%</b>	<b>APPLICANT-9%</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		\$120,000	\$221,000	\$221,000	\$120,000	\$4.76	\$4,000	3.86%
Acquisition Cost (site or bldg)		3.76%	\$4,000	\$4.76		35,500	0	0	35,500	1.41	1,183	1.14%
Off-Sites		1.11%	1,183	1.41		269,500	717,000	717,000	269,500	10.69	8,983	8.67%
Sitework		8.44%	8,983	10.69		1,674,343	4,040,162	3,885,000	1,588,000	63.02	52,933	51.11%
Direct Construction		52.43%	55,811	66.44		92,875	225,000	225,000	92,875	3.69	3,096	2.99%
Contingency	4.78%	2.91%	3,096	3.69		260,050	644,280	644,280	260,050	10.32	8,668	8.37%
Contractor's Fees	13.38%	8.14%	8,668	10.32		205,000	446,000	446,000	205,000	8.13	6,833	6.60%
Indirect Construction		6.42%	6,833	8.13		53,000	322,160	322,160	53,000	2.10	1,767	1.71%
Ineligible Costs		1.66%	1,767	2.10		372,000	957,000	957,000	372,000	14.76	12,400	11.97%
Developer's Fees	14.49%	11.65%	12,400	14.76		66,000	352,340	352,340	66,000	2.62	2,200	2.12%
Interim Financing		2.07%	2,200	2.62		45,000	147,821	150,000	45,000	1.79	1,500	1.45%
Reserves		1.41%	1,500	1.79		<b>\$3,193,268</b>	<b>\$8,072,763</b>	<b>\$7,919,780</b>	<b>\$3,106,925</b>	<b>\$123.29</b>	<b>\$103,564</b>	<b>100.00%</b>
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$106,442</b>	<b>\$126.72</b>								
<b>Construction Cost Recap</b>		<b>71.93%</b>	<b>\$76,559</b>	<b>\$91.14</b>		<b>\$2,296,768</b>	<b>\$5,626,442</b>	<b>\$5,471,280</b>	<b>\$2,210,425</b>	<b>\$87.72</b>	<b>\$73,681</b>	<b>71.15%</b>

<b>SOURCES OF FUNDS</b>				<b>RECOMMENDED</b>					
TDHCA HOME	46.97%	\$50,000	\$59.52	\$1,500,000	\$1,658,090	\$1,658,090	\$1,500,000	\$1,760,851	Developer Fee Available
TDHCA HOME-Forgivable	46.97%	\$50,000	\$59.52	1,500,000	0		1,500,000	1,239,149	\$372,000
HTC Syndication Proceeds	0.00%	\$0	\$0.00	0	6,014,972	6,014,972			% of Dev. Fee Deferred
Deferred Developer Fees	3.35%	\$3,564	\$4.24	106,925	246,718	246,718	106,925	71,425	19%
Additional (Excess) Funds Req'd	2.70%	\$2,878	\$3.43	86,343	152,983	0	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$3,193,268</b>	<b>\$8,072,763</b>	<b>\$7,919,780</b>	<b>\$3,106,925</b>	<b>\$3,071,425</b>	<b>\$165,911</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*SilverLeaf at Chandler, Chandler, HOME #08157*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$70.20	\$1,769,148
<b>Adjustments</b>				
Exterior Wall Finish	2.10%		\$1.47	\$37,152
Elderly	3.00%		2.11	53,074
9-Ft. Ceilings	3.30%		2.32	58,382
Roofing			0.00	0
Subfloor			(1.88)	(47,376)
Floor Cover			3.16	79,632
Breezeways/Balconies	\$20.39	1,722	1.39	35,112
Plumbing Fixtures	\$1,000	0	0.00	0
Rough-ins	\$435	60	1.04	26,100
Built-In Appliances	\$2,500	30	2.98	75,000
Exterior Stairs	\$1,800		0.00	0
Enclosed Corridors	\$60.28		0.00	0
Heating/Cooling			1.83	46,116
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$77.00	2,387	7.29	183,799
Other: fire sprinkler			0.00	0
<b>SUBTOTAL</b>			<b>91.91</b>	<b>2,316,139</b>
Current Cost Multiplier	1.01		0.92	23,161
Local Multiplier	0.88		(11.03)	(277,937)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$81.80</b>	<b>\$2,061,364</b>
Plans, specs, survy, bld prj	3.90%		(\$3.19)	(\$80,393)
Interim Construction Interes	3.38%		(2.76)	(69,571)
Contractor's OH & Profit	11.50%		(9.41)	(237,057)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$66.44</b>	<b>\$1,674,343</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,500,000	Amort	480
Int Rate	0.00%	DCR	1.35
<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.35
<b>Additional</b>		Amort	
Int Rate		Aggregate DCR	1.35

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$44,021		
Secondary Debt Service	0		
Additional Debt Service	0		
<b>NET CASH FLOW</b>	<b>\$6,625</b>		
<b>Primary</b>	\$1,760,851	Amort	480
Int Rate	0.00%	DCR	1.15
<b>Secondary</b>	\$1,239,149	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15
<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
<b>INCOME at 3.00%</b>									
POTENTIAL GROSS RENT	\$141,936	\$146,194	\$150,580	\$155,097	\$159,750	\$185,194	\$214,691	\$248,886	\$334,481
Secondary Income	5,400	5,562	5,729	5,901	6,078	7,046	8,168	9,469	12,725
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	147,336	151,756	156,309	160,998	165,828	192,240	222,859	258,355	347,207
Vacancy & Collection Loss	(11,050)	(11,382)	(11,723)	(12,075)	(12,437)	(14,418)	(16,714)	(19,377)	(26,041)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$136,286</b>	<b>\$140,374</b>	<b>\$144,586</b>	<b>\$148,923</b>	<b>\$153,391</b>	<b>\$177,822</b>	<b>\$206,145</b>	<b>\$238,978</b>	<b>\$321,166</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$7,096	\$7,380	\$7,675	\$7,982	\$8,301	\$10,100	\$12,288	\$14,950	\$22,130
Management	6,814	7,019	7,229	7,446	7,670	8,891	10,307	11,949	16,058
Payroll & Payroll Tax	17,042	17,724	18,433	19,170	19,937	24,256	29,512	35,905	53,149
Repairs & Maintenance	11,563	12,026	12,507	13,007	13,527	16,458	20,024	24,362	36,062
Utilities	4,127	4,292	4,464	4,642	4,828	5,874	7,146	8,694	12,870
Water, Sewer & Trash	11,121	11,566	12,028	12,510	13,010	15,829	19,258	23,430	34,683
Insurance	7,206	7,494	7,794	8,106	8,430	10,256	12,479	15,182	22,473
Property Tax	10,470	10,889	11,325	11,778	12,249	14,903	18,131	22,059	32,653
Reserve for Replacements	7,500	7,800	8,112	8,436	8,774	10,675	12,988	15,801	23,390
Other	2,700	2,808	2,920	3,037	3,159	3,843	4,676	5,688	8,420
<b>TOTAL EXPENSES</b>	<b>\$85,640</b>	<b>\$88,997</b>	<b>\$92,487</b>	<b>\$96,114</b>	<b>\$99,885</b>	<b>\$121,085</b>	<b>\$146,808</b>	<b>\$178,023</b>	<b>\$261,888</b>
<b>NET OPERATING INCOME</b>	<b>\$50,646</b>	<b>\$51,377</b>	<b>\$52,098</b>	<b>\$52,809</b>	<b>\$53,506</b>	<b>\$56,737</b>	<b>\$59,337</b>	<b>\$60,955</b>	<b>\$59,278</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021
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>\$6,625</b>	<b>\$7,356</b>	<b>\$8,077</b>	<b>\$8,788</b>	<b>\$9,485</b>	<b>\$12,716</b>	<b>\$15,315</b>	<b>\$16,934</b>	<b>\$15,257</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.15</b>	<b>1.17</b>	<b>1.18</b>	<b>1.20</b>	<b>1.22</b>	<b>1.29</b>	<b>1.35</b>	<b>1.38</b>	<b>1.35</b>



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/05/08 PROGRAM: 9%HTC/HOME FILE NUMBER: 08157

**DEVELOPMENT**

SilverLeaf at Chandler

Location: 801 FM 2010 Region: 4  
 City: Chandler County: Henderson Zip: 75758  OCT  DDA  
 Key Attributes: Elderly, New Construction, Rural, and Duplexes

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$1,658,090	4.50%	40/40	<b>\$1,658,090</b>	<b>AFR</b>	<b>30/30</b>
Housing Tax Credit (Annual)	\$761,465			<b>\$761,465</b>		

**CONDITIONS**

- 1 This development is only recommended to the extent that a competing development, Lakeview Apartments #08262 is not allocated tax credits with priority over the subject this year.
- 2 Receipt, review and acceptance of documentation that the Applicant has accomplished one of the following three options in their entirety: 1)contracted with a different General Contractor for this proposed development; 2) reduced the total development cost by the acquisition cost reflected in the application (\$221,272); or 3) requests and receives a waiver from the TDHCA Board for §50.9(h)(14)(G)(ii) of the 2008 QAP for having not met the required deadline to submit the required appraisal and submits an acceptable appraisal and documentation to support the Seller's original acquisition and holding costs pursuant to §50.9(h)(7)(A)(iv).
- 3 HOME funds for this award are expected to be drawn at one time for interim loan takeout at the completion of construction and only when a clear first lien can be accomplished.
- 4 Receipt, review, and acceptance by commitment of a zoning change from the City of Chandler Planning and Zoning Commission approving a zoning change from R1 to Multi Family (MF).
- 5 Receipt, review, and acceptance, by carryover, of updated loan and equity commitments which are not more than 30 days old.
- 6 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	28
60% of AMI	60% of AMI	48

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/ Low Home	4
50% of AMI	Low Home	0
60% to 80% of AMI	High Home	13

The Applicant included only 16 HOME units (20.0% of the units) in the application. However 20.9% of the funds are coming from HOME and therefore 17 HOME units must be provided.

**PROS**

- The developer has a considerable amount of experience in the development of affordable housing.
- This would be the first tax credit development in Chandler

**CONS**

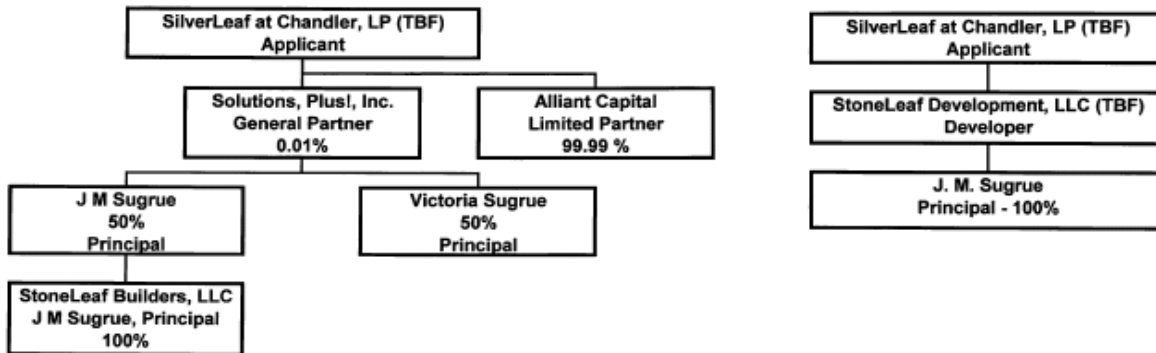
- The Applicant's and Underwriter's expense to income ratios are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses.
- The Applicant has no permanent conventional financing therefore without the HOME funds, the Development would not be financially feasible.
- The Market Analyst's analysis suggests that the development must capture over 50% of the demand in this market which is calculated primarily from turnover from existing housing.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Mike Sugrue Phone: (903) 887-4344 Fax: (903) 887-4355  
 Email: msugrue@hotmail.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
SilverLeaf at Chandler, LP	N/A	0
StoneLeaf Development, LLC	N/A	0
Solutions Plus, Inc.	N/A	7
J.M. Sugrue	N/A	7



**TDHCA SITE INSPECTION**

Inspector: ORCA Staff Date: 4/11/2008

Overall Assessment:

Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:

North: Single-family residences East: FM 2010 and pasture land beyond  
 South: Pasture land and Single-family West: Pasture land

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: ETTL Engineers and Consultants, Inc. Date: 3/3/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- None

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData, LLC Date: 3/20/2008

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 213.32 square miles (8.2 miles radius)

"For this analysis, we utilized a "primary market area" encompassing 213.4 square miles.

The boundaries of the Primary Market Area follow those of the census tracts listed in

Section 2.1.3 of this report. These boundaries approximately follow as such:

North: Henderson County Line, SH 64, CR 46, FM 2016, US 69, SH 323 North

East: SH 323 East

South: SH 323 South, CR 1113, CR 1110, Lake Palestine, Flat Creek, Muscadine Branch

West: Muscadine Branch, FM 1803, CR 3503, CR 3506, CR 3507"

The population of the PMA in 2008 was estimated to be 78,203.

Secondary Market Area (SMA):

N/A

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Lake View Apartments	08262	140	LP-134	N/A			

Lake View Apartments is a proposed 140-unit total / 134 unit 9% HTC development targeting seniors within the defined PMA boundaries in Tyler; however, it is a lower scoring application as of the date of this underwriting report.

INCOME LIMITS						
Henderson						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,150	\$10,500	\$11,800	\$13,100	\$14,150	\$15,200
50	\$15,250	\$17,450	\$19,600	\$21,800	\$23,550	\$25,300
60	\$18,300	\$20,940	\$23,520	\$26,160	\$28,260	\$30,360

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/ 30% Rent Limit	66	3	0	69	3	0	4%
1 BR/ 50% Rent Limit	48	88	0	136	16	0	12%
1 BR/ 60% Rent Limit	105	5	0	110	25	0	23%
2 BR/ 30% Rent Limit	11	0	0	11	1	0	9%
2 BR/ 50% Rent Limit	11	19	0	30	12	0	40%
2 BR/ 60% Rent Limit	23	1	0	24	23	0	96%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER							
Market Analyst p. 57	9,181	100%	9,181	included in Tenure %	3%	289	34% 98
Underwriter	36% 9,170	100%	9,170	100%	9,170	3%	289 34% 98
PMA DEMAND from HOUSEHOLD GROWTH							
Market Analyst p. 57		100%	217	included in Tenure %	3%	5	100% 5
Underwriter		100%	81	100%	81	3%	3 100% 3
DEMAND from OTHER SOURCES							
Market Analyst p. 58							10
Underwriter							10

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 59	80	0	0	80	113	70.6%
Underwriter	80	0	0	80	111	72.2%
HISTA-Based Data Alternate	80	0	0	80	269	29.74%

If Lake View Apartments were to be funded, this analysis suggests there would be limited support for additional units as the inclusion of any more HTC units yields a capture above the current Department maximum of 75% for senior developments, therefore this report is conditioned upon Lake View Apartments not being funded in the 2008 allocation.

**Primary Market Occupancy Rates:**

"The current occupancy of the market area is 94.7% as a result of increasing demand despite recent new construction. Affordable projects are 95.4% occupied and the two affordable senior projects are 98.4% occupied." (p. 12)

**Absorption Projections:**

"Absorption over the previous eight years for all unit types has been 233 units per year. We expect this to continue as the number of new household continues to grow, and as additional rental units become available." (p. 13)

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RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	750 SF	30%	\$174	174	\$680	174	\$506
1 BR	750 SF	50%	\$343	343	\$680	343	\$337
1 BR	750 SF	60%	\$428	428	\$680	428	\$252
2 BR	900 SF	30%	\$207	207	\$730	207	\$523
2 BR	900 SF	50%	\$411	411	\$730	411	\$319
2 BR	900 SF	60%	\$513	513	\$730	513	\$217

**Market Impact:**

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. The two existing "affordable" (senior) housing projects in the Primary Market Area have an average occupancy of 98.4%, and the one "affordable" (senior) project in Chandler is 100% occupied. This demonstrates that the demand for affordable rental housing is high, and that there is a shortage of affordable senior housing in this market." (p. 16)

**Comments:**

The market study was performed in accordance with the Department's guidelines and provides sufficient information on which to base a funding recommendation. The inclusive capture rates calculated by the Market Analyst and Underwriter are above 50% but marginally below Department's 75% threshold for elderly transactions.

**Concentration:**

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of 2.7 units per square mile which is less than the 1,432 units per square mile limit and a Primary Market Area concentration of 11.7 units per square mile which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department's standard criteria.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          none          Date of Last Applicant Revision:          N/A    

The Applicant's projected rents collected per unit were calculated by subtracting "All Electric" tenant-paid utility allowances as of July 1, 2007, maintained by The City of Tyler Housing Authority from the 2008 program gross rent limits. The HOME rents do not at this time impact the HTC rents because the HTC rents are equal to or less than the HOME rents for the proposed HOME units. Tenants will be required to pay electric utility costs only.

The Applicant elected to set aside 32 units (40%) targeting households earning 50% or less. This level of targeting is often used to eliminate the taint of a federal below market HOME loan but in this case the Applicant is also claiming the 30% boost for choosing a site in a DDA or OCT which makes this method of removing the taint ineffective. Instead the HOME funding must be at an interest rate equal or greater than the Applicable Federal Rate (AFR).

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:          none          Date of Last Applicant Revision:          N/A    

The Applicant's total annual operating expense projection at \$3,102 per unit is within 5% of the Underwriter's estimate of \$3,168, derived from the TDHCA database, and third-party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, specifically: payroll and payroll tax (\$6K higher), repairs and maintenance (\$6K lower), utilities (\$5K lower), and property tax (\$8K higher).



Conclusion:

The Applicant's total operating expense and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity.

The Applicant's and Underwriter's expense to income ratios are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses. While the Underwriter's expense to income ratio is above the Department's 65% maximum, the Applicant's is marginally below and because the Applicant's income overall is within the Department tolerances the development is technically underwritten at below the 65% threshold.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only: 12.6 acres	\$28,830	Tax Year:	2007
Existing Buildings:	\$0	Valuation by:	Tax Statement
Total Assessed Value:	\$28,830	Tax Rate:	2.492934

EVIDENCE of PROPERTY CONTROL

Type: Unimproved Property Contract Acreage: 13.016

Contract Expiration: 12/31/2008 Valid Through Board Date?  Yes  No

Acquisition Cost: \$221,272 Other: \_\_\_\_\_

Seller: Neches Construction Related to Development Team?  Yes  No

Comments:

While the Applicant has indicated that the sales contract is not a related party transaction, the Applicant identifies Neches Construction, the seller of the property, as the development General Contractor as well as a Lender in the transaction. This will be discussed in the Acquisition Value section.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 5/22/2008

Acquisition Value:

The site cost of \$17,000 per acre or \$2,766 per unit is a reasonable price but it is uncertain that it is truly a fair price because the Seller is also the General Contractor and the only appraised value the Applicant provided was the much lower tax assessor value. The Applicant also did not provide documentation of the original acquisition and holding costs. Both of these are requirements of identity of interest transactions where a member of the development team, such as the general contractor, is the seller of the land.

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Due to the fact that Neches Construction is represented to be a part of the Development Team in this application, the acquisition is characterized as an identity of interest transaction. There is no provision in the QAP or the underwriting rules for the applicant to provide the appraisal required for an identity of interest transaction after the deadline. Therefore, this report is conditioned upon receipt, review and acceptance of documentation that the Applicant has accomplished one of the following three options in their entirety: 1) contracted with a different General Contractor for this proposed development; 2) reduced the total development cost by the acquisition cost reflected in the application (\$221,272); or 3) requests and receives a waiver from the TDHCA Board for §50.9(h)(14)(G)(ii) of the 2008 QAP for having not met the required deadline to submit the required appraisal and submits an acceptable appraisal and documentation to support the Seller's original acquisition and holding costs pursuant to §50.9(h)(7)(A)(iv).

The Underwriter evaluated the initial impact of the second option by calculating the Applicant's total development cost estimate less the total acquisition cost for the site of \$221,272 and determined that the deferred developer fee would decrease from \$246K to \$25K to account for this difference. Thus the initial impact of this option would not require a gap reduction in the credit recommendation all else held equal.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$8,963 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$155.2K or 3.8% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

**Interim Interest Expense:**

The Underwriter reduced the Applicant's eligible interim financing fees by \$95,160 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.

**Contingency & 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, but the Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by \$16,557 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$7,210,063 supports annual tax credits of \$779,840. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 2 Date of Last Applicant Revision: 5/19/2008

Source: JP Morgan Chase Type: Interim Financing

Principal: \$2,700,000 Interest Rate: 6.6%  Fixed Term: 30 months

Comments:

Rate floats based on the 1 month LIBOR rate + 225 basis points

Source: Chandler Area Economic Development Type: Interim Financing

Principal: \$400,000 Interest Rate: 4.4%  Fixed Term: 12 months

Comments:

Rate set by the Applicable Federal Rate

Source: Neches Construction Type: Interim Financing  
Principal: \$160,000 Interest Rate: 5.0%  Fixed Term: 12 months  
Comments:

Neches is also the Seller of the land and the general contractor

Source: TDHCA HOME Type: Permanent Financing  
Principal: \$1,658,090 Interest Rate: AFR  Fixed Amort: 480 months  
Comments:

Original request was for 40 year amortization but because of the high anticipated DCR the Underwriter is recommending a more conventional amortization over 30 years. Must maintain AFR interest rate or significant rent restructure or HOME funds removed from basis.

Source: Alliant Capital, Ltd. Type: Syndication  
Proceeds: \$6,028,867 Syndication Rate: 79% Anticipated HTC: \$ 763,244  
Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.72.5. At this point, the financial viability of the transaction may be jeopardized. Alternatively, should the final credit price increase in even a nominal amount the anticipated deferred developer fee would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$246,718 Type: Deferred Developer Fees

#### Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

Due to the uncertainty in the market and the potential for such movement in both equity pricing and interest rates, this report is conditioned upon updated loan and equity commitments at the submission of carryover. Should the revised commitments reflect changes in the anticipated permanent interest rate(s) and equity price, a re-evaluation of the financial feasibility of the transaction should be conducted.

## CONCLUSIONS

#### Recommended Financing Structure:

The proforma analysis results in a debt coverage ratio within the Department's guidelines of 1.35 (at 1.49) using the correct debt service number of \$85,524; therefore the underwriting analysis assumes a decrease in the amortization term of the HOME permanent loan to a more conventional 30 years based on the principal balance reflected in the application materials.

The Applicant's total development cost estimate less the HOME loan of \$1,658,090 indicates the need for \$6,261,690 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$792,719 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$761,465), the gap-driven amount (\$792,719), and eligible basis-derived estimate (\$779,840), the Applicant's request of \$761,465 is recommended resulting in proceeds of \$6,014,815 based on a syndication rate of 79%.

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The Underwriter's recommended financing structure indicates the need for \$246,875 in additional permanent funds. Deferred developer in this amount appear to be repayable from development cashflow within five years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the amended number of HOME units to (17) total units.

Return on Equity:

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of less than 1% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe decent and affordable housing will be met under the proposed financing structure.

Underwriter:	_____	Date:	_____
	<i>Carl Hoover</i>		July 5, 2008
Reviewing Underwriter:	_____	Date:	_____
	<i>Raquel Morales</i>		July 5, 2008
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Tom Gouris</i>		July 5, 2008

**MULTIFAMILY COMPARATIVE ANALYSIS**

**SilverLeaf at Chandler, Chandler, 9%HTC/HOME #08157**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC30%/LH	3	1	1	750	\$255	\$174	\$522	\$0.23	\$81.00	\$25.00
TC 50%	16	1	1	750	\$424	\$343	5,488	0.46	81.00	25.00
TC 60%	25	1	1	750	\$509	\$428	10,700	0.57	81.00	25.00
TC30%/LH	1	2	1	900	\$306	\$207	207	0.23	99.00	29.00
TC50%/HH	13	2	1	900	\$510	\$411	5,343	0.46	99.00	29.00
TC 60%	22	2	1	900	\$612	\$513	11,286	0.57	99.00	29.00
<b>TOTAL:</b>	<b>80</b>		<b>AVERAGE:</b>	<b>818</b>		<b>\$419</b>	<b>\$33,546</b>	<b>\$0.51</b>	<b>\$89.10</b>	<b>\$26.80</b>

**INCOME**

Total Net Rentable Sq Ft: 65,400

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$10.00  
Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
General & Administrative	6.03%	\$288	0.35	\$23,007	\$19,300	Henderson		4
Management	5.00%	238	0.29	19,062	19,119	\$10.00	Per Unit Per Month	
Payroll & Payroll Tax	15.64%	746	0.91	59,643	66,000	\$0.00	Per Unit Per Month	
Repairs & Maintenance	7.98%	380	0.47	30,415	24,670			
Utilities	4.49%	214	0.26	17,107	12,000			
Water, Sewer, & Trash	6.75%	322	0.39	25,728	24,000			
Property Insurance	4.82%	230	0.28	18,383	15,000			
Property Tax 2.492934	8.37%	399	0.49	31,910	40,000			
Reserve for Replacements	5.25%	250	0.31	20,000	20,000			
TDHCA Compliance Fees	0.84%	40	0.05	3,200	3,040			
Other:	1.31%	63	0.08	5,000	5,000			
<b>TOTAL EXPENSES</b>	<b>66.48%</b>	<b>\$3,168</b>	<b>\$3.88</b>	<b>\$253,455</b>	<b>\$248,129</b>	<b>\$3.79</b>	<b>\$3,102</b>	<b>64.89%</b>
<b>NET OPERATING INC</b>	<b>33.52%</b>	<b>\$1,597</b>	<b>\$1.95</b>	<b>\$127,786</b>	<b>\$134,239</b>	<b>\$2.05</b>	<b>\$1,678</b>	<b>35.11%</b>

**DEBT SERVICE**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
HOME-TDHCA	23.46%	\$1,118	\$1.37	\$89,450	\$107,395	\$1.64	\$1,342	28.09%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>10.06%</b>	<b>\$479</b>	<b>\$0.59</b>	<b>\$38,336</b>	<b>\$26,844</b>	<b>\$0.41</b>	<b>\$336</b>	<b>7.02%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.43</b>	<b>1.25</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>					<b>1.31</b>			

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.74%	\$2,763	\$3.38	\$221,000	\$221,000	\$3.38	\$2,763	2.79%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.88%	8,963	10.96	717,000	717,000	10.96	8,963	9.05%
Direct Construction		50.05%	50,502	61.78	4,040,162	3,885,000	59.40	48,563	49.05%
Contingency 4.73%		2.79%	2,813	3.44	225,000	225,000	3.44	2,813	2.84%
Contractor's Fees 13.54%		7.98%	8,054	9.85	644,280	644,280	9.85	8,054	8.14%
Indirect Construction		5.52%	5,575	6.82	446,000	446,000	6.82	5,575	5.63%
Ineligible Costs		3.99%	4,027	4.93	322,160	322,160	4.93	4,027	4.07%
Developer's Fees 14.90%		11.85%	11,963	14.63	957,000	957,000	14.63	11,963	12.08%
Interim Financing		4.36%	4,404	5.39	352,340	352,340	5.39	4,404	4.45%
Reserves		1.83%	1,848	2.26	147,821	150,000	2.29	1,875	1.89%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$100,910</b>	<b>\$123.44</b>	<b>\$8,072,763</b>	<b>\$7,919,780</b>	<b>\$121.10</b>	<b>\$98,997</b>	<b>100.00%</b>
<b>CONSTRUCTION Cost Recap</b>		<b>69.70%</b>	<b>\$70,331</b>	<b>\$86.03</b>	<b>\$5,626,442</b>	<b>\$5,471,280</b>	<b>\$83.66</b>	<b>\$68,391</b>	<b>69.08%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
HOME-TDHCA	20.54%	\$20,726	\$25.35	\$1,658,090	\$1,658,090	\$1,658,090	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0			\$940,443
HTC Syndication Proceeds	74.51%	\$75,187	\$91.97	6,014,972	6,014,972	6,014,815	% of Dev. Fee Deferred
Deferred Developer Fees	3.06%	\$3,084	\$3.77	246,718	246,718	246,875	26%
Additional (Excess) Funds Req'd	1.90%	\$1,912	\$2.34	152,983	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$8,072,763</b>	<b>\$7,919,780</b>	<b>\$7,919,780</b>	<b>\$578,695</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*SilverLeaf at Chandler, Chandler, 9%HTC/HOME #08157*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$69.26	\$4,529,625
<b>Adjustments</b>				
Exterior Wall Finish	2.10%		\$1.45	\$95,122
Elderly	5.00%		3.46	226,481
9-Ft. Ceilings	3.20%		2.22	144,948
Roofing			0.00	0
Subfloor			(1.85)	(120,990)
Floor Cover			3.08	201,432
Breezeways/Balconies	\$19.81	4,844	1.47	95,960
Plumbing Fixtures	(\$965)	160	(2.36)	(154,400)
Rough-ins	\$425	160	1.04	68,000
Built-In Appliances	\$2,425	80	2.97	194,000
Exterior Stairs	\$1,800		0.00	0
Enclosed Corridors	\$59.34		0.00	0
Heating/Cooling			1.90	124,260
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$68.93	3,596	3.79	247,877
Other: fire sprinkler			0.00	0
<b>SUBTOTAL</b>			<b>86.43</b>	<b>5,652,315</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.88		(10.37)	(678,278)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$76.06</b>	<b>\$4,974,037</b>
Plans, specs, survy, bld prmt	3.90%		(\$2.97)	(\$193,987)
Interim Construction Interes	3.38%		(2.57)	(167,874)
Contractor's OH & Profit	11.50%		(8.75)	(572,014)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$61.78</b>	<b>\$4,040,162</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,658,090	Amort	480
Int Rate	4.50%	DCR	1.43

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.43

<b>Additional</b>		Amort	
Int Rate		Aggregate DCR	1.43

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$97,184
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$30,602</b>

<b>Primary</b>	\$1,658,090	Amort	360
Int Rate	4.19%	DCR	1.31

<b>Secondary</b>	\$246,875	Amort	0
Int Rate	0.00%	Subtotal DCR	1.31

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.31

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

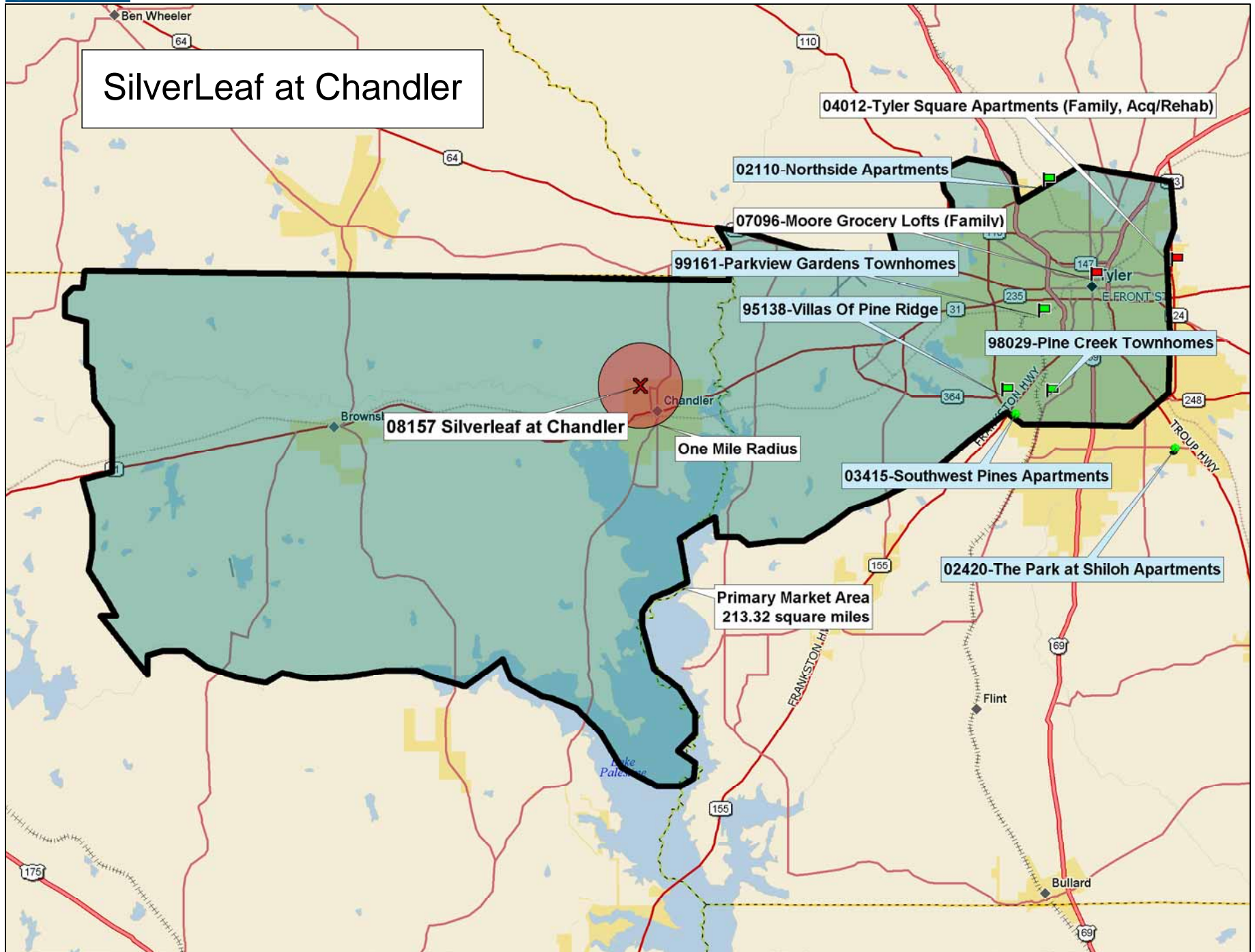
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$403,776	\$415,889	\$428,366	\$441,217	\$454,453	\$526,836	\$610,747	\$708,024	\$951,525
Secondary Income	9,600	9,888	10,185	10,490	10,805	12,526	14,521	16,834	22,623
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	413,376	425,777	438,551	451,707	465,258	539,362	625,268	724,857	974,148
Vacancy & Collection Loss	(31,008)	(31,933)	(32,891)	(33,878)	(34,894)	(40,452)	(46,895)	(54,364)	(73,061)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$382,368</b>	<b>\$393,844</b>	<b>\$405,659</b>	<b>\$417,829</b>	<b>\$430,364</b>	<b>\$498,910</b>	<b>\$578,373</b>	<b>\$670,493</b>	<b>\$901,087</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$19,300	\$20,072	\$20,875	\$21,710	\$22,578	\$27,470	\$33,421	\$40,662	\$60,190
Management	19,119	19,693	20,284	20,892	21,519	24,946	28,920	33,526	45,056
Payroll & Payroll Tax	66,000	68,640	71,386	74,241	77,211	93,939	114,291	139,052	205,831
Repairs & Maintenance	24,670	25,657	26,683	27,750	28,860	35,113	42,720	51,976	76,937
Utilities	12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Water, Sewer & Trash	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Insurance	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Property Tax	40,000	41,600	43,264	44,995	46,794	56,932	69,267	84,274	124,746
Reserve for Replacements	20,000	20,800	21,632	22,497	23,397	28,466	34,634	42,137	62,373
Other	8,040	8,362	8,696	9,044	9,406	11,443	13,923	16,939	25,074
<b>TOTAL EXPENSES</b>	<b>\$248,129</b>	<b>\$257,863</b>	<b>\$267,981</b>	<b>\$278,497</b>	<b>\$289,428</b>	<b>\$350,899</b>	<b>\$425,491</b>	<b>\$516,015</b>	<b>\$759,258</b>
<b>NET OPERATING INCOME</b>	<b>\$134,239</b>	<b>\$135,981</b>	<b>\$137,678</b>	<b>\$139,332</b>	<b>\$140,936</b>	<b>\$148,011</b>	<b>\$152,882</b>	<b>\$154,478</b>	<b>\$141,828</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$97,184	\$97,184	\$97,184	\$97,184	\$97,184	\$97,184	\$97,184	\$97,184	\$97,184
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>\$37,055</b>	<b>\$38,797</b>	<b>\$40,494</b>	<b>\$42,148</b>	<b>\$43,752</b>	<b>\$50,827</b>	<b>\$55,698</b>	<b>\$57,294</b>	<b>\$44,644</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.38</b>	<b>1.40</b>	<b>1.42</b>	<b>1.43</b>	<b>1.45</b>	<b>1.52</b>	<b>1.57</b>	<b>1.59</b>	<b>1.46</b>

**HTC ALLOCATION ANALYSIS -SilverLeaf at Chandler, Chandler, 9%HTC/HOME #08157**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$221,000	\$221,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$717,000	\$717,000	\$717,000	\$717,000
<b>Construction Hard Costs</b>	\$3,885,000	\$4,040,162	\$3,885,000	\$4,040,162
<b>Contractor Fees</b>	\$644,280	\$644,280	\$644,280	\$644,280
<b>Contingencies</b>	\$225,000	\$225,000	\$225,000	\$225,000
<b>Eligible Indirect Fees</b>	\$446,000	\$446,000	\$446,000	\$446,000
<b>Eligible Financing Fees</b>	\$352,340	\$352,340	\$352,340	\$352,340
<b>All Ineligible Costs</b>	\$322,160	\$322,160		
<b>Developer Fees</b>			\$940,443	
Developer Fees	\$957,000	\$957,000		\$957,000
<b>Development Reserves</b>	\$150,000	\$147,821		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$7,919,780</b>	<b>\$8,072,763</b>	<b>\$7,210,063</b>	<b>\$7,381,782</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>		\$7,210,063	\$7,381,782
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$9,373,082	\$9,596,316
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$9,373,082	\$9,596,316
Applicable Percentage		8.32%	8.32%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$779,840	\$798,413

Syndication Proceeds	0.7899	\$6,159,962	\$6,306,671
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$779,840</b>	<b>\$798,413</b>
Syndication Proceeds		\$6,159,962	\$6,306,671
<b>Requested Tax Credits</b>		<b>\$761,465</b>	
Syndication Proceeds		\$6,014,815	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$6,261,690</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$792,719</b>	



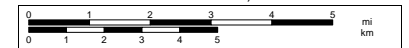
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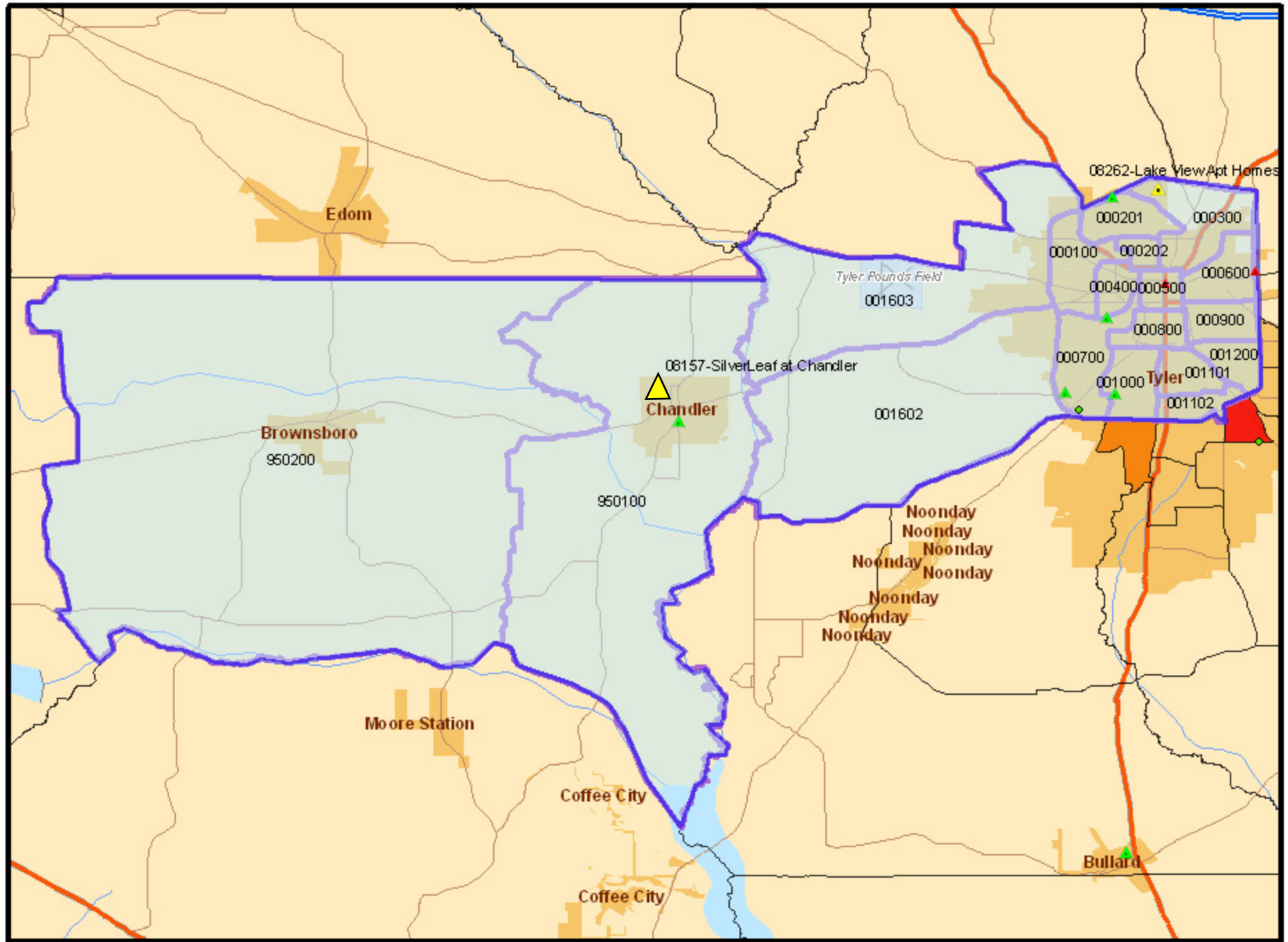
Scale 1 : 200,000



1" = 3.16 mi

Data Zoom 10-0





0 0.5 1 2 Miles  
Concentration Key  
Red Tracts: > 1432 units/sq.mi.  
Orange Tracts: 1000 to 1432 units/sq.mi.

### 08157 - Silverleaf at Chandler

**HOME AND HOUSING TRUST FUND PROGRAMS DIVISION**  
**BOARD ACTION REQUEST**  
**April 23, 2009**

**Action Item**

Presentation, Discussion and Possible Approval of Housing Trust Fund Program Award Recommendations.

**Requested Action**

Approve, Deny or Approve with Amendments the Housing Trust Fund Program Award Recommendations.

***2009 HOMEOWNERSHIP SUPERNOFA PROGRAM***

A Notice of Funding Availability (NOFA) for \$1,000,000 for the 2009 Homeownership SuperNOFA was approved by the Board on December 18, 2008, consistent with the 2009 Housing Trust Fund Annual Plan. The NOFA allows applications for funding on a statewide first-come, first-served basis and established a submission deadline of May 1, 2009.

The Department has received nine applications to date requesting a total of \$1,830,000 in project funds and \$75,600 in administrative for total of \$1,905,600 in funds requested. On March 12, 2008, the board approved awards totaling \$500,000, leaving \$500,000 available. If the two applications being considered today are awarded the recommended \$500,000 in HTF funds, no funds will remain available under the NOFA.

The applications for Habitat for Humanity of San Antonio for Homebuyer Assistance for twenty-four (24) households and Futuro Communities for Housing Rehabilitation Assistance for eight (8) households have been reviewed and meet the NOFA requirements. These applications are being recommended for award as reflected in the chart below.

**Award Recommendations Summary**

<b>Applicant</b>	<b>City</b>	<b>Activity</b>	<b>Total Project Funds Requested</b>	<b>Total Administrative Funds Requested</b>	<b>Total Funds Requested</b>	<b>Total Number of Units Proposed</b>
Habitat for Humanity of San Antonio, Inc.	San Antonio	HBA	\$240,000	\$10,000	\$250,000	24
Futuro Communities	Uvalde	HRA	\$240,000	\$10,000	\$250,000	8
<b>Total</b>			<b>\$480,000</b>	<b>\$20,000</b>	<b>\$500,000</b>	<b>32</b>

The Application Log reflecting all applications received in response to the SuperNOFA and an Award Recommendations Log is attached.

Attached:

- 2009 HTF SuperNOFA Program – Award Recommendations; and
- 2009 HTF SuperNOFA Program - Application Log.

### ***2009 VETERANS HOUSING SUPPORT PROGRAM***

A Notice of Funding Availability (NOFA) for \$1,000,000 for the 2009 Texas Veterans Housing Support Program was approved by the Board on December 18, 2008, consistent with the 2009 Housing Trust Fund Annual Plan. The NOFA allows applications for funding on a statewide first-come, first-served basis and established a submission deadline of May 1, 2009.

The Department has received three applications to date requesting a total of \$719,995 in project funds and \$30,000 in administrative for total of \$749,995 of funds requested. If the two applications being considered today are awarded the recommended \$499,995 in HTF funds, \$500,005 in funds will remain available under the NOFA for future applications.

The applications for Center for Housing & Economic Opportunities Corporation and Futuro Communities have been reviewed and meet the NOFA requirements and are therefore being recommended for award as reflected in the chart below. Both recommended applications are for Veterans Housing Assistance with Rehabilitation (VHAR) and will each serve seven (7) households. Other applications are still in the review process.

#### **Award Recommendations Summary**

<b>Applicant</b>	<b>City</b>	<b>Activity</b>	<b>Total Project Funds Requested</b>	<b>Total Administrative Funds Requested</b>	<b>Total Funds Requested</b>	<b>Total Number of Units Proposed</b>
Futuro Communities	Uvalde	VHAR	\$239,995	\$10,000	\$249,995	7
Center for Housing and Economic Opportunities Corp.	San Leanna	VHAR	\$240,000	\$10,000	\$250,000	7
<b>Total</b>			<b>\$479,995</b>	<b>\$20,000</b>	<b>\$499,995</b>	<b>14</b>

The Application Log reflecting all applications received in response to the Veterans Housing Support Program NOFA and an Award Recommendations Log is attached.

Attached:

- 2009 HTF Veterans Housing Support Program – Award Recommendations; and
- 2009 HTF Veterans Housing Support Program - Application Log.

## ***RENTAL PRODUCTION PROGRAM***

A Notice of Funding Availability (NOFA) for \$2,594,000 for Rental Production was approved by the Board in September 2008, consistent with the 2009 Housing Trust Fund Annual Plan. The NOFA allows applications for funding on a statewide first-come, first-served basis and establishes a submission deadline of April 6, 2009. The Board previously approved awards totaling \$1,334,000, which leaves \$1,260,000 available for awards. The Department currently has six pending applications totaling \$1,995,000. One of these applications for \$500,000 is being recommended today under this agenda item. One application for \$460,000 is being considered in conjunction with Private Activity Bonds, 4% Housing Tax Credits, and HOME funds for Persons with Disabilities under a separate agenda item. If these two recommended applications are awarded today, \$300,000 in funds will remain available under the NOFA for award to pending applications. The Willows Apartments, which is also reflected on the agenda, has been reviewed and underwritten assuming a \$500,000 loan and may need to be reevaluated if only \$300,000 remains in the NOFA. However, should the Board choose to not approve one of the recommended applications then more than \$500,000 will become available to fund The Willows Apartments. The Willows is currently reflected on the agenda and is only recommended if the Board does not approve one of the two recommended applications.

The subject applications have completed the two stages of the review process in accordance with the Housing Trust Fund Rule. The Real Estate Analysis (REA) Division has evaluated the applications and the underwriting reports are included in today's board book. All recommendations are subject to conditions reflected in the underwriting reports.

Attached:

- 2009 Housing Trust Fund Rental Production Program – Award Recommendations Log;
- 2009 Housing Trust Fund Rental Production Program - Application Log; and
- Real Estate Analysis Division underwriting reports.

### **Recommendation**

Staff recommends that the Board approve awards for the following applications as detailed in the attached Award Logs:

2009-0003	Habitat for Humanity of San Antonio, Inc.	HBA
2009-0005	FUTURO Communities, Inc.	HRA
2009-0004	FUTURO Communities, Inc.	VHAR
2009-0008	Center for Housing & Economic Opportunities Corp	VHAR
08335	Meadow Park Village	RPP

Staff's recommendations for all Rental Production Program awards are subject to conditions reflected in the underwriting reports. Staff recommends application #08343, The Willows Apartments, for a \$500,000 award subject to the Board's denial of one of the other Rental Production Program awards on today's agenda.

# *2009 HTF Homeownership SuperNOFA - Award Recommendations Log*

*Sorted by date/time received*

**Total NOFA Amount - \$1,000,000**

**Total Amount Available: \$500,000**

<b>App number</b>	<b>Received Date</b>	<b>Time Received</b>	<b>Applicant</b>	<b>Region</b>	<b>Project Funds Requested</b>	<b>Admin Funds Requested</b>	<b>Total Units</b>	<b>Project Funds Awarded and/or Recommended</b>	<b>Admin Funds Awarded and/or Recommended</b>	<b>Total Units</b>	<b>Comments</b>
2009-0003	2/11/2009	4:23 PM	Habitat for Humanity of San Antonio, Inc.	9	\$240,000	\$10,000	24	\$240,000	\$10,000	24	Pending Award
2009-0005	2/12/2009	2:34 PM	FUTURO Communities, Inc.	11	\$240,000	\$10,000	8	\$240,000	\$10,000	8	Pending Award
<b>Totals:</b>					<b>\$480,000</b>	<b>\$20,000</b>	<b>32</b>	<b>\$480,000</b>	<b>\$20,000</b>	<b>32</b>	

# 2009 HTF Homeownership SuperNOFA - Application Log

*Sorted by date/time received*

**Total NOFA Amount - \$1,000,000**

**Total Amount Available: \$500,000**

<b>App number</b>	<b>Received Date</b>	<b>Time Received</b>	<b>Applicant</b>	<b>Region</b>	<b>Project Funds Requested</b>	<b>Admin Funds Requested</b>	<b>Total Units</b>	<b>Project Funds Awarded and/or Recommended</b>	<b>Admin Funds Awarded and/or Recommended</b>	<b>Total Units</b>	<b>Comments</b>
2009-0001	2/4/2009	12:21 PM	Brownsville Housing Finance Corporation	11	\$240,000	\$10,000	24	\$240,000	\$10,000	24	Awarded 3/12/2009
2009-0002	2/5/2009	9:44 AM	City of Taylor	7	\$240,000	\$10,000	8	\$240,000	\$10,000	8	Awarded 3/12/2009
2009-0003	2/11/2009	4:23 PM	Habitat for Humanity of San Antonio, Inc.	9	\$240,000	\$10,000	24	\$240,000	\$10,000	24	Pending Award
2009-0005	2/12/2009	2:34 PM	FUTURO Communities, Inc.	11	\$240,000	\$10,000	8	\$240,000	\$10,000	8	Pending Award
2009-0006	2/23/2009	2:39 PM	Dallas Area Habitat For Humanity	3	\$240,000	\$10,000	24				Under Review
2009-0007	2/25/2009	4:45 PM	Austin Habitat for Humanity	7	\$100,000	\$4,000	10				Under Review
2009-0009	3/17/2009	3:32 PM	Forth Worth Housing Authority	3	\$240,000	\$10,000	25				Under Review
2009-0010	3/19/2009	1:44 PM	Eagle Pass Housing Authority	11	\$250,000	\$10,000	8				Under Review
2009-0011	3/23/2009	1:23 PM	Fort Hood Area Habitat for Humanity, Inc.	8	\$40,000	\$1,600	4				Under Review
<b>Totals:</b>					<b>\$1,830,000</b>	<b>\$75,600</b>	<b>135</b>	<b>\$960,000</b>	<b>\$40,000</b>	<b>64</b>	

# *2009 Texas Veterans Housing Support Program - Award Recommendations Log*

*Sorted by date/time received*

**Total NOFA Amount - \$1,000,000**

**Total Amount Available: \$1,000,000**

<b>App number</b>	<b>Received Date</b>	<b>Time Received</b>	<b>Applicant</b>	<b>Region</b>	<b>Project Funds Requested</b>	<b>Admin Funds Requested</b>	<b>Total Units</b>	<b>Project Funds Awarded and/or Recommended</b>	<b>Admin Funds Awarded and/or Recommended</b>	<b>Total Units</b>	<b>Comments</b>
2009-0004	2/12/2009	2:33 PM	FUTURO Communities, Inc.	11	\$239,995	\$10,000	7	\$239,995	\$10,000	7	Pending Award
2009-0008	3/9/2009	12:53 PM	Center for Housing & Economic Opportunities Corporation	7	\$240,000	\$10,000	7	\$240,000	\$10,000	7	Pending Award
<b>Totals:</b>					<b>\$479,995</b>	<b>\$20,000</b>	<b>14</b>	<b>\$479,995</b>	<b>\$20,000</b>	<b>14</b>	

# *2009 Texas Veterans Housing Support Program - Application Log*

*Sorted by date/time received*

**Total NOFA Amount - \$1,000,000**

**Total Amount Available: \$1,000,000**

<b>App number</b>	<b>Received Date</b>	<b>Time Received</b>	<b>Applicant</b>	<b>Region</b>	<b>Project Funds Requested</b>	<b>Admin Funds Requested</b>	<b>Total Units</b>	<b>Project Funds Awarded and/or Recommended</b>	<b>Admin Funds Awarded and/or Recommended</b>	<b>Total Units</b>	<b>Comments</b>
2009-0004	2/12/2009	2:33 PM	FUTURO Communities, Inc.	11	\$239,995	\$10,000	7	\$239,995	\$10,000	7	Pending Award
2009-0008	3/9/2009	12:53 PM	Center for Housing & Economic Opportunities Corporation	7	\$240,000	\$10,000	7	\$240,000	\$10,000	7	Pending Award
2009-0012	3/26/2009	3:47 PM	Community Partnership for the Homeless	7	\$240,000	\$10,000	24				Under Review
<b>Totals:</b>					<b>\$719,995</b>	<b>\$30,000</b>	<b>38</b>	<b>\$479,995</b>	<b>\$20,000</b>	<b>14</b>	



**HTF Rental Production Program - Award Recommendations  
Sorted by Date and Time Received**

**Monday, April 13, 2009**

**Available General Set-Aside: \$2,594,000**

**Funds Remaining - \$300,000**

File #	Region	Received By Date:	Development Name	City	Housing Activity(1)	Rqstd HTF Units	Rec. HTF Units	Total Units	Target (2) Population	Layering HOME	Requested Project Funds	Awarded / Recommended Project Funds	Status			
08335	7	8/28/2008	Meadow Park Village Apartments	Lockhart	R	36	36	36	General	No	\$500,000	\$500,000	Pending Award 4/23/2009			
09605	3	10/3/2008	Woodmont Apartments	Fort Worth	NC	26	26	252	General	Yes	\$460,000	\$460,000	Pending Award 4/23/2009			
<b>Total HTF Applications</b>						<b>2</b>	<b>Unit Totals:</b>			<b>62</b>	<b>62</b>	<b>288</b>	<b>Fund Totals:</b>		<b>\$960,000</b>	<b>\$960,000</b>

1 = Housing Activity= New Construction = NC, Rehabilitation = R  
2 = Target Population Abbreviation: Intergenerational=Intg

**HTF Rental Production Program - Application Log  
Sorted by Date and Time Received**

**Monday, April 13, 2009**

**Available General Set-Aside - \$2,594,000**

**Funds Remaining - \$300,000**

File #	Region	Received By Date:	Development Name	City	Housing Activity(1)	Rqstd HTF Units	Rec. HTF Units	Total Units	Target (2) Population	Layering HOME	Requested Project Funds	Awarded / Recommended Project Funds	Status		
08418	9	8/21/2008	The Mirabella	San Antonio	NC	18	18	172	Elderly	Yes	\$384,000	\$384,000	Awarded 11/13/2008		
08334	10	8/27/2008	Parkwood Apartments	Nixon	R	8	24	24	General	Yes	\$450,000	\$450,000	Awarded 2/5/2009		
08335	7	8/28/2008	Meadow Park Village Apartments	Lockhart	R	36	36	36	General	No	\$500,000	\$500,000	Pending Award 4/23/2009		
09605	3	10/3/2008	Woodmont Apartments	Fort Worth	NC	26	26	252	General	Yes	\$460,000	\$460,000	Pending Award 4/23/2009		
08339	3	10/29/2008	Crown Point Apartments	Venus	R	24	24	24	General	No	\$500,000	\$500,000	Awarded 3/12/2009		
08343	7	11/13/2008	The Willows Apartments	Smithville	R	32	0	32	Family	No	\$500,000	\$0	Under Review		
09120	6	2/26/2009	Senior Villages of Huntsville	Huntsville	R	36		36	Elderly	No	\$160,000	\$0	Incomplete Pending 3rd Party Reports		
09105	2	2/26/2009	The Villages at Snyder	Snyder	NC	0		80	Intergenerational	No	\$275,000		Incomplete Pending 3rd Party Reports		
09104	5	2/26/2009	Stone Hearst Seniors	Beaumont	NC	0		36	Elderly	No	\$100,000		Incomplete Pending 3rd Party Reports		
<b>Total HTF Applications</b>						<b>9</b>	<b>Unit Totals:</b>		<b>180</b>	<b>128</b>	<b>692</b>	<b>Fund Totals:</b>		<b>\$3,329,000</b>	<b>\$2,294,000</b>

1 = Housing Activity= New Construction = NC, Rehabilitation = R  
2 = Target Population Abbreviation: Intergenerational=Intg



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 04/01/09

PROGRAM: HTF

FILE NUMBER: 08335

**DEVELOPMENT**

Meadow Park Village Apartments

Location: 1200 Meadow Park Region: 7  
 City: Lockhart County: Caldwell Zip: 78644  OCT  DDA  
 Key Attributes: Family, Rehab, Rural, and duplexes

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Trust Fund	\$304,000	forgivable	0/0			
Housing Trust Fund	\$196,000	0.00%	360/360	<b>\$500,000</b>	<b>5.00%</b>	<b>193/193</b>

**CONDITIONS**

- 1 Receipt, review and acceptance of evidence that the asbestos affected materials in the laundry room have been removed or receipt of an Operation & Maintenance plan prepared by a qualified firm is a condition of this report. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the Texas Asbestos Health Protection Rules.
- 2 Should the terms and rates of the proposed debt change, the transaction should be re-evaluated and an adjustment to the allocation amount or terms may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	14
50% of AMI	50% of AMI	22

**PROS**

- The application proposes the rehabilitation of an existing 36 unit/18 duplex property constructed in 1982.
- The Applicant has considerable experience and financial resources

**CONS**

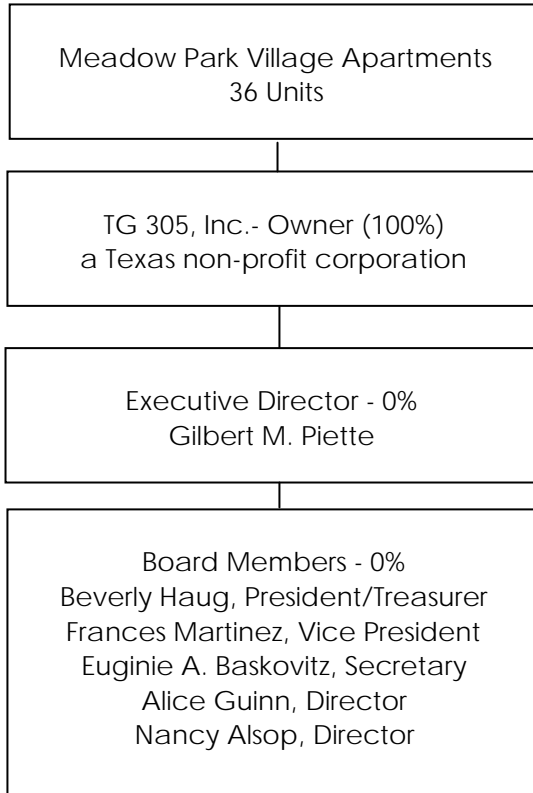
The Applicant's expense to income ratio is over the Department's 65% guideline. An expense to income ratio over 60% indicates the development's vulnerability to periods of increasing expenses accompanied by flat rental income. However, the property receives project based rental assistance which mitigates this feasibility issue.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Gilbert M. Piette Phone: (210) 821-4300 Fax: (210) 821-4303  
 Email: gilp@hcscorp.org

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
TG 305, Inc.	N/A	N/A
Housing and Community Services, Inc.	N/A	11

**IDENTITIES of INTEREST**

- o The Applicant, Developer, and, property manager are related entities. These are common relationships for HTC-funded developments.

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**SITE ISSUES**

Total Size: 7.12 acres      Scattered site?       Yes       No  
 Flood Zone: X      Within 100-yr floodplain?       Yes       No  
 Zoning: RMD<sup>1</sup>      Needs to be re-zoned?       Yes       No       N/A

Comments:

<sup>1</sup> RMD (Residential Medium Density) Multifamily is not a permitted use in the RMD district, but is considered a grandfathered site and not a zoning violation.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 9/25/2008

Overall Assessment:

Excellent       Acceptable       Questionable       Poor       Unacceptable

Surrounding Uses:

North: Single Family Residences      East: Retail and US 183 beyond  
 South: Vacant Land and Industrial Park beyond      West: Vacant Land

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Astex Environmental Services, Inc.      Date: 7/2/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- The yellow/black mastic underneath the 12 inch floor tile in the laundry room must be classified as asbestos containing and if repair or renovation plans require the removal or disturbance of this material, a Texas licensed Asbestos Abatement Contractor must be called in under the direction of a Texas licensed Asbestos Consultant. (p. 15)
- The Texas Asbestos Health Protection Rules (TAHPR) require all abatement projects with ACM greater than 160 square feet or 260 linear feet to be designed (specifications and drawings) by a Texas licensed Asbestos Designer (e.g. Astex Environmental Services) and all projects must be monitored by a Texas Licensed Project Manager/Air Monitor. (p. 15)
- In the interim, this material will be managed in place through implementation of a previously prepared Operations and Maintenance Plan (O&M). (p.15)
- This report will be conditioned upon receipt, review and acceptance of documentation that a comprehensive asbestos survey conforming to Texas Department of Health (TDH) requirements will be completed and recommendations and protocols followed prior to and during any remodeling or demolition at the site.

**MARKET HIGHLIGHTS**

Provider: LandAmerica Commercial Services      Date: 7/31/2008

Contact: B. Diane Butler      Phone: (214) 269-0522      Fax: (214) 269-0562

Number of Revisions: None      Date of Last Applicant Revision: N/A

Primary Market Area (PMA):      8.52 square miles (1.6 miles radius)  
 "The Primary Market Area (PMA) is defined as the city of Lockhart." (p. 22)

Secondary Market Area (SMA):  
 "The Secondary Market is considered to be the Caldwell County." (p. 22)

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PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS								
PMA				SMA				
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25%	Comp Units
None	N/A	0	0	None	N/A	0		0

INCOME LIMITS						
Caldwell						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
50	\$24,900	\$28,450	\$32,000	\$35,550	\$38,400	\$41,250

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR / 50% Rent Limit	50	16	0	66	8	0	12.1%
2BR / 50% Rent Limit	40	16	0	56	20	0	35.7%
3BR / 50% Rent Limit	60	16	0	76	6	0	7.9%
4BR / 50% Rent Limit	53	16	0	69	2	0	2.9%

OVERALL DEMAND										
	Target Households	Household Size	Income Eligible	Tenure	Demand					
PMA DEMAND from TURNOVER										
Market Analyst p. 44	100%	4,403	100%	4,403	21%	905	40%	365	45%	164
Underwriter	100%	4,513	100%	4,513	45%	2,039	40%	818	45%	368
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 44			100%	190	21%	39	40%	16	100%	16
Underwriter			100%	90	45%	41	40%	16	100%	16

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 44	36	0	0	36	180	20.0%
Underwriter	36	0	0	36	385	9.4%

Both the Market Analyst's and Underwriter's calculation of capture rate are well below the Department's 75% guideline for rural developments.

Primary Market Occupancy Rates:

"Published apartment market information is not available for the PMA." (p. 51), but "The subject is currently 97.2% leased with 100% of the units under a HAP contract. Priority will be given to these tenants after completion of the renovations. According to the subject's owner, 100% of the current residents qualify under the proposed affordable income restrictions of 50% of AMI." (p. 40)

Absorption Projections:

"Assuming that the current occupancy remains stable until the conclusion of renovations in June 2009, the subject community should achieve stabilization by June 2009." (p. 50)

This section intentionally left blank.

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR	568 SF	HAP	619	619	\$615	\$619	\$0
1 BR	570 SF	HAP	619	619	\$615	\$619	\$0
2 BR	693 SF	HAP	704	704	\$710	\$704	\$0
3 BR	924 SF	HAP	872	872	\$1,075	\$872	\$0
4 BR	1,129 SF	HAP	998	998	\$1,255	\$998	\$0

**Market Impact:**

"The PMA does not have an adequate supply of new family product, as there is an extremely limited supply of affordable, rental product in the area. New family affordable units in the Lockhart area have been quickly absorbed to full occupancy with waiting lists, as indicated by the occupancy figures in our survey." (p. 51)

**Comments:**

In this developments case where a property is to be rehabilitated which is at stabilized occupancy and is expected to remain so, the inclusive capture rate is typically not considered a meaningful tool for estimating demand.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's net rents are the current HAP Contract rents. As a result, the Underwriter has used the Applicant's current HAP Contract rents on all 36 of the units. The tenants will be required to pay for the electricity and the gas. The Applicant's vacancy and collection loss estimates are lower than the current underwriting guidelines and the effective gross income assumption is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection of \$6,051 per unit is significantly higher than the Underwriter's estimate of \$4,846 per unit, derived from the TDHCA database, the development's actual operating history, and other sources. The Applicant's estimate per unit seems high given that the average expense per unit based on 2006 and 2007 operating statements is \$5K per unit. The Applicant's estimate's of several line items differ significantly from the Underwriter's, including payroll & payroll tax (\$14.2 higher), repairs and maintenance (\$14.2 higher) and reserve for replacements (\$4.1 higher).

The Applicant has estimated an annual reserve account expense of \$546 per unit. This is higher than the minimum underwriting guideline of \$300 per unit per year for rehabilitation developments, subject to higher amounts if identified by a Physical Condition Assessment. The PCA provided by the Applicant identified \$694K of capital expenses that would be required over a 30 year period. In order to fund the capital expenses that would be required over a 15 year period, the annual reserve for replacement expense required would amount to \$432/unit. The Underwriter used reserve for replacement of \$432/unit/year, which is in line with the Department's guidelines.

The Applicant is also projecting a 100% property tax exemption as a result of being a non-profit organization and previously being established with a non-profit taxing authority tax exemption.

**Conclusion:**

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. The TDHCA proforma and the Applicant's proposed financing structure results in a debt coverage ratio above the Department's maximum guideline of 1.35. This suggests that the property is able to support additional hard debt. Therefore, the Underwriter has adjusted the terms of the Applicant's request to bring the DCR to an acceptable level. This will be discussed further in the Conclusion section below.

This section intentionally left blank.



Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio on the TDHCA recommended structure that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

APPRAISED VALUE

Provider:	<u>LandAmerica Commercial Services</u>	Date:	<u>8/11/2008</u>
Number of Revisions:	<u>None</u>	Date of Last Applicant Revision:	<u>N/A</u>
Land Only:	<u>7.12 acres</u>	<u>\$540,000</u>	As of: <u>7/16/2008</u>
Existing Buildings: (as-is)	<u>\$1,330,000</u>	As of:	<u>7/16/2008</u>
Total Development: (as-is)	<u>\$1,870,000</u>	As of:	<u>7/16/2008</u>

ASSESSED VALUE

Land Only:	<u>7.12 acres</u>	<u>\$126,970</u>	Tax Year:	<u>2008</u>
Existing Buildings:	<u>\$1,053,040</u>	Valuation by:	<u>Caldwell CAD</u>	
Total Assessed Value:	<u>\$1,180,010</u>	Tax Rate:	<u>2.6585</u>	

EVIDENCE of PROPERTY CONTROL

Type: This is a rehab only; therefore, the property is already owned by the Applicant. Acreage: 7.12

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

There will be no transfer of property for this transaction as it is already owned by the Applicant. However, the Applicant's development cost schedule reflects an amount for acquisition that is essentially the remaining balance of the outstanding loans on the property. This amount is also reflected as a source of funds in the application.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$4,611 per unit, for repaving and concrete work which is the same as in the Property Condition Assessment provided. The underwriting analysis will reflect the value in the PCA.

Direct Construction Cost:

The Applicant's direct construction cost estimate is the same as the estimate provided in the Property Condition Assessment (PCA). The underwriting analysis will reflect the PCA value.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all at the maximums allowed by TDHCA guidelines; however, the Applicant's contingency exceeds the maximum allowed by a total of \$27,589 based on their own construction costs.

This section intentionally left blank.

Conclusion:

The Underwriter's cost schedule was derived from the PCA and information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: TDHCA-HTF Type: Interim and Permanent Financing

Principal: \$500,000 Interest Rate: 0.0%  Fixed Term: N/A months

Comments:

The loan is proposed to be a forgivable second lien which would be forgiven after the affordability period.

*SOURCES & USES* Number of Revisions: None Date of Last Applicant Revision: N/A

Source: GMAC Mortgage Type: Permanent Financing

Principal: \$647,291 Interest Rate: 6.5%  Fixed Amort: 360 months

Comments:

The original loan amount was \$685,000 which now has a remaining principal balance of \$647,291 with a period remaining period of twenty-six years and four months.

Source: Housing and Community Services, Inc. Type: Permanent Financing

Principal: \$52,808 Interest Rate: 6.9990%  Fixed Amort: N/A months

Comments:

The loan originated in December 2003 for \$82,209.45 and now has a remaining balance of \$52,808. It was a Mark-to-Market Capital Recovery Payment to Housing and Community Services, Inc.

Source: Housing and Community Services, Inc. Type: Permanent Financing

Principal: \$365,383 Interest Rate: 0.0%  Fixed Amort: N/A months

Comments:

The loan will have a proposed 3rd lien mortgage of \$932,385.26 (Mortgage Restructuring Deed of Trust Note) and interest rate of 1.0%. Payments are made only from cash flow. The loan was originated by HUD on December 26, 2003 representing the restructuring of the existing first lien. The Mortgage Restructuring Deed of Trust Note when discounted to 6% results in a balance of \$365,383.

Source: Housing and Community Services, Inc. Type: Permanent Financing

Principal: \$50,000 Interest Rate: 0.0%  Fixed Term: N/A months

Comments:

The amount will be used in conjunction with the approval for the TDHCA Housing Trust Funds. The funds will be repayable from any remaining surplus cash flow.

Source: TG 305, Inc. Type: Reserve for Replacement Funds

Principal: \$210,000 Interest Rate: 0.0%  Fixed Term: N/A months

Comments:

The funds are available from the mark-to-market thirty year reserve for replacement plan.

This section intentionally left blank.

## CONCLUSIONS

### Recommended Financing Structure:

As stated previously the Underwriter's proforma is used to determine the development's debt service capacity and need for funds. The Applicant has requested a total HTF award of \$500,000 with \$196,000 of that amount payable at 0% interest over 30 years and the remaining \$304K as forgivable. Based on the Underwriter's proforma this proposed financing structure yields a DCR of 1.88 which is significantly higher than the Department's 1.35 maximum guideline, suggesting that the property is able to support additional debt service for this source of funds.

As a result the Underwriter has adjusted the terms of the proposed HTF award to achieve an acceptable DCR of 1.35. Therefore, the Underwriter recommends that the entire \$500K HTF award be structured as a fully repayable loan set at a 5% interest rate and an amortization period of 193 months. The Underwriter's recommended financing structure yields an acceptable DCR consistent with current underwriting guidelines and will enable the Department to be repaid on the full amount of the requested Housing Trust Fund award.

This report assumes the HTF loan for \$500,000 to be superior to the existing Housing & Community Service Loans. Therefore the HTF loan is structured to achieve a 1.35 DCR without consideration of the debt of the Housing & Community Service Loans.

Underwriter:	_____	Date:	_____
	<i>Carl Hoover</i>		<i>April 1, 2009</i>
Manager of Real Estate Analysis:	_____	Date:	_____
	<i>Raquel Morales</i>		<i>April 1, 2009</i>
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Brent Stewart</i>		<i>April 1, 2009</i>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Meadow Park Village Apartments, Lockhart, HTF #08335**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
HTF50%	2	1	1	568	\$666	\$645	\$1,290	\$1.14	\$68.00	\$69.00
HTF 30%	3	1	1	570	\$400	\$645	\$1,935	\$1.13	\$68.00	\$69.00
HTF 50%	3	1	1	570	\$666	\$645	\$1,935	\$1.13	\$68.00	\$69.00
HTF 30%	8	2	1	693	\$480	\$734	\$5,872	\$1.06	\$86.00	\$74.00
HTF 50%	12	2	1	693	\$800	\$734	\$8,808	\$1.06	\$86.00	\$74.00
HTF30%	3	3	1.5	924	\$555	\$909	\$2,727	\$0.98	\$106.00	\$85.00
HTF50%	3	3	1.5	924	\$924	\$909	\$2,727	\$0.98	\$106.00	\$85.00
HTF50%	2	4	2	1,129	\$1,031	\$1,040	\$2,080	\$0.92	\$121.00	\$96.00
<b>TOTAL:</b>	<b>36</b>		<b>AVERAGE:</b>	<b>728</b>		<b>\$760</b>	<b>\$27,374</b>	<b>\$1.04</b>	<b>\$87.28</b>	<b>\$75.94</b>

<b>INCOME</b>		Total Net Rentable Sq Ft:	26,218	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
<b>POTENTIAL GROSS RENT</b>				\$328,488	\$328,488	Caldwell		7
Secondary Income		Per Unit Per Month:	\$5.00	2,160	2,160	\$5.00	Per Unit Per Month	
Other Support Income:				0	0	\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>				\$330,648	\$330,648			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(24,799)	(16,536)	-5.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
<b>EFFECTIVE GROSS INCOME</b>				\$305,849	\$314,112			

<b>EXPENSES</b>	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.22%	\$359	0.49	\$12,910	\$15,141	\$0.58	\$421	4.82%
Management	5.50%	467	0.64	16,823	18,085	0.69	502	5.76%
Payroll & Payroll Tax	10.87%	924	1.27	33,254	47,459	1.81	1,318	15.11%
Repairs & Maintenance	7.43%	631	0.87	22,727	36,903	1.41	1,025	11.75%
Utilities	2.68%	228	0.31	8,210	10,300	0.39	286	3.28%
Water, Sewer, & Trash	11.37%	966	1.33	34,763	38,110	1.45	1,059	12.13%
Property Insurance	3.28%	279	0.38	10,041	12,000	0.46	333	3.82%
Property Tax	2.6585%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements	5.09%	432	0.59	15,553	19,644	0.75	546	6.25%
TDHCA Compliance Fees	0.00%	0	0.00	0	0	0.00	0	0.00%
Other: Supp. Serv.	6.60%	561	0.77	20,188	20,188	0.77	561	6.43%
<b>TOTAL EXPENSES</b>	<b>57.04%</b>	<b>\$4,846</b>	<b>\$6.65</b>	<b>\$174,468</b>	<b>\$217,830</b>	<b>\$8.31</b>	<b>\$6,051</b>	<b>69.35%</b>
<b>NET OPERATING INC</b>	<b>42.96%</b>	<b>\$3,649</b>	<b>\$5.01</b>	<b>\$131,381</b>	<b>\$96,282</b>	<b>\$3.67</b>	<b>\$2,675</b>	<b>30.65%</b>

<b>DEBT SERVICE</b>				TDHCA	APPLICANT			
GMAC/Capmark	16.99%	\$1,443	\$1.98	\$51,956	\$55,250	\$2.11	\$1,535	17.59%
HTF	2.14%	\$181	\$0.25	6,533	6,533	\$0.25	\$181	2.08%
Housing & Comm Svcs	3.74%	\$318	\$0.44	11,454	11,454	\$0.44	\$318	3.65%
<b>NET CASH FLOW</b>	<b>20.09%</b>	<b>\$1,707</b>	<b>\$2.34</b>	<b>\$61,438</b>	<b>\$23,045</b>	<b>\$0.88</b>	<b>\$640</b>	<b>7.34%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				1.88	1.31			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				1.35				

<b>CONSTRUCTION COST</b>				TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL	
Acquisition Cost (site or bldg)	Factor	% of TOTAL	PER UNIT	PER SQ FT	\$1,065,482	\$1,065,482	\$40.64	\$29,597	58.37%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		9.07%	4,611	6.33	166,000	166,000	6.33	4,611	9.09%
Direct Construction		21.08%	10,716	14.71	385,768	385,768	14.71	10,716	21.13%
Contingency	5.00%	1.51%	766	1.05	27,588	55,177	2.10	1,533	3.02%
Contractor's Fees	14.00%	4.22%	2,146	2.95	77,247	77,247	2.95	2,146	4.23%
Indirect Construction		3.32%	1,689	2.32	60,808	60,808	2.32	1,689	3.33%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's Fees	2.09%	0.82%	417	0.57	15,000	15,000	0.57	417	0.82%
Interim Financing		0.00%	0	0.00	0	0	0.00	0	0.00%
Reserves		1.75%	888	1.22	31,974		0.00	0	0.00%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$50,830</b>	<b>\$69.79</b>	<b>\$1,829,868</b>	<b>\$1,825,482</b>	<b>\$69.63</b>	<b>\$50,708</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>35.88%</b>	<b>\$18,239</b>	<b>\$25.04</b>	<b>\$656,603</b>	<b>\$684,192</b>	<b>\$26.10</b>	<b>\$19,005</b>	<b>37.48%</b>

<b>SOURCES OF FUNDS</b>				TDHCA	APPLICANT	RECOMMENDED	
GMAC/Capmark	35.37%	\$17,980	\$24.69	\$647,291	\$647,291	\$647,291	Developer Fee Available
TDHCA- HTF				196,000	196,000	500,000	\$15,000
Housing & Comm Svcs	2.89%	\$1,467	\$2.01	52,808	52,808	52,808	
Housing & Comm Svcs- cashflow				365,383	365,383	365,383	% of Dev. Fee Deferred
Housing & Comm Svcs- cashflow	2.73%	\$1,389	\$1.91	50,000	50,000	50,000	29%
TDHCA - HTF (Forgivable)				304,000	304,000		
Reserve for Replacement Funds	11.48%	\$5,833	\$8.01	210,000	210,000	210,000	
Deferred Developer Fees	0.24%	\$122	\$0.17	4,386	0	4,386	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$1,829,868</b>	<b>\$1,825,482</b>	<b>\$1,829,868</b>	<b>\$747,103</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Meadow Park Village Apartments, Lockhart, HTF #08335*

**PAYMENT COMPUTATION**

<b>Primary</b>	\$685,000	Amort	360
Int Rate	6.50%	DCR	2.53

<b>Secondary</b>	\$82,209	Amort	120
Int Rate	6.999%	Subtotal DCR	2.25

<b>Additional</b>	\$82,209	Amort	120
Int Rate	7.00%	Aggregate DCR	1.88

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$51,956
Secondary Debt Service	45,369
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$34,057</b>

<b>Primary</b>	\$685,000	Amort	360
Int Rate	6.50%	DCR	2.53

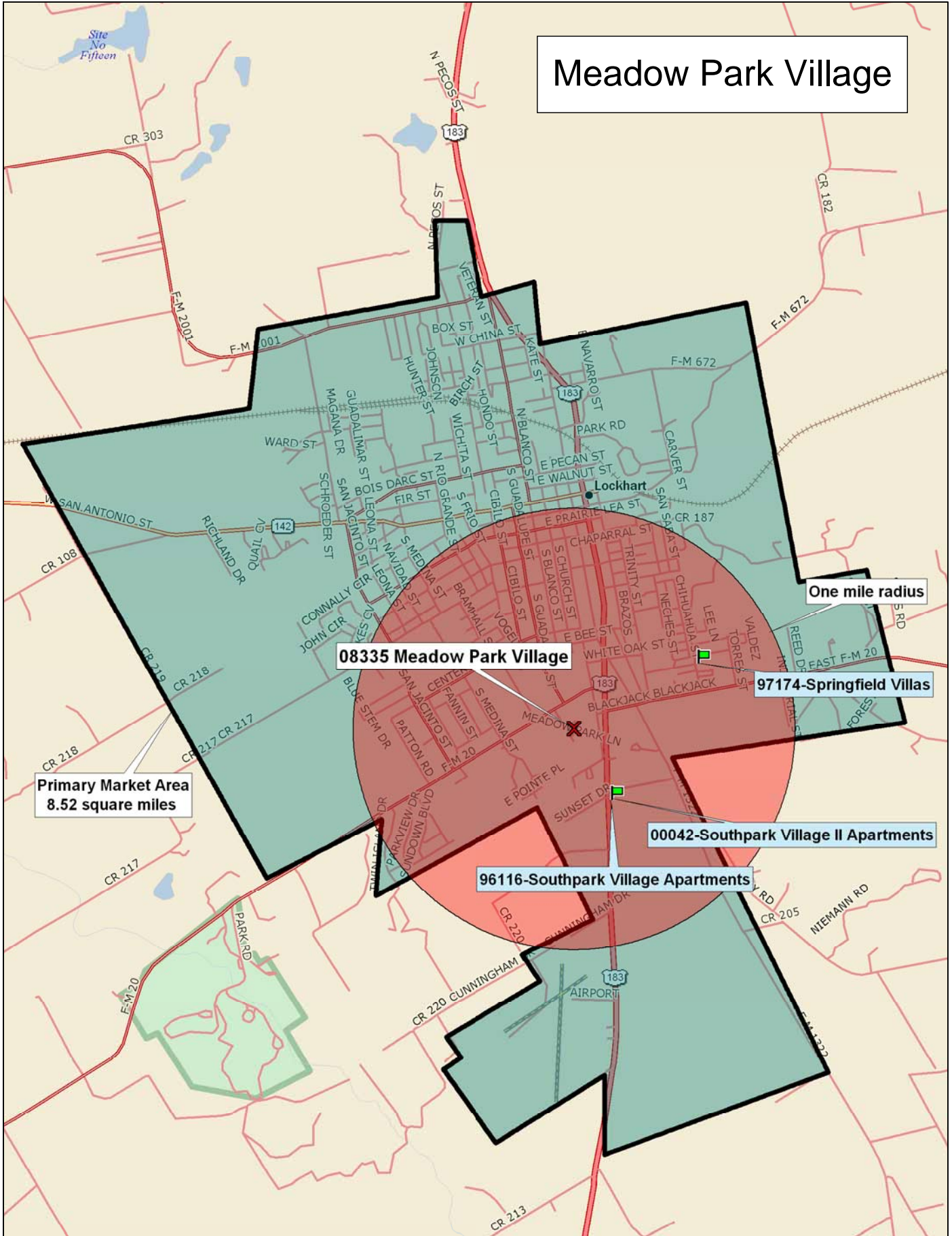
<b>Secondary</b>	\$500,000	Amort	193
Int Rate	5.00%	Subtotal DCR	1.35

<b>Additional</b>	\$82,209	Amort	0
Int Rate	7.00%	Aggregate DCR	1.35

**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	\$328,488	\$338,343	\$348,493	\$358,948	\$369,716	\$428,602	\$496,868	\$576,006	\$774,103
Secondary Income	2,160	2,225	2,292	2,360	2,431	2,818	3,267	3,788	5,090
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	330,648	340,567	350,784	361,308	372,147	431,421	500,135	579,793	779,194
Vacancy & Collection Loss	(24,799)	(25,543)	(26,309)	(27,098)	(27,911)	(32,357)	(37,510)	(43,484)	(58,440)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$305,849</b>	<b>\$315,025</b>	<b>\$324,476</b>	<b>\$334,210</b>	<b>\$344,236</b>	<b>\$399,064</b>	<b>\$462,625</b>	<b>\$536,309</b>	<b>\$720,754</b>
EXPENSES at 4.00%									
General & Administrative	\$12,910	\$13,426	\$13,963	\$14,522	\$15,103	\$18,375	\$22,355	\$27,199	\$40,261
Management	16,823	17,328	17,848	18,383	18,934	21,950	25,446	29,499	39,645
Payroll & Payroll Tax	33,254	34,584	35,968	37,406	38,902	47,331	57,585	70,061	103,708
Repairs & Maintenance	22,727	23,636	24,581	25,564	26,587	32,347	39,355	47,881	70,876
Utilities	8,210	8,538	8,880	9,235	9,605	11,685	14,217	17,297	25,604
Water, Sewer & Trash	34,763	36,154	37,600	39,104	40,668	49,479	60,198	73,240	108,414
Insurance	10,041	10,442	10,860	11,294	11,746	14,291	17,387	21,154	31,313
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	15,553	16,175	16,823	17,495	18,195	22,137	26,933	32,769	48,506
Other	20,188	20,996	21,835	22,709	23,617	28,734	34,959	42,533	62,959
<b>TOTAL EXPENSES</b>	<b>\$174,468</b>	<b>\$181,279</b>	<b>\$188,356</b>	<b>\$195,712</b>	<b>\$203,357</b>	<b>\$246,328</b>	<b>\$298,437</b>	<b>\$361,634</b>	<b>\$531,285</b>
<b>NET OPERATING INCOME</b>	<b>\$131,381</b>	<b>\$133,746</b>	<b>\$136,119</b>	<b>\$138,498</b>	<b>\$140,879</b>	<b>\$152,736</b>	<b>\$164,188</b>	<b>\$174,675</b>	<b>\$189,470</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$51,956	\$51,956	\$51,956	\$51,956	\$51,956	\$51,956	\$51,956	\$51,956	\$51,956
Second Lien	45,369	45,369	45,369	45,369	45,369	45,369	45,369	45,369	45,369
Other Financing									
<b>NET CASH FLOW</b>	<b>\$34,057</b>	<b>\$36,422</b>	<b>\$38,795</b>	<b>\$41,173</b>	<b>\$43,555</b>	<b>\$55,411</b>	<b>\$66,864</b>	<b>\$77,351</b>	<b>\$92,145</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.35</b>	<b>1.37</b>	<b>1.40</b>	<b>1.42</b>	<b>1.45</b>	<b>1.57</b>	<b>1.69</b>	<b>1.79</b>	<b>1.95</b>

# Meadow Park Village



**Primary Market Area**  
8.52 square miles

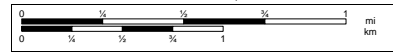
**08335 Meadow Park Village**

**One mile radius**

**97174 Springfield Villas**

**00042 Southpark Village II Apartments**

**96116 Southpark Village Apartments**





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 04/08/09

PROGRAM: HTF

FILE NUMBER: 08343

**DEVELOPMENT**

The Willows Apartments

Location: 324 Webb Street Region: 7  
 City: Smithville County: Bastrop Zip: 78957  OCT  DDA  
 Key Attributes: Family, Rehabilitation, Rural

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Trust Fund	\$500,000	0.00%	480/480	<b>\$500,000</b>	<b>0.00%</b>	<b>360/360</b>

**SALIENT ISSUES**

TDHCA SET-ASIDES for HTF LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	32

**PROS**

- USDA can be expected to closely monitor the funding of reserves to provide for future capital needs.
- The financial viability of the property is enhanced by a rental Assistance Agreement with USDA covering all 24 units.

**CONS**

- The subject property is 25 years old, and will be 55 years old at maturity of the recommended financing.

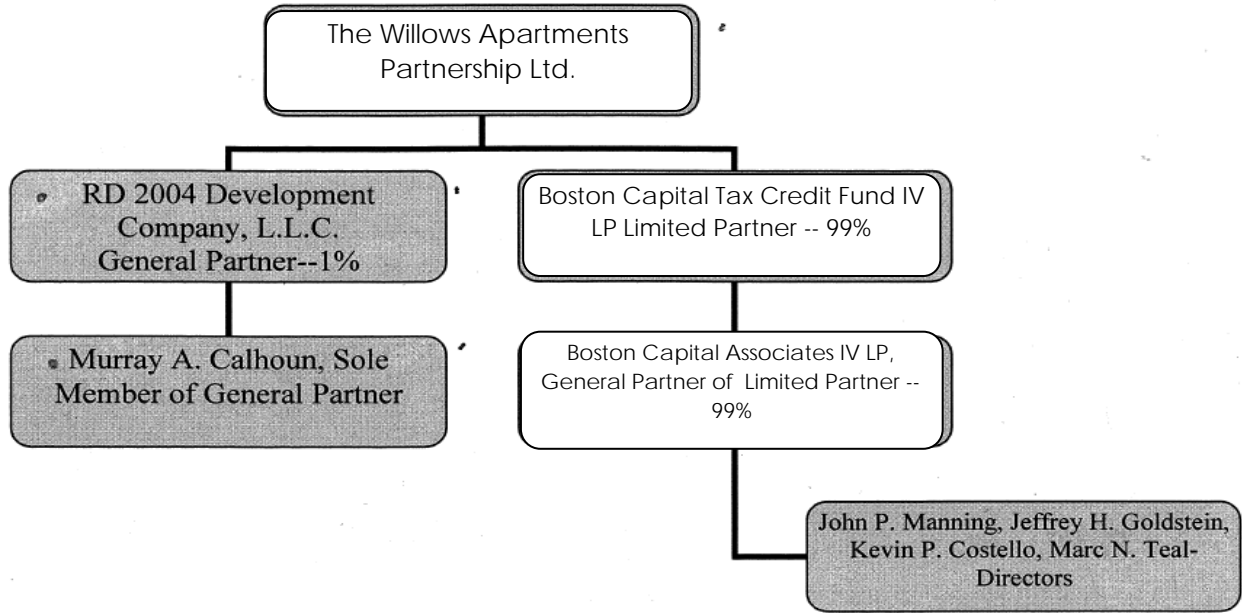
**PREVIOUS UNDERWRITING REPORTS**

Willows Apartments (TDHCA #95076) received an annual tax credit allocation of \$35,308 in 1995.

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**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Murray A. Calhoun Phone: (504) 561-1172 Fax: (504) 561-1182  
 Email: murraycalhoun@mac-rellc.com

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
The Willows Apartments	N/A		N/A
RD 2004 Development Company, LLC	N/A		7
Lymac Development, LLC	N/A		7
Murray & Caroline Calhoun	N/A		7

**IDENTITIES of INTEREST**

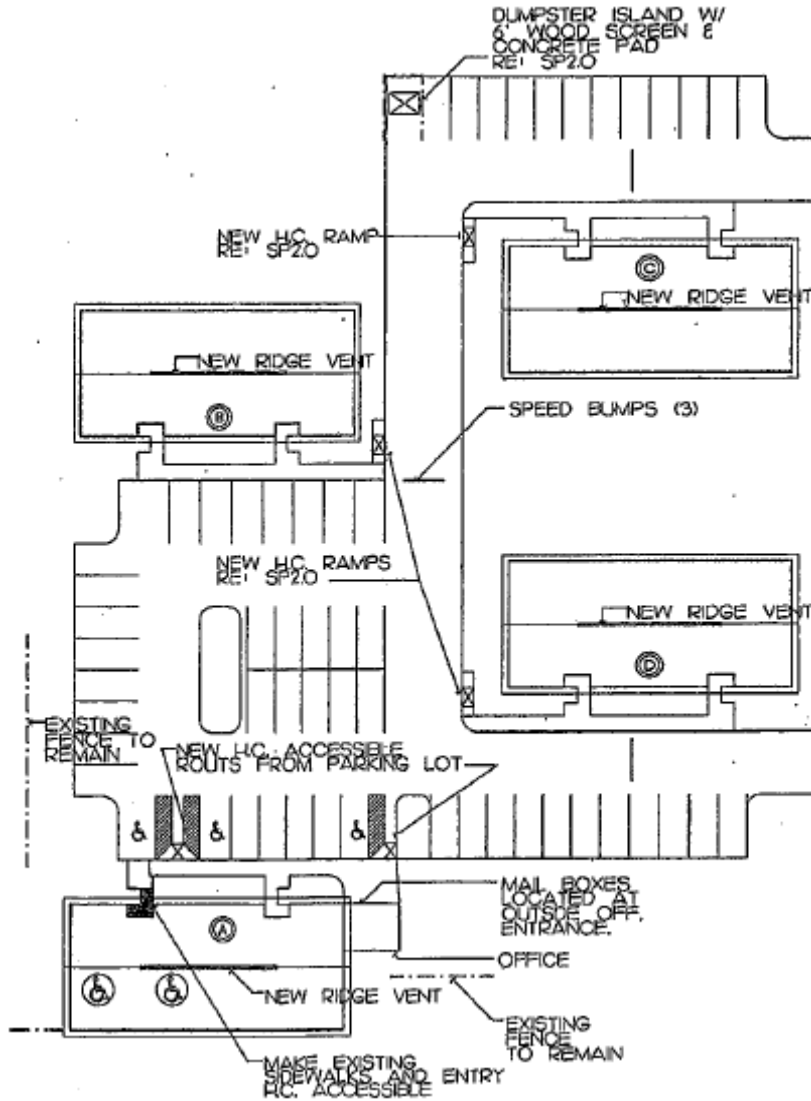
- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.
- A change in ownership is not proposed in the application. The HTF funds will be used by the current owner for rehabilitation and the existing USDA-RD debt is proposed to remain in place.

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PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A																			Total Buildings	
Floors/Stories	2																				
Number	4																				4

BR/BA	SF	Units										Total Units	Total SF	
1/1	607	4											16	9,712
2/1	807	4											16	12,912
Units per Building		8											32	22,624

Capital Needs Assessment

The plan calls for modifications/improvements to handicap accessibility; the replacement/addition/refurbishment of roofing, doors, exterior siding, interior flooring, cabinets, counter tops, sinks, appliances, water heaters, and drives and parking. The Applicant provided a Capital Needs Assessment (CNA) as an acceptable substitute for the required Property Condition Assessment (PCA) and the CNA confirms these improvements.

**SITE ISSUES**

Total Size: 2.177 acres      Scattered site?       Yes       No  
 Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No  
 Zoning: Multifamily      Needs to be re-zoned?       Yes       No       N/A

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 12/18/2008  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: residential      East: farmland  
 South: farmland      West: Webb Street and commercial

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Gibson Consulting, LLC      Date: 10/23/2008  
 Recognized Environmental Concerns (RECs) and Other Concerns:  
 • None

**MARKET HIGHLIGHTS**

A traditional Market Study report was not included, as existing USDA-RD-financed projects with over 80% occupancy are not required to submit a separate report, but must submit an appraisal. An appraisal dated October 30, 2008 prepared by Sherrill & Associates ("Appraiser") included the following market highlights:

"The subject is located in Smithville, Texas which is located ... about midway between Bastrop and LaGrange, Texas. It is approximately 40 miles southeast of downtown Austin and approximately 90 miles northeast of downtown San Antonio...located on the southeast side of Bastrop County. Bastrop County had a population of 57,733 in the year 2000 and it had an estimated population of 71,684 in 2006, which is an increase of 24.2% over year 2000, while population has increased 12.7% statewide ... The economic base is made up of Government Services, Agribusiness, Natural Gas, Retail, Tourism and Biotechnology. A large part of the residents of Bastrop County commute to jobs in the Austin Metro Area." (pg. 9)

The subject development is currently 84% occupied with a rental subsidy, and it is likely the existing tenants will choose to remain at the property. A capture rate was not calculated but is of limited value given the low vacancy at the property and limited anticipated turnover as a result of the rehabilitation.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
N/A							

INCOME LIMITS						
Bastrop						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
50	\$24,900	\$28,450	\$32,000	\$35,550	\$38,400	\$41,250

Unit Type (% AMI)	Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR 607 SF 50%	450	450	\$450	\$450	\$0
2 BR 807 SF 50%	525	525	\$515	\$525	\$0

Comments:  
 The Appraisal fulfills the Department's market study requirement and allows staff to make a funding recommendation for the Subject development.

## OPERATING PROFORMA ANALYSIS

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      2/10/2009

The subject property has a Rental Assistance Agreement with USDA covering all rental units. The Applicant's projected income is based on the 2009 USDA approved contract rents for the property. The Applicant's secondary income assumptions are in line with current TDHCA underwriting guidelines. However, the Applicant has projected losses due to vacancy and collection totaling 8% of potential income; typically, at a minimum, underwriting guidelines allow for vacancy and collection losses of 5% for developments with 100% rental assistance. The underwriting analysis therefore assumes the standard vacancy and collection losses at 7.5% of potential gross income. Despite the differences described above, effective gross income within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection at \$3,410 per unit is not within 5% of the Underwriter's estimate of \$3,897, derived from actual operating history of the development, the TDHCA database, and third-party data sources. The Underwriter considered historical operating expenses for the development from January 2007 to December 2008. The Applicant's budget shows utilities to be \$1K higher when compared to the Underwriter's estimate.

Additionally, the Applicant's reserve for replacement estimate of \$259/unit is most likely due to stated USDA requirements, resulting in a reserve for replacement estimate to that is \$6K lower than the Underwriter's estimate. The underwriting minimum for rehabilitation developments is \$300/unit; however, it should be noted, that the underwriting analysis of the expected repairs over time presented in the Property Condition Assessment indicates a need for the initial reserve for replacement requirement to be set at \$540 per unit. Since this meets the definition of a rehab, the Underwriter utilized the higher figure. At the estimated reserve expense amount, the reserve balance remains positive through Year 15.

### Conclusion:

While the Applicant's effective gross income is within 5% of the Underwriter's estimates; the Applicant's total operating expenses and net operating income are not within 5%. As a result, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.34, which is within the Department's DCR guideline of 1.15 to 1.35.

Additionally, the Applicant's and Underwriter's expense to income ratios (62.71% and 71.26%, respectively) are high. The Underwriter's expense to income ratio is significantly above the TDHCA maximum of 65%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses. However, the 2008 Real Estate Analysis rules provide that a transaction with a ratio greater than 65% will be re-characterized as feasible if "the Development will receive rental assistance in association with USDA-RD-RHS financing." [§1.32(7)(B)(ii)]. The subject's rents are managed by USDA. As such, the subject development meets this feasibility exception.

### Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's/Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider: Sherrill & Associates, Inc. Date: 10/30/2008  
 Number of Revisions: None Date of Last Applicant Revision: N/A  
 Land Only: 2.18 acres \$54,000 As of: 10/30/2008  
 Existing Buildings: (as-improved) \$562,000 As of: 10/30/2008  
 Total Development: (as-improved) \$616,000 As of: 10/30/2008

Comments:

The Appraiser determined the market value of the real estate to be \$616K. The Appraiser also calculated the value of the favorable financing related to the existing USDA 515 loans as well as the proposed HTF loan, and concluded an insurable value for the property of \$1,340,431. This represents the total amount of debt that USDA will consent to on the property. The appraisal indicates the remaining economic life of the subject to be 30 years.

**ASSESSED VALUE**

Land Only: 2.18 acres \$76,195 Tax Year: 2007  
 Existing Buildings: \$488,626 Valuation by: Bastrop CAD  
 Total Assessed Value: \$564,821 Tax Rate: 2.3512

**EVIDENCE of PROPERTY CONTROL**

Type: Deed Without Warranty Acreage: 2.177  
 Deed Date: 10/4/1995 Valid Through Board Date?  Yes  No  
 Acquisition Cost: N/A Other: \_\_\_\_\_  
 Seller: USDA Related to Development Team?  Yes  No

Comments:

There is no transfer of ownership associated with this application. The Applicant, The Willows Apartments Partnership, Ltd., acquired the subject property in 1995 from USDA.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The Applicant is the current owner of the Subject development; therefore, there is no acquisition associated with the application.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated no sitework costs; however, the submitted Capital Needs Assessment (CNA) estimates sitework costs of \$387 per unit. The underwriting analysis reflects the estimate indicated in the submitted CNA.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$9K or 2% higher than the estimate provided in the CNA. The underwriting analysis will reflect the CNA value.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Reserves:

The Applicant has not included any funding for reserves. The underwriting analysis assumes a minimum of 2 months of operating expenses.

Conclusion:

The Underwriter's cost schedule was derived from information presented in the Application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: None Date of Last Applicant Revision: N/A

Source: TDHCA Housing Trust Fund Type: Permanent Financing

Principal: \$500,000 Interest Rate: 0.0%  Fixed Amort: 480 months

Comments:

The Applicant has applied for \$500,000 in Housing Trust Fund financing in the form of a loan at 0% amortized over 40 years. The "As Prospective Market Value" appraisal indicates the remaining economic life of the property is only 30 years; therefore, any HTF funding awarded will be limited to a 30-year term.

Source: USDA-RD Type: Permanent Financing

Principal: \$539,000 Interest Rate: 1.00%  Fixed Amort: 480 months

Principal: \$287,500 Interest Rate: 1.00%  Fixed Amort: 480 months

Comments:

The subject property carries two existing USDA-RD Sec 515 loans which are subsidized through an interest credit to an effective 1% interest rate. The first loan was originated in 1995 in the principal amount of \$539K with a 40-year term. The second loan originated in 1996 in the amount of \$287,500, also with a 40-year term.

Amount: \$0 Type: Deferred Developer Fees

**CONCLUSIONS**

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio within the Department's guideline of 1.15 to 1.35. However, the Underwriter has reduced the term of the HTF loan to match the remaining economic life of the property, which results in a slight increase in the annual debt service and a DCR of 1.20 which is still acceptable according to Department guidelines.

Therefore, the Underwriter recommends a total HTF award of \$500K structured as a fully repayable loan carrying a 0% interest rate and a term/amortization period of 360 months. The Underwriter's total development cost of \$525,003 less the recommended \$500K HTF loan indicates the need for \$25,003 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 2 years of stabilized operation.

Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter: \_\_\_\_\_ Date: April 8, 2009  
*Diamond Unique Thompson*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: April 8, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: April 8, 2009  
*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**The Willows Apartments, Smithville, HTF #08343**

Type of Unit	TYPE	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	W,S,T
TC 50%	HTF	16	1	1	607	\$666	\$450	\$7,200	\$0.74	\$91.00	\$47.00
TC 50%	HTF	16	2	1	807	\$800	\$525	\$8,400	\$0.65	\$114.00	\$47.00
<b>TOTAL:</b>		<b>32</b>		<b>AVERAGE:</b>	<b>707</b>		<b>\$488</b>	<b>\$15,600</b>	<b>\$0.69</b>	<b>\$102.50</b>	<b>\$47.00</b>

**INCOME**

Total Net Rentable Sq Ft: 22,624

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$5.13

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.39%	\$295	0.42	\$9,432	\$9,270	\$0.41	\$290	5.33%
Management	7.16%	391	0.55	12,526	12,943	0.57	404	7.44%
Payroll & Payroll Tax	8.78%	480	0.68	15,362	16,100	0.71	503	9.25%
Repairs & Maintenance	11.38%	622	0.88	19,913	19,050	0.84	595	10.95%
Utilities	1.83%	100	0.14	3,207	3,502	0.15	109	2.01%
Water, Sewer, & Trash	13.36%	731	1.03	23,380	18,200	0.80	569	10.46%
Property Insurance	3.99%	218	0.31	6,975	5,575	0.25	174	3.20%
Property Tax 2.3512	8.82%	482	0.68	15,431	15,005	0.66	469	8.62%
Reserve for Replacements	9.87%	540	0.76	17,268	8,288	0.37	259	4.76%
TDHCA Compliance Fees	0.00%	0	0.00		0	0.00	0	0.00%
Other: return to owner	0.69%	38	0.05	1,202	1,202	0.05	38	0.69%
<b>TOTAL EXPENSES</b>	<b>71.26%</b>	<b>\$3,897</b>	<b>\$5.51</b>	<b>\$124,695</b>	<b>\$109,135</b>	<b>\$4.82</b>	<b>\$3,410</b>	<b>62.71%</b>
<b>NET OPERATING INC</b>	<b>28.74%</b>	<b>\$1,571</b>	<b>\$2.22</b>	<b>\$50,286</b>	<b>\$64,901</b>	<b>\$2.87</b>	<b>\$2,028</b>	<b>37.29%</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	\$0	\$0.00	\$0	\$0	\$0.00	\$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		2.36%	387	0.55	12,390	0	0.00	0	0.00%
Direct Construction		65.11%	10,683	15.11	341,853	351,120	15.52	10,973	70.22%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Contractor's Fees	11.29%	7.62%	1,250	1.77	40,000	40,000	1.77	1,250	8.00%
Indirect Construction		8.86%	1,453	2.06	46,500	46,500	2.06	1,453	9.30%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's Fees	11.62%	9.98%	1,637	2.32	52,380	52,380	2.32	1,637	10.48%
Interim Financing		1.90%	313	0.44	10,000	10,000	0.44	313	2.00%
Reserves		4.17%	684	0.97	21,880	0	0.00	0	0.00%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$16,406</b>	<b>\$23.21</b>	<b>\$525,003</b>	<b>\$500,000</b>	<b>\$22.10</b>	<b>\$15,625</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>75.09%</b>	<b>\$12,320</b>	<b>\$17.43</b>	<b>\$394,243</b>	<b>\$391,120</b>	<b>\$17.29</b>	<b>\$12,223</b>	<b>78.22%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
TDHCA HTF	95.24%	\$15,625	\$22.10	\$500,000	\$500,000	\$500,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0			\$52,380
HTC Syndication Proceeds	0.00%	\$0	\$0.00	0		0	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	\$0	\$0.00	0		25,003	48%
Additional (Excess) Funds Req'd	4.76%	\$781	\$1.11	25,003	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$525,003</b>	<b>\$500,000</b>	<b>\$525,003</b>	<b>\$148,123</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*The Willows Apartments, Smithville, HTF #08343*

**PAYMENT COMPUTATION**

<b>Primary</b>	\$826,500	Amort	480
Int Rate	1.00%	DCR	2.01

<b>Secondary</b>	\$500,000	Amort	480
Int Rate	0.00%	Subtotal DCR	1.34

<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	1.34

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$25,078
Secondary Debt Service	16,667
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$8,541</b>

<b>Primary</b>	\$826,500	Amort	480
Int Rate	1.00%	DCR	2.01

<b>Secondary</b>	\$500,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.20

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.20

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$187,200	\$192,816	\$198,600	\$204,558	\$210,695	\$244,254	\$283,157	\$328,256	\$441,149
Secondary Income	1,968	2,027	2,088	2,150	2,215	2,568	2,977	3,451	4,638
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	189,168	194,843	200,688	206,709	212,910	246,821	286,134	331,707	445,787
Vacancy & Collection Loss	(14,188)	(14,613)	(15,052)	(15,503)	(15,968)	(18,512)	(21,460)	(24,878)	(33,434)
Employee or Other Non-Rental Units or Co	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$174,980	\$180,230	\$185,637	\$191,206	\$196,942	\$228,310	\$264,674	\$306,829	\$412,353
EXPENSES at 4.00%									
General & Administrative	\$9,432	\$9,810	\$10,202	\$10,610	\$11,035	\$13,425	\$16,334	\$19,873	\$29,416
Management	12,526	12,902	13,289	13,687	14,098	16,344	18,947	21,964	29,518
Payroll & Payroll Tax	15,362	15,976	16,615	17,280	17,971	21,864	26,601	32,364	47,907
Repairs & Maintenance	19,913	20,709	21,538	22,399	23,295	28,342	34,482	41,953	62,101
Utilities	3,207	3,335	3,469	3,607	3,752	4,564	5,553	6,756	10,001
Water, Sewer & Trash	23,380	24,315	25,288	26,299	27,351	33,277	40,487	49,258	72,915
Insurance	6,975	7,254	7,544	7,846	8,159	9,927	12,078	14,695	21,752
Property Tax	15,431	16,048	16,690	17,358	18,052	21,963	26,721	32,511	48,124
Reserve for Replacements	17,268	17,958	18,677	19,424	20,201	24,577	29,902	36,380	53,852
Other	1,202	1,250	1,300	1,352	1,406	1,711	2,081	2,532	3,749
TOTAL EXPENSES	\$124,695	\$129,557	\$134,611	\$139,862	\$145,320	\$175,995	\$213,187	\$258,287	\$379,334
NET OPERATING INCOME	\$50,286	\$50,672	\$51,026	\$51,344	\$51,622	\$52,315	\$51,487	\$48,542	\$33,019
DEBT SERVICE									
First Lien Financing	\$25,078	\$25,078	\$25,078	\$25,078	\$25,078	\$25,078	\$25,078	\$25,078	\$25,078
Second Lien	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$8,541	\$8,928	\$9,281	\$9,599	\$9,877	\$10,570	\$9,742	\$6,797	(\$8,726)
DEBT COVERAGE RATIO	1.20	1.21	1.22	1.23	1.24	1.25	1.23	1.16	0.79

**HOME AND HOUSING TRUST FUND PROGRAMS DIVISION**  
**BOARD ACTION REQUEST**  
**April 23, 2009**

**Action Item**

Presentation, Discussion and Possible Approval of Requests for Amendment(s) to HOME Investment Partnerships Program Contract(s) and/or Commitment(s):

1001006

Silverleaf at Chandler

RHD

**Requested Action**

Approve, Deny or Approve with Conditions Requests for Amendment(s) to HOME Investment Partnerships Program Contract(s) and/or Loan(s)

**Background**

The HOME rules, Title 10 of the Texas Administrative Code Section 53.74, provide that amendment requests can be approved by the Executive Director within a limited margin of materiality or by the Board if beyond that limit. Generally, awardees seeking an extension of more than six months or a change in the amount of the award of more than 25% or seeking significant change in the terms or service area of an award must have their amendment considered by the Board. There is no provision for penalties with regard to future applications; however, the Board does have authority to modify the award in any way consistent with State or Federal law or to terminate the award altogether.

The requests and pertinent facts about the affected developments are summarized below. The recommendation of staff is included at the end of each write-up.

**Silverleaf at Chandler**

Silverleaf at Chandler (Application #08157/Contract #1001006) is an 80 unit elderly multifamily development to be developed in Chandler, Henderson County. The Applicant was awarded \$761,465 in 9% Housing Tax Credits and \$1,658,090 in HOME funds at the July 31, 2008 Board meeting. The Applicant subsequently returned their 2008 tax credit allocation due to significant adverse changes in market conditions. At that time, the Applicant began contemplating the use of additional HOME funds to complete a smaller development in Chandler. At the March 12, 2008 Board meeting, the Applicant asked that the Board consider amending the approved application and contract by increasing the HOME loan to \$3,000,000 and reducing the size of the development. Below is a chart reflecting the major changes being proposed.



<b>HOME Loan Terms</b>	<b>Original</b>	<b>Request</b>
Repayable HOME Loan	\$1,658,090	\$1,500,000
Forgivable HOME Loan	N/A	\$1,500,000
Interest Rate	AFR	0%
Amortization/Term	30 years/30 years	40 years/40 years
<b>Development Plan</b>		
Number of Units	80 Units	30 Units
Site Acreage	13.016 acres	≈ 7 acres
Residential Buildings	40 Bldgs	6 Bldgs

Despite the above changes, the Applicant has maintained the amenities that were originally committed in the application for the 80 unit development plan.

The NOFA under which the subject application was awarded included no provisions to specifically allow or prohibit deferred forgivable debt as the Applicant has requested. However, two other applications, Floresville Senior Village and Creekview Apartments, were awarded with similar financing structures including some forgivable HOME funds. It should also be noted that the current RHD NOFA includes a provision allowing deferred forgivable debt under limited circumstances when additional rent and income targeting is committed, but the subject request would not meet these targets. Additionally, the proposed structure does not include any other third-party sources of funds are to meet the leveraging requirement in the previous or current NOFA. However, in limited circumstances the Board has chosen to waive the requirement for repayment and for leveraging. Moreover, \$35,000 in offsite costs reflected in the Applicant's budget are ineligible under the HOME program and require an alternative source of financing.

The Real Estate Analysis Division has evaluated the requested amendments to determine if the development remains financially feasible with the revised HOME loan terms and development plan. The Underwriter's report indicates that the transaction structured with 30 units and \$3,000,000 in HOME funds would meet the Real Estate Analysis Rules and Guidelines for financial feasibility with \$1,760,851 structured as a fully repayable first lien with an interest rate equal to 0% and an amortization period of 40 years and the remaining portion structured as a deferred forgivable loan. The underwriting report reflects the capacity to support \$260,851 more in repayable HOME funds than requested by the Applicant.

Should the Board choose to approve the Applicant's amendment, staff recommends that the award be structured as underwritten and that the additional funds be awarded from the Department's deobligated funds balance. Additionally, staff recommends that the HOME loan not exceed \$2,965,000 in order to exclude ineligible offsite costs from the HOME loan and that the award be conditioned upon an alternative source of financing to fund offsite costs.

Attached:

- Applicant's amendment request; and
- Underwriting Report with Addendum.

**Current Contract Information (#1001006)**

Development Owner:	Silverleaf at Chandler, LP
Activity Type:	RHD – New Construction
Owner Contact:	Mike Sugrue
Board Approval Date:	July 31, 2008
Development Location:	Corsicana, Navarro County
Region:	3

**Recommendation**

Modifying Board approved loan structures as proposed can only be done at the Board's discretion per Title 10 of Texas Government Code §2306.146. Staff recommends that the Applicant's amendment request be denied.

Financing Narrative  
SilverLeaf at Chandler  
Chandler, TX

It is contemplated that the property will be financed by a HOME loan from TDHCA with a 0% interest rate and a term of 40 years.

Draws will be made during construction and the loan will convert to a permanent loan at completion of construction.

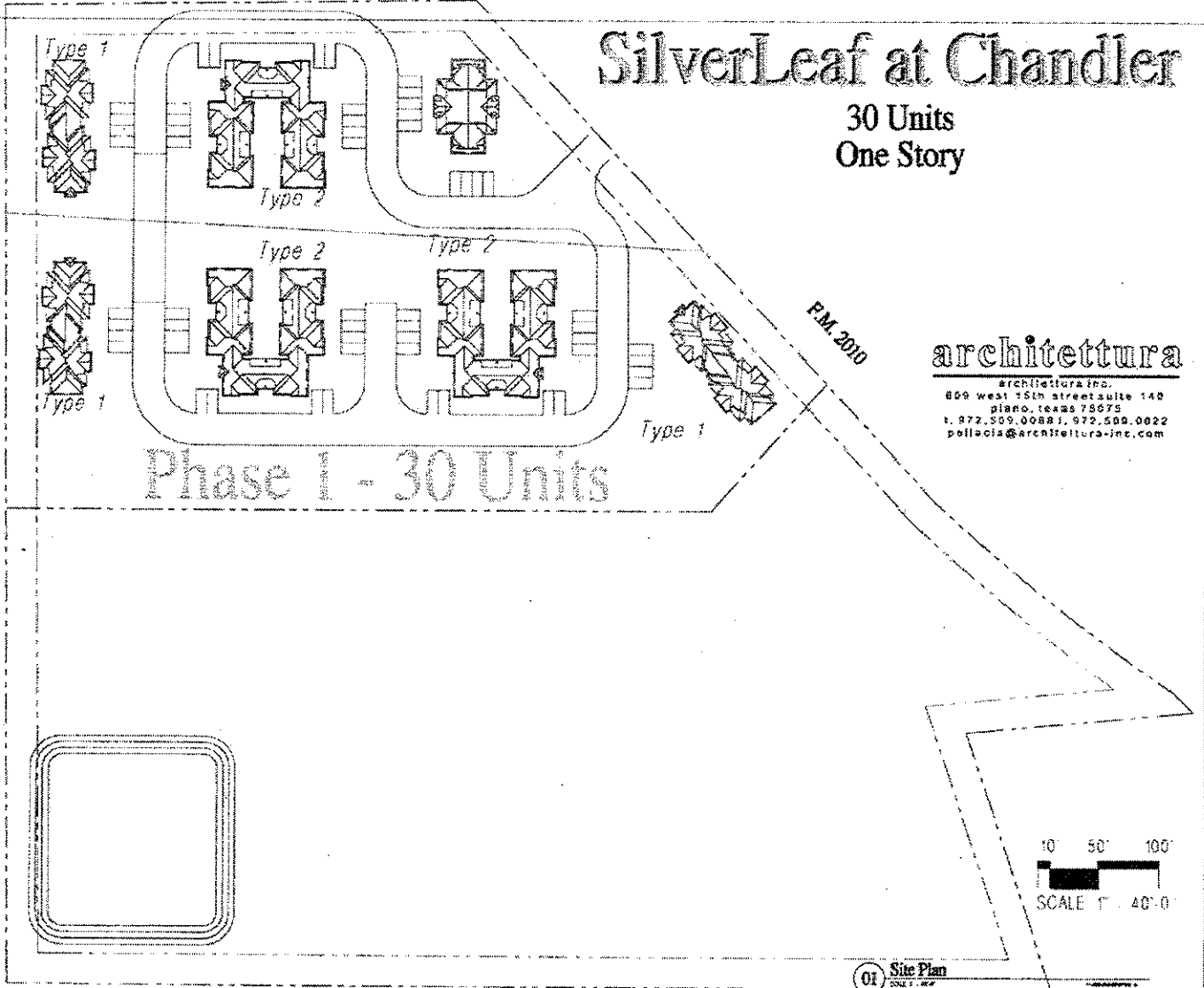
We are requesting that 50% of the loan be forgiven and the other 50% to be paid in monthly installments.

Also, at the permanent loan phase, StoneLeaf Development, LLC will defer \$106,925 its developer fee, to be paid from cash flow.

The permanent mortgage and deferred developer fee will be sufficient to pay the total development costs.

# SilverLeaf at Chandler

30 Units  
One Story



P.M. 2010

**architettura**

architettura inc.  
809 west 15th street suite 140  
plano, texas 75075  
t. 972.592.0081 f. 972.592.0022  
pollacia@architettura-inc.com

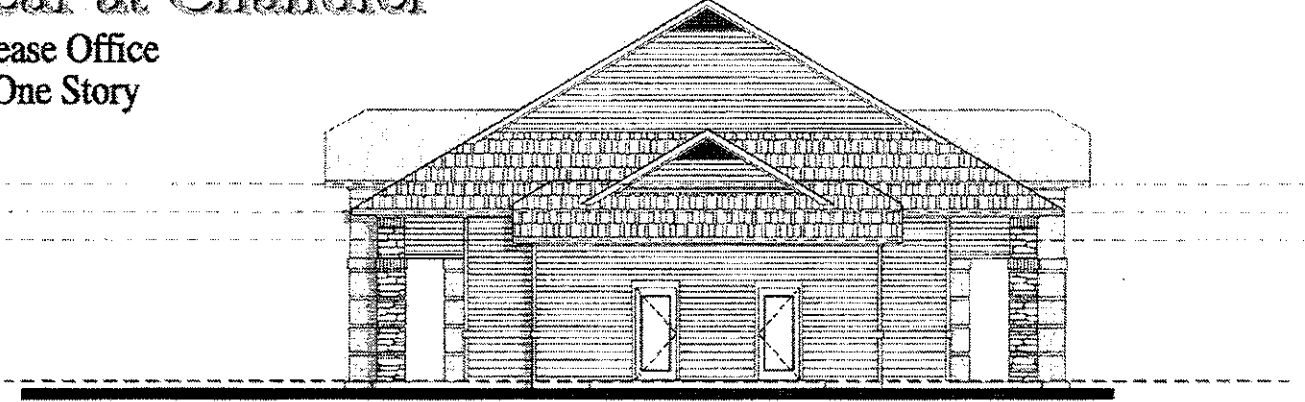
Phase 1 - 30 Units

10' 50' 100'  
SCALE 1" = 40'-0"

01 Site Plan

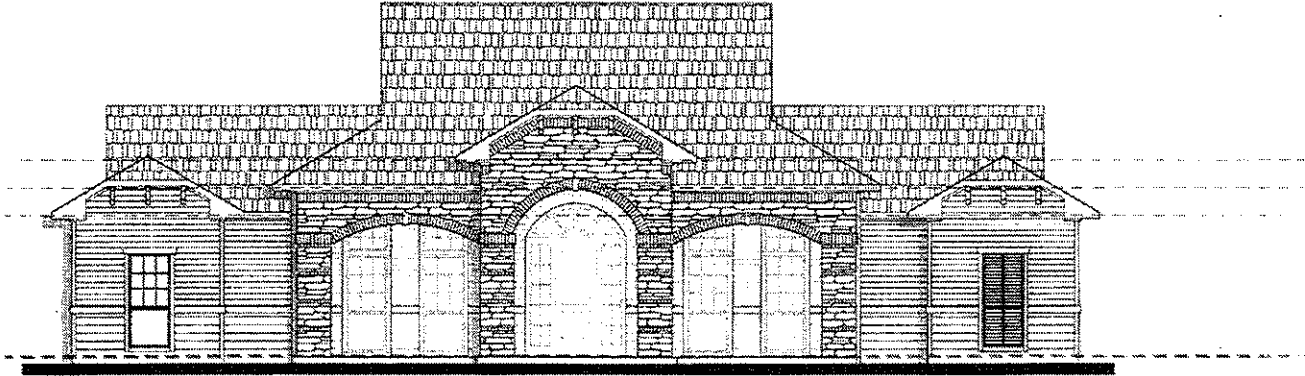
# SliverLeaf at Chandler

Lease Office  
One Story



100% Masonry Products

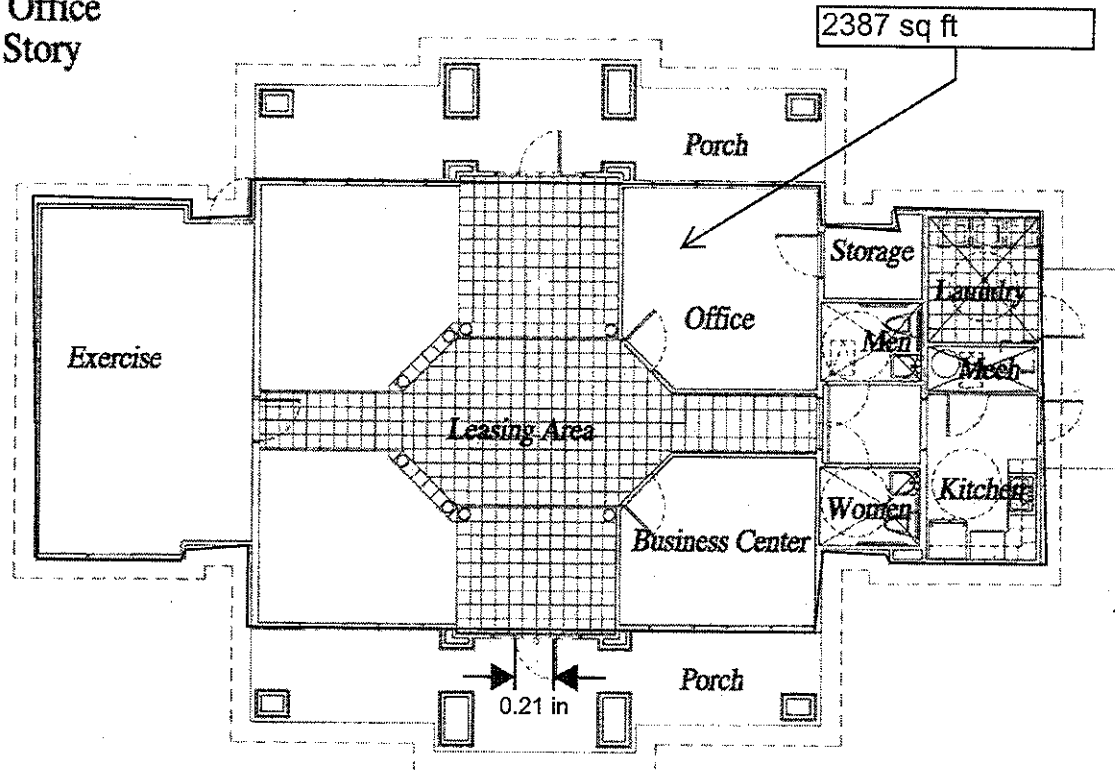
Side Elevation



Front Elevation

# SliverLeaf at Chandler

Lease Office  
One Story





**Volume 1, Tab 2. Populations Served**

**Part B. Rent Schedule (Cont.)**

<b>HOUSING</b>	TC30%	3
	TC40%	0
	TC50%	12
	TC60%	15
	<b>TAX</b>	HTC LI Total
<b>CREDITS</b>	TCEO	0
	NR	0
	MR Total	0
	<b>TC Total</b>	<b>30</b>
<b>MORTGAGE</b>	MRB30%	0
	MRB40%	0
	MRB50%	0
	MRB60%	0
<b>REVENUE</b>	MRB LI Total	0
<b>BOND</b>	MRBMR	0
	MRBMR Total	0
	MRB Total	0

<b>HOUSING</b>	HTF30%	0
	HTF40%	0
	HTF50%	0
	HTF60%	0
	<b>TRUST</b>	HTF80%
<b>FUND</b>	HTF LI Total	0
	MR	0
	MR Total	0
	<b>HTF Total</b>	<b>0</b>
<b>HOME</b>	HOME HH	15
	HOME LH	15
	HOME LI Total	30
	MR/EO	0
	MR	0
	MR Total	0
	<b>HOME Total</b>	<b>30</b>
<b>OTHER</b>	Total OT Units	0

Note: Pursuant to 49.9(h)(7)(C), any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. The income and corresponding rent restrictions will be continuously maintained over the compliance and extended use period as specified in the LURA.



**Volume 1, Tab 2. Populations Served**

**Part C. Utility Allowances**

Applicant must attach to this form documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application Packet. This exhibit must clearly indicate which utility costs are included in the estimate.

**NOTE:**

If more than one entity (Sec. 8 administrator, public housing authority) is responsible for setting the utility allowance(s) in the area of the development location, then the selected utility allowance must be the one which most closely reflects the actual expenses.

If an independent utility cost evaluation is conducted it must include confirming documentation from all the relevant utility providers.

If other reductions to the tenant rent is required such as the cost of flood insurance for the tenant's contents, documentation for these reductions to gross rent should also be attached.

Development Name: **SilverLeaf at Chandler, USDA**

City: **Chandler, TX**

Utility(1)	Energy Source (2)	Source of Utility Allowance	Effective Date
<input checked="" type="checkbox"/> Heating	E	City of Tyler Housing Authority	1-Jul-08
<input checked="" type="checkbox"/> Cooling	E		
<input checked="" type="checkbox"/> Water Heater	E		
<input checked="" type="checkbox"/> Cooking	E		
<input type="checkbox"/> Water			
<input type="checkbox"/> Sewer			
<input type="checkbox"/> Trash			
<input checked="" type="checkbox"/> General Electricity			

Other (Describe)


- (1) Check the box if the TENANT will have to pay for this utility directly or will have to pay an extra fee for the appliances listed.
- (2) Indicate the type of energy source used where applicable as follows: N= Natural Gas, P= Propane, E= Electric, L= Oil, O= Other

**Volume 1, Tab 2. ACTIVITY OVERVIEW**

Development Name: **SilverLeaf at Chandler**

City: **Chandler, TX**

<b>Part D. Annual Operating Expenses</b>			
<b>General &amp; Administrative Expenses</b>			
Accounting	\$	900.00	
Advertising	\$	1,000.00	
Legal fees	\$	600.00	
Leased equipment	\$	600.00	
Postage & office supplies	\$	600.00	
Telephone	\$	1,200.00	
Other <i>Misc office exp</i>	\$	600.00	
<b>Total General &amp; Administrative Expenses:</b>			<b>\$ 5,500.00</b>
<b>Management Fee:</b>	Percent of Effective Gross Income:	5.65%	<b>\$ 7,500.00</b>
<b>Payroll, Payroll Tax &amp; Employee Benefits</b>			
Management	\$	11,000.00	
Maintenance	\$	10,000.00	
Other <i>Describe</i>	\$		
<b>Total Payroll, Payroll Tax &amp; Employee Benefits:</b>			<b>\$ 21,000.00</b>
<b>Repairs &amp; Maintenance</b>			
Elevator	\$		
Exterminating	\$	1,200.00	
Grounds	\$	3,000.00	
Make-ready	\$	1,800.00	
Repairs	\$	3,000.00	
Pool	\$	1,800.00	
Other <i>Uniforms</i>	\$	120.00	
<b>Total Repairs &amp; Maintenance:</b>			<b>\$ 10,920.00</b>
<b>Utilities (Enter development owner expense)</b>			
Electric	\$	3,000.00	
Natural gas	\$		
Trash	\$	1,200.00	
Water & sewer	\$	8,200.00	
Other <i>Describe</i>	\$		
<b>Total Utilities:</b>			<b>\$ 12,400.00</b>
<b>Annual Property Insurance:</b>	Rate per net rentable square foot:	\$ 0.40	<b>\$ 10,000.00</b>
<b>Property Taxes:</b>			
Published Capitalization Rate: _____	Source: _____		
Annual Property Taxes:	\$	8,400.00	
Payments in Lieu of Taxes:	\$		
Other Taxes <i>Describe</i>	\$		
<b>Total Property Taxes:</b>			<b>\$ 8,400.00</b>
<b>Reserve for Replacements:</b>	Annual reserves per unit:	\$ 250	<b>\$ 7,500.00</b>
<b>Other Expenses</b>			
Cable TV	\$		
Supportive service contract fees	\$	1,500.00	
Compliance fees	\$	1,500.00	
Security	\$		
Other <i>Describe</i>	\$		
<b>Total Other Expenses:</b>			<b>\$ 3,000.00</b>
<b>TOTAL ANNUAL EXPENSES</b>	Expense per unit:	\$ 2874.00	<b>\$ 86,220.00</b>
	Expense to Income Ratio:	64.97%	
<b>NET OPERATING INCOME (before debt service)</b>			<b>\$ 46,480.50</b>
<b>Annual Debt Service</b>			
<i>HOME</i>	\$	37,533	
	\$		
	\$		
<b>TOTAL ANNUAL DEBT SERVICE</b>	Debt Coverage Ratio:	1.24	<b>\$ 37,533.00</b>
<b>NET CASH FLOW</b>			<b>\$ 8,947.50</b>

**Volume 1, Tab 2. ACTIVITY OVERVIEW**

**Part E. 30 Year Rental Housing Operating Proforma**

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 3% for income and 4% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit. While the 30-year proforma projects 30 years of data, the Department's standard for financial feasibility is 15 years.

Development Name: **SilverLeaf at Chandler, USDA**

City: **Chandler, TX**

INCOME	LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30
		POTENTIAL GROSS ANNUAL RENTAL INCOME		\$138,060	\$142,202	\$146,468	\$150,862	\$155,398	\$180,137	\$208,828	\$242,089
Secondary Income		5,400	5,562	5,729	5,901	6,078	\$7,048	8,158	9,469	10,977	12,725
POTENTIAL GROSS ANNUAL INCOME		\$143,460	\$147,764	\$152,197	\$156,763	\$161,465	\$187,183	\$216,995	\$251,558	\$291,625	\$338,073
Provision for Vacancy & Collection Loss		10,760	11,082	11,415	11,757	12,110	14,039	16,275	18,867	21,872	25,355
Rental Concessions											
EFFECTIVE GROSS ANNUAL INCOME		\$132,701	\$136,682	\$140,782	\$145,005	\$149,356	\$173,144	\$200,721	\$232,691	\$269,753	\$312,717
EXPENSES											
General & Administrative Expenses	\$	5,500.00	\$5,720	\$5,949	\$6,187	\$6,434	\$7,828	\$9,524	\$11,588	\$14,098	\$17,153
Management Fee		7,500	7,800	8,112	8,436	8,774	10,675	12,988	15,801	19,225	23,390
Payroll, Payroll Tax & Employee Benefits		21,000	21,840	22,714	23,622	24,567	29,890	36,365	44,244	53,829	65,492
Repairs & Maintenance		10,920	11,357	11,811	12,284	12,775	15,543	18,910	23,007	27,991	34,056
Electric & Gas Utilities		3,000	3,120	3,245	3,375	3,510	4,270	5,195	6,321	7,690	9,356
Water, Sewer & Trash Utilities		9,800	10,192	10,600	11,024	11,465	13,948	16,970	20,647	25,120	30,563
Annual Property Insurance Premiums		10,000	10,400	10,816	11,249	11,699	14,233	17,317	21,068	25,633	31,187
Property Tax		8,000	8,320	8,653	8,999	9,359	11,386	13,853	16,855	20,506	24,949
Reserve for Replacements		7,500	7,800	8,112	8,436	8,774	10,675	12,988	15,801	19,225	23,390
Other Expenses:		3,000	3,120	3,245	3,375	3,510	4,270	5,195	6,321	7,690	9,356
TOTAL ANNUAL EXPENSES		\$86,220	\$89,569	\$93,256	\$96,986	\$100,865	\$122,718	\$149,305	\$181,653	\$221,008	\$268,890
NET OPERATING INCOME		\$46,481	\$47,013	\$47,526	\$48,020	\$48,490	\$50,426	\$51,416	\$51,039	\$48,745	\$43,827
DEBT SERVICE											
First Deed of Trust Annual Loan Payment		\$37,533	\$37,533	\$37,533	\$37,533	\$37,533	\$37,533	\$37,533	\$37,533	\$37,533	\$37,533
Second Deed of Trust Annual Loan Payment											
Third Deed of Trust Annual Loan Payment											
Other Annual Required Payment:											
NET CASH FLOW		\$8,948	\$9,480	\$9,993	\$10,487	\$10,957	\$12,893	\$13,883	\$13,506	\$11,212	\$6,294
Debt Coverage Ratio	#DIV/0!	1.24	1.25	1.27	1.28	1.29	1.34	1.37	1.36	1.30	1.17

**Volume 1, Tab 2. ACTIVITY OVERVIEW**

**Part F. Building/Unit Type Configuration (Required for All Rental Developments)**

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by unhiding the columns between J and Z in Excel.

Development Name: **SilverLeaf at Chandler**

City: **Chandler, TX**

Unit Type				Building Configuration					Total # of Buildings	Total # of Units	Total Sq Ft for Unit Type
				Building Label	Type 1a	Type 1b	Type 2a	Type 2b			
				Number of Buildings	3		3		-	6	
Unit Label	# of Bedrooms	# of Baths	Sq. Ft. Per Unit	Number of Units Per Building							
A	1	1	750	4					12	9,000	
B	2	1	900			6			18	16,200	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
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									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
									-	-	
<b>Totals</b>				12	-	18	-	-	30	25,200	

Net Rentable Square Footage from Rent Schedule **25,200**

**Volume 1, Tab 3. ACTIVITY OVERVIEW**

**Part A. Development Cost Schedule**

*This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the eligible basis columns and the Requested Credit calculation below.*

**DEVELOPMENT NAME:**

**SilverLeaf at Chandler, USDA**

**TOTAL DEVELOPMENT SUMMARY**

Total Cost	Eligible Basis (If Applicable)	
	Acquisition	New/Rehab.

**Expected Payee Taxpayer Identification Number (TIN)<sup>1</sup>**  
(and % of cost if item involves multiple payees)

**ACQUISITION**

- Site acquisition cost
- Existing building acquisition cost
- Closing costs & acq. legal fees
- Other<sup>2</sup> (specify)

120,000		
<b>\$120,000</b>	<b>\$0</b>	<b>\$0</b>

**Subtotal Acquisition Cost**

**OFF-SITES<sup>3</sup>**

- Off-site concrete
- Storm drains & devices
- Water & fire hydrants
- Off-site utilities
- Sewer lateral(s)
- Off-site paving
- Off-site electrical
- Other<sup>4</sup> (specify)

35,500		
<b>\$35,500</b>	<b>\$0</b>	<b>\$0</b>

**Subtotal Off-Sites Cost**

**SITE WORK<sup>4</sup>**

- Demolition
- Rough grading
- Fine grading
- On-site concrete
- On-site electrical
- On-site paving
- On-site utilities
- Decorative masonry
- Bumper stops, striping & signs
- Landscaping
- Pool and decking
- Athletic court(s), playground(s)
- Fencing
- Other<sup>5</sup> (specify)

40,000		40,000
25,000		25,000
50,000		50,000
		0
50,000		50,000
30,000		30,000
		0
1,500		1,500
30,000		30,000
25,000		25,000
		0
18,000		18,000
		0
<b>\$269,500</b>	<b>\$0</b>	<b>\$269,500</b>

**Subtotal Site Work Cost**

**DIRECT CONSTRUCTION COSTS<sup>6</sup>:**

- Concrete
- Masonry
- Metals
- Woods and Plastics
- Thermal and Moisture Protection
- Roof Covering
- Doors and Windows
- Finishes
- Specialties
- Equipment

212,000		212,000
115,000		115,000
35,000		35,000
420,000		420,000
50,000		50,000
60,000		60,000
120,000		120,000
120,000		120,000
60,000		60,000
60,000		60,000

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) <sup>1</sup> (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
	Acquisition	New/Rehab.	

**DIRECT CONSTRUCTION COSTS (Continued):**

Furnishings	60,000		60,000
Special Construction			0
Conveying Systems (Elevators)			0
Mechanical (HVAC; Plumbing)	180,000		180,000
Electrical	96,000		96,000

**Individually Itemize costs below:**

Accessory Buildings			0
Carports and/or Garages			0
Lead-Based Paint Abatement			0
Asbestos Abatement			0
Other <sup>c</sup> (Specify)			0
<b>Subtotal Direct Const. Costs</b>	<b>\$1,588,000</b>	<b>\$0</b>	<b>\$1,588,000</b>

**TOTAL DIRECT CONST. & SITE WORK**

	<b>\$1,857,500</b>	<b>\$0</b>	<b>\$1,857,500</b>
--	--------------------	------------	--------------------

**OTHER CONSTRUCTION COSTS**

General requirements (<6%)	6.00%	111,450	0	111,450
Field supervision (within GR limit)				
Contractor overhead (<2%)	2.00%	37,150	0	37,150
G & A Field (within overhead limit)				
Contractor profit (<6%)	6.00%	111,450	0	111,450
Contingency (<5%)	5.00%	92,875	0	92,875
<b>Subtotal Ancillary Hard Costs</b>		<b>\$352,925</b>	<b>\$0</b>	<b>\$352,925</b>

**TOTAL DIRECT HARD COSTS**

	<b>\$2,210,425</b>	<b>\$0</b>	<b>\$2,210,425</b>
--	--------------------	------------	--------------------

**INDIRECT CONSTRUCTION COSTS<sup>4</sup>**

Architectural - Design fees		30,000		30,000
Architectural - Supervision fees		6,000		6,000
Engineering fees		30,000		30,000
Real estate attorney/other legal fees		40,000		40,000
Accounting fees		15,000		15,000
Impact Fees				0
Building permits & related costs		5,000		5,000
Appraisal		8,000		8,000
Market analysis		8,000		8,000
Environmental assessment		9,000		9,000
Soils report		6,000		6,000
Survey		8,000		8,000
Marketing		5,000		0
Course of construction insurance		40,000		40,000
Hazard & liability insurance				0
Real property taxes				0
Personal property taxes				0
Tenant relocation expenses				0
Other <sup>c</sup>				0
<b>Subtotal Indirect Const. Cost</b>		<b>\$210,000</b>	<b>\$0</b>	<b>\$205,000</b>

**DEVELOPER FEES<sup>4</sup>**

Housing consultant fees <sup>5</sup>				0
General & administrative				0
Profit or fee		372,000		372,000
<b>Subtotal Developer's Fees</b>	14.99%	<b>\$372,000</b>	<b>\$0</b>	<b>\$372,000</b>

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) <sup>1</sup> (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
		Acquisition	New/Rehab.

**FINANCING:**

**CONSTRUCTION LOAN(S)<sup>4</sup>**

Interest			0
Loan origination fees	10,000		10,000
Title & recording fees			0
Closing costs & legal fees	30,000		30,000
Inspection fees	8,000		8,000
Credit Report			0
Discount Points			0
Other <sup>2</sup> (specify)			0

**PERMANENT LOAN(S)**

Loan origination fees	5,000		
Title & recording fees	15,000		
Closing costs & legal			
Bond premium			
Credit report			
Discount points			
Credit enhancement fees			
Prepaid MIP			
Other <sup>2</sup> (specify)			

**BRIDGE LOAN(S)**

Interest			0
Loan origination fees			0
Title & recording fees			0
Closing costs & legal fees			0
Other <sup>2</sup> (specify)			0

**OTHER FINANCING COSTS<sup>4</sup>**

Tax credit fees			
Tax and/or bond counsel			
Payment bonds	18,000		
Performance bonds	18,000		18,000
Credit enhancement fees			0
Mortgage insurance premiums			0
Cost of underwriting & issuance			0
Syndication organizational cost			
Tax opinion	10,000		
Contractor Guarantee Fee			
Developer Guarantee Fee			
Other <sup>2</sup> (specify)			
<b>Subtotal Financing Cost</b>	<b>\$114,000</b>	<b>\$0</b>	<b>\$66,000</b>

**RESERVES**

Rent-up	15,000		
Operating	30,000		
Replacement			
Escrows			
<b>Subtotal Reserves</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$0</b>

**TOTAL HOUSING DEVELOPMENT COSTS<sup>5</sup>**

<b>- Commercial Space Costs<sup>7</sup></b>	<b>\$3,106,925</b>	<b>\$0</b>	<b>\$2,853,425</b>
<b>TOTAL RESIDENTIAL DEVELOPMENT COSTS</b>	<b>\$3,106,925</b>		





**Volume 1, Tab 3. ACTIVITY OVERVIEW**

**Part A. Development Cost Schedule (Continued)**

*Based on the Development Cost Schedule as completed, the proposed development's total taxpayer's reasonably expected basis (TREB) is estimated. The TREB may be used at carryover, if the proposed development receives a commitment for Low Income Housing Tax Credits. The TREB is not equivalent to the estimated eligible basis used to determine tax credit eligibility and is generally not relied upon until carryover. The TREB generally includes the direct and indirect costs of acquiring, constructing, and rehabilitating a property. It may also include any commercial or non-residential space being constructed as part of the project. Also, for proposed developments located within a QCT or DDA, the 30% boost that may be applicable for eligible basis is not included as part of the TREB calculation.*

Development Name: **SilverLeaf at Chandler**

**TAXPAYER'S REASONABLY EXPECTED BASIS (TREB)**

*Interim financing costs associated with development of commercial space:*

*The estimated total taxpayer's reasonably expected basis derived from the costs as presented is:*

**\$3,008,925**

**Volume 1, Tab 3. ACTIVITY OVERVIEW**

**Part B. Offsite Costs Breakdown**

*This form must be submitted with the Development Cost Schedule if the development has Off Site Costs.*

*Column A: The off-site activity reflected here must match the off-site activity reflected in Exhibit 102, Project Cost Schedule.*

*Columns B and C: In determining actual construction cost, two different methods may be used. Either, the construction costs may be broken into labor (Col. B) and materials (Col. C) for the activity; OR The other method involves the use of unit price (Col. B) and the number of units (Col. C) data for the activity.*

*Column D: If based on labor and materials, add Column B and Column C together to arrive at total construction costs. If based on unit price measures, Column B is multiplied by Column C to arrive at total construction costs.*

*Column E: Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.*

*Column F: Engineering/architectural costs must be broken out by the off-site activity.*

*Column G: Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.*

*This form must be completed by a professional engineer or architect, licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.*

Development Name: **SilverLeaf at Chandler, USDA**

A.	B.	C.	D.	E.	F.	G.
ACTIVITY	LABOR OR UNIT PRICE	OR # OF UNITS	CONSTRUCTION COSTS	ACQUISITION COSTS	ARCHITECTURAL COSTS	TOTAL ACTIVITY COSTS
Sewer brought to site			\$35,500.00			\$35,500.00

*CITY CASE - CITY OF CHANDLER ESTIMATE - Jim Muffett - CITY MGR.*

(SEAL)

\_\_\_\_\_  
Signature of Registered Engineer/Architect Responsible for

\_\_\_\_\_  
Date

**Volume 1, Tab 3. ACTIVITY OVERVIEW**

**Part C. Site Work Costs**

*This form must be submitted with the Development Cost Schedule if the development has Site Work Costs in excess of \$9,000 per unit.*

*Column A: The site work activity reflected here must match the Site Work activity reflected in Volume 1, Tab 3, Part A. Development Cost Schedule.*

*Columns B and C: In determining actual construction cost, two different methods may be used. Either, the construction costs may be broken into labor (Col. B) and materials (Col. C) for the activity; OR The other method involves the use of unit price (Col. B) and the number of units (Col. C) data for the activity.*

*Column D: If based on labor and materials, add Column B and Column C together to arrive at total construction costs. If based on unit price measures, Column B is multiplied by Column C to arrive at total construction costs.*

*Column E: Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.*

*Column F: Engineering/architectural costs must be broken out by the site work activity.*

*Column G: Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.*

**This form must be completed by a professional engineer or architect, licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.**

Development Name: **SilverLeaf at Chandler, USDA**

A.	B.	C.	D.	E.	F.	G.
ACTIVITY	LABOR OR UNIT PRICE	MATERIALS OR # OF UNITS	TOTAL CONSTRUCTION COSTS	ACQUISITION COSTS	ENGINEERING/ ARCHITECTURAL COSTS	TOTAL ACTIVITY COSTS

(SEAL)

\_\_\_\_\_  
Signature of Registered Engineer/Architect Responsible for  
Budget Justification

\_\_\_\_\_  
Date

**Volume 1, Tab 4, Funding Request**

**PART A. Summary Sources and Uses of Funds**

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants and Development Cost Schedule forms). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

Applicants must attach a written narrative to this form that describes the financing plan for the Development. The narrative shall include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to the Development; (c) the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and (d) the commitment status of the funding sources

Development Name: **SilverLeaf at Chandler**

Source #	Funding Description	Priority of Lien	Construction or Rehab. Loan Stage Amt.	Permanent Loan Stage Amount	Financing Participants
1	Conventional Loan				
2	Conventional Loan/FHA				
3	Conventional Loan/Letter of Credit				
4	HOME		\$ 3,000,000	\$ 3,000,000	
5	Housing Trust Fund				
6	CDBG				
7	Mortgage Revenue Bonds				
8	HTC Syndication Proceeds				
9	Historic Tax Credit Syndication Proceeds				
10	USDA/ TXRD Loan(s)				
11	Other Federal Loan or Grant				
12	Other State Loan or Grant				
13	Local Government Loan or Grant				
14	Private Loan or Grant				
15	Cash Equity				
16	In-Kind Equity/Deferred Developer Fee		\$ 106,925	\$ 106,925	StoneLeaf Development, LLC
<b>TOTAL SOURCES OF FUNDS</b>			<b>\$ 3,106,925</b>	<b>\$ 3,106,925</b>	
<b>TOTAL USES OF FUNDS</b>			<b>\$ 3,106,925</b>	<b>\$ 3,106,925</b>	

<sup>(1)</sup> Indicate Exclusive Use Financing Participant only where funds from that source are dedicated only for a specific purpose, i.e. CDBG infrastructure funds used only for off-site construction

**Volume 1, Tab 2**  
**PART A. POPULATIONS SERVED**

**1. Unit Composition<sup>1</sup>**

Type of Unit	# of Designated Units	% of Total Units in Development
Migrant Farm Workers		
Elderly	30	100%
Victims of Domestic Violence		%
Persons with Disabilities	3	10%
Homeless Populations		%
Intergenerational		%
Persons with alcohol and/or drug addictions		%
Persons with HIV/AIDS		%
Other: (Specify)		%
		%

*NOTE: The populations are anticipated at the time of Application submission and the Applicant will not be held to this representation long-term, unless required by TDHCA Program rules and federal regulations.*

<sup>1</sup> "Type of Unit" categories are not mutually exclusive. (For a 200 unit Qualified Elderly Development with 10% of the units set-aside for Persons with Disabilities, the table would read: 200 Elderly units and 20 units for Persons with Disabilities with corresponding % of total units.)

**3. Funding Request**

Complete the table below to describe this Application's funding request.

TDHCA Programs for which this Application will be used:	Requested Amount	If the award will be in the form of a loan, the requested terms are:		
		Interest Rate (%)	Amortization (Yrs)	Term (Yrs)
HOME Activity Funds	\$ 3,000,000	0	40	40
HOME CHDO Operating Expenses	\$			
Housing Trust Fund	\$			
Housing Tax Credit (Annual amount)	\$			
Private Activity Mortgage Revenue Bond	\$			
501(c) (3) Mortgage Revenue Bond	\$			

**4. Previously Awarded State and Federal Funding**

Has this site/activity previously received TDHCA funds?  Yes  No

If "Yes", enter Project #08157 and TDHCA Funding Source HOME Contract # 1001006

Has this site/activity previously received non-TDHCA federal funding?  Yes  No

Will this site/activity receive non-TDHCA federal funding for costs described in this Application?  Yes  No



**Volume 1, Tab 8**  
**RELEVANT DEVELOPMENT INFORMATION, Part 2**

**CHECK BOX IF THE AMENITIES HAVE NOT CHANGED FROM PRE-APPLICATION. IF THEY HAVE CHANGED FROM PRE-APPLICATION, A NEW SELECTION MUST BE PROVIDED BELOW.**

**Unit Amenities and Quality. Select All That Apply:**

- Covered entries
- Nine-foot ceilings
- Microwave ovens
- Self-cleaning ovens
- Ceiling fixtures in all rooms
- Refrigerator with icemaker
- Laundry connections
- Storage room
- Laundry equipment (washers and dryers) in each individual unit
- Thirty year architectural shingle roofing
- Covered patios/balconies
- Covered parking
- 100% masonry on exterior
- Greater than 75% masonry
- Use of energy efficient alternative construction materials
- R-15 Walls / R-30 Ceilings (rating of wall system)
- 14 SEER HVAC air conditioners, evaporative coolers, or radiant barrier in the attics
- High Speed Internet service to all Units at no cost to residents
- Fire Sprinklers in all Units

**Common Amenities. Select All That Apply:**

- Full perimeter fencing
- Controlled gate access
- Gazebo with sitting area
- Accessible walking/jogging path
- Community laundry room
- Barbecue grills and picnic tables
- Covered pavilion that includes barbecue grills and tables
- Swimming pool
- Furnished fitness center
- Equipped and functioning business center or equipped computer learning center
- Furnished community room
- Library
- Enclosed sun porch
- Service coordinator office
- Senior activity room
- Health screening room
- Secured entry
- Horseshoe pit, putting green or shuffleboard court
- Community dining room
- Children's playscape(s) or Tot Lot(s)
- Sport court
- Furnished and staffed children's activity center
- Community theater room
- Green building amenities (indicate which below)
  - a. Evaporative coolers
  - b. Passive solar heating/cooling
  - c. Water conserving features
  - d. Solar water heaters
  - e. Irrigation and landscaping

(list continues)



- f. Sub-metered utility meters
- g. Energy Efficiency
- h. Thermally and draft efficient doors
- i. Photovoltaic panels for electricity
- j. Construction waste management
- k. Recycling service provided throughout the compliance period
- l. Water permeable walkways
- m. Bamboo flooring, wool carpet, linoleum flooring; straw board, poplar OSB; or cotton batt insulation

**Volume 3, Tab 1**  
**PART B. SPECIFICATIONS AND AMENITIES**

**SITE ATTRIBUTES**

Total Acquisition Acreage: 7 +/-      Development Site Acreage: 7 +/-      # Units per Acre: 4.28 +/-  
 Single Site       Contiguous Multiple Sites (# Sites:     )       Scattered Sites (# Sites:     )\*\*

**\*\* Note: If Scattered Site, submit evidence of scattered site pursuant to ASPM behind this tab.**

**DEVELOPMENT ATTRIBUTES** *Selections must be consistent with submitted architectural plans*

# of Residential Buildings: 6      Maximum # of Floors: 1      # of Non-Residential Buildings: 1  
**Configuration:**       Duplex       Fourplex       Single family construction  
 Townhome       >4 units per building       SRO (per §42(i)(3)(B))  
 Transitional (per §42(i)(3)(B))

Fire Sprinkler in all residential areas      # of Passenger Elevators:           Wt Capacity     

**EXTERIOR** *Selections must be consistent with submitted architectural plans*

**Subfloor**

- Wood
- Concrete Slab
- Other (*Describe*)

**Walls**

- % Plywood/Hardboard
- % Vinyl or Aluminum Siding
- 20 % Masonry Veneer
- 80 % Fiber Cement Siding
- % Stucco
- % Other (*Describe*)

**Parking**

- #Shed or Flat Roof Carport Spaces
- #Detached Garage Spaces
- 45 #Uncovered Spaces
- #Parking Garage Spaces

**Roofs**

- Built-Up Tar and Gravel
- Comp. Shingle
- Comp. Roll
- Elastomeric
- Wood Shake
- Other (*Describe*)

**INTERIOR** *Selections must be consistent with submitted architectural plans*

**Flooring**

- 68 % Carpet
- 30 % Resilient Covering
- 2 % Ceramic Tile
- % Light Concrete
- % Other (*Describe*)

**Air System**

- Forced Air
- Furnace
- Hot Water
- Warm and Cooled Air
- Heat Pump, packaged
- Wall Units
- Other (*Describe*)

**Walls**

- Drywall
- Plaster
- Foot Ceilings

**Other**

- Washer and Dryers onsite (#     )
- Fireplace included in all Units
- Fireplace onsite (#     )
- Other (*Describe*)

**Volume 3, Tab 1**  
**PART C. COMMON AMENITIES (ALL PROGRAMS THRESHOLD)**

**Complete Part 1 and Part 2.**

**Part 1. Common Amenities Threshold.**

All Developments must meet at least the minimum threshold of points. These points are not associated with the selection criteria points. The amenities selected must be made available for the benefit of all tenants. If fees in addition to rent are charged for amenities reserved for an individual tenant's use, then the amenity may not be included among those provided to complete this exhibit. Developments must provide a minimum number of common amenities in relation to the Development size being proposed. The amenities selected must be selected from Part 2 of this form and made available for the benefit of all tenants.

Developments proposing Rehabilitation (excluding Reconstruction) or proposing Single Room Occupancy will receive 1.5 points for each point item.

Applications for non-contiguous scattered site housing, including New Construction, Reconstruction, Rehabilitation, and single-family design, will have the threshold test applied based on the number of Units per individual site, and must submit a separate certification for each individual site under control by the Applicant.

Any future changes in these amenities, or substitution of these amenities, must be approved by the Department in accordance with §49.17(d) of the QAP and may result in a decrease in awarded credits if the substitution or change includes a decrease in cost, or in the cancellation of a Commitment Notice or Carryover Allocation if all of the Common Amenities claimed are no longer met.

**(Check the appropriate box):**

- Total Units are less than 16, 0 points are required to meet Threshold for Single Room Occupancy Developments; **and 1 point is required for all other Developments.**
- Total Units are 16 to 24, 2 point are required to meet Threshold.
- Total Units are 25 to 40, 3 points are required to meet Threshold.
- Total Units are 41 to 76, 6 points are required to meet Threshold.
- Total Units are 77 to 99, 9 points are required to meet Threshold.
- Total Units are 100 to 149, 12 points are required to meet Threshold.
- Total Units are 150 to 199, 15 points are required to meet Threshold.
- Total Units are 200 or more, 18 points are required to meet Threshold.

**(Continued Certification Next Page)**

**Part 2.**

Amenities for selection include those items listed below. Both Developments designed for families and Qualified Elderly Developments can earn points for providing each identified amenity. All amenities must meet accessibility standards as further described in §49.9(h)(4)(E), (G) and (H) of the QAP. An Application can only count an amenity once, therefore combined functions (a library which is part of a community room) only count under one category. Spaces for activities must be sized appropriately to serve the anticipated population.

If Scattered Site, the address of the site: \_\_\_\_\_

**Select All That Apply:**

- Full perimeter fencing (2 points)
- Controlled gate access (1 point)
- Gazebo with sitting area (1 point)
- Accessible walking/jogging path separate from a sidewalk (1 point)
- Community laundry room with at least one front-loading washer (1 point)
- Barbecue grills and picnic tables – at least one for every 50 Units (1 point)
- Covered pavilion that includes barbecue grills and tables (2 points)
- Swimming pool (3 points)
- Furnished fitness center equipped with a minimum of two of the following fitness equipment options with at least one option per every 40 units or partial increment of 40 units: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, sauna, stair climber, etc. The maximum number of equipment options required for any Development, regardless of number of Units, shall be five (2 points)
- Equipped and functioning business center or equipped computer learning center with 1 computer for every 30 units proposed in the Application, 1 printer for every 3 computers (with a minimum of 1 printer), and 1 fax machine (2 points)
- Furnished Community room (1 point)
- Library with accessible sitting areas (separate from the community room) (1 point)
- Enclosed sun porch or covered community porch/patio (2 points)
- Service Coordinator Office in addition to leasing offices (1 point)
- Senior Activity Room (Arts and Crafts, etc.) (2 points)
- Health Screening Room (1 point)
- Secured Entry (elevator buildings only) (1 point)
- Horseshoe pit, putting green or shuffleboard court (1 point)
- Community Dining Room with full or warming kitchen (3 points)
- One children's Playscape equipped for 5 to 12 year olds or one Tot Lot (1 point)
- Two Children's Playscapes equipped for 5 to 12 year olds, two Tot Lots, or one of each (2 points)
- Sport Court (Tennis, Basketball or Volleyball) (2 points)
- Furnished and staffed Children's Activity Center (3 points)
- Community Theater Room equipped with a 52 inch or larger screen with surround sound equipment; DVD player; and theater seating (3 points)
- Green Building Amenities (indicate which below)
  - (-a-) evaporative coolers (for use in designated counties listed in the Application Materials, 2009 Housing Tax Credit Site Demographics Information) (1 point);

(list continues)

- (-b-) passive solar heating/cooling (3 points maximum)
- Two points for completing both of the following:
- (-1-). The glazing area on the north- and south-facing walls of the building is at least 50% greater than the sum of the glazing area on the east- and west- facing walls; and
- (-2-). The east-west axis of the building is within 15 degrees of due east-west
- One point for completing all of the following:
- (-1-). In addition to the east-west axis of the building oriented within 15 degrees of due east-west, utilize a narrow floor plate (less than 40 feet), single loaded corridors and open floor plan to optimize daylight penetration and passive ventilation (note: to qualify for this particular point, application must also implement building orientation option b. above); and
- (-2-). 100% of HVAC condenser units are shaded so they are fully shaded 75% of the time during summer months (May through August); and
- (-3-). Solar screens or solar film on all East, West, and South Windows with building oriented to east-west axis within 15 degrees of due east-west, west-south axis within 15 degrees of due west-south, and south-east axis within 15 degrees of due south-east.
- (-c-) water conserving features (2 points maximum, 1 point for each):
- Install low-flow toilets using less than or equal to 1.6 gallons per flush, or high efficiency toilets using less than or equal to 1.28 gallons/flush; and/or
- Install bathroom lavatory faucets and showerheads that do not exceed 2.0 gallons/minute and kitchen faucets that do not exceed 1.5 gallons/minute. Applies to all fixtures throughout development. Rehab projects may choose to install compliant faucet aerators instead of replacing entire faucets.
- (-d-) solar water heaters (Solar water heaters designed to provide at least 25% of the average energy used to heat domestic water throughout the entire development.) (2 points);
- (-e-) irrigation and landscaping (must implement both of the following) (2 points)
- (-1-). Collected water (at least 50%) for irrigation purposes; and
- (-2-). selection of native trees and plants that are appropriate to the site's soils and microclimate and locate them to allow for shading in the summer and allow for heat gain in the winter
- (-f-) sub-metered utility meters (2 points maximum);
- Sub-metered utility meters on rehab project without existing sub-meters or new construction senior project (2 points); or
- Sub-metered utility meters on new construction project (excluding new construction senior project) (1 point)
- (-g-) energy efficiency (4 points maximum);
- Energy Elements (must implement i-iii) (3 points)
- (i) Energy-Star qualified windows and glass doors; and
- (ii) Exterior envelope insulation, vapor barriers and air barriers greater than or equal to Energy Star air barrier and insulation criteria; and
- (iii) HVAC, domestic hot water heater, and insulation that exceeds Energy Star standards or exceeds the IRC 2006; or
- The project promotes energy efficiency by meeting the requirements of Energy Star for Homes by either complying with the appropriate builder option package or a HERS score of 85 (4 points)
- (-h-) thermally and draft efficient doors (SHGC of 0.40 or lower and U-value specified by climate zone according to the 2006 IECC) (2 points);

- (-i-) photovoltaic panels for electricity and design and wiring for the use of such panels (3 points maximum);
  - Photovoltaic panels that total 10 kW (1 point); or
  - Photovoltaic panels that total 20 kW (2 points); or
  - Photovoltaic panels that total 30 kW (3 points)
- (-j-) construction waste management and implementation of EPA's Best Management Practices for erosion and sedimentation control during construction (1 point);
- (-k-) recycling service provided throughout the compliance period (1 point);
- (-l-) water permeable walkways (at least 20% of walkways and parking) (1 point); or
- (-m-) bamboo flooring, wool carpet, linoleum flooring, straw board, poplar OSB, or cotton batt insulation (50% of flooring on the ground floor of the development must be finished concrete and/or ceramic tile. 50% of the flooring on upper floors must be ceramic tile and/or a flooring material that is Floor Score Certified (developed by the Resilient Floor Covering Institute), applied with a Floor Score Certified adhesive and comes with a minimum 7-year wear through warranty. (2 points)

**Volume 3, Tab 1**  
**PART D. UNIT AMENITIES**  
**(ALL PROGRAMS THRESHOLD)**

**Quality of the Units (14 Point Maximum)**

Applications in which Developments provide specific amenity and quality features in every Unit at no extra charge to the tenant will be awarded points, not to exceed 14 points in total. Applications involving scattered site Developments must have all of the Units located with a specific amenity to count for points. Applications involving Rehabilitation or Single Room Occupancy may multiply the points by 1.5 for each item, not to exceed 14 points in total.

If Scattered Site, the address of the site: \_\_\_\_\_

**Select All That Apply. Please note that the Applicant will be required to comply with all elections even if more items are selected than necessary to score the maximum number of points.**

- Covered entries (1 point)
- Nine foot ceilings in living room and all bedrooms (at minimum) (1 point)
- Microwave ovens (1 point)
- Self-cleaning or continuous cleaning ovens (1 point)
- Ceiling fixtures in all rooms (light with ceiling fan in living area and all bedrooms) (1 point)
- Refrigerator with icemaker (1 point)
- Laundry connections (2 points)
- Storage room or closet, of approximately 9 square feet or greater, which does not include bedroom, entryway or linen closets -- does not need to be in the Unit but must be on the property site (1 point)
- Laundry equipment (washers and dryers) for each individual unit including a front loading washer and dryer in required UFAS compliant Units (3 points)
- Thirty-year architectural shingle roofing (1 point)
- Covered patios or covered balconies (1 point)
- Covered parking (including garages) of at least one covered space per Unit (2 points)
- 100% masonry or exterior, which can include stucco, cementitious board products, concrete brick and mortarless concrete masonry, but not EFIS synthetic stucco (3 points)
- Greater than 75% masonry on exterior, which can include stucco and cementitious board products, concrete brick and mortarless concrete masonry, but not EFIS synthetic stucco (1 point) **(May not select both 75% and 100% masonry)**
- Use of energy efficient alternative construction materials (for example, Structurally Insulated Panel construction) with wall insulation at a minimum of R-20 (3 points)
- R-15 Walls / R-30 Ceilings (ratings of wall system) (3 points)
- 14 SEER HVAC or evaporative coolers in dry climates for New Construction, Adaptive Reuse and Reconstruction or radiant barrier in the attic for Rehabilitation (excluding Reconstruction) (3 points)
- High Speed Internet Service to all Units at no cost to residents (2 points)
- Fire sprinklers in all Units (2 points)

NOTE: These points will be awarded to Competitive Housing Tax Credit Applications if requested in the Self Score



PROMULGATED BY THE TEXAS REAL ESTATE COMMISSION (TREC)

02-13-06

UNIMPROVED PROPERTY CONTRACT

NOTICE: Not For Use For Condominium Transactions

1. PARTIES: Neches Construction (Seller) agrees to sell and convey to SOLUTIONS Plus, Inc. and/or its Assignor. (Buyer) and Buyer agrees to buy from Seller the Property described below.

2. PROPERTY: Lot \_\_\_\_\_ Block \_\_\_\_\_ Addition, City of Chandler Texas, known as 7.77 acres in SIMON WEISS SURVEY AB 799 (address/zip code), or as described on attached exhibit together with all rights, privileges and appurtenances pertaining thereto, including but not limited to: water rights, claims, permits, strips and gores, easements, and cooperative or association memberships (the Property).

3. SALES PRICE: A. Cash portion of Sales Price payable by Buyer at closing..... \$ 120,000 B. Sum of all financing described below (excluding any loan funding fee or mortgage insurance premium) ..... \$ C. Sales Price (Sum of A and B) ..... \$ 120,000

4. FINANCING: The portion of Sales Price not payable in cash will be paid as follows: (Check applicable boxes below)

[ ] A. THIRD PARTY FINANCING: One or more third party mortgage loans in the total amount of \$ \_\_\_\_\_ (excluding any loan funding fee or mortgage insurance premium).

(1) Property Approval: If the Property does not satisfy the lenders' underwriting requirements for the loan(s), this contract will terminate and the earnest money will be refunded to Buyer.

(2) Financing Approval: (Check one box only)

[ ] (a) This contract is subject to Buyer being approved for the financing described in the attached Third Party Financing Condition Addendum.

[ ] (b) This contract is not subject to Buyer being approved for financing and does not involve FHA or VA financing.

[ ] B. ASSUMPTION: The assumption of the unpaid principal balance of one or more promissory notes described in the attached TREC Loan Assumption Addendum

[ ] C. SELLER FINANCING: A promissory note from Buyer to Seller of \$ \_\_\_\_\_ secured by vendor's and deed of trust liens, and containing the terms and conditions described in the attached TREC Seller Financing Addendum. If an owner policy of title insurance is furnished, Buyer shall furnish Seller with a mortgagee policy of title insurance.

5. EARNEST MONEY: Upon execution of this contract by both parties, Buyer shall deposit \$ 100.00 as earnest money with Fidelity National Title Co. (David McCallum), as escrow agent, at Dallas, TX (address). Buyer shall deposit additional earnest money of \$ n/a with escrow agent within n/a days after the effective date of this contract. If Buyer fails to deposit the earnest money as required by this contract, Buyer will be in default.

6. TITLE POLICY AND SURVEY:

A. TITLE POLICY: Seller shall furnish to Buyer at [ ] Seller's [X] Buyer's expense an owner policy of title insurance (Title Policy) issued by Fidelity National Title

(Title Company) in the amount of the Sales Price, dated at or after closing, insuring Buyer against loss under the provisions of the Title Policy, subject to the promulgated exclusions (including existing building and zoning ordinances) and the following exceptions:

- (1) Restrictive covenants common to the platted subdivision in which the Property is located.
(2) The standard printed exception for standby fees, taxes and assessments.
(3) Liens created as part of the financing described in Paragraph 4.
(4) Utility easements created by the dedication deed or plat of the subdivision in which the Property is located.
(5) Reservations or exceptions otherwise permitted by this contract or as may be approved by Buyer in writing.
(6) The standard printed exception as to marital rights.
(7) The standard printed exception as to waters, tidelands, beaches, streams, and related matters.
(8) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements. Buyer, at Buyer's expense, may have the exception amended to read, "shortages in area".

B. COMMITMENT: Within 20 days after the Title Company receives a copy of this contract, Seller shall furnish to Buyer a commitment for title insurance (Commitment) and, at Buyer's

Initiated for identification by Buyer

[Signature]

and Seller

[Signature]

TREC NO. 9-6



Contract Concerning 711 ACRES IN SIMON WEISS SURVEY AB 799 Page 2 of 8 02-13-06  
(Address of Property)

expense, legible copies of restrictive covenants and documents evidencing exceptions in the Commitment (Exception Documents) other than the standard printed exceptions. Seller authorizes the Title Company to deliver the Commitment and Exception Documents to Buyer at Buyer's address shown in Paragraph 21. If the Commitment and Exception Documents are not delivered to Buyer within the specified time, the time for delivery will be automatically extended up to 15 days or the Closing Date, whichever is earlier.

C. SURVEY: The survey must be made by a registered professional land surveyor acceptable to the Title Company and any lender. (Check one box only)

(1) Within N/A days after the effective date of this contract, Seller shall furnish to Buyer and Title Company Seller's existing survey of the Property and a Residential Real Property Affidavit promulgated by the Texas Department of Insurance (Affidavit). If the existing survey or Affidavit is not acceptable to Title Company or Buyer's lender, Buyer shall obtain a new survey at  Seller's  Buyer's expense no later than 3 days prior to Closing Date. If Seller fails to furnish the existing survey or Affidavit within the time prescribed, Buyer shall obtain a new survey at Seller's expense no later than 3 days prior to Closing Date.

(2) Within 120 days after the effective date of this contract, Buyer shall obtain a new survey at Buyer's expense. Buyer is deemed to receive the survey on the date of actual receipt or the date specified in this paragraph, whichever is earlier.

(3) Within N/A days after the effective date of this contract, Seller, at Seller's expense shall furnish a new survey to Buyer.

D. OBJECTIONS: Buyer may object in writing to (i) defects, exceptions, or encumbrances to title; disclosed on the survey other than items 6A(1) through (7) above; or disclosed in the Commitment other than items 6A(1) through (8) above; (ii) any portion of the Property lying in a special flood hazard area (Zone V or A) as shown on the current Federal Emergency Management Agency map; or (iii) any exceptions which prohibit the following use or activity:

Buyer must object not later than (i) the Closing Date or (ii) 10 days after Buyer receives the Commitment, Exception Documents, and the survey, whichever is earlier. Buyer's failure to object within the time allowed will constitute a waiver of Buyer's right to object; except that the requirements in Schedule C of the Commitment are not waived. Provided Seller is not obligated to incur any expense, Seller shall cure the timely objections of Buyer or any third party lender within 15 days after Seller receives the objections and the Closing Date will be extended as necessary. If objections are not cured within such 15 day period, this contract will terminate and the earnest money will be refunded to Buyer unless Buyer waives the objections.

E. TITLE NOTICES:

(1) ABSTRACT OR TITLE POLICY: Broker advises Buyer to have an abstract of title covering the Property examined by an attorney of Buyer's selection, or Buyer should be furnished with or obtain a Title Policy. If a Title Policy is furnished, the Commitment should be promptly reviewed by an attorney of Buyer's choice due to the time limitations on Buyer's right to object.

(2) MANDATORY OWNERS' ASSOCIATION MEMBERSHIP: The Property  is  is not subject to mandatory membership in an owners' association. If the Property is subject to mandatory membership in an owners' association, Seller notifies Buyer under §5.012, Texas Property Code, that, as a purchaser of property in the residential community in which the Property is located, you are obligated to be a member of the owners' association. Restrictive covenants governing the use and occupancy of the Property and a dedicatory instrument governing the establishment, maintenance, and operation of this residential community have been or will be recorded in the Real Property Records of the county in which the Property is located. Copies of the restrictive covenants and dedicatory instrument may be obtained from the county clerk. You are obligated to pay assessments to the owners' association. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of the Property. If Buyer is concerned about these matters, the TREC promulgated Addendum for Property Subject to Mandatory Membership in an Owner's Association should be used.

(3) STATUTORY TAX DISTRICTS: If the Property is situated in a utility or other statutorily created district providing water, sewer, drainage, or flood control facilities and services, Chapter 49, Texas Water Code, requires Seller to deliver and Buyer to sign the statutory notice relating to the tax rate, bonded indebtedness, or standby fee of the district prior to final execution of this contract.

(4) TIDE WATERS: If the Property abuts the tidally influenced waters of the state, §33.135, Texas Natural Resources Code, requires a notice regarding coastal area property to be included in the contract. An addendum containing the notice promulgated by TREC or

(5) ANNEXATION: If the Property is located outside the limits of a municipality, Seller notifies Buyer under §5.011, Texas Property Code, that the Property may now or later be included in the extraterritorial jurisdiction of a municipality and may now or later be subject to

Initialed for identification by Buyer [Signature] and Seller [Signature] [Signature]

TREC NO. 9-6

Contract Concerning 1.4 acres in SIMON WEISS SURVEY A8799 Page 3 of 8 02-13-06  
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annexation by the municipality. Each municipality maintains a map that depicts its boundaries and extraterritorial jurisdiction. To determine if the Property is located within a municipality's extraterritorial jurisdiction or is likely to be located within a municipality's extraterritorial jurisdiction, contact all municipalities located in the general proximity of the Property for further information.

- (6) **PROPERTY LOCATED IN A CERTIFICATED SERVICE AREA OF A UTILITY SERVICE PROVIDER:** Notice required by §13.257, Water Code: The real property, described in Paragraph 2, that you are about to purchase may be located in a certificated water or sewer service area, which is authorized by law to provide water or sewer service to the properties in the certificated area. If your property is located in a certificated area there may be special costs or charges that you will be required to pay before you can receive water or sewer service. There may be a period required to construct lines or other facilities necessary to provide water or sewer service to your property. You are advised to determine if the property is in a certificated area and contact the utility service provider to determine the cost that you will be required to pay and the period, if any, that is required to provide water or sewer service to your property. The undersigned Buyer hereby acknowledges receipt of the foregoing notice at or before the execution of a binding contract for the purchase of the real property described in Paragraph 2 or at closing of purchase of the real property.
- (7) **PUBLIC IMPROVEMENT DISTRICTS:** If the Property is in a public improvement district, §5.014, Property Code, requires Seller to notify Buyer as follows: As a purchaser of this parcel of real property you are obligated to pay an assessment to a municipality or county for an improvement project undertaken by a public improvement district under Chapter 372, Local Government Code. The assessment may be due annually or in periodic installments. More information concerning the amount of the assessment and the due dates of that assessment may be obtained from the municipality or county levying the assessment. The amount of the assessments is subject to change. Your failure to pay the assessments could result in a lien on and the foreclosure of your property.
- (8) **TEXAS AGRICULTURAL DEVELOPMENT DISTRICT:** The Property  is  is not located in a Texas Agricultural Development District. For additional information, contact the Texas Department of Agriculture.

**7. PROPERTY CONDITION:**

**A. ACCESS, INSPECTIONS AND UTILITIES:** Seller shall permit Buyer and Buyer's agents access to the Property at reasonable times. Buyer may have the Property inspected by inspectors selected by Buyer and licensed by TREC or otherwise permitted by law to make inspections. Seller at Seller's expense shall turn on existing utilities for inspections.

**NOTICE:** Buyer should determine the availability of utilities to the Property suitable to satisfy Buyer's needs.

**B. ACCEPTANCE OF PROPERTY CONDITION:** Buyer accepts the Property in its present condition; provided Seller, at Seller's expense, shall complete the following: n/a

**C. COMPLETION OF REPAIRS:** Unless otherwise agreed in writing, Seller shall complete all agreed repairs prior to the Closing Date. All required permits must be obtained, and repairs must be performed by persons who are licensed or otherwise permitted by law to provide such repairs. At Buyer's election, any transferable warranties received by Seller with respect to the repairs will be transferred to Buyer at Buyer's expense. If Seller fails to complete any agreed repairs prior to the Closing Date, Buyer may do so and receive reimbursement from Seller at closing. The Closing Date will be extended up to 15 days, if necessary, to complete repairs.

**D. ENVIRONMENTAL MATTERS:** Buyer is advised that the presence of wetlands, toxic substances, including asbestos and wastes or other environmental hazards, or the presence of a threatened or endangered species or its habitat may affect Buyer's intended use of the Property. If Buyer is concerned about these matters, an addendum promulgated by TREC or required by the parties should be used.

**E. SELLER'S DISCLOSURES:** Except as otherwise disclosed in this contract, Seller has no knowledge of the following:

- (1) any flooding of the Property;
- (2) any pending or threatened litigation, condemnation, or special assessment affecting the Property;
- (3) any environmental hazards or conditions affecting the Property;
- (4) any dumpsite, landfill, or underground tanks or containers now or previously located on the Property;
- (5) any wetlands, as defined by federal or state law or regulation, affecting the Property; or
- (6) any threatened or endangered species or their habitat affecting the Property.

**8. BROKERS' FEES:** All obligations of the parties for payment of brokers' fees are contained in separate written agreements.

**9. CLOSING:**

A. The closing of the sale will be on or before August 31, 2009, or within 7 days after objections made under Paragraph 6D have been cured or waived, whichever date is later

Initiated for identification by Buyer JWS and Seller MS

TREC NO. 9-6

Contract Concerning 7.7 acres in SIMON WEISS SURVEY AB 799 Page 4 of 8 02-13-08  
(Address of Property)

(Closing Date). If either party fails to close the sale by the Closing Date, the non-defaulting party may exercise the remedies contained in Paragraph 15.

**B. At closing:**

- (1) Seller shall execute and deliver a general warranty deed conveying title to the Property to Buyer and showing no additional exceptions to those permitted in Paragraph 6 and furnish tax statements or certificates showing no delinquent taxes on the Property.
- (2) Buyer shall pay the Sales Price in good funds acceptable to the escrow agent.
- (3) Seller and Buyer shall execute and deliver any notices, statements, certificates, affidavits, releases, loan documents and other documents required of them by this contract, the Commitment or law necessary for the closing of the sale and the issuance of the Title Policy.

C. Unless expressly prohibited by written agreement, Seller may continue to show the Property and receive, negotiate and accept back up offers.

D. All covenants, representations and warranties in this contract survive closing.

**10. POSSESSION:** Seller shall deliver to Buyer possession of the Property in its present or required condition upon closing and funding.

**11. SPECIAL PROVISIONS:** (Insert only factual statements and business details applicable to the sale. TREC rules prohibit licensees from adding factual statements or business details for which a contract addendum or other form has been promulgated by TREC for mandatory use.)

SEE ATTACHED

**12. SETTLEMENT AND OTHER EXPENSES:**

A. The following expenses must be paid at or prior to closing:

- (1) Expenses payable by Seller (Seller's Expenses):
  - (a) Releases of existing liens, including prepayment penalties and recording fees; release of Seller's loan liability; tax statements or certificates; preparation of deed; one-half of escrow fee; and other expenses payable by Seller under this contract.
  - (b) Seller shall also pay an amount not to exceed \$ N/A to be applied in the following order: Buyer's Expenses which Buyer is prohibited from paying by FHA, VA, Texas Veterans Housing Assistance Program or other governmental loan programs, and then to other Buyer's Expenses as allowed by the lender.
- (2) Expenses payable by Buyer (Buyer's Expenses):

- (a) Loan origination, discount, buy-down, and commitment fees (Loan Fees).
- (b) Appraisal fees; loan application fees; credit reports; preparation of loan documents; interest on the notes from date of disbursement to one month prior to dates of first monthly payments; recording fees; copies of easements and restrictions; mortgagee title policy with endorsements required by lender; loan-related inspection fees; photos; amortization schedules; one-half of escrow fee; all prepaid items, including required premiums for flood and hazard insurance, reserve deposits for insurance, ad valorem taxes and special governmental assessments; final compliance inspection; courier fee; report inspection, underwriting fee, wire transfer fee, expenses incident to any loan, and other expenses payable by Buyer under this contract.

B. Buyer shall pay Private Mortgage Insurance Premium (PMI), VA Loan Funding Fee, or FHA Mortgage Insurance Premium (MIP) as required by the lender.

C. If any expense exceeds an amount expressly stated in this contract for such expense to be paid by a party, that party may terminate this contract unless the other party agrees to pay such excess. Buyer may not pay charges and fees expressly prohibited by FHA, VA, Texas Veterans Housing Assistance Program or other governmental loan program regulations.

Initialed for Identification by Buyer

*JMS*

and Seller

*JMB*

*JMB*

TREC NO. 9-6

Contract Concerning 7 1/2 acres in SIMON WEISS SURVEY AB 799 Page 5 of 8 02-13-06  
(Address of Property)

**13. PRORATIONS AND ROLLBACK TAXES:**

- A. **PRORATIONS:** Taxes for the current year, interest, maintenance fees, assessments, dues and rents will be prorated through the Closing Date. The tax proration may be calculated taking into consideration any change in exemptions that will affect the current year's taxes. If taxes for the current year vary from the amount prorated at closing, the parties shall adjust the prorations when tax statements for the current year are available. If taxes are not paid at or prior to closing, Buyer shall pay taxes for the current year.
- B. **ROLLBACK TAXES:** If this sale or Buyer's use of the Property after closing results in the assessment of additional taxes, penalties or interest (Assessments) for periods prior to closing, the Assessments will be the obligation of Buyer. If Seller's change in use of the Property prior to closing or denial of a special use valuation on the Property claimed by Seller results in Assessments for periods prior to closing, the Assessments will be the obligation of Seller. Obligations imposed by this paragraph will survive closing.

**14. CASUALTY LOSS:** If any part of the Property is damaged or destroyed by fire or other casualty after the effective date of this contract, Seller shall restore the Property to its previous condition as soon as reasonably possible, but in any event by the Closing Date. If Seller fails to do so due to factors beyond Seller's control, Buyer may (a) terminate this contract and the earnest money will be refunded to Buyer (b) extend the time for performance up to 15 days and the Closing Date will be extended as necessary or (c) accept the Property in its damaged condition with an assignment of insurance proceeds and receive credit from Seller at closing in the amount of the deductible under the insurance policy. Seller's obligations under this paragraph are independent of any other obligations of Seller under this contract.

**15. DEFAULT:** If Buyer fails to comply with this contract, Buyer will be in default, and Seller may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money as liquidated damages, thereby releasing both parties from this contract. If, due to factors beyond Seller's control, Seller fails within the time allowed to make any non-casualty repairs or deliver the Commitment, or survey, if required of Seller, Buyer may (a) extend the time for performance up to 15 days and the Closing Date will be extended as necessary or (b) terminate this contract as the sole remedy and receive the earnest money. If Seller fails to comply with this contract for any other reason, Seller will be in default and Buyer may (a) enforce specific performance, seek such other relief as may be provided by law, or both, or (b) terminate this contract and receive the earnest money, thereby releasing both parties from this contract.

**16. MEDIATION:** It is the policy of the State of Texas to encourage resolution of disputes through alternative dispute resolution procedures such as mediation. Any dispute between Seller and Buyer related to this contract which is not resolved through informal discussion  will  will not be submitted to a mutually acceptable mediation service or provider. The parties to the mediation shall bear the mediation costs equally. This paragraph does not preclude a party from seeking equitable relief from a court of competent jurisdiction.

**17. ATTORNEY'S FEES:** The prevailing party in any legal proceeding related to this contract is entitled to recover reasonable attorney's fees and all costs of such proceeding incurred by the prevailing party.

**18. ESCROW:**

- A. **ESCROW:** The escrow agent is not (i) a party to this contract and does not have liability for the performance or nonperformance of any party to this contract, (ii) liable for interest on the earnest money and (iii) liable for the loss of any earnest money caused by the failure of any financial institution in which the earnest money has been deposited unless the financial institution is acting as escrow agent.
- B. **EXPENSES:** At closing, the earnest money must be applied first to any cash down payment, then to Buyer's Expenses and any excess refunded to Buyer. If no closing occurs, escrow agent may require payment of unpaid expenses incurred on behalf of the parties and a written release of liability of escrow agent from all parties.
- C. **DEMAND:** Upon termination of this contract, either party or the escrow agent may send a release of earnest money to each party and the parties shall execute counterparts of the release and deliver same to the escrow agent. If either party fails to execute the release, either party may make a written demand to the escrow agent for the earnest money. If only one party makes written demand for the earnest money, escrow agent shall promptly provide a copy of the demand to the other party. If escrow agent does not receive written objection to the demand from the other party within 15 days, escrow agent may disburse the earnest money to the party making demand reduced by the amount of unpaid expenses incurred on behalf of the party receiving the earnest money and escrow agent may pay the same to the creditors. If escrow agent complies with the provisions of this paragraph, each party hereby releases escrow agent from all adverse claims related to the disbursement of the earnest money.

Initialed for Identification by Buyer JA and Seller MS

Contract Concerning 7+ acres in SIMON WEBS SURVEY AB-799 Page 6 of 8 02-13-06  
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- D. DAMAGES: Any party who wrongfully fails or refuses to sign a release acceptable to the escrow agent within 7 days of receipt of the request will be liable to the other party for liquidated damages of three times the amount of the earnest money.
- E. NOTICES: Escrow agent's notices will be effective when sent in compliance with Paragraph 21. Notice of objection to the demand will be deemed effective upon receipt by escrow agent.
- 19. REPRESENTATIONS: Seller represents that as of the Closing Date (a) there will be no liens, assessments, or security interests against the Property which will not be satisfied out of the sales proceeds unless securing payment of any loans assumed by Buyer and (b) assumed loans will not be in default. If any representation of Seller in this contract is untrue on the Closing Date, Seller will be in default.
- 20. FEDERAL TAX REQUIREMENTS: If Seller is a "foreign person," as defined by applicable law, or if Seller fails to deliver an affidavit to Buyer that Seller is not a "foreign person," then Buyer shall withhold from the sales proceeds an amount sufficient to comply with applicable tax law and deliver the same to the Internal Revenue Service together with appropriate tax forms. Internal Revenue Service regulations require filing written reports if currency in excess of specified amounts is received in the transaction.
- 21. NOTICES: All notices from one party to the other must be in writing and are effective when mailed to, hand-delivered at, or transmitted by facsimile or electronic transmission as follows:

To Buyer at:

Solutions Plus, Inc.  
1302 S. 3rd St., Suite 105  
Mabank, TX 75147  
 Telephone: (903) 887-4344  
 Facsimile: (903) 887-4355  
 E-mail: msugrue@hotmail.com

To Seller at:

Neches Construction  
601 Charmwood  
Chandler, TX 75758  
 Telephone: (903) 571-2598  
 Facsimile: (903) 849-3811  
 E-mail: \_\_\_\_\_

22. AGREEMENT OF PARTIES: This contract contains the entire agreement of the parties and cannot be changed except by their written agreement. Addenda which are a part of this contract are (check all applicable boxes):

- Third Party Financing Condition Addendum
- Seller Financing Addendum
- Loan Assumption Addendum
- Addendum for Property Subject to Mandatory Membership in an Owners' Association
- Addendum for Sale of Other Property by Buyer
- Other (list): \_\_\_\_\_
- Environmental Assessment, Threatened or Endangered Species and Wetlands Addendum
- Addendum for Coastal Area Property
- Addendum for Property Located Seaward of the Gulf Intracoastal Waterway
- Addendum for Release of Liability on Assumption of FHA, VA, or Conventional Loan Restoration of Seller's Entitlement for VA Guaranteed Loan
- Addendum for "Back-Up" Contract

Initialed for identification by Buyer JMS and Seller MS MB

TREC NO. 9-6

Contract Concerning 7 +/- acres in SIMON WEISS SURVEY AB-799 Page 7 of 8 02-13-06  
(Address of Property)

**23. TERMINATION OPTION:** For nominal consideration, the receipt of which is hereby acknowledged by Seller, and Buyer's agreement to pay Seller \$ \_\_\_\_\_ (Option Fee) within 2 days after the effective date of this contract, Seller grants Buyer the unrestricted right to terminate this contract by giving notice of termination to Seller within \_\_\_\_\_ days after the effective date of this contract. If no dollar amount is stated as the Option Fee or if Buyer fails to pay the Option Fee within the time prescribed, this paragraph will not be a part of this contract and Buyer shall not have the unrestricted right to terminate this contract. If Buyer gives notice of termination within the time prescribed, the Option Fee will not be refunded; however, any earnest money will be refunded to Buyer. The Option Fee  will  will not be credited to the Sales Price at closing. **Time is of the essence for this paragraph and strict compliance with the time for performance is required.**

**24. CONSULT AN ATTORNEY:** Real estate licensees cannot give legal advice. **READ THIS CONTRACT CAREFULLY.** If you do not understand the effect of this contract, consult an attorney BEFORE signing.

Buyer's Attorney is: Cynthia Bast

Seller's Attorney is: Melvin G. Bateman

Locke, Lord, Bissell & Liddell LLP

Bateman & Bateman LLP

Telephone: 512 305-4707

Telephone: 903 675-9212

Facsimile: 512 391-4707

Facsimile: 903 675-1275

E-mail: cbast@lockelord.com

E-mail: melvin@batemanllp.com

EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (EFFECTIVE DATE).  
(BROKER: FILL IN THE DATE OF FINAL ACCEPTANCE.)

Buyer [Signature]

Seller [Signature]

Buyer \_\_\_\_\_

Seller Matthew Berry

The form of this contract has been approved by the Texas Real Estate Commission. TREC forms are intended for use only by trained real estate licensees. No representation is made as to the legal validity or adequacy of any provision in any specific transactions. It is not intended for complex transactions. Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188, 1-800-250-8732 or (512) 459-8544 (<http://www.trec.state.tx.us>) TREC NO. 9-6. This form replaces TREC NO. 9-5.

Contract Concerning 7+/- acres in SIMON WEISS SURVEY AB-799 Page 8 of 8 02-13-06  
(Address of Property)

**BROKER INFORMATION AND RATIFICATION OF FEE**

Listing Broker has agreed to pay Other Broker n/a of the total sales price when Listing Broker's fee is received. Escrow Agent is authorized and directed to pay Other Broker from Listing Broker's fee at closing.

Other Broker \_\_\_\_\_ License No. \_\_\_\_\_  
represents  Buyer only as Buyer's agent  
 Seller as Listing Broker's subagent

Listing Broker \_\_\_\_\_ License No. \_\_\_\_\_  
represents  Seller and Buyer as an intermediary  
 Seller only as Seller's agent

Associate \_\_\_\_\_ Telephone \_\_\_\_\_

Listing Associate \_\_\_\_\_ Telephone \_\_\_\_\_

Broker's Address \_\_\_\_\_

Listing Associate's Office Address \_\_\_\_\_ Facsimile \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Facsimile \_\_\_\_\_

Email Address \_\_\_\_\_

Email Address \_\_\_\_\_

Selling Associate \_\_\_\_\_ Telephone \_\_\_\_\_

Selling Associate's Office Address \_\_\_\_\_ Facsimile \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Email Address \_\_\_\_\_

**OPTION FEE RECEIPT**

Receipt of \$ \_\_\_\_\_ (Option Fee) in the form of \_\_\_\_\_ is acknowledged.

Seller or Listing Broker \_\_\_\_\_ Date \_\_\_\_\_

**CONTRACT AND EARNEST MONEY RECEIPT**

Receipt of  Contract and  \$ \_\_\_\_\_ Earnest Money in the form of \_\_\_\_\_ is acknowledged.

Escrow Agent: \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_

Email Address \_\_\_\_\_

Address \_\_\_\_\_ Telephone: (\_\_\_\_) \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Facsimile: (\_\_\_\_) \_\_\_\_\_

Contract Concerning 7 +/- acres in SIMON WEISS SURVEY, AB 799

11. SPECIAL PROVISIONS

1. Purchase is subject to Buyer receiving a commitment of HOME funds for this tract from Texas Department of Housing & Community Affairs (TDHCA).
2. Buyer agrees that Buyer or its Assigns shall contract to build the apartment units if a commitment of HOME funds is received. Neches Construction or its Assigns shall be compensated at a cost plus 7% basis of a budget agreed to by the Parties, plus all approved change orders.
3. Buyer acknowledges that Seller would not be selling the subject property to Buyer on the terms and conditions set out herein but for the promise and obligation of Buyer to use Neches Construction to construct all of the units on the subject property under the terms and conditions set out herein; therefore, if Buyer chooses another Contractor other than Neches Construction, or its Assigns, to construct any apartment units on the subject property, Buyer shall pay to Neches Construction or its Assigns, upon completion of the unit or units, liquidated damages in a sum equal to 10% of the gross total cost to construct the apartment unit or units not constructed by Neches Construction or its Assigns.
4. The terms, promises, and obligations in this contract between Buyer and Seller shall survive the closing of this transaction and shall be binding on Buyer and Seller or their Assigns.


BUYER:

SELLER:


SOLUTIONS PLUS, INC.

NECHES CONSTRUCTION

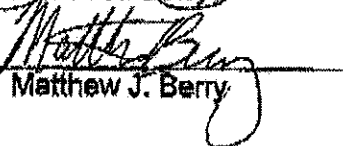
By:

  
 \_\_\_\_\_  
 J. Michael Sigrua

By:

  
 \_\_\_\_\_  
 James N. Berry

By:

  
 \_\_\_\_\_  
 Matthew J. Berry





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report - Addendum

REPORT DATE: 04/13/09 PROGRAM: HOME FILE NUMBER: 08157

**DEVELOPMENT**

SilverLeaf at Chandler

Location: 801 FM 2010 Region: 4

City: Chandler County: Henderson Zip: 75758  OCT  DDA

Key Attributes: Elderly, New Construction, Rural, and Multifamily

**ALLOCATION**

	PREVIOUS REQUEST			PREVIOUS RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
HOME Activity Funds	\$1,658,090	4.50%	40/40	<b>\$1,658,090</b>	<b>AFR</b>	<b>30/30</b>
Housing Tax Credit (Annual)	\$761,465			<b>\$761,465</b>		

	CURRENT REQUEST			CURRENT RECOMMENDATION*		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
HOME Activity Funds	\$3,000,000	0.00%	40/40	<b>see below</b>		

\*The Applicant has requested to structure half of the total HOME award as a repayable loan and the other half as a forgivable loan. The Underwriter recommends that \$1,760,851 be structured as a repayable loan at 0.0% interest and 40-year amortization, and the remaining \$1,239,149 be structured as a non-amortizing forgivable loan. The Applicant already has an existing HOME contract in the amount of \$1,658,090 structured as a repayable loan with a 4.50% interest rate and 30-year amortization. Therefore, the existing HOME contract for this development will require an amendment to restructure the existing amount in accordance with the underwriting recommendation made in this addendum.

**CONDITIONS**

- 1 Receipt, review and acceptance of documentation that the Applicant has accomplished one of the following three options in their entirety: 1) contracted with a different General Contractor for this proposed development; 2) reduced the total development cost by the acquisition cost reflected in the application; or 3) requests and receives a waiver from the TDHCA Board for §50.9(h)(14)(G)(ii) of the 2008 QAP for having not met the required deadline to submit the required appraisal and submits an acceptable appraisal and documentation to support the Seller's original acquisition and holding costs pursuant to §50.9(h)(7)(A)(iv).
- 2 Receipt, review, and acceptance, by closing, of a zoning change from the City of Chandler Planning and Zoning Commission approving a zoning change from R1 to Multi Family (MF).
- 3 Receipt, review, and acceptance, by closing, of a third party engineering off-site cost certification is a condition of this report.
- 4 Receipt, review and acceptance, by closing, of evidence of an alternative financing source to cover the off-site costs which is a non-eligible HOME activities.
- 5 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/Low Home	3
50% of AMI	50%/Low Home	12
60% of AMI	60%/High Home	15

**PROS**

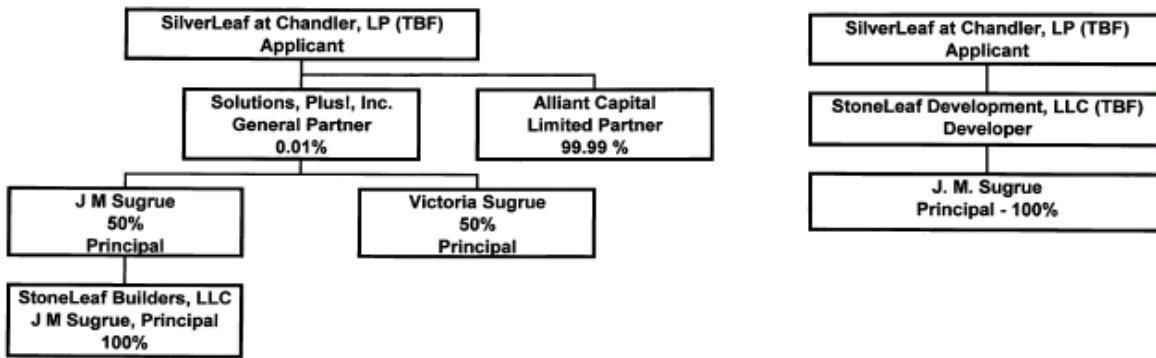
- The developer has a considerable amount of experience in the development of affordable housing.
- This would be the first tax credit development in Chandler

**CONS**

- The Applicant's and Underwriter's expense to income ratios are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses.
- The Applicant has no permanent conventional financing therefore without the HOME funds, the Development would not be financially feasible.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Mike Sugrue Phone: (903) 887-4344 Fax: (903) 887-4355  
 Email: msugrue@hotmail.com

**ADDENDUM**

The Application was originally underwritten and approved during the 2008 9% HTC cycle and was awarded annual tax credits in the amount of \$761,465 along with a HOME award in the amount of \$1,658,090 structured as a loan with interest at AFR and 30-year amortization.

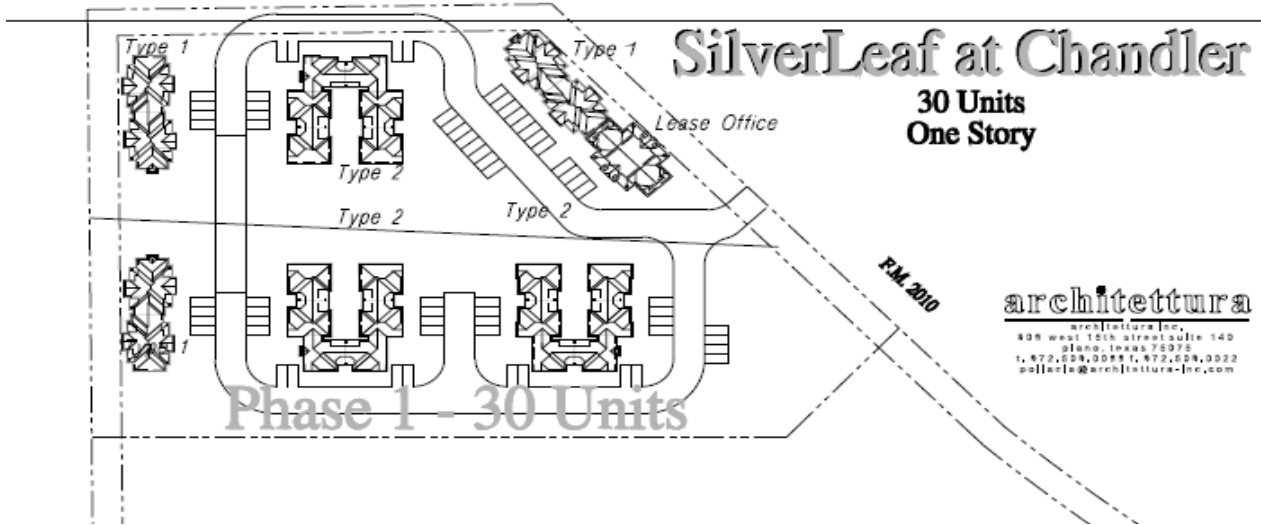
The Applicant has returned all of the previously awarded 2008 tax credit allocation and is now requesting increased HOME funds for a total HOME award of \$3,000,000. The Applicant has requested that half of the total amount of HOME funds be structured as an amortizing and repayable loan at 0.0% interest and 40-year amortization, and that the remaining half be structured as a forgivable loan. Current HOME rules allow up to 50% of the HOME funds to be forgivable provided that 10% of all units target tenants at 30% AMI & 50% of all units target tenants at 50% AMI or less.

The Applicant has reduced the number of buildings to six residential buildings and an attached community/leasing office building attached to one of the residential buildings. With this reduction in buildings the unit count has been reduced from eighty units to thirty units and subsequently reducing the site to seven acres from the previous thirteen acres.

This addendum has been issued to evaluate the effect these changes have made on the financial viability of the transaction based on the revised documentation provided. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.

**PROPOSED SITE**

**SITE PLAN**



**REVISED BUILDING CONFIGURATION**

Building Type	One	Two									Total Buildings
Floors/Stories	1	1									
Number	3	3									6

BR/BA	SF	Units									Total Units	Total SF
1/1	750	4									12	9,000
2/1	900		6								18	16,200
Units per Building		4	6								30	25,200

**SITE ISSUES**

Total Size: 7 acres      Scattered site?       Yes       No

Flood Zone: X      Within 100-yr floodplain?       Yes       No

Zoning: R1      Needs to be re-zoned?       Yes       No       N/A

Comments:  
 Currently is zoned R1 and a request to the City of Chandler to change the zoning to MF has been submitted. This is being made a condition of this report.

This section intentionally left blank.

**OPERATING PROFORMA ANALYSIS**

Income: Number of Revisions: One Date of Last Applicant Revision: 3/19/2009

The Applicant's revised projected rents collected per unit were calculated by subtracting "All Electric" tenant-paid utility allowances as of July 1, 2008, maintained by The City of Tyler Housing Authority from the 2008 HOME gross rent limits. Tenants will be required to pay all electric utility costs only.

The Underwriter's projected rental income has been calculated by subtracting the tenant-paid utility allowances from the recently published 2009 HOME gross rent limits.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: One Date of Last Applicant Revision: 3/19/2009

The Applicant's revised total annual operating expense projection at \$2,874 per unit is within 1% of the Underwriter's estimate of \$2,848 derived from the TDHCA database, and third-party data sources.

**Conclusion:**

While the Applicant's income and operating expense estimates are within 5% of the Underwriter's estimates, the Applicant's net operating income is not within 5% of the Underwriter's estimate; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. Based on the Applicant's requested structure of the HOME funds, the calculated DCR is 1.35 which is within the Department's guidelines. Since the calculated DCR is at the maximum allowable, this would suggest that the development could support additional debt service and still fall within the acceptable range of 1.15 to 1.35. This will be discussed further in the Conclusions section of this addendum.

The Applicant's and Underwriter's expense to income ratios are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses.

**Feasibility:**

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with 2008 TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	12.6 acres	<u>\$28,830</u>	Tax Year:	<u>2007</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Tax Statement</u>
Total Assessed Value:		<u>\$28,830</u>	Tax Rate:	<u>2.492934</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Unimproved Property Contract Acreage: 7 +/-

Contract Expiration: 8/31/2009 Valid Through Board Date?  Yes  No

Acquisition Cost: \$120,000 Other: \_\_\_\_\_

Seller: Neches Construction Related to Development Team?  Yes  No

**Comments:**

The Applicant provided a revised Unimproved Property Contract with the current HOME application reflecting a lesser amount of acreage to be transferred. Neches Construction is still identified as the seller of the property and the development General Contractor in the transaction. Therefore, this remains an identity of interest transfer as characterized and reflected in the original HTC underwriting report.

## CONSTRUCTION COST ESTIMATE EVALUATION

### Acquisition Value:

The HTC application originally proposed to develop a total of 13 acres. However, the Applicant's revised Unimproved Property Contract submitted with the current HOME application reflects that a reduced amount of acreage (7 acres) will be purchased. As a result, the total sales price has been revised to \$120K.

Due to the fact that Neches Construction continues to be a part of the Development Team in this application, the acquisition is characterized as an identity of interest transaction. There is no provision in the QAP or the underwriting rules for the applicant to provide the appraisal required for an identity of interest transaction after the deadline. It should also be noted that the underwriting report for the original HTC application conditioned any funding recommendation upon receipt, review and acceptance of documentation that the Applicant has accomplished one of the following three options in their entirety: 1) contracted with a different General Contractor for this proposed development; 2) reduced the total development cost by the acquisition cost reflected in the application; or 3) request and receive a waiver from the TDHCA Board for §50.9(h)(14)(G)(ii) of the 2008 QAP for not having met the required deadline to submit the required appraisal and submit an acceptable appraisal and documentation to support the Seller's original acquisition and holding costs pursuant to §50.9(h)(7)(A)(iv).

The Applicant has not provided evidence that either of the three options have been satisfied as of the date of this addendum. Therefore, this condition will remain in place with the Underwriter's current recommendation.

The Underwriter evaluated the initial impact of the second option by calculating the Applicant's total development cost estimate less the revised total acquisition cost for the site of \$120,000 and determined that there is insufficient deferred developer fee to account for this difference. Thus the initial impact of this option would require a gap reduction in the HOME funding recommendation all else held equal.

### Off-Site Cost:

The Applicant claimed off-site costs of \$35,500 for sewer lines brought to the site, but did not provide a third party engineering cost certification to justify these costs. Receipt, review, and acceptance of a third party engineering off-site cost certification is a condition of this report.

Moreover, since the Applicant's current request is for HOME funds only, federal HOME rules do not allow off-site costs to be paid for with HOME funds. The Underwriter evaluated the impact of reducing the total development cost by the off-site costs reflected in the application and determined that the developer fee would decrease from \$106,925 to \$71,425 to account for this difference. Thus the initial impact of this option would not require a gap reduction in the HOME award recommendation all else held equal.

### Sitework Cost:

The Applicant's claimed sitework costs of \$8,983 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

### Direct Construction Cost:

The Applicant's direct construction cost estimate is \$86.3K or 5.2% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

### Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds.

However, as mentioned previously there is a concern that the Underwriter has with respect to the costs reflected in the Applicant's current HOME request. Specifically, the costs associated with off-sites because HOME funds cannot be used to pay for this cost. The Applicant has not provided documentation of an alternative source of financing for this item. Therefore, any funding recommendation will be conditioned upon receipt, review and acceptance of evidence of an alternative financing source to cover the offsite construction cost.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: One Date of Last Applicant Revision: 3/19/2009

Source: TDHCA HOME Type: Permanent & Interim Financing

Principal: \$3,000,000 Interest Rate: AFR  Fixed Amort: 480 months

Comments:

The original request was for \$1,500,000 at 0% interest and 40 year amortization and the remaining \$1,500,000 of the loan be forgiven.

Amount: \$106,925 Type: Deferred Developer Fees

**CONCLUSIONS**

Recommended Financing Structure:

As stated previously the Underwriter's proforma is used to determine the development's debt service capacity and need for funds. The Applicant has requested a total HOME award of \$3,000,000 with half of this amount structured as a repayable loan at 0.0% interest and 40-year amortization, and the other half structured as a forgivable loan. This proposed financing structure yields a DCR of 1.35 which adheres to the Department's guidelines.

Alternatively, the Underwriter has determined that up to \$1,760,851 of the total requested HOME funds could be structured as a repayable loan set at the terms requested and \$1,239,149 structured as a forgivable loan. This alternative financing structure would yield an acceptable DCR of 1.15 and would enable the Department to be repaid on a slightly higher amount of HOME funds than proposed. Therefore, the Underwriter recommends an award of HOME funds in the total amount of \$3,000,000. Of this total, \$1,760,851 should be structured as repayable at 0.0% interest and 40-year amortization, and the remaining \$1,239,149 should be structured as a forgivable loan. It should be noted that an existing HOME contract exists for the property for the previous award made in 2008 for \$1,658,090. This award amount is currently structured as a repayable loan with a 4.50% interest rate and 30-year amortization. The existing HOME contract will require an amendment in order to restructure the funds in accordance with the recommendations made in this addendum.

The Underwriter's recommended financing structure indicates the need for \$71,425 in additional permanent funds. Deferred developer in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the amended number of HOME units to (30) total units.

Underwriter: \_\_\_\_\_ Date: April 13, 2009  
*Carl Hoover*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: April 13, 2009  
*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: April 13, 2009  
*Brent Stewart*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**SilverLeaf at Chandler, Chandler, HOME #08157**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
30%/LH	1	1	1	750	\$435	\$321	\$321	\$0.43	\$114.00	\$35.00
50%/LH	4	1	1	750	\$435	\$321	1,284	0.43	114.00	35.00
60%/HH	7	1	1	750	\$479	\$365	2,555	0.49	114.00	35.00
30%/LH	2	2	1	900	\$522	\$378	756	0.42	144.00	39.00
50%/LH	8	2	1	900	\$522	\$378	3,024	0.42	144.00	39.00
60%/HH	8	2	1	900	\$630	\$486	3,888	0.54	144.00	39.00
<b>TOTAL:</b>	<b>30</b>		<b>AVERAGE:</b>	<b>840</b>		<b>\$394</b>	<b>\$11,828</b>	<b>\$0.47</b>	<b>\$132.00</b>	<b>\$37.40</b>

**INCOME**

Total Net Rentable Sq Ft: 25,200

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

TDHCA	TDHCA-9%	APPLICANT-9%	APPLICANT
\$141,936	\$402,552	\$403,776	\$138,060
5,400	9,600	9,600	5,400
0	0		
\$147,336	\$412,152	\$413,376	\$143,460
(11,050)	(30,911)	(31,008)	(10,764)
0	0		
\$136,286	\$381,241	\$382,368	\$132,696

COUNTY	IREM REGION	COMPT. REGION
Henderson		4
\$15.00	Per Unit Per Month	
\$0.00	Per Unit Per Month	
-7.50%	of Potential Gross Income	

**EFFECTIVE GROSS INCOME**

EXPENSES	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.21%	\$237	0.28
Management	5.00%	227	0.27
Payroll & Payroll Tax	12.50%	568	0.68
Repairs & Maintenance	8.48%	385	0.46
Utilities	3.03%	138	0.16
Water, Sewer, & Trash	8.16%	371	0.44
Property Insurance	5.29%	240	0.29
Property Tax	2.492934	7.68%	349
Reserve for Replacements	5.50%	250	0.30
TDHCA Compliance Fees	0.88%	40	0.05
Other: Supp. Serv.	1.10%	50	0.06
<b>TOTAL EXPENSES</b>	<b>62.84%</b>	<b>\$2,855</b>	<b>\$3.40</b>

TDHCA	TDHCA-9%	APPLICANT-9%	APPLICANT
\$7,096	\$23,007	\$19,300	\$5,500
6,814	19,062	19,119	7,500
17,042	59,643	66,000	21,000
11,563	30,415	24,670	10,920
4,127	17,107	12,000	3,000
11,121	25,728	24,000	9,400
7,206	18,383	15,000	10,000
10,470	31,910	40,000	8,400
7,500	20,000	20,000	7,500
1,200	3,200	3,040	1,500
1,500	5,000	5,000	1,500
\$85,640	\$253,455	\$248,129	\$86,220

PER SQ FT	PER UNIT	% OF EGI
\$0.22	\$183	4.14%
0.30	250	5.65%
0.83	700	15.83%
0.43	364	8.23%
0.12	100	2.26%
0.37	313	7.08%
0.40	333	7.54%
0.33	280	6.33%
0.30	250	5.65%
0.06	50	1.13%
0.06	50	1.13%
\$3.42	\$2,874	64.98%

**NET OPERATING INC**

	37.16%	\$1,688	\$2.01
<b>DEBT SERVICE</b>			
TDHCA HOME	27.52%	\$1,250	\$1.49
TDHCA HOME-Forgivable	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>9.65%</b>	<b>\$438</b>	<b>\$0.52</b>

TDHCA	TDHCA-9%	APPLICANT-9%	APPLICANT
\$50,646	\$127,786	\$134,239	\$46,476
\$37,500	\$89,450	\$107,395	\$37,533
0	0		
0	0		
\$13,146	\$38,336	\$26,844	\$8,943

PER SQ FT	PER UNIT	% OF EGI
\$1.84	\$1,549	35.02%
\$1.49	\$1,251	28.28%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.35	\$298	6.74%

**AGGREGATE DEBT COVERAGE RATIO**

**RECOMMENDED DEBT COVERAGE RATIO**

1.35	1.43	1.25	1.24
1.15		1.31	

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		3.76%	\$4,000	\$4.76
Off-Sites		1.11%	1,183	1.41
Sitework		8.44%	8,983	10.69
Direct Construction		52.43%	55,811	66.44
Contingency	4.78%	2.91%	3,096	3.69
Contractor's Fees	13.38%	8.14%	8,668	10.32
Indirect Construction		6.42%	6,833	8.13
Ineligible Costs		1.66%	1,767	2.10
Developer's Fees	14.49%	11.65%	12,400	14.76
Interim Financing		2.07%	2,200	2.62
Reserves		1.41%	1,500	1.79
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$106,442</b>	<b>\$126.72</b>
<b>Construction Cost Recap</b>		<b>71.93%</b>	<b>\$76,559</b>	<b>\$91.14</b>

TDHCA	TDHCA-9%	APPLICANT-9%	APPLICANT
\$120,000	\$221,000	\$221,000	\$120,000
35,500	0	0	35,500
269,500	717,000	717,000	269,500
1,674,343	4,040,162	3,885,000	1,588,000
92,875	225,000	225,000	92,875
260,050	644,280	644,280	260,050
205,000	446,000	446,000	205,000
53,000	322,160	322,160	53,000
372,000	957,000	957,000	372,000
66,000	352,340	352,340	66,000
45,000	147,821	150,000	45,000
\$3,193,268	\$8,072,763	\$7,919,780	\$3,106,925

PER SQ FT	PER UNIT	% of TOTAL
\$4.76	\$4,000	3.86%
1.41	1,183	1.14%
10.69	8,983	8.67%
63.02	52,933	51.11%
3.69	3,096	2.99%
10.32	8,668	8.37%
8.13	6,833	6.60%
2.10	1,767	1.71%
14.76	12,400	11.97%
2.62	2,200	2.12%
1.79	1,500	1.45%
\$123.29	\$103,564	100.00%
\$87.72	\$73,681	71.15%

**SOURCES OF FUNDS**

TDHCA HOME	46.97%	\$50,000	\$59.52
TDHCA HOME-Forgivable	46.97%	\$50,000	\$59.52
HTC Syndication Proceeds	0.00%	\$0	\$0.00
Deferred Developer Fees	3.35%	\$3,564	\$4.24
Additional (Excess) Funds Req'd	2.70%	\$2,878	\$3.43
<b>TOTAL SOURCES</b>			

TDHCA	TDHCA-9%	APPLICANT-9%	APPLICANT	RECOMMENDED
\$1,500,000	\$1,658,090	\$1,658,090	\$1,500,000	\$1,760,851
1,500,000	0		1,500,000	1,239,149
0	6,014,972	6,014,972		
106,925	246,718	246,718	106,925	71,425
86,343	152,983	0	0	0
\$3,193,268	\$8,072,763	\$7,919,780	\$3,106,925	\$3,071,425

Developer Fee Available	\$372,000
% of Dev. Fee Deferred	19%
15-Yr Cumulative Cash Flow	\$165,911

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*SilverLeaf at Chandler, Chandler, HOME #08157*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$70.20	\$1,769,148
<b>Adjustments</b>				
Exterior Wall Finish	2.10%		\$1.47	\$37,152
Elderly	3.00%		2.11	53,074
9-Ft. Ceilings	3.30%		2.32	58,382
Roofing			0.00	0
Subfloor			(1.88)	(47,376)
Floor Cover			3.16	79,632
Breezeways/Balconies	\$20.39	1,722	1.39	35,112
Plumbing Fixtures	\$1,000	0	0.00	0
Rough-ins	\$435	60	1.04	26,100
Built-In Appliances	\$2,500	30	2.98	75,000
Exterior Stairs	\$1,800		0.00	0
Enclosed Corridors	\$60.28		0.00	0
Heating/Cooling			1.83	46,116
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$77.00	2,387	7.29	183,799
Other: fire sprinkler			0.00	0
<b>SUBTOTAL</b>			<b>91.91</b>	<b>2,316,139</b>
Current Cost Multiplier	1.01		0.92	23,161
Local Multiplier	0.88		(11.03)	(277,937)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$81.80</b>	<b>\$2,061,364</b>
Plans, specs, survy, bld prm	3.90%		(\$3.19)	(\$80,393)
Interim Construction Interes	3.38%		(2.76)	(69,571)
Contractor's OH & Profit	11.50%		(9.41)	(237,057)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$66.44</b>	<b>\$1,674,343</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,500,000	Amort	480
Int Rate	0.00%	DCR	1.35
<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.35
<b>Additional</b>		Amort	
Int Rate		Aggregate DCR	1.35

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$44,021
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$6,625</b>

<b>Primary</b>	\$1,760,851	Amort	480
Int Rate	0.00%	DCR	1.15
<b>Secondary</b>	\$1,239,149	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15
<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS RENT	\$141,936	\$146,194	\$150,580	\$155,097	\$159,750
Secondary Income	5,400	5,562	5,729	5,901	6,078
Other Support Income:	0	0	0	0	0
POTENTIAL GROSS INCOME	147,336	151,756	156,309	160,998	165,828
Vacancy & Collection Loss	(11,050)	(11,382)	(11,723)	(12,075)	(12,437)
Employee or Other Non-Rental	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$136,286</b>	<b>\$140,374</b>	<b>\$144,586</b>	<b>\$148,923</b>	<b>\$153,391</b>
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
General & Administrative	\$7,096	\$7,380	\$7,675	\$7,982	\$8,301
Management	6,814	7,019	7,229	7,446	7,670
Payroll & Payroll Tax	17,042	17,724	18,433	19,170	19,937
Repairs & Maintenance	11,563	12,026	12,507	13,007	13,527
Utilities	4,127	4,292	4,464	4,642	4,828
Water, Sewer & Trash	11,121	11,566	12,028	12,510	13,010
Insurance	7,206	7,494	7,794	8,106	8,430
Property Tax	10,470	10,889	11,325	11,778	12,249
Reserve for Replacements	7,500	7,800	8,112	8,436	8,774
Other	2,700	2,808	2,920	3,037	3,159
<b>TOTAL EXPENSES</b>	<b>\$85,640</b>	<b>\$88,997</b>	<b>\$92,487</b>	<b>\$96,114</b>	<b>\$99,885</b>
<b>NET OPERATING INCOME</b>	<b>\$50,646</b>	<b>\$51,377</b>	<b>\$52,098</b>	<b>\$52,809</b>	<b>\$53,506</b>
<b>DEBT SERVICE</b>					
First Lien Financing	\$44,021	\$44,021	\$44,021	\$44,021	\$44,021
Second Lien	0	0	0	0	0
Other Financing	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$6,625</b>	<b>\$7,356</b>	<b>\$8,077</b>	<b>\$8,788</b>	<b>\$9,485</b>
DEBT COVERAGE RATIO	1.15	1.17	1.18	1.20	1.22

YEAR 10	YEAR 15	YEAR 20	YEAR 30
\$185,194	\$214,691	\$248,886	\$334,481
7,046	8,168	9,469	12,725
0	0	0	0
192,240	222,859	258,355	347,207
(14,418)	(16,714)	(19,377)	(26,041)
0	0	0	0
\$177,822	\$206,145	\$238,978	\$321,166
\$10,100	\$12,288	\$14,950	\$22,130
8,891	10,307	11,949	16,058
24,256	29,512	35,905	53,149
16,458	20,024	24,362	36,062
5,874	7,146	8,694	12,870
15,829	19,258	23,430	34,683
10,256	12,479	15,182	22,473
14,903	18,131	22,059	32,653
10,675	12,988	15,801	23,390
3,843	4,676	5,688	8,420
\$121,085	\$146,808	\$178,023	\$261,888
\$56,737	\$59,337	\$60,955	\$59,278
\$44,021	\$44,021	\$44,021	\$44,021
0	0	0	0
0	0	0	0
\$12,716	\$15,315	\$16,934	\$15,257
1.29	1.35	1.38	1.35





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/05/08 PROGRAM: 9%HTC/HOME FILE NUMBER: 08157

**DEVELOPMENT**

SilverLeaf at Chandler

Location: 801 FM 2010 Region: 4

City: Chandler County: Henderson Zip: 75758  OCT  DDA

Key Attributes: Elderly, New Construction, Rural, and Duplexes

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$1,658,090	4.50%	40/40	<b>\$1,658,090</b>	<b>AFR</b>	<b>30/30</b>
Housing Tax Credit (Annual)	\$761,465			<b>\$761,465</b>		

**CONDITIONS**

- 1 This development is only recommended to the extent that a competing development, Lakeview Apartments #08262 is not allocated tax credits with priority over the subject this year.
- 2 Receipt, review and acceptance of documentation that the Applicant has accomplished one of the following three options in their entirety: 1)contracted with a different General Contractor for this proposed development; 2) reduced the total development cost by the acquisition cost reflected in the application (\$221,272); or 3) requests and receives a waiver from the TDHCA Board for §50.9(h)(14)(G)(ii) of the 2008 QAP for having not met the required deadline to submit the required appraisal and submits an acceptable appraisal and documentation to support the Seller's original acquisition and holding costs pursuant to §50.9(h)(7)(A)(iv).
- 3 HOME funds for this award are expected to be drawn at one time for interim loan takeout at the completion of construction and only when a clear first lien can be accomplished.
- 4 Receipt, review, and acceptance by commitment of a zoning change from the City of Chandler Planning and Zoning Commission approving a zoning change from R1 to Multi Family (MF).
- 5 Receipt, review, and acceptance, by carryover, of updated loan and equity commitments which are not more than 30 days old.
- 6 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	28
60% of AMI	60% of AMI	48

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/ Low Home	4
50% of AMI	Low Home	0
60% to 80% of AMI	High Home	13

The Applicant included only 16 HOME units (20.0% of the units) in the application. However 20.9% of the funds are coming from HOME and therefore 17 HOME units must be provided.

**PROS**

- The developer has a considerable amount of experience in the development of affordable housing.
- This would be the first tax credit development in Chandler

**CONS**

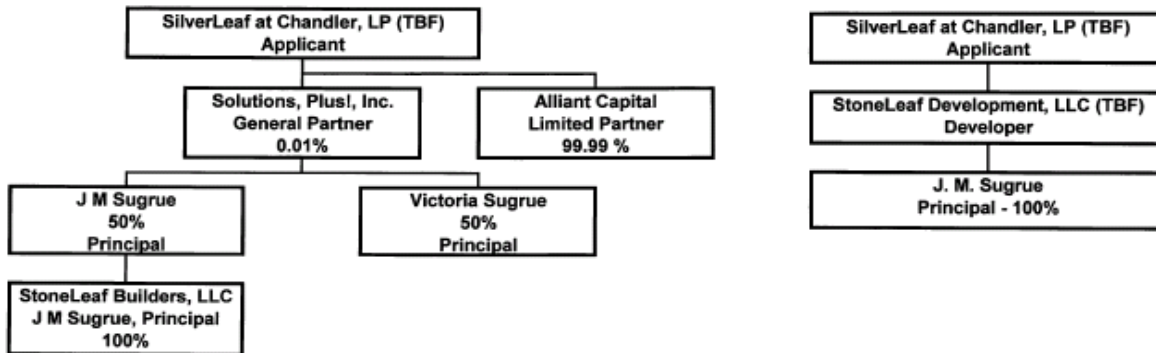
- The Applicant's and Underwriter's expense to income ratios are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses.
- The Applicant has no permanent conventional financing therefore without the HOME funds, the Development would not be financially feasible.
- The Market Analyst's analysis suggests that the development must capture over 50% of the demand in this market which is calculated primarily from turnover from existing housing.

**PREVIOUS UNDERWRITING REPORTS**

None

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Mike Sugrue Phone: (903) 887-4344 Fax: (903) 887-4355  
 Email: msugrue@hotmail.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
SilverLeaf at Chandler, LP	N/A	0
StoneLeaf Development, LLC	N/A	0
Solutions Plus, Inc.	N/A	7
J.M. Sugrue	N/A	7



**TDHCA SITE INSPECTION**

Inspector: ORCA Staff Date: 4/11/2008

Overall Assessment:

Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:

North: Single-family residences East: FM 2010 and pasture land beyond  
 South: Pasture land and Single-family West: Pasture land

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: ETTL Engineers and Consultants, Inc. Date: 3/3/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- None

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData, LLC Date: 3/20/2008

Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830

Number of Revisions: none Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 213.32 square miles (8.2 miles radius)

"For this analysis, we utilized a "primary market area" encompassing 213.4 square miles.

The boundaries of the Primary Market Area follow those of the census tracts listed in

Section 2.1.3 of this report. These boundaries approximately follow as such:

North: Henderson County Line, SH 64, CR 46, FM 2016, US 69, SH 323 North

East: SH 323 East

South: SH 323 South, CR 1113, CR 1110, Lake Palestine, Flat Creek, Muscadine Branch

West: Muscadine Branch, FM 1803, CR 3503, CR 3506, CR 3507"

The population of the PMA in 2008 was estimated to be 78,203.

Secondary Market Area (SMA):

N/A

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Lake View Apartments	08262	140	LP-134	N/A			

Lake View Apartments is a proposed 140-unit total / 134 unit 9% HTC development targeting seniors within the defined PMA boundaries in Tyler; however, it is a lower scoring application as of the date of this underwriting report.

INCOME LIMITS						
Henderson						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,150	\$10,500	\$11,800	\$13,100	\$14,150	\$15,200
50	\$15,250	\$17,450	\$19,600	\$21,800	\$23,550	\$25,300
60	\$18,300	\$20,940	\$23,520	\$26,160	\$28,260	\$30,360

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/ 30% Rent Limit	66	3	0	69	3	0	4%
1 BR/ 50% Rent Limit	48	88	0	136	16	0	12%
1 BR/ 60% Rent Limit	105	5	0	110	25	0	23%
2 BR/ 30% Rent Limit	11	0	0	11	1	0	9%
2 BR/ 50% Rent Limit	11	19	0	30	12	0	40%
2 BR/ 60% Rent Limit	23	1	0	24	23	0	96%

OVERALL DEMAND							
	Target Households	Household Size	Income Eligible	Tenure	Demand		
PMA DEMAND from TURNOVER							
Market Analyst p. 57	9,181	100%	9,181	included in Tenure %	3%	289	34% 98
Underwriter	36% 9,170	100%	9,170	100%	9,170	3%	289 34% 98
PMA DEMAND from HOUSEHOLD GROWTH							
Market Analyst p. 57		100%	217	included in Tenure %	3%	5	100% 5
Underwriter		100%	81	100%	81	3%	3 100% 3
DEMAND from OTHER SOURCES							
Market Analyst p. 58							10
Underwriter							10

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. 59	80	0	0	80	113	70.6%
Underwriter	80	0	0	80	111	72.2%
HISTA-Based Data Alternate	80	0	0	80	269	29.74%

If Lake View Apartments were to be funded, this analysis suggests there would be limited support for additional units as the inclusion of any more HTC units yields a capture above the current Department maximum of 75% for senior developments, therefore this report is conditioned upon Lake View Apartments not being funded in the 2008 allocation.

**Primary Market Occupancy Rates:**

"The current occupancy of the market area is 94.7% as a result of increasing demand despite recent new construction. Affordable projects are 95.4% occupied and the two affordable senior projects are 98.4% occupied." (p. 12)

**Absorption Projections:**

"Absorption over the previous eight years for all unit types has been 233 units per year. We expect this to continue as the number of new household continues to grow, and as additional rental units become available." (p. 13)

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RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	750 SF	30%	\$174	174	\$680	174	\$506
1 BR	750 SF	50%	\$343	343	\$680	343	\$337
1 BR	750 SF	60%	\$428	428	\$680	428	\$252
2 BR	900 SF	30%	\$207	207	\$730	207	\$523
2 BR	900 SF	50%	\$411	411	\$730	411	\$319
2 BR	900 SF	60%	\$513	513	\$730	513	\$217

**Market Impact:**

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. The two existing "affordable" (senior) housing projects in the Primary Market Area have an average occupancy of 98.4%, and the one "affordable" (senior) project in Chandler is 100% occupied. This demonstrates that the demand for affordable rental housing is high, and that there is a shortage of affordable senior housing in this market." (p. 16)

**Comments:**

The market study was performed in accordance with the Department's guidelines and provides sufficient information on which to base a funding recommendation. The inclusive capture rates calculated by the Market Analyst and Underwriter are above 50% but marginally below Department's 75% threshold for elderly transactions.

**Concentration:**

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of 2.7 units per square mile which is less than the 1,432 units per square mile limit and a Primary Market Area concentration of 11.7 units per square mile which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department's standard criteria.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          none          Date of Last Applicant Revision:          N/A    

The Applicant's projected rents collected per unit were calculated by subtracting "All Electric" tenant-paid utility allowances as of July 1, 2007, maintained by The City of Tyler Housing Authority from the 2008 program gross rent limits. The HOME rents do not at this time impact the HTC rents because the HTC rents are equal to or less than the HOME rents for the proposed HOME units. Tenants will be required to pay electric utility costs only.

The Applicant elected to set aside 32 units (40%) targeting households earning 50% or less. This level of targeting is often used to eliminate the taint of a federal below market HOME loan but in this case the Applicant is also claiming the 30% boost for choosing a site in a DDA or OCT which makes this method of removing the taint ineffective. Instead the HOME funding must be at an interest rate equal or greater than the Applicable Federal Rate (AFR).

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines, and effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:          none          Date of Last Applicant Revision:          N/A    

The Applicant's total annual operating expense projection at \$3,102 per unit is within 5% of the Underwriter's estimate of \$3,168, derived from the TDHCA database, and third-party data sources. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, specifically: payroll and payroll tax (\$6K higher), repairs and maintenance (\$6K lower), utilities (\$5K lower), and property tax (\$8K higher).

Conclusion:

The Applicant's total operating expense and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity.

The Applicant's and Underwriter's expense to income ratios are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses. While the Underwriter's expense to income ratio is above the Department's 65% maximum, the Applicant's is marginally below and because the Applicant's income overall is within the Department tolerances the development is technically underwritten at below the 65% threshold.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	12.6 acres	\$28,830	Tax Year:	2007
Existing Buildings:		\$0	Valuation by:	Tax Statement
Total Assessed Value:		\$28,830	Tax Rate:	2.492934

EVIDENCE of PROPERTY CONTROL

Type: Unimproved Property Contract Acreage: 13.016

Contract Expiration: 12/31/2008 Valid Through Board Date?  Yes  No

Acquisition Cost: \$221,272 Other: \_\_\_\_\_

Seller: Neches Construction Related to Development Team?  Yes  No

Comments:

While the Applicant has indicated that the sales contract is not a related party transaction, the Applicant identifies Neches Construction, the seller of the property, as the development General Contractor as well as a Lender in the transaction. This will be discussed in the Acquisition Value section.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 3 Date of Last Applicant Revision: 5/22/2008

Acquisition Value:

The site cost of \$17,000 per acre or \$2,766 per unit is a reasonable price but it is uncertain that it is truly a fair price because the Seller is also the General Contractor and the only appraised value the Applicant provided was the much lower tax assessor value. The Applicant also did not provide documentation of the original acquisition and holding costs. Both of these are requirements of identity of interest transactions where a member of the development team, such as the general contractor, is the seller of the land.

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Due to the fact that Neches Construction is represented to be a part of the Development Team in this application, the acquisition is characterized as an identity of interest transaction. There is no provision in the QAP or the underwriting rules for the applicant to provide the appraisal required for an identity of interest transaction after the deadline. Therefore, this report is conditioned upon receipt, review and acceptance of documentation that the Applicant has accomplished one of the following three options in their entirety: 1) contracted with a different General Contractor for this proposed development; 2) reduced the total development cost by the acquisition cost reflected in the application (\$221,272); or 3) requests and receives a waiver from the TDHCA Board for §50.9(h)(14)(G)(ii) of the 2008 QAP for having not met the required deadline to submit the required appraisal and submits an acceptable appraisal and documentation to support the Seller's original acquisition and holding costs pursuant to §50.9(h)(7)(A)(iv).

The Underwriter evaluated the initial impact of the second option by calculating the Applicant's total development cost estimate less the total acquisition cost for the site of \$221,272 and determined that the deferred developer fee would decrease from \$246K to \$25K to account for this difference. Thus the initial impact of this option would not require a gap reduction in the credit recommendation all else held equal.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$8,963 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$155.2K or 3.8% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

**Interim Interest Expense:**

The Underwriter reduced the Applicant's eligible interim financing fees by \$95,160 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.

**Contingency & 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, but the Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by \$16,557 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$7,210,063 supports annual tax credits of \$779,840. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 2 Date of Last Applicant Revision: 5/19/2008

Source: JP Morgan Chase Type: Interim Financing

Principal: \$2,700,000 Interest Rate: 6.6%  Fixed Term: 30 months

Comments:

Rate floats based on the 1 month LIBOR rate + 225 basis points

Source: Chandler Area Economic Development Type: Interim Financing

Principal: \$400,000 Interest Rate: 4.4%  Fixed Term: 12 months

Comments:

Rate set by the Applicable Federal Rate



Source: Neches Construction Type: Interim Financing  
Principal: \$160,000 Interest Rate: 5.0%  Fixed Term: 12 months  
Comments:

Neches is also the Seller of the land and the general contractor

Source: TDHCA HOME Type: Permanent Financing  
Principal: \$1,658,090 Interest Rate: AFR  Fixed Amort: 480 months  
Comments:

Original request was for 40 year amortization but because of the high anticipated DCR the Underwriter is recommending a more conventional amortization over 30 years. Must maintain AFR interest rate or significant rent restructure or HOME funds removed from basis.

Source: Alliant Capital, Ltd. Type: Syndication  
Proceeds: \$6,028,867 Syndication Rate: 79% Anticipated HTC: \$ 763,244  
Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, the Underwriter has performed a sensitivity test and determined that the credit price can decline to \$0.72.5. At this point, the financial viability of the transaction may be jeopardized. Alternatively, should the final credit price increase in even a nominal amount the anticipated deferred developer fee would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$246,718 Type: Deferred Developer Fees

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

Due to the uncertainty in the market and the potential for such movement in both equity pricing and interest rates, this report is conditioned upon updated loan and equity commitments at the submission of carryover. Should the revised commitments reflect changes in the anticipated permanent interest rate(s) and equity price, a re-evaluation of the financial feasibility of the transaction should be conducted.

## CONCLUSIONS

Recommended Financing Structure:

The proforma analysis results in a debt coverage ratio within the Department's guidelines of 1.35 (at 1.49) using the correct debt service number of \$85,524; therefore the underwriting analysis assumes a decrease in the amortization term of the HOME permanent loan to a more conventional 30 years based on the principal balance reflected in the application materials.

The Applicant's total development cost estimate less the HOME loan of \$1,658,090 indicates the need for \$6,261,690 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$792,719 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$761,465), the gap-driven amount (\$792,719), and eligible basis-derived estimate (\$779,840), the Applicant's request of \$761,465 is recommended resulting in proceeds of \$6,014,815 based on a syndication rate of 79%.

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The Underwriter's recommended financing structure indicates the need for \$246,875 in additional permanent funds. Deferred developer in this amount appear to be repayable from development cashflow within five years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the amended number of HOME units to (17) total units.

Return on Equity:

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of less than 1% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe decent and affordable housing will be met under the proposed financing structure.

Underwriter:	_____	Date:	_____
	<i>Carl Hoover</i>		July 5, 2008
Reviewing Underwriter:	_____	Date:	_____
	<i>Raquel Morales</i>		July 5, 2008
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Tom Gouris</i>		July 5, 2008

**MULTIFAMILY COMPARATIVE ANALYSIS**

**SilverLeaf at Chandler, Chandler, 9%HTC/HOME #08157**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC30%/LH	3	1	1	750	\$255	\$174	\$522	\$0.23	\$81.00	\$25.00
TC 50%	16	1	1	750	\$424	\$343	5,488	0.46	81.00	25.00
TC 60%	25	1	1	750	\$509	\$428	10,700	0.57	81.00	25.00
TC30%/LH	1	2	1	900	\$306	\$207	207	0.23	99.00	29.00
TC50%/HH	13	2	1	900	\$510	\$411	5,343	0.46	99.00	29.00
TC 60%	22	2	1	900	\$612	\$513	11,286	0.57	99.00	29.00
<b>TOTAL:</b>	<b>80</b>		<b>AVERAGE:</b>	<b>818</b>		<b>\$419</b>	<b>\$33,546</b>	<b>\$0.51</b>	<b>\$89.10</b>	<b>\$26.80</b>

**INCOME**

Total Net Rentable Sq Ft: 65,400

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$10.00  
Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
General & Administrative	6.03%	\$288	0.35	\$23,007	\$19,300	Henderson		4
Management	5.00%	238	0.29	19,062	19,119	\$10.00	Per Unit Per Month	
Payroll & Payroll Tax	15.64%	746	0.91	59,643	66,000	\$0.00	Per Unit Per Month	
Repairs & Maintenance	7.98%	380	0.47	30,415	24,670			
Utilities	4.49%	214	0.26	17,107	12,000			
Water, Sewer, & Trash	6.75%	322	0.39	25,728	24,000			
Property Insurance	4.82%	230	0.28	18,383	15,000			
Property Tax 2.492934	8.37%	399	0.49	31,910	40,000			
Reserve for Replacements	5.25%	250	0.31	20,000	20,000			
TDHCA Compliance Fees	0.84%	40	0.05	3,200	3,040			
Other:	1.31%	63	0.08	5,000	5,000			
<b>TOTAL EXPENSES</b>	<b>66.48%</b>	<b>\$3,168</b>	<b>\$3.88</b>	<b>\$253,455</b>	<b>\$248,129</b>	<b>\$3.79</b>	<b>\$3,102</b>	<b>64.89%</b>
<b>NET OPERATING INC</b>	<b>33.52%</b>	<b>\$1,597</b>	<b>\$1.95</b>	<b>\$127,786</b>	<b>\$134,239</b>	<b>\$2.05</b>	<b>\$1,678</b>	<b>35.11%</b>

**DEBT SERVICE**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
HOME-TDHCA	23.46%	\$1,118	\$1.37	\$89,450	\$107,395	\$1.64	\$1,342	28.09%
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>10.06%</b>	<b>\$479</b>	<b>\$0.59</b>	<b>\$38,336</b>	<b>\$26,844</b>	<b>\$0.41</b>	<b>\$336</b>	<b>7.02%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.43</b>	<b>1.25</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>					<b>1.31</b>			

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.74%	\$2,763	\$3.38	\$221,000	\$221,000	\$3.38	\$2,763	2.79%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.88%	8,963	10.96	717,000	717,000	10.96	8,963	9.05%
Direct Construction		50.05%	50,502	61.78	4,040,162	3,885,000	59.40	48,563	49.05%
Contingency 4.73%		2.79%	2,813	3.44	225,000	225,000	3.44	2,813	2.84%
Contractor's Fees 13.54%		7.98%	8,054	9.85	644,280	644,280	9.85	8,054	8.14%
Indirect Construction		5.52%	5,575	6.82	446,000	446,000	6.82	5,575	5.63%
Ineligible Costs		3.99%	4,027	4.93	322,160	322,160	4.93	4,027	4.07%
Developer's Fees 14.90%		11.85%	11,963	14.63	957,000	957,000	14.63	11,963	12.08%
Interim Financing		4.36%	4,404	5.39	352,340	352,340	5.39	4,404	4.45%
Reserves		1.83%	1,848	2.26	147,821	150,000	2.29	1,875	1.89%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$100,910</b>	<b>\$123.44</b>	<b>\$8,072,763</b>	<b>\$7,919,780</b>	<b>\$121.10</b>	<b>\$98,997</b>	<b>100.00%</b>
<b>CONSTRUCTION Cost Recap</b>		<b>69.70%</b>	<b>\$70,331</b>	<b>\$86.03</b>	<b>\$5,626,442</b>	<b>\$5,471,280</b>	<b>\$83.66</b>	<b>\$68,391</b>	<b>69.08%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
HOME-TDHCA	20.54%	\$20,726	\$25.35	\$1,658,090	\$1,658,090	\$1,658,090	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$940,443
HTC Syndication Proceeds	74.51%	\$75,187	\$91.97	6,014,972	6,014,972	6,014,815	% of Dev. Fee Deferred
Deferred Developer Fees	3.06%	\$3,084	\$3.77	246,718	246,718	246,875	26%
Additional (Excess) Funds Req'd	1.90%	\$1,912	\$2.34	152,983	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$8,072,763</b>	<b>\$7,919,780</b>	<b>\$7,919,780</b>	<b>\$578,695</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*SilverLeaf at Chandler, Chandler, 9%HTC/HOME #08157*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$69.26	\$4,529,625
<b>Adjustments</b>				
Exterior Wall Finish	2.10%		\$1.45	\$95,122
Elderly	5.00%		3.46	226,481
9-Ft. Ceilings	3.20%		2.22	144,948
Roofing			0.00	0
Subfloor			(1.85)	(120,990)
Floor Cover			3.08	201,432
Breezeways/Balconies	\$19.81	4,844	1.47	95,960
Plumbing Fixtures	(\$965)	160	(2.36)	(154,400)
Rough-ins	\$425	160	1.04	68,000
Built-In Appliances	\$2,425	80	2.97	194,000
Exterior Stairs	\$1,800		0.00	0
Enclosed Corridors	\$59.34		0.00	0
Heating/Cooling			1.90	124,260
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$68.93	3,596	3.79	247,877
Other: fire sprinkler			0.00	0
<b>SUBTOTAL</b>			<b>86.43</b>	<b>5,652,315</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.88		(10.37)	(678,278)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$76.06</b>	<b>\$4,974,037</b>
Plans, specs, survy, bld prmt	3.90%		(\$2.97)	(\$193,987)
Interim Construction Interes	3.38%		(2.57)	(167,874)
Contractor's OH & Profit	11.50%		(8.75)	(572,014)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$61.78</b>	<b>\$4,040,162</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,658,090	Amort	480
Int Rate	4.50%	DCR	1.43

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.43

<b>Additional</b>		Amort	
Int Rate		Aggregate DCR	1.43

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$97,184
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$30,602</b>

<b>Primary</b>	\$1,658,090	Amort	360
Int Rate	4.19%	DCR	1.31

<b>Secondary</b>	\$246,875	Amort	0
Int Rate	0.00%	Subtotal DCR	1.31

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.31

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

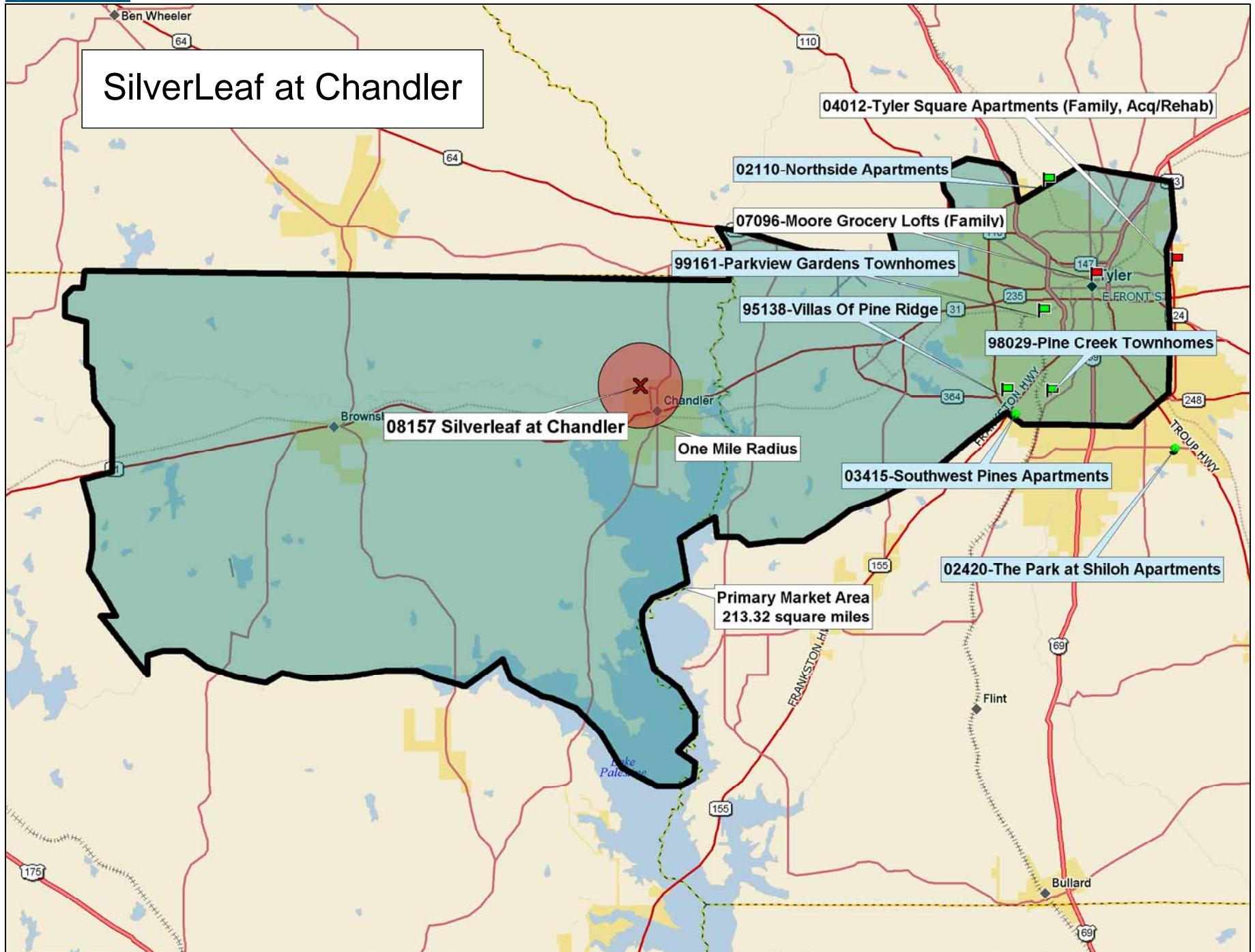
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$403,776	\$415,889	\$428,366	\$441,217	\$454,453	\$526,836	\$610,747	\$708,024	\$951,525
Secondary Income	9,600	9,888	10,185	10,490	10,805	12,526	14,521	16,834	22,623
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	413,376	425,777	438,551	451,707	465,258	539,362	625,268	724,857	974,148
Vacancy & Collection Loss	(31,008)	(31,933)	(32,891)	(33,878)	(34,894)	(40,452)	(46,895)	(54,364)	(73,061)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$382,368</b>	<b>\$393,844</b>	<b>\$405,659</b>	<b>\$417,829</b>	<b>\$430,364</b>	<b>\$498,910</b>	<b>\$578,373</b>	<b>\$670,493</b>	<b>\$901,087</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$19,300	\$20,072	\$20,875	\$21,710	\$22,578	\$27,470	\$33,421	\$40,662	\$60,190
Management	19,119	19,693	20,284	20,892	21,519	24,946	28,920	33,526	45,056
Payroll & Payroll Tax	66,000	68,640	71,386	74,241	77,211	93,939	114,291	139,052	205,831
Repairs & Maintenance	24,670	25,657	26,683	27,750	28,860	35,113	42,720	51,976	76,937
Utilities	12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Water, Sewer & Trash	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
Insurance	15,000	15,600	16,224	16,873	17,548	21,350	25,975	31,603	46,780
Property Tax	40,000	41,600	43,264	44,995	46,794	56,932	69,267	84,274	124,746
Reserve for Replacements	20,000	20,800	21,632	22,497	23,397	28,466	34,634	42,137	62,373
Other	8,040	8,362	8,696	9,044	9,406	11,443	13,923	16,939	25,074
<b>TOTAL EXPENSES</b>	<b>\$248,129</b>	<b>\$257,863</b>	<b>\$267,981</b>	<b>\$278,497</b>	<b>\$289,428</b>	<b>\$350,899</b>	<b>\$425,491</b>	<b>\$516,015</b>	<b>\$759,258</b>
<b>NET OPERATING INCOME</b>	<b>\$134,239</b>	<b>\$135,981</b>	<b>\$137,678</b>	<b>\$139,332</b>	<b>\$140,936</b>	<b>\$148,011</b>	<b>\$152,882</b>	<b>\$154,478</b>	<b>\$141,828</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$97,184	\$97,184	\$97,184	\$97,184	\$97,184	\$97,184	\$97,184	\$97,184	\$97,184
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>\$37,055</b>	<b>\$38,797</b>	<b>\$40,494</b>	<b>\$42,148</b>	<b>\$43,752</b>	<b>\$50,827</b>	<b>\$55,698</b>	<b>\$57,294</b>	<b>\$44,644</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.38</b>	<b>1.40</b>	<b>1.42</b>	<b>1.43</b>	<b>1.45</b>	<b>1.52</b>	<b>1.57</b>	<b>1.59</b>	<b>1.46</b>

**HTC ALLOCATION ANALYSIS -SilverLeaf at Chandler, Chandler, 9%HTC/HOME #08157**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$221,000	\$221,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$717,000	\$717,000	\$717,000	\$717,000
<b>Construction Hard Costs</b>	\$3,885,000	\$4,040,162	\$3,885,000	\$4,040,162
<b>Contractor Fees</b>	\$644,280	\$644,280	\$644,280	\$644,280
<b>Contingencies</b>	\$225,000	\$225,000	\$225,000	\$225,000
<b>Eligible Indirect Fees</b>	\$446,000	\$446,000	\$446,000	\$446,000
<b>Eligible Financing Fees</b>	\$352,340	\$352,340	\$352,340	\$352,340
<b>All Ineligible Costs</b>	\$322,160	\$322,160		
<b>Developer Fees</b>			\$940,443	
Developer Fees	\$957,000	\$957,000		\$957,000
<b>Development Reserves</b>	\$150,000	\$147,821		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$7,919,780</b>	<b>\$8,072,763</b>	<b>\$7,210,063</b>	<b>\$7,381,782</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>		\$7,210,063	\$7,381,782
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$9,373,082	\$9,596,316
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$9,373,082	\$9,596,316
Applicable Percentage		8.32%	8.32%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$779,840	\$798,413

Syndication Proceeds	0.7899	\$6,159,962	\$6,306,671
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$779,840</b>	<b>\$798,413</b>
Syndication Proceeds		\$6,159,962	\$6,306,671
<b>Requested Tax Credits</b>		<b>\$761,465</b>	
Syndication Proceeds		\$6,014,815	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$6,261,690</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$792,719</b>	



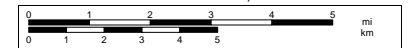
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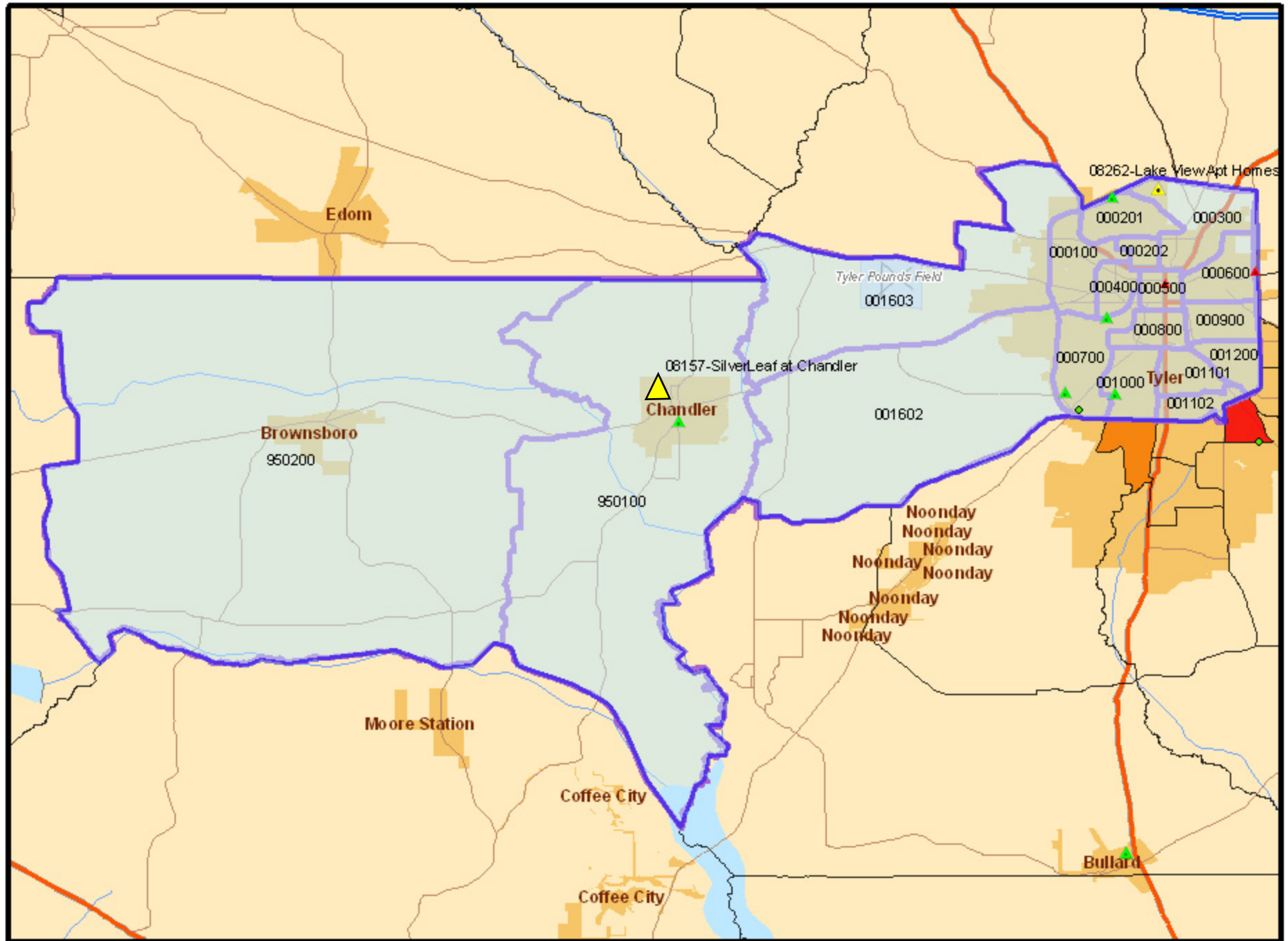
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Concentration Key  
Red Tracts: > 1432 units/sq.mi.  
Orange Tracts: 1000 to 1432 units/sq.mi.

# 08157 - Silverleaf at Chandler

**BOND FINANCE DIVISION**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Presentation, discussion and approval of Resolution No. 09-035 authorizing the Department to utilize repayments available from a prior Down Payment Assistance Program (DPAP) and repayments available from a prior 1991 Home Improvement Loan Fund (HILF) Program to provide down payment assistance to the remaining allocation of unassisted mortgage funds on the Single Family Mortgage Revenue Bonds 2006 Series FGH, Program 68 and 2007 Series B, Program 70 along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

**Required Action**

Approval of Resolution No. 09-035 authorizing the Department to utilize repayments available from a prior Down Payment Assistance Program (DPAP) and repayments available from a prior 1991 Home Improvement Loan Fund (HILF) Program to provide down payment assistance to the remaining allocation of unassisted mortgage funds on the Single Family Mortgage Revenue Bonds 2006 Series FGH, Program 68 and 2007 Series B, Program 70 along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

**Background**

On October 12, 2006, the Board approved the Single Family Mortgage Revenue Bonds 2006 Series FGH for \$132,195,000 and on September 20, 2007, the Board approved the Single Family Mortgage Revenue Bonds 2007 Series B for \$157,060,000. All of the assisted funds in Program 68 and Program 70 have been purchased. Approximately \$2.2 million of unassisted funds remain in Program 68 after 28 months of originations. Approximately \$33.5 million of unassisted funds remain in Program 70 after 18 months of originations. TDHCA's unassisted mortgage rate for Program 68 is 5.65% and for Program 70 is 5.75%. Currently, TDHCA's unassisted mortgage rates are out of the market as unassisted rates are below 5.00%. Staff believes that by adding assistance to the remaining \$35.7 million of unassisted funds in Program 68 and Program 70, those remaining funds will be utilized quickly by first-time homebuyers.

Upon reservation of the first lien, TDHCA staff would reserve the appropriate amount of funds up to 5% of the mortgage loan amount or a maximum of \$6,000 for down payment and/or closing costs. Participating lenders would advance the down payment assistance to the borrower at closing. Upon submittal and review of the closing package, TDHCA would reimburse the advanced funds once recorded loan documents are received.

TDHCA has funds available to provide up to 5% of the home purchase price or up to \$6,000 for down payment and/or closing costs. A total of \$1.75 million is needed to provide down payment assistance which will be provided in the form of a second lien repayable 5 year loan. There are two sources available that the Department can utilize to help these families with down payment and closing cost assistance. Repayments from a prior Down Payment Assistance Program (DPAP) has \$1.3 million in available funds along with \$470,000 from repayments of a 1991 Home Improvement Loan Program fund that will be used to provide assistance with Program 68 and Program 70.

To help families repay their second lien down payment assistance loan, the eligible homebuyer will utilize the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009. The first-time homebuyer can access these funds after closing by filing their 2008 federal tax return if they have received an extension or by amending their 2008 federal income tax return. After



closing, the first-time homebuyer can file for the federal tax credit and use the credit to pay off the TDHCA down payment assistance loan. If the down payment assistance loan is paid off by a designated deadline, no later than 120 days after closing, the homeowner pays no interest other than a modest servicing fee of \$250. If the down payment assistance loan is not paid in full by the 120<sup>th</sup> day then principal and interest of 7% must be repaid over a 5 year term. Using these assumptions, a homebuyer purchasing a \$120,000 home would have a second lien note of \$119 per month.

By approving this resolution, the first-time homebuyer will be able to access a TDHCA first lien mortgage loan at a mortgage rate for either 5.65% utilizing Program 68 or 5.75% utilizing Program 70 as well as obtaining a second lien down payment assistance mortgage loan that will have 5 points of down payment assistance or up to \$6,000 in the form of a repayable loan that can be ultimately repaid when the borrower receives their first time homebuyer credit through the use of the American Recovery and Reinvestment Act of 2009. TDHCA expects that with this proposed structure, the remaining lendable proceeds will be marketable and TDHCA will be able to help approximately 298 new first-time homebuyers in Texas fulfill their dream.

Staff has also researched other methods of repayment such as having the homebuyer amend the 2009 federal income tax or adjust their W-4. Staff is not recommending these actions in order to quickly replenish our down payment assistance funds so we can recycle those funds when we issue down payment assistance with our next bond structure.

Final approval of the proposed program is contingent upon issuance of a mortgagee letter from the Federal Housing Administration (FHA) providing further guidance regarding monetization of the federal homebuyer tax credit for down payment and closing cost assistance.

### **Recommendation**

Approval of Resolution No. 09-035 authorizing the Department to utilize repayments available from a prior Down Payment Assistance Program (DPAP) and repayments available from a prior 1991 Home Improvement Loan Fund (HILF) Program to provide down payment assistance to the remaining allocation of unassisted mortgage funds on the Single Family Mortgage Revenue Bonds 2006 Series FGH, Program 68 and 2007 Series B, Program 70 along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

**Resolution No. 09-035**

RESOLUTION AUTHORIZING USE OF REPAYMENTS FROM A PRIOR DOWN PAYMENT ASSISTANCE PROGRAM AND THE 1991 HOME IMPROVEMENT LOAN FUND PROGRAM TO PROVIDE DOWN PAYMENT ASSISTANCE SECOND LIEN LOANS UNDER PROGRAM 68 AND PROGRAM 70; APPROVING USE OF THE FIRST-TIME HOMEBUYER TAX CREDIT UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 TO REPAY DOWN PAYMENT ASSISTANCE LOANS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; 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, in order to implement its Bond Program No. 68 ("Program 68"), the Department issued its Single Family Mortgage Revenue Bonds, 2006 Series F, its Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series G and its Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H pursuant to that certain Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Texas Housing Agency, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the respective supplemental indentures, as amended from time to time, each between the Department and the Trustee, for the purpose, among others, of providing funds to make and acquire qualified mortgage loans (including participating interests therein); and

WHEREAS, in order to implement its Bond Program No. 70 ("Program 70") the Department issued its Single Family Mortgage Revenue Bonds, 2007 Series B pursuant to the Single Family Indenture and the respective supplemental indenture between the Department and the Trustee for the purpose, among others, of providing funds to make and acquire qualified mortgage loans (including participating interests therein); and

WHEREAS, the Department has unoriginated proceeds remaining under Program 68 and Program 70 that are reserved for non-assisted mortgage loans and in order to make down payment and closing cost assistance available for use with such unoriginated proceeds, the Board desires to authorize and approve (i) the use of repayments from loans under a prior down payment assistance program (the "DPAP Repayments") and repayments from the 1991 Home Improvement Loan Fund Program ("HILF Repayments") to provide down payment and closing cost assistance in the form of second lien repayable loans ("TDHCA Down Payment Assistance Loans") to eligible borrowers under Program 68 and Program 70; (ii) the use of the First-Time Homebuyer Credit under the American Recovery and Reinvestment Act for repayment of a TDHCA Down Payment Assistance Loan; (iii) all

actions to be taken with respect thereto; and (iv) 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 TO USE DPAP REPAYMENTS AND HILF REPAYMENTS FOR TDHCA DOWN PAYMENT ASSISTANCE LOANS; REPAYMENT OF LOANS; APPROVAL OF DOCUMENTS

Section 1.1--Authorization to Use DPAP Repayments and HILF Repayments; Repayment of TDHCA Down Payment Assistance Loans. The use of DPAP Repayments and HILF Repayments to provide TDHCA Down Payment Assistance Loans to eligible borrowers under Program 68 and Program 70 and the use of the First-Time Homebuyer Credit under the American Recovery and Reinvestment Act of 2009 to repay a TDHCA Down Payment Assistance Loan are hereby authorized and approved, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith.

Section 1.2--Execution and Delivery of 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 1.3--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 Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; the Deputy Executive Director for Administration of the Department; and the Director of Bond Finance of the Department.

## ARTICLE II

### GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--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 made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 23rd day of April, 2009.

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Chairman, Governing Board

ATTEST:

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Secretary to the Governing Board

(SEAL)

**BOND FINANCE DIVISION**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Presentation, discussion and approval of Resolution No. 09-036 authorizing the Department to utilize funds within the Mortgage Credit Certificate (MCC) Program to provide down payment assistance to eligible homebuyers in conjunction with the Department's 2009 Mortgage Credit Certificate (MCC) Program along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

**Required Action**

Approval of Resolution No. 09-036 authorizing the Department to utilize funds within the Mortgage Credit Certificate (MCC) Program to provide down payment assistance to eligible homebuyers in conjunction with the Department's 2009 Mortgage Credit Certificate (MCC) Program along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

**Background**

In an effort to help potential homebuyers overcome the obstacle of saving up for a down payment, staff is proposing a down payment assistance program utilizing up to \$1 million from funds within the MCC Program. Down payment assistance would be provided in the form of a second lien repayable loan. The funds would be available through December 1, 2009 to eligible borrowers on a first come first served basis and would be used in conjunction with TDHCA's 2009 MCC Program.

Upon issuance of a MCC commitment, TDHCA staff would reserve the appropriate amount of funds up to 5% of the mortgage loan amount or a maximum of \$6,000 for down payment and/or closing costs. Participating lenders would advance the down payment assistance to the borrower at closing. Upon submittal and review of the closing package, TDHCA would reimburse the lender the advanced funds once recorded loan documents are received. The mortgage credit certificate will be issued at closing.

A total of \$1 million is needed to provide down payment and closing cost assistance which will be provided in the form of a second lien repayable 5 year loan. The MCC program has \$1 million in available funds that will be used to provide assistance with this MCC program.

To help families repay their second lien down payment assistance loan, the eligible homebuyer will utilize the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009. The first-time homebuyer can access these funds after closing by filing their 2008 federal tax return if they have received an extension or by amending their 2008 federal income tax return. After closing, the first-time homebuyer can file for the federal tax credit and use the credit to pay off the TDHCA down payment assistance loan. If the down payment assistance loan is paid off by a designated deadline, no later than 120 days after closing, the homeowner pays no interest other than a modest servicing fee of \$250. If the down payment assistance loan is not paid in full by the 120<sup>th</sup> day then principal and interest of 7% must be repaid over a 5 year term. Using these assumptions, a homebuyer purchasing a \$120,000 home would have a second lien note of \$119 per month.

A substantial benefit to the Department for offering the program is that down payment assistance would provide incentives to borrowers to utilize TDHCA's 2009 MCC Program. This will allow the

Department to utilize the \$15 million in MCC authority within a one-year period per the HR 3221 requirement.

Staff has also researched other methods of repayment such as having the homebuyer amend their 2009 federal income tax or adjust their W-4. Staff is not recommending these actions in order to quickly replenish our down payment assistance funds so we can recycle those funds before December 1, 2009 when the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009 expire.

Final approval of the proposed program is contingent upon issuance of a mortgagee letter from the Federal Housing Administration (FHA) providing further guidance regarding monetization of the federal homebuyer tax credit for down payment and closing cost assistance.

### **Recommendation**

Approval of Resolution No. 09-036 authorizing the Department to utilize funds within the Mortgage Credit Certificate (MCC) Program to provide down payment assistance to eligible homebuyers in conjunction with the Department's 2009 Mortgage Credit Certificate (MCC) Program along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

**Resolution No. 09-036**

RESOLUTION AUTHORIZING USE OF FUNDS WITHIN THE MORTGAGE CREDIT CERTIFICATE PROGRAM TO PROVIDE DOWN PAYMENT ASSISTANCE SECOND LIEN LOANS TO ELIGIBLE HOMEBUYERS IN CONJUNCTION WITH THE 2009 MORTGAGE CREDIT CERTIFICATE PROGRAM; APPROVING USE OF THE FIRST-TIME HOMEBUYER TAX CREDIT UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 TO REPAY DOWN PAYMENT ASSISTANCE LOANS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; 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 from time to time elected not to issue mortgage revenue bonds and has issued in their place mortgage credit certificates and through such elections has implemented a mortgage credit certificate program (the "MCC Program") which includes the Department's 2009 Mortgage Certificate Program (the "2009 MCC Program"), for the purpose of providing for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State of Texas; and

WHEREAS, in order to make down payment and closing cost assistance available to eligible homebuyers in conjunction with the 2009 MCC Program, the Board desires to authorize and approve (i) the use of available funds within the MCC Program to provide down payment and closing cost assistance in the form of second lien repayable loans ("TDHCA Down Payment Assistance Loans") to eligible homebuyers in conjunction with the 2009 MCC Program; (ii) the use of the First-Time Homebuyer Credit under the American Recovery and Reinvestment Act of 2009 for repayment of a TDHCA Down Payment Assistance Loan; (iii) all actions to be taken with respect thereto; and (iv) 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 TO USE MCC PROGRAM FUNDS FOR TDHCA DOWN PAYMENT ASSISTANCE LOANS; REPAYMENT OF LOANS; APPROVAL OF DOCUMENTS

Section 1.1--Authorization to Use MCC Program Funds; Repayment of TDHCA Down Payment Assistance Loans. The use of available funds within the MCC Program to provide TDHCA Down Payment Assistance Loans to eligible homebuyers in conjunction with the 2009 MCC Program and the use of the First-Time Homebuyer Credit under the American Recovery and Reinvestment Act of 2009 to repay a TDHCA Down Payment Assistance Loan are hereby authorized and approved, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith.

Section 1.2--Execution and Delivery of 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 1.3--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 Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; the Deputy Executive Director for Administration of the Department; and the Director of Bond Finance of the Department.

## ARTICLE II

### GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--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 made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.



PASSED AND APPROVED this 23rd day of April, 2009.

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Chairman, Governing Board

ATTEST:

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Secretary to the Governing Board

(SEAL)

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Housing Tax Credit Amendments.

**Requested Action**

Approve, amend or deny the requests for amendments.

**Background and Recommendations**

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a “material alteration,” would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

The requests and pertinent facts about the affected developments are summarized below. The recommendation of staff is included at the end of each write-up.

**Limitations on the Approval of Amendment Requests**

The approval of a request to amend an application does not exempt a development from the requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes or other statutory requirements that are not within the Board’s purview. Notwithstanding information that the Department may provide as assistance, the development owner retains the ultimate responsibility for determining and implementing the courses of action that will satisfy applicable regulations.

**Penalties for Amendment Requests**

§49.9(c), 2009 Qualified Allocation Plan and Rules, entitled, “Adherence to Obligations,” states in part:

If a Development Owner does not produce the Development as represented in the Application; does not receive approval for an amendment to the Application by the Department prior to implementation of such amendment; or does not provide the necessary evidence for any points received by the required deadline:

(1) The Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and

(2) The Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:

(A) Reduce the score for Applications for Competitive Housing Tax Credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by up to ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board.

(B) Prohibit eligibility to apply for Housing Tax Credits for a Tax-Exempt Bond Development that are [sic] submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for up to 24 months from the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board, less any time delay caused by the Department.

(C) In addition to, or in lieu of, the penalty in subparagraph (A) or (B) of this paragraph, the Board may assess a penalty fee of up to \$1,000 per day for each violation.

## **HTC No. 04463, Lakeside Manor Senior Community**

**Summary of Request:** This request is regarding a determination notice for low income housing tax credits related to private activity bonds through a local issuer and no other TDHCA funds were part of this transaction. While a determination notice is required for most bond/tax credit developments by state law and provides the applicant and financial partners some degree of assurance that tax credits will ultimately be issued, it does not carry the same level of mutual obligation as a carryover allocation or regulatory agreement. The amount of the tax credits for a private activity bond transaction is not considered allocated by the IRS through a determination notice but the notice serves as a benchmark for and proxy for the allocation which is evidenced by the issuance of IRS forms 8609 through the cost certification process which this applicant has yet to complete.

The owner has completed the development and is now requesting approval for the reduction of two two-bedroom units targeted for tenants at the 60% of AMGI level of income. The original application proposed 178 units comprised of 144 one-bedroom units and 34 two-bedroom units. The development was built with 176 units comprised of 144 one-bedroom units and 32 two-bedroom units. The owner stated that all of the units proposed could not be built because the Town of Little Elm, contrary to the owner's expectations, would not allow a variance to the parking requirements of the development code. The request indicated that the site plan was changed to comply with the parking requirements by reducing the number of residential buildings from 31 to 26. In spite of the loss of units, the total net rentable area increased.

The original application included 40 garages, 50 carports and 177 open spaces all of which were built as originally proposed. The owner stated that an additional 126 open spaces were built to meet code, bringing the total number of parking spaces actually built to 393. As the owner explained, increasing the number of parking spaces required a change in the site plan and the architect was only able to fit 176 of the proposed 178 units into the final plan. It appears that the original site plan included in the application may have reflected unrealistically small buildings given the size of the property and the size of the parking. The revised site plan reflects an intensely packed site with no identifiable room to include the additional two units or six parking spaces.

To mitigate the loss of units, the owner's letter cited a number of features that were built above and beyond the features proposed in the original application. The additional features included granite (instead of laminate as proposed) counter tops in the kitchen, wall-mounted granite shelves above pedestal sinks in the bathrooms, an enclosed spa (within the clubhouse instead of by the swimming pool), dual-flush (water-saving) toilets, tile (instead of fiberglass as proposed) walk-in showers, tankless recirculating water heaters, decorative concrete pool deck (appeared to be masonry pavers), faux wood blinds, card-control access into clubhouse, irrigation system for landscaping, and the 126 additional parking spaces noted above.

It is significant that the final sizes of the units built were, on average, 7% larger than the 737 square feet and 923 square feet originally proposed for one-bedroom and two-bedroom units, respectively. The sizes of the units as reported in the amended rent schedule were 89 one-bedroom units at 767 square feet, 55 one-bedroom units at 799 square feet and 32 two-bedroom units at 1,050 square feet. The total net rentable area (NRA) actually built was therefore 145,808 square feet versus 137,510 square feet as originally proposed.

As proposed and as built, the buildings were all indicated to be one-story in height and all units were designed with vaulted ceilings. Converting the design to include two-story buildings would have affected the ceilings as originally proposed and would have required elevators both of which would have affected total development cost more significantly than the what was ultimately constructed.

Owner:	OHC/Little Elm, Ltd.
General Partner:	Outreach Housing Corporation (Nonprofit)
Developers:	Harvest Hill Development
Principals/Interested Parties:	Shaw Family Trust; Richard Shaw (Guarantor)
Syndicator:	WNC & Associates, Inc.
Construction Lender:	Washington Mutual
Permanent Lender:	Washington Mutual
Other Funding:	Tax-Exempt Bond Financing
City/County:	Little Elm/Denton
Set-Aside:	Tax-Exempt Bond Development – Denton County Housing Finance Corporation
Type of Area:	Urban/Exurban
Region:	3
Type of Development:	New Construction
Population Served:	Elderly Population
Units:	178 HTC units
2004 Allocation:	\$428,143
Allocation per HTC Unit:	\$2,405
Prior Board Actions:	7/04 – Approved award of tax credits
Underwriting Reevaluation:	Complete cost documentation has not been provided nor has a complete cost certification package. It is possible that a downward adjustment to the recommended credit amount will result but it is not anticipated to be more than 10%. A re-evaluation is pending receipt of additional information.
<b>Staff Recommendation:</b>	<b>Staff recommends approval of the request because the reduction in units would not have impacted the original decision to allocate credits. In addition the extra, amenities and increased net rentable area compensate for the reduction of the two units.</b>
<b>Penalty Assessment:</b>	<b>Staff recommends the assessment of appropriate penalties because the request is made after the implementation of the change.</b>

## **HTC No. 05623, Coral Hills Apartments**

**Summary of Request:** The development is the rehabilitation of an existing apartment complex. The owner requested approval for changes in the application to resolve deficiencies and for revisions to resolve discrepancies in reporting. The approvals are needed to allow the cost certification review to proceed. The issues are presented below in the same order as discussed in the owner's letter of request. Each of the deficiencies listed below was identified by the Department's inspectors and/or cost certification reviewer. Each request conveys the owner's proposal for resolving the deficiency. The finding is staff's report about the relevant facts of the deficiency and the owner's proposal to resolve the deficiency. The finding is based on evidence in the application file, cost certification, other documentation, and information from the owner. The finding indicates staff's recommendation regarding the owner's request.

**Deficiency:** "Wash/Dry Connections" were proposed in the application but were not built into the units.

**Request:** The owner stated that there was no intention to indicate that the development would have washer and dryer connections and asked that the Department accept the development's on-site laundry room washers and dryers as the sole laundry facilities of the development. The owner asked that a computer learning center, which was installed in the development, though not proposed, be accepted as a further substitute.

**Staff Comment:** Staff found that the Specifications and Amenities exhibit in the application indicated that "Wash/Dry Connections" would be present in the units. However, staff found that the application's property condition assessment (PCA) indicated that connections were not present in the development before its rehabilitation and, because the PCA did not include costs for adding connections, that such additions were not intended. The market study did reflect the presence of laundry connections but no effect on income was specified. Staff therefore concluded that the check-marked box in the Specifications and Amenities exhibit did not affect the evaluation of the application. Staff also found that the equipped computer learning center was not proposed.

**Deficiency:** "Monitored Unit Security" was check-marked in the Specifications and Amenities exhibit but cited as a deficiency in the development as built.

**Request:** The owner requested that the closed circuit digital surveillance cameras that are in place on-site be accepted to fulfill the representation.

**Staff Comment:** Staff found that this deficiency was cited in error. Although "unit security" is often associated with pull-cord alarms in elderly units, the system that is in place in this family development fulfills the requirement. In staff's estimation, no replacements or substitutes are necessary.

**Deficiency:** "Community Garden/Walk Trail" was selected in the Specifications and Amenities exhibit and "Accessible Walking Path" was selected for two points in the Common Amenities exhibit. Both the garden and the walking path were cited as not built. The walking path is the current subject. The garden will be discussed below.

Request: The owner stated that an error was made in believing that the continuous paved walkways around the buildings and parking areas would be viewed as fulfilling this representation. The owner requested that a furnished community room in the clubhouse be accepted a substitute feature.

Staff Comment: Staff found that the furnished community room was not selected in the Specifications and Amenities exhibit or in the Common Amenities exhibit. Staff also found that the furnished community room and accessible walking path were each worth the same number of points in the Common Amenities exhibit. Staff therefore viewed the furnished community room as an additional item that had not been proposed in the application and deemed the substitution to be acceptable.

Deficiency: "Community Garden/Walk Trail" was selected, as stated above, in the Specifications and Amenities exhibit and "Community Gardens" were selected for two points in the Common Amenities exhibit.

Request: The owner asks to substitute a gazebo with a sitting area as a substitute for the community garden.

Staff Comment: Staff found that the gazebo with sitting area was not proposed in the application and was worth the same number of points in the Common Amenities exhibit as community gardens. Staff therefore viewed the exchange as acceptable.

Deficiency: The application indicated that the development would have 173 units restricted to the 60% AMGI level and one additional unit would be used as a leasing office. The cost certification reflected that only 172 units were present for lease as proposed.

Request: The owner stated that one unit in addition to the leasing office is in use for non-rental purposes. This unit is in use as a community room to house social service and community activities programs.

Staff Comment: Staff viewed the owner's schedule (please see owner's letter of request) of social and educational activities as significant. The owner supplied a lengthy list of supportive services in their letter of request. Staff believes the proposed services may be inhibited if the additional unit is not set aside for community use. Staff believes the regulatory agreement will need to be amended to utilize this unit for community purposes. However, if this change is made staff believes that it should be conditioned, if possible, on the re-restriction of the unit if it discontinues being used for community services in the future.

#### Summary of Staff Comments

In addition to the amenities proposed as replacements above, the owner indicated that the development has a public telephone available to tenants 24 hours a day. Staff confirmed that this item was not proposed in the application but would have been worth four points in the Common Amenities exhibit. Staff found all of the owner's requests acceptable except that the request to deliver fewer units than originally proposed must be reserved for determination by the Board.

Owner:

Coral Hills Apartments, Ltd.

General Partner: Summit America Properties XXIII, Inc.  
Developers: Summit Asset Management, LLC  
Principals/Interested Parties: W. Daniel Hughes, Jr.  
Syndicator: Guilford Capital Corporation  
Construction Lender: Regions Bank  
Permanent Lender: FNMA through Greystone Servicing Corporation, Inc.  
Other Funding: NA  
City/County: Houston/Harris  
Set-Aside: Tax-Exempt Bond Development-TDHCA Issuer  
Type of Area: Urban  
Region: 6  
Type of Development: Acquisition/Rehabilitation  
Population Served: General Population  
Units: 173 HTC units and 1 unit used as a leasing office (per application)  
172 HTC units; plus 1 as leasing office plus 1 as services office  
2005 Allocation: \$214,140  
Allocation per HTC Unit: \$1,238  
Prior Board Actions: 11/05 – Approved award of tax credits  
Underwriting Reevaluation: The requested changes do not have an adverse effect on the underwriting of the transaction. The owner has acknowledged and staff concurs with a reduction in credits of \$15,248 from the original underwriting, award and determination notice.

**Staff Recommendation:** **Staff recommends approval of all the amendment requests with the exception of the change in the use of the units.**

**Penalty Assessment:** **Staff recommends the assessment of appropriate penalties because the request is made after the implementation of the change.**



## **HTC No. 05629, Village Park Apartments**

**Summary of Request:** The development is the rehabilitation of an existing apartment complex. The owner requested approval for changes in the application to resolve deficiencies and for revisions to resolve discrepancies in reporting. The approvals are needed to allow the cost certification review to proceed. The issues are presented below in the same order as discussed in the owner's letter of request. Each of the deficiencies listed below was identified by the Department's inspectors and/or cost certification reviewer. Each request conveys the owner's proposal for resolving the deficiency. The finding is staff's report about the relevant facts of the deficiency and the owner's proposal to resolve the deficiency. The finding is based on evidence in the application file, cost certification, other documentation, and information from the owner. The finding indicates staff's recommendation regarding the owner's request.

**Deficiency:** The building count in the application does not match the count in the cost certification.

**Request:** Accept the count as stated in the cost certification.

**Staff Comment:** The same buildings were counted in different ways, for example, by counting two attached buildings as two buildings in one exhibit and as one building in another exhibit. Importantly, the unit count is not at issue and the buildings depicted in the application site plan were the same as those in the as-built survey.

**Deficiency:** The development as built violates the Threshold requirement to have ceiling fans in the living area and bedrooms of all units. Ceiling fans are present in the living rooms, only.

**Request:** Ceiling fans were present in the living rooms of all units before the rehabilitation began. The owner stated that the fans were not installed in the bedrooms by mistake. The owner stated that because all units were known to have ceiling fans, the requirement was believed to have been met. The fact that the fans were only present in the living rooms while also required in the bedrooms was not recognized.

The owner stated that installing the fans would have required the concurrent installation of 230 new electrical panels and associated upgrades of the capacity of electrical service. A bid from the general contractor to install the upgrades was \$839,425 or \$2,008 per dwelling unit. This cost is equivalent to approximately 20% of the total rehabilitation budget. In addition, the development operates under an asbestos operations and maintenance plan and there would be costs, above those already stated, to deal with the asbestos and relocate tenants. The owner submitted a letter from the architect and an estimate from the general contractor evidencing the costs and other information given above. The owner proposed to install a pavilion with barbeque grills and picnic tables as a substitute for the ceiling fans and submitted the general contractor's estimate that the pavilion and a community garden would cost approximately \$76,877.

**Staff Comment:** The failure to fulfill Threshold would have prevented the development from receiving an award. The substitute feature proposed is the pavilion with barbeque grills and picnic table, only, and is not comparable.

Deficiency: An "accessible walking path" with a value of two points was selected in the application's Common Amenities exhibit but was not delivered.

Request: The owner explained that the concrete walkways winding through the development were intended to satisfy the requirement but were found deficient by the Department's inspectors. The owner requested to substitute a "furnished and staffed children's activity center" worth six points as a replacement for the walking path. The owner stated that this feature includes a staffed "Kids Club" after school activities program from 2:30 pm to 5 pm. The program is proposed to operate during the summer as well as during the school year, providing snacks and lunch in the summer.

Staff Comment: This substitution would replace the two points lost with six points. If approved, the owner will be required to agree to this feature as a condition of the LURA and the operation of the feature must be effective throughout the affordability period.

Deficiency: "Community garden" was a selection in the Common Amenities exhibit that was worth two points. The owner explained that the amenity was not delivered because the term "community garden" was interpreted to mean the landscaped areas of the development, not a separate garden area for the use of tenant gardeners as the exhibit intended.

Request: The owner indicated that a community garden will be built to satisfy this deficiency. As stated earlier, the owner submitted a cost estimate (bid) from the general contractor stating a cost of \$76,877 for the garden and pavilion, combined.

Staff Comment: When the owner implements its proposal, the issue will be resolved.

Deficiency: "Sport court (tennis, basketball or volleyball)" was an item selected for four points in the Common Amenities exhibit that was not found upon final inspection.

Request: The owner said that a volleyball court was present in the development at the time of application but was eliminated in response to a resident survey. Based on the survey, the owner stated that the existing children's playground was expanded and a "soccer area" was created beside the playground and within the playground area. The owner requested that the soccer area and the expansion of the playground be accepted as a substitute for the "sport court".

Staff Comment: Staff finds that the expansion of the playground is not appropriate here because it is being used by the owner to address another deficiency. Staff finds the "soccer area" is unacceptable as a substitute to replace the points for "sport court" because the description in the subject scoring item indicates that the presence of a hard-surface court is required to fulfill the intention of the item.

Staff notes for the record that the "soccer area" is not a full-size soccer field. From the owner's description to staff, the field is of a scale suitable for use by young children. Setting the points aside, the "soccer area" does provide an additional amenity that was not proposed in the application and can be accorded some consideration.

Deficiency: The Department's inspectors noted that "two children's playgrounds", each worth two points (four points in total) in the Common Amenities exhibit, were not observed.

Request: The owner requested that the expansion of the playground be accepted as fulfilling the original representation. The owner stated that the original playground area is 95 feet by 99 feet and the additional area is 57 feet by 31 feet. The owner stated that additional equipment was installed in the latter area when it was prepared. The "soccer area" discussed with the previous deficiency is adjacent to the playground.

Staff Comment: As stated earlier, the owner expanded the development's existing playground. The owner provided photographs of the playground showing a variety of equipment. Both playground areas are separated by a chain link fence and include equipment that is appropriate for five to twelve year old children. The areas are adjacent which raises the question of whether they constitute "two children's playgrounds" or only one large playground. Because the playground has separate sections and has a "soccer area" as noted in the previous deficiency discussed, staff views the amenity built as sufficient to satisfy the criteria for the points on this Threshold scoring item.

Deficiency: "Full perimeter fence with controlled gate access", worth six points, was selected in the Common Amenities exhibit but only a "full perimeter fence without controlled gate access", worth four points, was delivered.

Request: The owner stated that the deficiency was a mistake resulting from the presence of an unmanned guardhouse at the main entry to the property. The owner requested that "public telephone(s) available to tenants 24 hours a day", worth four points, be accepted to offset the two point deficiency.

Staff Comment: "Public telephones" was an item available for selection but not selected in either the Specifications and Amenities exhibit or Common Amenities exhibit. Therefore, staff found this request acceptable.

The remaining items do not relate to the Common Amenities exhibit score or to Threshold, generally, but the last request may be deemed a material alteration of the development because it affects the units mix.

Deficiency: A total of 627 open parking spaces were specified in the application but only 551 spaces were certified in the cost certification.

Request: Accept the existing parking as sufficient.

Staff Comment: With 551 spaces, the development has a parking ratio of over 1.3 spaces per unit and is in compliance with the city's requirements, which is the primary requirement the Department relies upon for the level of appropriate parking. Meeting the city's standard would have been sufficient at application. Therefore Staff finds this request acceptable.

Deficiency: The mix of tax credit units versus market rate units has changed. The unit applicable fraction was proposed as 85%, based on 355 rent restricted units and 63 market rate units. The unit applicable fraction as built was 87% based on 364 restricted units and 54 market rate units.

Request: The owner requested that the higher number of restricted units be approved.

Staff Comment: Staff finds this request acceptable. Furthermore, the addition of restricted units above and beyond the number originally proposed can be considered an improvement on the original development proposal to offset other deficiencies.

Summary of Staff Comments: The findings above indicated that the points for the amenities that were not delivered were exactly offset by the points for replacement amenities and there would be no net gain or loss of points. The application required a score of 18 points in the Common Amenities exhibit to meet Threshold and the selections actually made totaled 24 points. In addition, two other amenities can be considered as additional features. "Equipped computer learning center" was a selection not chosen but available for four points in the Common Amenities exhibit. "Computer room/facilities" was a selection not chosen but available for two points in the same exhibit. Similarly, these items were available to be marked but were not marked in the Specifications and Amenities exhibit. The latter exhibit is not associated with scoring but is used to identify features in association with underwriting. Although the architectural rendering of the clubhouse contained an area labeled, "computer room", and an area labeled, "lounge" (corresponding to "community room"), the presence of these two features in the drawing was inconsistent with the fact that the owner did not select them in either the Common Amenities exhibit or the Specifications and Amenities exhibit. The owner delivered the two amenities in the completed development and staff believes that the circumstances should allow them to be counted as additional amenities, i.e. amenities available to replace or substitute for amenities that were proposed but not delivered.

Owner:	Village Park Apartments Partners, Ltd.
General Partner:	Summit America Properties, Inc.
Developers:	Summit Asset Management, LLC
Principals/Interested Parties:	W. Daniel Hughes, Jr.
Syndicator:	Guilford Capital Corporation
Construction Lender:	Regions Bank
Permanent Lender:	FNMA through Greystone Servicing Corporation, Inc.
Other Funding:	NA
City/County:	Houston/Harris
Set-Aside:	Tax-Exempt Bond Development-TDHCA Issuer
Type of Area:	Urban
Region:	6
Type of Development:	Acquisition/Rehabilitation
Population Served:	General Population
Units:	355 HTC units and 63 market rate units
2005 Allocation:	\$574,490
Allocation per HTC Unit:	\$1,618
Prior Board Actions:	7/05 – Approved award of tax credits

**Underwriting Reevaluation:** The owner has submitted their cost certification package which has been evaluated by the underwriting staff. The owner has requested credits of \$629,380 or \$54,890 more than originally underwritten, awarded and included in the determination notice. The underwriter has been able to substantiate \$38,319 of this increase, which absent the amendment request herein, could be approved by the executive director being that it is less than a 10% increase.

**Staff Recommendation:** **Staff recommends approval of all the amendment requests with the exception of the omission of the ceiling fans. Because ceiling fans were a Threshold requirement in 2005, the amenity may not be replaced by substitutes.**

**Penalty Assessment:** **Staff recommends the assessment of appropriate penalties because the request is made after the implementation of the change.**

## **HTC No. 08195, Chateau Village Apartments**

**Summary of Request:** The development is the rehabilitation of an existing apartment complex. The owner requested to be released from a condition of the Commitment Notice requiring that the development's cost certification provide evidence of the receipt of a 50% property tax exemption from the Harris County Central Appraisal District.

Owner:	Houston Leased Housing Associates I, LP
General Partner:	Housing Services Incorporated (Nonprofit)
Developers:	Housing Services Incorporated
Principals/Interested Parties:	Lee Anderson, Executive Director of the Nonprofit
Syndicator:	Alliant Capital Corporation
Permanent Lender:	Dougherty Mortgage, LLC Department of Housing and Urban Development City of Houston HOME Funds
Other Funding:	NA
City/County:	Houston/Harris
Set-Aside:	At-Risk
Type of Area:	Urban
Region:	6
Type of Development:	Acquisition/Rehabilitation
Population Served:	General Population
Units:	150 HTC units
2008 Allocation:	\$1,219,712 (original plus supplemental allocations)
Allocation per HTC Unit:	\$8,131
Prior Board Actions:	7/08 – Approved award of tax credits
Underwriting Reevaluation:	The development is financially feasible without the property tax exemption
<b>Staff Recommendation:</b>	<b>Staff recommends approval of the amendment.</b>
<b>Penalty Assessment:</b>	<b>Staff recommends no assessment of penalties.</b>

# OHC/LITTLE ELM LTD

04463

January 12, 2009

Mr. Ben Sheppard  
Texas Department of Housing and Community Affairs  
221 E. 11<sup>th</sup> Street  
Austin, Texas 78701

Re: Lakeside Manor Senior Community  
TDHCA File Number 04463

Dear Mr. Sheppard:

We would like to make a formal request for an amendment to the Lakeside Manor Senior Community application regarding the above referenced property for the reasons stated below:

## **ITEM 1 – REDUCTION OF UNITS:**

We spoke with the Town of Little Elm requesting a variance on the parking requirement due to this being a senior facility and 1.5 parking spaces per unit would be adequate as the majority of units would be one bedroom and seniors usually have one vehicle. In the interest of time we were advised by the Planning Director to submit a Hearing Application to the Board of Adjustment, the Planning Director did not anticipate that the request would be a problem. On November 5, 2004 we sent a letter and a parking variance application to the Town of Little Elm (copy enclosed) requesting that as the property would be a facility for senior citizens and as the majority of the units being 1 bedroom we be allowed to have 1.5 spaces per unit rather than 2+ parking spaces per unit as required for multifamily properties. (The Town's parking requirements for a multi-family community are 2 spaces for each 1 bedroom unit and 1 additional space for each additional bedroom per unit. Required parking would be 390 spaces for tenant parking and 9 spaces for clubhouse parking for a total of 399 spaces.) The Board of Adjustment turned down our application shortly before the construction began. Our architects and engineers struggled to add the required parking space, but because of the size of the site and other city set-backs and building separations we were only able to make the site plan work by reducing the number of units from 178 to 176, as there was not enough land otherwise to accommodate the town's parking requirements, therefore we had to eliminate two 2 bedroom 2 bath units. Please see enclosed letter to the Town of Little Elm dated January 10, 2005.

We submit the following amenities as substitutions for the 2 units we were unable to build:

- Granite Counter Tops in Kitchen
- Microwave ovens

17103 Preston Road • Suite 250 • Dallas, Texas 75248  
Telephone (972) 733-0096 • Fax (972) 733-1864

January 12, 2009  
Mr. Ben Sheppard  
Page 2

**Substitutions Continued:**

- Indoor Spa
- Granite shelves in bathroom
- Walk-in Showers with Glass Enclosure
- Water Saving Dual Flush Commodes
- 2" Faux Wood Blinds
- Decorative Concrete Pool Deck
- Card Access Controls for Clubhouse Entry by Residents
- Tankless Hot Water Heaters with Recirculation Pumps on each Building
- 126 Additional parking spaces
- Central Trash Compactor

Amenities currently featured at Lakeside Manor include:

- Pedestal Sinks
- Vaulted Ceilings
- 35 seat Media Room
- Country Store
- Landscape Irrigation System
- Community Garden

Photographs of each item listed above have been included for your review.

**ITEM 2 – LAMINATE COUNTER TOPS:**

We installed pedestal sinks that have large surface area on top of the bowls, which would accommodate potential handicap residents and which would allow them to roll a wheel chair under the bowl and have better access to the sink. We also felt that pedestal sinks were more aesthetically pleasing than having a cabinet with a section removed and pipes exposed for handicap residents. We are also providing a granite shelf placed close to the sinks for additional storage.

**ITEM 2 – COMMUNITY GARDEN**

A community garden has been installed for all residents to use. Picture enclosed.

I am attaching the following documentation.

Rent Schedule  
Utility Allowances with back-up from Denton Housing Authority  
Annual Operating Expenses Schedule  
Building/Unit Type Configuration  
30 Year Proforma  
Development Cost Schedule



January 12, 2009  
Mr. Ben Sheppard  
Page 3

Sources and Uses  
Site Plan  
Building Plans  
Unit Plans

Additionally, I am enclosing Check 1927 in the amount of \$2,500 as required to be submitted with the Amendment Application. Should you have any questions, I can be reached at (972) 733-0096.

Sincerely,



Richard Shaw

RS\mlg



# COLONIAL EQUITIES, INC.

04463

Real Estate • Development • Management • Financing • Construction • Consulting

January 10, 2005

**URGENT**

Ms. Stacy Snell AICP  
Planning Director  
Town of Little Elm  
100 West Eldorado Parkway  
Little Elm, Texas 75068

Re: Building Permits  
Lakeside Manor Senior Community  
Little Elm, Texas

Dear Stacy:

As I have told you on previous occasions, this project is being financed by the Denton County Housing Finance Agency issuing tax-exempt bonds allocated by the State of Texas Bond Review Board in Austin. We have a limited time in which to issue these bonds or we lose the allocation. Our time is here, we must sign and complete the legal work with bond issuers and lender on Monday January 10, 2005 so that all paper work can be sent to the Attorney Generals office in Austin for final approval and the bonds are available for funding on Thursday, January 13, 2005. As Part of this paper work we must have, at very least, a letter from the Town of Little Elm indicating that the permits will be issued subject to payment of fees.

We have over two million dollars invested at this point in this development. We have moved forward based on your assurances that we could meet our deadline. Our first meeting with you was in early September 2004 and plans were submitted to you in mid November 2004, with your assurance that these would be reviewed and any comments to change items would be in 10 days. It was not until December 23<sup>rd</sup> after many requests on our part, that we received comments, which we turned around and got back to you with the requested changes by the next day. The only open issue was whether the utilities would be public or private. You agreed with my construction superintendent, Roger Zais, that the private utilities would probably be better as the owner would be responsible to maintain them instead of the town and most cities and towns in this area do this. You suggested to Roger that he sit down with your director of public works, Doug Peach, to work this out. He has called Mr. Peach every day, two to three times daily for over a week and stopped by his office and this person has refused to see him and has never returned a phone call. My architect, Frank Pollacia

January 10, 2005  
Stacy Snell  
Town of Little Elm  
Page 2

and my engineer, David Vilbig have attempted to contact both you and Mr. Peach and no one will give us the courtesy of returning a phone call.

In September you discussed the parking requirements with Frank Pollacia and me. We indicated to you that this development would be limited to seniors (55 and older) and children under 18 will not be allowed to live there; therefore, the number of parking places needed would be less than an ordinary family inhabited multi-family property. Most communities have less parking requirements for senior housing. We suggested that 1-1/2 parking place per units would be more than adequate and you agreed. You suggested that in lieu the time frame we were operating in, the best thing would be to request a variance, which I could get heard the first week of December and you were sure that there should be no problem to get the variance approved. I rushed getting the paper work together. The amount of fees to be paid and the notification area were unclear on the application, so I personally took the application to your office on October 5, 2004. I have a dated receipt showing the fees paid. The lady in the reception area that took the application clarified whom we need to notify and even got on the phone with my Secretary to tell her how to find the addresses on the internet. This was a Friday afternoon and this employee of Little Elm told both of us that it was not necessary to rush back with the labels as they are not used for a mailing until about 15 days before the hearing, and if we would get them to her by the early part of the following week it would be O.K. The application and fee paid would get us on the agenda for December, which did not happen. This matter was finally heard on January 3, 2005 at which time it was denied much to our shock! We decided to remove 2 buildings from the site plan and increase the parking to meet current code despite the economic cost to us. It was better than walking away from all the work and money already expended. Within 48 hours you were given revised architectural and engineering drawings, eliminating two buildings, but leaving everything else exactly the same.

\*

\*

We have not been notified of any reason at this point not to issue building permits. All comments on the memo of December 23, 2004 have been satisfactorily addressed. I will be signing bond documents on Monday January 10, 2005 at the offices of Fulbright and Jaworksi, council for Denton Housing Finance Agency where I can be reached in the conference room for the ("Little Elm Closing") Phone number (214) 855-8100. Myself or Roger Zais are available to answer any questions all day. We must get a letter from you indicating that these permits will be available subject to payment of fees, etc. We do not really need the permits until next week to begin construction and at that time the ability to begin the dirt work and utilities is all we need.

January 10, 2005  
Stacy Snell  
Town of Little Elm  
Page 3

I hope you understand that we are faced by an absolute deadline and should we not get your cooperation to issue this letter, which we are entitled to, there will be severe economic losses to us for which I will hold you and the town liable.

This project will be beneficial to the town; it will create 200 plus jobs during construction and 10 permanent positions as well as significant tax revenue. It will be a good development meeting all codes of Little Elm.

Thanks you for the cooperation I know will be forthcoming.

Sincerely,

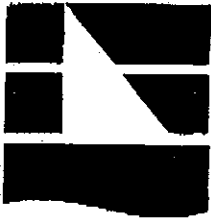


Richard Shaw  
President

RS/mlg

cc: J. C. Hughes - Town Manager  
Richard C. Ruschman - Attorney  
Roger Zais

04463



**LITTLE ELM**

# TOWN OF LITTLE ELM

P.O. Box 129

Little Elm, TX 75068-0129

214-975-0400

www.littleelmtx.us

Admin.  
214-975-0400

Building Insp.  
214-975-0456

City Manager  
214-975-0400

City Secretary  
214-975-0400

Econ. Dev.  
214-975-0400

Finance Dir.  
214-975-0415

Fire Dept.  
214-975-0420

Library  
214-975-0430

Mayor  
214-975-0400

Mun. Court  
214-975-0483

Police Dept.  
214-975-0460

Parks & Rec.  
214-975-0470

Public Works  
214-975-0470

Water Billing  
214-975-0480

**VIA FAX (972-733-1864)  
and CERTIFIED MAIL.**

January 12, 2005

**Mr. Richard Shaw  
Colonial Equities, Inc.  
16200 Dallas Parkway, Ste. 190  
Dallas, TX 75248**

**RE: Lakeside Manor Senior Community**

Dear Mr. Shaw:

This letter is in response to your letter dated January 10, 2005 regarding the referenced matter that was received by my office on January 10, 2005 at 12:35 p.m. Regarding a building permit for your development, please note that the Town of Little Elm will issue a building permit for the development at such time that the building permit application for the development, including related plans, is complete and determined by the Town to be in compliance with all relevant codes, ordinances and regulations of the Town, and all fees associated with the project have been paid. A separate letter reflecting that is attached.

In further response, please note the following:

1. We began discussions with you regarding your development in August, 2004. However, the Building Inspections Division of the Town did not receive what purported to be a completed application for a building permit for your project until December 6, 2004.
2. On December 15, 2004 our office conducted a telephone conference call with you and your architect, Mr. Frank Pollacia, to discuss your building permit application. In addition to me, Town participants in the call were the Fire Chief, the Fire Marshal, and the Building Official. During the conversation, I expressed to you the comments and concerns of the Town's Public Works Director and the Town Engineer, both of whom I had met with that morning to discuss your application. During the conversation, we conveyed to you that the plans were not complete and that they could not be adequately reviewed by Town staff without certain additional information and reviewing missing sheets.

04463

Following our conversation, later that day Mr. Pollacia delivered a revised site plan to our office; however, it again did not have the information that we had previously informed you was necessary to conduct and complete our review. At that time, the Town's Building Official had a lengthy conversation with Mr. Pollacia, at which time the Building Official asked for certain "back up" information to validate Mr. Pollacia's position regarding firewall ratings.

3. Following our December 15 conference call and the subsequent receipt of information from and conferences with Mr. Pollacia as outlined above, we did not receive all of the additional information we had requested from either you, Mr. Pollacia, or any other person acting on your behalf. Although we had not received all of the additional information, on December 23, 2004 we provided to you by fax comments regarding the information we did have. Town offices were closed on Friday, December 24, 2004 and on Monday, December 27, 2004 for the holidays.

4. On Tuesday, December 28, 2004 I received an e-mail from your construction superintendent, Mr. Roger Zais, and also became aware that Mr. Zais had sent me another e-mail on December 27. In his e-mails, Mr. Zais requested certain information, and on December 28 I supplied him with the requested information.

5. Regarding parking for the development, it was my understanding that you believed that the parking requirements for the development should be reduced, and you therefore elected to proceed with a request for a variance from those requirements from the Zoning Board of Adjustment. In connection with that request, on Friday, November 5, 2004 an application for the variance was submitted to our office; however, the application was not complete, as it did not include the notification labels or the mailing costs as required. The deadline for newspaper notice for the December Board of Adjustment meeting was Monday, November 8, but the labels and fees were not delivered until Wednesday afternoon, November 10. Therefore, because the deadline was missed, the matter was scheduled for the January 4, 2005 meeting of the Board of Adjustment. At that meeting, the Board denied the variance request.

6. Following the January 5, 2005 Board meeting, we did not receive a revised site plan until the afternoon of Friday, January 7, 2005. In addition, at 4:34 p.m. on that date, we received in connection with the development a 20 page lease for review.

7. On Monday, January 10, 2005 we received (in addition to your letter mentioned above) landscape plans.

You indicated in your January 10 letter that your engineer, Mr. David Vilbig, had tried to contact me; to my knowledge I have never received a phone call from Mr. Vilbig. I have spoken with Mr. Pollacia on numerous occasions, and since December 20, 2004 have had almost daily contact with Mr. Zais. Our office has been very responsive, either answering a question, providing additional information that is within the Town's Development Guide (which you had previously acquired), or receiving faxes of new information on the project.

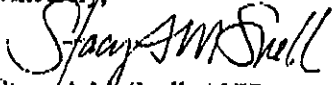
A building permit cannot be issued until all requested plans and information have been submitted, reviewed and approved. A comprehensive and complete building permit has not been submitted, nor has one comprehensive resubmittal package been delivered. Bits and pieces of information have been delivered, faxed, mailed or e-mailed to various people over the course of this review.

04463

The plans that were submitted for your development last week and this week will receive the same efficient review that we provide all building permit applications, and comments, if any, regarding any deficiencies in those plans will be forwarded to you.

If you have any questions or would like to discuss this matter further, please let me know.

Sincerely,



Stacy A.M. Snell, AICP  
Director of Planning and Development

- C: JC Hughes, Town Manager
- John Hill, Town Attorney
- Mayor and Town Council
- Richard C. Ruschman

8.6.3.6 **Floor Area:** Every multi-family unit hereafter erected, constructed, reconstructed or altered shall have a floor area, excluding basements, open and screened porches, patios, and balconies of not less than specified in the following table:

04463

Number of Bedrooms	Space Required
<u>One bedroom unit:</u>	<u>650 square feet</u>
<u>Two bedroom unit:</u>	<u>800 square feet</u>
<u>Three bedroom unit:</u>	<u>1000 square feet</u>
<u>Each bedroom over three:</u>	<u>add 200 square feet</u>

8.6.3.7 **Lot Area Per Family:** In said A-10 Multi-Family District apartment houses or where houses or buildings are arranged or designed for more than two (2) families the minimum area shall be two thousand four hundred (2,400) square feet for each unit inclusive of the parking requirements set out herein.

8.6.4 **PARKING REGULATIONS:** In said A-10 Multi-Family District the minimum off-street parking and loading regulations shall be an all-weather paved surface as follows:

8.6.4.1 For institutions one (1) off-street parking space for each 175 square feet of floor area shall be provided.

8.6.4.2 All buildings hereafter erected, reconstructed, altered, enlarged or converted for one or more uses permitted in A-10 Multi-Family District shall provide adequate permanent off-street facilities for the loading and unloading of merchandise and goods within or adjacent to the building in such a manner as not to obstruct the freedom of traffic movement on the public streets or alleys.

8.6.4.3 For areas used for more than single-family dwellings, two (2) off-street parking spaces for each one (1) bedroom dwelling unit plus one space for each additional bedroom per unit shall be provided.

8.6.5 **FOUNDATION:** Requirements for foundation will be found in SECTION 11.4 and 11.5.

8.6.6 **USABLE OPEN SPACE**

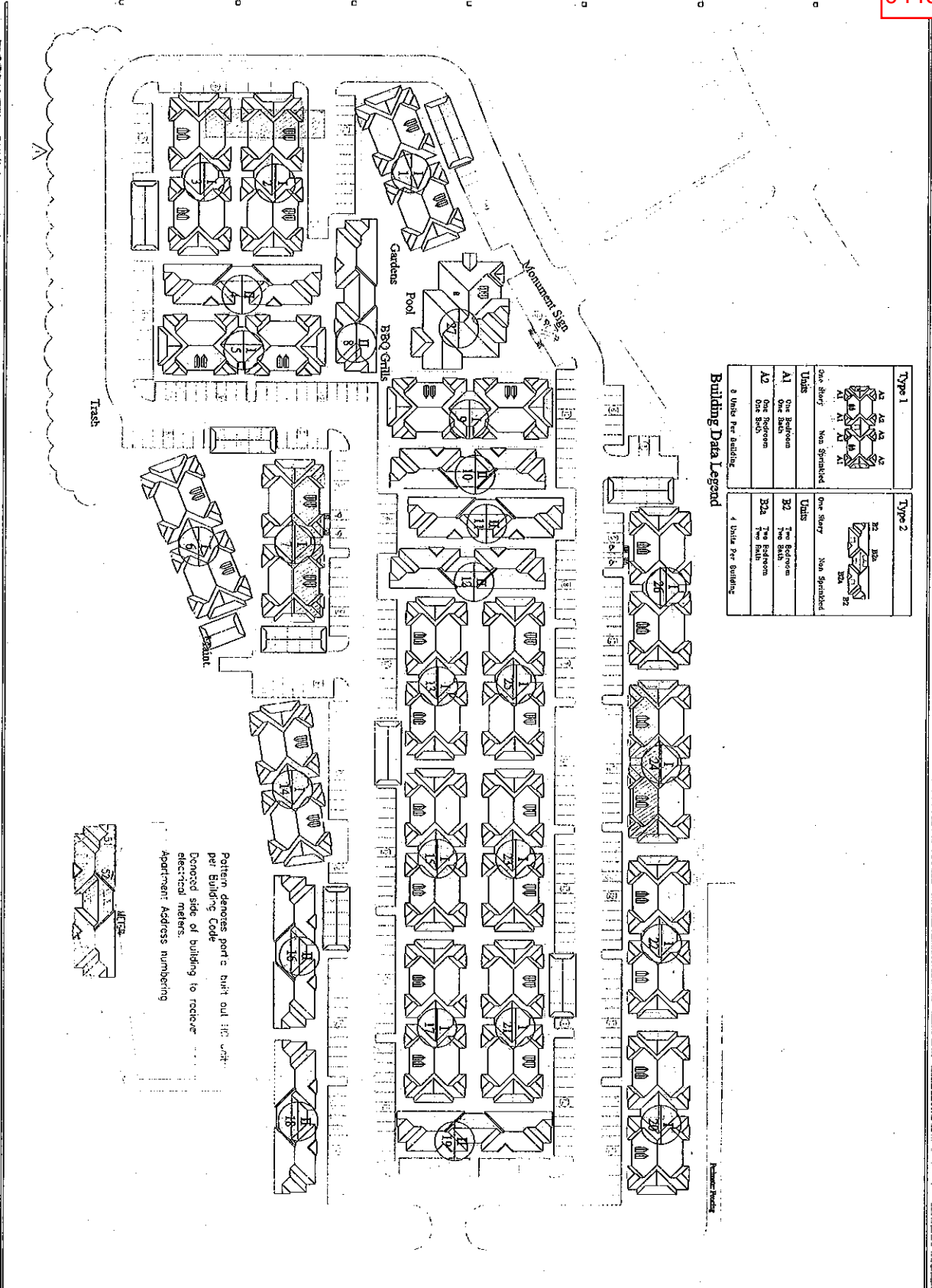
8.6.6.1 Each lot or parcel of land, which is used for multiple-family residences, shall provide on the same lot or parcel of land, usable open space, in accordance with the table below:



# Amendment 26 residential buildings

04463

Copyright Architectura Inc. 2004  
 Project: Lakeside Manor Sr. Community, L.P. 16000 Dallas Pkwy Suite 150 Dallas, Texas 75248  
 Date: 02/20/04 10:43 am  
 Scale: 1/4" = 1'-0" (2004) 1/4" = 1'-0" (2004)



Type 1		Type 2	
	A1		32A
	A2		32B
	A3		32C
	A4		32D
	A5		32E
	A6		32F
	A7		32G
	A8		32H
	A9		32I
	A10		32J
	A11		32K
	A12		32L
	A13		32M
	A14		32N
	A15		32O
	A16		32P
	A17		32Q
	A18		32R
	A19		32S
	A20		32T
	A21		32U
	A22		32V
	A23		32W
	A24		32X
	A25		32Y
	A26		32Z
	A27		32AA
	A28		32AB
	A29		32AC
	A30		32AD
	A31		32AE
	A32		32AF
	A33		32AG
	A34		32AH
	A35		32AI
	A36		32AJ
	A37		32AK
	A38		32AL
	A39		32AM
	A40		32AN
	A41		32AO
	A42		32AP
	A43		32AQ
	A44		32AR
	A45		32AS
	A46		32AT
	A47		32AU
	A48		32AV
	A49		32AW
	A50		32AX
	A51		32AY
	A52		32AZ
	A53		32BA
	A54		32BB
	A55		32BC
	A56		32BD
	A57		32BE
	A58		32BF
	A59		32BG
	A60		32BH
	A61		32BI
	A62		32BJ
	A63		32BK
	A64		32BL
	A65		32BM
	A66		32BN
	A67		32BO
	A68		32BP
	A69		32BQ
	A70		32BR
	A71		32BS
	A72		32BT
	A73		32BU
	A74		32BV
	A75		32BW
	A76		32BX
	A77		32BY
	A78		32BZ
	A79		32CA
	A80		32CB
	A81		32CC
	A82		32CD
	A83		32CE
	A84		32CF
	A85		32CG
	A86		32CH
	A87		32CI
	A88		32CJ
	A89		32CK
	A90		32CL
	A91		32CM
	A92		32CN
	A93		32CO
	A94		32CP
	A95		32CQ
	A96		32CR
	A97		32CS
	A98		32CT
	A99		32CU
	A100		32CV

Building Data Legend

Pattern denotes porta built out 100 units per Building Code  
 Dashed side of building to relocate electrical meters.  
 Apartment Address numbering

Project No. A001  
 Date: 02/20/04  
 Scale: 1/4" = 1'-0"



**architettura**  
 architettura Inc.  
 909 W. 15th St. Suite 140  
 Plano, Texas 76076  
 t. 972.500.0088 f. 972.500.0022  
 polficia@architettura-inc.com

Lakeside Manor  
 Sr. Community, L.P.  
 16000 Dallas Pkwy Suite 150  
 Dallas, Texas 75248  
 t. 972.333.9065  
 f. 972.733.1664

**Lakeside Manor**  
**Sr. Community**  
 Little Elm, Texas

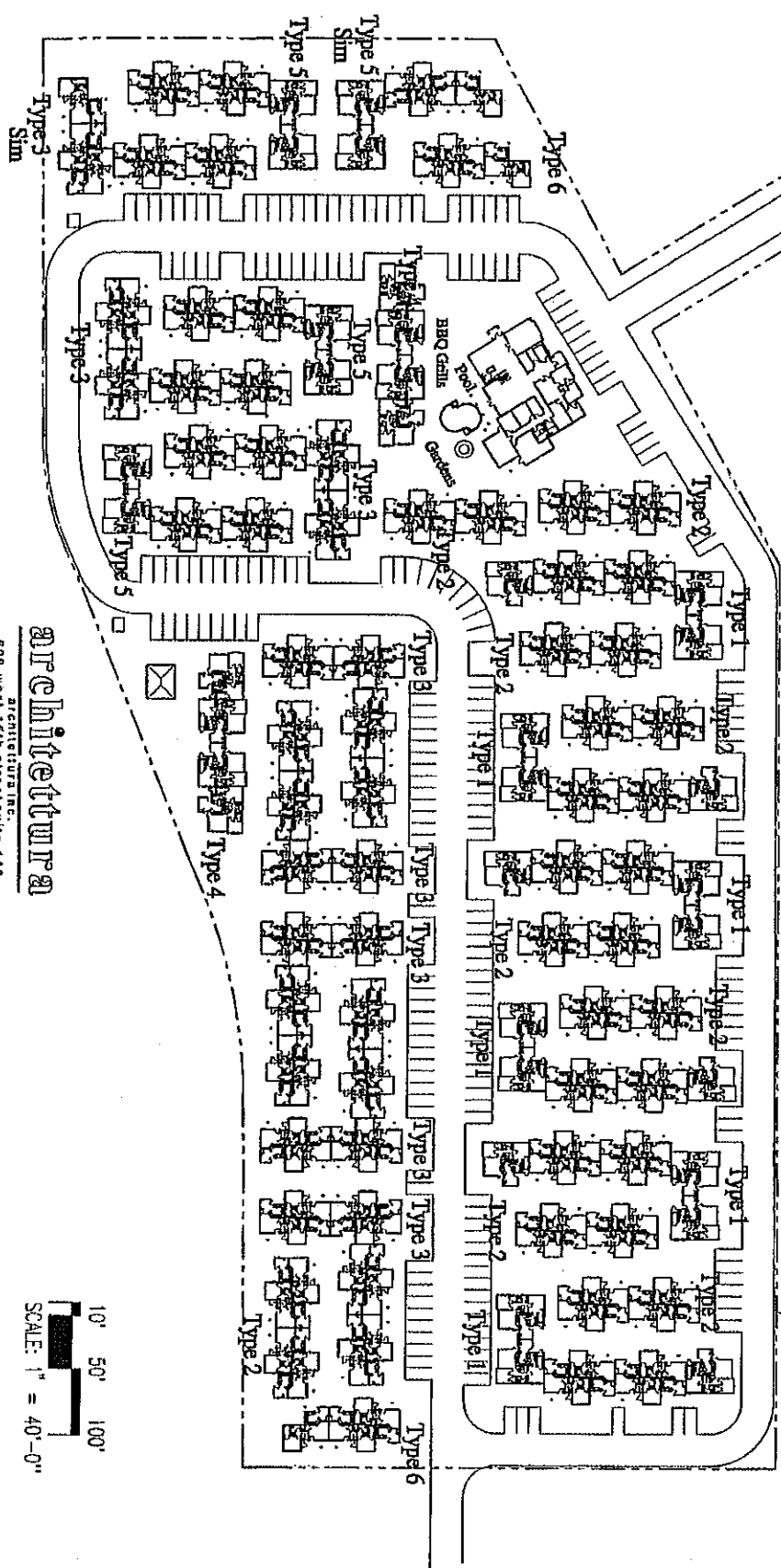
11-05-10 A08:18 IN

Issue for Permit 8 Nov 2004

# Little Elm Senior Apartments

178 Units  
One Story

144 - A1 Units (1B-1B) and 34 B2 Units (2B-2B)



**ARCHITECTURAL**  
 ARCHITECTURE INC.  
 608 WEST 13TH STREET SUITE 148  
 DALLAS, TEXAS 75202  
 1.972.508.0628 / 1.972.508.0622  
 pollock@architectural.com

01 Site Plan  
 2021-05-05



## EXHIBIT 3. ACTIVITY OVERVIEW

### PART A. SPECIFICATIONS AND AMENITIES

#### SECTION 1. CONSTRUCTION SPECIFICATIONS (Mark all applicable categories for both proposed and existing developments.)

Foundation:  Slab on Grade  Grade Beams  Post-Tensioned Slab  Pier & Beam

Wall Structure:  Wood Frame  Steel Stud Frame  Concrete Block  Structurally Integrated Panel

Exterior Material:	Coverage	Coverage	Coverage	Coverage
<input checked="" type="checkbox"/> Brick Veneer	80 %	<input checked="" type="checkbox"/> HardBoard or Plank	20 %	<input type="checkbox"/> Wood Siding
<input type="checkbox"/> Stone Veneer	%	<input type="checkbox"/> Plywood/Composite	%	<input type="checkbox"/> Vinyl Siding
				<input type="checkbox"/> Stucco
				<input type="checkbox"/> Wd. Trim

Roof:  Comp. Shingle  Laminated Shingle  Wood Shingle  Galvanized Metal  
 Built-up Rock  Composition Roll  Concrete Tile  Mission Tile

Interior Walls:  Drywall  Plaster Walls  Other: \_\_\_\_\_ Ceiling Height \_\_\_\_\_ ft.

HVAC:  Heat Pump  Central Heat & A/C  Evaporative Cooling

Other Components:  Elevator(s): # of stops: 0 # in development: 0  Manufactured Housing

#### SECTION 2. CONSTRUCTION STANDARDS

Development's jurisdiction has adopted a local building code. If yes, identify: 2002 National Building and Electrical Code, 2000 Int'l mechanical, plumbing, gas and fuel codes.

List all local building codes to which Development will adhere: 2002 National Building and Electrical Code, 2000 Int'l mechanical, plumbing, gas and fuel codes.

Has Applicant established written property rehabilitation standards and construction specifications over and above Texas Minimum Construction Standards?  Yes  No If "Yes", attach standards and specifications. Is this standard based on a state or national code?  Yes  No If "Yes," which code? NA

This development will meet or exceed all standards selected below. (Mark all items that apply)

- |   |   |
|---|---|
| <input type="checkbox"/> International Residential Code   | <input type="checkbox"/> Board for Coordination of Model Building Codes |
| <input checked="" type="checkbox"/> Uniform Building Code | <input checked="" type="checkbox"/> National Electrical Code            |
| <input type="checkbox"/> International Building Code      | <input type="checkbox"/> Texas Minimum Construction Standards           |
| <input type="checkbox"/> Colonia Housing Standards        | <input type="checkbox"/> Model Energy Code <sup>16</sup>                |

#### SECTION 3. ACCESSIBILITY STANDARDS<sup>17</sup> (Mark all standards that will be incorporated into the development's construction)

(1988) Amendments to the Fair Housing Act of 1968 (FHAA) - Fair Housing Guidelines as specified in the Fair Housing Act Design Manual

Section 504 of the Rehabilitation Act (1973) - Uniform Federal Accessibility Standards (UFAS)

Architectural Barriers Act, Article 9102, Texas Civil Statutes - Texas Accessibility Standards (TAS)

TX Government Code - Sec.2306.514 - TDHCA Single Family Accessibility Standards (TDHCA/SFAS)

<sup>16</sup> Model Energy Code is published by the Council of American Building Officials

<sup>17</sup> Note: Some, if not all, of these codes may be required by program, state, and federal law. They are noted on this form to ensure that the applicant incorporates them into the development design if applicable.

# Application

04463

## EXHIBIT 3. ACTIVITY OVERVIEW

### PART A. SPECIFICATIONS AND AMENITIES

SECTION 4. INTERIOR FEATURES & SPECIFICATIONS (Mark all features which are provided to the tenant at no additional cost.)

Floors:	<input type="checkbox"/> Carpeting	<input type="checkbox"/> Vinyl Flooring	<input type="checkbox"/> Hardwood Floors	<input checked="" type="checkbox"/> Other Flooring Faux Wood
Kitchen:	<input checked="" type="checkbox"/> Range and Oven	<input checked="" type="checkbox"/> Hood & Fan	<input checked="" type="checkbox"/> Garbage Disposal	<input checked="" type="checkbox"/> Dishwasher
	<input checked="" type="checkbox"/> Refrigerator	<input type="checkbox"/> Microwave	<input type="checkbox"/> Tile Counter Tops	<input checked="" type="checkbox"/> Laminated Counter Tops
Bath:	<input checked="" type="checkbox"/> Tile Tub/Shower	<input checked="" type="checkbox"/> Fiberglass Tub/Shower	<input type="checkbox"/> Tile Counter Tops	<input checked="" type="checkbox"/> Laminated Counter Tops
Laundry:	<input type="checkbox"/> Washer & Dryer	<input checked="" type="checkbox"/> Wash/Dry Connections	<input type="checkbox"/> Cable	<input checked="" type="checkbox"/> Ceiling Fans
Other:	<input checked="" type="checkbox"/> High Speed Internet Access	<input checked="" type="checkbox"/> Fireplaces # in development: 1	<input type="checkbox"/> Individual Water Heaters	

### SECTION 5. ON-SITE AMENITIES

Identify all applicable facilities that will be included in the development. Enter "C" if the tenant must pay an extra fee for the amenity and "F" if the amenity is free of charge to the tenant.

E Common Dining	E Game/Recreation Room	___ Daycare Facility	E Furnished Community Room
___ Commercial Kitchen	E Residential Kitchen	___ Laundry Room	E Senior Center
E Pool #: 1	C Monitored Unit Security	___ Tennis Court	E Picnic Area
___ Play Area	___ Playground Equipment	___ Basketball Court	___ Volleyball Court
E Perimeter Fencing	E Limited Access Gate	E Jacuzzi #: 1	E Computer Room/Facilities
E Public Rest Rooms	C Public Telephone	E Exercise Room	E Community Garden/Walk Trail
___ Car Wash Area	C Carports # of spaces: 50	E Uncovered Parking # of spaces: 177	
___ Other: _____	___ Other: _____	C Garages # of spaces: 40	



# SUMMIT ASSET MANAGEMENT, L.L.C.

05623

105 Tallapoosa Street, Suite 300  
Montgomery, Alabama 36104

Telephone: 334.954.4458  
Telecopier: 334.954.4496

March 22, 2009

Ben Sheppard  
Multifamily Finance Production Division  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701-2410

**RE: Deficiency Letter Follow-up Notice Response  
Coral Hills Apartments – TDHCA File No: 05623/05623B – CMTS: 4311 (Administrative  
Deficiencies)**

Ben,

As you are aware, Summit Asset Management, LLC (the "Developer") has received letters concerning Administrative Deficiencies at the above referenced community. The deficiencies addressed in this letter concern application deficiencies, which were committed to in the property's original LIHTC application but not present at the time of inspection, and/or arose as part of the cost certification review.

In response to the application deficiencies, the Developer is providing this letter addressing each deficiency in detail, and requesting amendments and/or substitutions where appropriate.

As you know our goal is to provide quality affordable housing to the residents of Coral Hills Apartments. We believe our acquisition, rehabilitation and management efforts at the property have, and will continue to accomplish this goal. We sincerely apologize to the Agency any discrepancies between the original application and final product at Coral Hills.

Please see the following responses/amendment requests to the outstanding deficiencies:

- **Deficiency #2:** The application identified Washer/Dryer connections as one of the amenities in the development. At inspection, the amenity was reported as not observed in any unit.

**Response/Corrective Action:** This was an error on the application. Neither the Property Condition Assessment nor the plans and specifications contemplate these connections. There is a community laundry facility on site. The Developer proposes a computer learning center as a substitution.



Please accept this as our formal request to amend the application to indicate that there are no washer/dryer connections present and substitute a "computer learning center" amenity in place of the connections.

- **Deficiency #4:** The application identified Monitored Unit Security as one of the amenities to be included in the development. At inspection, the amenity was reported as not observed.

**Response/Corrective Action:** It is our understanding from discussions with TDHCA representatives that the closed circuit digital surveillance cameras/monitors that were part of the rehabilitation plans and present on site should meet this requirement. Please see Exhibit A for photos of the surveillance cameras.

- **Deficiency #5:** The application identified Accessible Walking Path as one of the amenities to be included in the development. At inspection, the amenity was reported as not observed.

**Response/Corrective Action:** The Developer mistakenly interpreted Accessible Walking Path as being the accessible concrete walkways winding through the property and proposes substituting a furnished community room.

Please accept this as our formal request to amend the application to delete the accessible walking path amenity and substitute a "furnished community room" amenity. Please see Exhibit B for photos of the furnished community room.

- **Deficiency #6:** The application identified Community Garden as one of the amenities to be included in the development. At inspection, the amenity was reported as not observed.

**Response/Corrective Action:** The Developer proposes substituting a Gazebo with sitting area amenity for the community garden amenity. There are limited spaces at this development for children to play and the addition of the gazebo would give them another place as opposed to reducing the available play space further.

Please accept this as our formal request to amend the application to delete the community garden amenity and substitute an accessible "gazebo with sitting area" amenity.

**Cost Certification Deficiency:** The Application indicated there would be 173 rent restricted units; however, the cost certification only identifies 172 of these units.

**Response/Corrective Action:** The Application identified the anticipated number of LIHTC rent restricted units at the time of submission. There are 174 units at the property and one is reserved as the leasing office. After our acquisition of the property, management realized that the community and residents needed a community room that could house our social service and community activities programs. Therefore, an additional unit has been reserved as a community center. Please see Exhibit C for a list of some of the community activities currently being offered to residents.

Please accept this as our formal request to amend the application in accordance with the cost certification documentation that has been submitted showing 172 LIHTC rent restricted units and 2 market rate units (Leasing Office and Community Center).

Based on the responses above, there should be a net increase in points scored by the project. While we are not asking for additional application changes, the Developer would like to reference that there are additional amenities being offered to the residents at the property that could qualify for additional points such as the staffed Kids Club after school program, which provides activities from 2:30 – 5:00 along with lunches in the Summer (3 points) and the public telephone on site (2 points).

We understand that the substitutions/changes described above will be subject to TDHCA Board approval, and if approved, the owner will immediately begin any additional work needed to accomplish the substitutions detailed above. This work should be completed in 30 days. Should the Board approve our requests, we hope that we can proceed with the process of cost certification and issuance of 8609s. Should the work not be completed prior to the next compliance inspection, we understand we could be subject to the filing of 8823s. In the current housing tax credit environment, our LIHTC syndicator is eager to receive 8609s to pass along to our ultimate investor partner in the property. While we intend and desire to abide by all program guidelines, we also want our ultimate investor to be satisfied in hopes that it leads to their continued reinvestment in the LIHTC program.

Thank you again for working with us towards a resolution of these deficiencies. Please let me know if you have any questions or need additional information. We look forward to working with you in the future to preserve affordable housing in Texas.

Sincerely,  
Summit Asset Management, L.L.C.



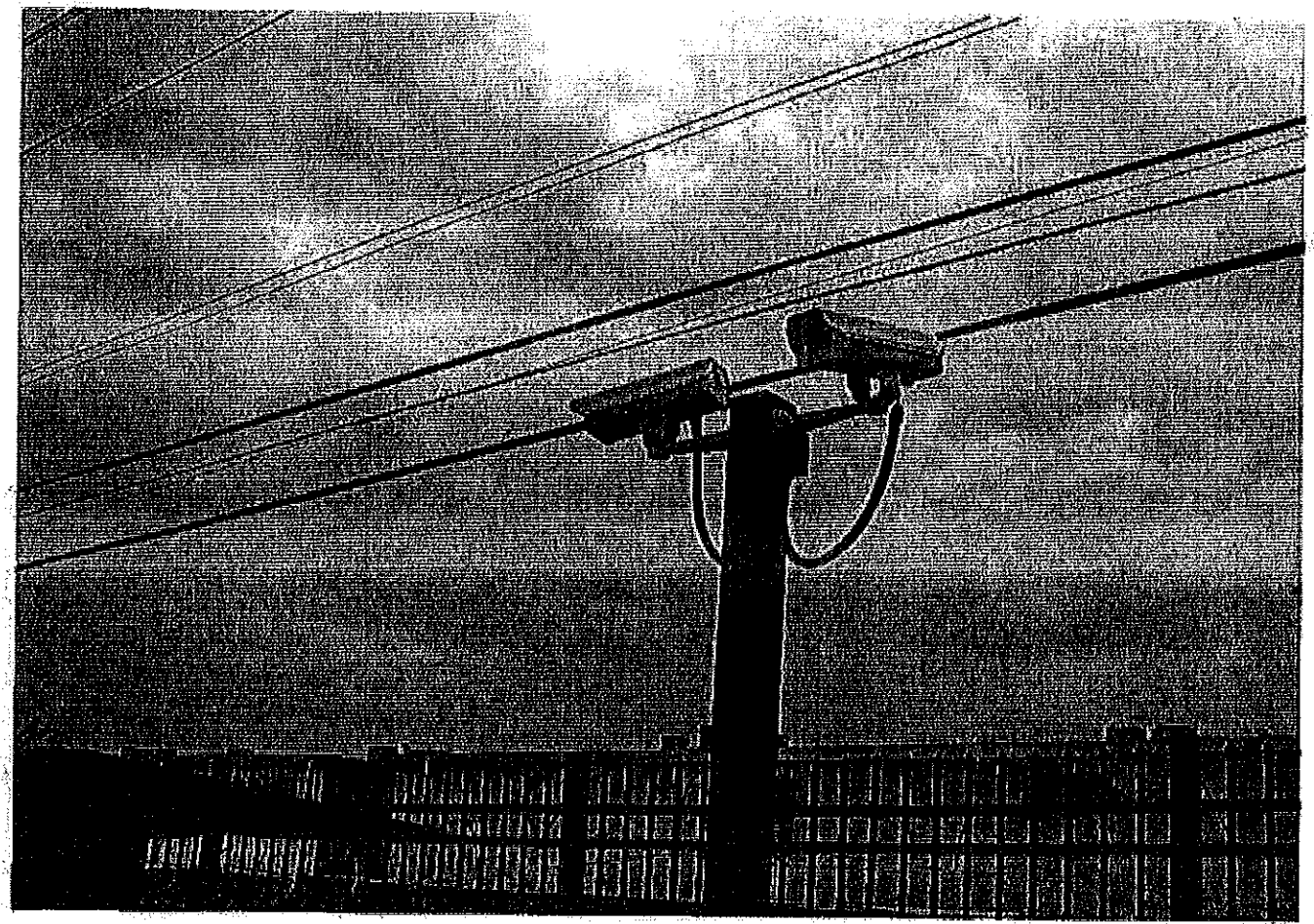
Tom Champion



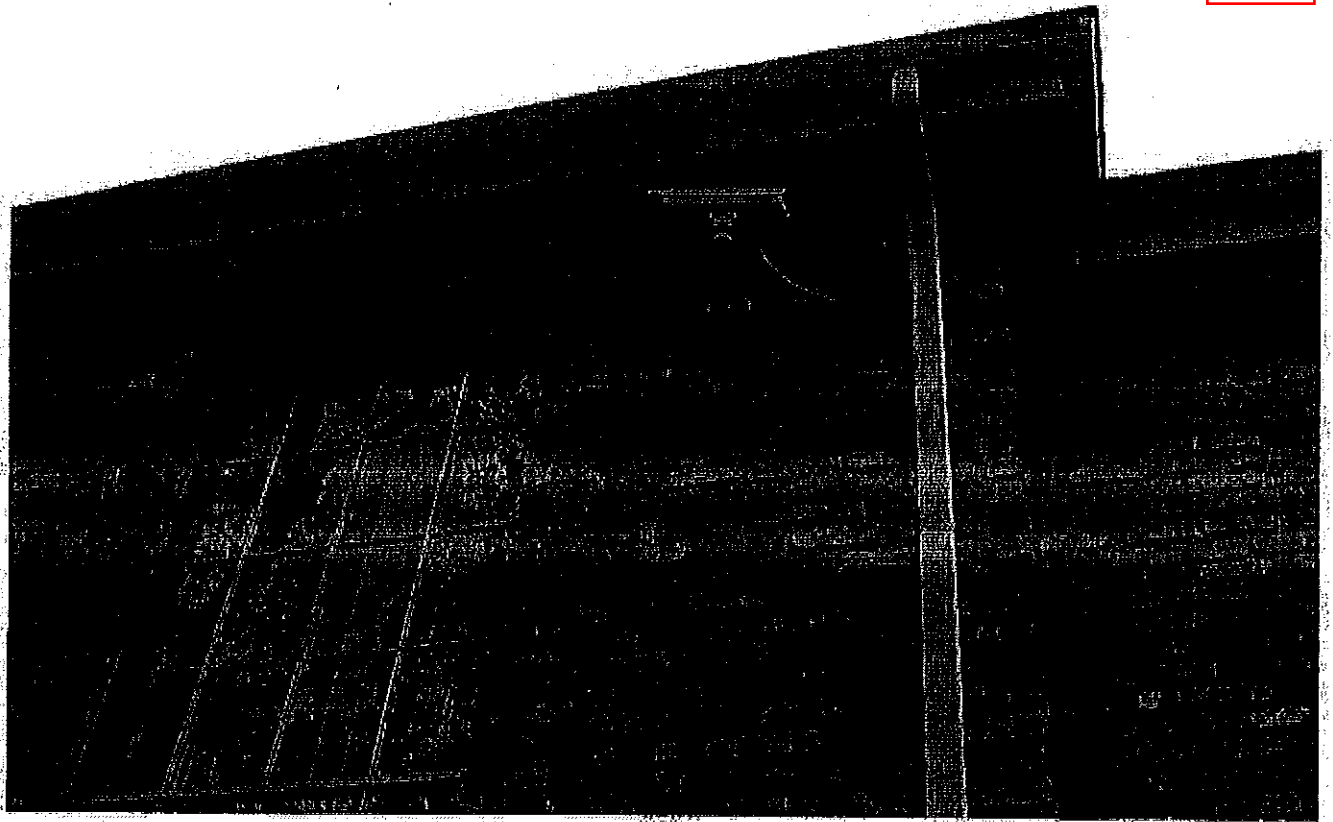
**EXHIBIT A**





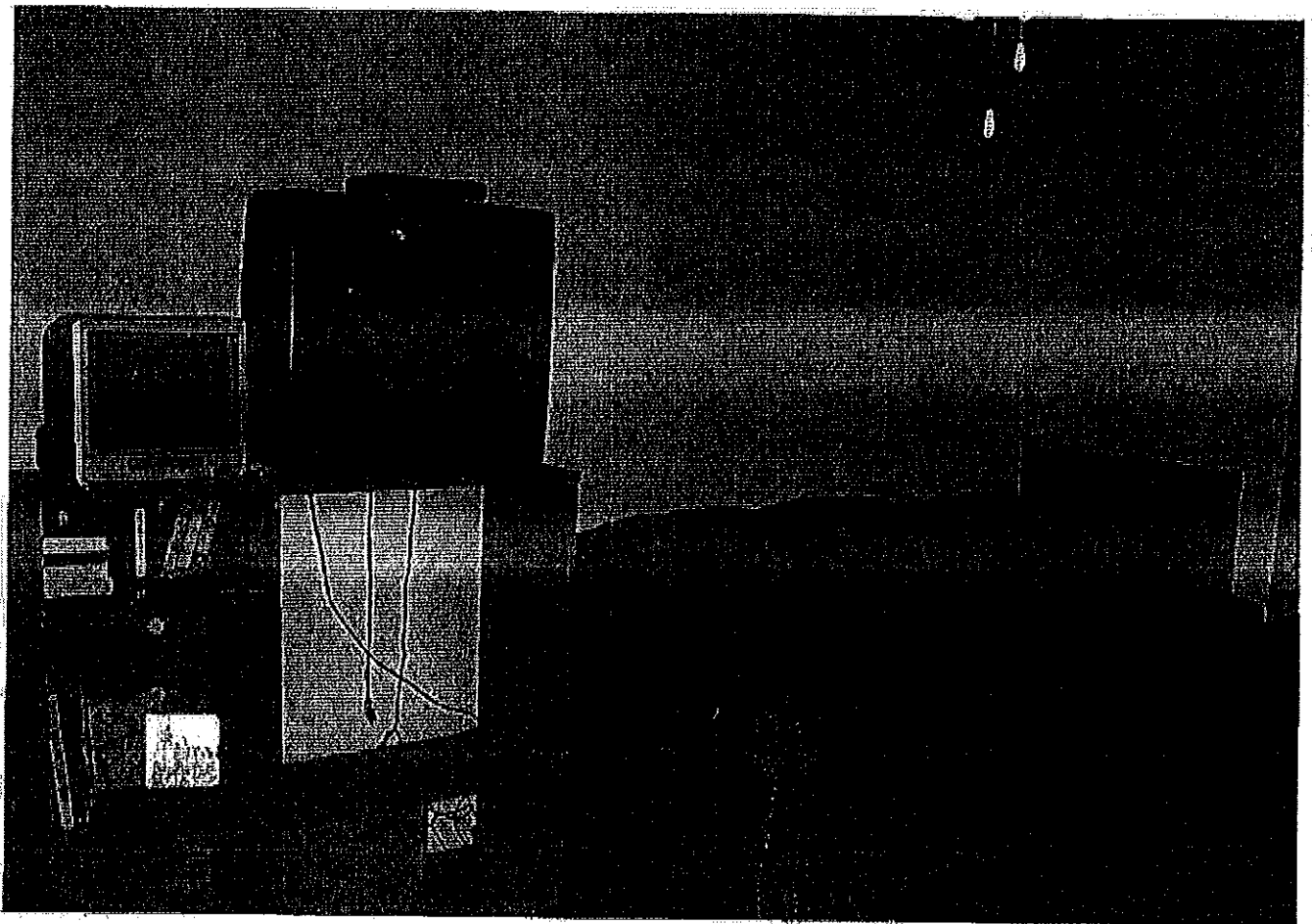
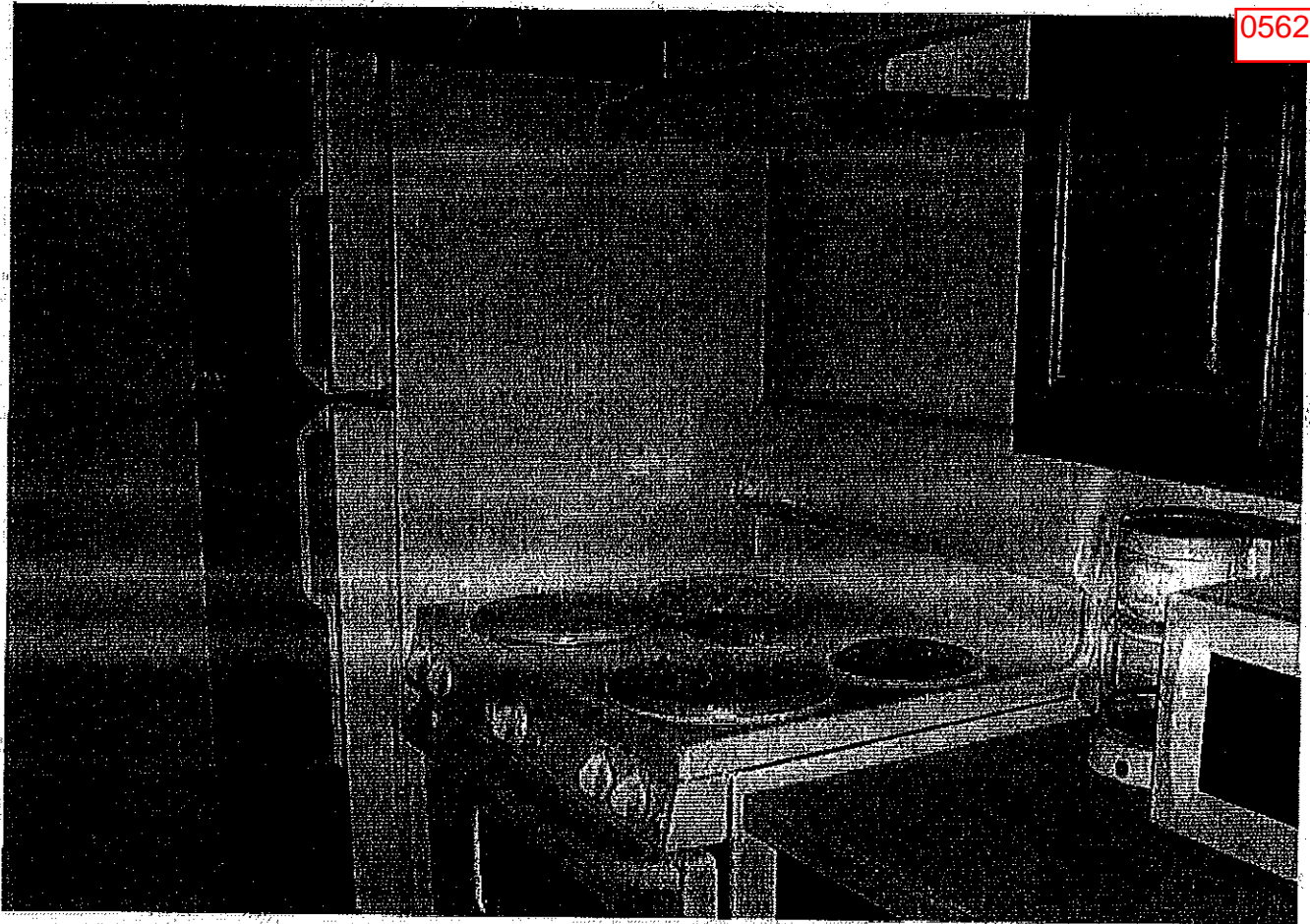


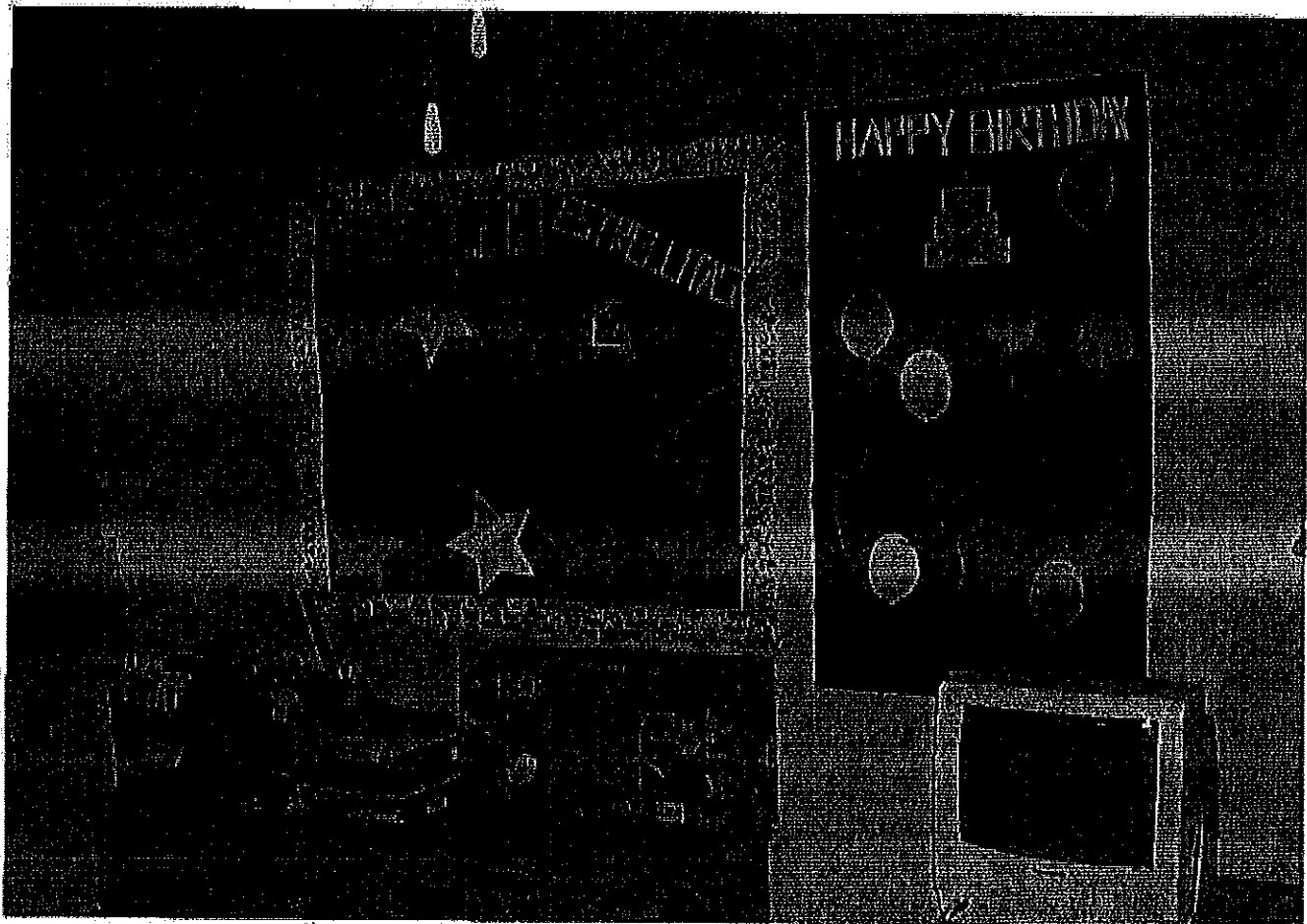
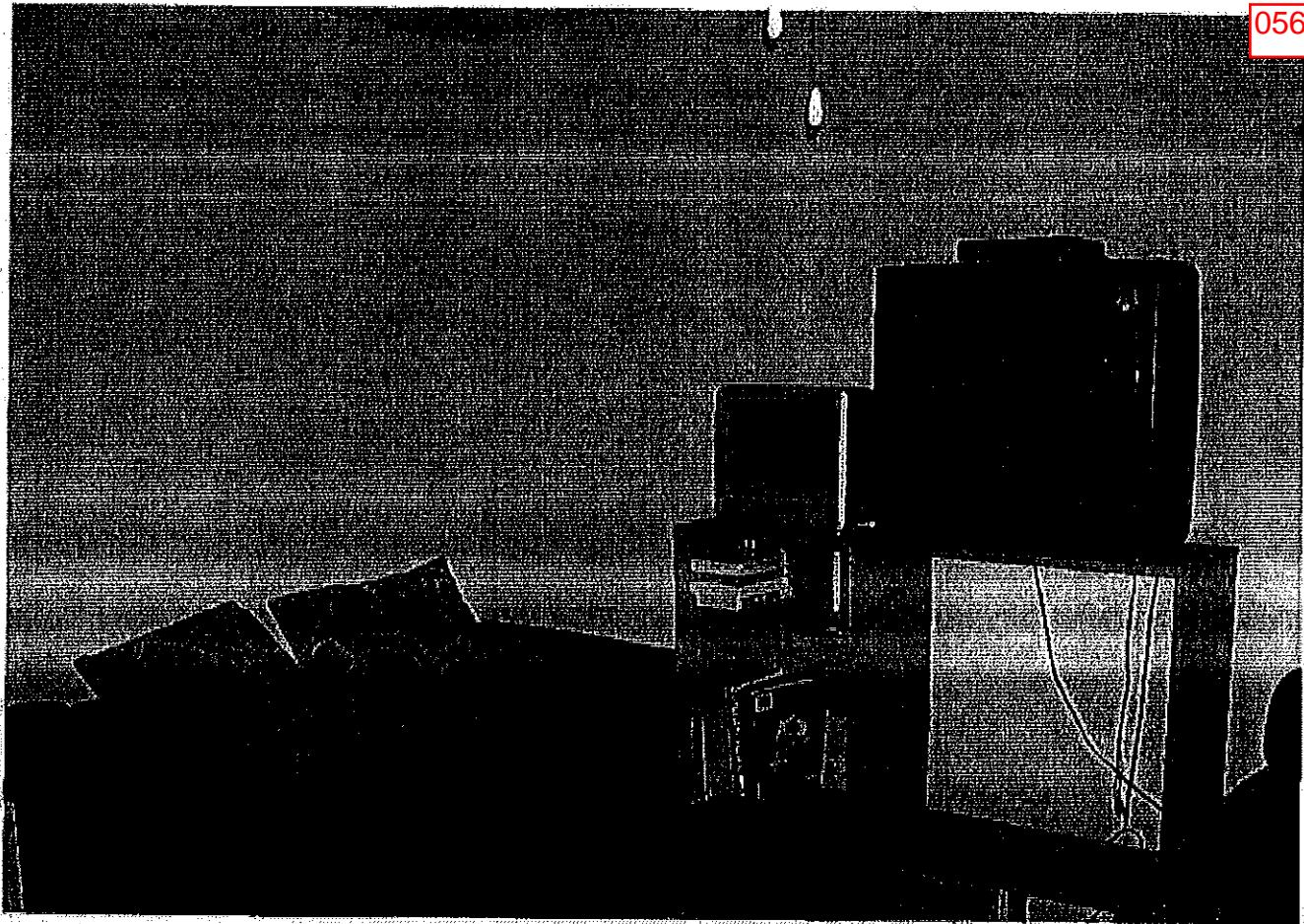
05623



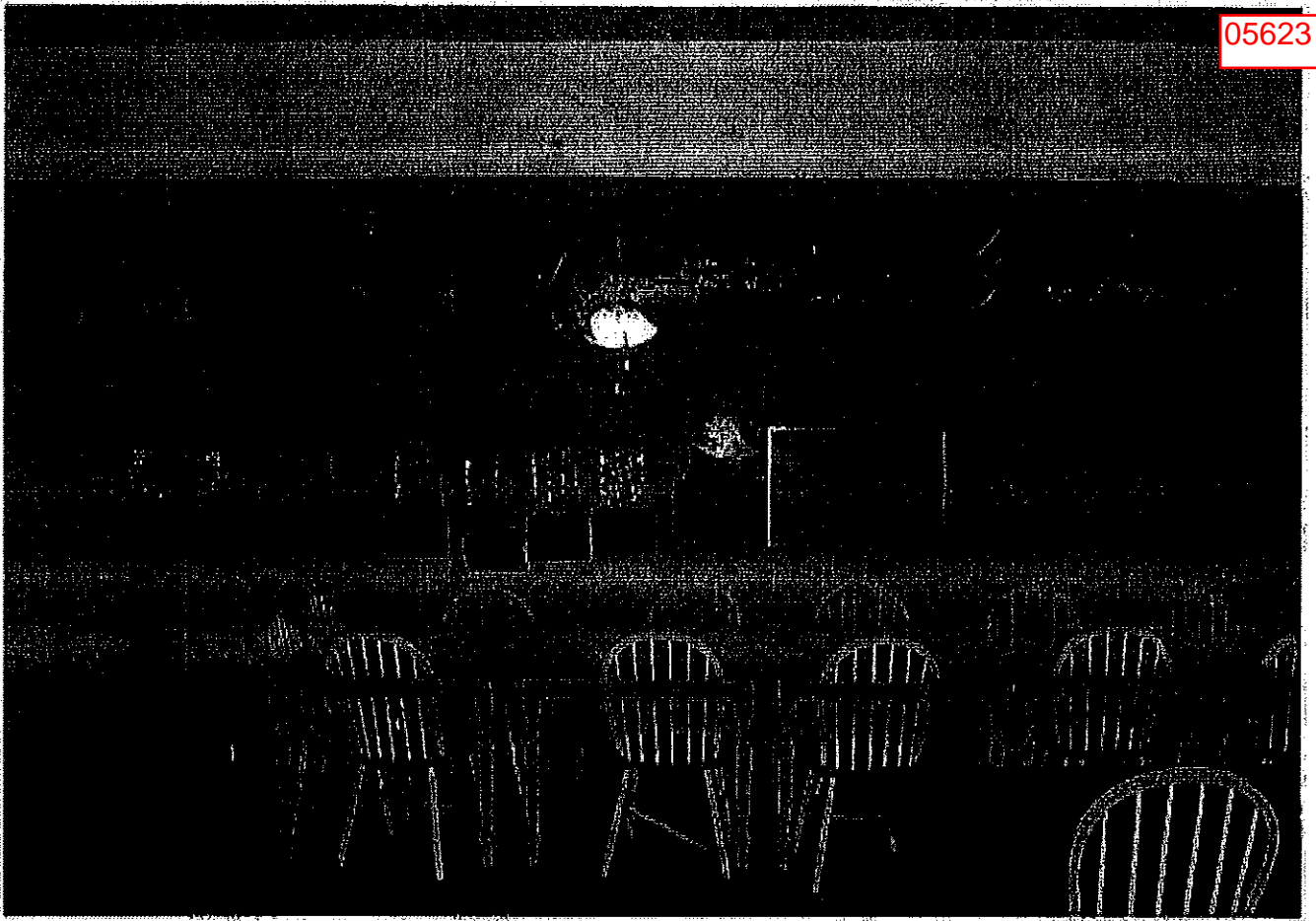
**EXHIBIT B**







05623





05623

**EXHIBIT C**

**Service Coordinator:**

The Coral Hills' Staff and Urban Outreach International (UOI)

- 1. Education/Scholastic Tutoring**
    - Urban Outreach International
  - 2. After School Program**
    - Urban Outreach International
  - 3. Community Safety-Personal Protection/Crime Watch**
    - Police and Fire Departments
  - 4. English as Second Language**
    - Isaac Suchoff-PM
  - 5. Crafts**
    - Urban Outreach International
  - 6. Social/Seasonal activities such as:**  
Monthly Community Meetings, National Night Out, & all Holiday Celebrations
  - 7. Movie Night**
    - Staff at Coral Hills
  - 8. Summer Lunch Program**
    - UOI and Staff at Coral Hills
  - 9. Youth Prayer Rally**
    - Urban Outreach International
  - 10. Financial Planning**
    - Washington Mutual and Freddie Mac Credit Smart
  - 11. Budgeting**
    - Washington Mutual and Freddie Mac Credit Smart
- 
- Beginning March 2009**
- 12. Homebuyer Education**
    - Freddie Mac Credit Smart
  - 13. Credit Counseling**
    - Washington Mutual and Freddie Mac Credit Smart
  - 14. Computer Classes**
    - Staff at Coral Hills

# SUMMIT ASSET MANAGEMENT, L.L.C.

105 Tallapoosa Street, Suite 300  
Montgomery, Alabama 36104

Telephone: 334.954.4458  
Telecopier: 334.954.4496

February 13, 2009

Ben Sheppard  
Multifamily Finance Production Division  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701-2410

Kimbal Thompson  
Inspection Specialist  
Real Estate Analysis Division  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701-2410

Rosalio Banuelos  
Cost Certification Specialist  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701-2410

**RE: Deficiency Letter Follow-up Notice Response  
Village Park Apartments – TDHCA File No: 05629/05629B – CMTS: 4331 (Administrative  
Deficiencies)**

Gentlemen,

As you are aware, Summit Asset Management, LLC (the "Developer") has received letters concerning Administrative Deficiencies at the above referenced community. The deficiencies addressed in this letter concern application deficiencies, which were committed to in the property's original LIHTC application but not present at the time of inspection and/or arose as part of the cost certification review.

In response to the application deficiencies, the Developer is providing this letter addressing each deficiency in detail, with a written certification and other supporting documentation as evidence that corrective action either has been taken, or requesting waivers/approval for substitutions.

As you know our goal is to provide quality affordable housing to the residents of Village Park Apartments. We believe our acquisition; rehabilitation and management efforts at the property have, and will continue to accomplish this goal. We sincerely apologize to the Agency any discrepancies between the original application and

final product at Village Park. However, we believe the final product is actually superior to the one contemplated in the application.

We greatly appreciate your efforts to help us achieve compliance and ultimately the issuance of 8609s. As part of our efforts to facilitate this process, we are not asking for any additional credits for the costs associated with additional work detailed below.

Please see the response below which follows the outline of the Agencies Deficiency Letter Follow-Up notice dated December 18, 2008:

- **Deficiency #1:** The application identified 29 residential buildings as one of the representations to be included in the development. At inspection, only 26 were reported as observed.

*Response/Corrective Action:* There are 25 residential buildings at the property. Volume 1, Tab 2 Activity Overview shows buildings labeled 1-26 with no unit mix for building for #10. Volume 3, Tab 1, Part B references 26 residential buildings and 4 non-residential buildings. Prior to Village Park Apartments Partners, Ltd. taking ownership of the Project, Building #10 was damaged in a fire and not re-built. The ALTA/ACSM Land Title survey attached as Exhibit A shows 25 residential buildings and 4 non-residential buildings at Village Park Apartments.

Please accept this as our formal request to amend the application as required to indicate 25 residential buildings and 4 non-residential buildings.

- **Deficiency #2:** The application identified Ceiling Fans as one of the amenities to be included in the development. At inspection, the amenity was reported as not observed.

*Response/Corrective Action:* Ceiling fans are included in the living areas at the property but are not included in the bedrooms. As-built, no ceiling fixtures exist in any bedroom type, and installation of ceiling fans in all bedrooms would require replacement of approximately 240 electrical panels. The cost of ceiling fan installation and electrical panel replacement would be \$839,425, or \$2,008/unit. Also, the property operates under an Asbestos O&M Program and there could be additional costs associated with demolition and renovation activities; plus additional costs associated with tenant relocation. Given the extensive cost and potential relocation of residents, the Developer does not believe ceiling fan installation is feasible at the property and respectfully requests TDHCA waive this requirement of the 2005 Qualified Allocation Plan. Please see Exhibit B for a clarification from the architect as to the extent of the work required for the addition of ceiling fans in all bedrooms along with a bid from the general contractor for the required work.

With the ceiling fan installation infeasible, the Developer is proposing to build a pavilion with picnic tables and barbecue grills for the residents in accordance with TDHCA specifications. The total cost of building the pavilion (inclusive of the Community Garden discussed in Deficiency 4 below) is approximately \$76,877. Please see Exhibit C for a plan and bid for this replacement amenity. It will take approximately 45 days from permitting to complete this addition. Please note that this deficiency was not intentional on the part of the Developer, but was a result of a misunderstanding in that the requirement for ceiling fans was assumed to be met in that all of the units had ceiling fans. The mistake was regarding the requirement that all the bedrooms have them also.

Please accept this as our formal request to amend the application to waive the requirement for ceiling fans in all bedrooms, and accept the pavilion as a replacement amenity that will enhance the quality of life for the residents (+2 point amenity).

- **Deficiency #3:** The application identified Accessible Walking Path as one of the amenities to be included in the development. At inspection, the amenity was reported as not observed.

*Response/Corrective Action:* Accessible walking path was included in both the Bond application and the LIHTC application. The Developer included Accessible Walking Path and believed it to be distinct from the ¼ mile walking trail presented in the application. The Developer mistakenly interpreted Accessible Walking Path as being the accessible concrete walkways winding through the property. The developer proposes to provide a children's activity center as a replacement amenity. Our staffed "Kids Club" is an after school program that provides activities from 2:30 to 5:00 along with lunch and snacks in the summer time.

Please accept this as our formal request to amend the application to delete the "accessible walking path" amenity (-1 point), and add the "children's activity center amenity" (+3 points). Please see Exhibit D for photos of the children's activity center.

- **Deficiency #4:** The application identified Community Garden as one of the amenities to be included in the Development. At inspection, the amenity was reported as not observed.

*Response/Corrective Action:* A community garden will be constructed at the property and will be accessible to all residents. The total cost of building the community garden and pavilion discussed under Deficiency 2 above is approximately \$76,877. Please see Exhibit B for a site plan and bid for the addition of this amenity.

- **Deficiency #5:** The application identified Sports Court as one of the amenities to be included in the development. At inspection, the amenity was reported as not observed.

*Response/Corrective Action:* A sports court was included in both the Bond application and the LIHTC application. A volleyball court was present at the time of application submittal, but was removed post-closing after surveying community interests. The volleyball court was located adjacent to the children's playground and was replaced with additional children's playground equipment. In lieu of a volleyball court; a soccer area was put in on the other side of the existing playground based on the resident survey. The Developer respectfully requests the substitution of the soccer area for the volleyball court in order to meet the sports court amenity requirement. Please see Exhibit E for photos of the new playground equipment where the volleyball court was located, and of the soccer area.

- **Deficiency #6:** The application identified Two Children's playgrounds equipped for 5-12year olds, two tot lots, or one of each as one of the amenities to be included in the development. At inspection, the amenity was reported as not observed.

**Response/Corrective Action:** Two Children's playgrounds equipped for 5-12 year olds, two tot lots, or one of each was included in both the Bond application and the LIHTC application, and are included on-site. Post-closing, additional playground equipment was installed in a 57' by 31' bordered area that was where the volleyball court was located. The original playground is located in an adjacent bordered area with dimensions of 99' by 95'. The Developer believes the installation of the new playground equipment is distinct from the existing playground and satisfies the requirement. Please see Exhibit E for photos of the new equipment where the volleyball court was.

In addition to the possible amendment issues above that were identified during the final inspection, Mr. Banuelos asked that we address the following possible amendment issues identified in his cost certification review:

- **Deficiency A:** The Application identified efficiency units. There were no efficiency units noted on the Cost Certification rent schedule.

**Response/Corrective Action:** There are 4 efficiency units on site. Please see Exhibit F for a revised cost certification rent schedule identifying these units as efficiency units rather than small 1 bedroom units.

- **Deficiency B:** The Application identified controlled gate access as an amenity. This amenity was not observed during the inspection.

**Response/Corrective Action:** "Full perimeter fencing with controlled gate access" was marked on the application. "Full perimeter fencing without controlled gate access" should have been marked. The developer believes this was misinterpreted by our staff as the entry to the site does have a guard shack.

Please accept this as our formal request to amend the application as required to delete "full perimeter fencing with controlled gate access" (-3 points), and add "full perimeter fencing without controlled gate access" (+2 points). To replace the lost point we would also like to substitute "public telephone(s) available to tenants 24 hours a day" (+2 points) as an amenity. Please see Exhibit G for photos of the guard shack and fencing. Photos of the public phones will follow this letter.

- **Deficiency C:** The Application identified 627 parking places while the Cost Certification only identified 551 parking places.

**Response/Corrective Action:** This was clearly an error on the application. There are 551 parking places on site per the ALTA/ACSM Land Title Survey of the property.

Please accept this as our formal request to amend the application to indicate there are 551 parking places on site.

**Deficiency D:** The Application set aside was 85% (355) LIHTC units and 15% (63) market rate units. The set aside per the Cost Certification rent schedule is 86% (364) LIHTC units and 14% (54) market rate units.

**Response/Corrective Action:** The Partnership and Developer are very sensitive to avoiding the forced relocation of residents. The Application identified the anticipated number of LIHTC and market rate units at the time of submission. The cost certification rent schedule reflects the actual and final unit mix at the property based on the final tax credit qualifying of the existing residents. The Partnership was able to qualify 86%, or 364 LIHTC units reserving them for qualified households, and 14%, or 54 units for market rate households.

Based on the responses above, there should be a net increase in points scored by the project. While we are not asking for additional application changes, the Developer would like to note that there are additional amenities being offered to the residents at the property that were not referenced in the original application, but would qualify for additional points such as the equipped computer learning center (2 points) and the furnished community room (1 point). Please see Exhibit H for photos of these amenities.

We understand that the substitutions/waivers described above will be subject to TDHCA Board approval, and if approved, the owner will immediately begin the work detailed; which should be completed in 45-60 days. Should the Board approve our requests, we hope that we can proceed with the process of cost certification and issuance of 8609s. Should the work not be completed prior to the next compliance inspection, we understand we could be subject to the filing of 8823s. In the current housing tax credit environment, our LIHTC syndicator is eager to receive 8609s to pass along to our ultimate investor partner in the property. While we intend and desire to abide by all program guidelines, we also want our ultimate investor to be satisfied in hopes that it leads to their continued reinvestment in the LIHTC program.

Thank you again for working with us towards a resolution of these deficiencies. Please let me know if you have any questions or need additional information. We look forward to working with you in the future to preserve affordable housing in Texas.

Sincerely,  
Summit Asset Management, L.L.C.



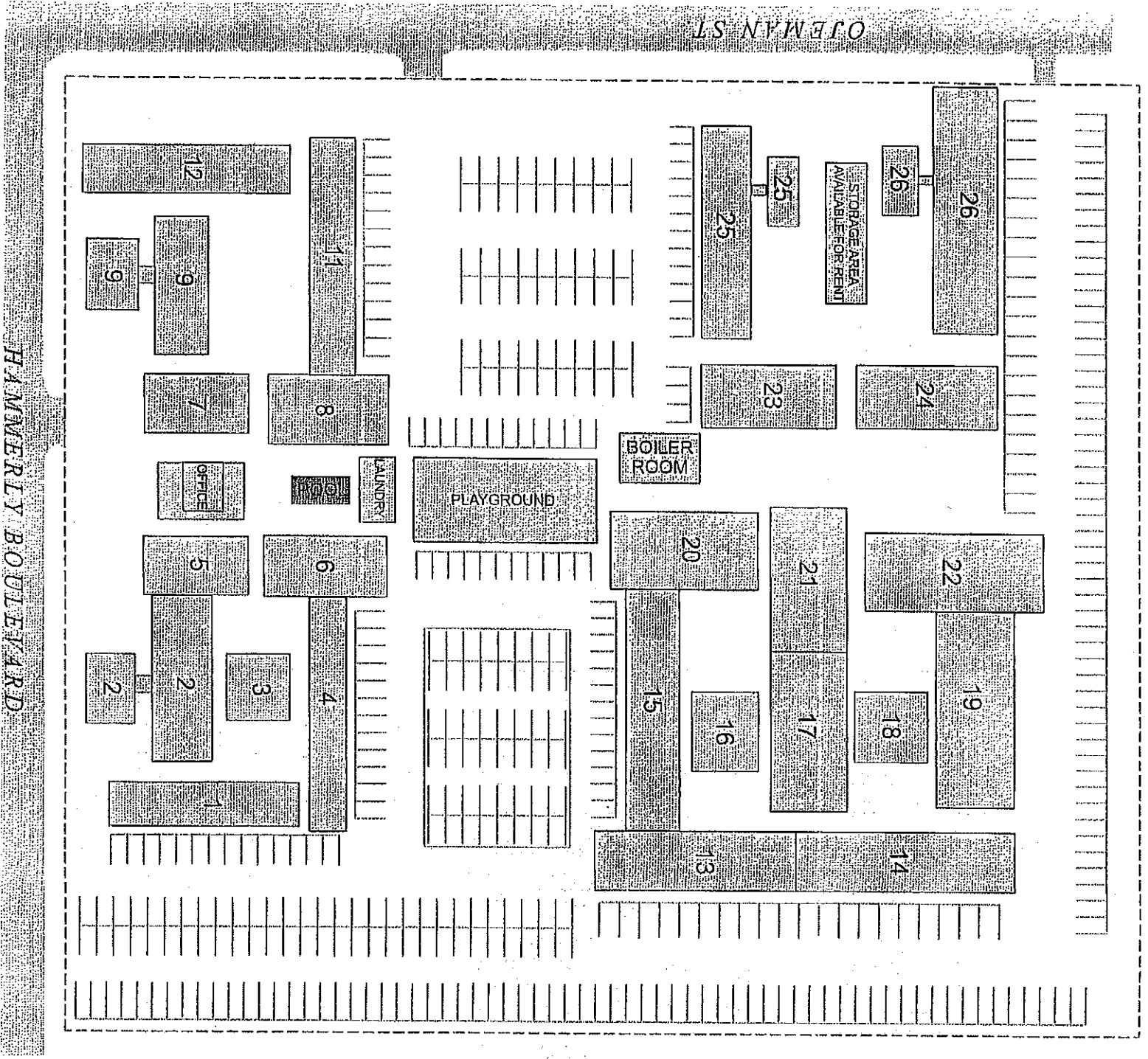
Tom Champion

**EXHIBIT A**





# Application



Site 1 (1/11)

**EXHIBIT B**



Donald C. Brown AIA, Architect  
260 Commerce Street, Suite 200  
Montgomery, Alabama 36104  
(334) 834-8340  
(334) 834-8343 Fax

November 11, 2008

Hunter McKenzie  
Summit America  
105 Tallapoosa Street, Suite 30  
Montgomery AL, 36104

Re: Village Park Apartments  
Houston, Texas.

Mr. McKenzie,

The purpose of this letter is to define the scope of work necessary to provide a new ceiling fan in the living room and bedroom of each unit for Village Park Apartments. There are a total of 1,394 new ceilings fans that will need to be provided.

In order to provide new ceiling fans, the existing circuit will need to be extended to handle the extra electrical load caused by the new fan. Some of the existing circuits can not be extended to handle the extra load and these panels with insufficient circuits will need to be replaced with new panels. 230 units will require new electrical panels. Also, arc fault breakers will need to be provided for all circuits receiving new fans. These should also be provided at the new panels as well.

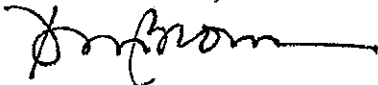
New electrical wiring will be required from the new fan to the existing or new electrical panel where there is not an existing fixture box. Gypboard repairs and touch-up paint will be necessary where new wiring is provided. The option of providing surface mounted wire mould was considered in an effort to minimize gypboard repairs; however, per the contractor, the additional cost of wire mould relative to the additional gypboard repairs would cost roughly the same.

72 of the fans can be installed at an existing fixture box or light fixture. These fans will still require arc fault breakers; although, the existing circuits should be able to remain the same with no new electrical wiring required.

In summary, 1,394 fans will need to be installed with 72 fans that can be installed at an existing fixture box. All fans will need new arc fault breakers and 230 units will need new electrical panels. Because of the existing capacity at some of the panels and because of code requirements, this additional work will be necessary.

Sincerely,

Donald C. Brown, AIA



Donald C. Brown Architect  
260 Commerce Street, Suite 200  
Montgomery, AL 36104

Village Park-Fan Installation

Village Park Ceiling Fans

El Bravo

Efficiency

Description	QTY		Total	
Install New Panel (Incl Arch Fault)	0	\$ 781.25	\$ -	
Install New Arch Fault (No Panel Needed)	1	\$ 93.75	\$ 93.75	
Install New Fan(Existing Fixture Box)	0	\$ 156.25	\$ -	
Install New Fan w/ Circuit	1	\$ 368.75	\$ 368.75	
S/R & Paint Repairs	1	\$ 68.75	\$ 68.75	
Permitting	1	\$ 6.25	\$ 6.25	
			\$ 537.50	
	# of Units		4	
	TOTAL	\$	2,150.00	\$ 2,150.00

San Luis

1 BR 1BA

Description	QTY		Total	
Install New Panel (Incl Arch Fault)	0	\$ 781.25	\$ -	
Install New Arch Fault (No Panel Needed)	2	\$ 93.75	\$ 187.50	
Install New Fan(Existing Fixture Box)	0	\$ 156.25	\$ -	
Install New Fan w/ Circuit	2	\$ 368.75	\$ 737.50	
S/R & Paint Repairs	2	\$ 68.75	\$ 137.50	
Permitting	2	\$ 6.25	\$ 12.50	
			\$ 1,075.00	
	# of Units		240	
	TOTAL	\$	258,000.00	\$ 258,000.00

El Rey

1 BR 1BA

Description	QTY		Total	
Install New Panel (Incl Arch Fault)	0	\$ 781.25	\$ -	
Install New Arch Fault (No Panel Needed)	2	\$ 93.75	\$ 187.50	
Install New Fan(Existing Fixture Box)	0	\$ 156.25	\$ -	
Install New Fan w/ Circuit	2	\$ 368.75	\$ 737.50	
S/R & Paint Repairs	2	\$ 68.75	\$ 137.50	
Permitting	2	\$ 6.25	\$ 12.50	
			\$ 1,075.00	
	# of Units		56	
	TOTAL	\$	60,200.00	\$ 60,200.00

Village Park-Fan Installation

La Catalina

2 BR 1BA

Description	QTY		Total
Install New Panel (Incl Arch Fault)	1	\$ 781.25	\$ 781.25
Install New Arch Fault (No Panel Needed)	0	\$ 93.75	\$ -
Install New Fan(Existing Fixture Box)	0	\$ 156.25	\$ -
Install New Fan w/ Circuit	3	\$ 368.75	\$ 1,106.25
S/R & Paint Repairs	3	\$ 68.75	\$ 206.25
Permitting	3	\$ 6.25	\$ 18.75
			\$ 2,112.50
# of Units			30
		\$	63,375.00

\$ 63,375.00

La Estrella

2BR 1BA

Description	QTY		Total
Install New Panel (Incl Arch Fault)	0	\$ 781.25	\$ -
Install New Arch Fault (No Panel Needed)	2	\$ 93.75	\$ 187.50
Install New Fan(Existing Fixture Box)	2	\$ 156.25	\$ 312.50
Install New Fan w/ Circuit	1	\$ 368.75	\$ 368.75
S/R & Paint Repairs	1	\$ 68.75	\$ 68.75
Permitting	2	\$ 6.25	\$ 12.50
			\$ 950.00
# of Units			36
		\$	34,200.00

\$ 34,200.00

Del Sol

2BR 1BA

Description	QTY		Total
Install New Panel (Incl Arch Fault)	1	\$ 781.25	\$ 781.25
Install New Arch Fault (No Panel Needed)	0	\$ 93.75	\$ -
Install New Fan(Existing Fixture Box)	0	\$ 156.25	\$ -
Install New Fan w/ Circuit	3	\$ 368.75	\$ 1,106.25
S/R & Paint Repairs	3	\$ 68.75	\$ 206.25
Permitting	1	\$ 6.25	\$ 6.25
			\$ 2,100.00
# of Units			8
		\$	16,800.00

\$ 16,800.00

Village Park-Fan Installation

El Monterey

2BR 2BA

Description	QTY		Total
Install New Panel (Incl Arch Fault)	1	\$ 781.25	\$ 781.25
Install New Arch Fault (No Panel Needed)	0	\$ 93.75	\$ -
Install New Fan(Existing Fixture Box)	0	\$ 156.25	\$ -
Install New Fan w/ Circuit	3	\$ 368.75	\$ 1,106.25
S/R & Paint Repairs	3	\$ 68.75	\$ 206.25
Permitting	3	\$ 6.25	\$ 18.75
			\$ 2,112.50
# of Units			48
		\$	101,400.00

\$ 101,400.00

La Casa Blanca

2BR 2BA

Description	QTY		Total
Install New Panel (Incl Arch Fault)	1	\$ 781.25	\$ 781.25
Install New Arch Fault (No Panel Needed)	0	\$ 93.75	\$ -
Install New Fan(Existing Fixture Box)	0	\$ 156.25	\$ -
Install New Fan w/ Circuit	3	\$ 368.75	\$ 1,106.25
S/R & Paint Repairs	3	\$ 68.75	\$ 206.25
Permitting	3	\$ 6.25	\$ 18.75
			\$ 2,112.50
# of Units			72
		\$	152,100.00

\$ 152,100.00

El Palacio

3BR 2BA

Description	QTY		Total
Install New Panel (Incl Arch Fault)	1	\$ 781.25	\$ 781.25
Install New Arch Fault (No Panel Needed)	0	\$ 93.75	\$ -
Install New Fan(Existing Fixture Box)	0	\$ 156.25	\$ -
Install New Fan w/ Circuit	3	\$ 368.75	\$ 1,106.25
S/R & Paint Repairs	3	\$ 68.75	\$ 206.25
Permitting	1	\$ 6.25	\$ 6.25
			\$ 2,100.00
# of Units			72
		\$	151,200.00

\$ 151,200.00

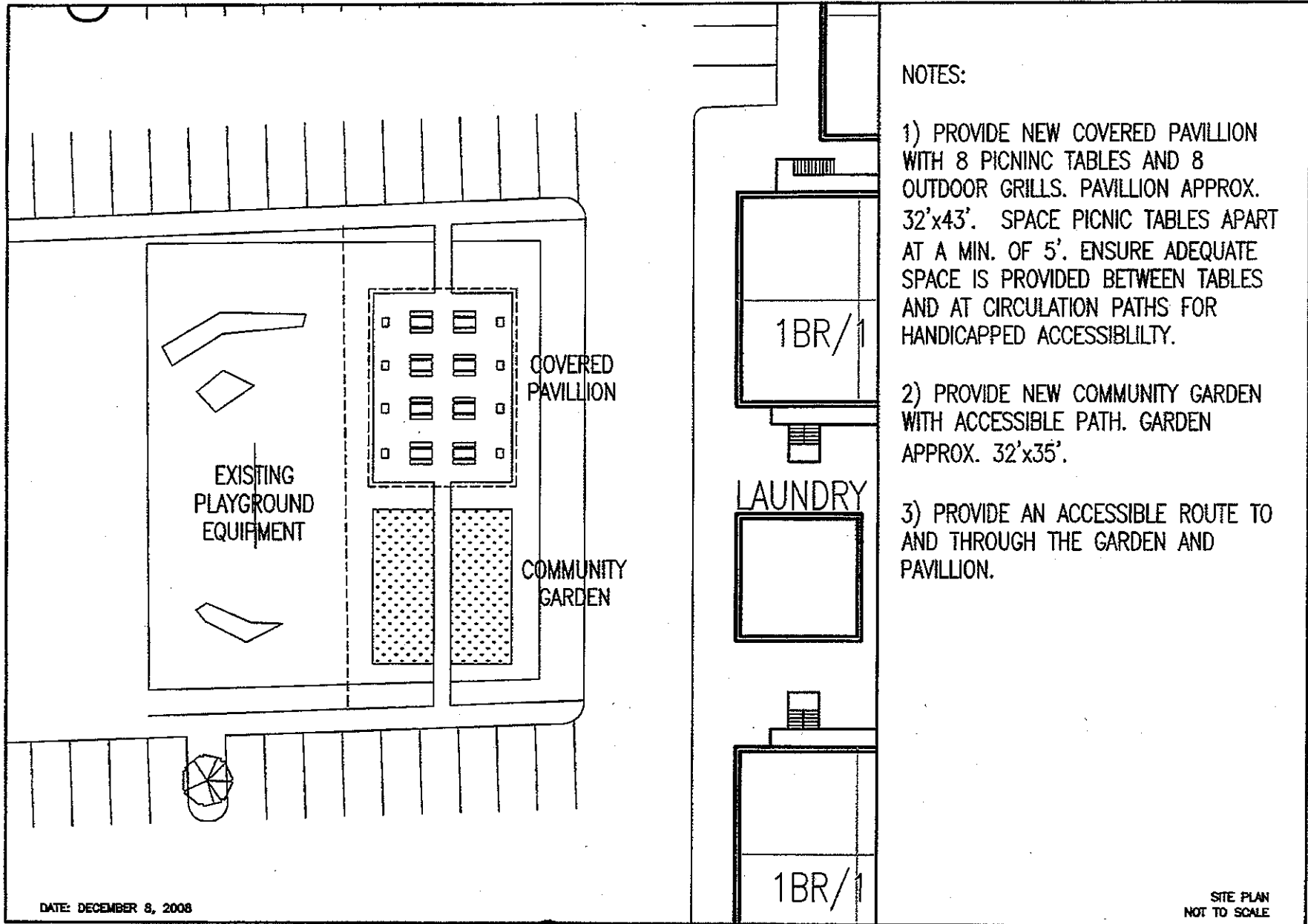
BID TOTAL

\$ 839,425.00

**EXHIBIT C**



05629



NOTES:

- 1) PROVIDE NEW COVERED PAVILLION WITH 8 PICNINC TABLES AND 8 OUTDOOR GRILLS. PAVILLION APPROX. 32'x43'. SPACE PICNIC TABLES APART AT A MIN. OF 5'. ENSURE ADEQUATE SPACE IS PROVIDED BETWEEN TABLES AND AT CIRCULATION PATHS FOR HANDICAPPED ACCESSIBILTY.
- 2) PROVIDE NEW COMMUNITY GARDEN WITH ACCESSIBLE PATH. GARDEN APPROX. 32'x35'.
- 3) PROVIDE AN ACCESSIBLE ROUTE TO AND THROUGH THE GARDEN AND PAVILLION.

DATE: DECEMBER 8, 2008

SITE PLAN  
NOT TO SCALE

Brown Chambliss Architects  
 200 Commerce Street, Suite 200  
 Montgomery, Alabama 36103-2285  
 T: 334.834.8340 F: 334.834.8340  
 www.browncambliss.com

VILLAGE PARK APARTMENTS  
 HOUSTON TEXAS

A-1

**COMMUNITY GARDEN & PAVILLION SCOPE AND SPECIFICATIONS - VILLAGE PARK APTS.**

VILLAGE PARK APTS.  
8701 HAMMERLY  
HOUSTON, TX 77077

Submitted by:  
Brad Bowers  
Penco Construction Co.  
December 17, 2008

**NEW COMMUNITY PAVILLION & GARDEN**

**COVERED PAVILLION**

Excavate & Prepare Soil For New Slab	1,376 SF
Pour New 4" Reinforced Slab With Footings	1,376 SF
Provide & Install 6"x6"x12' Treated Columns	10 EA
Provide & Install New 2"x12"x10 Support Beams	18 EA
Provide & Install New Roof Trusses	742 LF
Provide & Install New Roof Decking	1,680 SF
Provide & Install New Composition Shingle Roofing	18 SQ
Provide & Install New Plywood Siding	190 SF
Provide & Install New Plywood Soffit	1,584 SF
Provide & Install New Fascia	165 LF
Pour New 4" Concrete Walkway	36 SF
Provide & Install New Outdoor Charcoal Grill	8 EA
Provide & Install New Picnic Tables	8 EA

**COMMUNITY GARDEN**

Excavate & Remove 8" Existing Soil For New Gard	910 SF
Import New Topsoil	22 CY
Provide & Install New Landscape Logs	384 LF
Provide & Install New Hose Bib	2 EA
Pour New 4" Concrete Walkway	200 SF

**GENERAL**

Paint Covered Pavillion Complete	1 EA
Permit	1 EA
Haul Debris - Per Truck Load	1 LD

**OUR PRICE FOR THIS WORK IS \$76,877.00**

\*This bid is based on Brown Chambless Architects site plan drawing and Penco's design of the structure. Bid does not include complete engineered drawings or drainage plan which will be required for permitting purposes.

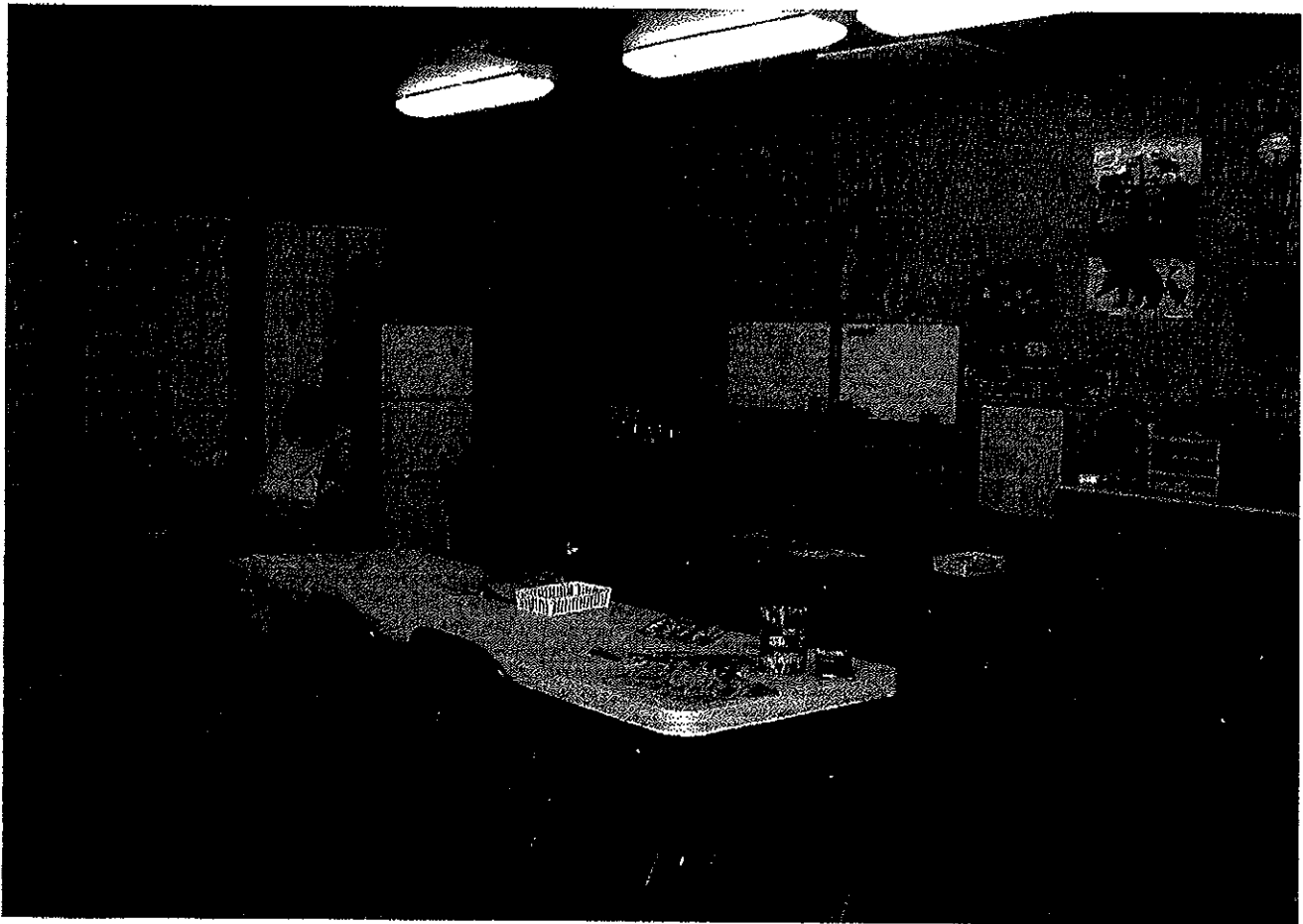
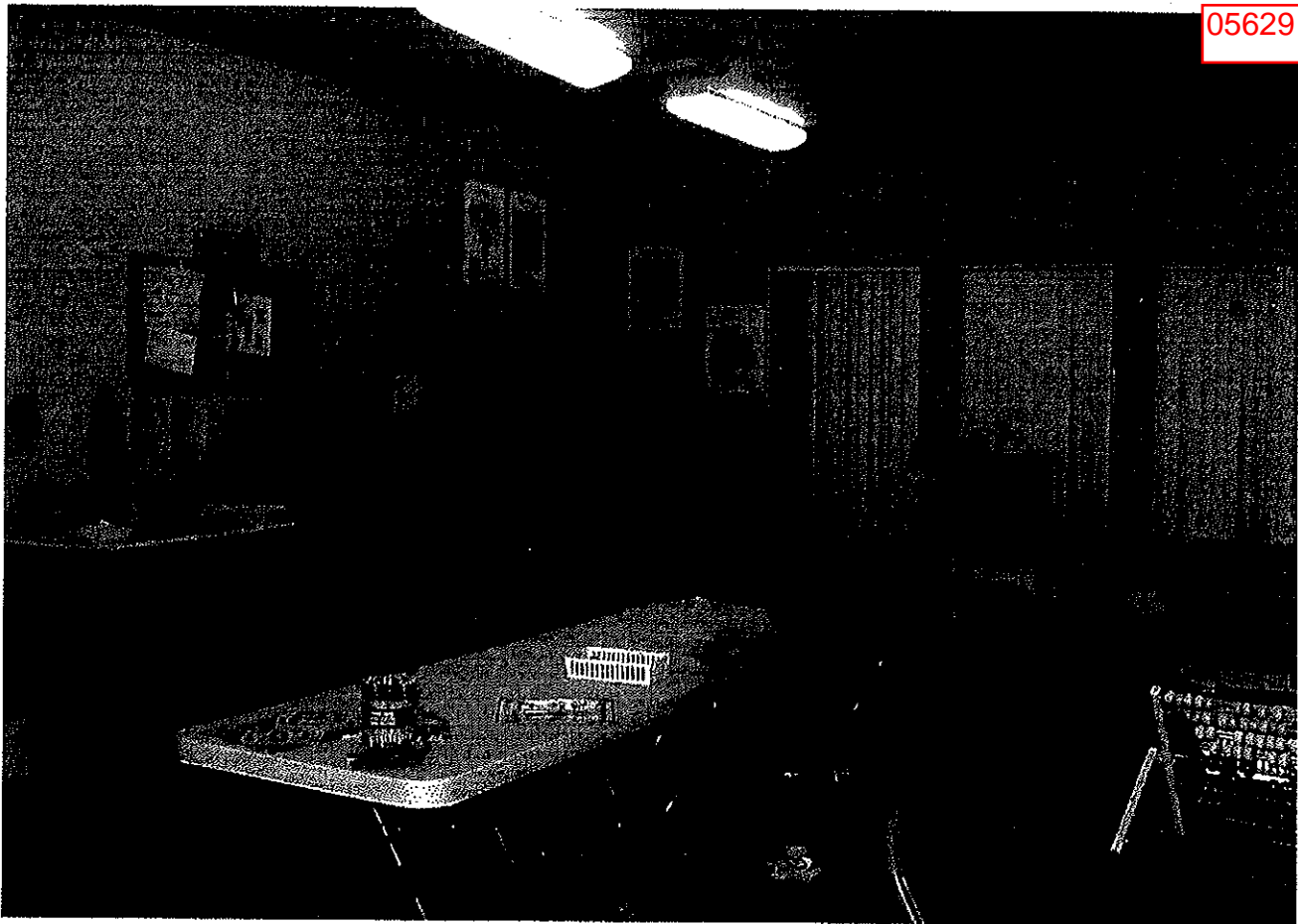
**PENCO CONSTRUCTION COMPANY**

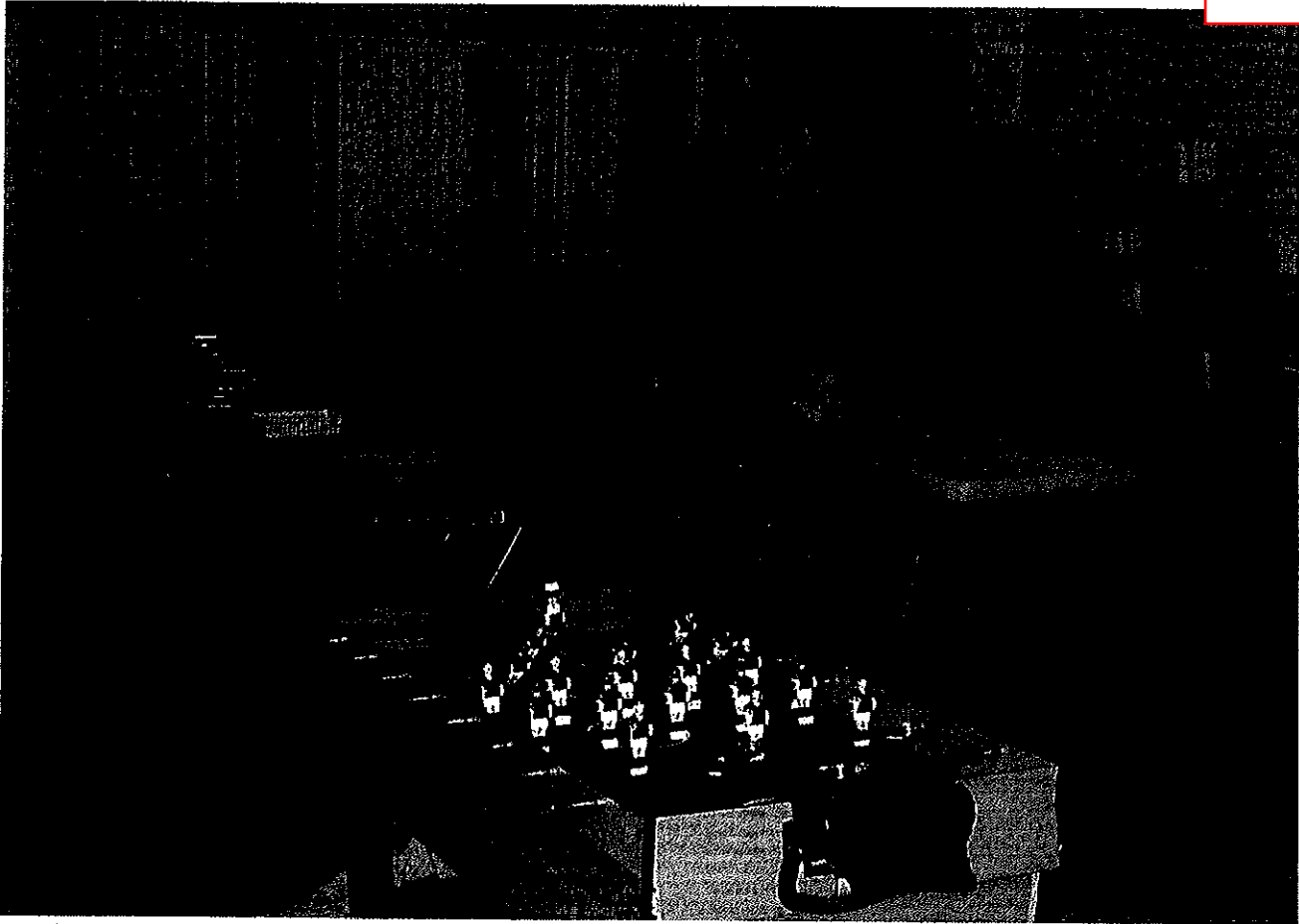
COMMUNITY GARDEN & PAVILLION SCOPE AND SPECIFICATIONS - VILLAGE PARK APTS.**NOTES:**

1. All work performed by Penco shall be compliant with all applicable building codes and regulations. However, all design and specifications, including compliance of same applicable government codes and regulations, shall be the responsibility of the Owner.
2. If the Contractor is delayed at any time in the commencement or progress of the Work by (1) an act or neglect of the Owner or Architect, or of an employee of either, or of a separate contractor employed by the Owner, (2) changes ordered in the Work by Owner or Government agency or entity, (3) labor disputes, fire or other natural disasters, transportation stoppages, (4) effects of storms and other adverse weather conditions, or (5) any other unusual or unavoidable casualties or other causes beyond the Contractor's control, then the Contract Time or Time of Completion shall be deemed extended by a written Change Order for such reasonable time as to accommodate delays occasioned by any of the events described in (1) through (5) of this paragraph, and in no event shall the Contractor be liable to Owner for delays which result from an event described in (1) through (5) of this paragraph.
4. Estimate amount will be good for 30 days.

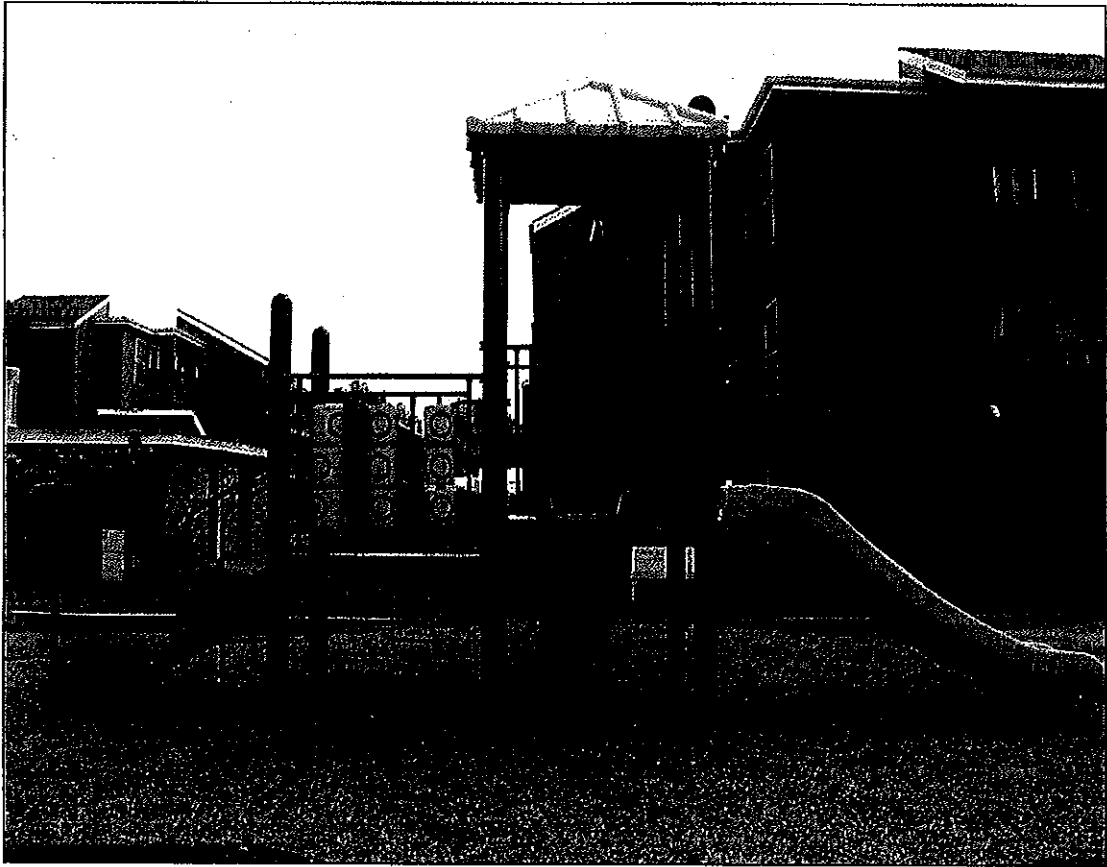
**EXHIBIT D**

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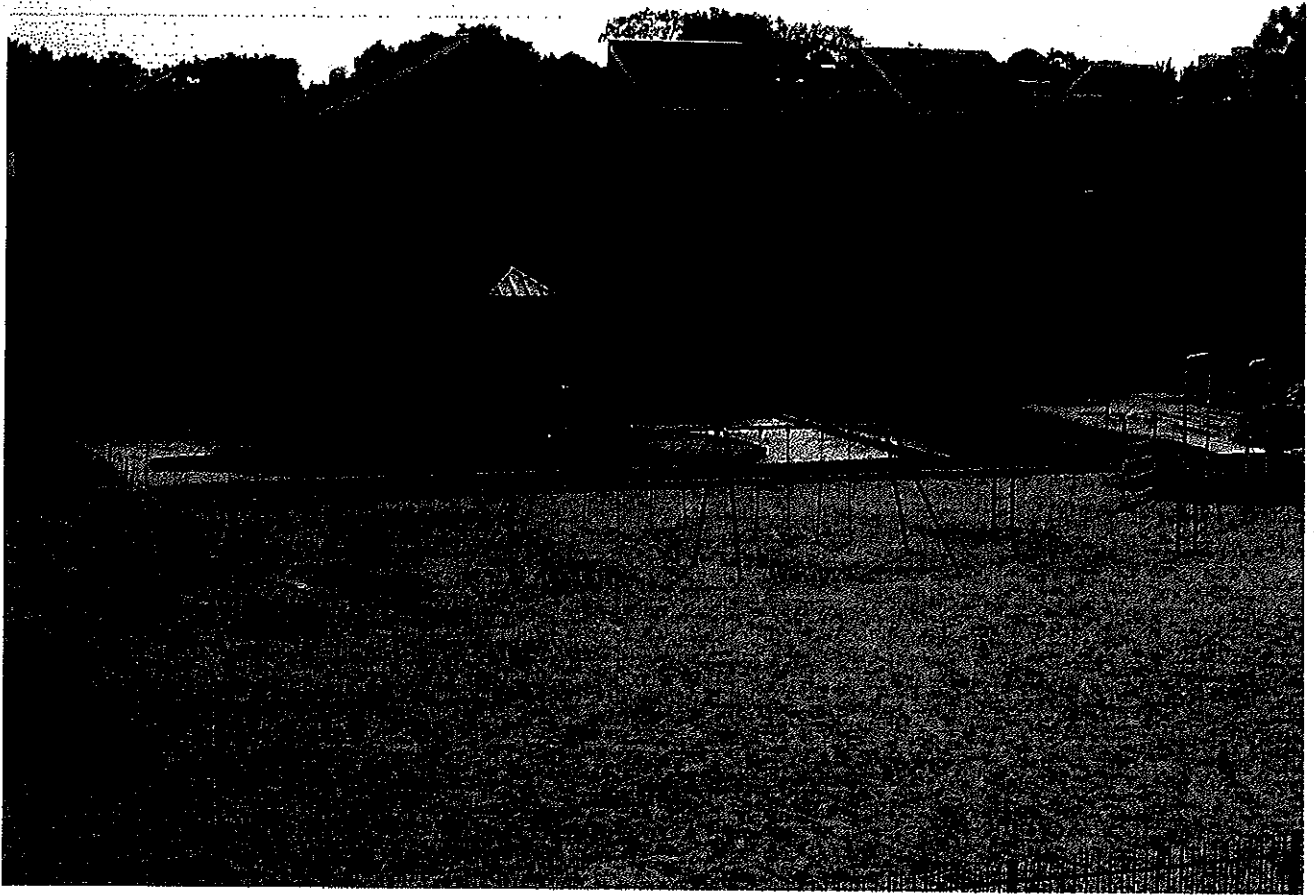


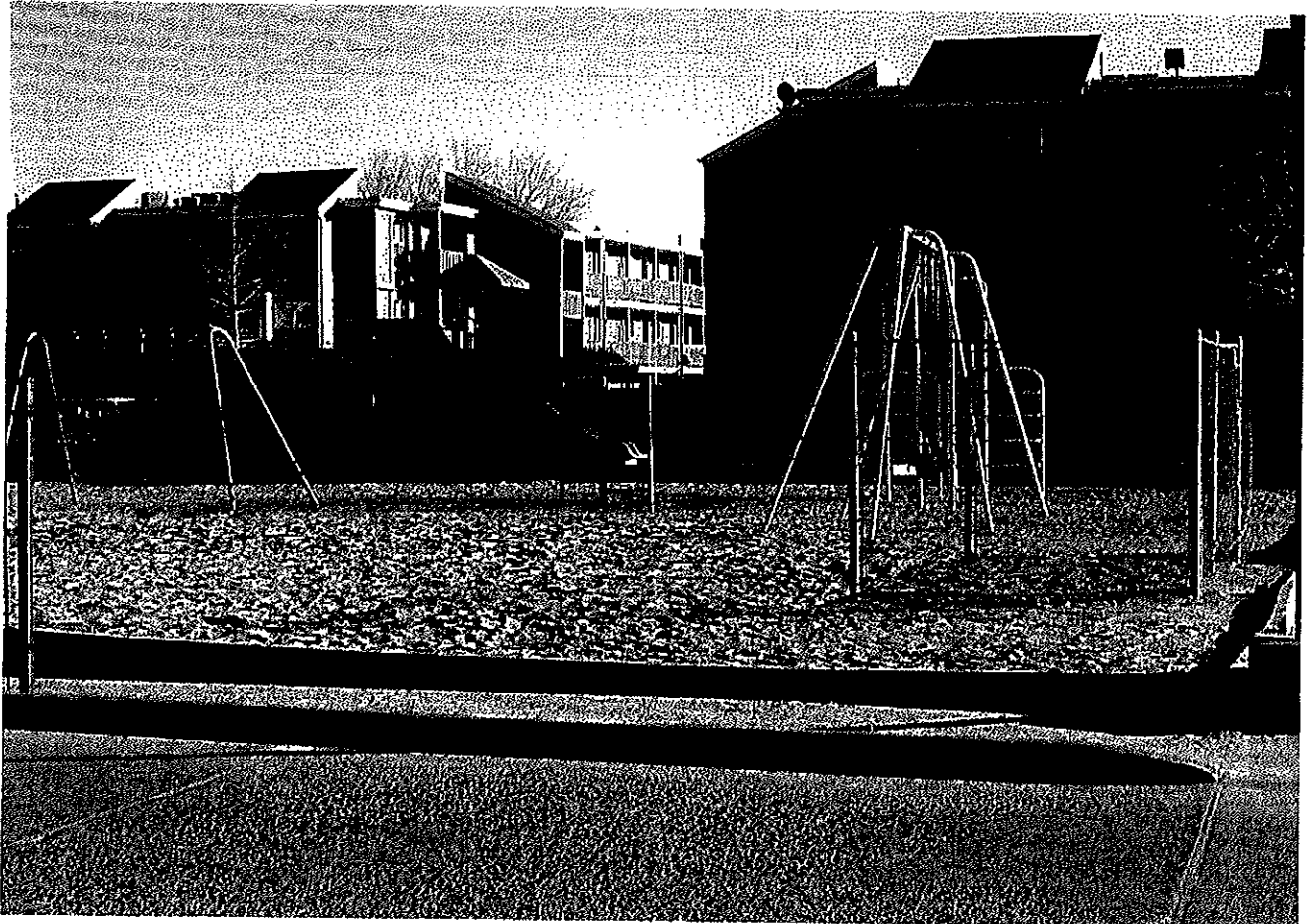


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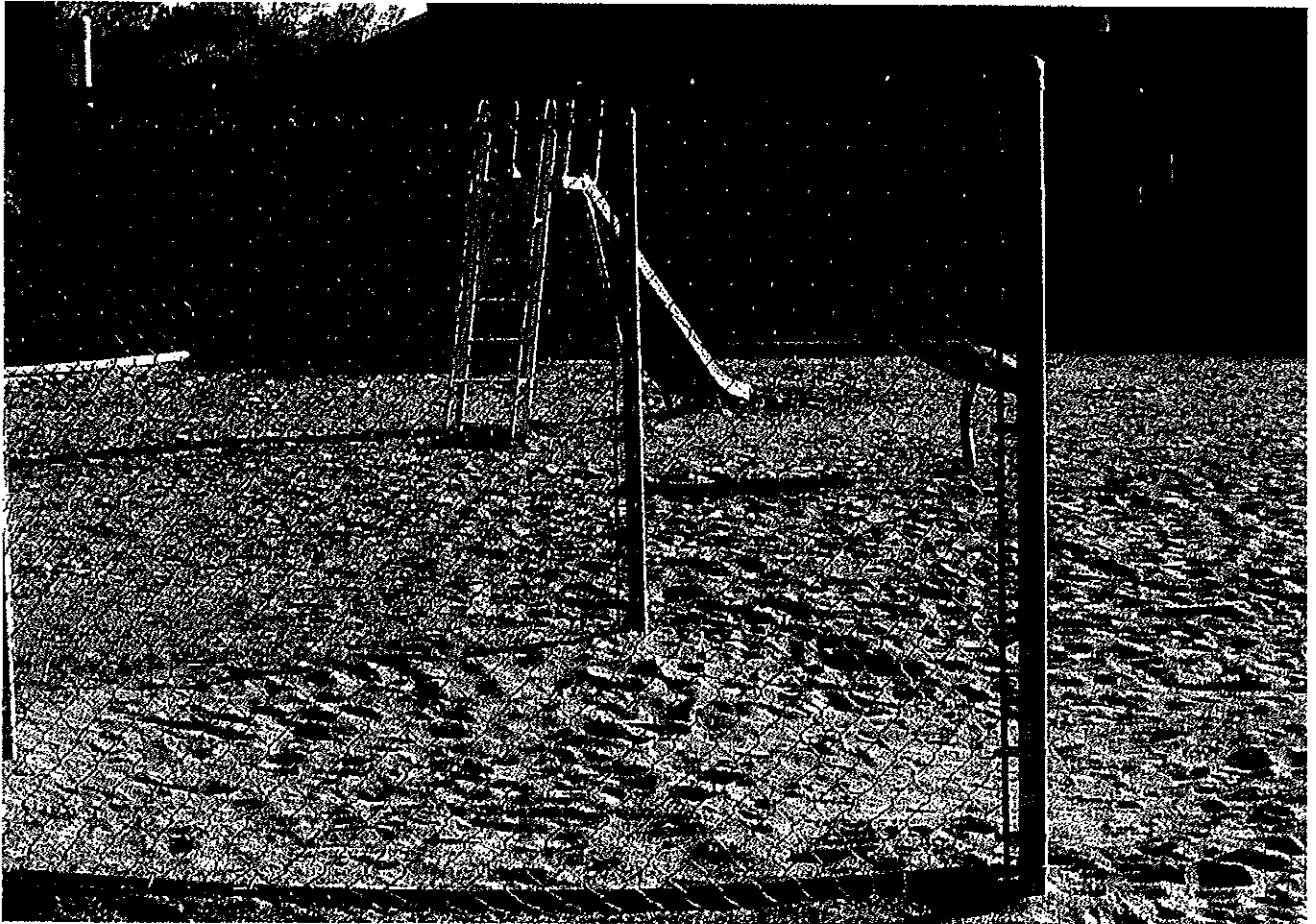
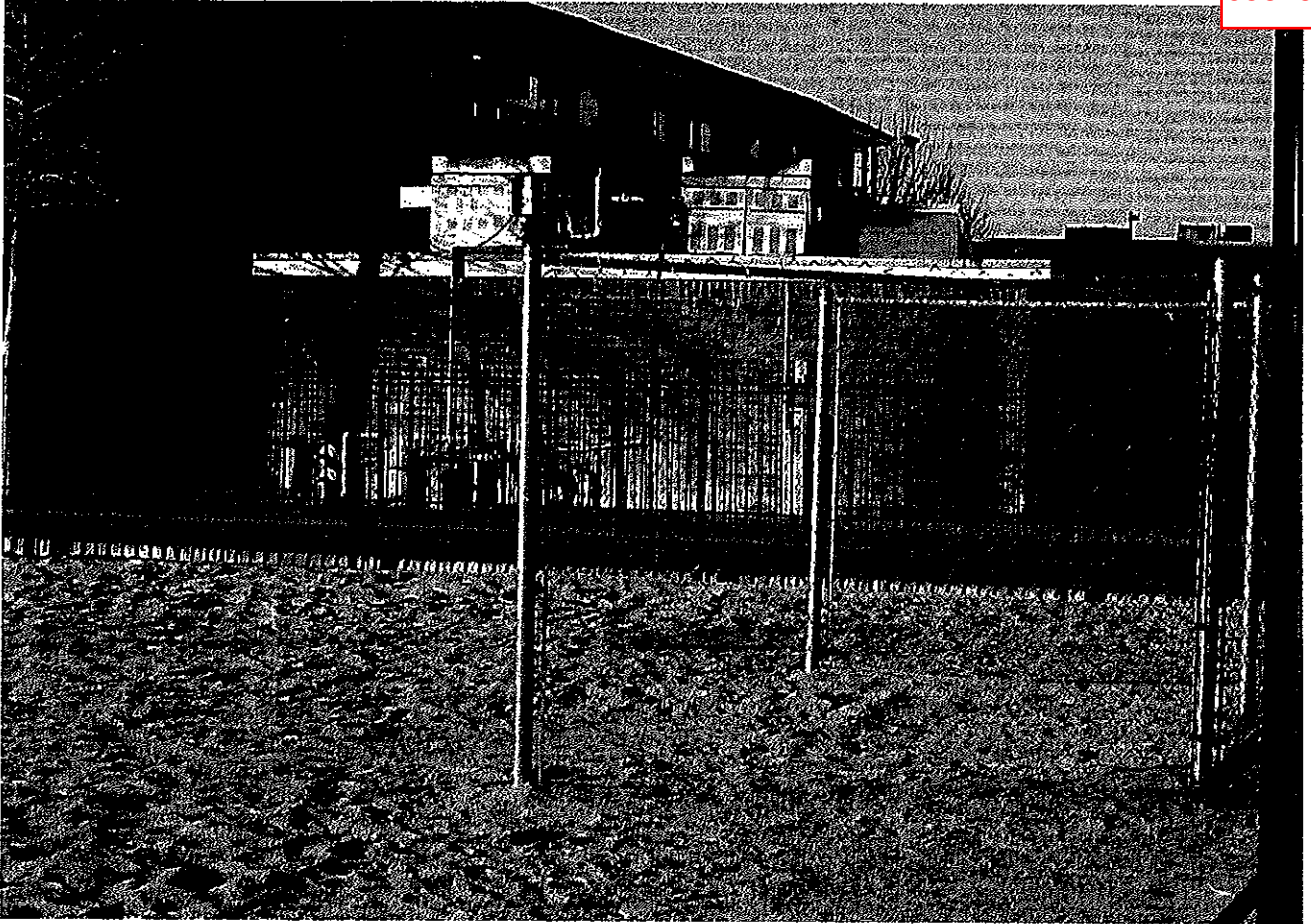






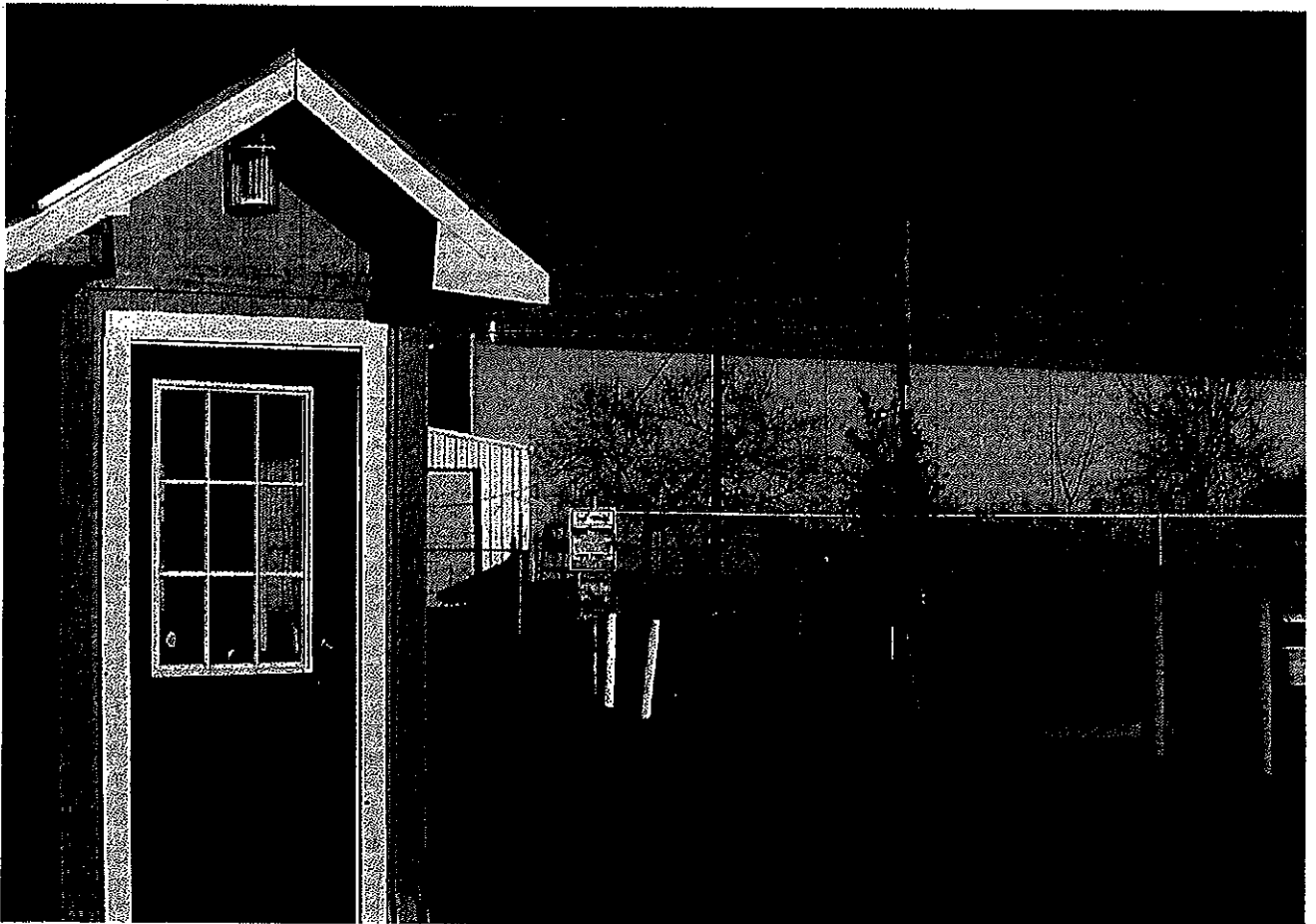






**EXHIBIT G**

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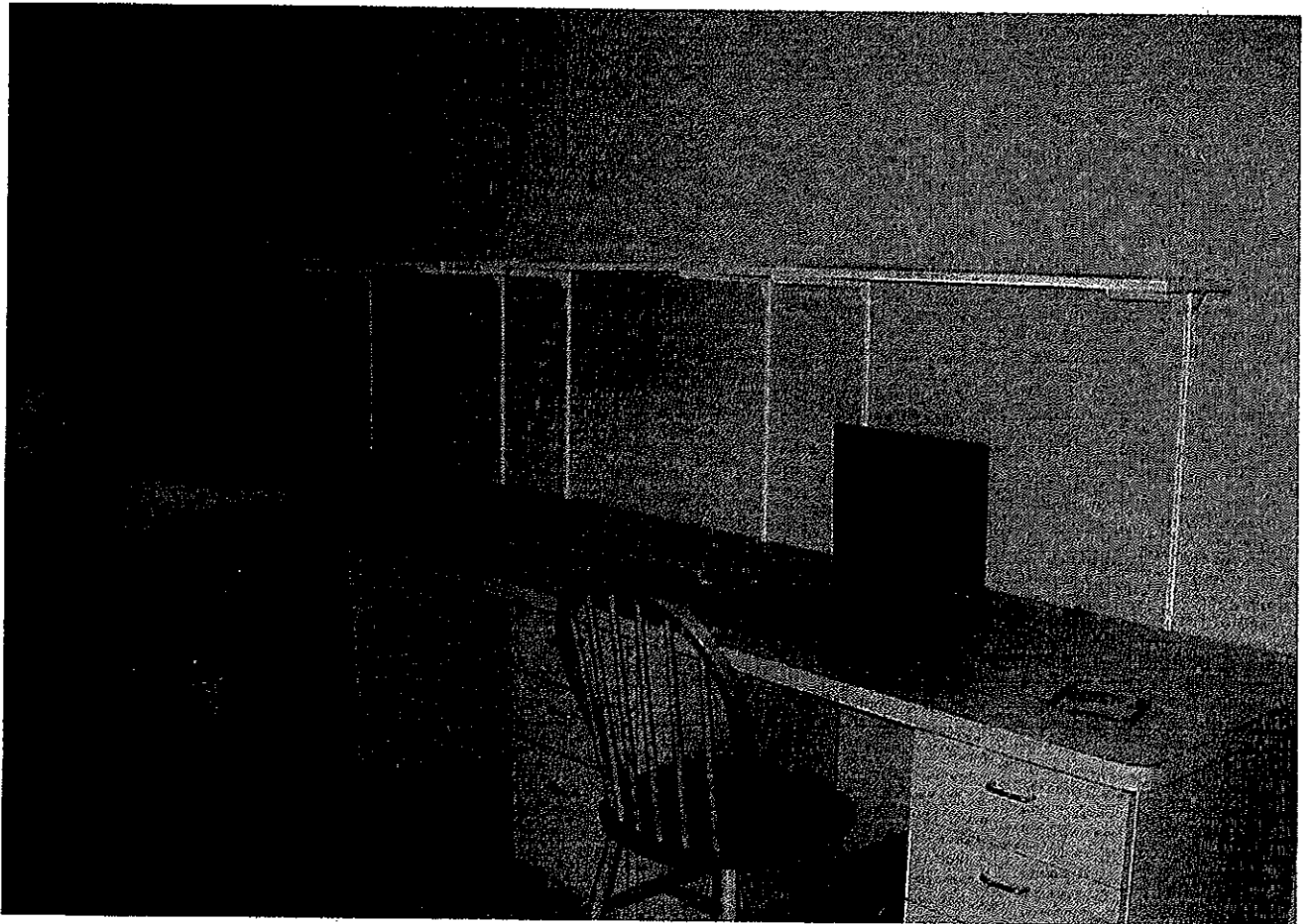
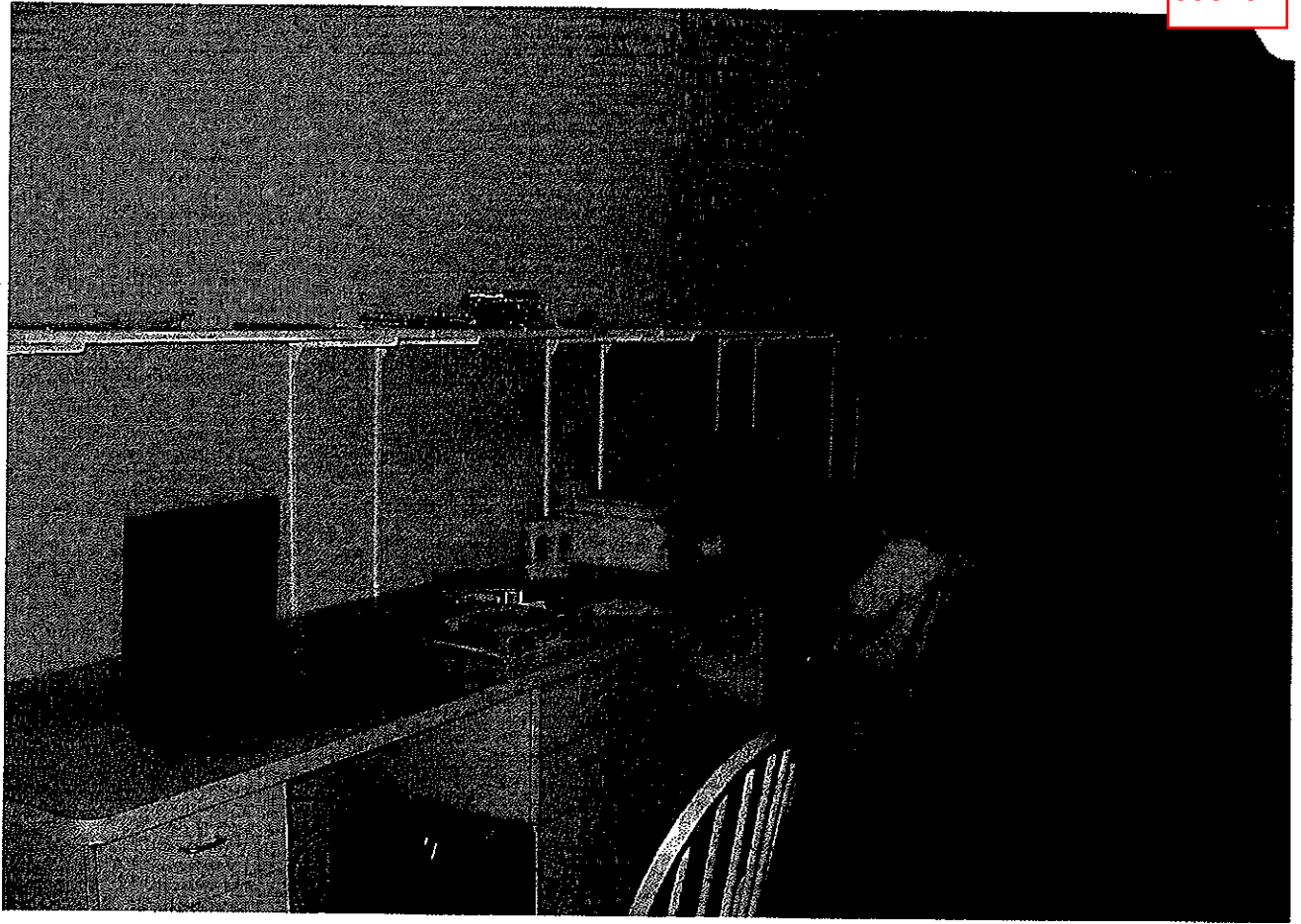


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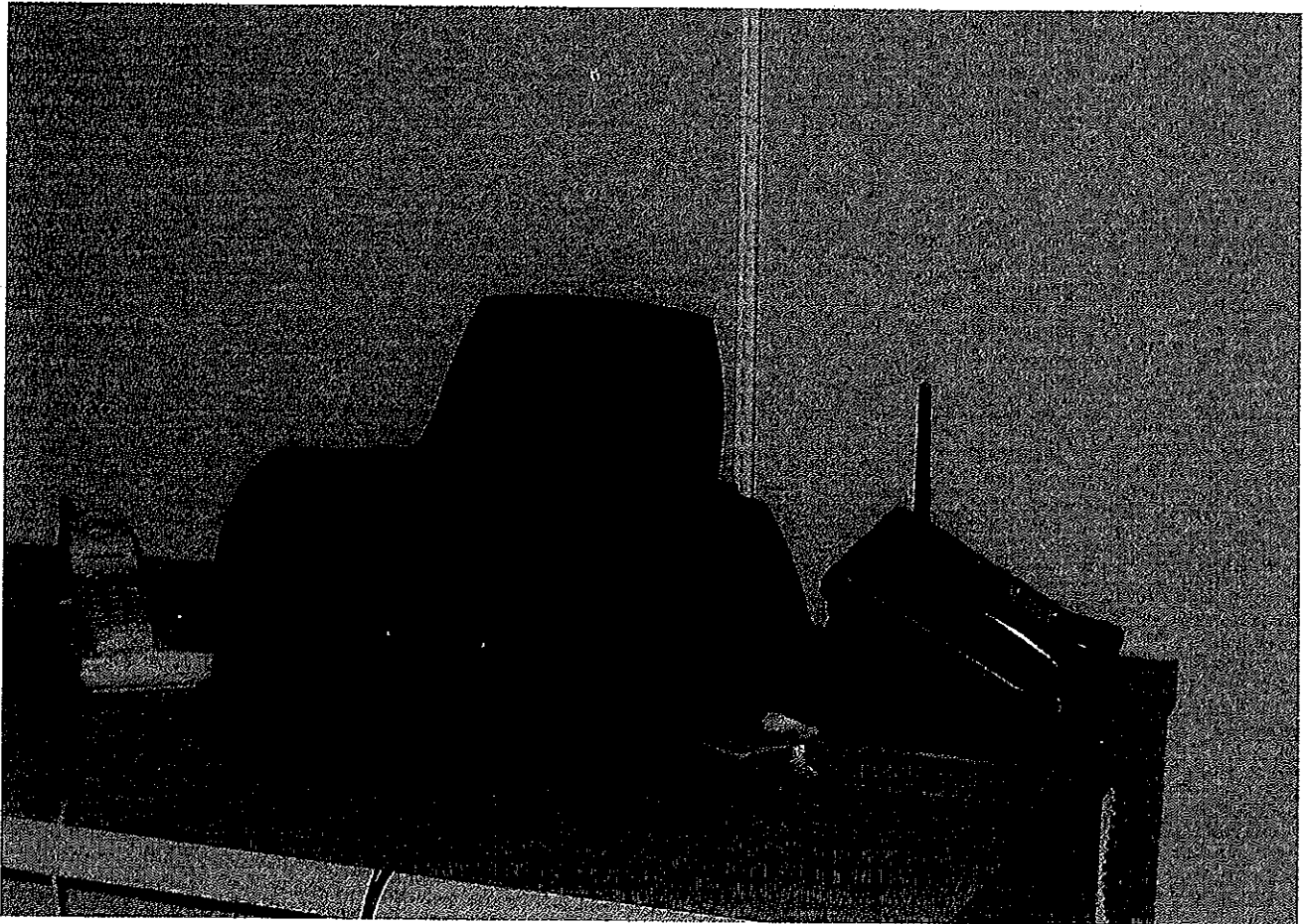
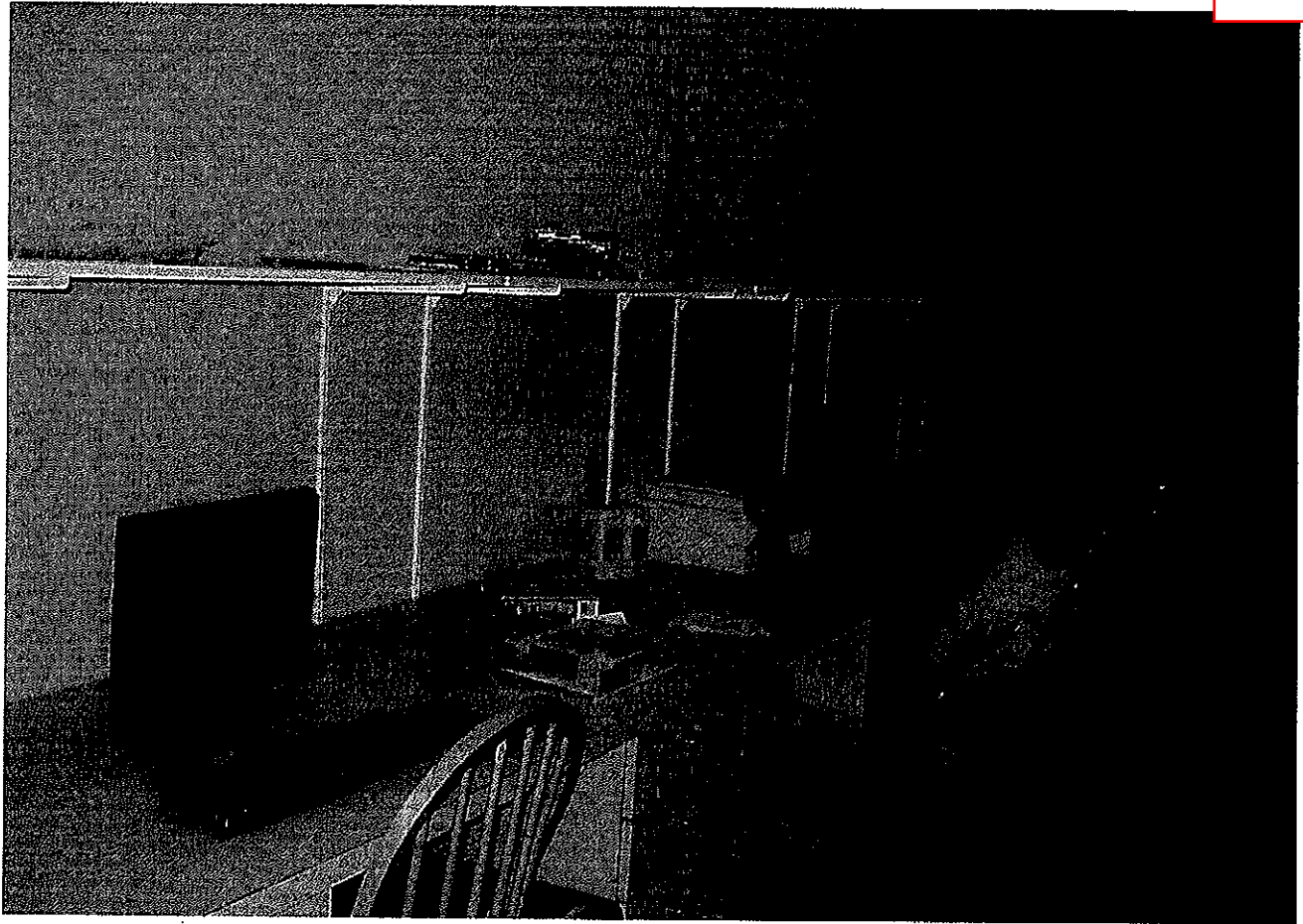


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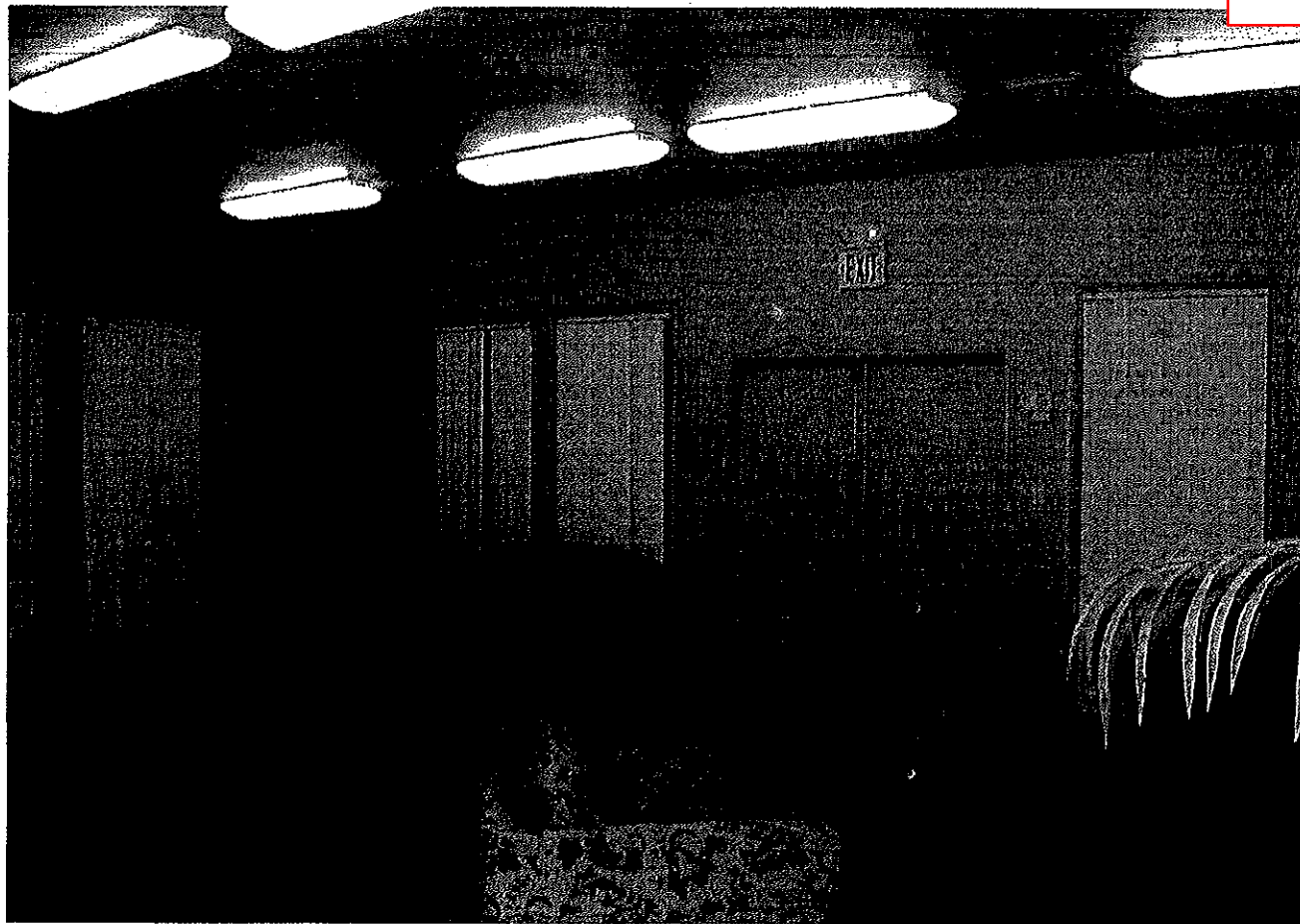








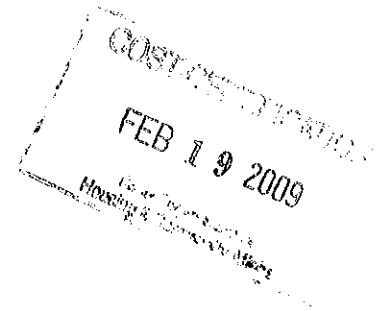
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08195



**DOMINIUM**  
Development & Acquisition, LLC



February 17<sup>th</sup>, 2009

*VIA: E-Mail*

Mr. Michael Gerber  
Executive Director  
Texas Department of Housing and Community Affairs  
221 E. 11<sup>th</sup> Street  
Austin, Texas 78701

Re: Chateau Village Apartments #08195

Dear Mr. Gerber:

I am writing this letter to both provide you a quick update on the closing status of Chateau Village and also request some modifications to our current structure as approved by TDHCA.

We have been working diligently with all of our financing partners and are in a position to close in late March. Bank of America is providing both the 1<sup>st</sup> mortgage financing and construction financing. We have completed the bulk of our due diligence with them and should be provided drafts of the loan documents in the next week or two. Alliant Capital, our tax credit syndicator, has been working with JP Morgan Chase to be the direct investor for the 9% tax credits. We have provided the majority of the requested due diligence to Alliant and they are now working with JP Morgan Chase to receive their final approvals. We have also been working with the City of Houston to provide them with the required due diligence.

In addition to working with our financing partners we have been working closely with Ontra, Inc, who is the Participating Administrative Entity (PAE) completing the Mark-to-Market restructuring on behalf of HUD. Ontra expects to receive the final approvals from HUD that they need in order to close in the next week or two as well.

The above partners are on schedule to close in late March based on our current financing assumptions and proposed ownership/financing structure. However, in order to complete the closing as planned we will require the following modifications be approved by TDHCA staff; or the Board if the modifications are not able to be approved at the staff level.

First, Alliant Capital has requested, per the attached letter, that the condition of the 2008 Housing Tax Credit Commitment Notice for Chateau Village Apartments dated August 11, 2008 be amended to eliminate the language in section 1.2 requiring a 50% property tax exemption.



Our original application did not include a property tax exemption in our analysis. However, based on discussions we had with TDHCA underwriting staff, we were informed this would be a condition of our 9% award. We understand that this condition was based in part to provide additional cash flow to the soft HUD and HOME notes to avoid reducing them from acquisition eligible basis, in order to meet a true debt test. Not only has the interest rate on the HOME note been reduced from the Applicable Federal Rate (AFR) to 1%, the amount of the deferred developer fee that needs to be paid back has been reduced from approximately \$620k (per our application) to \$250k based on our most recent projections. These projections show all debt, both hard and soft, being true debt and paid off in the compliance period or at sale.

Based upon the review of Alliant and JP Morgan Chase, and their tax counsel, the financial feasibility of Chateau Village does not require property tax abatement. They have completed their true debt analysis assuming there is no tax exemption or abatement. Further, if we are unable to have this condition eliminated from the Commitment Notice, it is unlikely we will be able to secure a tax credit investor who will risk their investment on the unlikely scenario we are able to secure property tax abatement approvals from Harris County, the City of Houston, and the Houston Independent School District. Additionally, the 1<sup>st</sup> mortgage is sized based on the assumption that property taxes will remain at their current levels and increase in the future.

We understand that there is a necessity in today's current economic and tax credit environment to ensure that the deals are financially feasible and likely to close. We have put together a financing structure that is ready to close and that is very feasible. This can be evidenced by the fact that we have a tax credit investor ready to close and that there is very small financing gap.

Our second modification to the structure that was approved by TDHCA is the changing of the sole member of the general partner from Housing Services Incorporated to Christian Relief Services. The City of Houston has communicated with us that if Housing Services Incorporated is involved as the general partner, or in any sort of ownership role, that the City Council is unable to approve the HOME funds for Chateau Village. We have provided the City of Houston due diligence on Christian Relief Services and expect the City's approval of them as the General Partner shortly. Please contact Mr. Donald Sampley with the City of Houston at [Donald.Sampley@cityofhouston.net](mailto:Donald.Sampley@cityofhouston.net) to discuss this further.

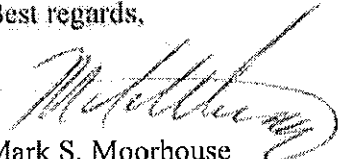
We understand this change will not be looked at lightly by TDHCA staff. However, this change is of no economic consequence to the feasibility of the development. In addition, the change does not involve altering or substituting the legal general partner or ownership entities or any of the guarantors involved in the transaction. As originally submitted and subsequently approved, the principals of Dominion will still be providing the construction completion, tax credit, and operating deficit guarantees required by our investor limited partner, JP Morgan Chase.

Finally, while Housing Services Incorporated would no longer be involved in the general partner or ownership of Chateau Village, they are still partnering with the development to provide the social services we have committed to provide to the current and future residents of Chateau Village.

With the approval of the above modifications by TDHCA staff Chateau Village will be ready to close in March. These are not insignificant changes but we feel that the overall development—the structure, the financing partners, and the feasibility—has improved with these changes and offers a marketable development to our investor limited partner, as well as the 1<sup>st</sup> mortgage lender.

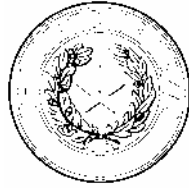
If there are any questions regarding the above outlined changes please do not hesitate to contact me at (763) 354-5613 or Owen Metz at (763) 354-5618.

Best regards,



Mark S. Moorhouse  
Project Partner  
mmoorhouse@dominiuminc.com

Cc: Sharon Gamble, TDHCA  
Owen Metz, Dominion Development & Acquisition, LLC  
Jeffrey Spicer, State Street Housing, LP



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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### Memorandum

**To:** Multifamily Finance Production Division  
**From:** Audrey Martin, Real Estate Analysis  
**cc:** File  
**Date:** April 6, 2009  
**Re:** Amendment for Lakeside Manor Seniors Community, TDHCA #04463

#### Background

The development is a 4% / Tax-Exempt Bond development that was originally underwritten during 2004 and approved for a tax credit award not to exceed \$428,143 annually. The Owner reported that the development placed in service in 2006, but the Owner has not submitted a cost certification.

#### Amendment Request

In an amendment request letter dated October 28, 2008, and received by the Department on January 5, 2009, the Owner requested a reduction of the total number of units from 178 to 176. In addition, the Owner has identified several amenities that have been added to compensate for the reduction in the number of units. The Owner stated that the reduction in units was necessary because the Town of Little Elm denied the parking variance application submitted by the developer. Because of this, the site had to be reconfigured to provide the required amount of parking, and the result was that two of the 60% two-bedroom, two-bathroom units had to be eliminated. Per the revised site plan there are 40 garages, 50 carports, and 303 uncovered parking spaces which satisfies the parking requirements of the Town of Little Elm. The number of garages and carports has not changed since application; however, the number of uncovered parking spaces has increased from 177 at application.

The amendment request identifies several amenities currently existing within the development as substitutions for the two units that were excluded: granite counter tops in kitchen, 35 seat theater room, country store, indoor spa, health care office, walk-in showers with glass enclosure, water saving commodes, two inch faux wood blinds, decorative concrete pool deck, card access controls for residents clubhouse entry, tankless water heaters on each building, vaulted ceilings, irrigation system, additional parking spaces, a community garden, and a central trash compactor. In addition, pedestal sinks with a granite shelf placed nearby were installed in lieu of a traditional cabinet-style sink in order to create better access for potential tenants with wheel chairs.

The amendment request materials included the following updated exhibits: rent schedule, utility allowances, annual operating expenses, building / unit type configuration, 30 year proforma, development cost schedule, sources and uses, site plan, building plans, and unit plans. The Underwriter evaluated all of the new information.

### **Conclusions**

The Underwriter's review of the amendment request indicates that the requested changes do not have a material effect on underwriting of the transaction. Based on the amenities provided as substitutions for the lost units, it seems reasonable that the cost increases as a result of the amenities were greater than the cost reduction associated with the loss of the two units. However, staff cannot evaluate the full extent of the effect of the amendment on the transaction until the cost certification is submitted to the Department. Staff does not recommend an adjustment to the tax credit allocation prior to the finalization of the cost certification review.

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Lakeside Manor Senior Community, Little Elm, 4% HTC - 2004 #04463**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Applicant	Rent per Month	Rent per SF	Tnt-Pd Util	WH, W, S, & T
TC 50%	89	1	1	737	\$623	\$560	\$560.00	\$49,840	\$0.76	\$63.00	\$82.00
TC 60%	55	1	1	737	\$748	\$685	\$685.00	\$37,675	\$0.93	\$63.00	\$82.00
TC 60%	32	2	2	923	\$898	\$816	\$817.00	\$26,112	\$0.88	\$82.00	\$96.00
<b>TOTAL:</b>	<b>176</b>		<b>AVERAGE:</b>	<b>771</b>		<b>\$646</b>		<b>\$113,627</b>	<b>\$0.84</b>	<b>\$82.36</b>	<b>\$84.55</b>

**INCOME**

Total Net Rentable Sq Ft: 135,664

	Per Unit Per Month:		TDHCA-Amend	TDHCA-App	APPLICANT-App	APPLICANT-Amend	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT			\$1,363,524	\$1,410,891	\$1,381,824	\$1,361,412	Denton	Dallas	3
Secondary Income	\$15.00		31,680	32,040	32,040	31,680	\$15.00	Per Unit Per Month	
Other Income: Garages, W/D, cable/telephone, carports	\$4.90		10,349	10,464	92,280	84,480	\$40.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			\$1,405,553	\$1,453,395	\$1,506,144	\$1,477,572			
Vacancy & Collection Loss	-7.50%	% of Potential Gross Income:	(105,416)	(109,005)	(75,312)	(110,820)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0	0	0			
<b>EFFECTIVE GROSS INCOME</b>			<b>\$1,300,136</b>	<b>\$1,344,390</b>	<b>\$1,430,832</b>	<b>\$1,366,752</b>			

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA-Amend	TDHCA-App	APPLICANT-App	APPLICANT-Amend	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.41%	\$252	0.33	\$44,270	\$70,082	\$18,500	\$10,500	\$0.08	\$60	0.77%
Management	5.00%	369	0.48	65,007	67,220	70,000	67,200	0.50	382	4.92%
Payroll & Payroll Tax	11.49%	849	1.10	149,404	140,496	145,000	123,600	0.91	702	9.04%
Repairs & Maintenance	5.34%	394	0.51	69,398	62,370	40,200	26,700	0.20	152	1.95%
Utilities	4.26%	314	0.41	55,323	24,423	27,000	39,000	0.29	222	2.85%
Water, Sewer, & Trash	4.97%	367	0.48	64,555	58,401	55,000	59,500	0.44	338	4.35%
Property Insurance	2.40%	178	0.23	31,265	34,378	38,000	33,600	0.25	191	2.46%
Property Tax	2.33573	4.82%	356	0.46	62,691	114,771	110,000	0.46	356	4.59%
Reserve for Replacements	2.74%	202	0.26	35,600	35,600	35,600	35,200	0.26	200	2.58%
TDHCA Compliance Fees	0.34%	25	0.03	4,400	4,450	4,450	4,500	0.03	26	0.33%
Other: Security	0.19%	14	0.02	2,500	4,200	4,250	2,500	0.02	14	0.18%
<b>TOTAL EXPENSES</b>	<b>44.95%</b>	<b>\$3,321</b>	<b>\$4.31</b>	<b>\$584,414</b>	<b>\$616,391</b>	<b>\$548,000</b>	<b>\$464,991</b>	<b>\$3.43</b>	<b>\$2,642</b>	<b>34.02%</b>
<b>NET OPERATING INC</b>	<b>55.05%</b>	<b>\$4,067</b>	<b>\$5.28</b>	<b>\$715,723</b>	<b>\$727,999</b>	<b>\$882,832</b>	<b>\$901,761</b>	<b>\$6.65</b>	<b>\$5,124</b>	<b>65.98%</b>

**DEBT SERVICE**

				TDHCA-Amend	TDHCA-App	APPLICANT-App	APPLICANT-Amend			
Tax-Exempt Bond Financing	51.71%	\$3,820	\$4.96	\$672,340	672,266	719,470	487,350	\$3.59	\$2,769	35.66%
Taxable Tail	0.00%	\$0	\$0.00	0	0	0	34,600	\$0.26	\$197	2.53%
Additional Financing	0.00%	\$0	\$0.00	0	0	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>3.34%</b>	<b>\$246</b>	<b>\$0.32</b>	<b>\$43,383</b>	<b>\$55,733</b>	<b>\$163,362</b>	<b>\$379,811</b>	<b>\$2.80</b>	<b>\$2,158</b>	<b>27.79%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.06</b>	<b>1.08</b>	<b>1.23</b>	<b>1.73</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.15</b>	<b>1.10</b>					

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-Amend	TDHCA-App	APPLICANT-App	APPLICANT-Amend	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		8.35%	\$7,168	\$9.30	\$1,261,522	\$1,242,651	\$1,180,000	\$1,261,522	\$9.30	\$7,168	8.88%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		9.60%	8,239	10.69	1,450,000	1,169,500	1,169,500	1,450,000	10.69	8,239	10.21%
Direct Construction		47.62%	40,875	53.03	7,194,073	6,585,068	6,285,000	6,512,711	48.01	37,004	45.85%
Contingency	0.00%	0.00%	0	0.00	0	387,728	450,000	0	0.00	0	0.00%
Contractor's Fees	13.04%	7.46%	6,405	8.31	1,127,299	1,020,365	1,040,000	1,127,299	8.31	6,405	7.94%
Indirect Construction		4.06%	3,482	4.52	612,868	480,500	480,500	612,868	4.52	3,482	4.31%
Ineligible Costs		4.20%	3,603	4.67	634,124	536,076	397,599	555,476	4.09	3,156	3.91%
Developer's Fees	14.48%	10.90%	9,356	12.14	1,646,640	1,550,000	1,550,000	1,646,640	12.14	9,356	11.59%
Interim Financing		6.54%	5,618	7.29	988,731	1,172,401	1,172,401	988,731	7.29	5,618	6.96%
Reserves		1.27%	1,088	1.41	191,541	294,296	200,000	50,000	0.37	284	0.35%
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$85,834</b>	<b>\$111.35</b>	<b>\$15,106,797</b>	<b>\$14,438,585</b>	<b>\$13,925,000</b>	<b>\$14,205,247</b>	<b>\$104.71</b>	<b>\$80,712</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>	<b>64.68%</b>	<b>\$55,519</b>	<b>\$72.03</b>	<b>\$9,771,372</b>	<b>\$9,162,661</b>	<b>\$8,944,500</b>	<b>\$9,090,010</b>	<b>\$67.00</b>	<b>\$51,648</b>	<b>63.99%</b>	

**SOURCES OF FUNDS**

				\$0.092	\$609,005			RECOMMENDED	
First Lien - Conv Loan WaMu	3.31%	\$2,841	\$3.69	\$500,000	\$500,000	\$500,000	\$500,000	\$9,251,658	Developer Fee Available
Mortgage Revenue Bonds - WaMu	62.89%	\$53,977	\$70.03	9,500,000	9,500,000	9,500,000	9,500,000	0	\$1,646,640
HTC Syndication Proceeds - WNC	24.35%	\$20,902	\$27.12	3,678,705	3,505,745	3,505,745	3,678,705	3,651,021	% of Dev. Fee Deferred
Deferred Developer Fees	3.49%	\$2,992	\$3.88	526,542	419,255	419,255	526,542	1,302,568	79%
Additional (Excess) Funds Req'd	5.97%	\$5,122	\$6.65	901,550	513,585	0	0	(0)	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$15,106,797</b>	<b>\$14,438,585</b>	<b>\$13,925,000</b>	<b>\$14,205,247</b>	<b>\$14,205,247</b>	<b>\$3,153,533</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**  
**Lakeside Manor Senior Community, Little Elm, 4% HTC - 2004 #04463**

**DIRECT CONSTRUCTION COST ESTIMATE**

Marshall & Swift Residential Cost Handbook **9/1/2008 Version**  
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$58.54	\$7,942,045
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Elderly	3.00%		1.76	238,261
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.47)	(335,090)
Floor Cover			2.43	329,664
Breezeways/Balconies	\$19.81	30,080	4.39	595,885
Plumbing Fixtures	\$835	(80)	(0.49)	(66,800)
Rough-ins	\$410	176	0.53	72,160
Built-In Appliances	\$1,800	176	2.34	316,800
Exterior Stairs	\$1,800	0	0.00	0
Carpets	\$9.90	9600	0.70	95,040
Heating/Cooling			1.90	257,762
Garages	\$26.83	8,000	1.58	214,640
Comm &/or Aux Bldgs	\$69.44	5,500	2.82	381,906
Other: fire sprinkler	\$1.95	0	0.00	0
<b>SUBTOTAL</b>			<b>74.02</b>	<b>10,042,272</b>
Current Cost Multiplier	1.01		0.74	100,423
Local Multiplier	0.90		(7.40)	(1,004,227)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$67.36</b>	<b>\$9,138,468</b>
Plans, specs, sury, bld prm	3.90%		(\$2.63)	(\$356,400)
Interim Construction Interest	3.38%		(2.27)	(308,423)
Contractor's OH & Profit	11.50%		(7.75)	(1,050,924)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$54.71</b>	<b>\$7,422,720</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$10,000,000	Amort	360
Int Rate	5.38%	DCR	1.06
<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.06
<b>Additional</b>	\$3,678,705	Amort	0
Int Rate		Aggregate DCR	1.06

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$622,026
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$93,697</b>

<b>Primary</b>	\$9,251,658	Amort	360
Int Rate	5.38%	DCR	1.15
<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15
<b>Additional</b>	\$3,678,705	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS RENT	\$1,363,524	\$1,404,430	\$1,446,563	\$1,489,959	\$1,534,658
Secondary Income	31,680	32,630	33,609	34,618	35,656
Other Income: Garages, W/D, ca	10,349	10,659	10,979	11,308	11,648
POTENTIAL GROSS INCOME	1,405,553	1,447,719	1,491,151	1,535,885	1,581,962
Vacancy & Collection Loss	(105,416)	(108,579)	(111,836)	(115,191)	(118,647)
Employee or Other Non-Rental	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,300,136</b>	<b>\$1,339,140</b>	<b>\$1,379,315</b>	<b>\$1,420,694</b>	<b>\$1,463,315</b>
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
General & Administrative	\$44,270	\$46,041	\$47,883	\$49,798	\$51,790
Management	65,007	66,957	68,966	71,035	73,166
Payroll & Payroll Tax	149,404	155,380	161,596	168,059	174,782
Repairs & Maintenance	69,398	72,174	75,061	78,064	81,186
Utilities	55,323	57,535	59,837	62,230	64,720
Water, Sewer & Trash	64,555	67,137	69,822	72,615	75,520
Insurance	31,265	32,516	33,817	35,169	36,576
Property Tax	62,691	65,199	67,807	70,519	73,340
Reserve for Replacements	35,600	37,024	38,505	40,045	41,647
Other	6,900	7,176	7,463	7,762	8,072
<b>TOTAL EXPENSES</b>	<b>\$584,414</b>	<b>\$607,140</b>	<b>\$630,756</b>	<b>\$655,297</b>	<b>\$680,798</b>
<b>NET OPERATING INCOME</b>	<b>\$715,723</b>	<b>\$732,000</b>	<b>\$748,559</b>	<b>\$765,397</b>	<b>\$782,517</b>
DEBT SERVICE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
First Lien Financing	\$622,026	\$622,026	\$622,026	\$622,026	\$622,026
Second Lien	0	0	0	0	0
Other Financing	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$93,697</b>	<b>\$109,975</b>	<b>\$126,533</b>	<b>\$143,372</b>	<b>\$160,491</b>
DEBT COVERAGE RATIO	1.15	1.18	1.20	1.23	1.26

YEAR 10	YEAR 15	YEAR 20	YEAR 30
\$1,779,090	\$2,062,452	\$2,390,948	\$3,213,234
41,335	47,919	55,551	74,656
13,503	15,653	18,147	24,388
1,833,928	2,126,025	2,464,645	3,312,277
(137,545)	(159,452)	(184,848)	(248,421)
0	0	0	0
<b>\$1,696,383</b>	<b>\$1,966,573</b>	<b>\$2,279,797</b>	<b>\$3,063,856</b>
\$63,011	\$76,662	\$93,271	\$138,064
84,819	98,329	113,990	153,193
212,649	258,720	314,772	465,940
98,776	120,176	146,212	216,430
78,741	95,801	116,556	172,532
91,881	111,788	136,007	201,324
44,500	54,141	65,871	97,506
89,229	108,561	132,080	195,511
50,670	61,648	75,004	111,024
9,821	11,949	14,537	21,519
<b>\$824,097</b>	<b>\$997,773</b>	<b>\$1,208,302</b>	<b>\$1,773,042</b>
<b>\$872,286</b>	<b>\$968,800</b>	<b>\$1,071,495</b>	<b>\$1,290,815</b>
\$622,026	\$622,026	\$622,026	\$622,026
0	0	0	0
0	0	0	0
<b>\$250,260</b>	<b>\$346,774</b>	<b>\$449,470</b>	<b>\$668,789</b>
1.40	1.56	1.72	2.08

**HTC ALLOCATION ANALYSIS -Lakeside Manor Senior Community, Little Elm, 4% HTC - 2004 #04463**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,261,522	\$1,261,522		
Purchase of buildings				
<b>Off-Site Improvements</b>				
Sitework	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000
Construction Hard Costs	\$6,512,711	\$7,194,073	\$6,512,711	\$7,194,073
Contractor Fees	\$1,127,299	\$1,127,299	\$1,114,780	\$1,127,299
<b>Contingencies</b>				
Eligible Indirect Fees	\$612,868	\$612,868	\$612,868	\$612,868
Eligible Financing Fees	\$988,731	\$988,731	\$988,731	\$988,731
All Ineligible Costs	\$555,476	\$634,124		
<b>Developer Fees</b>			\$1,601,863	
Developer Fees	\$1,646,640	\$1,646,640		\$1,646,640
<b>Development Reserves</b>				
	\$50,000	\$191,541		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$14,205,247</b>	<b>\$15,106,797</b>	<b>\$12,280,953</b>	<b>\$13,019,611</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>		\$12,280,953	\$13,019,611
High Cost Area Adjustment		100%	100%
<b>TOTAL ADJUSTED BASIS</b>		\$12,280,953	\$13,019,611
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$12,280,953	\$13,019,611
Applicable Percentage		3.46%	3.46%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$424,921	\$450,479

Syndication Proceeds	0.8592	\$3,651,021	\$3,870,617
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$424,921</b>	<b>\$450,479</b>
Syndication Proceeds		\$3,651,021	\$3,870,617
Approved Tax Credits		\$428,143	
Syndication Proceeds		\$3,678,705	
Requested Tax Credits		\$446,176	
Syndication Proceeds		\$3,833,649	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$4,953,589</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$576,519</b>	
Reconciled Tax Credits		<b>\$424,921</b>	
Syndication Proceeds		\$3,651,021	

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

**DATE:** 11/3/2004

**PROGRAM:** 4% HTC

**FILE NUMBER:** 04463

**DEVELOPMENT NAME**

Lakeside Manor Senior Community

**APPLICANT**

**Name:** OHC/LITTLE ELM LTD **Type:** For-profit w/non-profit general partner  
**Address:** 16200 Dallas Parkway, Suite 190 **City:** Dallas **State:** TX  
**Zip:** 75248 **Contact:** Richard Shaw **Phone:** (972) 733-0096 **Fax:** (972) 733-1864

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

**Name :** Outreach Housing Coporation (Nonprofit) **(%):** 0.005 **Title:** Managing General Partner/Developer/21% owner of SLP  
**Name :** Harvest Hill Development **(%):** 0.005 **Title:** Special Limited Partner  
**Name :** Shaw Family Trust **(%):** N/A **Title:** 79% owner of SLP  
**Name :** Richard Shaw **(%):** N/A **Title:** Guarantor

**PROPERTY LOCATION**

**Location:** FM 720 and Lobo Lane  **QCT**  **DDA**  
**City:** Little Elm **County:** Denton **Zip:** 75068

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$438,218 (10/06/2004)	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>	
<b>Special Purpose (s):</b> <u>Elderly</u>			

**RECOMMENDATION**

**RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$428,143 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.**

**CONDITIONS**

1. Acceptance by the Board of the anticipated likely redemption of up to \$155K in bonds at the conversion to permanent;
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.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

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

DEVELOPMENT SPECIFICATIONS											
IMPROVEMENTS											
<b>Total Units:</b>	<u>178</u>	<b># Rental Buildings</b>	<u>31</u>	<b># Non-Res. Buildings</b>	<u>2</u>	<b># of Floors</b>	<u>1</u>	<b>Age:</b>	<u>N/A</u> yrs	<b>Vacant:</b>	<u>N/A</u> at / /
<b>Net Rentable SF:</b>	<u>137,510</u>		<b>Av Un SF:</b>	<u>773</u>		<b>Common Area SF:</b>	<u>5,857</u>		<b>Gross Bldg SF:</b>	<u>143,367</u>	
STRUCTURAL MATERIALS											
<p>The structure will be wood frame on a post-tensioned slab. According to the plans provided in the application the exterior will be comprised as follows: 80% brick veneer and 20% cement fiber siding. The interior wall surfaces will be drywall and the pitched roof will be finished with composite shingles.</p>											
APPLIANCES AND INTERIOR FEATURES											
<p>The interior flooring will be faux wood. Each unit will include: range &amp; oven, hood &amp; fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer &amp; dryer connections, ceiling fans, laminated counter tops, central boiler water heating system, individual heating and air conditioning, and high-speed internet access.</p>											
ON-SITE AMENITIES											
<p>A 5,500-square foot community building will include an activity room, management offices, fitness, laundry facilities, a kitchen, a dining room, restrooms, a computer/business center, a beauty salon, a health center, an arts and crafts room, and a central mailroom. The community building, swimming pool, barbecue area and gardens are located at the entrance to the property. In addition, perimeter fencing and a stand-alone 357-square foot maintenance building are planned.</p>											
<b>Uncovered Parking:</b>	<u>177</u>	spaces	<b>Carpports:</b>	<u>50</u>	spaces	<b>Garages:</b>	<u>40</u>	spaces			
PROPOSAL and DEVELOPMENT PLAN DESCRIPTION											
<p><b>Description:</b> Lakeside Manor Senior Community is a relatively dense (17 units per acre) new construction development of affordable/mixed income housing located in east Denton County. The development is comprised of 31 evenly distributed one-story residential buildings as follows:</p> <ul style="list-style-type: none"> <li>• Six buildings with four one-bedroom and three two-bedroom units;</li> <li>• Nine buildings with four one-bedroom units;</li> <li>• Eight buildings with eight one-bedroom units;</li> <li>• Two buildings with four two-bedroom units;</li> <li>• Three buildings with four one-bedroom and two two-bedroom units;</li> <li>• Two buildings with three one-bedroom units; and</li> <li>• One building with two one-bedroom and two two-bedroom units.</li> </ul> <p><b>Architectural Review:</b> The unit floorplans appear to offer adequate living and storage space. The exterior of the buildings reflect design elements that are typical of new construction developments. An area of slight concern to the Underwriter is the distance from the a portion of the units located at the back of the site to the community building.</p>											
SITE ISSUES											
SITE DESCRIPTION											
<b>Size:</b>	<u>10.6</u>	acres	<u>461,736</u>	square feet	<b>Zoning/ Permitted Uses:</b>	<u>MF-2</u>					
<b>Flood Zone Designation:</b>	<u>Zone X</u>			<b>Status of Off-Sites:</b>	<u>Fully improved</u>						
SITE and NEIGHBORHOOD CHARACTERISTICS											
<p><b>Location:</b> Little Elm is located North of the Dallas/Fort Worth Metroplex in Denton County. The site is located near FM 720 on Lobo Lane. This area of Little Elm is surrounded on three sides by Lake Lewisville.</p> <p><b>Adjacent Land Uses:</b></p>											

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

- **North:** shopping strip, Taco Delite, and Sonic Restaurant, across FM 720: City Park (baseball field);
- **South:** residences;
- **East:** across Lobo Lane: Johnny Joe’s gas station, self storage, daycare center, and school; and
- **West:** Express Chicken and post office.

**Site Access:** Direct access to the property is from Lobo Lane, which leads to FM 720 to the north. FM 720 provides access to other major roads and highways throughout the Dallas/Fort Worth area.

**Public Transportation:** The availability of public transportation near the site was not identified in the application materials.

**Shopping & Services:** Little Elm residents make use of the shopping and services available in Denton, which is located 12 miles north, and the Dallas/Fort Worth Metroplex, which is located south of the town.

**Site Inspection Findings:** TDHCA staff performed a site inspection on September 1, 2004 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 September 18, 2002 and updated August 28, 2004 was prepared by Envirocare Associates, Inc and contained the following findings and recommendations: “Based on the site visit, historical search, review of databases, interviews with individuals, and without conducting any sampling, no direct evidence was found to indicate environmental impairment at the subject site. No additional work is recommended at this time” (p. ii).

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. As a Priority 1 private activity bond lottery development the Applicant has also elected the 50% at 50% / 50% at 60% option. All of the units (100% of the total) will be reserved for low-income/elderly tenants.

<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>	\$27,960	\$31,920	\$35,940	\$39,900	\$43,080	\$46,260

**MARKET HIGHLIGHTS**

A market feasibility study dated August 31, 2004, with corrections made on October 23, 2004, was prepared by Jack Poe Company (“Market Analyst”) and highlighted the following findings:

**Definition of Primary Market Area (PMA):** “The primary Market is north of Dallas, Texas and is delineated by US 380 to the north, IH 35 to the west, Dallas County to the south, and US 75 to the east... These boundaries encompass MP/F’s submarkets #31, #44, #47, #81, #82 and #85” (p. 23). This area encompasses approximately 346.24 square miles (equivalent to a circle with a radius of 10.5 miles) and is very large, but somewhat typical for a seniors development.

**Population:** The estimated 2003 population of the PMA was 617,027 and is expected to increase to approximately 833,394 by 2008. Within the primary market area there were estimated to be 234,207 households in 2003. There are an estimated 45,076 senior households in 2004 in the PMA.

**Total Primary Market Demand for Rental Units:** The Market Analyst calculated a total demand based on 2.1% to 3.1% income and age qualified households, 33% to 50% renter households, and existing rental housing supply of 60,000 units. The Market Analyst used an income band of \$15,000 to \$35,000.

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

<b>ANNUAL AGE &amp; INCOME-ELIGIBLE PRIMARY MARKET 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	205	23%	175	12%
Resident Turnover			1,321	88%
Other Sources: pent-up demand	701	77%		
<b>TOTAL ANNUAL DEMAND</b>	<b>906</b>	<b>100%</b>	<b>1,496</b>	<b>100%</b>

Ref: p. 31-32

**Inclusive Capture Rate:** The Market Analyst calculated a capture rate for proposed and unstabilized HTC developments targeting seniors at 28% (p. 48). However, the Market Analyst excluded a seniors development awarded tax credits in 2004 with 250 units in the corrected version of the market study. Including these 250 units in the calculation results in a capture rate of 56%, which is within the maximum of 100% allowed for development's targeting senior households. Using a different methodology to calculate demand (including an income band of \$21,360 to \$35,000), the Underwriter was also able to verify an inclusive capture rate for the development of less than 100%.

**Market Rent Comparables:** The Market Analyst surveyed eight comparable apartment projects totaling 1,751 units in the market area. Four of the eight properties are HTC developments; however, it should be noted the tax credit comparable units have higher rents on average than the market comparable units. "D/FW area monthly rents (excluding electricity) averaged \$0.804 per square foot per month as of the second quarter of 2004... The primary Market rents are higher than the greater Dallas/Fort Worth apartment market average in all cohorts except complexes built after 1990 and before 1970 in Dallas" (p. 26).

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (50%)</b>	\$573	\$573	\$0	\$750	-\$177
<b>1-Bedroom (60%)</b>	\$675	\$698	-\$23	\$750	-\$75
<b>2-Bedroom (60%)</b>	\$795	\$830	-\$35	\$900	-\$105

(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:** "Average apartment occupancy, at 91.2%, in the primary market, is greater than the D/FW area average of 90.1%" (p. 28).

**Absorption Projections:** "...new LIHTC apartments in the Secondary Market (Dallas/Fort Worth Metroplex) are leasing between 25 and 35 units per month... Thus, a lease-up rate of 30 units per month is inferred from the market data" (p. 51). Conversation with a representative of the owner of Corinth Autumn Oaks revealed the development has been in lease-up for 14 months and has yet to reach a 90% occupancy level. The Market Analyst did further research and found that Corinth Autumn Oaks is currently 95% leased according to the onsite manager. Assuming the lease-up period lasted a minimum of 14 months, the 72 occupied units leased at an average of 5 units per month. This would equate to a 36 month lease-up period for the subject 178 units.

**Existing/Planned Housing Stock:** "The 2004 TDHCA Inventory lists two tax credit awards for qualified elderly developments in the submarket. They are the Villas of Mission Bend (98101) and Evergreen at Plano (04409)... neither complex is within one mile of the subject" (p. 29). A proposed 4% HTC development, Primrose at McDermott, is also located within the defined Primary Market Area. However, the subject development has priority over Primrose at McDermott based on their respective bond reservation dates. Finally, the Market Analyst does not include Corinth Autumn Oaks (9% HTC #01144) in the analysis of the Primary Market Area. The mixed-income development offers 76 tax credit units for senior residents and has not reached and maintained a 90% occupancy rate for 12 consecutive months. Therefore, Corinth Autumn Oaks is an unstabilized comparable development for capture rate purposes. Corrections to the Market Study include the addition of the 76 tax credit units at Corinth Autumn Oaks in the inclusive capture rate calculation. A 2001 4% HTC development, Primrose at Sequoia was not considered in the demand analysis

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

for the subject development because Primrose does not specifically target senior households.

**Market Study Analysis/Conclusions:** The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant assumed a gross rent for the units set-aside to be affordable to households earning 60% or less of AMGI at a level below the maximum gross rent limit. The Underwriter used the maximum gross rents in calculating the net rents as they are supported by the market rent conclusions in the Market Study.

Secondary income attributable to “Telephone” will be earned from the Owner’s services as a marketing representative for the local residential telecommunication provider. A contract entered into by an affiliate of the Applicant and Southwestern Bell Telephone, LP (SWBT) indicates SWBT will pay a commission for a period of seven years based on a Performance Commission Rate (PCR) of 4.50%. The amount of commission paid to the owner each month is determined by multiplying the PCR and the total billed revenue less taxes, special fees, franchise and/or governmental fees, installation charges, late payment charges, uncollectables, charges for equipment and business service charges.

Secondary income attributable to “Cable” will be earned from the Owner’s services as a marketing representative for the local cable television provider. A contract entered into by an affiliate of the Applicant and Comcast indicates a one time fee plus a quarterly commission will be paid on a step system based on the percentage of service penetration.

The sample contracts support secondary income above the current \$15 per unit per month maximum guideline; however, the returns are based upon the number of tenants that choose to sign up for the optional services. The Applicant also plans to charge for garages and carports (allowing one free parking space per unit), but was unable to substantiate the proposed rental rate. The underwriting analysis includes additional secondary income of \$4.90 per unit per month based on the average of actual collections at seven HTC developments located in Region 3.

The Applicant also proposes a vacancy and collection loss rate of 5% rather than the Departments’ standard of 7.5%. The lower vacancy and collection rate is not supported by the Market Analyst’s occupancy rate conclusions. As a net result of these differences, the Applicant’s effective gross income is \$86K, or 6%, higher than the Underwriter’s estimate.

**Expenses:** The Applicant’s operating expense projection is \$68K, or 11% less than the Underwriter’s estimate. The Underwriter’s line-item expense estimates are based on the TDHCA database and IREM data as well as an operating statement for Trails of Sanger (4% HTC 02455 - Family) submitted by the Applicant and an operating statement for Corinth Autumn Oaks (9% HTC #01144 - Seniors). The Applicant’s line-item projections that varied significantly when compared to the Underwriter’s estimates include: general & administrative (\$52K higher) and repairs & maintenance (\$22K lower). It should be noted, because the General Partner is a nonprofit entity, the development may qualify for a tax exemption. However, the submitted application materials did not indicate the Applicant will seek an exemption and the Underwriter was able to verify the Applicant’s projected property tax expense based on the actual expense experienced by comparable developments within the same region.

**Conclusion:** The Applicant’s effective gross income, total operating expense and net operating income projections are each outside the 5% tolerance range when compared to the Underwriter’s estimates. Therefore, the Underwriter’s proforma will be used to determine the development’s debt service capacity. The development is not able to support the proposed financing structure at a minimum 1.10 debt coverage ratio based on the Underwriter’s NOI. Therefore, it may be necessary to reduce the proposed permanent loan amount. This will be further discussed in the conclusion to the Financing Structure Analysis section of this report.

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

ACQUISITION VALUATION INFORMATION			
ASSESSED VALUE			
<b>Land:</b>	\$205,600	<b>Assessment for the Year of:</b>	2003
<b>Building:</b>	N/A	<b>Valuation by:</b>	Denton County Appraisal District
<b>Total Assessed Value:</b>	\$205,600	<b>Tax Rate:</b>	2.37697
EVIDENCE of SITE or PROPERTY CONTROL			
<b>Type of Site Control:</b>	Contract to Purchase Real Estate (10.78 acres)		
<b>Contract Expiration Date:</b>	11/ 16/ 2004	<b>Anticipated Closing Date:</b>	11/ 30/ 2004
<b>Acquisition Cost:</b>	\$1,203,800	<b>Other Terms:</b>	+ \$38,850.50 paving reimbursement; Access easement for benefit of seller
<b>Seller:</b>	Lake Shore Crossing LP	<b>Related to Development Team Member:</b>	No

CONSTRUCTION COST ESTIMATE EVALUATION
<p><b><u>Acquisition Value:</u></b> The Applicant has indicated a site acquisition cost of only \$1,180,000, while the purchase contract indicates a total price of \$1,242,651. The difference does not detrimentally affect the development's feasibility as there is adequate developer fee to defer if needed.</p> <p><b><u>Sitework Cost:</u></b> The Applicant's claimed sitework cost of \$6,570 per unit is within the Department's current guideline.</p> <p><b><u>Direct Construction Cost:</u></b> The Applicant's direct construction cost estimate is \$300K less than the Underwriter's Marshall &amp; Swift <i>Residential Cost Handbook</i>-derived estimate, but within 5%. It should be noted, the Applicant did not include costs for proposed garages and carports in the development's eligible basis. The Applicant plans to charge for the covered parking and, therefore, the garages and carports could be viewed as retail space which is not eligible for tax credits.</p> <p><b><u>Interim Financing Fees:</u></b> The Underwriter reduced the Applicant's eligible interim financing fees by \$162K 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.</p> <p><b><u>Fees:</u></b> The Applicant's contractor general requirements, contractor general and administrative fees, and contingencies exceed the 6%, 2%, and 5% maximums allowed by HTC guidelines by \$121K based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs.</p> <p><b><u>Conclusion:</u></b> The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, as adjusted by the Underwriter for overstated interim financing costs, general contractor fees, and contingencies, will be used to estimate eligible basis and determine the development's need for permanent funds. An eligible basis of \$12,026,486 results in annual tax credits of \$428,143. This figure will be compared to the Applicant's request and the tax credits resulting from the development's gap in need for permanent funds to determine the recommended allocation.</p>



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

FINANCING STRUCTURE			
INTERIM TO PERMANENT BOND FINANCING			
<b>Source:</b>	Washington Mutual	<b>Contact:</b>	Mahesh S Aiyer
<b>Tax-Exempt Amount:</b>	\$9,900,000	<b>Interest Rate:</b>	5.3%
<b>Taxable Amount:</b>	\$500,000	<b>Interest Rate:</b>	7.28%
<b>Additional Information:</b>	Issuer: Denton County Housing Finance Corporation; Blended rate: 5.38%		
<b>Amortization:</b>	30 yrs	<b>Term:</b>	17 ½ yrs
<b>Annual Payment:</b>	\$674,100	<b>Lien Priority:</b>	1 <sup>st</sup>
<b>Commitment:</b>	<input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional		
<b>Commitment Date</b>	10/ 06/ 2004		
TAX CREDIT SYNDICATION			
<b>Source:</b>	WNC & Associates, Inc	<b>Contact:</b>	David C Turek
<b>Net Proceeds:</b>	\$3,678,706	<b>Net Syndication Rate (per \$1.00 of 10-yr HTC)</b>	85¢
<b>Commitment</b>	<input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional		
<b>Additional Information:</b>	Revised 08/24/2004		
<b>Date:</b>	08/ 20/ 2004		
APPLICANT EQUITY			
<b>Amount:</b>	\$419,255	<b>Source:</b>	Deferred Developer Fee
FINANCING STRUCTURE ANALYSIS			
<p><b>Interim to Permanent Bond Financing:</b> The tax-exempt bonds are to be issued by the Denton County Housing Finance Corporation and to be placed with Washington Mutual. The permanent financing letter of interest proposes terms that result in a lower total annual debt service than projected by the Applicant. The difference may be attributable to the Applicant's original intent to place the bonds with MMA Financial.</p> <p>Because both tax exempt and taxable bond proceeds will be used to finance the development, the Underwriter has utilized a blended interest rate for the total amount of permanent financing to account for priority repayment of the taxable bonds at a higher interest rate. The calculated blended interest rate utilized is 5.38% based on the lender's current underwriting terms.</p> <p><b>HTC Syndication:</b> The tax credit syndication letter of interest is slightly inconsistent with the terms reflected in the sources and uses of funds listed in the application. While the Applicant anticipates an annual tax credit allocation of \$438,218, the syndicator expected only \$432,832. Any adjustments to the limited partner contribution will be made based on the proposed syndication rate of \$0.85 per dollar.</p> <p><b>Deferred Developer's Fees:</b> The Applicant's proposed deferred developer's fees of \$419,255 amount to 27% of the total proposed fees.</p> <p><b>Financing Conclusions:</b> As stated above, the Applicant's cost schedule, as adjusted by the Underwriter for overstated interim financing costs, contractor fees, and contingencies, is used to estimate eligible basis and determine the development's need for permanent funds. However, the resulting tax credits of \$428,143 is the recommended annual allocation as it is lower than both the Applicant's request and the tax credits resulting from the gap in need for permanent funds. Based on the syndication commitment to contribute \$0.85 per tax credit dollar available to the limited partner, syndication proceeds in the amount of \$3,638,851 are anticipated.</p> <p>Based on the Underwriter's proforma, the development cannot service the debt resulting from the proposed financing structure with an initial minimum DCR of 1.10. It is likely the permanent loan amount will be reduced to \$9,845,000 through a mandatory redemption of the taxable mortgage revenue bonds. To fill the remaining gap in permanent funds, it is likely the developer will defer \$441,149 in fees. This amount appears to be repayable from development cashflow within five years of stabilized operation.</p>			

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

**DEVELOPMENT TEAM  
IDENTITIES of INTEREST**

The Applicant, Developer, General Contractor, Property Manager, and the Supportive Services Provider are all related entities. These are common relationships for HTC-funded developments.

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

**Financial Highlights:**

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- Outreach Housing Corporation, the nonprofit General Partner of the Applicant submitted an unaudited financial statement as of August 17, 2004 reporting total assets of \$7.9M consisting of \$385K in cash, \$3.1M in receivables, \$4.3M in real property, and \$78K in office fixtures. Contingent liabilities totaled \$1.4M, resulting in net assets of \$7.9M.

**Background & Experience:** Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's estimated income, operating expenses, and net operating income are more than 5% outside of the Underwriter's verifiable ranges.
- The development would need to capture a majority of the projected market area demand (i.e., capture rate exceeds 50%).
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Lisa Vecchietti*

**Date:** November 3, 2004

**Director of Real Estate Analysis:**

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

**Date:** November 3, 2004

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Lakeside Manor Senior Community, Little Elm, 4% HTC #04463**

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 50%	89	1	1	737	\$623	\$573	\$50,985	\$0.78	\$54.48	\$47.06
TC 60%	55	1	1	737	748	698	38,382	0.95	54.48	47.06
TC 60%	34	2	2	923	898	830	28,207	0.90	73.92	65.28
<b>TOTAL:</b>	<b>178</b>			<b>AVERAGE: 773</b>	<b>\$714</b>	<b>\$661</b>	<b>\$117,574</b>	<b>\$0.86</b>	<b>\$58.19</b>	<b>\$50.54</b>

**INCOME**

Total Net Rentable Sq Ft: **137,510**

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$15.00
Garage, Carport, Washer and Dryer, Cable and Telephone	Per Unit Per Month:	\$4.90

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.21%	\$394	0.51	\$70,082	\$18,500	\$0.13	\$104	1.29%
Management	5.00%	378	0.49	67,220	70,000	0.51	393	4.89%
Payroll & Payroll Tax	10.45%	789	1.02	140,496	145,000	1.05	815	10.13%
Repairs & Maintenance	4.64%	350	0.45	62,370	40,200	0.29	226	2.81%
Utilities	1.82%	137	0.18	24,423	27,000	0.20	152	1.89%
Water, Sewer, & Trash	4.34%	328	0.42	58,401	55,000	0.40	309	3.84%
Property Insurance	2.56%	193	0.25	34,378	38,000	0.28	213	2.66%
Property Tax 2.37697	8.54%	645	0.83	114,771	110,000	0.80	618	7.69%
Reserve for Replacements	2.65%	200	0.26	35,600	35,600	0.26	200	2.49%
Supportive Services, Compliance, Security	0.64%	49	0.06	8,650	8,700	0.06	49	0.61%
<b>TOTAL EXPENSES</b>	<b>45.85%</b>	<b>\$3,463</b>	<b>\$4.48</b>	<b>\$616,390</b>	<b>\$548,000</b>	<b>\$3.99</b>	<b>\$3,079</b>	<b>38.30%</b>
<b>NET OPERATING INC</b>	<b>54.15%</b>	<b>\$4,090</b>	<b>\$5.29</b>	<b>\$728,000</b>	<b>\$882,832</b>	<b>\$6.42</b>	<b>\$4,960</b>	<b>61.70%</b>

**DEBT SERVICE**

Tax-Exempt Bond Financing	50.01%	\$3,777	\$4.89	\$672,266	\$719,470	\$5.23	\$4,042	50.28%
Taxable Bond 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>4.15%</b>	<b>\$313</b>	<b>\$0.41</b>	<b>\$55,735</b>	<b>\$163,362</b>	<b>\$1.19</b>	<b>\$918</b>	<b>11.42%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.08</b>	<b>1.23</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.10</b>				

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		8.61%	\$6,981	\$9.04	\$1,242,651	\$1,180,000	\$8.58	\$6,629	8.47%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.10%	6,570	8.50	1,169,500	1,169,500	8.50	6,570	8.40%
Direct Construction		45.61%	36,995	47.89	6,585,068	6,285,000	45.71	35,309	45.13%
Contingency	5.00%	2.69%	2,178	2.82	387,728	450,000	3.27	2,528	3.23%
General Req'ts	6.00%	3.22%	2,614	3.38	465,274	480,000	3.49	2,697	3.45%
Contractor's G & A	2.00%	1.07%	871	1.13	155,091	160,000	1.16	899	1.15%
Contractor's Profit	5.16%	2.77%	2,247	2.91	400,000	400,000	2.91	2,247	2.87%
Indirect Construction		3.33%	2,699	3.49	480,500	480,500	3.49	2,699	3.45%
Ineligible Costs		3.71%	3,012	3.90	536,076	397,599	2.89	2,234	2.86%
Developer's G & A	3.24%	2.42%	1,966	2.55	350,000	350,000	2.55	1,966	2.51%
Developer's Profit	11.10%	8.31%	6,742	8.73	1,200,000	1,200,000	8.73	6,742	8.62%
Interim Financing		8.12%	6,587	8.53	1,172,401	1,172,401	8.53	6,587	8.42%
Reserves		2.04%	1,653	2.14	294,296	200,000	1.45	1,124	1.44%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$81,116</b>	<b>\$105.00</b>	<b>\$14,438,586</b>	<b>\$13,925,000</b>	<b>\$101.27</b>	<b>\$78,230</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>		<b>63.46%</b>	<b>\$51,476</b>	<b>\$66.63</b>	<b>\$9,162,662</b>	<b>\$8,944,500</b>	<b>\$65.05</b>	<b>\$50,250</b>	<b>64.23%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Tax-Exempt Bond Financing	65.80%	\$53,371	\$69.09	\$9,500,000	\$9,500,000	\$9,845,000	Developer Fee Available
Taxable Bond Financing	3.46%	\$2,809	\$3.64	500,000	500,000	0	\$1,550,000
HTC Syndication Proceeds	24.28%	\$19,695	\$25.49	3,505,745	3,505,745	3,638,851	% of Dev. Fee Deferred
Deferred Developer Fees	2.90%	\$2,355	\$3.05	419,255	419,255	441,149	28%
Additional (excess) Funds Required	3.56%	\$2,885	\$3.73	513,586	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$14,438,586</b>	<b>\$13,925,000</b>	<b>\$13,925,000</b>	<b>\$2,742,058</b>

**MULTIFAMILY COMPARATIVE ANALYSIS** (continued)

**Lakeside Manor Senior Community, Little Elm, 4% HTC #04463**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$46.36	\$6,374,543
<b>Adjustments</b>				
Exterior Wall Finish	6.40%		\$2.97	\$407,971
Elderly/9-Ft. Ceilings	5.00%		2.32	318,727
Roofing			0.00	0
Subfloor			(2.03)	(279,145)
Floor Cover			1.93	265,394
Porches/Balconies	\$16.36	22128	2.63	362,014
Plumbing	\$605	102	0.45	61,710
Built-In Appliances	\$1,650	178	2.14	293,700
Carports	\$8.20	10,000	0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.53	210,390
Garages	\$26.45	8,000	0.00	0
Comm &/or Aux Bldgs	\$59.29	5,500	2.37	326,079
Maintenance	\$46.36	357	0.12	16,549
<b>SUBTOTAL</b>			<b>60.78</b>	<b>8,357,932</b>
Current Cost Multiplier	1.08		4.86	668,635
Local Multiplier	0.89		(6.69)	(919,373)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$58.96</b>	<b>\$8,107,194</b>
Plans, specs, survy, bld prm	3.90%		(\$2.30)	(\$316,181)
Interim Construction Interes	3.38%		(1.99)	(273,618)
Contractor's OH & Profit	11.50%		(6.78)	(932,327)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$47.89</b>	<b>\$6,585,068</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$10,000,000	Term	360
Int Rate	5.38%	DCR	1.08

<b>Secondary</b>		Term	360
Int Rate		Subtotal DCR	1.08

<b>Additional</b>	\$3,505,745	Term	
Int Rate		Aggregate DCR	1.08

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$661,845
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$66,155</b>

<b>Primary</b>	\$9,845,000	Term	360
Int Rate	5.38%	DCR	1.10

<b>Secondary</b>	\$0	Term	360
Int Rate	0.00%	Subtotal DCR	1.10

<b>Additional</b>	\$3,505,745	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,410,891	\$1,453,218	\$1,496,814	\$1,541,719	\$1,587,970	\$1,840,893	\$2,134,099	\$2,474,006	\$3,324,857
Secondary Income	32,040	33,001	33,991	35,011	36,061	41,805	48,463	56,182	75,504
Garage, Carport, Washer and	10,464	10,777	11,101	11,434	11,777	13,653	15,827	18,348	24,658
POTENTIAL GROSS INCOME	1,453,395	1,496,997	1,541,906	1,588,164	1,635,809	1,896,350	2,198,390	2,548,536	3,425,020
Vacancy & Collection Loss	(109,005)	(112,275)	(115,643)	(119,112)	(122,686)	(142,226)	(164,879)	(191,140)	(256,876)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,344,390</b>	<b>\$1,384,722</b>	<b>\$1,426,263</b>	<b>\$1,469,051</b>	<b>\$1,513,123</b>	<b>\$1,754,124</b>	<b>\$2,033,511</b>	<b>\$2,357,396</b>	<b>\$3,168,143</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$70,082	\$72,886	\$75,801	\$78,833	\$81,986	\$99,749	\$121,360	\$147,653	\$218,562
Management	67,220	69,236	71,313	73,453	75,656	87,706	101,676	117,870	158,407
Payroll & Payroll Tax	140,496	146,116	151,960	158,039	164,360	199,970	243,294	296,004	438,158
Repairs & Maintenance	62,370	64,865	67,459	70,158	72,964	88,772	108,005	131,404	194,510
Utilities	24,423	25,399	26,415	27,472	28,571	34,761	42,292	51,455	76,166
Water, Sewer & Trash	58,401	60,737	63,166	65,693	68,321	83,122	101,131	123,041	182,131
Insurance	34,378	35,753	37,183	38,670	40,217	48,930	59,531	72,428	107,211
Property Tax	114,771	119,362	124,137	129,102	134,266	163,355	198,747	241,806	357,932
Reserve for Replacements	35,600	37,024	38,505	40,045	41,647	50,670	61,648	75,004	111,024
Other	8,650	8,996	9,356	9,730	10,119	12,312	14,979	18,224	26,976
<b>TOTAL EXPENSES</b>	<b>\$616,390</b>	<b>\$640,373</b>	<b>\$665,296</b>	<b>\$691,194</b>	<b>\$718,108</b>	<b>\$869,347</b>	<b>\$1,052,661</b>	<b>\$1,274,889</b>	<b>\$1,871,078</b>
<b>NET OPERATING INCOME</b>	<b>\$728,000</b>	<b>\$744,349</b>	<b>\$760,968</b>	<b>\$777,857</b>	<b>\$795,015</b>	<b>\$884,777</b>	<b>\$980,850</b>	<b>\$1,082,507</b>	<b>\$1,297,066</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$661,845	\$661,845	\$661,845	\$661,845	\$661,845	\$661,845	\$661,845	\$661,845	\$661,845
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>\$66,155</b>	<b>\$82,503</b>	<b>\$99,122</b>	<b>\$116,012</b>	<b>\$133,170</b>	<b>\$222,932</b>	<b>\$319,005</b>	<b>\$420,662</b>	<b>\$635,220</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.10</b>	<b>1.12</b>	<b>1.15</b>	<b>1.18</b>	<b>1.20</b>	<b>1.34</b>	<b>1.48</b>	<b>1.64</b>	<b>1.96</b>

**LIHTC Allocation Calculation - Lakeside Manor Senior Community, Little Elm, 4% HTC #04463**

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	\$1,180,000	\$1,242,651		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,169,500	\$1,169,500	\$1,169,500	\$1,169,500
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$6,285,000	\$6,585,068	\$6,285,000	\$6,585,068
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$160,000	\$155,091	\$149,090	\$155,091
Contractor profit	\$400,000	\$400,000	\$400,000	\$400,000
General requirements	\$480,000	\$465,274	\$447,270	\$465,274
<b>(5) Contingencies</b>				
	\$450,000	\$387,728	\$372,725	\$387,728
<b>(6) Eligible Indirect Fees</b>				
	\$480,500	\$480,500	\$480,500	\$480,500
<b>(7) Eligible Financing Fees</b>				
	\$1,172,401	\$1,172,401	\$1,172,401	\$1,172,401
<b>(8) All Ineligible Costs</b>				
	\$397,599	\$536,076		
<b>(9) Developer Fees</b>				
Developer overhead	\$350,000	\$350,000	\$350,000	\$350,000
Developer fee	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
<b>(10) Development Reserves</b>				
	\$200,000	\$294,296		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$13,925,000</b>	<b>\$14,438,586</b>	<b>\$12,026,486</b>	<b>\$12,365,563</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>		\$12,026,486	\$12,365,563
High Cost Area Adjustment		100%	100%
<b>TOTAL ADJUSTED BASIS</b>		\$12,026,486	\$12,365,563
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$12,026,486	\$12,365,563
Applicable Percentage		3.56%	3.56%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$428,143	\$440,214

Syndication Proceeds	0.8499	\$3,638,851	\$3,741,445
<b>Total Credits (Eligible Basis Method)</b>		<b>\$428,143</b>	<b>\$440,214</b>
Syndication Proceeds		\$3,638,851	\$3,741,445
Requested Credits		\$438,218	
Syndication Proceeds		\$3,724,481	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$4,080,000</b>	
Credit Amount		\$480,048	





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report Addendum

REPORT DATE: 04/06/09 PROGRAM: 4% HTC / Bond FILE NUMBER: 05623

**DEVELOPMENT**

Coral Hills Apartments

Location: 6363 Beverly Hill Region: 6  
 City: Houston County: Harris Zip: 77057  OCT  DDA  
 Key Attributes: Acquisition/Rehabilitation, General, Urban

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$209,091			<b>\$198,892</b>		

\* The development was originally awarded annual tax credits of \$214,140.

**RECOMMENDATION**

Staff has evaluated the financial viability of the requested amendment. Based on the information provided, the transaction meets the Department's 2008 and 2009 Real Estate Analysis Rules and Guidelines. If the Board chooses to approve the amendment, the Underwriter recommends a total allocation of \$198,892.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	172

**ADDENDUM**

The subject development is an acquisition and rehabilitation 4% bond transaction that was originally underwritten and approved in 2005. In association with the development's final construction inspection and submission of the final cost certification, the owner has requested an amendment to the application as follows:

- **A reduction in number of rent restricted units from 173 to 172.** At application, the development had 174 total units with one unit being used as the leasing office. The Owner states that additional community space was needed for the residents and that the Owner is using an additional unit as a community room. The two units being used as the leasing office and community room are designated as market units with zero income.
- **Elimination of washer/dryer connections as an amenity, and the substitution of a computer learning center for the eliminated amenity.** The Owner stated that an error was made on the application and that washer/dryer connections were never anticipated to be provided. The PCA prepared at application did not contemplate washer/dryer connections. The proposed substitute amenity, a computer learning center, was not originally committed to be provided.

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- **The acceptance of digital surveillance cameras as sufficient to meet the requirement for "monitored security unit," which was committed to at application.**
- **Elimination of an accessible walking path as an amenity, and the substitution of a furnished community room for the eliminated amenity.** The Owner stated that this amenity was misinterpreted to be accessible concrete walkways. The proposed substitute amenity, a furnished community room, was not originally committed to be provided.
- **Elimination of a community garden as an amenity, and the substitution of a gazebo with sitting area for the eliminated amenity.** The proposed substitute amenity, a gazebo with sitting area, was not originally committed to be provided.

The requested changes do not have an adverse effect on the underwriting of the transaction. The conversion of one tax credit unit to a zero-rent market unit has an immaterial effect on income, and the development's DCR falls within Department guidelines. In addition, the cost certification for the development has been submitted to the Department, and the final development costs, as certified by the CPA, are \$346,292 lower than the Underwriter's estimate at application. Site work costs decreased by 65% while direct construction costs increased by 26%. The Department utilizes the final certified costs to make a determination regarding the amount of the tax credit allocation based on the eligible basis and gap methods.

### FINANCING STRUCTURE

Issuer: TDHCA  
 Source: Greystone Servicing Corporation Type: Interim to Permanent Bond Financing  
 Tax-Exempt: \$5,070,000 Interest Rate: 6.11%  Fixed Amort: 360 months  
 Comments:

The loan converted to the permanent phase on July 1, 2008. The principal amount was reduced from \$5,320,000 to \$5,070,000. The Owner was required to make a \$250K loan equalization payment in conjunction with the loan resize.

Source: Owner Contribution Type: Loan Equalization Payment  
 Amount \$250,000 Conditions: \_\_\_\_\_  
 Comments:

At loan conversion the loan was reduced by \$250K and the Owner was required to make a loan equalization payment equal to this amount at loan closing. The Limited Partnership Agreement ("LPA") requires the general partner to fund such "Mortgage Loan Shortfalls." The LPA states that only the first \$100k shall be treated as a GP loan, which is able to accrue interest and be repaid out of development cash flow. The remainder will not be repaid by the partnership. Per the LPA, the GP loan shall accrue interest at the Prime Rate determined at the end of the preceding month, which for June 2008 was 5%. Using either the Underwriter's or the Owner's proforma, the development has sufficient 15-year cash flow to repay all deferred developer fee and the entire \$250K of the loan equalization payment.

Source: Capmark Type: Syndication  
 Proceeds: \$1,911,293 Syndication Rate: 93% Anticipated HTC: \$ 209,091  
 Comments:

The syndication price remains the same at \$0.93 per tax credit dollar as quoted at the time of application. The credit request at cost certification is \$5,049 or 2.4% lower than the credit amount approved at application underwriting.

Amount: \$707,493 Type: Deferred Developer Fees  
 Amount: \$192,656 Type: Cash Flow During Development

The development had \$192,656 in cash flow between December 2005 and December 2006 that the Owner identifies as a source of financing. Documentation provided to substantiate this amount was limited to an operating statement for the period.



**Conclusion:**

As discussed in the Construction Costs section below, the Underwriter used a different building acquisition value than the Owner, resulting in a lower recommended credit allocation. This resulted in reduced tax credit syndication proceeds, which create a gap in funding that exceeds the amount of developer fee available. For that reason, the recommended financing structure reflects an Owner contribution of \$61,780 in order to fill that gap. The Owner submitted a signed statement indicating that the General Partner will provide the Partnership with gap funding, as necessary. The Owner also submitted unaudited financial statements as of 12/31/08 for Summit Housing Partners, the Owner of the General Partner, indicating sufficient liquidity to cover the anticipated gap funding.

**CONSTRUCTION COSTS**

**Acquisition Value:**

The Underwriter used a different building acquisition value to determine the allocation of acquisition tax credits than the Owner, resulting in a lower allocation of acquisition tax credits than requested.

The Owner claimed acquisition eligible basis based upon a building value percentage of 65.6% applied to the total acquisition price of \$5,409,299. The appraisal concluded the "as-is" market value of the land to be 34% of the total appraised value resulting in 66% attributable to the building. At application, the Owner disclosed that the buyer broker, Winter Coleman Real Estate L.L.C. had an identity of interest with the General Partner of the Applicant and therefore the entire \$286,353 buyer broker commission identified at application was removed to developer fee (to the extent eligible developer fee did not exceed 15% of eligible acquisition costs). The final, certified costs include \$288,000 in broker fees, which the current Underwriter has also removed from acquisition cost because this fee was paid to a related party. The Underwriter moved the entire \$288K to ineligible costs, as eligible developer fee is already equal to 15% of eligible costs.

The Underwriter has determined building value by deducting the land value certified by the CPA in the cost certification from the total acquisition value as adjusted to exclude related party broker fees. The land value certified by the CPA was greater than the value indicated in the original tax assessment, and the prorata value determined by the original appraisal.

Therefore, a land value of \$1,836,229 was subtracted from the total acquisition cost of \$5,409,299 less the broker fees of \$288K, for a total building value of \$3,285,070. This is \$263,665 less than the Owner's most building value. The result of this adjustment is a reduction of \$10,370 in the total annual allocation supported by the development's eligible basis.

**CONCLUSIONS**

**Recommended Financing Structure:**

The Underwriter's year one proforma was used to determine the development's debt capacity. The proforma analysis results in a debt coverage ratio that falls within the Department's 2008 and 2009 Real Estate Analysis Rules and Guidelines. The Owner's final and certified total development costs, less the permanent loan amount of \$5.07M, the Loan Equalization Payment of \$250K, and \$192,656 indicates the need for \$2,618,787 in gap funds. Based on the final syndication terms a tax credit allocation of \$281,618 annually would be required to fill this gap in financing. This amount will be compared to the Owner's request, and the allocation based on the eligible basis method to determine the recommended allocation.

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As stated above, the acquisition eligible basis was reduced to exclude related party broker fees, resulting in a reduction to the tax credit allocation supported by the development's eligible basis. Therefore, the syndication proceeds reflected in the recommended financing structure are lower than the proceeds assumed by the Owner. This results in a gap of \$61,780 which must be filled by the General Partner. The Underwriter has found the General Partner to have sufficient liquidity to fund the gap in financing.

The three possible tax credit allocations are shown below:

Tax Credit Allocation Requested by Owner:	\$209,091
<b>Tax Credit Allocation Determined by Eligible Basis:</b>	<b>\$198,892</b>
Tax Credit Allocation Determined by Gap in Financing:	\$281,618

The allocation amount supported by the Owner's final eligible basis is recommended. An annual allocation of \$198,892 results in total equity proceeds of \$1,849,514 at a syndication price of \$0.93 per tax credit dollar. The Underwriter's recommended financing structure indicates the need for \$769,273 in additional permanent funds. Deferred developer fees and an additional owner contribution in this amount appear to be repayable by Year 10.

Underwriter:	_____	Date:	April 6, 2009
	<i>Audrey Martin</i>		
Director of Real Estate Analysis:	_____	Date:	April 6, 2009
	<i>Brent Stewart</i>		

**COST CERTIFICATION COMPARATIVE ANALYSIS**

**Coral Hills Apartments, Houston, HTC#05623**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month-Max HT	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	8	1	1	656	\$687	\$602	\$544	602	\$4,816	\$0.92	\$85.00	\$37.00
TC 60%	16	1	1	663	\$687	602	\$550	602	9,632	0.91	85.00	37.00
TC 60%	48	1	1	723	\$687	602	\$600	602	28,896	0.83	85.00	37.00
TC 60%	7	1	1	751	\$687	602	\$613	602	4,214	0.80	85.00	37.00
MR	1	1	1	751		0	\$613	0	0	0.00	85.00	37.00
TC 60%	12	1	1	768	\$687	602	\$613	602	7,224	0.78	85.00	37.00
TC 60%	16	1	1	825	\$687	602	\$613	602	9,632	0.73	85.00	37.00
TC 60%	14	1	1	832	\$687	602	\$613	602	8,428	0.72	85.00	37.00
MR	1	1	1	832		0	0	0	0	0.00	85.00	37.00
TC 60%	44	2	1	870	\$825	709	\$730	709	31,196	0.81	116.00	48.00
TC 60%	4	2	1	896	\$825	709	\$730	709	2,836	0.79	116.00	48.00
TC 60%	1	2	1	1,128	\$825	709	\$730	709	709	0.63	116.00	48.00
TC 60%	2	2	1.5	1,377	\$825	709	\$730	709	1,418	0.51	116.00	48.00
<b>TOTAL:</b>	<b>174</b>		<b>AVERAGE:</b>	<b>789</b>		<b>\$626</b>			<b>\$109,001</b>	<b>\$0.79</b>	<b>\$94.09</b>	<b>\$40.22</b>

**INCOME**

Total Net Rentable Sq Ft: 137,210

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.30%	\$306	0.39	\$53,322	\$57,607	\$44,101	\$33,950	\$0.25	\$195	2.85%
Management	6.00%	427	0.54	74,333	50,201	44,414	69,000	0.50	397	5.80%
Payroll & Payroll Tax	12.74%	907	1.15	157,888	167,992	127,322	173,700	1.27	998	14.60%
Repairs & Maintenance	5.43%	386	0.49	67,225	71,272	61,396	58,870	0.43	338	4.95%
Utilities	14.93%	1,063	1.35	184,955	53,616	44,241	170,000	1.24	977	14.29%
Water, Sewer, & Trash	6.81%	485	0.62	84,408	38,411	61,448	63,900	0.47	367	5.37%
Property Insurance	3.34%	238	0.30	41,342	34,095	39,150	42,000	0.31	241	3.53%
Property Tax 2.528716	4.14%	294	0.37	51,236	112,349	104,095	52,000	0.38	299	4.37%
Reserve for Replacements	3.93%	280	0.36	48,720	51,900	43,500	48,720	0.36	280	4.10%
TDHCA Compliance Fees	0.56%	40	0.05	6,880	6,960	6,960	7,000	0.05	40	0.59%
Other:	0.00%	0	0.00	0	10,440	10,440	0	0.00	0	0.00%
<b>TOTAL EXPENSES</b>	<b>62.18%</b>	<b>\$4,427</b>	<b>\$5.61</b>	<b>\$770,310</b>	<b>\$654,843</b>	<b>\$587,067</b>	<b>\$719,140</b>	<b>\$5.24</b>	<b>\$4,133</b>	<b>60.45%</b>
<b>NET OPERATING INC</b>	<b>37.82%</b>	<b>\$2,693</b>	<b>\$3.42</b>	<b>\$468,572</b>	<b>\$593,239</b>	<b>\$513,285</b>	<b>\$470,408</b>	<b>\$3.43</b>	<b>\$2,703</b>	<b>39.55%</b>
<b>DEBT SERVICE</b>										
Greystone Servicing Corp	29.79%	\$2,121	\$2.69	\$369,080	\$386,867	\$382,753	\$387,200	\$2.82	\$2,225	32.55%
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>8.03%</b>	<b>\$572</b>	<b>\$0.73</b>	<b>\$99,492</b>	<b>\$206,372</b>	<b>\$130,532</b>	<b>\$83,208</b>	<b>\$0.61</b>	<b>\$478</b>	<b>6.99%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				1.27	1.53	1.34	1.21			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				1.22						

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		66.56%	\$31,088	\$39.42	\$5,409,299	\$5,102,647	\$5,389,000	\$5,409,299	\$39.42	31087.92529	66.52%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		1.24%	580	0.74	100,890	290,965	290,965	100,890	0.74	580	1.24%
Direct Construction		12.66%	5,912	7.50	1,028,639	819,455	819,455	1,028,639	7.50	5,912	12.65%
Contingency						62,768	62,768		0.00	0	0.00%
Contractor's Fees 14.00%	1.95%	909	1.15	158,134	154,165	154,165	158,135	1.15	909	1.94%	
Indirect Construction	1.43%	666	0.84	115,842	106,981	106,981	115,842	0.84	666	1.42%	
Ineligible Costs	6.92%	3,232	4.10	562,425	935,681	649,328	562,425	4.10	3,232	6.92%	
Developer's Fees 15.00%	8.65%	4,042	5.13	703,286	726,690	808,040	707,493	5.16	4,066	8.70%	
Interim Financing	0.00%	0	0.00	0	47,831	47,831	0	0.00	0	0.00%	
Reserves	0.60%	280	0.36	48,720	230,552	20,000	48,720	0.36	280	0.60%	
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$46,708</b>	<b>\$59.23</b>	<b>\$8,127,235</b>	<b>\$8,477,735</b>	<b>\$8,348,533</b>	<b>\$8,131,443</b>	<b>\$59.26</b>	<b>\$46,732</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>	<b>15.84%</b>	<b>\$7,400</b>	<b>\$9.38</b>	<b>\$1,287,663</b>	<b>\$1,327,353</b>	<b>\$1,327,353</b>	<b>\$1,287,664</b>	<b>\$9.38</b>	<b>\$7,400</b>	<b>15.84%</b>	

**SOURCES OF FUNDS**

				TDHCA	TDHCA-UW	APPLICATION	APPLICANT	RECOMMENDED	
Greystone Servicing Corp	62.38%	\$29,138	\$36.95	\$5,070,000	\$5,320,000	\$5,320,000	\$5,070,000	\$5,070,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	255,541	255,541	0	0	\$707,493
Cash Flow During Development	2.37%	\$1,107	\$1.40	192,656	0	0	192,656	192,656	
Loan Equalization Payment	3.08%	\$1,437	\$1.82	250,000	0	0	250,000	250,000	
HTC Syndication Proceeds	23.52%	\$10,984	\$13.93	1,911,293	2,404,720	2,140,608	1,911,293	1,849,514	% of Dev. Fee Deferred
General Partner Contribution	0.00%	\$0	\$0.00	0	0	0	0	61,780	
Deferred Developer Fees	8.71%	\$4,066	\$5.16	707,493	623,040	623,040	707,493	707,493	100%
Additional (Excess) Funds Req'd	-0.05%	(\$24)	(\$0.03)	(4,207)	(125,566)	9,344	1	(0)	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$8,127,235</b>	<b>\$8,477,735</b>	<b>\$8,348,533</b>	<b>\$8,131,443</b>	<b>\$8,131,443</b>	<b>\$1,911,731</b>

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Coral Hills Apartments, Houston, HTC#05623

**DIRECT CONSTRUCTION COST ESTIMATE**

Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost				\$0
Adjustments				
Exterior Wall Finish			\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.47)	(338,909)
Floor Cover			2.43	333,420
Breezeways/Balconies	\$20.33		0.00	0
Plumbing Fixtures	\$805		0.00	0
Rough-ins	\$400		0.00	0
Built-In Appliances	\$1,850	174	2.35	321,900
Exterior Stairs	\$1,800		0.00	0
Enclosed Corridors	(\$9.92)		0.00	0
Heating/Cooling			1.90	260,699
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$1.95	137,210	1.95	267,560
<b>SUBTOTAL</b>			<b>6.16</b>	<b>844,670</b>
Current Cost Multiplier	0.98		(0.12)	(16,893)
Local Multiplier			(6.16)	(844,670)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>(\$0.12)</b>	<b>(\$16,893)</b>
Plans, specs, survy, bld prn	3.90%		\$0.00	\$659
Interim Construction Interes	3.38%		0.00	570
Contractor's OH & Profit	11.50%		0.01	1,943
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>(\$0.10)</b>	<b>(\$13,722)</b>

**PAYMENT COMPUTATION**

Primary	\$5,070,000	Amort	360
Int Rate	6.11%	DCR	1.27

Secondary	\$250,000	Amort	
Int Rate	5.00%	Subtotal DCR	1.27

Additional	\$1,911,293	Amort	
Int Rate		Aggregate DCR	1.27

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$369,080
Secondary Debt Service	16,105
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$83,388</b>

Primary	\$5,070,000	Amort	360
Int Rate	6.11%	DCR	1.27

Secondary	\$250,000	Amort	360
Int Rate	5.00%	Subtotal DCR	1.22

Additional	\$1,911,293	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS RENT	\$1,308,012	\$1,347,252	\$1,387,670	\$1,429,300	\$1,472,179
Secondary Income	31,320	32,260	33,227	34,224	35,251
Other Support Income:	0	0	0	0	0
POTENTIAL GROSS INCOME	1,339,332	1,379,512	1,420,897	1,463,524	1,507,430
Vacancy & Collection Loss	(100,450)	(103,463)	(106,567)	(109,764)	(113,057)
Employee or Other Non-Rental	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,238,882</b>	<b>\$1,276,049</b>	<b>\$1,314,330</b>	<b>\$1,353,760</b>	<b>\$1,394,373</b>
<b>EXPENSES at 4.00%</b>					
General & Administrative	\$53,322	\$55,455	\$57,673	\$59,980	\$62,379
Management	74,333	76,563	78,860	81,226	83,662
Payroll & Payroll Tax	157,888	164,204	170,772	177,603	184,707
Repairs & Maintenance	67,225	69,914	72,711	75,619	78,644
Utilities	184,955	192,354	200,048	208,050	216,372
Water, Sewer & Trash	84,408	87,784	91,296	94,948	98,746
Insurance	41,342	42,996	44,716	46,504	48,365
Property Tax	51,236	53,285	55,417	57,633	59,939
Reserve for Replacements	48,720	50,669	52,696	54,803	56,996
Other	6,880	7,155	7,441	7,739	8,049
<b>TOTAL EXPENSES</b>	<b>\$770,310</b>	<b>\$800,379</b>	<b>\$831,628</b>	<b>\$864,105</b>	<b>\$897,857</b>
<b>NET OPERATING INCOME</b>	<b>\$468,572</b>	<b>\$475,670</b>	<b>\$482,702</b>	<b>\$489,655</b>	<b>\$496,516</b>
<b>DEBT SERVICE</b>					
First Lien Financing	\$369,080	\$369,080	\$369,080	\$369,080	\$369,080
Second Lien	16,105	16,105	16,105	16,105	16,105
Other Financing	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$83,388</b>	<b>\$90,485</b>	<b>\$97,517</b>	<b>\$104,470</b>	<b>\$111,331</b>
DEBT COVERAGE RATIO	1.22	1.23	1.25	1.27	1.29

YEAR 10	YEAR 15	YEAR 20	YEAR 30
\$1,706,659	\$1,978,486	\$2,293,607	\$3,082,416
40,865	47,374	54,920	73,808
0	0	0	0
1,747,524	2,025,860	2,348,527	3,156,224
(131,064)	(151,939)	(176,140)	(236,717)
0	0	0	0
<b>\$1,616,460</b>	<b>\$1,873,920</b>	<b>\$2,172,387</b>	<b>\$2,919,507</b>
\$75,894	\$92,336	\$112,341	\$166,292
96,988	112,435	130,343	175,170
224,724	273,411	332,646	492,398
95,682	116,412	141,633	209,652
263,249	320,283	389,673	576,811
120,139	146,168	177,835	263,240
58,843	71,592	87,102	128,932
72,925	88,724	107,946	159,787
69,344	84,367	102,646	151,941
9,792	11,914	14,495	21,456
<b>\$1,087,579</b>	<b>\$1,317,642</b>	<b>\$1,596,661</b>	<b>\$2,345,679</b>
<b>\$528,881</b>	<b>\$556,279</b>	<b>\$575,726</b>	<b>\$573,828</b>
\$369,080	\$369,080	\$369,080	\$369,080
16,105	16,105	16,105	16,105
0	0	0	0
<b>\$143,696</b>	<b>\$171,094</b>	<b>\$190,541</b>	<b>\$188,643</b>
1.37	1.44	1.49	1.49

**HTC ALLOCATION ANALYSIS -Coral Hills Apartments, Houston, HTC#05623**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$1,860,564	\$2,124,229				
Purchase of buildings	\$3,548,735	\$3,285,070	\$3,548,735	\$3,285,070		
<b>Off-Site Improvements</b>						
Sitework	\$100,890	\$100,890			\$100,890	\$100,890
Construction Hard Costs	\$1,028,639	\$1,028,639			\$1,028,639	\$1,028,639
Contractor Fees	\$158,135	\$158,134			\$158,134	\$158,134
Contingencies						
Eligible Indirect Fees	\$115,842	\$115,842	\$42,610	\$42,610	\$73,232	\$73,232
Eligible Financing Fees						
All Ineligible Costs	\$562,425	\$562,425				
Developer Fees				\$499,152		\$204,134
Developer Fees	\$707,493	\$703,286	\$538,702		\$168,791	
Development Reserves	\$48,720	\$48,720				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$8,131,443</b>	<b>\$8,127,235</b>	<b>\$4,130,047</b>	<b>\$3,826,832</b>	<b>\$1,529,686</b>	<b>\$1,565,029</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>			\$4,130,047	\$3,826,832	\$1,529,686	\$1,565,029
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$4,130,047	\$3,826,832	\$1,988,592	\$2,034,538
Applicable Fraction			98.85%	98.85%	99%	98.85%
<b>TOTAL QUALIFIED BASIS</b>			\$4,082,398	\$3,782,682	\$1,965,649	\$2,011,066
Applicable Percentage			3.46%	3.46%	3.46%	3.46%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$141,251	\$130,881	\$68,011	\$69,583

Syndication Proceeds	0.929907607	\$1,313,504	\$1,217,070	\$632,444	\$647,056
Total Tax Credits (Eligible Basis Method)				\$198,892	\$200,464
Syndication Proceeds				\$1,945,947	\$1,864,127
Approved Tax Credits				\$214,140	
Syndication Proceeds				\$1,991,304	
Cost Certification Request				\$209,091	
Syndication Proceeds				\$1,944,353	
Gap of Syndication Proceeds Needed				\$2,618,787	
Total Tax Credits (Gap Method)				\$281,618	
Reconciled Tax Credits				<b>\$198,892</b>	
Syndication Proceeds				\$1,849,514	

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

**DATE:** November 3, 2005      **PROGRAM:** 4% HTC  
MRB      **FILE NUMBER:** 05623

**DEVELOPMENT NAME**

Coral Hills Apartments

**APPLICANT**

**Name:** Coral Hills Apartments, Ltd.      **Type:** For-profit  
**Address:** 105 Tallapoosa Street, Suite 300      **City:** Montgomery      **State:** AL  
**Zip:** 36104      **Contact:** Hunter McKenzie      **Phone:** (334) 954-4458      **Fax:** (334) 954-4496

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b> Summit America Properties XXIII, Inc.	<b>(%):</b> .01	<b>Title:</b> Managing General Partner
<b>Name:</b> Summit America Properties, Inc. ("Summit")	<b>(%):</b> N/A	<b>Title:</b> 100% owner of MGP
<b>Name:</b> Realty Partners, L.L.C. ("Realty")	<b>(%):</b> N/A	<b>Title:</b> 100% owner of Summit
<b>Name:</b> W. Daniel Hughes, Jr.	<b>(%):</b> N/A	<b>Title:</b> President/ Director of MGP and 78% owner of Realty
<b>Name:</b> Summit Asset Management, LLC	<b>(%):</b> N/A	<b>Title:</b> Developer

**PROPERTY LOCATION**

**Location:** 6363 Beverly Hill Street       QCT       DDA  
**City:** Houston      **County:** Harris      **Zip:** 77057

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$5,320,000	6%	30 yrs	18 yrs
2) \$268,660	N/A	N/A	N/A

**Other Requested Terms:** 1) Tax-exempt private activity mortgage revenue bond  
2) Annual ten-year allocation of housing tax credits

**Proposed Use of Funds:** Acquisition/ Rehabilitation      **Property Type:** Multifamily

**Special Purpose (s):** \_\_\_\_\_

**RECOMMENDATION**

- RECOMMEND APPROVAL OF ISSUANCE OF \$5,320,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE UNDERWRITTEN AT AN ALL IN RATE OF 6.1% AND A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$214,140 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

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

**CONDITIONS**

1. Receipt, review, and acceptance of a revised PCA to reflect the PCA providers opinion with regard to the reasonableness of the planned repairs and their cost as well as a 30 year proforma of scheduled long term repairs is a condition of this report.
2. Receipt, review, and acceptance of revised permanent loan commitments reflecting an increase in the debt by \$315,294, or acceptance by the lenders and syndicator of the inclusion of additional partnership debt in the same amount as well as acceptance of 100% deferred developer fee.
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>173</u>	<b># Rental Buildings</b>	<u>16</u>	<b># Non-Res. Buildings</b>	<u>0</u>	<b># of Floors</b>	<u>2</u>	<b>Age:</b>	<u>31</u> yrs	<b>Vacant:</b>	<u>N/A</u>	<b>at</b>	<u>/</u>	<b>/</b>	<u>/</u>
<b>Net Rentable SF:</b>	<u>136,378</u>	<b>Av Un SF:</b>	<u>788</u>	<b>Common Area SF:</b>	<u>832</u>	<b>Gross Bldg SF:</b>	<u>137,210</u>								

**STRUCTURAL MATERIALS**

The structure is wood frame on a concrete slab on grade. According to the plans provided in the application the exterior is comprised as follows: 85% brick veneer and 15% wood siding. The interior wall surfaces are drywall and the pitched roof is finished with composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring is a combination of carpeting & vinyl tile. Each unit will include: range & oven, hood & fan, refrigerator, tile tub/shower, washer & dryer connections, laminated counter tops, boiler water heating system, & individual heating and air conditioning.

**ONSITE AMENITIES**

A community building will not be included. One of the existing residential units of 832 square feet will be converted into additional leasing office space. The two swimming pools and community garden/ walking trail are centrally located to serve all units. In addition, perimeter fencing with a limited access gate is planned for the site.

<b>Uncovered Parking:</b>	<u>111</u>	spaces	<b>Carpports:</b>	<u>152</u>	spaces	<b>Garages:</b>	<u>0</u>	spaces
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**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Coral Hills is an acquisition and rehabilitation development of 174 units that will be converted to 173 units of affordable housing located in southwest Houston. The additional unit will be used as a property leasing office. The compact site results in a 40.18-unit per acre ratio. The development was built in 1974 and is comprised of 16 evenly-distributed medium-sized, garden style, walk-up, low-rise residential buildings as follows:

- One Building Type A with 20 one-bedroom/one-bath units, one two-bedroom/one-bath units, and one two-bedroom/two-bath units;
- One Building Type B with 19 one-bedroom/one-bath units, and one two-bedroom/two-bath units;
- Two Building Type C/F with ten two-bedroom/one-bath units;
- Two Building Type D/E with sixteen one-bedroom/one-bath units;
- Three Building Type G/H/I with four one-bedroom/one-bath units;
- Two Building Type J/M with twelve two-bedroom/one-bath units;
- Two Building Type K/L with 16 one-bedroom/one-bath units;
- Two Building Type N/P with four one-bedroom/one-bath units;

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MULTIFAMILY UNDERWRITING ANALYSIS**

- One Building Type O with four two-bedroom/one-bath units;

**Development Plan:** The buildings were 60% occupied pre-Hurricane Katrina relief and in “fair to average condition due to the level of deferred maintenance currently present in areas such as site work, structural, mechanical/ electrical, interior finishes and the exterior.” Currently occupancy has risen to 93% as a result of housing victims of Hurricane Katrina. The application did not contain a narrative or other detailed description of the plan for rehabilitation aside for the project cost schedule. A Property Condition Assessment (PCA) was conducted by Joseph Donaldson with Real Estate Advisors, L.L.C. on September 7, 2005. The PCA reflects immediate needs and planned repairs consisting of replacing the existing flat roofs, parking lot and carport repairs and replacement, addition of exterior lighting, replacing gutters and downspouts, replacing several older appliances and cabinets, installing smoke detectors and GFI outlets, and providing improved accessibility including retrofitting 5% of units for accessibility compliance. The Appraiser indicated that, “The proposed renovation appears adequate relative to the level of deferred maintenance currently present at the Subject.” (Appraisal p. 5) The Applicant indicates that the rehabilitation will be performed around the residents to ensure that their lifestyle does not become disrupted. This plan may be more difficult to successfully execute given the post-Katrina occupancy.

**Architectural Review:** The building and unit plans are of good design, sufficient size and are comparable to other apartment developments of this age. They appear to provide acceptable access and storage. The elevations reflect modest buildings.

**SITE ISSUES**

**SITE DESCRIPTION**

<b>Size:</b>	4.4821 acres	195,240 square feet	<b>Flood Zone Designation:</b>	Zone X
<b>Zoning:</b>	The City of Houston does not have zoning			

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is located in southwest Houston. The site is a rectangularly-shaped parcel, approximately nine miles from the central business district. The site is situated on the south side of Beverly Hill Street.

**Adjacent Land Uses:**

- **North:** Beverly Hill Street immediately adjacent and office buildings beyond;
- **South:** Bayou Gardens Nursery and Hidden Pines Apartments;
- **East:** Drainage canal immediately adjacent and auto maintenance and sales facility beyond; and
- **West:** A parking lot immediately adjacent.

**Site Access:** Access to the property is from the east or west along Beverly Hill Street or the north or south from Unity Drive. The development has one main entry from the north from Beverly Hill Street. Access to Interstate Highway 610 is 2.5 miles east, which provides connections to all other major roads serving the Houston area.

**Public Transportation:** Public transportation to the area is provided by the Metropolitan Transit Authority of Harris County (METRO). “The location of the nearest stop is at the corner of Hillcroft Street and Richmond Avenue, approximately 0.3 miles northwest of the Subject.” (Appraisal, p. 23)

**Shopping & Services:** The site is within two miles of a major grocery store, a shopping center, a library, and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

**Site Inspection Findings:** TDHCA staff performed a site inspection on October 20, 2005, and found the location to be acceptable for the proposed development.



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

A Phase I Environmental Site Assessment report dated September 8th, 2005 was prepared by Real Estate Advisory, LLC (REA) and contained the following findings and recommendations:

**Findings:**

- **Asbestos-Containing Materials (ACM):** “No asbestos-containing materials were identified during the assessment. Further, in the event of significant demolition or renovation, REA recommends that materials not previously sampled, such as roofing materials, be sampled in accordance with EPA regulations.” (p. 19)
- **Lead-Based Paint (LBP):** “Sampling conducted in the prior report did not identify LBP at the Property. Additional testing did not identify lead-containing materials in testing conducted by REA. Therefore, REA considers the potential for significant applications of LBP at the Property to be unlikely.” (p. 21)
- **Radon:** “Detected levels of radon gas were below the USEPA action level of 4.0 pCi/L. Therefore, radon is not considered an environmental concern at the Property.” (p. 22)

**Recommendations:** “... REA did not locate recognized environmental conditions that would impose a liability, restrict the use, limit the development, or impact the value or marketability of the Property.” (p. iv)

**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. 173 of the units (100% of the total) will be reserved for low-income tenants. 173 of the units (100%) will be reserved for households earning 60% or less of AMGI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$25,620	\$29,280	\$32,940	\$36,600	\$39,540	\$42,480

**MARKET HIGHLIGHTS**

A market feasibility study dated August 19, 2005 was prepared by Novogradac & Company LLP (“Market Analyst”) and highlighted the following findings:

**Definition of Primary Market Area (PMA):** “...The Subject’s Primary Market Area (PMA) is the area bounded by Woodway Drive and Memorial Drive to the north, Interstate 610 to the east, Bellaire Boulevard to the south, and Fondren Road to the west, as depicted on the following page.” (p. 12). This area encompasses approximately 14 square miles and is equivalent to a circle with a radius of two miles.

**Definition of Secondary Market Area (PMA):** “The secondary market area is defined as the City of Houston...” (p. 12).

**Population:** The estimated 2004 population of the PMA was 122,022 and is expected to increase by 7.5% to approximately 131,125 by 2009. Within the primary market area there were estimated to be 55,632 households in 2004. Since the population of the PMA exceeded 100,000, the Underwriter set the population equal to 100,000 (the department maximum) and reran the numbers so that the population and demand were reduced by the same factor. With the population set to 100,000, the estimated households in the PMA in 2004 were 45,592.

**Total Primary Market Demand for Rental Units:** The Market Analyst calculated a total demand of 2,441 qualified households in the PMA, based on the current estimate of 56,340 households, the projected annual growth rate of 1.3%, renter households estimated at 78% of the population, income-qualified households estimated at 18.3%, and an annual renter turnover rate of 29%. The Market Analyst used an income band of \$20,057 to \$32,940.

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<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	110	5%	252	10%
Resident Turnover	2,331	95%	2,268	90%
Other Sources:		%		%
<b>TOTAL ANNUAL DEMAND</b>	<b>2,441</b>	<b>100%</b>	<b>2,520</b>	<b>100%</b>

Ref: summary

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 17.4% based upon 2,520 units of demand and 438 units of unstabilized affordable housing in the PMA (including the subject). The Underwriter calculated an inclusive capture rate of 17.9% based upon a supply of unstabilized comparable affordable units of 438 divided by a revised demand of 2,441. Since the population of the primary market area exceeds 100,000, the Underwriter resized the demographic information so that the population would be equal to 100,000 for testing purposes. In this analysis, the Underwriter's capture rate would be 10.1% and the Market Analyst's rate would be 18.4%, still within department tolerance for concentration. It should be noted that the subject development is currently 60% occupied, and it is likely the existing tenants will choose to remain at the property. Therefore, an inclusive capture rate calculation is not as meaningful a tool for determining the feasibility of the subject development as it would otherwise be given the likely tenant retention.

**Local Housing Authority Waiting List Information:** "One of the selected comparable properties currently maintains a small waiting list of five households for their two-bedroom units. Based on this information, it does not appear that the Subject will maintain a waiting list after converting to LIHTC." (p. 39).

**Market Rent Comparables:** The Market Analyst surveyed seven comparable apartment projects totaling 1,944 units in the market area. (p. 33).

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-BR (60%) 656 sq ft</b>	\$496	\$602	-\$106	\$600	-\$104
<b>1-BR (60%) 663 sq ft</b>	\$514	\$602	-\$88	\$600	-\$86
<b>1-BR (60%) 723 sq ft</b>	\$517	\$602	-\$85	\$600	-\$83
<b>1-BR (60%) 751 sq ft</b>	\$525	\$602	-\$77	\$600	-\$75
<b>1-BR (60%) 768 sq ft</b>	\$530	\$602	-\$72	\$600	-\$70
<b>1-BR (60%) 825 sq ft Townhouse</b>	\$551	\$602	-\$51	\$600	-\$49
<b>1-BR (60%) 832 sq ft</b>	\$551	\$602	-\$51	\$600	-\$49
<b>2-BR (60%) 870 sq ft</b>	\$640	\$718	-\$78	\$750	-\$110
<b>2-BR (60%) 896 sq ft</b>	\$640	\$718	-\$78	\$750	-\$110
<b>2-BR (60%) 1128 sq ft Townhouse</b>	\$669	\$718	-\$49	\$825	-\$156
<b>2-BR (60%) 1377 sq ft Townhouse</b>	\$725	\$718	\$7	\$850	-\$125

(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:** "From its current occupancy of 60 percent, we anticipate a six month lease-up period to reach stabilization based on its current rents, which include two months free rent. 'As complete', the property is anticipated to maintain a stabilized occupancy of 92 percent or greater upon renovation and conversion to LIHTC." (Appraisal, p. 5).

**Absorption Projections:** "Absorption is anticipated to be negligible after renovation since the Subject should be already operating at a stabilized occupancy and most of the tenants will likely be income qualified and prefer to remain at the Subject in its improved condition." (Appraisal, p. 5).

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**Known Planned Development:** “Based on information collected from the TDHCA website, the Houston Planning Department, and property managers, the Subject’s competition from LIHTC properties in the foreseeable future are Fountain Oaks and St. Cloud Apartments. Both of these properties are existing LIHTC projects, and are located 1.3 and 1.5 miles from the Subject, respectively.”

“There are no other developments located within one linear mile of the Subject site that have been awarded funds by the TDHCA in the three years prior to the application acceptance period.” (MKT Study, p. 28).

**Market Study Analysis/Conclusions:** The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant’s rent projections are significantly lower than the maximum rents allowed under program guidelines. The Underwriter calculated rents derived as the lower of the per square foot conclusion of the market analyst multiplied by the square footage for each unit or the tax credit rent. Based on the Market Analyst’s estimate of achievable rent the Underwriter believes the property can achieve approximately \$155K in additional income. Moreover the current rents reflected on the latest rent roll suggest that rents are currently as high or higher than the Underwritten rents. The Applicant indicated that the property will shift from landlord paying water and sewer to individually metered one where the tenants will reimburse the landlord for water and sewer. The Applicant further indicated that the landlord will continue to pay for water heating under a centralized water heating system, and rents and expenses were calculated accordingly. The Applicant included secondary income of \$22.13 which is above the Department guidelines of \$15 per unit per month and provided no additional substantiation for this estimate though the Underwriter conjectures that this may be a result of the reimbursement of water and sewer from the tenant. The Applicant utilized a higher vacancy and collection loss rate of 9%, based on pre-Katrina leasing difficulties for the development and for the Houston Market generally. The Appraiser also included a higher 12% vacancy and collection loss post rehabilitation but has verbally indicated that this level of vacancy, while appropriate at the pre-Katrina effective date of the report, may be overstated given the significant improvement in occupancy rates since the Hurricane. The Underwriter maintained the historical 7.5% vacancy and collection loss standard. As a net result, the Applicant’s effective gross income estimate is \$148K less than the Underwriter’s estimate.

**Expenses:** The Applicant’s total expense estimate of \$3,393 per unit is 10% lower than the Underwriter’s database-derived estimate of \$3,785 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 general and administrative (\$14K lower), payroll (\$41K lower), and water, sewer, and trash (\$23K higher). The Underwriter used \$300 per unit minimum annual replacement reserve versus \$251 per unit used by the Applicant. The PCA is also required to comment on the ongoing need for additional repairs for the length of the affordability period, typically 30 years. The PCA provided only reflects needs for the first 12 years of the affordability term and concludes an annual reserve requirement of \$277 per unit. Based on the analysis provided it is likely that a 30-year evaluation will result in a higher annual estimate. Receipt, review, and acceptance of a revised PCA to reflect the PCA providers opinion with regard to the reasonableness of the planned repairs and their cost as well as a 30-year proforma of scheduled long term repairs is a condition of this report.

**Conclusion:** The Applicant’s estimated income and total estimated operating expense are inconsistent with the Underwriter’s expectations and the Applicant’s net operating income (NOI) estimate is not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s NOI will be used to evaluate debt service capacity. Both the Underwriter’s and Applicant’s estimated debt coverage ratio (DCR) exceeds the program maximum standard of 1.30. This suggests that the project could support additional debt service. Based on the Underwriter’s analysis of a 1.53 DCR, at the all-in fixed interest rate projected to be 6.1%, the Development could support additional debt service of \$69,472 annually and still maintain a 1.30 DCR. This results in an additional potential debt of \$955K and may reduce the need for other funds. This will be discussed in more

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

detail in the financing conclusions below.

**ACQUISITION VALUATION INFORMATION**

**APPRAISED VALUE**

<b>Land Only:</b>	\$1,475,000 (34%)	<b>Date of Valuation:</b>	8/	12/	2005
<b>Existing Buildings (Calculated): "as is"</b>	\$2,850,000 (66%)	<b>Date of Valuation:</b>	8/	12/	2005
<b>Total Development: "as is"</b>	\$4,325,000	<b>Date of Valuation:</b>	8/	12/	2005
<b>Appraiser:</b>	Novogradac & Company, LLP	<b>City:</b>	Austin	<b>Phone:</b>	(512) 340-0420

**APPRAISAL ANALYSIS/CONCLUSIONS**

An appraisal dated September 6, 2005, was provided by the Applicant. The Appraisal was performed by H. Blair Kincer, MAI with Novogradac & Company. The Appraisal provides four values: "as-is", "prospective value" (LIHTC scenario), "prospective value" (unrestricted market rate scenario), and land value. The current "as-is" value is most important in underwriting of this property because it will provide support for the purchase price of the subject as well as provide the proration for the eligible basis calculation for the buildings. For the "as-is" valuation, the primary approach used was the sales comparison or income approach. Due to the quality of the comparable sales the appraisal provides a reasonable estimation of land value. In this case the value and purchase price are different. Based upon the "reasonable similar" comparable land sales the value of the underlying land was valued at \$1,475,000 or 34% of the total appraised value.

**ASSESSED VALUE**

<b>Land: 4.33 acres</b>	\$660,150	<b>Assessment for the Year of:</b>	2005
<b>Building:</b>	\$2,424,750	<b>Valuation by:</b>	Harris County Appraisal District
<b>Total Assessed Value:</b>	\$3,084,900	<b>Tax Rate:</b>	2.99%

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b>	Purchase and Sale Agreement (4.33 acres)						
<b>Contract Expiration Date:</b>	3/	1/	2006	<b>Anticipated Closing Date:</b>	12/	15/	2005
<b>Acquisition Cost:</b>	\$4,800,000 base		<b>Other Terms/Conditions:</b>		plus \$302,647 defeasance and \$286,353 buyer broker commission		
	\$5,389,000 total						
<b>Seller:</b>	Houston Beverly Hollow Associated, Ltd.			<b>Related to Development Team Member:</b>	No		

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The Applicant initially claimed eligible basis based upon a building value percentage of 90% applied to the total acquisition price of \$5,389,000. The appraisal concluded the "as-is" market value of the land to be 34% of the total appraised value resulting in 66% attributable to the building. The Applicant further informed the Underwriter that the buyer broker, Winter Coleman Real Estate L.L.C. has a small but current identity of interest with the General Partner of the Applicant and therefore the entire \$286,353 buyer broker commission should be removed to developer fee (to the extent eligible developer fee does not exceed 15% of eligible acquisition costs). The Underwriter has used the most conservative building value approach of using prorata appraised value for the building multiplied by the total eligible sales price (the contract stated price of \$4,800,000 plus existing loan defeasance costs of \$302,647 that the contract calls for the buyer to pay) to conclude an eligible basis value for the existing buildings of \$3,362,438. This is \$551,562 less than the Applicant's most current development cost schedule and even more significantly less than the Applicant's original requested acquisition eligible basis.

**Sitework Cost:** Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$290,965 or \$1,682 per unit.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$819,455 for a total site work and direct cost of \$1,110,420. The cost for the immediate repairs provided in the PCA total \$1,225,330,

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but are listed as the contractor provided budget numbers. The difference in cost is not directly identifiable and the PCA provider did not provide an affirmation that the contractor's budgeted costs are reasonable. Receipt, review, and acceptance of such reconciliation and statement of reasonableness by the PCA provider is a condition of this report. The PCA provider is also required to discuss the planned improvements and is generally expected to opine on the reasonableness of the cost of the repairs. The PCA's proforma of physical needs over time reflects a range of \$35,000 to \$50,000 in annual repairs over the first five years which is unusually high for a property that has completed rehabilitation. Moreover the items identified, appliances, A/C and floor finishes could have been incorporated in the rehabilitation budget but appear to not have been included. This issue was discussed with the Applicant and it was suggested by the Applicant that additional eligible rehabilitation costs may be added to the development budget prior to cost certification.

**Fees:** As discussed above, buyer's broker commissions to an identity of interest entity totaling \$286,353 were initially moved to developer fees however the eligible developer fee was already at the 15% limit and therefore this commission was subsequently moved to ineligible costs. Because the Applicant included this commission as eligible acquisition basis and maximized a developer fee from that amount, the Applicant's developer fee is overstated by \$86,304.

**Conclusion:** The Underwriter's direct construction costs are derived from the Applicant's budget. While this report is conditioned upon the verification of these costs through the PCA, the Applicant's total costs are used to evaluate the uses of funds for the development. As discussed above, the ineligibility of the buyer's broker commission and resulting adjustments to the eligible developer fee has resulted in an eligible basis of \$5,566,339 which is used to determine a credit allocation of \$214,140 from this method. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE			
INTERIM CONSTRUCTION FINANCING			
<b>Source:</b> <u>Regions Bank</u>	<b>Contact:</b> <u>Spencer Knight</u>		
<b>Principal Amount:</b> <u>\$5,320,000</u>	<b>Interest Rate:</b> <u>6.0%</u>		
<b>Additional Information:</b> _____			
<b>Amortization:</b> <u>N/A</u> yrs	<b>Term:</b> <u>2.5</u> yrs	<b>Commitment:</b> <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional	
BRIDGE FINANCING			
<b>Source:</b> <u>Realty Partners L.L.C.</u>	<b>Contact:</b> <u>Scott Crossfield</u>		
<b>Principal Amount:</b> <u>\$315,294</u>	<b>Interest Rate:</b> <u>To be set at closing</u>		
<b>Additional Information:</b> _____			
<b>Amortization:</b> <u>TBD</u> yrs	<b>Term:</b> <u>TBD</u> yrs	<b>Commitment:</b> <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional	
<b>Annual Payment:</b> <u>TBD</u>	<b>Lien Priority:</b> <u>2</u>	<b>Date:</b> <u>11/ 3/ 2005</u>	
PERMANENT FINANCING			
<b>Source:</b> <u>Greystone</u>	<b>Contact:</b> <u>Jennifer Spence</u>		
<b>Principal Amount:</b> <u>\$5,320,000</u>	<b>Interest Rate:</b> <u>6.1% (all-in rate –commitment estimated 6% originally)</u>		
<b>Additional Information:</b> _____			
<b>Amortization:</b> <u>30</u> yrs	<b>Term:</b> <u>32.5</u> yrs	<b>Commitment:</b> <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	
<b>Annual Payment:</b> <u>\$382,753</u>	<b>Lien Priority:</b> <u>1</u>	<b>Date:</b> <u>9/ 1/ 2005</u>	
TAX CREDIT SYNDICATION			
<b>Source:</b> <u>Paramount Financial Group</u>	<b>Contact:</b> <u>Mike Moses</u>		
<b>Net Proceeds:</b> <u>\$2,404,720</u>	<b>Net Syndication Rate (per \$1.00 of 10-yr HTC)</b> <u>93¢</u>		

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**Commitment:**       LOI       Firm       Conditional      **Date:**      8/      18/      2005

**Additional Information:**      The proceed amount shown in the syndication agreement (\$2,404,720) is different than the application's original estimate (\$2,498,286) based on the difference in anticipated percentage of ownership.

**APPLICANT EQUITY**

**Amount:**      \$684,306      **Source:**      Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Permanent Bond Financing:** The tax-exempt bonds are to be issued by TDHCA and purchased by Greystone. The permanent financing commitment is generally consistent with the terms reflected in the sources and uses of funds listed in the application. The Underwriter used an all-in interest rate of 6.1% based on a stack consisting of the following: The estimated bond rate of 4.95%, credit enhancement of 0.46%, servicing fee of 0.44%, trustee fee of 0.15%, and TDHCA issuer fee of 0.1%

**HTC Syndication:** The tax credit syndication commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. In particular, the proceeds amount is different as it was based upon a credit amount of \$258,598 annually. The Applicant subsequently revised their credit estimate down to \$236,642 and syndication proceeds estimate to \$2,140,608.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$684,306 amount to 76% of the total fees.

**Financing Conclusions:** Based on the developer fee adjustments to the Applicant's estimate of eligible basis, the HTC allocation should not exceed \$214,140 annually for ten years, resulting in syndication proceeds of approximately \$1,991,503. Based on this analysis, the gap of funds needed typically filled by deferred developer fee will be increased to \$1,037,030, which represents over 100% of the eligible fee and more than the unrelated contractor fee available. The Applicant has provided a commitment letter from the corporate principal of the general partner, Realty Partners L.L.C., to provide a loan in the amount of \$315,294 to the partnership to bridge the funding gap, in addition to deferring the entire amount of developer fee. Receipt, review, and acceptance of a revised permanent loan commitments reflecting an increase in the debt by \$315,294, or acceptance by the lenders and syndicator of the inclusion of additional partnership debt in the same amount as well as acceptance of 100% deferred developer fee. This entire amount of the gap (\$1,037,030) is repayable at zero percent within 10 years, however due to the excess DCR discussed above should also be evaluated as potential additional conventional debt. At the same rates and terms as the conventional debt this amount of deferred developer fee plus partnership funds provides a DCR of 1.28 which is within the department guidelines. This calculation ensures that the Department is not over subsidizing the credit amount for the transaction. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee is not available to fund those potential development cost overruns.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, and Property Manager firm are all related entities. These are common relationships for HTC-funded developments. The corporate principal of the General Partner is also committing to provide additional funding to the development to ensure sufficient financing for the development and while this is unusual, it is not prohibited.

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

**Financial Highlights:**

- The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The Managing General Partner, Summit America Properties Inc., submitted an unaudited financial statement as of December 31, 2004, reporting total assets of \$785,517 and consisting of \$787K in notes receivable, and a negative net of \$1,194 in partnership interests. Liabilities totaled \$795,934, resulting in a net worth of negative \$10,417.

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- The principal of the General Partner, Daniel Hughes, Jr., submitted an unaudited financial statement as of March 30, 2005, and is anticipated to be guarantor of the development already being designated as the “Key Principal” in the loan commitment. Although this financial statement is older than department guidelines allow, a “no material change” statement was issued by Mr. Hughes October 31, 2005.

**Background & Experience:** Multifamily Production Finance Staff have verified that the Department’s experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant’s estimated income/operating expenses/operating proforma are more than 5% outside of the Underwriter’s verifiable range.
- 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.

**Underwriter:**

\_\_\_\_\_  
*Phillip Drake*

**Date:** November 3, 2005

**Director of Real Estate Analysis:**

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

**Date:** November 3, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Coral Hills Apartments, Houston, 4% HTC/ MRB & #05623**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Int-Pd Util	Water Heat, Tras
TC 60%	8	1	1	656	\$686	\$544	\$4,356	\$0.83	\$73.00	\$24.31
TC 60%	16	1	1	663	686	550	8,805	0.83	73.00	24.31
TC 60%	48	1	1	723	686	600	28,804	0.83	73.00	24.31
TC 60%	8	1	1	751	686	613	4,904	0.82	73.00	24.31
TC 60%	12	1	1	768	686	613	7,356	0.80	73.00	24.31
TC 60%	16	1	1	825	686	613	9,808	0.74	73.00	24.31
TC 60%	14	1	1	832	686	613	8,582	0.74	73.00	24.31
TC 60%	44	2	1	870	823	730	32,120	0.84	93.00	25.31
TC 60%	4	2	1	896	823	730	2,920	0.81	93.00	25.31
TC 60%	1	2	1	1,128	823	730	730	0.65	93.00	25.31
TC 60%	2	2	1.5	1,377	823	730	1,460	0.53	93.00	25.31
<b>TOTAL:</b>	<b>173</b>		<b>AVERAGE:</b>	<b>788</b>	<b>\$726</b>	<b>\$635</b>	<b>\$109,845</b>	<b>\$0.81</b>	<b>\$78.90</b>	<b>\$24.60</b>

**INCOME**

Total Net Rentable Sq Ft: 136,378

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.62%	\$333	0.42
Management	4.02%	290	0.37
Payroll & Payroll Tax	13.46%	971	1.23
Repairs & Maintenance	5.71%	412	0.52
Utilities	4.30%	310	0.39
Water, Sewer, & Trash	3.08%	222	0.28
Property Insurance	2.73%	197	0.25
Property Tax 2.99125	9.00%	649	0.82
Reserve for Replacements	4.16%	300	0.38
Other: compl fees	1.39%	101	0.13
<b>TOTAL EXPENSES</b>	<b>52.47%</b>	<b>\$3,785</b>	<b>\$4.80</b>
<b>NET OPERATING INC</b>	<b>47.53%</b>	<b>\$3,429</b>	<b>\$4.35</b>

**DEBT SERVICE**

First Lien Mortgage	31.00%	\$2,236	\$2.84
Loan from the Partnership	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>16.54%</b>	<b>\$1,193</b>	<b>\$1.51</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)		60.19%	\$29,495	\$37.42
Off-Sites		0.00%	0	0.00
Sitework		3.43%	1,682	2.13
Direct Construction		9.67%	4,737	6.01
Contingency	5.65%	0.74%	363	0.46
General Req'ts	5.95%	0.78%	382	0.48
Contractor's G & A	1.98%	0.26%	127	0.16
Contractor's Profit	5.95%	0.78%	382	0.48
Indirect Construction		1.26%	618	0.78
Ineligible Costs		11.04%	5,409	6.86
Developer's G & A	2.00%	1.14%	560	0.71
Developer's Profit	13.00%	7.43%	3,640	4.62
Interim Financing		0.56%	276	0.35
Reserves		2.72%	1,333	1.69
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$49,004</b>	<b>\$62.16</b>	
<b>Recap-Hard Construction Costs</b>	<b>15.66%</b>	<b>\$7,673</b>	<b>\$9.73</b>	

**SOURCES OF FUNDS**

First Lien Mortgage	62.75%	\$30,751	\$39.01
Loan from the Partnership	3.01%	\$1,477	\$1.87
HTC Syndication Proceeds	28.37%	\$13,900	\$17.63
Deferred Developer Fees	7.35%	\$3,601	\$4.57
Additional (Excess) Funds Req'd	-1.48%	(\$726)	(\$0.92)
<b>TOTAL SOURCES</b>			

	TDHCA	APPLICANT
POTENTIAL GROSS RENT	\$1,318,138	\$1,163,244
Secondary Income	31,140	45,936
Other Support Income:	0	
POTENTIAL GROSS INCOME	\$1,349,278	\$1,209,180
Vacancy & Collection Loss	(101,196)	(108,828)
Employee or Other Non-Rental Units or Concessions	0	
EFFECTIVE GROSS INCOME	\$1,248,082	\$1,100,352
General & Administrative	\$57,607	\$44,101
Management	50,201	44,414
Payroll & Payroll Tax	167,992	127,322
Repairs & Maintenance	71,272	61,396
Utilities	53,616	44,241
Water, Sewer, & Trash	38,411	61,448
Property Insurance	34,095	39,150
Property Tax	112,349	104,095
Reserve for Replacements	51,900	43,500
Other: compl fees	17,400	17,400
TOTAL EXPENSES	\$654,842	\$587,067
NET OPERATING INC	\$593,240	\$513,285
First Lien Mortgage	\$386,867	\$382,753
Loan from the Partnership	0	0
Additional Financing	0	0
NET CASH FLOW	\$206,373	\$130,532
AGGREGATE DEBT COVERAGE RATIO	1.53	1.34
RECOMMENDED DEBT COVERAGE RATIO	1.28	

	PER SQ FT	PER UNIT	% OF EGI
Comptroller's Region		6	
IREM Region		Houston	
Secondary Income	\$22.13	Per Unit Per Month	
Vacancy & Collection Loss	-9.00%	of Potential Gross Rent	
General & Administrative	\$0.32	\$255	4.01%
Management	0.33	257	4.04%
Payroll & Payroll Tax	0.93	736	11.57%
Repairs & Maintenance	0.45	355	5.58%
Utilities	0.32	256	4.02%
Water, Sewer, & Trash	0.45	355	5.58%
Property Insurance	0.29	226	3.56%
Property Tax	0.76	602	9.46%
Reserve for Replacements	0.32	251	3.95%
Other: compl fees	0.13	101	1.58%
TOTAL EXPENSES	\$4.30	\$3,393	53.35%
NET OPERATING INC	\$3.76	\$2,967	46.65%
First Lien Mortgage	\$2.81	\$2,212	34.78%
Loan from the Partnership	\$0.00	\$0	0.00%
Additional Financing	\$0.00	\$0	0.00%
NET CASH FLOW	\$0.96	\$755	11.86%

	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)	\$39.52	\$31,150	64.55%
Off-Sites	0.00	0	0.00%
Sitework	2.13	1,682	3.49%
Direct Construction	6.01	4,737	9.82%
Contingency	0.46	363	0.75%
General Req'ts	0.48	382	0.79%
Contractor's G & A	0.16	127	0.26%
Contractor's Profit	0.48	382	0.79%
Indirect Construction	0.78	618	1.28%
Ineligible Costs	4.76	3,753	7.78%
Developer's G & A	0.00	0	0.00%
Developer's Profit	5.93	4,671	9.68%
Interim Financing	0.35	276	0.57%
Reserves	0.15	116	0.24%
<b>TOTAL COST</b>	<b>\$61.22</b>	<b>\$48,257</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>	<b>\$9.73</b>	<b>\$7,673</b>	<b>15.90%</b>

	RECOMMENDED	
First Lien Mortgage	\$5,320,000	Developer Fee Available
Loan from the Partnership	255,541	\$721,736
HTC Syndication Proceeds	2,404,720	% of Dev. Fee Deferred
Deferred Developer Fees	623,040	100%
Additional (Excess) Funds Req'd	(125,566)	0
TOTAL SOURCES	\$8,477,735	\$8,348,533
		\$3,176,803



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**  
**Coral Hills Apartments, Houston, 4% HTC/ MRB & #05623**

**PAYMENT COMPUTATION**

<b>Primary</b>	\$5,320,000	Amort	360
Int Rate	6.10%	DCR	1.53
<b>Secondary</b>			
	\$255,541	Amort	
Int Rate	0.00%	Subtotal DCR	1.53
<b>Additional</b>			
		Amort	
Int Rate		Aggregate DCR	1.53

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$386,867
Secondary Debt Service	75,412
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$130,961</b>

<b>Primary</b>	\$5,320,000	Amort	360
Int Rate	6.10%	DCR	1.53
<b>Secondary</b>			
	\$1,037,030	Amort	360
Int Rate	6.10%	Subtotal DCR	1.28
<b>Additional</b>			
	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.28

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,318,138	\$1,357,682	\$1,398,412	\$1,440,365	\$1,483,575	\$1,719,871	\$1,993,801	\$2,311,362	\$3,106,278
Secondary Income	31,140	32,074	33,036	34,028	35,048	40,631	47,102	54,604	73,383
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,349,278	1,389,756	1,431,449	1,474,392	1,518,624	1,760,501	2,040,903	2,365,966	3,179,661
Vacancy & Collection Loss	(101,196)	(104,232)	(107,359)	(110,579)	(113,897)	(132,038)	(153,068)	(177,447)	(238,475)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,248,082</b>	<b>\$1,285,524</b>	<b>\$1,324,090</b>	<b>\$1,363,813</b>	<b>\$1,404,727</b>	<b>\$1,628,464</b>	<b>\$1,887,836</b>	<b>\$2,188,519</b>	<b>\$2,941,186</b>
EXPENSES at 4.00%									
General & Administrative	\$57,607	\$59,911	\$62,307	\$64,800	\$67,392	\$81,992	\$99,756	\$121,369	\$179,655
Management	50,201	51,707	53,259	54,856	56,502	65,501	75,934	88,028	118,303
Payroll & Payroll Tax	167,992	174,711	181,700	188,968	196,526	239,104	290,907	353,933	523,907
Repairs & Maintenance	71,272	74,122	77,087	80,171	83,378	101,442	123,419	150,158	222,271
Utilities	53,616	55,761	57,991	60,311	62,723	76,312	92,846	112,961	167,210
Water, Sewer & Trash	38,411	39,947	41,545	43,207	44,935	54,670	66,515	80,925	119,789
Insurance	34,095	35,458	36,877	38,352	39,886	48,527	59,041	71,832	106,329
Property Tax	112,349	116,843	121,517	126,378	131,433	159,908	194,553	236,703	350,378
Reserve for Replacements	51,900	53,976	56,135	58,380	60,716	73,870	89,874	109,345	161,858
Other	17,400	18,096	18,820	19,573	20,356	24,766	30,131	36,659	54,265
<b>TOTAL EXPENSES</b>	<b>\$654,842</b>	<b>\$680,533</b>	<b>\$707,237</b>	<b>\$734,994</b>	<b>\$763,846</b>	<b>\$926,093</b>	<b>\$1,122,975</b>	<b>\$1,361,914</b>	<b>\$2,003,965</b>
<b>NET OPERATING INCOME</b>	<b>\$593,240</b>	<b>\$604,991</b>	<b>\$616,853</b>	<b>\$628,818</b>	<b>\$640,881</b>	<b>\$702,371</b>	<b>\$764,860</b>	<b>\$826,605</b>	<b>\$937,222</b>
DEBT SERVICE									
First Lien Financing	\$386,867	\$386,867	\$386,867	\$386,867	\$386,867	\$386,867	\$386,867	\$386,867	\$386,867
Second Lien	75,412	75,412	75,412	75,412	75,412	75,412	75,412	75,412	75,412
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$130,961</b>	<b>\$142,712</b>	<b>\$154,573</b>	<b>\$166,539</b>	<b>\$178,602</b>	<b>\$240,091</b>	<b>\$302,581</b>	<b>\$364,326</b>	<b>\$474,942</b>
DEBT COVERAGE RATIO	1.28	1.31	1.33	1.36	1.39	1.52	1.65	1.79	2.03

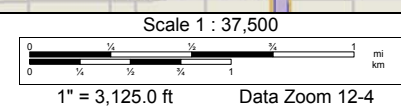
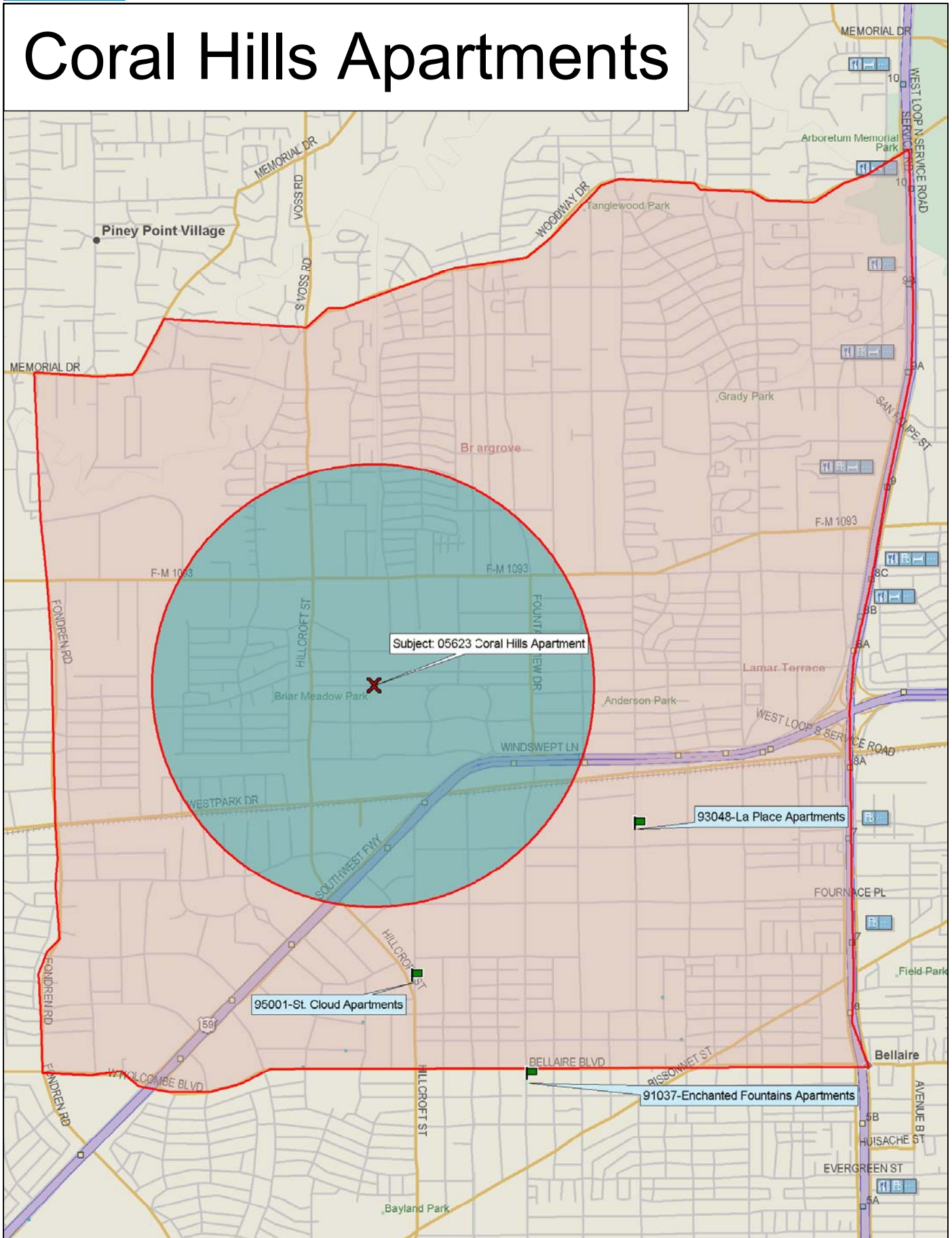
LIHTC Allocation Calculation - Coral Hills Apartments, Houston, 4% HTC/ MRB & #05623

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>						
Purchase of land	\$1,475,000	\$1,740,209				
Purchase of buildings	\$3,914,000	\$3,362,438	\$3,914,000	\$3,362,438		
<b>(2) Rehabilitation/New Construction Cost</b>						
On-site work	\$290,965	\$290,965			\$290,965	\$290,965
Off-site improvements						
<b>(3) Construction Hard Costs</b>						
New structures/rehabilitation hard costs	\$819,455	\$819,455			\$819,455	\$819,455
<b>(4) Contractor Fees &amp; General Requirements</b>						
Contractor overhead	\$22,023	\$22,023			\$22,023	\$22,023
Contractor profit	\$66,071	\$66,071			\$66,071	\$66,071
General requirements	\$66,071	\$66,071			\$66,071	\$66,071
<b>(5) Contingencies</b>						
	\$62,768	\$62,768			\$62,768	\$62,768
<b>(6) Eligible Indirect Fees</b>						
	\$106,981	\$106,981	\$33,028	\$33,028	\$73,953	\$73,953
<b>(7) Eligible Financing Fees</b>						
	\$47,831	\$47,831			\$47,831	\$47,831
<b>(8) All Ineligible Costs</b>						
	\$649,328	\$935,681				
<b>(9) Developer Fees</b>						
Developer overhead		\$96,892	\$592,054	\$504,366	\$215,986	\$217,371
Developer fee	\$808,040	\$629,798				
<b>(10) Development Reserves</b>						
	\$20,000	\$230,552				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$8,348,533</b>	<b>\$8,477,735</b>	<b>\$4,539,082</b>	<b>\$3,899,832</b>	<b>\$1,665,123</b>	<b>\$1,666,508</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>			\$4,539,082	\$3,899,832	\$1,665,123	\$1,666,508
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$4,539,082	\$3,899,832	\$2,164,660	\$2,166,460
Applicable Fraction			100%	100%	100%	100.00%
<b>TOTAL QUALIFIED BASIS</b>			\$4,539,082	\$3,899,832	\$2,164,660	\$2,166,460
Applicable Percentage			3.53%	3.53%	3.53%	3.53%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$160,230	\$137,664	\$76,412	\$76,476

Syndication Proceeds	0.9300	\$1,490,135	\$1,280,276	\$710,636	\$711,227
<b>Total Credits (Eligible Basis Method)</b>				<b>\$236,642</b>	<b>\$214,140</b>
Syndication Proceeds				\$2,200,771	\$1,991,503
Requested Credits				\$268,660	
Syndication Proceeds				\$2,498,538	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$2,713,239</b>	
Credit Amount				\$291,746	

# Coral Hills Apartments





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report Addendum

REPORT DATE: 04/02/09 PROGRAM: 4% HTC / Bond FILE NUMBER: 05629

**DEVELOPMENT**

Village Park Apartments

Location: 8701 Hammerly Boulevard Region: 6  
 City: Houston County: Harris Zip: 77080  OCT  DDA  
 Key Attributes: Acquisition/Rehabilitation, General, Urban

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$629,380			<b>\$612,809</b>		

\* The development was originally awarded annual tax credits of \$574,490. However, pursuant to 49.12(d) of the 2009 QAP a tax-exempt bond development is eligible to request additional credits than originally awarded. In conjunction with the development's final cost certification the Owner has requested \$54,890 or 9.5% in additional tax credits. Since this amount is less than 10% more than the amount reflected in the 2005 Determination Notice issued to the Owner, the request may be approved by the Executive Director. However, since this development is being presented to the Board for approval of the requested changes to the application, approval of the additional credit request is also included for Board approval.

**RECOMMENDATION**

Staff has evaluated the financial viability of the requested amendment. Based on the revised information provided, the transaction meets the Department's 2008 and 2009 Real Estate Analysis Rules and Guidelines. If the Board chooses to approve the amendment, the Underwriter recommends a total allocation of \$612,809, subject to the following condition.

**CONDITIONS**

1 The Owner is requesting \$16,571 more in tax credits than are being recommended. If a commitment is received from Boston Capital for the purchase of the additional \$16,571 in tax credits, including syndication rate, prior to the issuance of IRS Forms 8609, staff recommends an allocation of up to \$629,380, dependent upon the syndication rate indicated in the commitment from Boston Capital.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	364

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## ADDENDUM

The subject development is an acquisition and rehabilitation 4% bond transaction that was originally underwritten and approved in 2005. In association with the development's final construction inspection and submission of the final cost certification, the Owner has requested an amendment to the application as follows:

- Approval for a change in the number of affordable and market rate units to 364 affordable units and 54 market rate units instead of 355 affordable units and 63 market rate units.
- A correction in the number of residential buildings from 27 to 25.
- Approval for the installation of a pavilion with picnic tables and barbecue grills as a replacement for ceiling fans in the bedrooms.
- Approval for a children's activity center as a replacement for accessible walking path.
- Approval for a soccer area as a replacement for the volleyball court in order to meet the sport court requirement.
- Approval for an additional smaller playground area adjacent to the existing playground in order to meet the requirement for two children's playgrounds.
- Approval for a public telephone available to tenants 24 hours a day as a replacement for controlled gate access.
- Approval for a decrease in the number of parking spaces from 627 to 551 total.

### **Unit Mix**

The first item identified in the amendment request is change in the mix of units between affordable and market rate. Originally, the application identified 355 affordable units and 63 market rate units, but at cost certification, 364 affordable units and 54 market rate units were identified. This changed the unit applicable fraction from 85% to 87%. The Owner explained that the cost certification documentation reflects the actual and final unit mix based on the income qualifications of the existing residents. The Owner stated that the purpose of the change is to avoid the forced relocation of residents.

### **Number of Buildings**

The Owner is requesting a correction to the number of buildings. There are 25 buildings on the property; however, there were discrepancies in the number of buildings between different application exhibits, with the number of buildings being presented between 24 and 27. Most documentation in the application, including the appraisal, environmental site assessment, and development plan description, identified 27 residential buildings. However, a site plan in the application identified 24 residential structures, which were treated as 25 residential buildings by counting one physical structure as two separate buildings. The amendment request from the Owner explains that prior to taking ownership of the development, Building 10 was damaged in a fire and not re-built. This building was not reflected in the site plan, and the as-built survey submitted at cost certification is consistent with the site plan. This correction does not affect the number of units or square footage.

### **Amenities**

*Ceiling Fans* - The Owner stated that the absence of ceiling fans in the bedrooms is a result of a misunderstanding about the requirement for ceiling fans. The Owner indicated that ceiling fans are included in the living areas but are not included in the bedrooms. The Owner explained that the installation of the ceiling fans would require the replacement of 240 electrical panels, and the cost would be \$839,425 or \$2,008 per unit. Additionally, the property operates under an asbestos operations and maintenance program, and there could be additional costs associated with demolition and renovation activities and relocation of tenants. For these reasons, the Owner believes that the installation of ceiling fans in the bedrooms is infeasible and proposes to build a pavilion with picnic tables and barbecue grills as a replacement amenity. The Owner submitted an estimate from a contractor indicating the cost of the pavilion and a community garden would be \$76,877.

*Accessible Walking Path* - The Owner also mistakenly interpreted accessible walking path as being the accessible walkways winding through the property. The Owner offers a children's activity center as a substitute for the accessible walking path.

*Sport Court* - The amendment request also identifies a change to the sport court provided. At application, a volleyball court was present at the development, but the Owner explained that after surveying community interests, the volleyball court was replaced with additional children's playground equipment. The Owner proposes a soccer area as a replacement for the volleyball court.

*Children's Playgrounds* - Two children's playgrounds were also proposed at application, but during the construction inspection by the Department, the amenity was not observed. The Owner explained that playground equipment was installed in a 57' by 31' bordered area adjacent to the existing playground, which is in a 99' by 95' bordered area. The Owner believes the installation of the new playground equipment is sufficient to satisfy the requirement for two children's playgrounds.

*Full Perimeter Fencing* - Full perimeter fencing with controlled gate access was also originally proposed in the application, but the Owner explained that this was misinterpreted due to the fact that the entry to the site does have a guard shack. The Owner indicated that full perimeter fencing without controlled gate access should have been proposed originally. A public telephone available to tenants 24 hours a day is offered as a replacement for the controlled access gate.

### **Parking Spaces**

The Owner's request also addresses a difference in the number of parking spaces at the development. The application identified 627 parking spaces and at cost certification, the architect certified to the presence of 551 parking spaces. The Owner stated that this was an error on the application and is requesting approval for the development as built.

The final development costs, as certified by the CPA, are \$442K greater than the Underwriter's estimate at application, and eligible basis increased by \$1,378,295 in comparison to the Underwriter's estimate at application. This cost increase qualifies the development to receive a credit allocation greater than the originally approved amount at application. The change to the applicable fraction also helps increase the final credit amount, but the higher credit amount is primarily a result of the increase in costs.

## **OPERATING PROFORMA ANALYSIS**

### **Income:**

The Owner's projected rental income is calculated by subtracting the Houston Housing Authority utility allowances from gross rents that are lower than the program gross rent limits. According to the rent roll provided in the cost certification the property is not collecting the maximum tax credit rents. At application, the Market Analyst estimated the market rents to be lower than the program rents for the area, thus reflecting that the market was not able to support the maximum program rents. The Underwriter's projected rental income uses the average tenant paid rents as reflected in the rent roll as of 1/31/09. The Owner's potential gross rent estimate is about \$43K or 1% greater than the Underwriter's estimate. However, there is a significant difference in the estimate of secondary income due to the fact that the Owner charges tenants a pass-through utility cost capped at the utility allowance for electric costs.

Another difference between the Owner's estimate and the Underwriter's estimate is that the Owner included \$120K in rental concessions and this loss was not considered in the Underwriter's analysis, as it should not be necessary once the property reaches stabilization. Therefore, the net effect of higher secondary income and rental concessions is that the effective gross income projected by the Owner is more than 12% greater than the Underwriter's estimate.

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Expenses:

The Owner's proforma reflects higher expenses than indicated by the property's operating history, and as a result the Underwriter relied upon the TDHCA database, IREM, and the property's actual operations in estimating expenses. The Owner's total annual operating expense estimate of \$5,704 per unit is more than 18% greater than the Underwriter's estimate of \$4,813. Several of the Owner's line-item expenses are inconsistent with the Underwriter's estimates: general and administrative (\$52K or 59% lower); repairs and maintenance (\$43K or 28% lower); utilities (\$385K or 86% higher); property taxes (\$80K or 43% higher); and compliance fees (\$2K or 17% greater). The difference in the utilities line item is in part due to the fact that the Underwriter's estimate reflects the net cost to the Owner after the utility reimbursement charged to the tenants. In contrast, the Owner identified the gross utility cost but the utility reimbursement was identified as a secondary income source. It is important to mention that although the Underwriter's analysis projects an expense to income ratio below 65%, the Owner's expense to income ratio exceeds the Department's 65% limit.

Conclusion:

Although the Owner's net operating income is within 5% of the Underwriter's estimate, the income and expense estimates of the Owner are not within 5% of the Underwriter's estimates. Therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity. Because the development was originally underwritten utilizing a 3% income escalator and 4% expense escalator, the Underwriter's proforma has utilized these escalators, consistent with the 2008 REA Rules and Guidelines. Based on the proposed financial structure reflected in the Cost Certification, which includes the Owner's expected reduction in the permanent loan, the DCR of 1.24 falls within the Department's guidelines. If the permanent loan was not reduced as expected by the Owner, the development would have a DCR of 1.16, which also falls within the Department's guidelines. In addition, utilizing the 2% income escalator and 3% expense escalator required by the 2009 REA Rules and Guidelines, the development has above a 1.15 DCR and positive cash flow for the initial 15 years, as required by the REA Rules and Guidelines.

**CONSTRUCTION COST ESTIMATE EVALUATION**

Cost Schedule:

The Department has received the Cost Certification for this development, and evidence of the final development costs, as certified by the development CPA, has been included as part of the documentation. The Owner's site work costs have decreased by \$621K or 51%, while direct construction costs have increased by \$1.6 million or 97% from the estimates provided at application. Contractor fees increased \$69K or 17%. Indirect construction costs increased by \$21K or 20%. Developer fees increased by \$104K or 4%. However, the total development cost is \$442K or 2% greater than the Underwriter's estimate at application. Additionally, since this is an acquisition and rehabilitation project, the Owner's final development costs are utilized to determine the final credit amount.

Conclusion:

It appears that the changes made to the development have not affected the reasonableness of the Owner's final, certified development costs. As a result, the Owner's development cost schedule will be used to determine the development's final need for permanent funds and to calculate eligible basis. Eligible basis of \$19,448,044 supports annual tax credits of \$629,412. This figure will be compared to the tax credits previously approved by the Board, the Owner's current request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

Issuer: TDHCA  
Source: Greystone Servicing Corporation Type: Interim to Permanent Bond Financing  
Tax-Exempt: \$12,740,000 Interest Rate: 6.10%  Fixed Amort: 360 months  
Comments:

The loan has not converted to the permanent phase; conversion to permanent is expected for May 1, 2009. The loan documents support a loan of \$13,660,000; however, \$12,740,000 is the Owner's anticipated final loan amount after resizing for conversion.

Source: Bond Transaction Type: Bond Premium

Amount \$211,094 Conditions: \_\_\_\_\_

Comments:

The Owner negotiated a cash consideration of \$211,094 at closing by accepting a lock-out period beyond 10 years on the ability to call the bonds at par. The premium obtained by the Owner was calculated on \$10,560,000 of the bonds at a 1.999% premium. The documentation submitted for this source was limited to statements from the Owner submitted via email and bond cash flows.

Source: Boston Capital Corporation Type: Syndication

Proceeds: \$5,978,512 Syndication Rate: 95% Anticipated HTC: \$ 629,380

Comments:

The Owner's sources reflect a syndication price remains of \$0.95 per tax credit dollar for the original credits as well as the additional credits being requested. The Limited Partnership Agreement does not guarantee the purchase of additional credits, however, and further, does not state the rate at which additional tax credits would be purchased. For this reason, the recommended financing structure reflects only the syndication proceeds specifically committed to in the Limited Partnership Agreement. The credit request at cost certification is \$54,890 or 9.6% greater than the credit amount approved at application underwriting, \$574,490. However, the cost certification request is only \$16,571 greater than the amount of credits used by the syndicator to calculate syndication proceeds \$612,809.

Amount: \$2,504,603 Type: Deferred Developer Fees

Amount: \$673,678 Type: General Partner Contribution

The amount of the financing gap exceeds the amount of developer fee available, and for that reason, the sources of funds include \$673,678 in gap funding from the General Partner. The Owner submitted a signed statement indicating that the General Partner, Summit America Properties XXVI, Inc., will provide the Partnership with gap funding, as necessary. The Owner also submitted unaudited financial statements as of 12/31/08 for Summit Housing Partners, the Owner of the General Partner, indicating sufficient liquidity to cover for the anticipated gap funding. As mentioned previously, the recommended financing structure uses a lower amount of syndication proceeds than the Owner does, which results in a larger gap of \$831,087. The Owner has committed to provide all gap financing necessary, and is found to have sufficient liquidity to cover this larger gap in the event that the additional credits are not purchased by the investor.

## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio that falls within the Department's 2008 and 2009 guidelines. This analysis is based on the average current rents at the property. If the rents can be increased to the maximum tax credit rents, the development would still operate at a DCR that falls within the Department's guidelines; however, the Owner does not intend to increase the rents in the near future. Therefore, the Owner's final and certified total development costs, less the permanent loan amount of \$12.74M and bond premium of \$211K indicates the need for \$9,156,793 in gap funds. Based on the final syndication terms a tax credit allocation of \$963,969 annually would be required to fill this gap in financing.

As stated above, the investor limited partner has not committed to purchase the additional \$16,571 in credits being requested above the amount used to calculate syndication proceeds, \$612,809. Therefore, the recommended financing structure assumes that these additional tax credits will not be purchased, which would result in a gap of \$831,087 which must be filled by the General Partner. If the additional \$16,571 in credits are purchased by the investor limited partner at the original syndication rate, \$0.95, the financing gap will be reduced to \$673,678. If the additional credits are purchased by the investor limited partner at a lower rate, consistent with current market conditions (assumed by the Underwriter to be \$0.70), the financing gap would be approximately \$715,090. The Underwriter has found the General Partner to have sufficient liquidity to fund the largest of these three potential amounts of gap financing.



The Owner's final Cost Certification identifies a tax credit request that is higher than the amount originally awarded to this development. Per §49.12(d) of the 2009 QAP, a tax-exempt bond development may request an increase in tax credits if the Department determines that the development will not receive more tax credits than needed for the financial feasibility and viability of the transaction. Based on the cost certification review, it appears that the requested additional credits are supported by the final certified development costs and eligible basis. The requested increase in credit does not exceed 110% of the amount of credits reflected in the Determination Notice, therefore, per the QAP this increase can be approved administratively by the Executive Director. Additionally, per §49.20(i) of the 2009 QAP a Tax-Exempt Bond Credit Increase Request Fee equal to 5% of the amount of the credit increase for one year is required. The Owner has not provided to the Department the required fee, but is required to pay the fee prior to the issuance of IRS Forms 8609.

Although the eligible basis supports the requested credits of \$629,380, the Underwriter recommends a lower allocation of \$612,809. This is because \$612,809 is the annual tax credit allocation used by the investor limited partner to calculate syndication proceeds. The investor limited partner has not committed to purchase any additional tax credits, and the Underwriter does not recommend the allocation of tax credits that will not yield additional tax credit proceeds. However, as stated in the Conditions section of the report, if the Department receives a commitment from Boston Capital for the purchase of the additional tax credits prior to the issuance of IRS Forms 8609, the allocation supported by eligible basis, \$629,380 will be recommended.

Tax Credit Allocation Previously Awarded:	\$574,490
Tax Credit Allocation Requested by Owner:	\$629,380
Tax Credit Allocation Determined by Eligible Basis:	\$629,412
Tax Credit Allocation Determined by Gap in Financing:	\$963,969
<b>Tax Credit Allocation Used by Limited Partner to Determined Syndication Proceeds:</b>	<b>\$612,809</b>

The allocation used by the limited partner to determine syndication proceeds is recommended. An annual allocation of \$612,809 results in total equity proceeds of \$5,821,103 at a syndication price of \$0.95 per tax credit dollar. The Underwriter's recommended financing structure indicates the need for \$3,335,690 in additional permanent funds. Deferred developer fees and an additional owner contribution in this amount appear to be repayable by Year 15.

Underwriter:	_____	Date:	April 2, 2009
	<i>Rosalio Banuelos</i>		
Reviewing Underwriter:	_____	Date:	April 2, 2009
	<i>Audrey Martin</i>		
Director of Real Estate Analysis:	_____	Date:	April 2, 2009
	<i>Brent Stewart</i>		

**COST CERTIFICATION COMPARATIVE ANALYSIS**

*Village Park Apartments, Houston, HTC#05629*

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	3	0	1	537	\$642	\$567	\$575	\$587	\$1,701	\$1.06	\$55.00	\$39.00
MR	1	0	1	537		565	\$575	\$565	565	1.05	55.00	39.00
TC 60%	110	1	1	672	\$687	570	\$670	\$602	62,721	0.85	85.00	53.00
MR	10	1	1	672		572	\$670	\$572	5,719	0.85	85.00	53.00
TC 60%	26	1	1	758	\$687	586	\$670	\$602	15,236	0.77	85.00	53.00
MR	2	1	1	758		584	\$670	\$584	1,167	0.77	85.00	53.00
TC 60%	30	2	1	864	\$825	677	\$775	\$709	20,299	0.78	116.00	64.00
MR	6	2	1	864		680	\$775	\$680	4,080	0.79	116.00	64.00
TC 60%	26	2	1	869	\$825	679	\$775	\$709	17,649	0.78	116.00	64.00
MR	4	2	1	869		691	\$775	\$691	2,762	0.79	116.00	64.00
TC 60%	7	2	1	959	\$825	682	\$775	\$709	4,776	0.71	116.00	64.00
MR	1	2	1	959		693	\$775	\$693	693	0.72	116.00	64.00
TC 60%	53	2	2	1,026	\$825	706	\$823	\$709	37,411	0.69	116.00	64.00
MR	7	2	2	1,026		707	\$823	\$707	4,947	0.69	116.00	64.00
TC 60%	61	2	2	1,040	\$825	699	\$823	\$709	42,652	0.67	116.00	64.00
MR	11	2	2	1,040		707	\$823	\$707	7,776	0.68	116.00	64.00
TC 60%	48	3	2	1,150	\$953	806	\$940	\$806	38,676	0.70	147.00	74.00
MR	12	3	2	1,150		816	\$940	\$816	9,795	0.71	147.00	74.00
<b>TOTAL:</b>	<b>418</b>		<b>AVERAGE:</b>	<b>895</b>		<b>\$667</b>			<b>\$278,624</b>	<b>\$0.74</b>	<b>\$108.89</b>	<b>\$61.30</b>

**INCOME**

Total Net Rentable Sq Ft: 374,298

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00

Other Support Income: Utility Reimbursement

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	2.79%	\$211	0.24
Management	4.00%	303	0.34
Payroll & Payroll Tax	13.93%	1,054	1.18
Repairs & Maintenance	4.79%	362	0.40
Utilities	14.11%	1,068	1.19
Water, Sewer, & Trash	8.62%	652	0.73
Property Insurance	3.63%	274	0.31
Property Tax 2.664583	5.81%	440	0.49
Reserve for Replacements	3.97%	300	0.34
TDHCA Compliance Fees	0.46%	35	0.04
Other: Security	1.52%	115	0.13
<b>TOTAL EXPENSES</b>	<b>63.62%</b>	<b>\$4,813</b>	<b>\$5.38</b>

**NET OPERATING INC**

36.38% \$2,752 \$3.07

**DEBT SERVICE**

Greystone Servicing Corporation	29.30%	\$2,216	\$2.48
Bond Premium	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>7.08%</b>	<b>\$536</b>	<b>\$0.60</b>

**AGGREGATE DEBT COVERAGE RATIO**

1.24

**RECOMMENDED DEBT COVERAGE RATIO**

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-UW	APPLICATION	Cost Certification	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		62.49%	\$33,703	\$37.64	\$14,087,960	\$14,111,000	\$14,111,000	\$14,087,960	\$37.64	33703.25369	63.72%
Off-Sites		0.00%	0	0.00	0			0	0.00	0	0.00%
Sitework		2.60%	1,404	1.57	586,720	487,000	1,207,342	586,720	1.57	1,404	2.65%
Direct Construction		14.83%	8,000	8.93	3,343,936	2,415,070	1,694,708	3,343,936	8.93	8,000	15.13%
Contingency						165,417	165,417		0.00	0	0.00%
Contractor's Fees 12.09%		2.11%	1,137	1.27	475,108	406,285	406,285	475,108	1.27	1,137	2.15%
Indirect Construction		0.55%	298	0.33	124,717	104,210	104,210	124,717	0.33	298	0.56%
Ineligible Costs		4.37%	2,356	2.63	984,843	1,011,588	1,011,588	984,843	2.63	2,356	4.45%
Developer's Fees 14.78%		11.11%	5,992	6.69	2,504,603	2,356,924	2,400,613	2,504,603	6.69	5,992	11.33%
Interim Financing		0.00%	0	0.00	0	109,843	109,843	0	0.00	0	0.00%
Reserves		1.94%	1,046	1.17	437,319	498,142		0	0.00	0	0.00%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$53,936</b>	<b>\$60.23</b>	<b>\$22,545,206</b>	<b>\$21,665,479</b>	<b>\$21,211,006</b>	<b>\$22,107,887</b>	<b>\$59.06</b>	<b>\$52,890</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>19.54%</b>	<b>\$10,540</b>	<b>\$11.77</b>	<b>\$4,405,764</b>	<b>\$3,473,772</b>	<b>\$3,473,752</b>	<b>\$4,405,764</b>	<b>\$11.77</b>	<b>\$10,540</b>	<b>19.93%</b>

**SOURCES OF FUNDS**

								RECOMMENDED	
Greystone Servicing Corporation	56.51%	\$30,478	\$34.04	\$12,740,000	\$13,660,000	\$13,660,000	\$12,740,000	\$12,740,000	Developer Fee Available
Bond Premium	0.94%	\$505	\$0.56	211,094			211,094	211,094	\$2,504,603
HTC Syndication Proceeds	26.52%	\$14,303	\$15.97	5,978,512	5,368,683	5,342,224	5,978,512	5,821,103	% of Dev. Fee Deferred
Deferred Developer Fees	11.11%	\$5,992	\$6.69	2,504,603	2,208,782	2,208,782	2,504,603	2,504,603	100%
General Partner Contribution	0.00%	\$0	\$0.00	0	0	0	673,678	831,087	
Additional (Excess) Funds Req'd	4.93%	\$2,658	\$2.97	1,110,997	428,014	0	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$22,545,206</b>	<b>\$21,665,479</b>	<b>\$21,211,006</b>	<b>\$22,107,887</b>	<b>\$22,107,887</b>	<b>\$4,741,890</b>

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Village Park Apartments, Houston, HTC#05629

**DIRECT CONSTRUCTION COST ESTIMATE**

Marshall & Swift 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			0.00	0
9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(2.47)	(924,516)
Floor Cover			2.43	909,544
Breezeways/Balconies	\$20.33		0.00	0
Plumbing Fixtures	\$805		0.00	0
Rough-ins	\$400		0.00	0
Built-In Appliances	\$1,850	418	2.07	773,300
Exterior Stairs	\$1,800		0.00	0
Enclosed Corridors	(\$9.92)		0.00	0
Heating/Cooling			1.90	711,166
Garages/Carports			0.00	0
Comm &/or Aux Bldgs			0.00	0
Other: fire sprinkler	\$1.95	374,298	1.95	729,881
<b>SUBTOTAL</b>			<b>5.88</b>	<b>2,199,375</b>
Current Cost Multiplier	0.98		(0.12)	(43,988)
Local Multiplier			(5.88)	(2,199,375)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>				
			<b>(\$0.12)</b>	<b>(\$43,988)</b>
Plans, specs, survy, bld prrm	3.90%		\$0.00	\$1,716
Interim Construction Interest	3.38%		0.00	1,485
Contractor's OH & Profit	11.50%		0.01	5,059
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>(\$0.10)</b>	<b>(\$35,729)</b>

**PAYMENT COMPUTATION**

Primary	\$12,740,000	Amort	360
Int Rate	6.10%	DCR	1.24

Secondary	\$211,094	Amort	
Int Rate		Subtotal DCR	1.24

Additional	\$5,978,512	Amort	
Int Rate		Aggregate DCR	1.24

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$926,445
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$223,956</b>

Primary	\$12,740,000	Amort	360
Int Rate	6.10%	DCR	1.24

Secondary	\$211,094	Amort	0
Int Rate	0.00%	Subtotal DCR	1.24

Additional	\$5,978,512	Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

**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
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30	YEAR 10	YEAR 15	YEAR 20	YEAR 30	YEAR 10	YEAR 15	YEAR 20	YEAR 30	YEAR 10	YEAR 15	YEAR 20	YEAR 30	
POTENTIAL GROSS RENT	\$3,343,488	\$3,443,793	\$3,547,106	\$3,653,520	\$3,763,125	\$4,362,494	\$5,057,326	\$5,862,827	\$7,879,149													
Secondary Income	75,240	77,497	79,822	82,217	84,683	98,171	113,807	131,934	177,308													
Other Support Income: Utility R	0	0	0	0	0	0	0	0	0													
POTENTIAL GROSS INCOME	3,418,728	3,521,290	3,626,929	3,735,736	3,847,809	4,460,665	5,171,133	5,994,760	8,056,457													
Vacancy & Collection Loss	(256,405)	(264,097)	(272,020)	(280,180)	(288,586)	(334,550)	(387,835)	(449,607)	(604,234)													
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0													
EFFECTIVE GROSS INCOME	\$3,162,323	\$3,257,193	\$3,354,909	\$3,455,556	\$3,559,223	\$4,126,115	\$4,783,298	\$5,545,153	\$7,452,222													
<b>EXPENSES at 4.00%</b>																						
General & Administrative	\$88,112	\$91,636	\$95,302	\$99,114	\$103,078	\$125,410	\$152,581	\$185,638	\$274,789													
Management	126,493	130,288	134,196	138,222	142,369	165,045	191,332	221,806	298,089													
Payroll & Payroll Tax	440,534	458,155	476,481	495,541	515,362	627,017	762,862	928,138	1,373,871													
Repairs & Maintenance	151,320	157,372	163,667	170,214	177,023	215,375	262,037	318,808	471,913													
Utilities	446,322	464,175	482,742	502,051	522,133	635,255	772,885	940,333	1,391,922													
Water, Sewer & Trash	272,640	283,546	294,888	306,683	318,951	388,052	472,125	574,412	850,270													
Insurance	114,687	119,274	124,045	129,007	134,167	163,235	198,600	241,628	357,668													
Property Tax	183,856	191,210	198,859	206,813	215,086	261,685	318,379	387,357	573,383													
Reserve for Replacements	125,400	130,416	135,633	141,058	146,700	178,483	217,152	264,199	391,079													
Other	62,560	65,062	67,665	70,371	73,186	89,042	108,334	131,804	195,103													
TOTAL EXPENSES	\$2,011,923	\$2,091,135	\$2,173,478	\$2,259,075	\$2,348,055	\$2,848,599	\$3,456,287	\$4,194,123	\$6,178,088													
NET OPERATING INCOME	\$1,150,400	\$1,166,058	\$1,181,431	\$1,196,482	\$1,211,167	\$1,277,515	\$1,327,011	\$1,351,030	\$1,274,134													
<b>DEBT SERVICE</b>																						
First Lien Financing	\$926,445	\$926,445	\$926,445	\$926,445	\$926,445	\$926,445	\$926,445	\$926,445	\$926,445													
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	\$223,956	\$239,613	\$254,987	\$270,037	\$284,723	\$351,071	\$400,566	\$424,586	\$347,689													
DEBT COVERAGE RATIO	1.24	1.26	1.28	1.29	1.31	1.38	1.43	1.46	1.38													

**HTC ALLOCATION ANALYSIS -Village Park Apartments, Houston, HTC#05629**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$1,675,000	\$1,675,000				
Purchase of buildings	\$12,412,960	\$12,412,960	\$12,412,960	\$12,412,960		
<b>Off-Site Improvements</b>						
Sitework	\$586,720	\$586,720			\$586,720	\$586,720
Construction Hard Costs	\$3,343,936	\$3,343,936			\$3,343,936	\$3,343,936
Contractor Fees	\$475,108	\$475,108			\$475,108	\$475,108
Contingencies						
Eligible Indirect Fees	\$124,717	\$124,717	\$34,825	\$34,825	\$89,892	\$89,892
Eligible Financing Fees						
All Ineligible Costs	\$984,843	\$984,843				
<b>Developer Fees</b>						
Developer Fees	\$2,504,603	\$2,504,603	\$1,867,168	\$1,838,680	\$637,435	\$665,923
Development Reserves		\$437,319				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$22,107,887</b>	<b>\$22,545,206</b>	<b>\$14,314,953</b>	<b>\$14,286,465</b>	<b>\$5,133,091</b>	<b>\$5,161,579</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>			\$14,314,953	\$14,286,465	\$5,133,091	\$5,161,579
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$14,314,953	\$14,286,465	\$6,673,018	\$6,710,052
Applicable Fraction			86.42%	86.42%	86.42%	86.42%
<b>TOTAL QUALIFIED BASIS</b>			\$12,371,582	\$12,346,961	\$5,767,102	\$5,799,108
Applicable Percentage			3.47%	3.47%	3.47%	3.47%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$429,294	\$428,440	\$200,118	\$201,229

Syndication Proceeds	0.9499	\$4,077,884	\$4,069,769	\$1,900,935	\$1,911,485
<b>Total Tax Credits (Eligible Basis Method)</b>				\$629,412	\$629,669
Syndication Proceeds				\$5,978,819	\$5,981,253
Approved Tax Credits				\$574,490	
Syndication Proceeds				\$5,457,109	
Cost Certification Request				\$629,380	
Syndication Proceeds				\$5,978,512	
Gap of Syndication Proceeds Needed				\$9,156,793	
Total Tax Credits (Gap Method)				\$963,969	
Tax Credits to be Purchased by Limited Partner				\$612,809	
Syndication Proceeds				\$5,821,103	
Reconciled Tax Credits				<b>\$612,809</b>	
Syndication Proceeds				\$5,821,103	

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

**DATE:** February 6, 2006      **PROGRAM:** 4% HTC/MFB      **FILE NUMBER:** 05629

**DEVELOPMENT NAME**

Village Park Apartments

**APPLICANT**

**Name:** Village Park Apartments Partners, Ltd.      **Type:** For-profit  
**Address:** 105 Tallapoosa Street, Suite 300      **City:** Montgomery      **State:** AL  
**Zip:** 36104      **Contact:** Hunter McKenzie      **Phone:** (334) 954-4458      **Fax:** (334) 954-4496

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	Summit America Properties, Inc	<b>(%):</b>	0.01	<b>Title:</b>	Managing General Partner
<b>Name:</b>	Realty Partners, LLC	<b>(%):</b>	N/A	<b>Title:</b>	100% member of MGP/Guarantor
<b>Name:</b>	WDH Holdings, LLC	<b>(%):</b>	N/A	<b>Title:</b>	78% member of Realty Partners
<b>Name:</b>	Summit Asset Management, LLC	<b>(%):</b>	N/A	<b>Title:</b>	Developer
<b>Name:</b>	Summit Construction, LLC	<b>(%):</b>	N/A	<b>Title:</b>	Consultant
<b>Name:</b>	Summit America, LLC	<b>(%):</b>	N/A	<b>Title:</b>	Guarantor
<b>Name:</b>	W Daniel Hughes, Jr	<b>(%):</b>	N/A	<b>Title:</b>	Guarantor/Owner of WDH Holdings

**PROPERTY LOCATION**

**Location:** 8701 Hammerly Boulevard       QCT       DDA  
**City:** Houston      **County:** Harris      **Zip:** 77080

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$574,490	N/A	N/A	N/A
2) \$13,660,000	6.10%	30 yrs	18 yrs

**Other Requested Terms:**  
1) Annual ten-year allocation of housing tax credits  
2) Tax-exempt mortgage revenue bonds

**Proposed Use of Funds:** Acquisition/Rehab      **Property Type:** Multifamily

**Special Purpose (s):** General population

**RECOMMENDATION**

- RECOMMEND APPROVAL OF ISSUANCE OF \$13,660,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE OF 6.11% WITH A 30-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$574,490 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review and acceptance by cost certification indicating the Asbestos O&M Program will be

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

- continued;
2. Receipt, review and acceptance by closing of the construction loan of a certification by a third party certified public account or tax attorney familiar with the construction work performed at the development from 1995 to 2005 that the work performed does not adversely affect the development's eligibility for tax credits under Internal Revenue Code Section 42;
  3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the tax credit amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 418    **# Rental Buildings:** 29    **# Non-Res. Buildings:** 4    **# of Floors:** 3    **Age:** 34 yrs    **Vacant:** 30    at 12/ 01/ 2005  
**Net Rentable SF:** 374,298    **Av Un SF:** 895    **Common Area SF:** 6,134    **Gross Bldg SF:** 380,432

**STRUCTURAL MATERIALS**

The structures will be wood frame on a slab on grade. According to the plans provided in the application the exteriors will be comprised as follows: 10% brick veneer/90% wood siding. The interior wall surfaces will be drywall and the pitched roofs will be finished with composition roll.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, hood & fan, refrigerator, tile tub/shower surround, washer and dryer connections, laminated counter tops, central boiler, central heat and air conditioning, and 8-foot ceilings.

**ONSITE AMENITIES**

According to the Property Condition Assessment, the Subject property's community amenities include perimeter fencing with controlled gate access, two central laundry rooms, volleyball court, playground, central mail kiosk, and a swimming pool. An existing building will also be converted to a community center during the renovation.

**Uncovered Parking:** 627 spaces    **Carports:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Village Park is a 33-unit per acre acquisition and rehabilitation development proposed for conversion to mixed-income housing located in the northwestern section of the City of Houston. The development was built in 1972 and is comprised of 17 three-story and 10 two-story apartment buildings, One leasing office, and two common laundry rooms. It should be noted, the Property Condition Assessment indicates the development was rehabbed in 1995 through 1996. This issue is discussed in more detail in the acquisition value paragraph of the construction cost estimate evaluation section and the conclusion to the financing structure analysis section (below).

**Development Plan:** The buildings are currently 93% occupied and in a good to fair state. The Property Condition Assessment (PCA) noted deteriorated metal stair components and support columns at a majority of staircases and the wood railing system needs isolated repairs due to normal weathering and light damage from tenants. The soffits were observed to be in good to fair condition with instances of minor damage at numerous buildings. Sealant is needed at gaps and cracks in the concrete surfaces of upper level walkways. Property management reported no current or persistent roof leaks. The flat roof areas were reportedly replaced in 1997 and a protective silver coating was applied to all roofs in 2004. There are two roofs (building #5 and #22) that require replacement due to large areas of standing water. The apartment buildings also feature smaller areas of sloped roofing with asphalt shingles. Instances of peeling and damaged shingles were observed at several locations and isolated damages to gypsum soffits were observed at numerous locations. Repairs and repaint of building exteriors are needed.

The PCA also states, no down (i.e. uninhabitable) units were reported or observed at the Property. Repair of

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

heavily cracked lightweight concrete flooring is needed in unit #2235. According to Mr. Daniel Pereira, Maintenance Manager, many of the package HVAC are original, but fan motors, coils, etc. have been replaced as needed. Forty-six of the original units should be replaced with new split system components. Wiring that runs from the circuit breakers to the light switches and outlets throughout buildings #1 through #22 at the Property was observed to be aluminum. Apartments in remaining buildings were noted to have copper branch wiring. In order to prevent a potential electrical hazard, property management should install copper/aluminum rated (COALR) receptacles (switches and outlets) in the apartment units with aluminum wiring. Though not required by code at the time of construction, Property management may wish to install GFI outlets near kitchen and bathroom sinks.

Finally the PCA indicates several areas of deteriorated asphalt pavement were observed in driveways throughout the site. Based on current conditions of the asphalt surfaces, minor repair, seal coat application and restriping is recommended at this time. Trip hazards due to damaged or settled sidewalks should be repaired. Steps into the existing pool do not feature hand rails. Although not required, property management may consider installing hand rails at pool steps as a general accessibility improvement. The chain link fence at the east site perimeter is damaged. REA noted no deficiencies with respect to lighting at the Property. Trimming of trees contacting building exteriors is needed at this time. Isolated cracks in the concrete deck surrounding the pool area should be sealed. Accessible compliant hardware should be installed at the leasing office entry door. Total cost for immediate repairs is \$250,000.

In response to a request, the Applicant provided a revised PCA providing a breakdown of costs for rehabilitation work proposed by the Applicant. Proposed work includes: asphalt overlay over existing parking; repair of damaged pilasters at entrance; repair of eroded areas and new landscaping; installation of a surveillance system; repair to chain link fencing; repair of the playground; testing of the galvanized piping; addition of accessible parking areas; repair and repaint of exterior components; repair of damaged gypsum soffits; tree trimming; repair and repaint of miscellaneous wood trim, columns, rails, and exterior doors; installation of vinyl at building walkways and balcony areas; repair of asphalt shingles and other roofing; new building signage; repair of stairs and landings; repair of concrete walks; installation of miscellaneous column supports at connecting walks between buildings; replacement of aluminum windows; replacement of appliances; replacement of cabinetry and countertops; installation of new smoke detectors; provision of GFI outlets in kitchens and bathrooms; CO/ALR outlets to be installed in units with aluminum wiring; replacement of HVAC; retrofit of 5% of unit for accessibility; renovation of clubhouse interior. The total budget reviewed and confirmed by the PCA provider is \$2,902,070.

According to a letter dated December 12, 2005, "Summit Asset Management, LLC does not intend to relocate or displace any residents during the rehabilitation of Village Park Apartments. A rolling rehabilitation is performed around the residents to ensure that their lifestyle does not become disrupted."

SITE ISSUES			
SITE DESCRIPTION			
<b>Size:</b>	<u>12.7052 acres</u>	<u>553,439 square feet</u>	<b>Flood Zone Designation:</b> Zone X
<b>Zoning:</b>	<u>No zoning in Houston</u>		

SITE and NEIGHBORHOOD CHARACTERISTICS
<p><b><u>Location:</u></b> The development is located at 8701 Hammerly Boulevard in Houston. The Subject has frontage along Hammerly Boulevard, which is a heavily traveled, four-lane residential street. The Subject also has frontage along Ojeman Road, which is a lightly traveled, two-lane residential street running along the eastern property boundary.</p> <p><b><u>Adjacent Land Uses:</u></b></p> <ul style="list-style-type: none"> <li>• <b>North:</b> Hammerly Boulevard followed by Cedar Brook Elementary School;</li> <li>• <b>South:</b> Storage facility;</li> <li>• <b>East:</b> Ojeman Road followed by commercial (Lanehart Electric Contractors), vacant land, and a small office building; and</li> <li>• <b>West:</b> Hammerly Walk Apartments.</li> </ul>

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**Site Access:** Primary access to the site is via Hammerly Boulevard, which is a four-lane heavily traveled thoroughfare through the neighborhood. Access is also provided at two locations along Ojeman Road, a lightly traveled two-lane residential street. The Subject is also located within 0.1 mile of Bingle Road, which is a major north-south roadway in this area that connects with Interstate 10 and U.S. Highway 290. Interstate 10 is approximately two miles south of the Subject, and U.S. Highway 290 is approximately 2.5 miles to the northeast.

**Public Transportation:** “The Metropolitan Transit Authority of Harris County (METRO) provides public bus transportation to the City of Houston. Metro operates 130 routes, has 17 transit centers and 27 park and ride lots. The nearest bus stop is located in directly in front of the Subject property on Hammerly Boulevard (Route #58)” (p. 24, Market Study).

**Shopping & Services:** The site is within two miles of major grocery/pharmacies, shopping centers, and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

**Site Inspection Findings:** TDHCA staff performed a site inspection on January 12, 2006 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 12, 2005 was prepared by Real Estate Advisory, LLC (REA) and contained the following findings and recommendations:

**Findings:**

- **Asbestos-Containing Materials (ACM):** “An Asbestos Operations and Maintenance (O&M) Plan is currently in place at the Property. The O&M plan was initiated based on the findings of an Asbestos Survey conducted at the Property dated September 28, 2004. The O&M discussed findings from the Asbestos Survey and identified wall texture material, ceiling texture material, and floor tile mastic as asbestos-containing materials (ACM)” (p. iii).
- **Lead-Based Paint (LBP):** “Sampling conducted by REA did not identify LBP at the Property. Therefore, REA considers the potential for significant applications of LBP at the Property to be unlikely” (p. 21).
- **Radon:** “Detected levels of radon gas were below the USEPA action level of 4.0 pCi/L. Therefore, radon is not considered an environmental concern at the Property” (p. 22).
- **Floodplain:** “REA reviewed a National Flood Insurance Program (NFIP) Flood Insurance Rate Map (FIRM) for Harris County, Texas and Incorporated Areas (Community 48201C, Panel 0645J, dated November 6, 1996). According to the FIRM, the Property is located in unshaded Zone X. Unshaded Zone X is identified as areas outside the 500-year flood zone; such areas are not considered flood hazard areas” (p. 8).

**Recommendations:** “REA did not locate recognized environmental conditions that would impose a liability, restrict the use, limit the development, or impact the value or marketability of the Property...REA recommends continuing the Asbestos O&M Program. No further environmental investigation is recommended at this time” (p. iv). Receipt, review and acceptance at cost certification indicating the Asbestos O&M Program will be continued is a condition of this report.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. The Village Park was included in the August 15 collapse and the 2005 non-traditional carryforward. Three-hundred and fifty-five (355) units (85%) will be reserved for households earning 60% or less of AMGI, and the remaining 63 units will be offered at market rents.

<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>	\$25,620	\$29,280	\$32,940	\$36,600	\$39,540	\$42,480



**MARKET HIGHLIGHTS**

A market feasibility study with an effective date of September 28, 2005 was prepared by Novogradac and Company (“Market Analyst”) and highlighted the following findings:

**Definition of Primary Market Area (PMA):** “For the purpose of this Study, the Subject’s Primary Market Area (PMA) is defined as two zip code areas: 77080 and 77055. This area encompasses approximately 17 square miles and is bounded by Clay Road to the north, Hempstead Road to the east, Interstate 10 to the south and Gessner Road to the west, as depicted on the following page. This area was defined based on conversations with local property managers (including the Subject’s), city officials, natural physical barriers and overall similarities in market characteristics observed during the field investigation. It is assumed 100 percent of the income qualified demand for the Subject will be generated from within the PMA” (p. 12).

**Population:** The estimated 2004 population of the PMA was 92,626 and is expected to increase to approximately 96,860 by 2009. Within the primary market area there were estimated to be 29,606 households in 2004.

**Total Primary Market Demand for Rental Units:** “The PMA has an older residential base with approximately 80 percent of the housing stock constructed prior to 1980. The development pattern in the PMA suggests a slowing trend, with less than nine percent of the housing stock being built since 1990. The Subject was originally constructed in 1972. However, since the Subject will offer above-average condition and good curb appeal after renovation, it should have a competitive advantage in terms of age/condition relative to most of the properties in the PMA” (p. 27).

The Market Analyst used an income band of \$21,120 to \$39,540. “Minimum income levels were calculated based on the assumption that lower income families should pay no more than 35 percent of their income to gross rent” (p. 78).

The Market Analyst calculated projected renter household demand by bedroom type. The total number of households in the PMA in 2004 were categorized as one- to +seven-person households, a renter percentage specific to the household size was applied, and a standard income-eligible percentage of 26.29% was also applied, as follows:

<b>Type</b>	<b>No. Households</b>	<b>Renters</b>	<b>Inc-Eligible</b>	<b>Total</b>
1 person	6,582	56.37%	26.29%	976
2 persons	7,846	41.72%	26.29%	861
3 persons	4,828	59.79%	26.29%	759
4 persons	4,488	63.76%	26.29%	752
5 persons	2,863	69.98%	26.29%	527
6 persons	1,493	73.34%	26.29%	288
+7 persons	1,507	72.02%	26.29%	285
<b>Total</b>	<b>29,606</b>			<b>4,448</b>

Based on this analysis and the current distribution of households by number of persons at the subject development, a total demand for 3,438 affordable units was calculated resulting in a capture rate of 3.08% for the development’s three studio units; 13.23% for the 126 one-bedroom units; 14.09% for the 175 two-bedroom units; and 4.45% for the 51 three-bedroom units (p. 80).

The Market Analyst also provided a demand analysis based on overall turnover and household growth demand in the PMA. The Market Analyst assumed income-qualified households at 26.3% of total households; renter households at 57.5%; and percentage of rent-overburdened households (turnover) at 27.5% (p. 81).

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**MULTIFAMILY UNDERWRITING ANALYSIS**

<b>PRIMARY MARKET DEMAND SUMMARY</b>				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	45	4%	32	3%
Resident Turnover	1,233	96%	1,237	97%
<b>TOTAL ANNUAL DEMAND</b>	<b>1,278</b>	<b>100%</b>	<b>1,269</b>	<b>100%</b>

Ref: p. 81

**Inclusive Capture Rate:** “Based on conversations with the developer and the property manager, it is estimated that approximately 80 percent of the existing tenants will likely be income qualified under the LIHTC Program after converting from a market rate property” (p. 77). “To be conservative, Novogradac has estimated the inclusive capture rate assuming 50 percent of the Subject’s LIHTC units will be unoccupied upon completion of the renovation. Although Windcrest on Westview is not currently maintaining an occupancy rate of 90 percent, we did not deduct these 154 units from the demand because the property is an existing LIHTC property that has previously reached stabilization of at least 90 percent. No new LIHTC properties are planned for the PMA. Thus, there are an estimated 178 unstabilized LIHTC units in the PMA, including the Subject property. Dividing the 178 unstabilized LIHTC units into the total demand of 1,278 income qualified renter households indicates an inclusive capture rate of approximately 13.9 percent” (p. 81).

The Underwriter calculated an inclusive capture rate of 28% based upon a supply of unstabilized comparable affordable units of 355 (the total number of subject affordable units proposed) divided by a demand for 1,269 affordable units in the PMA. However, the subject development is currently 93% occupied, and it is likely the existing tenants will choose to remain at the property. Therefore, an inclusive capture rate calculation is not a meaningful tool for determining the feasibility of the subject development.

**Market Rent Comparables:** “To evaluate the competitive position of the Subject, a total of seven comparable LIHTC and market-rate properties were screened to ascertain whether these properties would compete directly with the Subject for prospective low-income tenants. Each of these properties is located within two miles of the Subject. Properties that were deemed most comparable were also surveyed in depth for information on unit mix, size, absorption (if new), unit features and project/unit amenities tenant profiles, rental and utility structure, construction information and market trends in general” (p. 32).

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
Efficiency (60%)	\$570	\$640	-\$70	\$575	-\$5
Efficiency (MR)	\$570	N/A		\$575	-\$5
1-BR 672 SF (60%)	\$586	\$686	-\$100	\$670	-\$84
1-BR 672 SF (MR)	\$586	N/A		\$670	-\$84
1-BR 758 SF (60%)	\$592	\$686	-\$94	\$670	-\$78
1-BR 758 SF (MR)	\$592	N/A		\$670	-\$78
2-BR/1BA 864 SF (60%)	\$690	\$823	-\$133	\$775	-\$85
2- BR/1BA 864 SF (MR)	\$690	N/A		\$775	-\$85
2-BR/1BA 869 SF (60%)	\$696	\$823	-\$127	\$775	-\$79
2- BR/1BA 969 SF (MR)	\$696	N/A		\$775	-\$79
2-BR/1BA 959 SF (60%)	\$693	\$823	-\$130	\$775	-\$82
2- BR/1BA 959 SF (MR)	\$693	N/A		\$775	-\$82
2-BR/2BA 1,026 SF (60%)	\$750	\$823	-\$73	\$850	-\$100
2- BR/2BA 1,026 SF (MR)	\$750	N/A		\$850	-\$100
2-BR/2BA 1,040 SF (60%)	\$747	\$823	-\$76	\$850	-\$103
2- BR/2BA 1,040 SF (MR)	\$747	N/A		\$850	-\$103
3-Bedroom (60%)	\$866	\$951	-\$85	\$940	-\$74
3-Bedroom (MR)	\$866	N/A		\$940	-\$74

(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)

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**Primary Market Occupancy Rates:** “The vacancy rate for the comparable properties range from zero to 14.1 percent, with the overall weighted average of 6.2 percent. The average vacancy rate of the two comparable LIHTC properties is 4.4 percent. The closest LIHTC property is reporting 0.7 percent vacancy and the two closest market rate properties are reporting an average vacancy rate of approximately 8.8 percent. The Subject property is currently operating at approximately 6.0 percent vacancy as a market rate property, which appears consistent with the overall average of the comparable properties” (p. 39).

**Absorption Projections:** “The three recently constructed LIHTC properties reported absorption rates ranging from 12 to 33 units per month, with an average of approximately 19 units per month. The two LIHTC properties that were acquired and rehabilitated experienced considerably higher absorption rates than new construction because most of the previous tenants remained in place during and after conversion to LIHTC. The Subject property will likely experience an absorption rate that is more comparable to Peninsula Apartments and Yale Village since the developer estimates that approximately 80 percent of the existing tenant base at the Subject will be income qualified once the property converts to LIHTC. After renovation, the existing tenant base at the Subject will benefit from improvements to the site, exterior finishes, unit appliances, a new community center and rents that are below achievable market rents. Thus, if we conservatively assume an absorption rate of 60 units per month overall, the absorption period is estimated to be approximately seven months to reach stabilization of 95 percent occupancy” (p. 38).

**Known Planned Development:** “We spoke to Ms. Renissa Montalvo, a planner with the City of Houston Planning Department. According to a record search done by Ms. Montalvo, there are no planned multifamily developments in the general area of the Subject” (p. 29).

**Other Relevant Information:** “At this time, we cannot know how many people displaced by Hurricane Katrina or Rita will become permanent residents of a particular community. Based on the results of this survey, less than one percent of the tenants at the comparable properties are Hurricane Katrina or Rita evacuees. Thus, it appears to have a negligible impact on the demand for housing in this area. We have researched numerous articles and discussed with numerous participants this issue. However, there is no consensus on the long-term impact on demand in this region” (p. 37).

**Market Study Analysis/Conclusions:** The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant calculated tenant-paid rents by subtracting the current utility allowance for tenant-paid electric costs from gross rents that are inconsistent with program gross rent limits. Application materials indicate tenants are currently responsible for no utility expenses. Although the units are not individually metered for electric usage and there is no plan to add individual meters, the Applicant plans to charge both LIHTC and market rate unit tenants a pass-through utility cost capped at the utility allowance for electric costs. It should be noted the development’s water is heated through a central boiler system. The pass-through payments were included in the Applicant’s proforma as a secondary source of income.

Section 1.32(d)(1)(A)(ii) of the underwriting rules and guidelines state units must be individually metered for utility costs to be paid by the tenant. Based on this guideline, the Underwriter has calculated potential gross rent by assuming no utility allowance. In addition, the tenant-paid rent assumptions were limited to the lesser of the gross program rent limit and the market rents indicated in the submitted Market Study. If the Applicant revises rehabilitation plans to include installation of individual unit meters for utility costs, review of the conclusions of this analysis by the Underwriter will be required.

Secondary income from sources other than utility reimbursement meets current underwriting guidelines. The Applicant has assumed a vacancy and collection loss at 7.0% that is slightly less than the underwriting guideline of 7.5%. Despite differences in tenant-paid rent calculations and vacancy loss assumptions, the Applicant’s effective gross income is within 5% of the Underwriter’s estimate.

**Expenses:** The Applicant’s total annual operating expense of \$5,684 per unit is within 5% of the Underwriter’s estimate of \$5,691. The Underwriter calculated individual line item expenses based on TDHCA regional database information for developments of similar size, IREM database information, and the development’s operating history. Several of the Applicant’s line-item expenses are inconsistent with the

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Underwriter's estimates, including: general and administrative (\$90K lower); payroll (\$93K lower); repair and maintenance (\$72K lower); and utilities (\$274K higher). The Applicant also failed to include compliance fees at \$40 per unit. It should be noted, the underwriting minimum guideline for rehabilitation developments of \$300 per unit per year for replacement reserve appears to be adequate to meet the expected repairs estimated by the Property Condition providers at \$3.3M over the 30-year proforma.

**Conclusion:** The Applicant's effective gross income, total operating expense, and net operating income are each within 5% of the Underwriter's estimate. Therefore, the Applicant's Year 1 proforma will be used to determine the development's debt service capacity and long term feasibility. It should be noted, although the Applicant has requested a bond rate of 6.10%, the permanent lender's underwriting rate of 6.11% was used to estimate debt service in this analysis. Both the Underwriter's and the Applicant's estimates indicate the committed financing structure results in an initial debt coverage ratio (DCR) that is within the Department's DCR guideline of 1.10 to 1.30.

**ACQUISITION VALUATION INFORMATION**

**APPRAISED VALUE**

<b>Land Only: 12.7051 acres</b>	\$1,675,000	<b>Date of Valuation:</b>	09/ 28/ 2005
<b>Existing Building(s): "as is"</b>	\$12,425,000	<b>Date of Valuation:</b>	09/ 28/ 2005
<b>Total Development: "as is"</b>	\$14,100,000	<b>Date of Valuation:</b>	09/ 28/ 2005
<b>Appraiser:</b> Novogradac & Company	<b>City:</b> Austin	<b>Phone:</b>	(512) 340-0420

**APPRAISAL ANALYSIS/CONCLUSIONS**

**Highest and Best Use:** The Appraiser has assumed a highest and best use as vacant of construction of a multifamily development with financial subsidies such as tax credits, favorable financing or some other gap subsidy and a highest and best use as improved of rehabilitation of the Subject using tax credit equity, favorable financing or some other gap subsidy to fund needed renovations, which will extend the physical and economic life of the improvements.

**Cost Approach:** "The cost approach consists of a summation of land value (as though vacant) and the cost to reproduce or replace the improvements, less appropriate deductions for depreciation. Reproduction cost is the cost to construct a replica of the Subject improvements. Replacement cost is the cost to construct improvements having equal utility. This valuation technique was not undertaken since we do not believe the approach would yield a reliable indication of value for the Subject property.

To arrive at an estimated land value for the Subject site, we attempted to analyze actual sales of comparable sites in the competitive area. Even though we do not deem the Subject to be in a speculative market, a sale history has been provided where pertinent. The adjusted sales indicate a range from \$2,165 to \$5,518 per unit, and an average of \$3,987 per unit. All of the comparable land sales have received approximately equivalent weight in the overall value conclusion. Thus, the estimated value for the Subject property's land is \$4,000 per unit, which equates to approximately 12 percent of the current purchase price of \$13,700,000. Thus, the indicated fee simple value of the Subject's land (as vacant), via the sales comparison approach, as of September 28, 2005, is: **\$1,675,000.**"

**Income Capitalization Approach:** "The income capitalization approach requires estimation of the anticipated economic benefits of ownership, gross and net incomes, and capitalization of these estimates into an indication of value using investor yield or return requirements. Yield requirements reflect the expectations of investors in terms of property performance, risk and alternative investment possibilities. The Subject is an income producing property and this is considered to be the best method of valuation.

In order to estimate the appropriate capitalization rate, we relied upon several methods: Market Extraction Method – Trend Analysis; Market Extraction Method – Comparable Properties; The Korpacz Survey; Band of Investment; and Debt Coverage Formula. We reconciled to an **8.50 percent** capitalization rate for the 'as is' scenario. As a result of our analysis of the Subject, the estimated market value assuming 'as is,' in the fee simple, via the income capitalization approach, as of September 28, 2005 is: **\$14,100,000.**"

**Sales Comparison Approach:** "In the sales comparison approach, we estimate the value of a property by

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comparing it with similar, recently sold properties in surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. There is adequate information to use the sales comparison approach using the EGIM and NOI/unit analysis in valuing the Subject property.

We attempted to identify sales of comparable rental properties in the PMA that were similar to the Subject in terms of age, condition, number of units and amenities before and after completing the proposed renovations. We were successful in identifying six reasonably similar transactions of multifamily properties in this general market area. [The transaction dates range from April 2003 to March 2005 for 256- to 424-unit developments.] The Subject's 'as is' market value assuming market rents, as of September 28, 2005, via the sales comparison approach, is: **\$13,500,000.**"

**Conclusion:** "In the final analysis, we considered the influence of the three approaches in relation to one another and in relation to the Subject. In the case of the Subject several components of value can only be valued using either the income or sales comparison approach. As a result of Novogradac's investigation and analysis, it is our opinion that, subject to the limiting conditions and assumptions contained herein, the estimated land value 'as vacant', of the fee simple interest in the Subject, free and clear of financing, as of September 28, 2005, is: **\$1,675,000** [and] the estimated market value 'as is', of the fee simple interest in the Subject, free and clear of financing, as of September 28, 2005, is: **\$14,100,000.**"

**ASSESSED VALUE**

<b>Land: 12.71 acres</b>	\$1,383,720	<b>Assessment for the Year of:</b>	2005
<b>Building:</b>	\$7,771,240	<b>Valuation by:</b>	Harris County Appraisal District
<b>Total Assessed Value:</b>	\$9,154,960	<b>Tax Rate:</b>	3.10377

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b>	Purchase and Sale Agreement (12.705 acres)					
<b>Contract Expiration Date:</b>	01/	31/	2006	<b>Anticipated Closing Date:</b>	02/	28/ 2006
<b>Acquisition Cost:</b>	\$13,700,000 (2 <sup>nd</sup> Amendment)			<b>Other Terms/Conditions:</b>		
<b>Seller:</b>	Brittany Village Park, LP			<b>Related to Development Team Member:</b>	No	

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The development cost of \$32,697 per unit is substantiated by the appraisal and is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant also estimated closing and other ineligible acquisition costs totaling \$411,000.

Due to the mention in the Property Condition Assessment of rehabilitation work completed on the development in 1996, the development's eligibility for tax credits based on the acquisition cost of the existing buildings is in question. In response to a request, the Applicant submitted a list of rehabilitation work completed from 1996 to 2004 indicating the cost of the work, the basis of the buildings at the beginning of the period and the costs as a percentage of the beginning basis. It should be noted the Applicant certified in Volume 3, Tab 6, Part C of the uniform application that no rehabilitation work greater than 25% of the building's adjusted basis was performed in the previous ten years. For purposes of this analysis, the Underwriter will assume that the development is eligible for acquisition tax credits; however, the recommendations of this report are conditioned upon receipt, review and acceptance of a certification by a third party certified public account or tax attorney familiar with the construction work performed at the development from 1995 to 2005 that the work performed does not adversely affect the development's eligibility for tax credits under Internal Revenue Code Section 42.

The Applicant has claimed an acquisition eligible basis for the existing buildings of \$12,316,280 based on a land value of \$1,383,720. The tax assessment also indicates a land value at \$1,383,720; however, the appraisal commissioned by the Applicant gives a current value of \$1,675,000 based on comparable land sales.

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The underwriting analysis assumes the appraised land value of \$1,675,000 providing for a more conservative acquisition eligible basis of \$12,025,000.

**Sitework Cost:** Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$2,888 per unit, which is inconsistent with the estimate in the Property Condition Assessment.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$720K or 30% lower than the estimate provided in the Property Condition Assessment.

It should be noted the total sitework and direct construction cost indicated in the Applicant's development cost schedule is consistent with the total indicated in the Property Condition Assessment (PCA). It appears the Applicant and PCA-provider have different methodology for characterizing costs as part of sitework.

The total rehabilitation hard costs of \$8,310 per unit is greater than the 2005 minimum requirement of \$6,000, but less than the 2006 minimum of \$12,000.

**Interim Financing Fees:** The Applicant did not characterize any developments costs as interim interest. In fact, only \$30,945 of financing costs is included in their eligible basis estimate.

**Fees:** The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:** The Applicant has claimed the 30% boost in eligible basis due to the recent characterization of Harris County as a difficult development area.

The Applicant's total development cost is within 5% of the Underwriter's estimate. However, the Underwriter's estimate reflects the verifiable development costs and an eligible basis estimate that meets current underwriting guidelines; therefore, the Underwriter's development cost schedule will be used to estimate eligible basis and determine the development's need for permanent funds. An eligible basis of \$18,069,749, as adjusted by the Underwriter for overstated acquisition basis, supports annual tax credits of \$581,511. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

FINANCING STRUCTURE			
<b>INTERIM CONSTRUCTION FINANCING</b>			
<b>Source:</b>	Regions Bank	<b>Contact:</b>	E Spencer Knight
<b>Principal Amount:</b>	\$13,796,600	<b>Fees:</b>	1% at issuance; 1% per year
<b>Additional Information:</b>	Letter of credit		
<b>Amortization:</b>	N/A yrs	<b>Term:</b>	30 mos
<b>Commitment:</b>	<input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional		
<b>PERMANENT BOND FINANCING</b>			
<b>Source:</b>	Fannie Mae via Greystone Servicing Corporation, Inc	<b>Contact:</b>	Kelly Davis
<b>Tax-Exempt Amount:</b>	\$13,660,000	<b>Interest Rate:</b>	6.11% fixed lender's underwriting rate
<b>Additional Information:</b>	30-year credit enhancement at 46 bps per year		
<b>Amortization:</b>	30 yrs	<b>Term:</b>	30 yrs
<b>Commitment:</b>	<input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional		
<b>Annual Payment:</b>	\$994,406	<b>Lien Priority:</b>	1 <sup>st</sup>
		<b>Date:</b>	01/ 17/ 2006

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TAX CREDIT SYNDICATION			
<b>Source:</b>	Guilford Capital Corporation	<b>Contact:</b>	Matt Edwards
<b>Net Proceeds:</b>	\$5,368,683	<b>Net Syndication Rate (per \$1.00 of 10-yr HTC)</b>	95¢
<b>Commitment:</b>	<input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional	<b>Date:</b>	12/ 28/ 2005
<b>Additional Information:</b>	\$565,124 anticipated annually in tax credits		

APPLICANT EQUITY			
<b>Amount:</b>	\$278,586	<b>Source:</b>	Cash Equity
<b>Amount:</b>	\$1,930,196	<b>Source:</b>	Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Permanent Bond Financing:** TDHCA will be the issuer of the bonds and the Applicant's financing plan includes credit enhancement by Fannie Mae and a public offering. The permanent financing commitment is generally consistent with the terms reflected in the sources and uses of funds listed in the application. However, the Applicant estimates annual debt service of \$998,647, which is higher than the debt service of \$994,406 resulting from the terms of the commitment.

**HTC Syndication:** The tax credit syndication commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. While the application form indicates a syndication rate of 93%, the letter of interest commits to 95%.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,930,196 amount to 80% of the total proposed fees. The underwriting analysis includes the proposed cash equity of \$278,586 with anticipated deferred fees.

**Financing Conclusions:** The proforma analysis indicates the development can support the requested bond allocation of \$13,660,000 at the lender's underwriting rate of 6.11%. As stated above, the Underwriter's cost schedule was used to calculate the development's eligible basis. However, the Applicant's request is less than both the annual tax credits based on the estimated eligible basis and the tax credit resulting from the gap method; therefore, the recommended annual tax credit allocation is \$574,490. The anticipated deferred fees of \$2,093,897, or 87% of eligible developer fees, appear to be repayable from cashflow within ten years of stabilized operation.

Should it be found that the development does not qualify for acquisition tax credits, the development would be characterized as infeasible based on current underwriting guidelines. The development would not be recommended for a tax credit or bond allocation.

**DEVELOPMENT TEAM  
IDENTITIES of INTEREST**

The Applicant, Developer, 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 is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statements.
- Summit America Properties, Inc, the General Partner, submitted a preliminary consolidated balance sheet as of December 31, 2004 indicating total asset of \$786K comprised of \$787K in notes receivable, investments in partnerships, and \$4K in loan costs. Liabilities total \$796K for negative equity of \$10K.
- Realty Partners, LLC, 100% owner of the General Partner, submitted a consolidated financial statement worksheet for 2004 indicating total assets of \$72.4M comprised of \$2.4M in current assets, \$3M in restricted assets, \$63.2M in real property net of accumulated depreciation, and \$3.7M in intangibles. Liabilities total \$75.8M for negative net assets of \$327K.
- WDH Holdings, LLC, member of the owner of the General Partner, submitted an unedited balance sheet

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as of April 30, 2005 indicating total assets of \$10.2M comprised of \$5K in cash and \$10.2M in equity investments in closely held companies. Liabilities totaled \$500K in notes payable for net assets of \$9.7M.

- Summit America, LLC, a proposed guarantor of permanent financing, submitted consolidated balance sheets as of March 31, 2005 indicating total assets of \$32.5M comprised of \$8.4M in current assets, \$15.9M in property, plant and equipment, and \$8.2M in other assets. Liabilities total \$25.7M resulting in net assets of \$6.8M.
- W Daniel Hughes, Jr, proposed guarantor of permanent financing and 100% owner of WDH Holdings, LLC, also submitted an unaudited financial statement.

**Background & Experience:** Multifamily Finance Production staff has verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- Significant inconsistencies in the application could affect the financial feasibility of the development.

**Underwriter:**

\_\_\_\_\_  
*Lisa Vecchietti*

**Date:** February 6, 2006

**Director of Real Estate Analysis:**

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

**Date:** February 6, 2006



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Village Park, Houston, 4% HTC #05629**

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%	3	0	1	537	\$640	\$575	\$1,725	\$1.07	\$55.00	\$26.31
MR	1	0	1	537		\$575	575	1.07	55.00	26.31
TC 60%	102	1	1	672	686	670	68,340	1.00	65.00	32.31
MR	18	1	1	672		670	12,060	1.00	65.00	32.31
TC 60%	24	1	1	758	686	670	16,080	0.88	65.00	32.31
MR	4	1	1	758		670	2,680	0.88	65.00	32.31
TC 60%	31	2	1	864	823	775	24,025	0.90	80.00	38.31
MR	5	2	1	864		775	3,875	0.90	80.00	38.31
TC 60%	25	2	1	869	823	775	19,375	0.89	80.00	38.31
MR	5	2	1	869		775	3,875	0.89	80.00	38.31
TC 60%	7	2	1	959	823	775	5,425	0.81	80.00	38.31
MR	1	2	1	959		775	775	0.81	80.00	38.31
TC 60%	51	2	2	1,026	823	823	41,973	0.80	80.00	38.31
MR	9	2	2	1,026		823	7,407	0.80	80.00	38.31
TC 60%	61	2	2	1,040	823	823	50,203	0.79	80.00	38.31
MR	11	2	2	1,040		823	9,053	0.79	80.00	38.31
TC 60%	51	3	2	1,150	951	940	47,940	0.82	94.00	51.31
MR	9	3	2	1,150		940	8,460	0.82	94.00	51.31
<b>TOTAL:</b>	<b>418</b>		<b>AVERAGE:</b>	<b>895</b>	<b>\$672</b>	<b>\$775</b>	<b>\$323,846</b>	<b>\$0.87</b>	<b>\$76.46</b>	<b>\$37.94</b>

**INCOME** Total Net Rentable Sq Ft: **374,298**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$15.00

Other Support Income: Utility Reimbursement

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

**EXPENSES** % OF EGI PER UNIT PER SQ FT

General & Administrative 3.70% \$324 0.36

Management 3.72% 326 0.36

Payroll & Payroll Tax 11.49% 1,007 1.13

Repairs & Maintenance 4.39% 385 0.43

Utilities 16.83% 1,476 1.65

Water, Sewer, & Trash 6.61% 579 0.65

Property Insurance 2.55% 224 0.25

Property Tax 3.10377 8.85% 776 0.87

Reserve for Replacements 3.42% 300 0.34

Compliance, contract labor, security 3.35% 294 0.33

**TOTAL EXPENSES** 64.92% \$5,691 \$6.36

**NET OPERATING INC** 35.08% \$3,075 \$3.43

**DEBT SERVICE**

First Lien Mortgage 27.14% \$2,379 \$2.66

Additional Financing 0.00% \$0 \$0.00

Additional Financing 0.00% \$0 \$0.00

**NET CASH FLOW** 7.94% \$696 \$0.78

**AGGREGATE DEBT COVERAGE RATIO** 1.29

**RECOMMENDED DEBT COVERAGE RATIO** 1.24

**CONSTRUCTION COST**

Description Factor % of TOTAL PER UNIT PER SQ FT

Acquisition Cost (site or bldg) 65.13% \$33,758 \$37.70

Off-Sites 0.00% 0 0.00

Sitework 2.25% 1,165 1.30

Direct Construction 11.15% 5,778 6.45

Contingency 5.70% 0.76% 396 0.44

General Req'ts 6.00% 0.80% 417 0.47

Contractor's G & A 2.00% 0.27% 139 0.16

Contractor's Profit 6.00% 0.80% 417 0.47

Indirect Construction 0.48% 249 0.28

Ineligible Costs 4.67% 2,420 2.70

Developer's G & A 2.00% 1.45% 752 0.84

Developer's Profit 13.00% 9.43% 4,887 5.46

Interim Financing 0.51% 263 0.29

Reserves 2.30% 1,192 1.33

**TOTAL COST** 100.00% \$51,831 \$57.88

**Recap-Hard Construction Costs** 16.03% \$8,310 \$9.28

**SOURCES OF FUNDS**

First Lien Mortgage 63.05% \$32,679 \$36.49

Additional Financing 0.00% \$0 \$0.00

HTC Syndication Proceeds 24.78% \$12,844 \$14.34

Deferred Developer Fees 10.19% \$5,284 \$5.90

Additional (Excess) Funds Req'd 1.98% \$1,024 \$1.14

**TOTAL SOURCES**

**TDHCA** **APPLICANT**

\$3,886,152 \$3,494,208

75,240 75,240

0 316,008

\$3,961,392 \$3,885,456

(297,104) (271,980)

0 0

\$3,664,288 \$3,613,476

\$135,600 \$46,000

136,190 145,573

421,086 328,000

161,028 88,980

616,767 891,154

242,047 277,193

93,575 94,050

324,344 272,948

125,400 125,700

122,880 106,160

\$2,378,917 \$2,375,758

\$1,285,370 \$1,237,718

\$994,406 \$998,647

0 0

0 0

\$290,964 \$239,071

1.29 1.24

1.24

Comptroller's Region 6

IREM Region Houston

\$15.00 Per Unit Per Month

\$63.00 Per Unit Per Month

-7.00% of Potential Gross Rent

PER SQ FT PER UNIT % OF EGI

\$0.12 \$110 1.27%

0.39 348 4.03%

0.88 785 9.08%

0.24 213 2.46%

2.38 2,132 24.66%

0.74 663 7.67%

0.25 225 2.60%

0.73 653 7.55%

0.34 301 3.48%

0.28 254 2.94%

\$6.35 \$5,684 65.75%

\$3.31 \$2,961 34.25%

\$2.67 \$2,389 27.64%

\$0.00 \$0 0.00%

\$0.00 \$0 0.00%

\$0.64 \$572 6.62%

RECOMMENDED

\$13,660,000 Developer Fee Available

0 \$2,400,613

5,457,109 % of Dev. Fee Deferred

2,093,897 87%

0 15-Yr Cumulative Cash Flow

\$21,211,006 \$4,538,272

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Village Park, Houston, 4% HTC #05629**

**PAYMENT COMPUTATION**

<b>Primary</b>	\$13,660,000	Amort	360
Int Rate	6.11%	DCR	1.29

<b>Secondary</b>	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.29

<b>Additional</b>	\$5,342,224	Amort	
Int Rate		Aggregate DCR	1.29

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S N**

Primary Debt Service	\$994,406
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$243,312</b>

<b>Primary</b>	\$13,660,000	Amort	360
Int Rate	6.11%	DCR	1.24

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.24

<b>Additional</b>	\$5,342,224	Amort	0
Int Rate	0.00%	Aggregate DCR	1.24

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

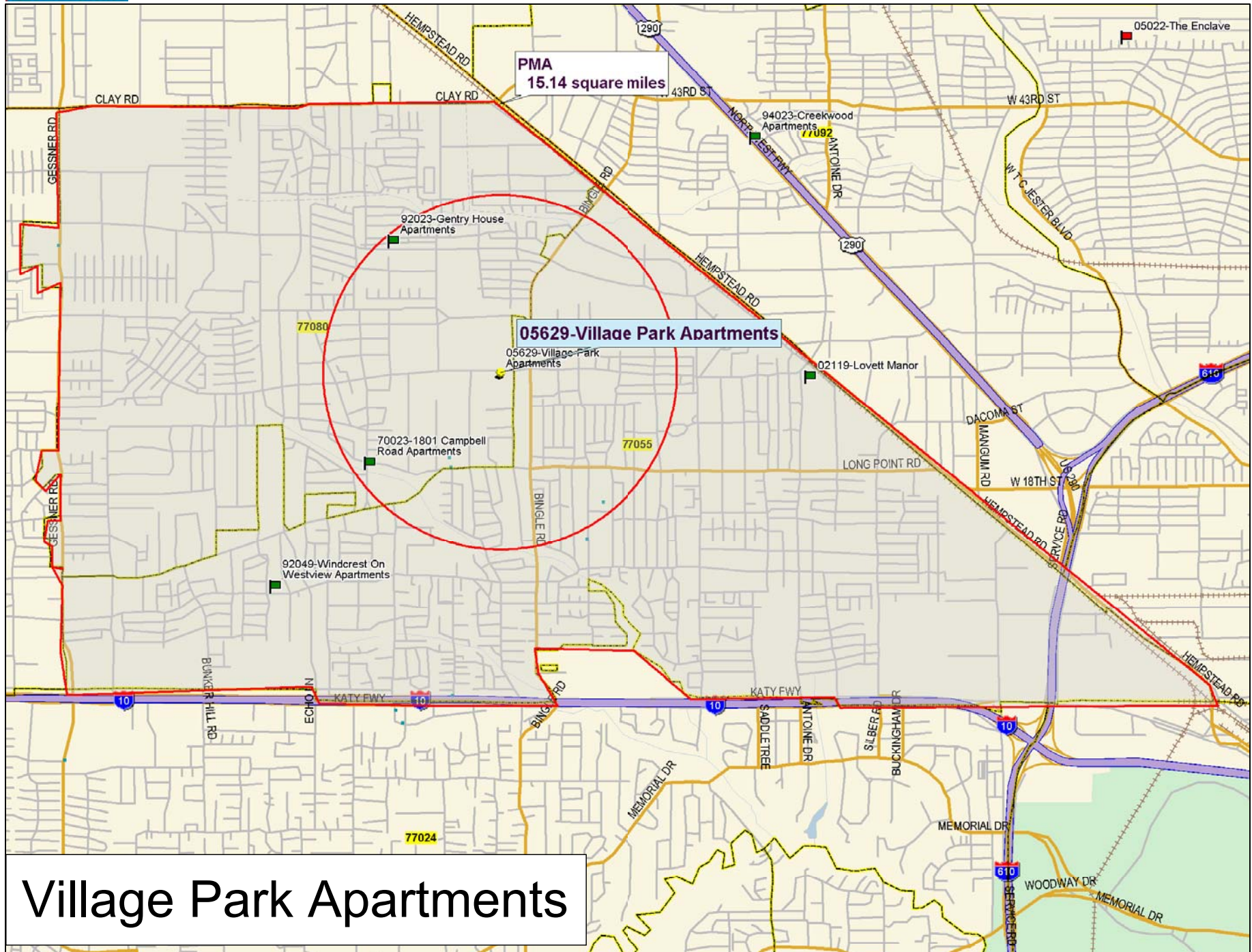
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$3,494,208	\$3,599,034	\$3,707,005	\$3,818,215	\$3,932,762	\$4,559,149	\$5,285,303	\$6,127,115	\$8,234,330
Secondary Income	75,240	77,497	79,822	82,217	84,683	98,171	113,807	131,934	177,308
Contractor's Profit	316,008	325,488	335,253	345,310	355,670	412,319	477,990	554,122	744,694
POTENTIAL GROSS INCOME	3,885,456	4,002,020	4,122,080	4,245,743	4,373,115	5,069,639	5,877,101	6,813,171	9,156,332
Vacancy & Collection Loss	(271,980)	(300,151)	(309,156)	(318,431)	(327,984)	(380,223)	(440,783)	(510,988)	(686,725)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$3,613,476	\$3,701,868	\$3,812,924	\$3,927,312	\$4,045,131	\$4,689,416	\$5,436,318	\$6,302,183	\$8,469,607
EXPENSES at 4.00%									
General & Administrative	\$46,000	\$47,840	\$49,754	\$51,744	\$53,813	\$65,472	\$79,657	\$96,915	\$143,458
Management	145,573	149,133.981	153,608.0001	158,216.2401	162,962.7273	188,918.4649	219,008.2785	253,890.6193	341,207.7618
Payroll & Payroll Tax	328,000	341,120	354,765	368,955	383,714	466,846	567,990	691,047	1,022,918
Repairs & Maintenance	88,980	92,539	96,241	100,090	104,094	126,646	154,085	187,467	277,498
Utilities	891,154	926,800	963,872	1,002,427	1,042,524	1,268,390	1,543,190	1,877,527	2,779,199
Water, Sewer & Trash	277,193	288,281	299,812	311,804	324,277	394,532	480,009	584,004	864,468
Insurance	94,050	97,812	101,724	105,793	110,025	133,862	162,864	198,149	293,309
Property Tax	272,948	283,866	295,221	307,029	319,311	388,490	472,658	575,060	851,230
Reserve for Replacements	125,700	130,728	135,957	141,395	147,051	178,910	217,672	264,831	392,014
Other	106,160	110,406	114,823	119,416	124,192	151,099	183,835	223,663	331,076
TOTAL EXPENSES	\$2,375,758	\$2,468,526	\$2,565,776	\$2,666,871	\$2,771,964	\$3,363,167	\$4,080,967	\$4,952,554	\$7,296,377
NET OPERATING INCOME	\$1,237,718	\$1,233,342	\$1,247,148	\$1,260,441	\$1,273,168	\$1,326,249	\$1,355,351	\$1,349,629	\$1,173,229
DEBT SERVICE									
First Lien Financing	\$994,406	\$994,406	\$994,406	\$994,406	\$994,406	\$994,406	\$994,406	\$994,406	\$994,406
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	\$243,312	\$238,936	\$252,742	\$266,035	\$278,762	\$331,843	\$360,945	\$355,223	\$178,824
DEBT COVERAGE RATIO	1.24	1.24	1.25	1.27	1.28	1.33	1.36	1.36	1.18

LIHTC Allocation Calculation - Village Park, Houston, 4% HTC #05629

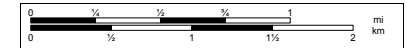
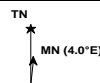
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>						
Purchase of land	\$1,794,720	\$2,086,000				
Purchase of buildings	\$12,316,280	\$12,025,000	\$12,316,280	\$12,025,000		
<b>(2) Rehabilitation/New Construction Cost</b>						
On-site work	\$1,207,342	\$487,000			\$1,207,342	\$487,000
Off-site improvements						
<b>(3) Construction Hard Costs</b>						
New structures/rehabilitation hard costs	\$1,694,708	\$2,415,070			\$1,694,708	\$2,415,070
<b>(4) Contractor Fees &amp; General Requirements</b>						
Contractor overhead	\$58,039	\$58,039			\$58,039	\$58,039
Contractor profit	\$174,123	\$174,123			\$174,123	\$174,123
General requirements	\$174,123	\$174,123			\$174,123	\$174,123
<b>(5) Contingencies</b>						
	\$165,417	\$165,417			\$165,417	\$165,417
<b>(6) Eligible Indirect Fees</b>						
	\$104,210	\$104,210			\$104,210	\$104,210
<b>(7) Eligible Financing Fees</b>						
	\$109,843	\$109,843			\$109,843	\$109,843
<b>(8) All Ineligible Costs</b>						
	\$1,011,588	\$1,011,588				
<b>(9) Developer Fees</b>						
			\$1,847,442	\$1,803,750	\$553,171	\$553,174
Developer overhead		\$314,257				
Developer fee	\$2,400,613	\$2,042,667				
<b>(10) Development Reserves</b>						
		\$498,142				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$21,211,006</b>	<b>\$21,665,479</b>	<b>\$14,163,722</b>	<b>\$13,828,750</b>	<b>\$4,240,976</b>	<b>\$4,240,999</b>

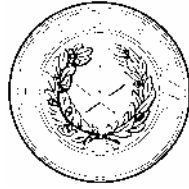
<b>Deduct from Basis:</b>						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
<b>TOTAL ELIGIBLE BASIS</b>			<b>\$14,163,722</b>	<b>\$13,828,750</b>	<b>\$4,240,976</b>	<b>\$4,240,999</b>
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$14,163,722</b>	<b>\$13,828,750</b>	<b>\$5,513,268</b>	<b>\$5,513,298</b>
Applicable Fraction			85%	85%	85%	85%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$12,028,998</b>	<b>\$11,744,513</b>	<b>\$4,682,321</b>	<b>\$4,682,347</b>
Applicable Percentage			3.54%	3.54%	3.54%	3.54%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$425,827</b>	<b>\$415,756</b>	<b>\$165,754</b>	<b>\$165,755</b>

Syndication Proceeds	0.9499	\$4,044,948	\$3,949,285	\$1,574,507	\$1,574,516
<b>Total Credits (Eligible Basis Method)</b>				<b>\$591,581</b>	<b>\$581,511</b>
<b>Syndication Proceeds</b>				<b>\$5,619,455</b>	<b>\$5,523,800</b>
<b>Requested Credits</b>				<b>\$574,490</b>	
<b>Syndication Proceeds</b>				<b>\$5,457,109</b>	
<b>Gap of Syndication Proceeds Needed</b>				<b>\$7,551,006</b>	
<b>Credit Amount</b>				<b>\$794,922</b>	



# Village Park Apartments





TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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**Memorandum**

**To:** File

**From:** Audrey Martin, Real Estate Analysis

**cc:** Multifamily Finance Production Division

**Date:** March 31, 2009

**Re:** Amendment for Chateau Village Apartments, #08195

**Background**

This is a 9% HTC, HUD Mark-to-Market transaction. The development was originally underwritten during the 2008 9% HTC cycle and approved for a tax credit award of \$1,093,892 annually. The development also received an additional allocation of credits pursuant to the TDHCA Board's approval at the November 13, 2008 meeting to increase the applicable percentage to 9% and to increase direct construction and site work costs by 10%. As a result the development has received a commitment for a total annual tax credit allocation of \$1,219,712.

**Amendment Request**

In a request letter dated February 17, 2009, the Owner requested the deletion of one of the conditions of the underwriting report: "Receipt, review, and acceptance, by cost certification, of documentation that the development has received a 50% property tax exemption from the Harris County Central Appraisal District." The Owner submitted amended information related to the financing structure, development costs, income, and expenses in the amendment request.

**Conclusions**

The Underwriter has evaluated all of the submitted information and has determined that the development is feasible without a 50% property tax exemption. Rents approved by HUD for the development have increased by approximately 25% since initial underwriting, increasing income enough to more than offset the loss of the property tax exemption. Based on the revised operational information, as adjusted by the Underwriter, the development's DCR is 1.32, which falls within the Department's guidelines.

For rehabilitation developments such as this, the recommended tax credit allocation, using both the eligible basis and gap method for allocating credits, is based on the Underwriter's estimate of costs. Using the Underwriter's estimate costs of hard costs, which are based on the original

PCA, in addition to an increased assumption of reserves required by HUD, the development is oversourced by \$4,677. This would result in a reduction to the annual tax credit allocation of \$589 under the gap method of allocating tax credits. The Underwriter's costs are lower than the Owner's current estimate, which is based on the general contractor's bid. In addition, the development's DCR exceeds the Department's guidelines when the HOME loan is not considered to be amortized. However, when the HOME loan is considered to amortize, consistent with the original underwriting of the transaction, the DCR falls to 1.32, which is within Department guidelines.

However, a reduction to the tax credit allocation based on the gap method for allocating credits is not recommended at this time. This recommendation is consistent with other 2008 9% HTC developments that have received an administrative amendment following award. In allocating additional tax credits to 2008 9% HTC developments in November, the Board sought to enable owners to weather anticipated increases in construction costs. Consistent with the Board's direction, staff does not recommend a reduction to the tax credit allocation prior to the completion of construction, and review of the final certified costs at the time of cost certification. This recommendation is intended to preserve the additional tax credits that would be recommended to be reduced, and which are insignificant, in the event that the cost increases do in fact occur. To the extent that anticipated cost increases do not occur, a reduction to the tax credit allocation may be recommended at the time of cost certification.

The Underwriter recommends that the conditions of the Underwriting Report and Commitment Notice for the development be updated to reflect the following:

1. Receipt, review, and acceptance, by cost certification, of HUD approval of the proposed rent increase to the Ontra, Inc. model "Exception Rents."
2. Receipt, review, and acceptance, by cost certification, of a detailed attorney or CPA analysis and opinion clearly establishing that the proposed second and third liens to HUD, and the proposed HOME loan from Houston are valid debt and reasonably expected to be repaid in full.
3. Receipt, review, and acceptance, by cost certification, of a CPA opinion, including IRS references, as to the amount and eligibility of the imputed expenses claimed.
4. Should the second lien note from HUD be transferred or forgiven at any time during the initial affordability period a recapture of the credit is likely to be required.
5. If the terms and rates of the proposed financing change, the transaction should be reevaluated, and an adjustment to any allocation may be warranted.



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Chateau Village, Houston, 9% HTC #08195**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	2008 Gross Rent		2% Incr. from Rent		2% Decr. from Rent		Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
					Lmt.	Rent Collected	Collected	Collected	Collected					
TC 30%	8	1	1	674	\$344	\$504	\$402	\$514	\$494	\$4,032	\$0.75	\$96	\$53	
TC 50%	32	1	1	674	\$573	\$504	\$402	\$514	\$494	\$16,128	\$0.75	\$96	\$53	
TC 50%/LH	2	1	1	674	\$573	\$504	\$402	\$514	\$494	\$1,008	\$0.75	\$96	\$53	
TC 60%/HH	6	1	1	674	\$687	\$504	\$402	\$514	\$494	\$3,024	\$0.75	\$96	\$53	
TC 50%	19	2	1	830	\$687	\$591	\$469	\$603	\$579	\$11,229	\$0.71	\$123	\$64	
TC 60%	63	2	1	830	\$825	\$591	\$469	\$603	\$579	\$37,233	\$0.71	\$123	\$64	
TC 60%	16	3	1.5	1,028	\$953	\$800	\$664	\$816	\$784	\$12,800	\$0.78	\$147	\$74	
TC 60%	4	4	2	1,178	\$1,063	\$892	\$726	\$910	\$874	\$3,568	\$0.76	\$190	\$84	
<b>TOTAL:</b>	<b>150</b>		<b>AVERAGE:</b>	<b>810</b>		<b>\$593</b>		<b>\$90,802</b>	<b>\$87,242</b>	<b>\$89,022</b>		<b>\$0.73</b>	<b>\$118.71</b>	<b>\$62.08</b>

**INCOME**

Total Net Rentable Sq Ft: 121,572

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$6.71

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	TDHCA-Amend	TDHCA-Carryover	TDHCA	APPLICANT	APP-Carryover	APP-Amend	Ontra/HUD - Approved Model	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.57%	\$244	0.30	\$36,654	\$36,508	\$36,508	\$31,500	\$31,500	\$31,500	\$38,302	\$0.26	\$210	3.07%
Management	6.50%	445	0.55	66,711	41,058	41,058	41,053	41,053	66,751	64,536	0.55	445	6.50%
Payroll & Payroll Tax	14.49%	992	1.22	148,750	144,376	144,376	140,250	140,250	133,875	152,970	1.10	893	13.04%
Repairs & Maintenance	8.77%	600	0.74	90,000	58,743	58,743	67,500	67,500	90,000	98,558	0.74	600	8.76%
Utilities	5.51%	377	0.47	56,564	55,273	55,273	74,250	74,250	60,750	146,931	0.50	405	5.92%
Water, Sewer, & Trash	7.44%	509	0.63	76,309	82,177	82,177	90,750	90,750	74,250	0	0.61	495	7.23%
Property Insurance	4.57%	313	0.39	46,934	49,210	49,210	45,000	45,000	45,000	60,000	0.37	300	4.38%
Property Tax	2.52	704	0.87	105,629	52,920	52,920	80,000	80,000	105,839	105,839	0.87	706	10.31%
Reserve for Replacements	4.38%	300	0.37	45,000	45,000	45,000	45,000	45,000	45,000	37,000	0.37	300	4.38%
TDHCA Compliance Fees	0.58%	40	0.05	6,000	6,000	6,000	6,000	6,000	6,000	0	0.05	40	0.58%
Security	2.30%	158	0.19	23,625	24,750	24,750	24,750	24,750	23,625	54,000	0.19	158	2.30%
<b>TOTAL EXPENSES</b>	<b>68.42%</b>	<b>\$4,681</b>	<b>\$5.78</b>	<b>\$702,177</b>	<b>\$596,015</b>	<b>\$596,015</b>	<b>\$646,053</b>	<b>\$646,053</b>	<b>\$682,590</b>	<b>\$758,136</b>	<b>\$5.61</b>	<b>\$4,551</b>	<b>66.47%</b>
<b>NET OPERATING INC</b>	<b>31.58%</b>	<b>\$2,161</b>	<b>\$2.67</b>	<b>\$324,154</b>	<b>\$225,149</b>	<b>\$225,149</b>	<b>\$175,143</b>	<b>\$175,143</b>	<b>\$344,346</b>	<b>\$247,431</b>	<b>\$2.83</b>	<b>\$2,296</b>	<b>33.53%</b>

**DEBT SERVICE**

First Lien Mort. - BOA	18.58%	\$1,271	\$1.57	\$190,706	\$101,963	\$101,963	\$101,963	\$101,963	\$202,198	\$205,495	\$1.66	\$1,348	19.69%
M2M 2nd Mortgage CF	0.00%	\$0	\$0.00	0	0	0	0	0	0	0	\$0.00	\$0	0.00%
M2M 3rd Mortgage CF	0.00%	\$0	\$0.00	0	0	0	0	0	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	0	0	0	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>13.00%</b>	<b>\$890</b>	<b>\$1.10</b>	<b>\$133,448</b>	<b>\$123,187</b>	<b>\$123,187</b>	<b>\$73,180</b>	<b>\$73,180</b>	<b>\$142,149</b>	<b>\$41,936</b>	<b>\$1.17</b>	<b>\$948</b>	<b>13.84%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.70</b>	<b>2.21</b>	<b>2.21</b>	<b>1.72</b>	<b>1.72</b>	<b>1.70</b>	<b>1.20</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.32</b>	<b>1.33</b>	<b>1.33</b>							

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-Amend	TDHCA-Carryover	TDHCA	APPLICANT	APP-Carryover	APP-Amend	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		33.52%	\$37,500	\$46.27	\$5,625,000	\$5,436,651	\$5,436,651	\$5,436,651	\$5,436,651	\$5,625,000	\$46.27	\$37,500	33.17%
Off-Sites		0.00%	0	0.00	0	0	0	0	0	0	0.00	0	0.00%
Sitework		1.23%	1,380	1.70	207,000	207,000	207,000	348,148	348,148	534,175	4.39	3,561	3.15%
Direct Construction		32.91%	36,820	45.43	5,523,000	5,523,000	5,523,000	5,431,851	5,431,851	5,710,612	46.97	38,071	33.67%
Contingency	5.71%	1.95%	2,182	2.69	327,239	302,000	302,000	302,000	302,000	327,239	2.69	2,182	1.93%
Contractor's Fees	14.00%	4.78%	5,348	6.60	802,200	802,200	802,200	809,200	809,200	874,270	7.19	5,828	5.15%
Indirect Construction		2.45%	2,741	3.38	411,077	256,500	256,500	256,500	256,500	411,077	3.38	2,741	2.42%
Ineligible Costs		5.57%	6,236	7.69	935,446	483,863	483,863	483,863	483,863	935,446	7.69	6,236	5.52%
Developer's Fees	15.00%	10.74%	12,014	14.82	1,802,165	1,777,065	1,777,065	1,848,952	1,848,952	1,965,739	16.17	13,105	11.59%
Interim Financing		1.27%	1,423	1.76	213,405	225,890	225,890	225,890	225,890	213,405	1.76	1,423	1.26%
Reserves		2.16%	2,419	2.99	362,920	96,862	96,862	85,000	85,000	362,920	2.99	2,419	2.14%
<b>TOTAL COST</b>	<b>100.00%</b>		<b>\$111,883</b>	<b>\$138.05</b>	<b>\$16,782,452</b>	<b>\$15,684,031</b>	<b>\$15,684,031</b>	<b>\$15,228,055</b>	<b>\$15,228,055</b>	<b>\$16,959,883</b>	<b>\$139.50</b>	<b>\$113,066</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>	<b>40.87%</b>		<b>\$45,730</b>	<b>\$56.42</b>	<b>\$6,859,439</b>	<b>\$6,834,200</b>	<b>\$6,834,200</b>	<b>\$6,891,199</b>	<b>\$6,891,199</b>	<b>\$7,446,296</b>	<b>\$61.25</b>	<b>\$49,642</b>	<b>43.91%</b>

**SOURCES OF FUNDS**

First Lien Mort. - BOA	13.85%	\$15,500	\$19.12	\$2,325,000	\$1,380,000	\$1,380,000	\$1,380,000	\$1,380,000	\$2,325,000	\$2,325,000	Developer Fee Available
M2M 2nd Mortgage CF	12.38%	\$13,856	\$17.10	2,078,371	2,080,869	2,080,869	2,080,869	2,080,869	2,078,371	2,078,371	\$1,929,117
M2M 3rd Mortgage CF				1,259,399					1,259,399	1,259,399	
Houston HOME CF				1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	
263A Interest / Imputed Expenses				329,589			423,646	423,646	329,589	329,589	
HTC Syndication Proceeds	57.77%	\$64,632	\$79.75	9,694,770	9,870,803	9,622,720	9,622,720	9,870,803	9,694,770	9,690,093	% of Dev. Fee Deferred
Deferred Developer Fees	1.03%	\$1,152	\$1.42	172,752	0	620,821	620,821	620,821	172,752	0	0%
Additional (Excess) Funds Req'd	-1.06%	(\$1,183)	(\$1.46)	(177,429)	1,252,359	879,621	(1)	372,737	2	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$16,782,452</b>	<b>\$15,684,031</b>	<b>\$15,684,031</b>	<b>\$15,228,055</b>	<b>\$15,228,055</b>	<b>\$16,959,883</b>	<b>\$16,782,452</b>	<b>\$1,424,733</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Chateau Village, Houston, 9% HTC #08195*

**PAYMENT COMPUTATION**

<b>Primary</b>	\$2,325,000	Amort	360
Int Rate	7.27%	DCR	1.70
<b>Secondary</b>	\$2,078,371	Amort	0
Int Rate	1.00%	Subtotal DCR	1.70
<b>Third</b>	\$1,259,399	Amort	0
Int Rate	1.00%	Subtotal DCR	1.70
<b>Additional</b>	\$1,100,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.70

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$190,706
Secondary Debt Service	0
Additional Debt Service	55,000
<b>NET CASH FLOW</b>	<b>\$78,448</b>

<b>Primary</b>	\$2,325,000	Amort	360
Int Rate	7.27%	DCR	1.70
<b>Secondary</b>	\$2,078,371	Amort	0
Int Rate	1.00%	Subtotal DCR	1.70
<b>Third</b>	\$1,259,399	Amort	0
Int Rate	1.00%	Subtotal DCR	0.00
<b>Additional</b>	\$1,100,000	Amort	240
Int Rate	0.00%	Aggregate DCR	1.32

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS RENT	\$1,068,264	\$1,100,312	\$1,133,321	\$1,167,321	\$1,202,341
Secondary Income	12,084	12,447	12,820	13,205	13,601
Other Support Income:	0	0	0	0	0
POTENTIAL GROSS INCOME	1,080,348	1,112,758	1,146,141	1,180,525	1,215,941
Vacancy & Collection Loss	(53,412)	(55,638)	(57,307)	(59,026)	(60,797)
Employee or Other Non-Rental	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,026,936	\$1,057,121	\$1,088,834	\$1,121,499	\$1,155,144
EXPENSES at 4.00%					
General & Administrative	\$31,500	\$32,760	\$34,070	\$35,433	\$36,851
Management	66,751	68,713	70,774	72,897	75,084
Payroll & Payroll Tax	133,875	139,230	144,799	150,591	156,615
Repairs & Maintenance	90,000	93,600	97,344	101,238	105,287
Utilities	60,750	63,180	65,707	68,335	71,069
Water, Sewer & Trash	74,250	77,220	80,309	83,521	86,862
Insurance	45,000	46,800	48,672	50,619	52,644
Property Tax	105,839	110,073	114,475	119,054	123,817
Reserve for Replacements	45,000	46,800	48,672	50,619	52,644
Other	29,625	30,810	32,042	33,324	34,657
TOTAL EXPENSES	\$682,590	\$709,185	\$736,865	\$765,632	\$795,529
NET OPERATING INCOME	\$344,346	\$347,935	\$351,969	\$355,867	\$359,616
DEBT SERVICE					
First Lien Financing	\$190,706	\$190,706	\$190,706	\$190,706	\$190,706
Second Lien	0	0	0	0	0
Other Financing	55,000	55,000	55,000	55,000	55,000
NET CASH FLOW	\$98,641	\$102,230	\$106,263	\$110,161	\$113,910
DEBT COVERAGE RATIO	1.40	1.42	1.43	1.45	1.46

YEAR 10	YEAR 15	YEAR 20	YEAR 30
\$1,393,842	\$1,615,845	\$1,873,207	\$2,517,434
15,767	18,278	21,189	28,477
0	0	0	0
1,409,609	1,634,123	1,894,397	2,545,911
(70,480)	(81,706)	(94,720)	(127,296)
0	0	0	0
\$1,339,129	\$1,552,417	\$1,799,677	\$2,418,615
\$44,834	\$54,548	\$66,366	\$98,238
87,043	100,907	116,979	157,209
190,546	231,828	282,054	417,509
128,098	155,851	189,616	280,679
86,466	105,199	127,991	189,458
105,681	128,577	156,434	231,560
64,049	77,925	94,808	140,339
150,642	183,279	222,987	330,075
64,049	77,925	94,808	140,339
42,166	51,301	62,415	92,390
\$963,574	\$1,167,341	\$1,414,458	\$2,077,797
\$375,555	\$385,077	\$385,219	\$340,819
\$190,706	\$190,706	\$190,706	\$190,706
0	0	0	0
55,000	55,000	55,000	55,000
\$129,849	\$139,371	\$139,513	\$95,113
1.53	1.57	1.57	1.39



**HTC ALLOCATION ANALYSIS -Chateau Village, Houston, 9% HTC #08195**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS	Additional Costs Attributable to 10% Cost Increase
<b>Acquisition Cost</b>							
Purchase of land	\$835,000	\$1,094,490					
Purchase of buildings	\$4,790,000	\$4,530,510	\$4,790,000	\$4,530,510			
<b>Off-Site Improvements</b>							
Sitework	\$534,175	\$207,000			\$534,175	\$227,700	\$20,700
Construction Hard Costs	\$5,710,612	\$5,523,000			\$5,710,612	\$5,523,000	\$552,300
Contractor Fees	\$874,270	\$802,200			\$874,270	\$802,200	
Contingencies	\$327,239	\$327,239			\$327,239	\$327,239	
Eligible Indirect Fees	\$411,077	\$411,077	\$12,750	\$12,750	\$398,327	\$398,327	
Eligible Financing Fees	\$213,405	\$213,405			\$213,405	\$213,405	
All Ineligible Costs	\$935,446	\$935,446					
Developer Fees			\$720,413		\$1,208,704		
Developer Fees	\$1,965,739	\$1,802,165		\$679,127		\$1,123,038	
Development Reserves	\$362,920	\$362,920					
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$16,959,883</b>	<b>\$16,209,452</b>	<b>\$5,523,163</b>	<b>\$5,222,387</b>	<b>\$9,266,732</b>	<b>\$8,614,909</b>	<b>\$573,000</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>\$5,523,163</b>	<b>\$5,222,387</b>	<b>\$9,266,732</b>	<b>\$8,614,909</b>	<b>\$573,000</b>
High Cost Area Adjustment					130%	130%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$5,523,163</b>	<b>\$5,222,387</b>	<b>\$12,046,752</b>	<b>\$11,199,381</b>	<b>\$573,000</b>
Applicable Fraction			100%	100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$5,523,163</b>	<b>\$5,222,387</b>	<b>\$12,046,752</b>	<b>\$11,199,381</b>	<b>\$573,000</b>
Applicable Percentage			3.55%	3.55%	9.00%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$196,072</b>	<b>\$185,395</b>	<b>\$1,084,208</b>	<b>\$1,007,944</b>	<b>\$51,570</b>

Syndication Proceeds	0.7948	\$1,558,463	\$1,473,594	\$8,617,728	\$8,011,556	\$409,900
<b>Total Tax Credits (Eligible Basis Method)</b>				<b>\$1,280,280</b>	<b>\$1,244,909</b>	
Syndication Proceeds				<b>\$10,176,191</b>	<b>\$9,485,149</b>	
Previously Approved Tax Credits				<b>\$1,219,712</b>		
Syndication Proceeds				<b>\$9,694,772</b>		
<b>Gap of Syndication Proceeds Needed</b>					<b>\$9,690,093</b>	
<b>Total Tax Credits (Gap Method)</b>					<b>\$1,219,123</b>	
Reconciled Tax Credits				<b>\$1,219,123</b>		
Syndication Proceeds				<b>\$9,690,093</b>		



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 07/14/08 PROGRAM: 9% HTC FILE NUMBER: 08195

**DEVELOPMENT**

**Chateau Village**

Location: 3815 West Fuqua Region: 6  
 City: Houston County: Harris Zip: 77047  QCT  DDA  
 Key Attributes: Multifamily, Urban, Family, Rehabilitation, Non-Profit

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,174,583			\$1,093,892		

**CONDITIONS**

- 1 Receipt, review, and acceptance, by cost certification, of HUD approval of the proposed OCAF rent increase.
- 2 Receipt, review, and acceptance, by cost certification, of documentation that the development has received a 50% property tax exemption from the Harris County Central Appraisal District.
- 3 Receipt, review, and acceptance, by cost certification, of a detailed attorney or CPA analysis and opinion clearly establishing that both the proposed second lien to HUD and the proposed HOME loan from Houston are valid debt and reasonably expected to be repaid in full.
- 4 Receipt, review, and acceptance, by cost certification, of a CPA opinion, including IRS references, as to the amount and eligibility of the imputed expenses claimed.
- 5 Receipt, review, and acceptance, by carryover, of updated loan and equity commitments which are not more than 30 days old.
- 6 Should the second lien note from HUD be transferred or forgiven at any time during the initial affordability period a recapture of the credit is likely to be required.
- 7 If the terms and rates of the proposed financing change, the transaction should be reevaluated, and an adjustment to any allocation may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	8
50% of AMI	50% of AMI	53
60% of AMI	60% of AMI	89

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**PROS**

- The application proposes the rehabilitation of a 27 year old HUD property and renewal of the existing HAP contract for 100% of the units.
- The property is currently operating at stabilized occupancy of 97% and most of the tenants will likely remain at the property due to the project-based Section 8 assistance.

**CONS**

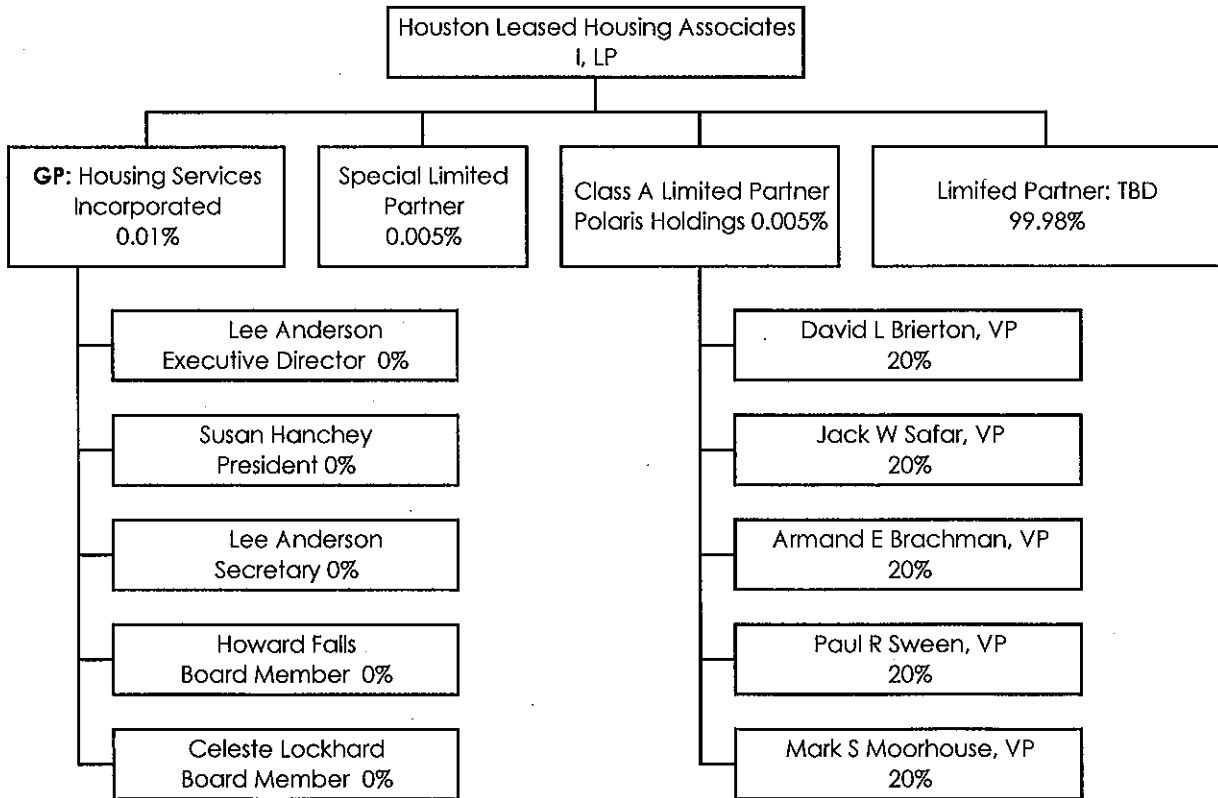
- The development has insufficient cash flow to repay (on a normal amortizing basis ) the multiple obligations committed to available cash flow by the Applicant.
- The Applicant's and Underwriter's expense to income ratios are quite high at above 70%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat rental income with rising expenses.
- If either the proposed deferred HUD loan or HOME loan are determined to not be repayable, it may disqualify the development from the 30% boost to eligible basis and undermine the financial feasibility of the development.

**PREVIOUS UNDERWRITING REPORTS**

none

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Mark Moorhouse Phone: (763) 354-5613 Fax: (763) 354-5633  
 Email: mmoorhouse@dominiuminc.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Houston Leased Housing Associates II, LP	No material assets	Not Yet Formed
David L Brierton	N/A	None
Jack W Safar	N/A	
Armand E Brachman	N/A	
Paul R Sween	N/A	
Mark S Moorhouse	N/A	

**Comments:**

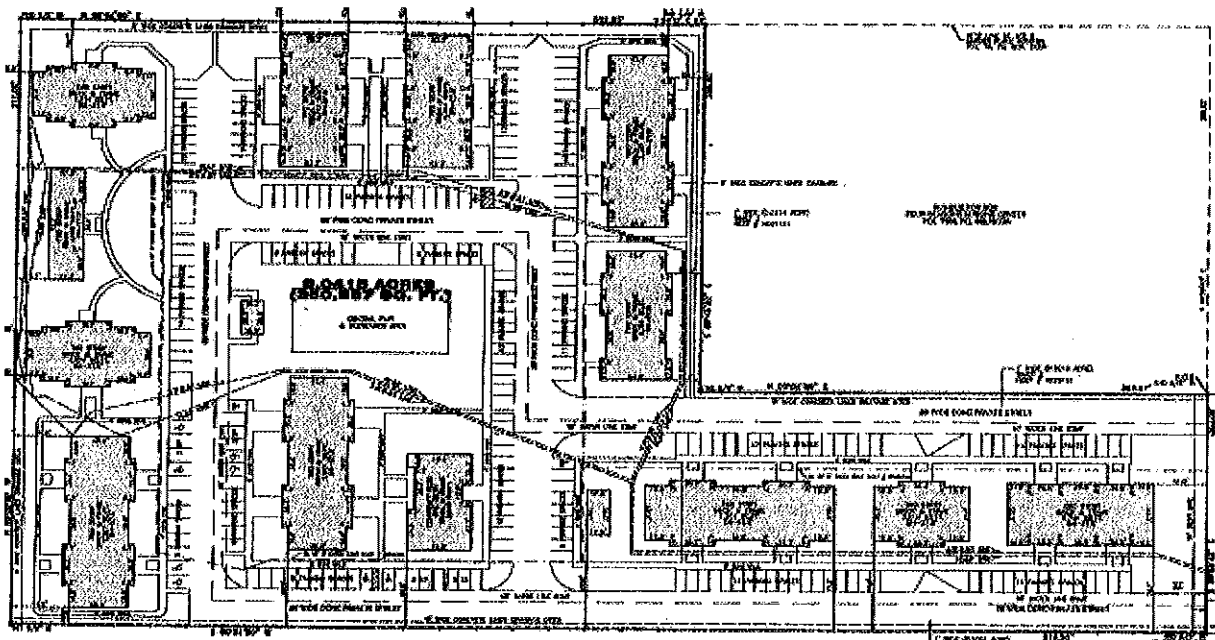
While the development team participants have no experience with the LIHTC program in Texas, the participants appear to have significant experience with the acquisition and rehabilitation of properties in several other states.

**IDENTITIES of INTEREST**

- The Applicant, Developer, Property Manager, and Supportive Services Provider are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



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### BUILDING CONFIGURATION

Building Type	A	B	C	D	E	F							Total Buildings
Floors/Stories	2	2	2	2	2	2							
Number	3	4	1	1	2	1							<b>12</b>

BR/BA	SF	Units							Total Units	Total SF
1 / 1	674	16							48	32,352
2 / 1	830		16	8	10				82	68,060
3 / 1.5	1,028					8			16	16,448
4 / 2	1,178						4		4	4,712
Units per Building		16	16	8	10	8	4		<b>150</b>	<b>121,572</b>

### SITE ISSUES

Total Size: 8.0415 acres      Scattered site?       Yes       No  
 Flood Zone: X, AE      Within 100-yr floodplain?       Yes       No  
 Zoning: N / A      Needs to be re-zoned?       Yes       No       N/A

**Comments:**

The addendum letter to the Phase I ESA indicates that the site and surrounding areas are mapped by FEMA as either Zone X or Zone AE (AE being a 100-year floodplain). On closer inspection by the Underwriter, it appears that the building closest to W. Fuqua Street lies partially within Zone AE. The 2008 QAP states that "No buildings or roads that are part of a Development proposing Rehabilitation or Adaptive Reuse, with the exception of Developments with federal funding assistance from HUD or TX USDA-RHS, will be permitted in the 100 year floodplain unless they already meet the requirements established in this subsection for New Construction." As the subject property will continue to be funded by HUD, it comes under the exception to the floodplain restriction.

### TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff      Date: 5/7/2008  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: Houston Public Project      East: Residential  
 South: Residential      West: Apartments

### HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Peer Engineering      Date: 8/8/2007

**Recognized Environmental Concerns (RECs) and Other Concerns:**

An addendum letter to the Phase I ESA dated September 25, 2007, states:

- Limited sampling and analysis of suspect asbestos-containing materials (ACM) was conducted ... laboratory analysis of the collected samples did not identify any ACM. Therefore, no further investigation regarding this issue appears to be warranted at this time.
- Based on the date of construction (1981-82), it is unlikely that painted and coated surfaces are covered with lead-based paint. Therefore, no further investigation regarding this issue appears to be warranted at this time.
- Drinking water sampling for lead (was completed) at the subject property ... All six 1st draw sample concentrations were below the EPA Action Level ... Based on the available information and on the laboratory analytical results, no further investigation regarding this issue appears to be warranted.

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Comments:

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

**MARKET HIGHLIGHTS**

Provider: Integra Realty Resources DFW Date: 10/19/2007  
 Contact: Mark Lamb Phone: (972) 960-1222 Fax: (972) 960-2922  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 39 sq. miles 4 mile radius

"We consider the market area for the subject to consist of the following ZIP codes located within the City of Houston: 77045, 77051, 77053, and 77054." (p. 20) The estimated 2007 population of the PMA is 91,102, with 31,924 households.

The market study was originally prepared in accordance with the 2007 Real Estate Analysis Rules; the 2008 Rules include a new requirement that the market study identify all census tracts contained in whole or in part by the PMA. The Market Analyst provided an addendum letter dated February 20, 2008, with a list of twenty census tract numbers (one repeated). This list appears to be inaccurate and incomplete based on comparison to the PMA as defined by the four ZIP Codes listed above; the list does not even include the census tract containing the subject property. Since the demographic data used in the market study is based on the ZIP Codes, that is presumed to be the correct PMA. The Underwriter has identified the following twenty-four census tracts as being contained in whole or in part by the PMA:

48157670100	48201313900	48201330100	48201330600	48201331200
48157670200	48201314000	48201330200	48201330700	48201331300
48157670300	48201314100	48201330300	48201330900	48201331400
48157670700	48201314200	48201330400	48201331000	48201420200
48201313800	48201314300	48201330500	48201331100	

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units				
Cypress Creek at Reed Road	07291	132	126				
Reed Road Seniors	60217	180	N / A				

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$12,850	\$14,700	\$16,500	\$18,350	\$19,800	\$21,300
50	\$21,400	\$24,450	\$27,500	\$30,550	\$33,000	\$35,450
60	\$25,680	\$29,340	\$33,000	\$36,660	\$39,600	\$42,540

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR / 60% AMI	1,116	24		1,140			not calculated
2 BR / 60% AMI	690	15		705			
3 BR / 60% AMI	2,494	54		2,548			
4 BR / 60% AMI	2,185	47		2,232			

UNDERWRITER'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR / 30% AMI	1,099	31		1,130	8	6	1%
1 BR / 50% AMI	502	17		520	34	0	7%
1 BR / 60% AMI	188	2		190	6	26	17%
2 BR / 50% AMI	96	-2		94	19	0	20%
2 BR / 60% AMI	276	-5		270	63	53	43%
3 BR / 60% AMI	366	-9		358	16	29	13%
4 BR / 60% AMI	456	-15		442	4	4	2%

OVERALL DEMAND									
	Target Households	Household Size	Income Eligible	Tenure	Demand				
PMA DEMAND from TURNOVER									
Market Analyst p.	31,924				6,485				
Underwriter	100% 31,929	96% 30,581	56% 17,247	48% 8,196	55% 4,508				
PMA DEMAND from HOUSEHOLD GROWTH									
Market Analyst p.					140				
Underwriter		96% 417	56% 225	48% 107	100% 107				

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)		Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	0	126		126	6,625	2%
Underwriter	150	126		276	4,615	6%

**Demand Analysis:**

The Market Analyst calculated demand for each bedroom configuration, but only at the 60% of AMI restriction. The Market Analyst did not address the 30% and 50% one and two-bedroom units; nor did the Market Analyst determine capture rates for any specific unit types. Furthermore, in concluding total demand, the Market analyst simply added the demand identified for each unit, thereby double counting four and five-person households (which were included in demand for both the three and four-bedroom units). Cypress Creek on Reed Road, a 2007 9% HTC project with 126 approved restricted units, was identified as the only unstabilized comparable supply within the PMA. The Market Analyst concluded an inclusive capture rate of 2%. The Market Analyst did not include the subject units in the supply because the subject is 97% occupied; however, including the subject units is generally the purpose of a capture rate calculation.

The underwriting analysis identified total demand in the PMA for 4,615 units, and in addition to the 126 units at Cypress Creek, included the 150 subject units in the supply despite its stabilized occupancy. This results in a worst-case inclusive capture rate of 6%, well under the maximum 25% limit.

**Primary Market Occupancy Rates:**

The Applicant submitted a rent roll indicating 4 vacant units, or 97.3% occupancy. The market study indicates that the average occupancy level for all multifamily properties within the PMA is 94%, and the average for LIHTC properties within the PMA is 96%.

**Absorption Projections:**

The Market Analyst indicates that an absorption analysis was not warranted due to the stabilized occupancy of the subject property.

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR	674 SF	30%	390	402	\$600	\$402	\$12
1 BR	674 SF	50%	390	402	\$600	\$402	\$12
1 BR	674 SF	60%	390	402	\$600	\$402	\$12
2 BR	830 SF	50%	455	469	\$725	\$469	\$14
2 BR	830 SF	60%	455	469	\$725	\$469	\$14
3 BR	1,028 SF	60%	645	664	\$880	\$664	\$19
4 BR	1,178 SF	60%	705	726	\$1,000	\$726	\$21

**Market Impact:**

The Applicant expects to maintain minimum vacancy by renovating only eight to sixteen units at a time, and relocating tenants within the property, either temporarily, or permanently into completed units. There is not expected to be any significant impact on the market.

**Comments:**

The property has a current occupancy of 97% according to a rent roll provided at application and is proposing a temporary relocation of tenants. The presence of an existing tenant base mitigates potential concerns about the market. The market study provided sufficient information on which to base a funding recommendation; however, the Market Analyst should be counseled on the requirements of a market study for the Department.

**Concentration:**

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of 94 units per square mile, which is less than the 1,432 units per square mile limit; and a Primary Market Area concentration of 207 units per square mile, which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department's standard criteria.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      5/27/2008

All units are subject to a Section 8 Housing Assistance Payment (HAP) contract. The current HAP contracts for the units are \$531, \$640, \$801 and \$859 for the one, two, three and four-bedroom units, respectively. The property is currently undergoing the HUD Mark-to-Market program, under which the market rents were determined to be \$390, \$455, \$645 and \$705 for the one, two, three and four-bedroom units, respectively. A letter from HUD (9/17/2007) indicated that these market rents have been approved, however, a revised Section 8 HAP contract with the M2M rents has not yet been implemented as evidenced by a current rent roll (as of February 2008). The Applicant has indicated that the reduced market rents will be implemented upon acquisition.

Due to the time lag from the approval of the reduced rents, the Applicant's operating income is based on a projected 3% Operating Cost Adjustment (OCAF) increase to the determined market rents. This increase would be implemented by the place-in-service date. The underwriting analysis has utilized the Applicant's proposed rents; however, receipt, review, and acceptance, by cost certification, of HUD approval of the OCAF increase to the Mark-to-Market rents, will be a condition of this report. The Applicant included non-rental income of just under \$5 per unit per month; and the Applicant allowed for losses due to vacancy and collection equal to 5% of potential income. The underwriting analysis applied the standard minimum secondary income of \$5 per unit.

The underwriting guidelines generally apply vacancy and collection losses of 7.5%; however, the guidelines allow for a lower loss rate if supported by the market study, and for elderly or 100% project-based rental subsidy developments. The market study and the appraisal (both provided by the same firm) used 5.0% when estimating the development's NOI; and the development has a 100% rental assistance contract with HUD; therefore, the underwriting analysis has allowed 5.0% for losses due to vacancy and collection.



Expense: Number of Revisions: none Date of Last Applicant Revision: N / A

The Applicant has projected annual operating expenses equal to \$4,307 per unit. This is 8% greater than the Underwriter's estimate of \$3,973 per unit, based primarily on the documented historical expenses of the property, as well as the TDHCA database, IREM data, and other sources. The most significant variations among specific line items include repairs and maintenance (the Applicant's projection is \$9K higher), utilities (the Applicant's projection is \$19K higher), water, sewer, and trash (the Applicant's projection is \$9K higher), and property tax.

The Applicant's projected property tax expense is 5% less than the tax actually paid in 2006, and 20% less than the tax actually paid in 2007. The underwriting analysis is based on the 2008 assessed value (which is a 5% increase over 2007); however, the Underwriter has also assumed the Applicant will qualify for a 50% property tax exemption based on the non-profit status of the General Partner. Since this assumption has a significant impact on the proforma cash flow of the property, a condition of any recommended allocation will be receipt, review, and acceptance, by cost certification, that the Applicant has received a 50% non-profit property tax exemption.

**Conclusion:**

Both the Applicant's and Underwriter's expense to income ratios (79% and 73%, respectively) are quite high at above 60%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat rental income with rising expenses. Additionally, § 1.32(i)(5) requires a development be characterized as infeasible if the Year 1 expense to income ratio exceeds the Department's 65% maximum. However, § 1.32(i)(7)(B)(i) provides an exception to this limit for properties with ongoing operating subsidy. In this case, the Housing Assistance Payment contract with HUD provides such an ongoing subsidy. Therefore, the development remains feasible under this exception.

While the Applicant's projected income is within 5% of the underwriting estimate, the Applicant's annual expenses and net operating income (NOI) are not within 5%; as a result, the Underwriter's projections will be used to determine debt capacity and financial feasibility. The Underwriter's projected NOI of \$225,149 and the first lien financing debt service of \$106,858 indicate first year cash flow of \$118,291 and a debt coverage ratio of 2.11, well above the maximum limit of 1.35. This typically indicates that the development has the capacity to service additional debt. In this case, however, the subject property has significantly more debt than is represented by the proposed debt service. The Applicant's proposed financing structure includes a combined \$3.18 million in debt payable from available cash flow, and a proposed \$620K in deferred developer fee, placing an additional claim on available cash flow.

**Feasibility:**

The Underwriter's estimates are used to create a 30-year operating proforma, applying a 3% growth factor to income and 4% to expenses. While the proposed HOME loan is expected to be payable from cash flow, the Underwriter has included debt service on this loan, at AFR for 30 years, in the proforma analysis. This analysis indicates continued positive cash flow and a DCR that remains above the minimum 1.15 through year 15. Furthermore, cash flow remains positive through year 30, at which time the primary mortgage would be extinguished. If all cash flow goes to the deferred developer fee, it can be paid by Year 6; if all subsequent cash flow goes toward the HOME loan, the remaining balance in Year 30 will be \$1.4 million; assuming the second lien to HUD has accrued interest at 1%, it would carry a balance of \$2.8 million. If at that time the property appraises for at least the current \$4.9 million value, it would appear that there would be marginally sufficient value to support the remaining debt.

Based on this, the Underwriter can conclude that the project is marginally feasible. Any recommendation will be conditioned on receipt, review, and acceptance, by cost certification, of a detailed attorney or CPA analysis and opinion clearly establishing that both the proposed second lien to HUD and the proposed HOME loan from Houston are valid debt reasonably expected to be repaid in full.

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**ACQUISITION INFORMATION****APPRAISED VALUE**

Provider: Integra Realty Resources Date: 2/19/2008  
 Number of Revisions: none Date of Last Applicant Revision: N / A  
 Land Only: 7.98 acres \$610,000 As of: 2/19/2008  
 Existing Buildings: (as-is) \$4,320,000 As of: 2/19/2008  
 Total Development: (as-is) \$4,930,000 As of: 2/19/2008

**ASSESSED VALUE**

Land Only: 7.98 acres \$869,490 Tax Year: 2008  
 Existing Buildings: \$3,316,006 Valuation by: Harris County CAD  
 Total Assessed Value: \$4,185,496 Tax Rate: 2.52871

**Comments:**

The assessed value of the land for tax year 2007 was \$1.25 per sq.ft. The current assessment, for tax year 2008, has increased to \$2.50 per sq. ft.

**EVIDENCE OF PROPERTY CONTROL**

Type: Purchase Agreement as Amended Acreage: 8.0415  
 Contract Expiration: 10/31/2008 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$5,400,000 Other: \_\_\_\_\_  
 Seller: Chateau Village Apartments, Ltd. Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**COST SCHEDULE** Number of Revisions: none Date of Last Applicant Revision: N / A

**Acquisition Value:**

The Applicant has claimed total acquisition costs of \$5,436,651, consisting of \$610,000 in land value, \$4.79 million in building value, and \$36K in closing costs. The total acquisition cost of \$672K per acre is presumed to be reasonable as the purchase is an arm's length transaction.

The Applicant has determined a building acquisition basis of \$4,790,000, based on the contract price less \$610,000 for the basis in land. The Applicant's claimed land value of \$610,000 is comparable to the appraised value, but is significantly less than the assessed value of \$869,490. §1.32(e)(1)(C) of the 2008 Real Estate Analysis Rules states that "in the case where the land value indicated by either the appraisal or tax assessment is greater than the prorata land value attributed to the sales price ... the greater of the land value in the appraisal or tax assessment is deducted from the sales price to determine the acquisition basis." The Underwriter has determined an acquisition basis of \$4,530,510 by deducting the tax assessed value of the land from the total sales price.

**Sitework Cost:**

As the application is for the rehabilitation of an existing development, sitework costs are relatively low, and require no additional substantiation. There is, however, a significant difference between the sitework identified by the Applicant (\$348K) and that identified in the Property Condition Assessment (\$207K). The underwriting analysis will reflect the PCA value.

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**Direct Construction Cost:**

The Applicant has claimed direct construction costs of \$5.4 million, in addition to the \$348K in sitework, for a total of \$5.78 million. The total cost identified in the PCA is \$5.73 million. The Applicant stated that the difference between the two figures is "\$50K in furnishings for the new constructed community building and miscellaneous things around the site." These costs should have been given to the PCA provider for consideration and inclusion as required under 1.36(a)(4)(B)

**Interim Interest Expense:**

The Applicant's cost schedule reflects a total of \$451,646 under the Indirect Construction cost line item attributed to imputed interest expense on the Limited Partner's equity contributions and some operating expenses incurred during the construction period that are considered to be eligible costs to the development. The Underwriter requested a breakdown of these costs, which identified that \$13K of this total is attributed to soft cost contingency. As a result, the Underwriter re-allocated this amount to the contingency line item.

The balance of the total \$423,646 has been treated by the Underwriter as interim interest expense. The Department limit is one year of fully drawn interest or in this case \$232,100. The difference of \$191,546 was added by the Underwriter to ineligible costs. While the Applicant confirmed that these costs will not result in any real cash changing hands they have indicated that the entire amount is eligible under section 263(a) and they have included an offsetting source of funds discussed below. The use of this cost is not entirely clear to the Underwriter and clarification of same is a condition that must be resolved prior to cost certification.

**Contingency & Fees:**

The Applicant incorrectly allocated the developer fee between acquisition cost and rehabilitation cost; the underwriting analysis distributes the developer fee proportionately between acquisition and rehabilitation. As a result of this and other adjustments to eligible costs discussed above, the Applicant's projected developer fee exceeds the eligible limit by \$23K; the underwriting analysis has excluded this amount from basis.

**Conclusion:**

The Underwriter's cost schedule was derived from the third-party Property Condition Assessment (PCA) provided by the Applicant and the information presented in the application. The PCA was well documented and appeared to cover the scope of work provided by the Applicant. Thus, the Underwriter's development cost schedule, as derived from the PCA, will be used to determine the development's need for permanent funds and to calculate eligible basis. The rehabilitation cost basis of \$8,399,416 is increased by 30% as a result of Harris County's status as a Difficult Development Area; the adjusted basis of \$10,919,241 supports an annual allocation of \$908,481 in 9% credits. The acquisition basis of \$5,222,837 supports an annual allocation of \$185,411 in 4% credits. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine any recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 6/17/2008

Source: Dougherty Mortgage, LLC Type: Permanent Financing

Principal: \$1,380,000 Interest Rate: 6.25%  Fixed Term: 360 months

**Comments:**

First mortgage loan insured by HUD, for 30 years at 6.25%.

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Amount: \$620,821

Type: Deferred Developer Fees

**Market Uncertainty:**

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

Due to the uncertainty in the market and the potential for such movement in both equity pricing and interest rates, this report is conditioned upon updated loan and equity commitments at the submission of carryover. Should the revised commitments reflect changes in the anticipated permanent interest rate(s) and equity price, a re-evaluation of the financial feasibility of the transaction should be conducted.

**CONCLUSIONS**

**Recommended Financing Structure:**

As stated above, the proforma analysis, including debt service on the proposed HOME loan, results in a debt coverage ratio within the Department's guideline range of 1.15 to 1.35.

The Underwriter's total development cost estimate less the permanent first lien of \$1,380,000, as well as the two cash flow loans of \$2,080,869 and \$1,100,000 indicates the need for \$10,550,162 in gap funds. Based on the submitted syndication terms, a total tax credit allocation of \$1,227,008 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$1,093,892
Allocation requested by Applicant:	\$1,174,583
Allocation determined by gap in financing:	\$1,227,008

The amount determined by eligible basis is recommended. An annual allocation of \$1,093,892 results in total equity proceeds of \$9,405,592 at a syndication rate of \$0.86 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$720,923 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

Underwriter:

Thomas Cavanagh

Date: July 14, 2008

Reviewing Underwriter:

Raquel Morales

Date: July 14, 2008

Director of Real Estate Analysis:

Tom Gouris

Date: July 14, 2008

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Chateau Village, Houston, 9% HTC #08195**

Type of Unit	Number	Bedrooms	No. of Baths	Size In SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Trt-Pd U/Bl	WS&T
TC 30%	8	1	1	674	\$344	\$402	\$3,216	\$0.60	\$96	\$51
TC 50%	32	1	1	674	\$573	\$402	\$12,864	\$0.60	\$96	\$51
TC 50%/LH	2	1	1	674	\$573	\$402	\$804	\$0.60	\$96	\$51
TC 60%/HH	6	1	1	674	\$687	\$402	\$2,412	\$0.60	\$96	\$51
TC 50%	19	2	1	830	\$687	\$469	\$8,911	\$0.57	\$123	\$62
TC 60%	63	2	1	830	\$825	\$469	\$29,547	\$0.57	\$123	\$62
TC 80%	16	3	1.5	1,028	\$953	\$664	\$10,624	\$0.65	\$147	\$72
TC 80%	4	4	2	1,178	\$1,063	\$726	\$2,904	\$0.62	\$190	\$82
<b>TOTAL:</b>	<b>150</b>		<b>AVERAGE:</b>	<b>810</b>		<b>\$475</b>	<b>\$71,282</b>	<b>\$0.59</b>	<b>\$118.71</b>	<b>\$60.08</b>

INCOME		Total Net Rentable Sq Ft:	121,572	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
<b>POTENTIAL GROSS RENT</b>				\$855,384	\$855,084	Harris	Houston	6
Secondary Income	Per Unit Per Month:	\$5.00	9,000	8,868	\$4.93	Per Unit Per Month		
Other Support Income:			0		\$0.00	Per Unit Per Month		
<b>POTENTIAL GROSS INCOME</b>				\$864,384	\$863,952			
Vacancy & Collection Loss	% of Potential Gross Income:	-5.00%	(43,219)	(42,756)	-4.95%	of Potential Gross Income		
Employee or Other Non-Rental Units or Concessions			0					
<b>EFFECTIVE GROSS INCOME</b>				\$821,165	\$821,196			

EXPENSES	% OF EGI	PER UNIT	PER SQ.FT.	TDHCA	APPLICANT	PER SQ.FT.	PER UNIT	% OF EGI	
General & Administrative	4.45%	\$243	0.30	\$36,508	\$31,500	\$0.26	\$210	3.84%	
Management	5.00%	274	0.34	41,058	41,053	0.34	274	5.00%	
Payroll & Payroll Tax	17.58%	983	1.19	144,376	140,250	1.15	935	17.08%	
Repairs & Maintenance	7.15%	392	0.48	58,743	67,500	0.56	450	8.22%	
Utilities	6.73%	388	0.45	55,273	74,250	0.61	495	9.04%	
Water, Sewer, & Trash	10.01%	548	0.68	82,177	90,750	0.75	605	11.05%	
Property Insurance	5.99%	328	0.40	49,210	45,000	0.37	300	5.48%	
Property Tax	2.53	6.44%	353	0.44	52,920	80,000	0.66	533	9.74%
Reserve for Replacements	5.48%	300	0.37	45,000	45,000	0.37	300	5.48%	
TDHCA Compliance Fees	0.73%	40	0.05	6,000	6,000	0.05	40	0.73%	
Security	3.01%	165	0.20	24,750	24,750	0.20	165	3.01%	
<b>TOTAL EXPENSES</b>	<b>72.58%</b>	<b>\$3,973</b>	<b>\$4.90</b>	<b>\$596,015</b>	<b>\$646,053</b>	<b>\$5.31</b>	<b>\$4,307</b>	<b>78.67%</b>	
<b>NET OPERATING INC</b>	<b>27.42%</b>	<b>\$1,501</b>	<b>\$1.85</b>	<b>\$225,149</b>	<b>\$175,143</b>	<b>\$1.44</b>	<b>\$1,168</b>	<b>21.33%</b>	

DEBT SERVICE	% OF EGI	PER UNIT	PER SQ.FT.	TDHCA	APPLICANT	PER SQ.FT.	PER UNIT	% OF EGI
First Lien Mortgage	12.42%	\$680	\$0.84	\$101,963	\$101,963	\$0.84	\$680	12.42%
M2M 2nd Mortgage CF	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>15.00%</b>	<b>\$821</b>	<b>\$1.01</b>	<b>\$123,187</b>	<b>\$73,180</b>	<b>\$0.60</b>	<b>\$488</b>	<b>8.91%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>2.21</b>	<b>1.72</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.63</b>				

CONSTRUCTION COST	Description	Factor	% of TOTAL	PER UNIT	PER SQ.FT.	TDHCA	APPLICANT	PER SQ.FT.	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)			35.98%	\$36,244	\$44.72	\$5,436,651	\$5,436,651	\$44.72	\$36,244	35.70%
Off-Sites			0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework			1.37%	1,380	1.70	207,000	348,148	2.86	2,321	2.29%
Direct Construction			36.55%	36,820	45.43	5,523,000	5,431,851	44.68	36,212	35.67%
Contingency	5.27%		2.00%	2,013	2.48	302,000	302,000	2.48	2,013	1.98%
Contractor's Fees	14.00%		5.31%	5,348	6.60	802,200	809,200	6.66	5,395	5.31%
Indirect Construction			1.70%	1,710	2.11	256,500	256,500	2.11	1,710	1.68%
Ineligible Costs			3.20%	3,226	3.98	483,863	483,863	3.98	3,226	3.18%
Developer's Fees	15.00%		11.76%	11,847	14.62	1,777,065	1,848,952	15.21	12,326	12.14%
Interim Financing			1.49%	1,506	1.86	225,890	225,890	1.86	1,506	1.48%
Reserves			0.84%	846	0.80	96,862	85,000	0.70	567	0.56%
<b>TOTAL COST</b>			<b>100.00%</b>	<b>\$100,740</b>	<b>\$124.30</b>	<b>\$15,111,031</b>	<b>\$15,228,055</b>	<b>\$125.28</b>	<b>\$101,520</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>			<b>45.23%</b>	<b>\$45,561</b>	<b>\$58.22</b>	<b>\$6,834,200</b>	<b>\$6,891,199</b>	<b>\$58.88</b>	<b>\$45,941</b>	<b>45.25%</b>

SOURCES OF FUNDS	% OF TOTAL	PER UNIT	PER SQ.FT.	TDHCA	APPLICANT	RECOMMENDED	Notes
First Lien Mortgage	9.13%	\$9,200	\$11.35	\$1,380,000	\$1,380,000	\$11,350,000	Developer Fee Available
M2M 2nd Mortgage CF	13.77%	\$13,872	\$17.12	2,080,869	2,080,869	2,080,869	\$1,824,538
Houston HOME CF				1,100,000	1,100,000	1,100,000	
263A Interest / Imputed Expenses					423,648	423,648	
HTC Syndication Proceeds	63.68%	\$64,161	\$79.15	9,622,720	9,622,720	9,622,720	% of Dev. Fee Deferred
Deferred Developer Fees	4.11%	\$4,139	\$5.11	620,821	620,821	620,821	40%
Additional (Excess) Funds Req'd	2.03%	\$2,044	\$2.52	306,621	(1)	306,621	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$15,111,031</b>	<b>\$15,228,055</b>	<b>\$15,111,031</b>	<b>\$861,360</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

Chateau Village, Houston, 9% HTC #08195

**PAYMENT COMPUTATION**

Primary	\$1,380,000	Amort	360
Int Rate	6.25%	DCR	2.21

Secondary	\$2,080,889	Amort	
Int Rate	1.00%	Subtotal DCR	2.21

Additional	\$1,100,000	Amort	
Int Rate		Aggregate DCR	2.21

**RECOMMENDED FINANCING STRUCTURE**

Primary Debt Service	\$101,963
Secondary Debt Service	0
Additional Debt Service	66,961
<b>NET CASH FLOW</b>	<b>\$56,226</b>

Primary	\$1,380,000	Amort	360
Int Rate	6.25%	DCR	2.21

Secondary	\$2,080,889	Amort	
Int Rate	1.00%	Subtotal DCR	2.21

Additional	\$1,100,000	Amort	360
Int Rate	4.61%	Aggregate DCR	1.33

**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	\$855,384	\$881,046	\$907,477	\$934,701	\$962,742	\$1,116,082	\$1,293,845	\$1,499,921	\$2,015,768
Secondary Income	9,000	9,270	9,548	9,835	10,130	11,743	13,613	15,782	21,209
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	864,384	890,316	917,025	944,536	972,872	1,127,825	1,307,458	1,515,703	2,036,978
Vacancy & Collection Loss	(43,219)	(44,516)	(45,851)	(47,227)	(48,644)	(56,391)	(55,373)	(75,785)	(101,849)
Employee or Other Non-Rent	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$821,165	\$845,800	\$871,174	\$897,309	\$924,228	\$1,071,434	\$1,242,085	\$1,439,917	\$1,935,129
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$36,508	\$37,968	\$39,487	\$41,067	\$42,709	\$51,962	\$63,220	\$76,917	\$113,858
Management	41,058	42,290	43,559	44,865	46,211	53,572	62,104	71,996	96,758
Payroll & Payroll Tax	144,376	150,151	156,157	162,404	168,900	205,493	250,013	304,179	450,259
Repairs & Maintenance	58,743	61,093	63,537	66,078	68,721	83,610	101,724	123,763	183,200
Utilities	55,273	57,484	59,783	62,174	64,661	78,670	95,714	116,451	172,376
Water, Sewer & Trash	82,177	85,464	88,883	92,438	96,135	116,963	142,304	173,135	256,281
Insurance	49,210	51,179	53,226	55,355	57,569	70,042	85,216	103,679	153,470
Property Tax	52,920	55,038	57,238	59,527	61,908	75,321	91,640	111,493	165,038
Reserve for Replacements	45,000	46,800	48,672	50,619	52,644	64,049	77,925	94,808	140,339
Other	30,750	31,980	33,259	34,590	35,973	43,787	53,249	64,786	95,899
TOTAL EXPENSES	\$596,015	\$619,445	\$643,800	\$669,117	\$695,433	\$843,449	\$1,023,111	\$1,241,207	\$1,827,474
NET OPERATING INCOME	\$225,149	\$226,354	\$227,373	\$228,192	\$228,795	\$227,985	\$218,975	\$198,710	\$107,654
<b>DEBT SERVICE</b>									
First Lien Financing	\$101,963	\$101,963	\$101,983	\$101,963	\$101,963	\$101,963	\$101,963	\$101,963	\$101,963
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	66,961	66,961	66,961	66,961	66,961	66,961	66,961	66,961	66,961
NET CASH FLOW	\$56,226	\$57,431	\$58,450	\$59,268	\$59,872	\$59,061	\$50,051	\$29,787	(\$81,270)
DEBT COVERAGE RATIO	1.33	1.34	1.35	1.35	1.35	1.35	1.30	1.18	0.64

**HTC ALLOCATION ANALYSIS: Chateau Village, Houston, 9% HTC #08195**

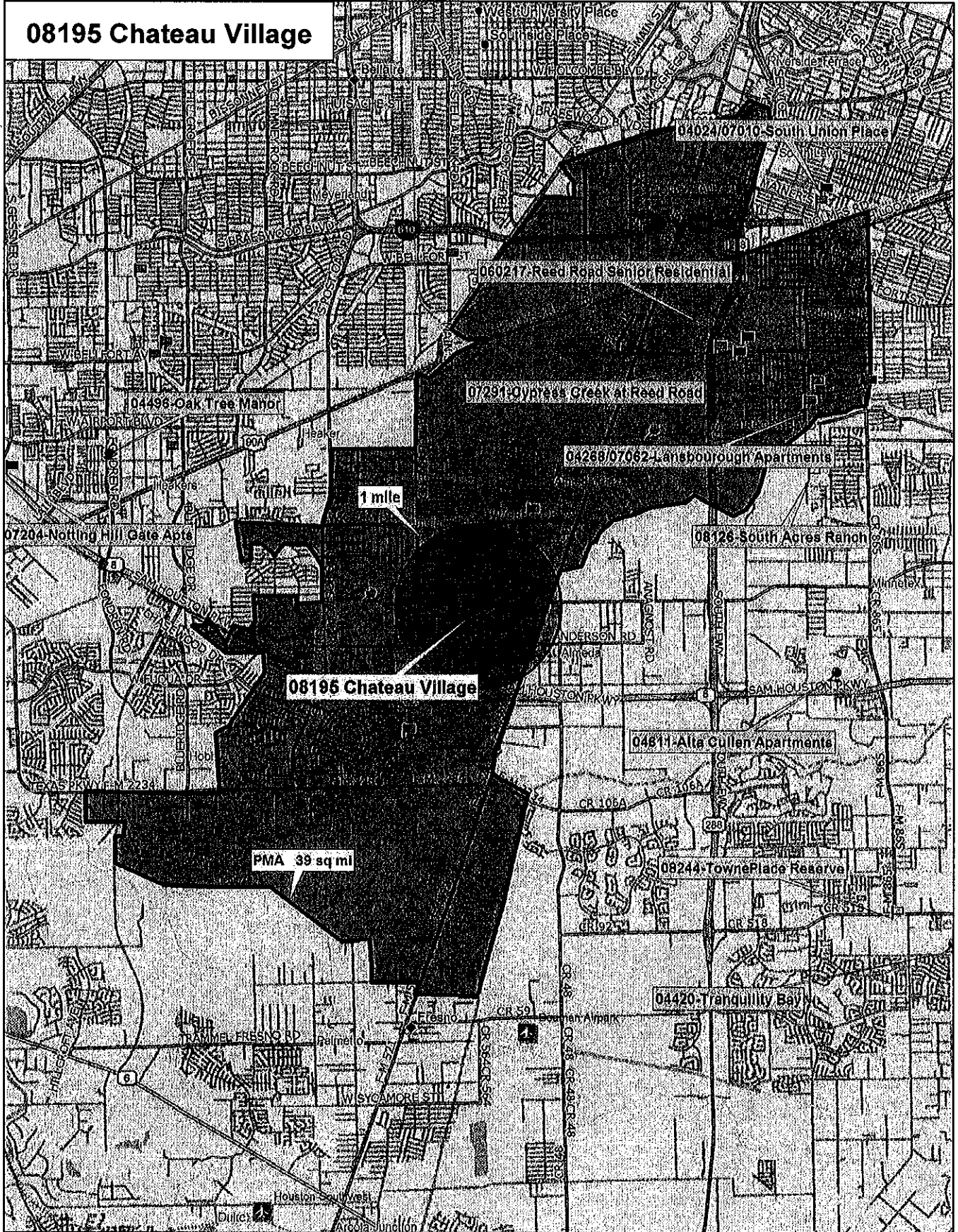
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>						
Purchase of land	\$646,651	\$906,141				
Purchase of buildings	\$4,790,000	\$4,530,510	\$4,790,000	\$4,530,510		
<b>Off-Site Improvements</b>						
Sitework	\$348,148	\$207,000			\$348,148	\$207,000
Construction Hard Costs	\$5,431,851	\$5,523,000			\$5,431,851	\$5,523,000
Contractor Fees	\$809,200	\$802,200			\$809,200	\$802,200
Contingencies	\$302,000	\$302,000			\$302,000	\$302,000
Eligible Indirect Fees	\$256,500	\$256,500	\$12,750	\$12,750	\$243,750	\$243,750
Eligible Financing Fees	\$225,890	\$225,890			\$225,890	\$225,890
All Ineligible Costs	\$483,863	\$483,863				
Developer Fees			\$720,413	\$679,577	\$1,104,126	\$1,095,576
Developer Fees	\$1,848,952	\$1,777,065				
Development Reserves	\$85,000	\$96,862				
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$15,228,055</b>	<b>\$15,111,031</b>	<b>\$5,523,163</b>	<b>\$5,222,837</b>	<b>\$8,464,965</b>	<b>\$8,399,416</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>\$5,523,163</b>	<b>\$5,222,837</b>	<b>\$8,464,965</b>	<b>\$8,399,416</b>
High Cost Area Adjustment					130%	130%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$5,523,163</b>	<b>\$5,222,837</b>	<b>\$11,004,454</b>	<b>\$10,919,241</b>
Applicable Fraction			100%	100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$5,523,163</b>	<b>\$5,222,837</b>	<b>\$11,004,454</b>	<b>\$10,919,241</b>
Applicable Percentage			3.55%	3.55%	8.32%	8.32%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$196,072</b>	<b>\$185,411</b>	<b>\$915,571</b>	<b>\$908,481</b>

Syndication Proceeds	0.8598	\$1,685,885	\$1,594,214	\$7,872,338	\$7,811,378
<b>Total Tax Credits (Eligible Basis Method)</b>				\$1,111,643	\$1,093,892
Syndication Proceeds				\$9,558,223	\$9,405,592
Requested Tax Credits				\$1,174,583	
Syndication Proceeds				\$10,099,400	
<b>Gap of Syndication Proceeds Needed</b>					\$10,550,162
<b>Total Tax Credits (Gap Method)</b>					\$1,227,008



# 08195 Chateau Village



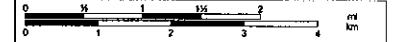
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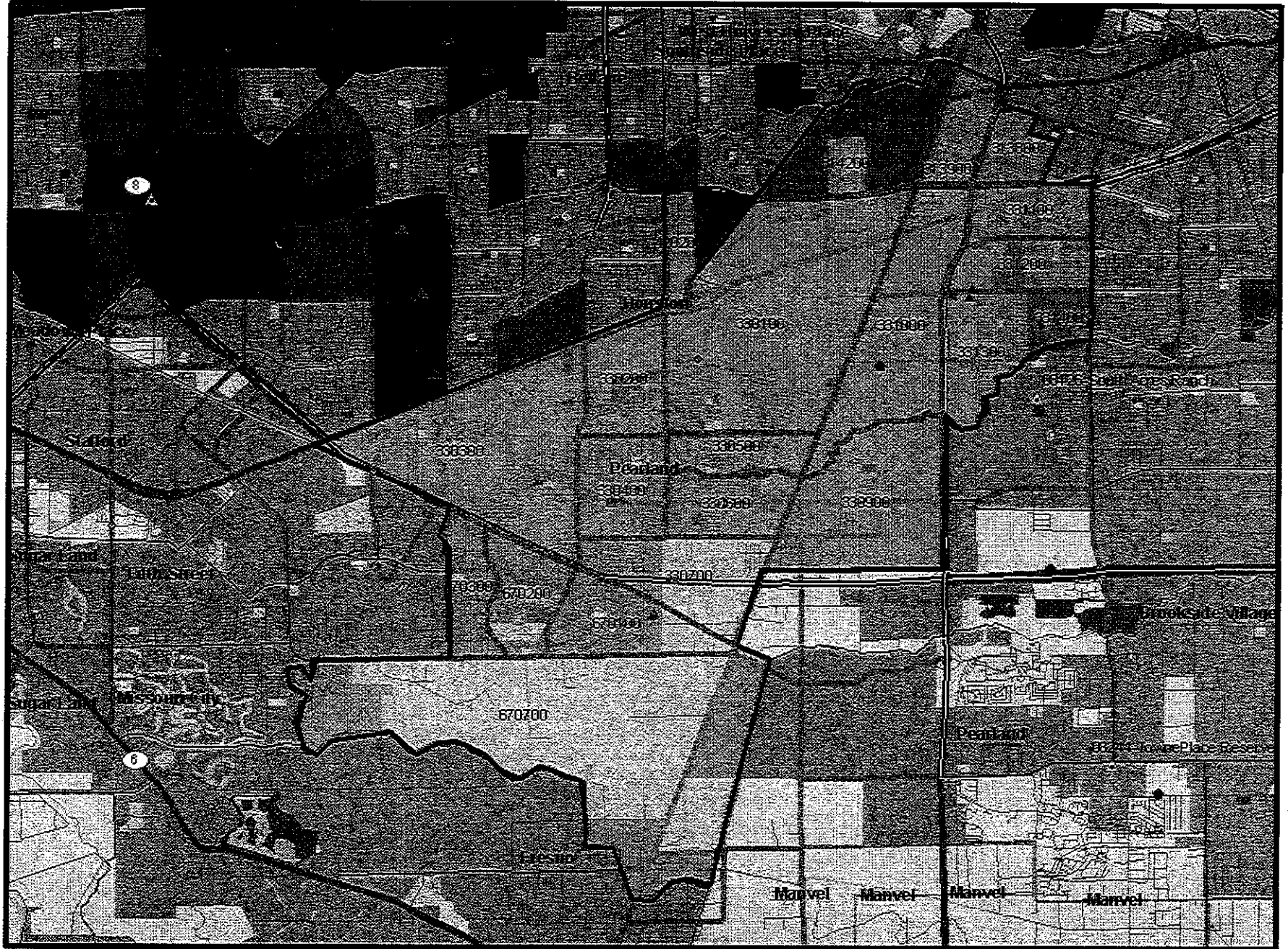


Scale 1 : 100,000



1" = 1.58 mi

Data Zoom 11-0



- Concentration Key
- Red Tracts: > 1432 units/sq.mi.
  - Orange Tracts: 1000 to 1432 units/sq.mi.

# 08195 - Chateau Village Apartments

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Presentation, Discuss, and Possible Waiver of Requirements of the 2009 Qualified Allocation Plan and Rules for the Hyatt Manor Application.

**Requested Action**

Approve, Amend, or Deny the Waivers of the 2009 Qualified Allocation Plan and Rules.

**Background**

At the March 12, 2009, Board meeting, the applicant for the Hyatt Manor application asked the Board to be included on the April agenda so that their application may be included with the other 2007 applications that received waivers of the 2009 QAP requirements. The applicant is requesting to be eligible for the amnesty of penalties even though they did not meet the requirements of returning their 2007 credits by the January 2<sup>nd</sup> amnesty date. The other waivers or concessions the applicant is requesting are as follows: use of third-party reports, pre-application points and previously paid fees in 2007.

Additionally, the applicant is requesting to receive six points for green building items in his 2009 application. The applicant only provided items worth two points for green building. Staff does not recommend awarding points for amenities not provided. The Board previously denied other 2007 applicants the same points.

**Recommendation**

Staff does not recommend waiving the rules.

Should the Board grant the waiver, staff recommends the Board follow their previous waiver to exhibit consistency for this application cycle.

HVM GONZALES COUNTY, LTD  
P.O. Box 190  
Burnet, Texas 76811  
512-756-6809 Ext 212. Fax 512-756-9885  
e-mail: dennishoover@hamiltonvalley.com

March 23, 2009

TDHCA  
Robbye Meyer  
Director of Multifamily Programs

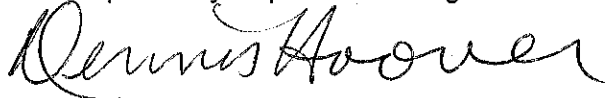
Re: Hyatt Manor Apartments #09318

On January 29<sup>th</sup> we returned our 2007 credits for Hyatt Manor #07271 in amount of \$322,018 and additional credits #08919 in the amount of \$30,603. We also canceled our application for a HOME loan associated with that application. We have applied for credits and a HOME loan in this current credit round.

However, we missed the January 2<sup>nd</sup> amnesty period for returning 2007 credits. The same thing that happened to the other 2007 credit applications also happened to us, just a little later. My syndicator had been telling me that they could place the credits with an investor this year if we could just bridge our financing gap with a HOME loan. Then in late January they told us that the investor market had not firmed up like they anticipated. They decided that they could not get an investor in quick enough for us to start rehab and finish by year-end.

I ask to be included in the group of 2007 applications that will have their 2007 application fee, commitment fee, Inspection fee, Extension fee and HOME application fee credited to our 2009 application. I ask to be allowed to use the 2007 3<sup>rd</sup> party reports. I ask that the Pre-application points be awarded since we did Pre-App in 2007. We scored two points for Green Building for 2009 but ask for the full six points since those points were not in the 2007 QAP. I ask for the penalty points to be waived for missing the January deadline for returning credits.

Please place my request on the agenda for the April board meeting.



Dennis Hoover, Vice President of HVM Ventures LLC, general partner



EQUAL HOUSING  
OPPORTUNITY



09137  
Appeal  
Documentation  
3 Day Posting

09108  
Appeal  
Documentation  
Timely Filed

09000  
Appeal  
Documentation  
Timely Filed

08161 / 09011  
Canutillo Palms



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**April 23, 2009**

**Action Item**

Presentation, Discussion and Possible Action for 2009 Competitive Housing Tax Credit (HTC) Appeals.

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal.

**Background and Recommendations**

**Canutillo Palms, #08161/09011**

The Applicant states he is appealing the underwriting determination to not apply the 2009 Qualified Allocation Plan and Rules to this award, in order to qualify for the 30% increase in eligible basis due to being in a high opportunity area in 2009. However, this appeal is a programmatic issue not an underwriting issue. This award was made as a Forward Commitment from the 2008 Competitive Housing Tax Credit Waiting List. Therefore, it is 2008 award that is allocated from the 2009 credit ceiling. The opportunity to access the 30% increase in eligible basis, resulting from the expansion of the qualified areas for 2009, has not been made available to any other 2008 Forward Commitments.

The Commitment Notice, executed by the Applicant and the Department, states "...This Commitment Notice is subject to the Development Owner's full compliance with the Department's 2008 Housing Tax Credit Qualified Allocation Plan and Rules, Chapter 50 of Title 10 of the Texas Administrative Code (the "Rules"); is considered to have satisfied the requirements of the subsequent years Housing Tax Credit Qualified Allocation Plan and Rules with the exception of required statutory changes;..." An Applicant that is awarded a Forward Commitment must meet the requirements of the QAP which govern the application cycle for which the Applicant applied. The Applicant is deemed to meet the following year's QAP because Forward Commitment awards are usually awarded prior to the finalization of the following year's QAP.

The 2008 QAP §50.10(c) states "...Applications submitted under the 2008 QAP and granted a Forward Commitment of 2009 Housing Tax Credits are considered by the Board to comply with the 2009 QAP by having satisfied the requirements of the 2008 QAP, except for statutorily required changes.

The statement in both of these documents, "of having satisfied the requirements of", gives the Applicant the protection of not having to meet unknown requirements in accepting an award prior to the publication of the next year's rules. It is not meant for an Applicant to choose which QAP has the greatest advantages for their development. The Department applies the rules of the

program consistently to all Applicants. Staff maintains that all 2008 Applicants from the Waiting List are subject to the 2008 QAP.

In addition, this Application not only received the original allocation amount but also received the advantages afforded all 2008 applications of the nine percent applicable percentage rate and the ten percent cost increase adjustment. The total allocation amount is \$1,391,908. The underwriting report reflects that the 30% additional credits being requested in this appeal are not necessary for the financial feasibility of the development at the syndication price provided to the Department by the December 2008 deadline established by the Board.

Relevant documentation related to this appeal is provided behind the Board Action Request.

Applicant:	Canutillo Palms, Ltd.
Contact:	R.L. (Bobby) Bowling IV.
Site Location:	200' West of I10, Adjacent to Canutillo High School
City / County:	El Paso, El Paso County
Regional Allocation Category:	Urban
Population Served:	General
Region:	13
Type of Development:	New Construction
Units:	172
Credits Awarded:	\$1,391,908

**Staff Recommendation:** The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal.



# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

*www.tdhca.state.tx.us*

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
C. Kent Conine, *Chair*  
Gloria Ray, *Vice Chair*  
Leslie Bingham Escareño  
Tomas Cardenas, P.E.  
Thomas H. Gann  
Juan S. Muñoz, Ph.D.

April 13, 2009

Mr. R. L. "Bobby" Bowling  
Tropicana Building Corporation  
4655 Cohen  
El Paso, Texas 79924  
Telephone: (915) 821-3550  
Facsimile: (915) 821-3556  
Via Email: [bbowling4@aol.com](mailto:bbowling4@aol.com)

**Re: Appeal for Canutillo Palms, HTC # 08161**

Dear Mr. Bowling:

### Appeal Review

I have reviewed the subject application, as well as your appeal that was received on March 30, 2009 concerning the determination of which Qualified Allocation Plan and Rules applies to the above referenced application. This appeal is a programmatic issue, not an underwriting issue. This award was made as a Forward Commitment from the 2008 Competitive Housing Tax Credit Waiting List. Therefore, it is 2008 award that will be allocated from the 2009 credit ceiling.

The Commitment Notice, executed by the Applicant and the Department, states "...This Commitment Notice is subject to the Development Owner's full compliance with the Department's 2008 Housing Tax Credit Qualified Allocation Plan and Rules, Chapter 50 of Title 10 of the Texas Administrative Code (the "Rules"); is considered to have satisfied the requirements of the subsequent years Housing Tax Credit Qualified Allocation Plan and Rules with the exception of required statutory changes;..." An Applicant that is awarded a Forward Commitment must meet the requirements of the QAP which governs the application cycle for which the Applicant applied. The Applicant is deemed to meet the following year's QAP because Forward Commitment awards are usually awarded prior to the finalization of the following year's QAP.

The 2008 QAP §50.10(c) states "...Applications submitted under the 2008 QAP and granted a Forward Commitment of 2009 Housing Tax Credits are considered by the Board to comply with the 2009 QAP by having satisfied the requirements of the 2008 QAP, except for statutorily required changes.


The statement in both of these documents, "of having satisfied the requirements of", gives the Applicant the protection of not having to meet unknown requirements in accepting an award prior to the publication of the next year's rules. It is not meant for an Applicant to choose which QAP has the greatest advantages for their development. The Department applies the rules of the program consistently to all Applicants. All 2008 Applicants from the Waiting List are subject to the 2008 QAP.

**Appeal Determination:**

Your appeal is denied.

Pursuant to §49.17(b)(4) of the 2009 QAP, you may file an appeal to be considered by the Board at the April 23, 2009 Board meeting. If you wish to submit any further documentation for your Board appeal, the documentation **must** be received by 5:00 p.m. CST on April 16, 2009 to be placed with the April 23, 2009 Board materials. If no additional documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Gerber", written over the word "Sincerely,".

Michael Gerber  
Executive Director

MFF:rgm

**TROPICANA BUILDING CORPORATION**  
**4655 COHEN AVE., EL PASO, TX 79924**  
**(915) 821-3550**

March 30, 2009

Michael Gerber  
Executive Director  
TDHCA  
Sent Via E-mail

**RE: CANUTILLO PALMS UNDERWRITING APPEAL (#08161)**

Dear Michael,

We wish to submit to you this formal appeal on the underwriting decision NOT to apply section 49.6(h)(4)(D)(ii) of the 2009 QAP to the Canutillo Palms forward commitment. Specifically, this subsection of the QAP would allow for Canutillo Palms to receive a 30% increase in credits.

The issue is whether the 2009 QAP or the 2008 QAP applies to this (or other) forward commitments. We believe that the 2009 QAP applies and that TDHCA has set the precedent for this matter many times in the past. In fact, we are attaching a copy of a letter we received from TDHCA on 3/4/04, **EXPLAINING TO US THAT THE 2004 QAP APPLIES TO OUR 2003 FORWARD COMMITMENT (DIANA PALMS, TDHCA APPLICATION #03024/04001)**.

We are fortunate to be in a position to **close this deal** with an investor in the next 30 days if this appeal is granted. However, the price point we are discussing currently with the investor (69 cents) makes the deal infeasible without the 30% increase in credits. (See attached letter dated 3/26/09 from The Richman Group.) In our opinion, in the midst of such disastrous economic times for the financial markets, TDHCA should be bending over backwards looking for ways to make deals work in order to help get affordable housing on the ground in Texas—otherwise, the levels of affordable housing production in Texas will nearly vanish for the next few years.

**We are asking for nothing more in this appeal than an enforcement and continuation of prior TDHCA policy—apply the current year's QAP to forward commitments.** In the prior forward commitment we were awarded in 2003, the 2004 QAP was MORE RESTRICTIVE and made the deal MORE DIFFICULT AND COSTLY to develop. Now, in a case where the 2009 QAP is MORE FAVORABLE to getting Canutillo Palms developed, TDHCA has thus far taken the **exact opposite** position and applied the prior year's QAP to this forward commitment.

Hopefully, this is a mere misunderstanding or miscommunication between different sections within the Department and you can clarify this matter expeditiously. We realize that there were other substantive changes to the 2009 QAP above and beyond the 2008 QAP. To the extent that the Board may have waived the requirements of the 2009 QAP on 2008 forward commitments through prior actions, we are prepared to have the full 2009 QAP apply to the Canutillo Palms forward commitment. We believe, if nothing else, the developer should have the option of applying EITHER the 2008 QAP OR the 2009 QAP to their forward commitments.

Thank you for your attention to this matter. Please do not hesitate to call me to discuss this at any time at 915-474-5250.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. L. Bowling IV', with a stylized flourish at the end.

R. L. "Bobby" Bowling IV  
President

THE  
**R**ICHMAN  
**G**ROUP  
AFFORDABLE HOUSING CORP.

*340 Pemberwick Rd.  
Greenwich, CT 06831  
(p) 203.869.0900  
(f) 203.869.1034*

March 26, 2009

Mr. Bobby Bowling  
President  
Tropicana Building Corporation  
4655 Cohen  
El Paso, TX 79924

Re: Canutillo Palms Apartments, El Paso, TX

Dear Mr. Bowling:

With respect to the above referenced LIHTC project for which we have provided an equity proposal to you, we wanted to inform you that an investor has expressed serious interest in investing in the project through one of our funds and would like to move forward toward closing as quickly as possible, subject of course to satisfactory completion of normal due diligence. We are aware that the project has received an allocation of LIHTC but it is currently awaiting an additional allocation of 2009 LIHTC to fill funding gaps.

As we are both aware of in this current equity market, there is a very short time window that an investor will hold equity aside for a particular transaction before it gets allocated to another deal, quite possibly in another state. Therefore, in order to keep the equity allocation for this deal we will need to confirm for the investor whether TDHCA is awarding the additional LIHTC to the property. Please convey to TDHCA that this property has serious investor interest, but receiving the additional funding allocation quickly will be key to maintaining the investor's interest in the project. Given the urgency of the situation, we must have immediate confirmation of the additional funding or the investor will need to re-allocate the equity elsewhere. Please keep us updated on your progress regarding this matter, and should you or TDHCA have any questions please feel free to call me. Thank you.

Sincerely,

  
Peter K. McHugh  
Vice President



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 03/24/09 PROGRAM: 9% HTC FILE NUMBER: 08161

**DEVELOPMENT**

Canutillo Palms

Location: Parcel directly South of Canutillo High School, 200 feet West of I-10 Region: 13  
 City: El Paso County: El Paso Zip: 79932  OCT  DDA  
 Key Attributes: Family, Urban, New Construction, 4-plexes

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,200,000			<b>\$1,391,908</b>		

The recommended tax credit allocation incorporates the November 13, 2008 TDHCA Board approval to use the 9% credit rate and a 10% increase in direct and sitework construction costs for all competitive 2007 and 2008 transactions as well as all applications on the 2008 waiting list to be considered for a forward commitment.

**CONDITIONS**

- 1 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	18
60% of AMI	60% of AMI	154

**PROS**

- The development team has considerable experience with tax credit and other affordable housing developments in El Paso.

**CONS**

- The acquisition is an identity of interest.

**PREVIOUS UNDERWRITING REPORTS**

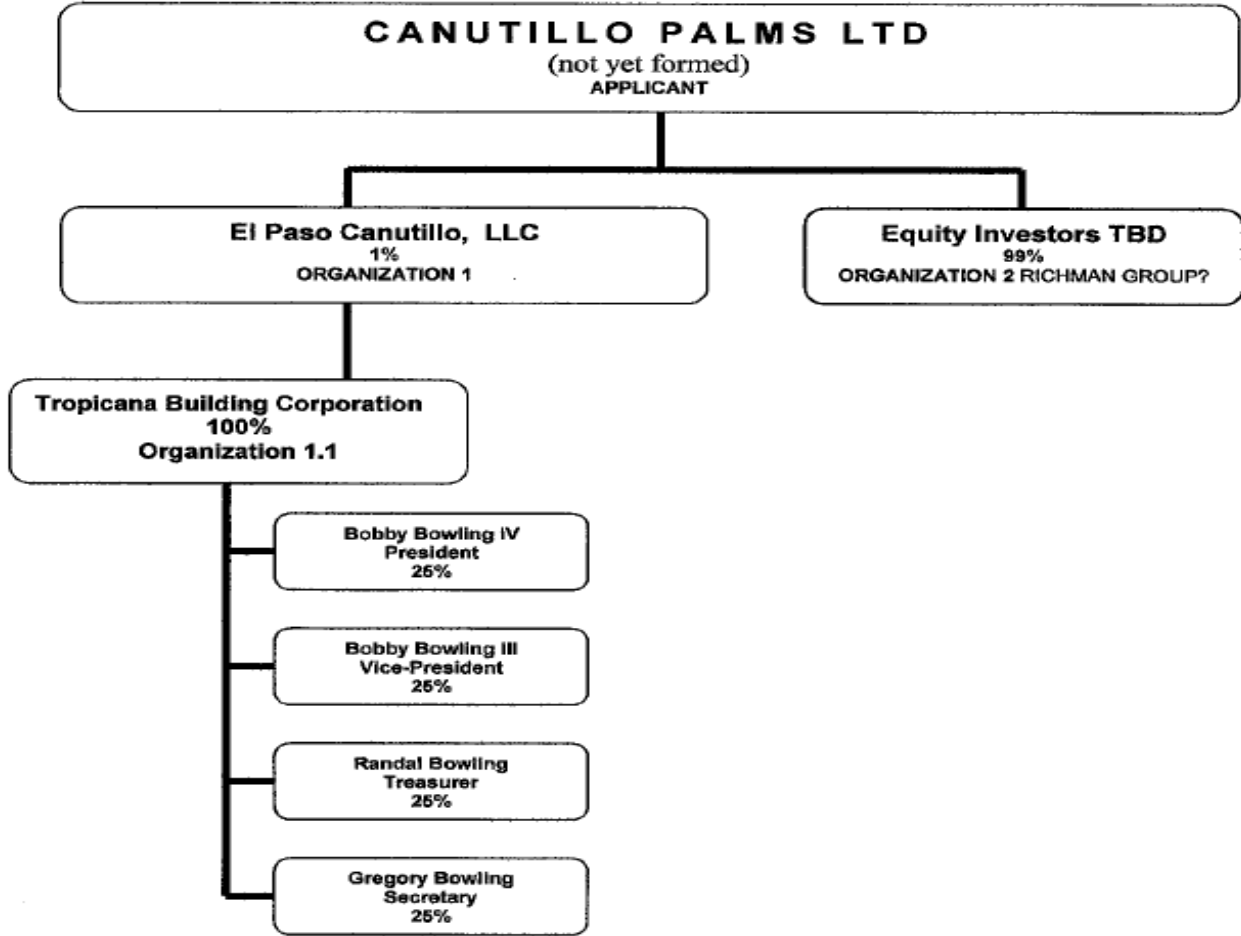
No previous reports.

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**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Bobby Bowling IV Phone: 915.821.3550 Fax: 915.821.3551  
 Email: [bbowling4@aol.com](mailto:bbowling4@aol.com)

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
El Paso Canutillo, LLC	N/A	N/A
Tropicana Building Corporation	N/A	16

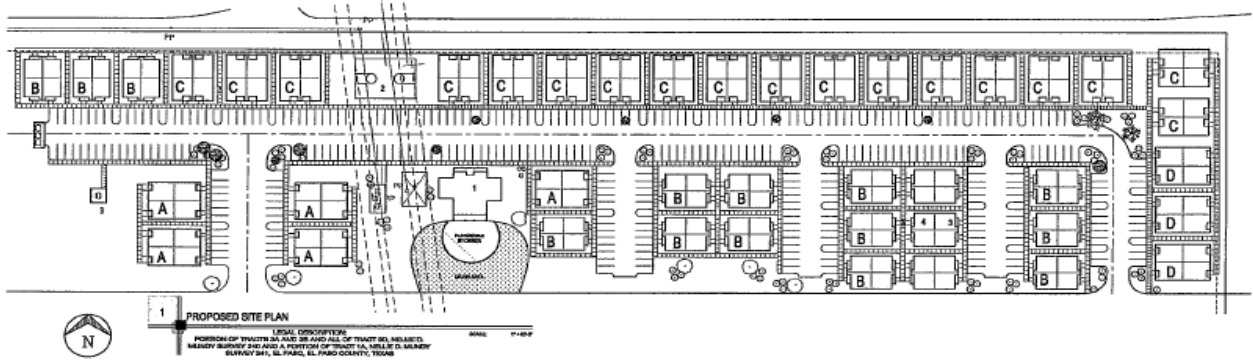
**IDENTITIES of INTEREST**

- o The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- o The Principals of Tropicana Building Corporation are also members of the seller, Tropicana Development, Inc. This will be addressed in the Acquisition Cost Section of this report as an identity of interest transaction.

This section intentionally left blank.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	1	2	3	4								Total Buildings
Floors/Stories	1	2	2	2								
Number	5	17	18	3								<b>43</b>

BR/BA	SF	Units										Total Units	Total SF
1/1	706	4										20	14,120
2/1	905		4									68	61,540
3/2	1,035			4								72	74,520
4/2	1,221				4							12	14,652
Units per Building		4	4	4	4							<b>172</b>	<b>164,832</b>

**SITE ISSUES**

Total Size: 11.94 acres      Scattered site?       Yes       No  
 Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No  
 Zoning: A-2      Needs to be re-zoned?       Yes       No

Comments:

Since the original application the site has been recently re-zoned to R-3A (Light Residential) and A-2 (Apartment/Medium Density Residential). The 11.94 acre portion of the site is zoned entirely A-2, therefore there should no longer be any issues regarding zoning classifications.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/18/2008

Overall Assessment:

Excellent       Acceptable       Questionable       Poor       Unacceptable

Surrounding Uses:

North: Outlet Mall; Beyond - New Mexico      East: Industrial Building; Beyond - Mountains  
 South: Residential; Beyond - Mexico      West: Mountains; Beyond - Mexico

Comments:

The site is located across the street from the recently constructed Canutillo High School. Also within about 1/2 mile is a new outlet mall that was opened in October 2007. The frontage road to the site is also the frontage road for I-10.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Soil Mechanics International Date: 3/19/2008  
 Comments:  
 The Phase I ESA revealed no evidence of REC's in connection with the subject property.

**MARKET HIGHLIGHTS**

Provider: The Powers Group Date: 3/14/2008  
 Contact: Linda M. Powers Phone: 915.479.2093 Fax: 915.613.2354  
 Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 85 square miles (7.1 mile radius)  
 The PMA is defined as Census Tracts: 481410011.04, 481410011.07, 481410011.09, 481410011.12, 481410011.13, 481410012.01, 481410012.02, 481410012.03, 481410013.01, 481410013.02, 481410102.04, 481410102.08, 481410102.09. The subject property is located within the Northwest planning sector of the City of El Paso, approximately six miles northwest of the El Paso Central Business District. Geographical boundaries are: El Paso City Limits to the North; Texas/New Mexico State Line to the West; Executive Center Boulevard to the South; and Franklin mountain ridge to the East.

Secondary Market Area (SMA):  
 None defined.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
None				None			

INCOME LIMITS						
El Paso						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,150	\$10,500	\$11,800	\$13,100	\$14,150	\$15,200
60	\$18,300	\$20,940	\$23,520	\$26,160	\$28,260	\$30,360

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR-1BA / 30%	48	2		50	1		2%
1BR-1BA / 50%	61	1		62	3		5%
1BR-1BA / 60%	92	3		95	16		17%
2BR-1BA / 30%	34	-1		33	2		6%
2BR-1BA / 50%	56	-1		55	32		58%
2BR-1BA / 60%	62	0		62	34		55%
3BR-2BA / 30%	21	-1		20	3		15%
3BR-2BA / 50%	39	0		39	23		59%
3BR-2BA / 60%	51	0		51	46		90%
4BR-2BA / 30%	14	0		14	3		21%
4BR-2BA / 50%	26	0		26	3		12%
4BR-2BA / 60%	31	0		31	6		19%

The Market Analyst included data for 50% AMI units, however there are only 30% and 60% AMI units proposed within this development. This discrepancy is most likely due to a change in the rent schedule by the Applicant after the Market Study was completed.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR-1BA / 30%	26	1		27	2		7%
1BR-1BA / 60%	166	8		174	18		10%
2BR-1BA / 30%	24	0		24	7		30%
2BR-1BA / 60%	135	1		136	61		45%
3BR-2BA / 30%	24	0		24	7		29%
3BR-2BA / 60%	118	2		120	65		54%
4BR-2BA / 30%	26	-1		26	2		8%
4BR-2BA / 60%	109	2		111	10		9%

OVERALL DEMAND											
		Target Households		Household Size		Income Eligible		Tenure		Demand	
PMA DEMAND from TURNOVER											
Market Analyst	p. 92	100%	33,065	98%	32,400	21%	6,804	45%	3,088	39%	1,210
Underwriter		100%	33,077	96%	31,754	23%	7,444	46%	3,456	40%	1,383
PMA DEMAND from HOUSEHOLD GROWTH											
Market Analyst	p. 93			98%	512	9%			48	98%	47
Underwriter				96%	603	23%	136	46%	63	100%	63

INCLUSIVE CAPTURE RATE							
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst	p. 117	172	0	0	172	1,257	13.69%
Underwriter		172	0	0	172	1,446	11.90%

#### Demand Analysis

The Underwriting Analysis was unable to corroborate the Market Analyst's demand for household growth. The percentages were calculated to be within 1% of the Market Analyst's original findings. However the Market Analyst's report calculates demand for future growth of income qualified renter households per year to be 59, while the Underwriting Analysis utilized the same calculations in an attempt to verify the Market Analyst's findings. The Underwriter calculated demand for future growth of income qualified renter households to be 47, and this number has been utilized within this report.

The Underwriting Analysis calculated the inclusive capture rate using the traditional demand method to be 11.9% compared to the Market Analyst's calculation of 13.69%. Both are within the Department's capture rate guidelines for family developments and, therefore, considered acceptable.

#### Primary Market Occupancy Rates:

"The primary market area has an overall occupancy rate estimated to be 95.1%. The LIHTC units located within the market area have an overall occupancy rate of 99.2% reflective of the market." p. 66

#### Absorption Projections:

"Absorption over the past 17 years (1990-2007) has been at an average rate of 148 units per year, or about 13 units per month." p. 66

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RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	706 SF	30%	\$153	\$153	\$540	\$153	\$387
2 BR	967 SF	30%	\$398	\$398	\$540	\$398	\$142
3 BR	1,083 SF	30%	\$190	\$190	\$673	\$190	\$483
4 BR	1,201 SF	30%	\$483	\$483	\$673	\$483	\$190
1 BR	706 SF	60%	\$220	\$220	\$772	\$220	\$552
2 BR	967 SF	60%	\$560	\$560	\$772	\$560	\$212
3 BR	1,083 SF	60%	\$241	\$241	\$818	\$241	\$577
4 BR	1,201 SF	60%	\$620	\$620	\$818	\$620	\$198

**Market Impact:**

"The proposed project is to be located in an area where a significant amount of commercial and residential development has occurred in the past five years. There are schools, all located within proximity to the site. Due to the recently announced increase of soldiers and their families at Fort Bliss, a large amount of additional housing will be necessary in the El Paso area. Because of the subject's location in Northwest El Paso, near where Fort Bliss is located, it is anticipated that a large demand will be in the immediate neighborhood." p. (introduction) x

**Comments:**

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

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          2          Date of Last Applicant Revision:        1/23/2009  

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of May 1, 2008, maintained by the Housing Authority of the City of El Paso, from the 2008 program gross rent limits. The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines and effective gross income is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:          1          Date of Last Applicant Revision:        12/22/2008  

The Applicant's revised total annual operating expense projection at \$3,218 per unit is within 5% of the Underwriter's estimate of \$3,290, derived from the TDHCA database, and third-party data sources. Overall the Applicant's total expense estimate is within 5% of the Underwriter's estimate.

**Conclusion:**

The Applicant's income, operating expenses, and net operating income are all within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.20, which is within the Department's DCR guideline of 1.15 to 1.35.

**Feasibility:**

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with 2008 TDHCA guidelines. The Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow.

**ACQUISITION INFORMATION****APPRAISED VALUE**

Provider: The Powers Group - Linda M. Powers Date: 8/12/2008  
 Number of Revisions: None Date of Last Applicant Revision: N/A  
 Land Only: 11.94 acres \$780,000 As of: 2/12/2008  
 Existing Buildings: (as-is) N/A As of: 2/12/2008  
 Total Development: (as-is) \$780,000 As of: 2/12/2008

**ASSESSED VALUE**

Land Only: 19.01 acres \$1,048,619 Tax Year: 2008  
 Assessed value per acre: \$55,161 Valuation by: El Paso CAD  
 Total Assessed Value (11.94 acres): \$658,628 Tax Rate: 2.483807

**EVIDENCE of PROPERTY CONTROL**

Type: Commercial Contract - Unimproved Property Acreage: 11.94  
 Contract Expiration: 12/30/2009 Valid Through Board Date?  Yes  No  
 Acquisition Cost: \$700,000 Other: \_\_\_\_\_  
 Seller: Tropicana Development Related to Development Team?  Yes  No

## Comments:

The Buyer is Tropicana Building Corporation and is an Identity of Interest to the Development Team of Tropicana Development, the seller.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

## Acquisition Value:

The site acquisition cost of \$700K for the subject's 11.94 acres appears to be consistent with both the tax assessed value and the appraised value. The property transfer is considered an identity of interest transaction since the seller, Tropicana Development, is related to the buyer. Current Department rules require that for all related party transactions the Applicant provide documentation of the original acquisition cost as reflected in a settlement statement. The Applicant provided a copy of the Buyer's Closing Statement dated 7/23/2007 whereby Tropicana Development, Inc. purchased 75.453 acres for a total price of \$3,658,436. The subject 11.94 acres is part of this larger parcel of land purchased in 2007. Based on the original purchase price, the per acre price is \$48,486 or \$578,926 total for the 11.94 acres.

In cases where the original acquisition cost evidenced by a settlement statement is less than the acquisition cost claimed in the application, the Department's rules also allow an Applicant to provide appraisal and any other verifiable costs of owning, holding or improving the property in order to justify the higher acquisition cost. As a result the Applicant provided documentation identifying closing costs, property taxes, re-zoning costs, and calculated return on equity, prorated for the 11.94 subject acres, which add another \$159K to the \$579K identified earlier based on the original purchase price. These amounts together amount to over the \$700K claimed in the application. Therefore, the Applicant's acquisition cost is considered acceptable.

## Off-Site Cost:

The Applicant has not documented any Off-site Costs for this development.

Site Work Cost:

The Applicant's claimed site work costs of \$8,605 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$305K or 3% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate. The direct construction costs are marginally more expensive per square foot for this development than for that of a more typical development in the area because the Applicant proposes to include 100% ceramic tile throughout the units. The Department's costing tool is believed to overcompensate for the cost of ceramic tile especially in El Paso and other border areas where the materials and skilled installers make the use of ceramic tile more cost effective than in other areas of the state. To the extent that the plan for ceramic tile is modified in the future, a reduction in cost and therefore a reduction in the recommended tax credit amount is likely.

Contingency & Fees:

While the Applicant's fees are within the Department's guidelines, the Applicant included no contingency leaving less margin for error in cost estimation than the typical transaction. The lack of a cushion here may be somewhat offset by the cushion provided by the additional cost of ceramic tile discussed above.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$14,427,040 supports annual tax credits of \$1,298,434. The TDHCA Board acted on November 13, 2008 to allow all transactions the benefit of the 9% applicable percentage which is accounted for in this calculation.

In addition, the Board approved an increase in the credit amount for all 2007 and 2008 competitive HTC transactions, including those on the 2008 Waiting List, which provides an additional 10% of direct construction and site work cost as contingency. In this case, the increase results in an additional eligible basis amount of \$1,038,600 and \$93,474 in additional credits. The total eligible credit of \$1,391,908 will be compared to the amount determined by the gap in financing to determine any recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 12/22/2008

Source: Bank of America Type: Interim Financing

Principal: \$10,000,000 Interest Rate: LIBOR + 3.5%  Fixed Term: 24 months

Comments:

Construction Loan to be interest only for the initial term of 24 months.

Source: Bank of America Type: Permanent Financing

Principal: \$4,200,000 Interest Rate: 7.1%  Fixed Amort: 360 months

Comments:

The interest rate per the Bank of America commitment provided at application is based on the 10 year US treasury index, plus applicable spread at the time of rate lock.

The latest equity commitment dated 11/25/2008 reflects a permanent financing structure that is slightly different from that proposed in the original application. Specifically, the equity commitment assumes a permanent loan of \$4.2M with an interest rate no greater than 7.10% and a 30-year amortization. These assumptions have been utilized for purposes of this analysis.

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Source: Franklin Building Materials Type: Grant

Principal: \$306,500 Conditions: Grant to be provided upon HTC award approval

Source: The Richmond Group Type: Syndication

Proceeds: \$10,547,204 Syndication Rate: 76% Anticipated HTC: \$ 1,387,790

Comments:

The committed credit price appears to be consistent with recent trends in pricing. However, should the credit price decrease to less than \$0.74 the financial viability of the transaction may be jeopardized. Alternatively, should the final credit price increase to more than the \$0.85 all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$1,572,936 Type: Deferred Developer Fees

### CONCLUSIONS

Recommended Financing Structure:

At its November 13, 2008 meeting, the Governing Board approved an increase in tax credits for all competitive 2007 and 2008 transactions using the 9% applicable rate and a 10% increase in direct and sitework construction costs. As a result, all applications on the 2008 waiting list to be considered for a forward commitment will be treated in the same manner. As discussed previously, the Applicant's total development cost estimate is within 5% of the Underwriter's estimate, therefore, the Applicant's cost will be used for purposes of determining the development's eligible basis and funding need. Accordingly, the Applicant's development cost has been increased by 10% as approved by the TDHCA Board for purposes of determining the recommended tax credit allocation.

The Applicant's total development cost estimate (including the 10% increase) less the permanent loan of \$4,200,000 and grant of \$306,500 from Franklin Building Materials indicates a need for \$11,853,140 in gap funds. Based on the latest submitted syndication terms, a tax credit allocation of \$1,559,624 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount (\$1,559,624), and eligible basis-derived estimate (\$1,391,908), the eligible basis-derived estimate of \$1,391,908 is recommended resulting in proceeds of \$10,578,498 based on a syndication rate of 76%.

The Underwriter's recommended financing structure indicates the need for \$1,274,642 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 15 years of stabilized operation.

Underwriter: \_\_\_\_\_ Date: March 24, 2009

*Colton Sanders*

Manager of Real Estate Analysis: \_\_\_\_\_ Date: March 24, 2009

*Raquel Morales*

Director of Real Estate Analysis: \_\_\_\_\_ Date: March 24, 2009

*Brent Stewart*



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Canutillo Palms, El Paso, 9% HTC #08161**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC 30%	2	1	1	706	\$245	\$153	\$306	\$0.22	\$92.00	\$15.00
TC 60%	18	1	1	706	\$490	\$398	\$7,164	\$0.56	\$92.00	\$15.00
TC 30%	7	2	1	905	\$295	\$190	\$1,330	\$0.21	\$105.00	\$15.00
TC 60%	61	2	1	905	\$588	\$483	\$29,463	\$0.53	\$105.00	\$15.00
TC 30%	7	3	2	1,035	\$340	\$220	\$1,540	\$0.21	\$120.00	\$15.00
TC 60%	65	3	2	1,035	\$680	\$560	\$36,400	\$0.54	\$120.00	\$15.00
TC 30%	2	4	2	1,221	\$380	\$241	\$482	\$0.20	\$139.00	\$15.00
TC 60%	10	4	2	1,221	\$759	\$620	\$6,200	\$0.51	\$139.00	\$15.00
<b>TOTAL:</b>	<b>172</b>		<b>AVERAGE:</b>	<b>958</b>		<b>\$482</b>	<b>\$82,885</b>	<b>\$0.50</b>	<b>\$112.14</b>	<b>\$15.00</b>

<b>INCOME</b>		Total Net Rentable Sq Ft:	164,832	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>				\$994,620	\$994,620	El Paso		13
Secondary Income	Per Unit Per Month:	\$15.00		30,960	30,960	\$15.00	Per Unit Per Month	
Other Support Income:				0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>				\$1,025,580	\$1,025,580			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(76,919)	(76,920)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0				
<b>EFFECTIVE GROSS INCOME</b>				\$948,662	\$948,660			

<b>EXPENSES</b>	% OF EGI	PER UNIT	PER SQ FT	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>	
General & Administrative	5.99%	\$330	0.34	\$56,812	\$49,000	\$0.30	\$285	5.17%	
Management	5.00%	276	0.29	47,433	42,700	0.26	248	4.50%	
Payroll & Payroll Tax	17.31%	955	1.00	164,259	180,000	1.09	1,047	18.97%	
Repairs & Maintenance	5.87%	324	0.34	55,664	51,000	0.31	297	5.38%	
Utilities	4.00%	221	0.23	37,930	38,000	0.23	221	4.01%	
Water, Sewer, & Trash	4.14%	229	0.24	39,322	34,000	0.21	198	3.58%	
Property Insurance	3.48%	192	0.20	32,966	32,000	0.19	186	3.37%	
Property Tax	2.48	8.39%	463	0.48	79,601	75,000	0.46	436	7.91%
Reserve for Replacements	4.53%	250	0.26	43,000	43,000	0.26	250	4.53%	
TDHCA Compliance Fees	0.73%	40	0.04	6,880	6,880	0.04	40	0.73%	
Other: Supportive Service Contract	0.21%	12	0.01	2,000	2,000	0.01	12	0.21%	
<b>TOTAL EXPENSES</b>	<b>59.65%</b>	<b>\$3,290</b>	<b>\$3.43</b>	<b>\$565,867</b>	<b>\$553,580</b>	<b>\$3.36</b>	<b>\$3,218</b>	<b>58.35%</b>	
<b>NET OPERATING INC</b>	<b>40.35%</b>	<b>\$2,226</b>	<b>\$2.32</b>	<b>\$382,795</b>	<b>\$395,080</b>	<b>\$2.40</b>	<b>\$2,297</b>	<b>41.65%</b>	

<b>DEBT SERVICE</b>				<b>TDHCA</b>	<b>APPLICANT</b>			
#REF!	35.70%	\$1,969	\$2.05	\$338,704	\$329,608	\$2.00	\$1,916	34.74%
Franklin Building Materials - Grant	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>4.65%</b>	<b>\$256</b>	<b>\$0.27</b>	<b>\$44,091</b>	<b>\$65,472</b>	<b>\$0.40</b>	<b>\$381</b>	<b>6.90%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.13</b>	<b>1.20</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>					<b>1.17</b>			

<b>CONSTRUCTION COST</b>									
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)		4.47%	\$4,070	\$4.25	\$700,000	\$700,000	\$4.25	\$4,070	4.28%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		9.45%	8,605	8.98	1,480,000	1,480,000	8.98	8,605	9.05%
Direct Construction		58.82%	53,556	55.89	9,211,682	8,906,000	54.03	51,779	54.44%
Contingency	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Contractor's Fees	13.60%	9.28%	8,454	8.82	1,454,040	1,454,040	8.82	8,454	8.89%
Indirect Construction		2.87%	2,610	2.72	449,000	449,000	2.72	2,610	2.74%
Ineligible Costs		0.60%	547	0.57	94,000	94,000	0.57	547	0.57%
Developer's Fees	14.63%	12.00%	10,930	11.41	1,880,000	1,880,000	11.41	10,930	11.49%
Interim Financing		1.65%	1,500	1.57	258,000	258,000	1.57	1,500	1.58%
Reserves		0.86%	780	0.81	134,210	100,000	0.61	581	0.61%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$91,052</b>	<b>\$95.01</b>	<b>\$15,660,932</b>	<b>\$16,359,640</b>	<b>\$99.25</b>	<b>\$95,114</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>77.55%</b>	<b>\$70,615</b>	<b>\$73.69</b>	<b>\$12,145,722</b>	<b>\$11,840,040</b>	<b>\$71.83</b>	<b>\$68,837</b>	<b>72.37%</b>

<b>SOURCES OF FUNDS</b>									
					<b>RECOMMENDED</b>				
Bank of America	26.82%	\$24,419	\$25.48	\$4,200,000	\$4,200,000	\$4,200,000		Developer Fee Available	
Franklin Building Materials - Grant	1.96%	\$1,782	\$1.86	306,500	306,500	306,500		\$1,880,000	
HTC Proceeds- The Richmond Grou	67.35%	\$61,321	\$63.99	10,547,204	10,547,204	10,578,498		% of Dev. Fee Deferred	
Deferred Developer Fees	10.04%	\$9,145	\$9.54	1,572,936	1,572,936	1,274,642		68%	
Additional (Excess) Funds Req'd	-6.17%	(\$5,615)	(\$5.86)	(965,708)	(267,000)	0		15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>				<b>\$15,660,932</b>	<b>\$16,359,640</b>	<b>\$16,359,640</b>		<b>\$1,506,080</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Canutillo Palms, El Paso, 9% HTC #08161*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$60.73	\$10,010,993
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(1.31)	(216,133)
Floor Cover			10.84	1,786,779
Breezeways/Balconies	\$18.92	16,428	1.89	310,781
Plumbing Fixtures	\$965	0	0.00	0
Rough-ins	\$425	0	0.00	0
Built-In Appliances	\$1,850	172	1.93	318,200
Exterior Stairs	\$1,800	0	0.00	0
Enclosed Corridors	\$50.81	0	0.00	0
Heating/Cooling			1.90	313,181
Garages/Carports	\$0.00	0	0.00	0
Comm &/or Aux Bldgs	\$72.63	3,013	1.33	218,834
Other: fire sprinkler	\$1.95	0	0.00	0
<b>SUBTOTAL</b>			<b>77.31</b>	<b>12,742,634</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.89		(8.50)	(1,401,690)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$68.80</b>	<b>\$11,340,944</b>
Plans, specs, survy, bld prm	3.90%		(2.68)	(442,297)
Interim Construction Interes	3.38%		(2.32)	(382,757)
Contractor's OH & Profit	11.50%		(7.91)	(1,304,209)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$55.89</b>	<b>\$9,211,682</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$4,200,000	Amort	360
Int Rate	7.10%	DCR	1.13

<b>Secondary</b>	\$306,500	Amort	
Int Rate	0.00%	Subtotal DCR	1.13

<b>Additional</b>	\$10,547,204	Amort	
Int Rate	0.00%	Aggregate DCR	1.13

**RECOMMENDED FINANCING STRUCTURE**

**APPLICANT'S NOI:**

Primary Debt Service	\$338,704
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$56,376</b>

<b>Primary</b>	\$4,200,000	Amort	360
Int Rate	7.10%	DCR	1.17

<b>Secondary</b>	\$306,500	Amort	0
Int Rate	0.00%	Subtotal DCR	1.17

<b>Additional</b>	\$10,547,204	Amort	0
Int Rate	0.00%	Aggregate DCR	1.17

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

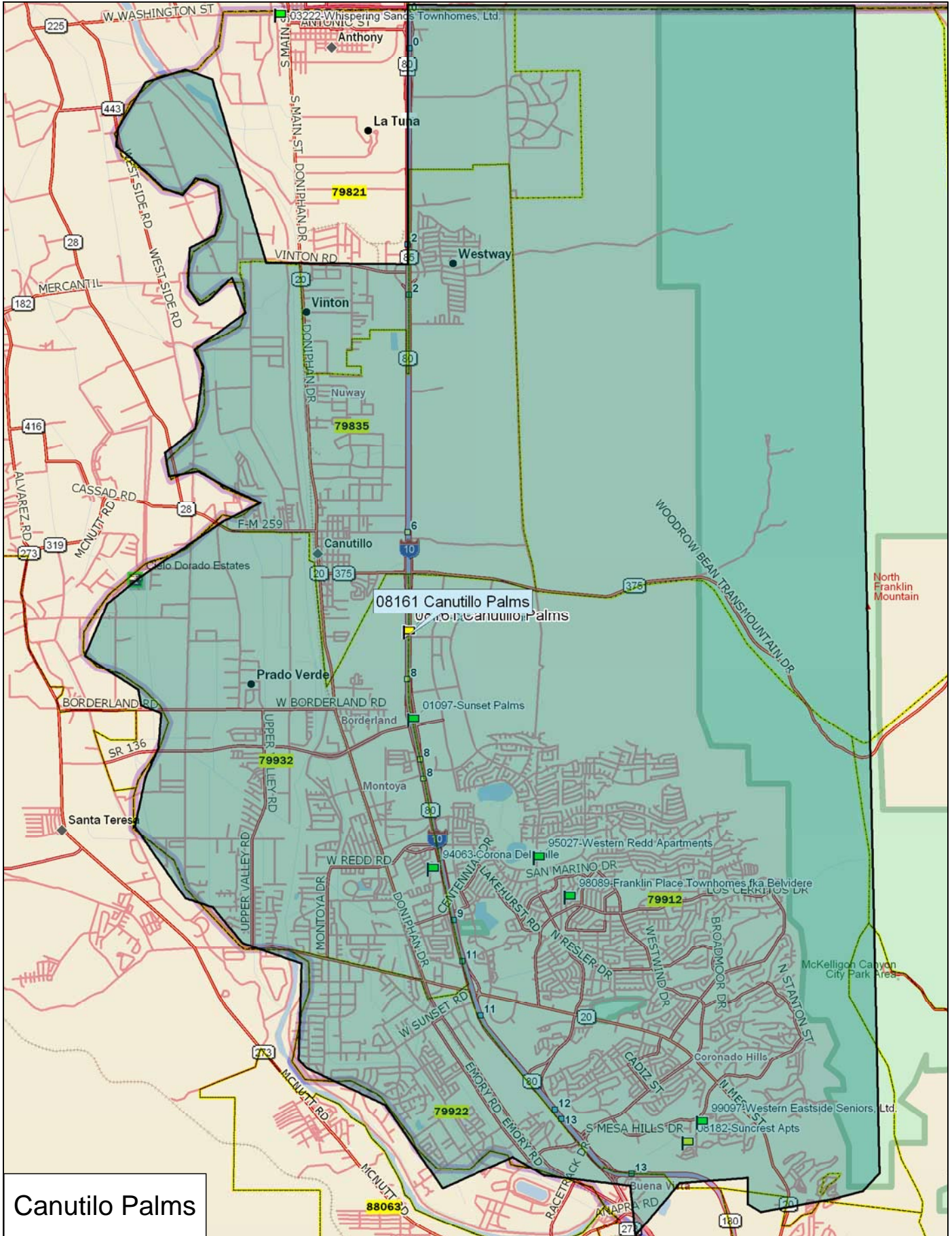
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$994,620	\$1,024,459	\$1,055,192	\$1,086,848	\$1,119,454	\$1,297,754	\$1,504,452	\$1,744,072	\$2,343,887
Secondary Income	30,960	31,889	32,845	33,831	34,846	40,396	46,830	54,289	72,959
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,025,580	1,056,347	1,088,038	1,120,679	1,154,299	1,338,149	1,551,282	1,798,361	2,416,846
Vacancy & Collection Loss	(76,920)	(79,226)	(81,603)	(84,051)	(86,572)	(100,361)	(116,346)	(134,877)	(181,263)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$948,660	\$977,121	\$1,006,435	\$1,036,628	\$1,067,727	\$1,237,788	\$1,434,936	\$1,663,484	\$2,235,583
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$49,000	\$50,960	\$52,998	\$55,118	\$57,323	\$69,742	\$84,852	\$103,236	\$152,814
Management	42,700	43,981	45,301	46,660	48,059	55,714	64,588	74,875	100,626
Payroll & Payroll Tax	180,000	187,200	194,688	202,476	210,575	256,196	311,702	379,233	561,357
Repairs & Maintenance	51,000	53,040	55,162	57,368	59,663	72,589	88,315	107,449	159,051
Utilities	38,000	39,520	41,101	42,745	44,455	54,086	65,804	80,060	118,509
Water, Sewer & Trash	34,000	35,360	36,774	38,245	39,775	48,393	58,877	71,633	106,034
Insurance	32,000	33,280	34,611	35,996	37,435	45,546	55,414	67,419	99,797
Property Tax	75,000	78,000	81,120	84,365	87,739	106,748	129,876	158,014	233,899
Reserve for Replacements	43,000	44,720	46,509	48,369	50,304	61,202	74,462	90,595	134,102
Other	8,880	9,235	9,605	9,989	10,388	12,639	15,377	18,709	27,694
TOTAL EXPENSES	\$553,580	\$575,296	\$597,868	\$621,330	\$645,717	\$782,855	\$949,267	\$1,151,222	\$1,693,882
NET OPERATING INCOME	\$395,080	\$401,825	\$408,567	\$415,298	\$422,010	\$454,933	\$485,669	\$512,262	\$541,701
<b>DEBT SERVICE</b>									
First Lien Financing	\$338,704	\$338,704	\$338,704	\$338,704	\$338,704	\$338,704	\$338,704	\$338,704	\$338,704
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	\$56,376	\$63,121	\$69,863	\$76,594	\$83,306	\$116,229	\$146,965	\$173,558	\$202,997
DEBT COVERAGE RATIO	1.17	1.19	1.21	1.23	1.25	1.34	1.43	1.51	1.60

**HTC ALLOCATION ANALYSIS -Canutillo Palms, El Paso, 9% HTC #08161**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS	10% Increase
<b>Acquisition Cost</b>					
Purchase of land	\$700,000	\$700,000			
Purchase of buildings					
<b>Off-Site Improvements</b>					
Sitework	\$1,480,000	\$1,480,000	\$1,480,000	\$1,480,000	\$148,000
Construction Hard Costs	\$8,906,000	\$9,211,682	\$8,906,000	\$9,211,682	\$890,600
Contractor Fees	\$1,454,040	\$1,454,040	\$1,454,040	\$1,454,040	
Contingencies					
Eligible Indirect Fees	\$449,000	\$449,000	\$449,000	\$449,000	
Eligible Financing Fees	\$258,000	\$258,000	\$258,000	\$258,000	
All Ineligible Costs	\$94,000	\$94,000			
<b>Developer Fees</b>					
Developer Fees	\$1,880,000	\$1,880,000	\$1,880,000	\$1,880,000	
Development Reserves	\$100,000	\$134,210			
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$15,321,040</b>	<b>\$15,660,932</b>	<b>\$14,427,040</b>	<b>\$14,732,722</b>	<b>\$1,038,600</b>

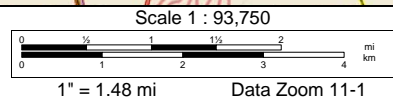
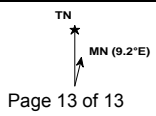
<b>Deduct from Basis:</b>					
All grant proceeds used to finance costs in eligible basis					
B.M.R. loans used to finance cost in eligible basis					
Non-qualified non-recourse financing					
Non-qualified portion of higher quality units [42(d)(3)]					
Historic Credits (on residential portion only)					
<b>TOTAL ELIGIBLE BASIS</b>			\$14,427,040	\$14,732,722	\$1,038,600
High Cost Area Adjustment			100%	100%	100%
<b>TOTAL ADJUSTED BASIS</b>			\$14,427,040	\$14,732,722	\$1,038,600
Applicable Fraction			100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$14,427,040	\$14,732,722	\$1,038,600
Applicable Percentage			9.00%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$1,298,434	\$1,325,945	\$93,474

Syndication Proceeds	0.7600	\$9,868,095	\$10,077,182	\$710,402
<b>Total Tax Credits (Eligible Basis Method)</b>		\$1,298,434	\$1,325,945	\$1,391,908
Syndication Proceeds		\$9,868,095	\$10,077,182	\$10,578,498
<b>Requested Tax Credits</b>		\$1,200,000		
Syndication Proceeds		\$9,120,000		
<b>Gap of Syndication Proceeds Needed</b>		\$11,853,140	\$11,154,432	
<b>Total Tax Credits (Gap Method)</b>		\$1,559,624	\$1,467,688	



**Canutilo Palms**

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March 4, 2004

RICK PERRY  
Governor

EDWINA P. CARRINGTON  
Executive Director

BOARD MEMBERS  
Elizabeth Anderson, Chair  
Shadrick Bogany  
C. Kent Conine  
Vidal Gonzalez  
Patrick R. Gordon  
Norberto Salinas

Bobby Bowling IV  
5819 Sun Valley Rd.  
El Paso, TX 79924

Fax: 915.821.3556

Regarding: Diana Palms, TDHCA #04001 (previously #03024) - **REVISED**  
2004 Forward Commitment – Consistency with the 2004 QAP

Mr. Bowling:

As noted in the 2004 Housing Tax Credit Commitment Notice issued to Diana Palms LTD by the Texas Department of Housing and Community Affairs (“the Department”) on September 18, 2003, the above-referenced development (“the Development”) must be consistent with the 2004 Qualified Allocation Plan and Rules (QAP).

This letter serves to notify you of those additional requirements that must be satisfied in order to bring the Development into conformance with the 2004 QAP. Please find below specific citations from the QAP which must be satisfied for the Development.

- ❖ *§50.3(47), Ineligible Building Types.* The Development may not be ineligible under this definition and must be redesigned, if necessary, to ensure that no violations of this definition occur. Please note in particular the addition of paragraphs (C) and (G) relating to elderly developments and relating to caps on types of units by bedroom type.
- ❖ *§50.5, Ineligibility, Disqualification, Debarment and §50.6, Site and Development Restrictions.* The Development and Applicant may not be ineligible under any of these clauses of the QAP. Please execute the attached “Development Owner Certification” that indicates that the Development will be consistent with the 2004 QAP including all eligibility, debarment and

site/development restrictions within the QAP. If the Development appears to be ineligible under §50.5(a)(7) or (8), you must provide acceptable evidence of satisfying one of the exceptions permitted under the QAP. Please also note that the 2004 QAP limits the total number of permissible low income units under §50.6(e) and that the Development must not violate this cap. The Department has determined that the Development does not violate §50.6(f) and is eligible as it relates to that clause.

- ❖ *§50.9(e)(1), Experience.* The minimum experience requirement was revised from the 2003 QAP; the 2004 QAP no longer allows “comparable commercial experience” to satisfy the experience requirement. If the application for this Development satisfied the experience requirement with “comparable commercial experience”, then evidence must be submitted that the experience requirement can still be satisfied based purely on residential experience consistent with the 2004 QAP.
- ❖ *§50.9(f)(4), Threshold Certifications.* The Development must satisfy, and be developed consistent with, all certification statements identified in this clause of the QAP. Please execute the attached “Development Certification Form” that indicates compliance with the 2004 QAP. Please note the additional requirement for minimum unit amenities which must be satisfied for each unit in the Development and the requirement to establish a reserve account.
- ❖ *§50.9(f)(6)(D), Qualified Census Tracts.* If the Development received a 30% increase in eligible basis based on its location within a Qualified Census Tract (QCT), you must confirm that the Development location continues to be located within a 2004 QCT as designated by the U.S. Department of Housing and Urban Development (HUD).
- ❖ *§50.9(f)(11)(B)(v), Nonprofit Developments Only.* Provide “a certification that the Qualified Nonprofit Development will have the nonprofit entity or its nonprofit affiliate or subsidiary be the Developer or co-Developer.” Provide the development agreement affirming this relationship.

After careful review, the Department has determined that the threshold items under §50.9(f)(8) of the 2004 QAP, relating to notification and signage, are considered to be satisfied. The purpose of the notifications was to garner input prior to a decision being made by the Department’s Board. Because the decision to fund the Development has already been made, no further notifications are necessary. Additionally, the Department has determined that no items related to selection criteria warrant revisions and no changes to those exhibits are necessary.

Evidence of all changes made to the proposed Development to bring it into conformance with the 2004 QAP must be submitted to the Department. For all changes made that affect design, square footage, development costs, rents, operating



Mr. Bobby Bowling  
March 4, 2004  
Page 3 of 3

expenses, etc., you must submit the appropriate forms from the Uniform Application that mirror those changes including revised plans, revised rent schedules, revised development cost schedule, revised pro forma, etc. **All necessary revisions, evidence and supporting documentation that confirm satisfaction of the requirements of the 2004 QAP must be submitted no later than May 31, 2004.**

As the Applicant for this Development, you are required to refer to the 2004 QAP for the rules that will govern this application, including but not limited to, rules regarding Carryover, the 10% Test, construction loan closing, commencement of substantial construction, Cost Certification, extensions, amendments and transfers.

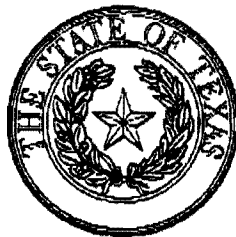
If you have any questions concerning this letter, or the requirements of the 2004 QAP, please do not hesitate to contact me at 512.475.3296.

Sincerely,

A handwritten signature in black ink, appearing to read "Brooke Boston", with a stylized flourish at the end.

Brooke Boston  
Director of Multifamily Finance Production

Enclosures



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program – 2008 Application Cycle Underwriting Report Notice

Appeal Election Form: 08161 Canutillo Palms (FC)

Date Notice Sent: 3/24/09

I am in receipt of my 2008 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 50.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site. I understand that my appeal must identify my specific grounds for appeal.

If my appeal is denied by the Executive Director, I



Do wish to have my appeal to the Board of Directors and request that my appeal be added to the next available Board of Directors' meeting agenda. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., seven days prior to the next Board meeting or three days prior if the Executive Director has not responded to my appeal in order to be included in the Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.



Wish to wait to hear the Executive Director's response before deciding on my appeal to the Board of Directors.



Do not wish to appeal to the Board of Directors or Executive Director.

Signed R. J. R. J. IV

Title Pres. - G.P. for applicant

Date 3/30/09

Please fax or e-mail to the attention of:  
Pam Cloyde: (fax) 512.475.4420  
(e-mail) pamela.cloyde@tdhca.state.tx.us



**Housing Tax Credit Program  
Board Action Request  
April 23, 2009**

**Action Item**

Request review and board determination of one (1) four percent (4%) tax credit application with another issuer for a tax-exempt bond transaction.

**Recommendation**

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **another issuer** for the 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>
09401	Encino Pointe	San Marcos	Capital Area HFC	252	252	\$28,216,435	\$14,715,000	\$1,033,705	\$1,033,705

**MULTIFAMILY FINANCE PRODUCTION DIVISION  
BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits associated with Mortgage Revenue Bond Transactions with other Issuers and a HOME Rental Housing Development Fund Commitment.

**Requested Action**

Approve, Amend, or Deny the staff recommendation for Encino Pointe, #09401.

**Summary of the Transaction**

***4% Housing Tax Credit Program:***

*Background and General Information:* The application was received on January 27, 2009. The Issuer for this transaction is Capital Area Housing Finance Corporation with a reservation of allocation that expires on July 24, 2009. The development is new construction and will consist of 252 total units targeting the general population. This transaction is a Priority 2 in which the applicant proposes 100% of the units restricted at 60% Area Median Family Income (AMFI). The proposed development will be located in San Marcos, Hays County. There are no zoning ordinances in Hays County.

***HOME Rental Housing Development Program:***

*Background and General Information:* On June 26, 2008 the TDHCA Board approved the 2008 Rental Housing Development (RHD) Notice of Funding Availability (NOFA) that set aside \$5,000,000 for new construction, rehabilitation, and acquisition and rehabilitation of affordable rental housing. Subsequent to approval of this initial funding level, the Board approved transferring all remaining funds under the 2007 NOFA to the 2008 NOFA for a total balance of approximately \$20,869,797 in funds available. To date, the Department has received 42 applications for a total of \$63,582,645. Of these, six applications have been awarded funds totaling \$8,173,992, which leaves \$12,695,805 in funds available to award. Two applications under this NOFA, including the subject, are being considered for award today in conjunction with 4% tax credits. Currently, 23 applications totaling \$34,733,756 are under review and 20 have also made application for 2009 9% Housing Tax Credits. It should be noted that the CHDO RHD NOFA is also oversubscribed and any applications remaining after all funds are awarded may compete for the remaining funds under this NOFA.

The Applicant has requested \$3,000,000 in HOME funds to be structured as a soft second lien loan that is repayable from available cash flow. This structure is not allowable under the current HOME NOFA. However, the underwriting report indicates that the development can support the HOME loan with a hard payment, as required, at an interest rate equal to the Long Term Applicable Federal Rate. Therefore, staff can recommend the HOME award based on the underwritten hard payment structure.

*Organizational Structure and Compliance:* The Borrower is Encino Pointe, Ltd. and the General Partner is CAHFC Encino Pointe, LLC which includes the members of the Capital Area Housing Finance

Corporation. The Compliance Status Summary completed on April 3, 2009 reveals that the principals of the general partner have received twenty-four (24) multifamily awards that have been monitored with no material non-compliance.

*Census Demographics:* The development is to be located at approximately 1800 Post Road in San Marcos, Hays County. Demographics for the census tract (0103.01) include AMFI of \$34,550; the total population is 10,176; the percent of population that is minority is 53.07%; the percent of population that is below the poverty line is 40.29%; the number of owner occupied units is 787; the number of renter units is 3,099 and the number of vacant units is 212. (Census information from FFIEC Geocoding for 2008).

*Public Comment:* The Department has received a letter of support from County Commissioner Karen Ford. The Department has received no letters of opposition.

### **Recommendation**

Staff recommends the Board approve the issuance of a Determination Notice of \$1,033,705 in Housing Tax Credits for Encino Pointe.

Staff recommends the Board approve a HOME Rental Housing Development award of \$3,000,000 for Encino Pointe, subject to the terms reflected in the underwriting report, including a hard HOME loan payment structure.



MULTIFAMILY FINANCE PRODUCTION DIVISION

April 23, 2009

Development Information, Public Input and Board Summary

**Encino Pointe, TDHCA Number 09401**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 1800 Post Rd. Development #: 09401  
 City: San Marcos Region: 7 Population Served: General  
 County: Hays Zip Code: 78666 Allocation: Urban  
 HOME Set Asides:  CHDO  Preservation  General Purpose/Activity: NC  
 Bond Issuer: Capital Area HFC  
 HTF

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: Encino Pointe, Ltd.  
 Owner Contact and Phone: Jim Shaw, (512) 347-9953  
 Developer: NRP Holdigns LLC  
 Housing General Contractor: NRP Contractors  
 Architect: Alamo Architects  
 Market Analyst: Apartment Marketdata  
 Syndicator: MMA Financial  
 Supportive Services: Community Housing Resource Partners  
 Consultant:

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>80%</u>	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	Total Restricted Units:	252
14	0	0	238	0	0	12	132	96	12	0	Market Rate Units:	0
Type of Building: <input checked="" type="checkbox"/> 4 units or more per building											Owner/Employee Units:	0
<input type="checkbox"/> Duplex											Total Development Units:	252
<input type="checkbox"/> Triplex											Total Development Cost:	\$28,216,435
<input type="checkbox"/> Fourplex											Number of Residential Buildings:	15
<input type="checkbox"/> Detached Residence											HOME High Total Units:	37
<input type="checkbox"/> Single Room Occupancy											HOME Low Total Units:	14
<input type="checkbox"/> Transitional												
<input type="checkbox"/> Townhome												

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
4% Housing Tax Credits with Bonds:	\$1,033,705	\$1,033,705	0	0	0%
TDHCA Bond Allocation Amount:	\$0	\$0	0	0	0%
HOME Activity Fund Amount:	\$3,000,000	\$3,000,000	420	420	AFR
HOME CHDO Operating Grant Amount:	\$0	\$0			
HTF Rental Production Funds:	\$0	\$0			



MULTIFAMILY FINANCE PRODUCTION DIVISION  
April 23, 2009  
Development Information, Public Input and Board Summary  
**Encino Pointe, TDHCA Number 09401**

**PUBLIC COMMENT SUMMARY**

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

**State/Federal Officials with Jurisdiction:**

TX Senator: Wentworth, District 25                      NC                      US Representative: Doggett, District 25, NC  
TX Representative: Rose, District 45                      NC                      US Senator:                      NC

**Local Officials and Other Public Officials:**

Mayor/Judge: S, Elizabeth Sumter, Judge, Hays County    Resolution of Support from Local Government      
S, Karen Ford, Commissioner, Hays County

**Individuals/Businesses:** In Support:    0                      In Opposition:    0

**Neighborhood Input:**

**General Summary of Comment:**

**CONDITIONS OF COMMITMENT**

Receipt, review, and acceptance prior to start of construction of evidence that all Phase I ESA recommendations have been carried out, including but not limited to:

Terracon recommends that a noise study be conducted.

It is recommended that any removal of asbestos-containing material associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the TDSHS Texas Asbestos Health Protection Rules.

Terracon recommends lead based paint sampling of the on-site residences and buildings.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**April 23, 2009**  
**Development Information, Public Input and Board Summary**  
**Encino Pointe, TDHCA Number 09401**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

4% Housing Tax Credits:	Credit Amount:	\$1,033,705
Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed \$1,033,705 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:	Bond Amount:	\$0
Recommendation:		
HOME Activity Funds:	Loan Amount:	\$3,000,000
HOME CHDO Operating Expense Grant:	Grant Amount:	\$0
Recommendation: Recommend approval of a HOME Rental Development award of \$3,000,000, subject to terms reflected in the underwriting report, including a hard HOME loan payment structure.		
HTF Rental Production Funds:	Loan Amount:	\$0
Recommendation:		



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 04/15/09 PROGRAM: 4% HTC / HOME FILE NUMBER: 09401

DEVELOPMENT		
Encino Pointe		
Location: 1800 Post Road	Region: 7	
City: San Marcos	County: Hays	Zip: 78666 <input checked="" type="checkbox"/> OCT <input type="checkbox"/> DDA
Key Attributes: New Construction, Multifamily, Urban, Family		

ALLOCATION						
TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Private Activity Mortgage Revenue Bonds	\$14,715,000	6.00%	420/420	<b>\$14,715,000</b>	<b>6.10%</b>	<b>420/420</b>
HOME Activity Funds	\$3,000,000	AFR		<b>\$3,000,000</b>	<b>AFR</b>	<b>420/420</b>
Housing Tax Credit (Annual)	\$1,033,705			<b>\$1,033,705</b>		

**CONDITIONS**

- 1 Receipt, review, and acceptance prior to start of construction of evidence that all Phase I ESA recommendations have been carried out, including but not limited to:
  - \* Terracon recommends that a noise study be conducted.
  - \* It is recommended that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the TDSHS Texas Asbestos Health Protection Rules.
  - \* Terracon recommends lead based paint sampling of the on-site residences and buildings.
- 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 allocation amount may be warranted.

SALIENT ISSUES		
TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	14
60% of AMI	60% of AMI	238
TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI/Low HOME	14
60% of AMI	60% of AMI/High HOME	37

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**PROS**

- If ultimately not awarded, the \$3M in requested HOME funds could be safely replaced by deferral of developer fees if needed.

**CONS**

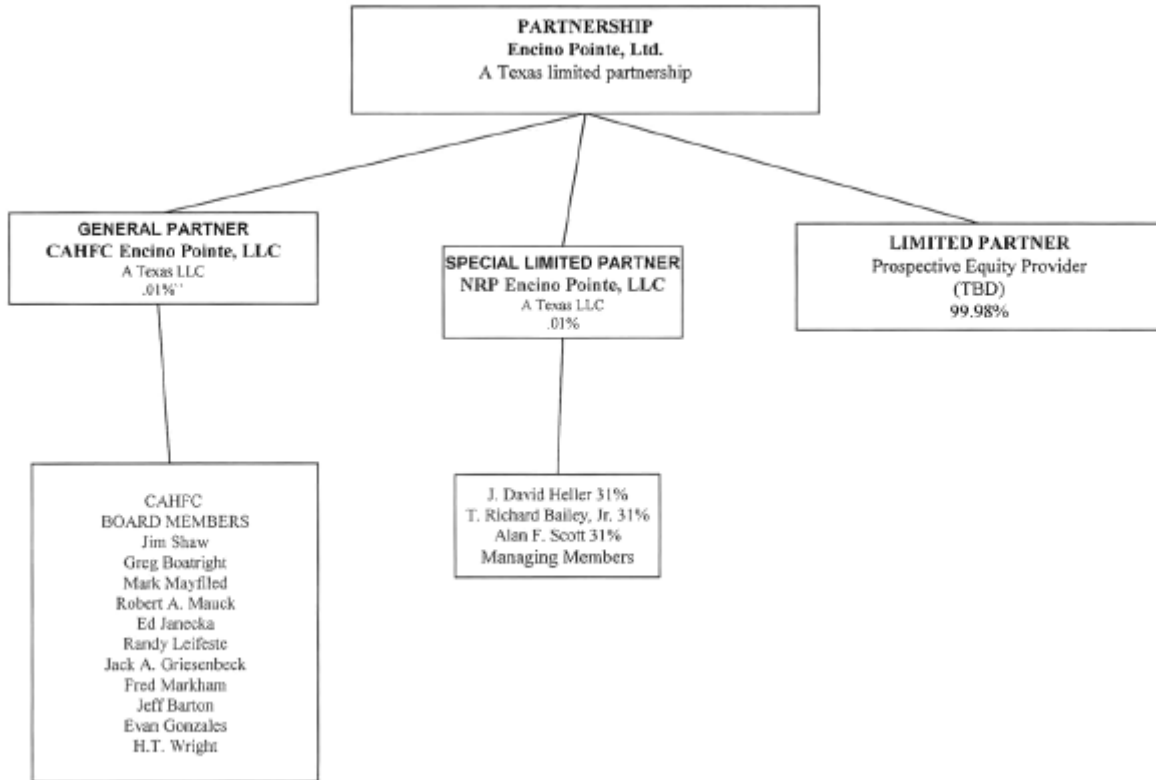
- Multiple Recognized Environmental Concerns were identified in the submitted Environmental Site Assessment.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Jim Shaw Phone: (512) 347-9953 Fax: (512) 732-8341  
 Email: jeshaw@cahfc.org

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Encino Pointe, Ltd.	N/A	None
CAHFC Encino Pointe, LLC	N/A	None
NRP Holdings, LLC	N/A	15
NRP Contractors, LLC	N/A	15
NRP Properties, LLC	N/A	15

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**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A	B	C	D								Total Buildings
Floors/Stories	1	1	1.5	1								
Number	6	4	3	2								<b>15</b>

BR/BA	SF	Units										Total Units	Total SF
1/1	712				6							12	8,544
2/2	950	12			6							84	79,800
2/2	963		12									48	46,224
3/2	1,142	12			12							96	109,632
4/2	1,561			4								12	18,732
Units per Building		24	12	4	24							<b>252</b>	<b>262,932</b>

**SITE ISSUES**

Total Size: 19.7 acres      Scattered site?       Yes       No

Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No

Zoning: N/A      Needs to be re-zoned?       Yes       No       N/A

Comments:  
 Subject development is located in Hays County which does not have any zoning ordinances.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 3/23/2009

Overall Assessment:

Excellent   
  Acceptable   
  Questionable   
  Poor   
  Unacceptable

Surrounding Uses:

North: <u>residential</u>	East: <u>commercial &amp; residential</u>
South: <u>residential &amp; vacant land</u>	West: <u>Post Rd, Union Pacific Railroad and Grande Communications</u>

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Terracon Consulting Engineers and Scientists Date: 8/28/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- "At the time of the site reconnaissance, the Union Pacific Railroad runs northeast and southwest along the eastern boundary of the site. Based on the proximity of a railroad to the site, Terracon recommends that a noise study be conducted." (p.17)

- "Terracon identified three potential asbestos containing materials and recommends conducting a thorough asbestos survey prior to disturbance of suspect ACM during planned renovations or building demolition.

If the Client does not intend to renovate or demolish the building, the potential asbestos containing materials, associated with the building, should be managed in place. This in-place management will include such operations as repairing any damaged materials which are not removed as part of any renovation operations, protecting the remaining asbestos-containing materials from further damage, and developing a plan to periodically monitor the condition of the asbestos-containing materials. Notification of the presence of the materials should also be made to employees and outside contractors so that they do not inadvertently disturb the remaining asbestos-containing materials.

If repair, renovation or demolition operations which could disturb the potential asbestos containing materials are to be conducted, it is recommended potential affected materials be removed. It is recommended that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the TDSHS Texas Asbestos Health Protection Rules. According to TDSHS Texas Asbestos Health Protection Rules, a removal project involving the removal of more than 160 square feet of the asbestos-containing materials would need to be designed by a licensed Individual Asbestos Consultant. Air monitoring by a licensed third-party Air Monitor would be required during the actual removal work regardless of the size of the project. Terracon would be pleased to provide a proposal to provide these services." (pps. 18-19)

- "Terracon understands that the existing on-site buildings were constructed in 1977, underwent extensive renovation over the past 30 years, and are scheduled for demolition. Based on this information, Terracon recommends lead based paint sampling of the on-site residences and buildings. Although there presently are no regulations requiring that buildings such as these be inspected for lead-based paint prior to renovation or demolition; there are, OSHA regulations which govern exposure of workers to lead, regardless of the concentration of lead identified." (p.19)

Comments:

Any funding recommendation will be subject to receipt, review, and acceptance, prior to closing on the bonds, of evidence that the Applicant has fully implemented all ESA recommendations, as well as any additional recommendations resulting from subsequent evaluation.

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**MARKET HIGHLIGHTS**

Provider: Apartment Market Data, LLC Date: 12/13/2008  
 Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830  
 Number of Revisions: 1 Date of Last Applicant Revision: 3/24/2009

Primary Market Area (PMA): 323 square feet (10.18 miles radius)

"For this analysis, we utilized a "primary market area" encompassing 323.82 square miles. The boundaries of the Primary Market Area follow...the census tracts: 480913109.00, 482090101.00, 482090102.00, 482090103.01, 482090103.02, 482090104.00, 482090105.00, 482090106.00, 482090107.00, and 482090109.04.

These boundaries approximately follow as such: North: County Road 122; East: Hays County Line; South: State Highway 46 / FM 306; West: Purgatory Road / Various Creeks." (pps. 3-4)

Secondary Market Area (SMA):

The Market Analyst did not define a secondary market area for the Subject development.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Willow Springs Senior Residences	04432	182	Elderly	N/A			

INCOME LIMITS						
Hays						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$15,400	\$17,600	\$19,800	\$22,000	\$23,750	\$25,500
60	\$30,780	\$35,160	\$39,600	\$43,980	\$47,520	\$51,000

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30% Rent Limit	440	21		461	3		0.7%
1 BR/60% Rent Limit	689	38		727	9		1.2%
2 BR/30% Rent Limit	221	5		226	4		1.8%
2 BR/60% Rent Limit	437	12		449	128		28.5%
3 BR/30% Rent Limit	164	7		171	4		2.3%
3 BR/60% Rent Limit	433	23		456	92		20.2%
4 BR/30% Rent Limit	63	3		66	3		4.5%
4 BR/60% Rent Limit	160	10		170	9		5.3%

OVERALL DEMAND									
	Target Households	Household Size	Income Eligible	Tenure	Demand				
PMA DEMAND from TURNOVER									
Market Analyst p.	31,607	99.56%			4,065				
Underwriter	100% 30,521	99.56%	30,386	37% 11,361	52% 5,933	43%	2,528		
PMA DEMAND from HOUSEHOLD GROWTH									
Market Analyst p.			1,133		227				
Underwriter		100%	1,161	37% 432	52% 226	100%	226		

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INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p.	252	0	0	252	4,292	5.87%
Underwriter	252	0	0	252	2,753	9.15%
HISTA Data Model	252	0	0	252	709	35.56%

The Underwriter was not able to corroborate the Market Analyst's calculations but independently evaluated demand for the subject using both the traditional method of calculating demand and the HISTA data based alternative. The traditional method yields a capture rate of 9.06%, which is acceptable as it is below the Department's 25% guideline for family targeted developments. The HISTA data based alternative yields a capture rate of 35.27% which exceeds the Department's guidelines. However, since the traditional method is acceptable under current Department rules and the Underwriter was able to reach an acceptable capture rate using this method and this development can be considered feasible under this criteria.

Primary Market Occupancy Rates:

"The current occupancy of the market area is 98.1% as a result of increasing demand." (p.10)

Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction. An 8% monthly lease-up rate would be as follows:

Month	7	8	9	10	11	12	13	14	15	16	17	18	Total: 93%
Units	20	20	20	20	20	20	20	20	20	20	20	14	234
<b>Note: During months 1-6, the project will be under construction so no units will be occupied.</b>													

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 712 SF 30%	\$294	\$306	\$758	\$306	\$452		
1 BR 712 SF 60%	\$627	\$718	\$758	\$643	\$115		
2 BR 950 SF 30%	\$361	\$376	\$924	\$376	\$548		
2 BR 950 SF 60%	\$761	\$871	\$924	\$793	\$131		
2 BR 963 SF 60%	\$761	\$871	\$924	\$793	\$131		
3 BR 1,142 SF 30%	\$401	\$417	\$1,188	\$417	\$771		
3 BR 1,142 SF 60%	\$863	\$989	\$1,188	\$989	\$199		
4 BR 1,561 SF 30%	\$401	\$462	\$1,457	\$462	\$995		
4 BR 1,561 SF 60%	\$960	\$1,100	\$1,457	\$1,100	\$357		

Market Impact:

The Market Analyst did not explicitly indicate the impact the Subject would have on the market. However, the Market Analyst does indicate, "An apartment development would also help with labor support for retail and industrial development in the immediate area, and would not significantly impact neighborhood single-family housing. In fact, an apartment development would have less of an impact on the existing housing than most other development types present in the sub-market." (p.87)

Comments:

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

## OPERATING PROFORMA ANALYSIS

Income:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances maintained by the San Marcos Housing Authority, as of January 1, 2008, from the 2008 HTC program rent limits. Although the Applicant has requested TDHCA Home funds and has identified which units will be designated HOME units in application rent schedule, the Applicant did not utilize HOME rents in calculating projected income. Additionally, it appears that the Applicant's projected rents for the 60% units are lower than the maximum HTC program rents. Conversations with the Applicant revealed that the maximum program rents for the 60% units were not utilized because the Applicant believes these units will lease up quicker if rents charged are at 55% of AMI. The Applicant further explained that once the property is stable the Applicant intends to raise the rents for these units up to the full maximum program rent.

The Underwriter's projected rents were calculated by subtracting tenant-paid utilities from the current 2009 HTC or HOME program rents, whichever is the most restrictive. It should be noted that at the time the application was submitted (January 2009) the 2009 program rent limits were not yet available. Additionally, the Underwriter's projected income utilizes the full program rents as these rents are achievable in this market, according to the Market Study submitted with the application.

The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, due to the Applicant's use of the lower 2008 program rents and even lower rents for the 60% units, effective gross income is not within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection at \$3,904 per unit is not within 5% of the Underwriter's estimate of \$4,104 per unit, derived from the TDHCA database, and third-party data sources. The Applicant's budget shows water & sewer to be \$33K lower than when compared to the database average.

### Conclusion:

The Applicant's effective gross income and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.43, which exceeds the Department's maximum DCR guideline of 1.35. This suggests that the development is able to support additional debt service to bring the DCR within the acceptable Department levels of 1.15 to 1.35. Accordingly, the Underwriter has evaluated this transaction with the requested HOME funds structured as a fully repayable loan. This will be discussed further in the Conclusions section of the report.

It should be noted that the Applicant's proforma as submitted in the application reflects a DCR of 1.15 with debt service on the first lien loan amount only. If the Applicant's proforma took into consideration debt service on the HOME loan, the projected DCR would fall below a 1.15, which would support the Applicant's reason for requesting the HOME funds to be structured as a soft loan. However, this issue could be mitigated by the Applicant if the maximum program rents were charged for all of the units, rather than charging rents that are lower.

The Market Study submitted with this application supports that the maximum program rents are achievable in this market and, as such, the Underwriter's analysis utilizes the maximum program rents. Additionally, the 2009 HTC and HOME rent limits have been released since the application was submitted. Overall the rent limits have increased for this area which provides for additional income to the development that was not originally anticipated.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 19.7 acres	\$145,550	Tax Year:	2008
Existing Buildings:	\$230,160	Valuation by:	Hays County CAD
Total Assessed Value:	\$375,710	Tax Rate:	1.914

**EVIDENCE of PROPERTY CONTROL**

Type: <u>Purchase &amp; Sale Agreement</u>	Acreage: <u>19.68</u>
Contract Expiration: <u>4/30/2009</u>	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$2,143,152</u>	Other: _____
Seller: <u>Reece Morrison &amp; Beverly Morrison</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: None Date of Last Applicant Revision: N/A

Acquisition Value:

The site cost of \$109K per acre or \$9K per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Off-Site Cost:

The Applicant claimed off-site costs of \$400K for an access road, storm and wastewater sewer line extension, demolition/abatement, and electrical work, and provided sufficient third party certification through a certified architect to justify these costs.

Sitework Cost:

The Applicant's claimed sitework costs of \$9K per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$307K or 2% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are within the maximums allowed by TDHCA guidelines. Of note, the Underwriter limited the \$196K fee to the CAHFC to the maximum 15% total developer fee. As a result, the Applicant's developer fee exceeds 15% of the Applicant's adjusted eligible basis by \$225K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$23,440,045 supports annual tax credits of \$1,045,192. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

## FINANCING STRUCTURE

*SOURCES & USES* Number of Revisions: 1 Date of Last Applicant Revision: 3/9/2009

Issuer: TDHCA  
Source: MMA Financial Type: Interim to Permanent Bond Financing

Tax-Exempt: \$14,715,000 Interest Rate: 6.10%  Fixed Amort: 420 months

Comments:

All-in locked rate on 35 yr schedule w/ balloon of unpaid principal at the end of initial 18-yr credit enhancement term. Perm rate variable then fixed per Swap agreement (17 yr term spot swap). Current rate as of March 9, 2009 is estimated at 6.10% consisting of the following: Swap Rate fee of 3.40%, Freddie Mac Enhancement/Liquidity/Servicing/Swap fee of 2.45% (fixed); Issues fee of 0.125%; Trustee fee of 0.025%; and Remarketing fees of 0.10%.

Source: MMA Financial Type: Syndication

Proceeds: \$8,785,000 Syndication Rate: 85% Anticipated HTC: \$ 1,033,498

Comments:

The equity price of \$0.85 (as quoted in 1/15/09 commitment from MMA) appears to be high side of the current market. Due to the recent volatility in credit pricing, it should be noted, any decrease in rate below \$0.65 would increase the amount of deferred developer fee and may jeopardize the financial feasibility of the deal. Alternatively, should the final credit price increase to more than \$1.015, all deferred developer fees would be eliminated and an adjustment to the credit amount may be warranted.

Amount: \$152,190 Type: GIC Income

Amount: \$1,563,634 Type: Deferred Developer Fees

## CONCLUSIONS

Recommended Financing Structure:

As stated above, the Underwriter's proforma analysis results in a debt coverage ratio above the Department's maximum guideline of 1.35. The Applicant has requested that the TDHCA HOME funds be structured as a soft loan, therefore non-repayable or payable only out of available cashflow. However, this underwriting analysis has concluded that the both the first lien loan and TDHCA HOME loan can be serviced at an acceptable 1.25 DCR. As a result, the Underwriter recommends that the HOME loan be structured as a repayable loan with interest rate set at AFR (for purposes of this analysis the Underwriter utilized the March 2009 AFR of 3.46%) and an amortization of 35 years.

The Applicant's total development cost estimate less the permanent loan of \$14,715,000 and \$3M in requested HOME funds indicates the need for \$10,501,435 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,235,425 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$1,033,705), the gap-driven amount (\$1,235,425), and eligible basis-derived estimate (\$1,045,192), the Applicant's request of \$1,033,705 is recommended resulting in proceeds of \$8,786,760 based on a syndication rate of 85%.

The Underwriter's recommended financing structure indicates the need for \$1,714,675 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within five years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

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**MULTIFAMILY COMPARATIVE ANALYSIS**

**Encino Pointe, San Marcos, 4% HTC / HOME #09401**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	HOME Limits	Rent Collected	Rent per Month	Tnt-Pd Util	Trash Only
TC 30%	LH	3	1	1	712	\$412	\$686	\$306	\$918	\$106	\$15
TC 60%	HH	3	1	1	712	\$824	\$749	\$643	\$1,929	\$106	\$15
TC 60%		6	1	1	712	\$824		\$718	\$4,308	\$106	\$15
TC 30%	LH	4	2	2	950	\$495	\$825	\$376	\$1,504	\$119	\$15
TC 60%	HH	19	2	2	950	\$990	\$912	\$793	\$15,067	\$119	\$15
TC 60%		61	2	2	950	\$990		\$871	\$53,131	\$119	\$15
TC 60%		48	2	2	963	\$990		\$871	\$41,808	\$119	\$15
TC 30%	LH	4	3	2	1,142	\$571	\$953	\$417	\$1,668	\$154	\$15
TC 60%	HH	12	3	2	1,142	\$1,143	\$1,205	\$989	\$11,868	\$154	\$15
TC 60%		80	3	2	1,142	\$1,143		\$989	\$79,120	\$154	\$15
TC 30%	LH	3	4	2	1,561	\$637	\$1,062	\$462	\$1,386	\$175	\$15
TC 60%	HH	3	4	2	1,561	\$1,275	\$1,324	\$1,100	\$3,300	\$175	\$15
TC 60%		6	4	2	1,561	\$1,275		\$1,100	\$6,600	\$175	\$15
<b>TOTAL:</b>		<b>252</b>		<b>AVERAGE:</b>	<b>1,043</b>			<b>\$883</b>	<b>\$222,607</b>	<b>\$134.38</b>	<b>\$15.00</b>

**INCOME**

Total Net Rentable Sq Ft: **262,932**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$7.50  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ.FT
General & Administrative	3.13%	\$310	0.30
Management	4.10%	405	0.39
Payroll & Payroll Tax	10.45%	1,033	0.99
Repairs & Maintenance	5.09%	503	0.48
Utilities	2.47%	245	0.23
Water, Sewer, & Trash	3.42%	339	0.32
Property Insurance	2.12%	210	0.20
Property Tax	1.914 6.77%	670	0.64
Reserve for Replacements	2.53%	250	0.24
TDHCA Compliance Fees	0.40%	40	0.04
Other: Supportive Services	1.01%	100	0.10
<b>TOTAL EXPENSES</b>	<b>41.51%</b>	<b>\$4,104</b>	<b>\$3.93</b>

**NET OPERATING INC**

**DEBT SERVICE**

MMA Financial	40.88%	\$4,043	\$3.87
TDHCA HOME	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>17.61%</b>	<b>\$1,742</b>	<b>\$1.67</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)		7.77%	\$8,505	\$8.15
Off-Sites		1.45%	1,587	1.52
Sitework		8.22%	9,000	8.63
Direct Construction		46.43%	50,832	48.72
Contingency	3.49%	1.91%	2,088	2.00
Contractor's Fees	14.00%	7.65%	8,376	8.03
Indirect Construction		5.55%	6,073	5.82
Ineligible Costs		6.11%	6,690	6.41
Developer's Fees	15.00%	10.89%	11,924	11.43
Interim Financing		2.85%	3,124	2.99
Reserves		1.17%	1,278	1.22
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$109,477</b>	<b>\$104.92</b>	
<b>Construction Cost Recap</b>		<b>64.21%</b>	<b>\$70,296</b>	<b>\$67.37</b>

**SOURCES OF FUNDS**

MMA Financial	53.34%	\$58,393	\$55.97
TDHCA HOME	10.87%	\$11,905	\$11.41
MMA Financial	31.84%	\$34,861	\$33.41
GIC Income	0.55%	\$604	\$0.58
Deferred Developer Fees	5.67%	\$6,205	\$5.95
Additional (Excess) Funds Req'd	-2.28%	(\$2,491)	(\$2.39)
<b>TOTAL SOURCES</b>			

IREM REGION	COMPT. REGION
\$2,671,284	\$2,356,188
22,680	22,680
0	0
\$2,693,964	\$2,378,868
(202,047)	(178,416)
0	0
\$2,491,917	\$2,200,452
\$78,059	\$88,200
102,144	88,086
260,329	239,400
126,844	141,120
61,632	48,400
85,320	52,400
52,872	63,000
168,815	164,808
63,000	63,000
10,080	10,080
25,200	25,200
\$1,034,294	\$983,694
\$1,457,623	\$1,216,758
\$1,018,727	\$1,006,841
0	0
0	0
\$438,896	\$209,917
1.43	1.21
1.25	

PER UNIT	% of TOTAL
\$350	4.01%
350	4.00%
950	10.88%
560	6.41%
192	2.20%
208	2.38%
250	2.86%
654	7.49%
250	2.86%
40	0.46%
100	1.15%
<b>\$3,904</b>	<b>44.70%</b>
<b>\$4,828</b>	<b>55.30%</b>
\$3,995	45.76%
\$0	0.00%
\$0	0.00%
\$833	9.54%

\$14,715,000	\$14,715,000	Developer Fee Available
3,000,000	3,000,000	\$3,057,397
8,785,000	8,785,612	% of Dev. Fee Deferred
152,190	152,190	
1,563,634	1,563,634	56%
(627,685)	(1)	15-Yr Cumulative Cash Flow
\$27,588,139	\$28,216,435	\$6,388,454

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Encino Pointe, San Marcos, 4% HTC / HOME #09401*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			54.78	\$14,402,949
<b>Adjustments</b>				
Exterior Wall Finish	0.80%		\$0.44	\$115,224
Elderly			0.00	0
9-Ft. Ceilings	3.10%		1.70	446,491
Roofing			0.00	0
Subfloor			(2.42)	(636,295)
Floor Cover			2.38	625,778
Breezeways/Balconies	\$22.95	20,687	1.81	474,777
Plumbing Fixtures	\$847	432	1.39	365,798
Rough-ins	\$412	492	0.77	202,596
Built-In Appliances	\$1,850	252	1.77	466,167
Exterior Stairs	\$1,875	80	0.57	150,000
Enclosed Corridors			0.00	0
Heating/Cooling			1.83	481,166
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$72.88	3,582	0.99	261,038
Other: fire sprinkler	\$2.15	262,932	2.15	565,304
<b>SUBTOTAL</b>			<b>68.16</b>	<b>17,920,993</b>
Current Cost Multiplier	1.01		0.68	179,210
Local Multiplier	0.87		(8.86)	(2,329,729)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$59.98</b>	<b>\$15,770,474</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.34)	(\$615,048)
Interim Construction Interest	3.38%		(2.02)	(532,253)
Contractor's OH & Profit	11.50%		(6.90)	(1,813,604)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$48.72</b>	<b>\$12,809,567</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	Amort	420
Int Rate	DCR	1.43

<b>Secondary</b>	Amort	0
Int Rate	Subtotal DCR	1.43

<b>Additional</b>	Amort	
Int Rate	Aggregate DCR	1.43

**RECOMMENDED FINANCING STRUC**

Primary Debt Serv	\$1,018,727
Secondary Debt S	147,952
Additional Debt Se	0
<b>NET CASH FLO</b>	<b>\$290,944</b>

<b>Primary</b>	Amort	420
Int Rate	DCR	1.43

<b>Secondary</b>	Amort	420
Int Rate	Subtotal DCR	1.25

<b>Additional</b>	Amort	0
Int Rate	Aggregate DCR	1.25

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,671,284	\$2,724,710	\$2,779,204	\$2,834,788	\$2,891,484	\$3,192,432	\$3,891,556	\$4,743,786
Secondary Income	22,680	23,134	23,596	24,068	24,550	27,105	33,040	40,276
Other Support Income:	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,693,964	2,747,843	2,802,800	2,858,856	2,916,033	3,219,536	3,924,597	4,784,062
Vacancy & Collection Loss	(202,047)	(206,088)	(210,210)	(214,414)	(218,702)	(241,465)	(294,345)	(358,805)
Employee or Other Non-Rental Units or Co	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$2,491,917</b>	<b>\$2,541,755</b>	<b>\$2,592,590</b>	<b>\$2,644,442</b>	<b>\$2,697,331</b>	<b>\$2,978,071</b>	<b>\$3,630,252</b>	<b>\$4,425,257</b>
<b>EXPENSES at 3.00%</b>								
General & Administrative	\$78,059	\$80,401	\$82,813	\$85,297	\$87,856	\$101,849	\$136,876	\$183,951
Management	102,144	104,187	106,270	108,396	110,564	122,071	148,804	181,391
Payroll & Payroll Tax	260,329	268,138	276,183	284,468	293,002	339,670	456,488	613,481
Repairs & Maintenance	126,844	130,649	134,569	138,606	142,764	165,502	222,421	298,916
Utilities	61,632	63,481	65,385	67,347	69,367	80,416	108,072	145,240
Water, Sewer & Trash	85,320	87,880	90,516	93,231	96,028	111,323	149,609	201,062
Insurance	52,872	54,458	56,092	57,775	59,508	68,986	92,712	124,597
Property Tax	168,815	173,879	179,096	184,468	190,003	220,265	296,018	397,823
Reserve for Replacements	63,000	64,890	66,837	68,842	70,907	82,201	110,471	148,464
Other	35,280	36,338	37,429	38,551	39,708	46,032	61,864	83,140
<b>TOTAL EXPENSES</b>	<b>\$1,034,294</b>	<b>\$1,064,301</b>	<b>\$1,095,188</b>	<b>\$1,126,981</b>	<b>\$1,159,707</b>	<b>\$1,338,316</b>	<b>\$1,783,335</b>	<b>\$2,378,064</b>
<b>NET OPERATING INCOME</b>	<b>\$1,457,623</b>	<b>\$1,477,454</b>	<b>\$1,497,402</b>	<b>\$1,517,461</b>	<b>\$1,537,624</b>	<b>\$1,639,755</b>	<b>\$1,846,917</b>	<b>\$2,047,193</b>
<b>DEBT SERVICE</b>								
First Lien Financing	\$1,018,727	\$1,018,727	\$1,018,727	\$1,018,727	\$1,018,727	\$1,018,727	\$1,018,727	\$1,018,727
Second Lien	147,952	147,952	147,952	147,952	147,952	147,952	147,952	147,952
Other Financing	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$290,944</b>	<b>\$310,775</b>	<b>\$330,723</b>	<b>\$350,782</b>	<b>\$370,945</b>	<b>\$473,077</b>	<b>\$680,238</b>	<b>\$880,514</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.25</b>	<b>1.27</b>	<b>1.28</b>	<b>1.30</b>	<b>1.32</b>	<b>1.41</b>	<b>1.58</b>	<b>1.75</b>

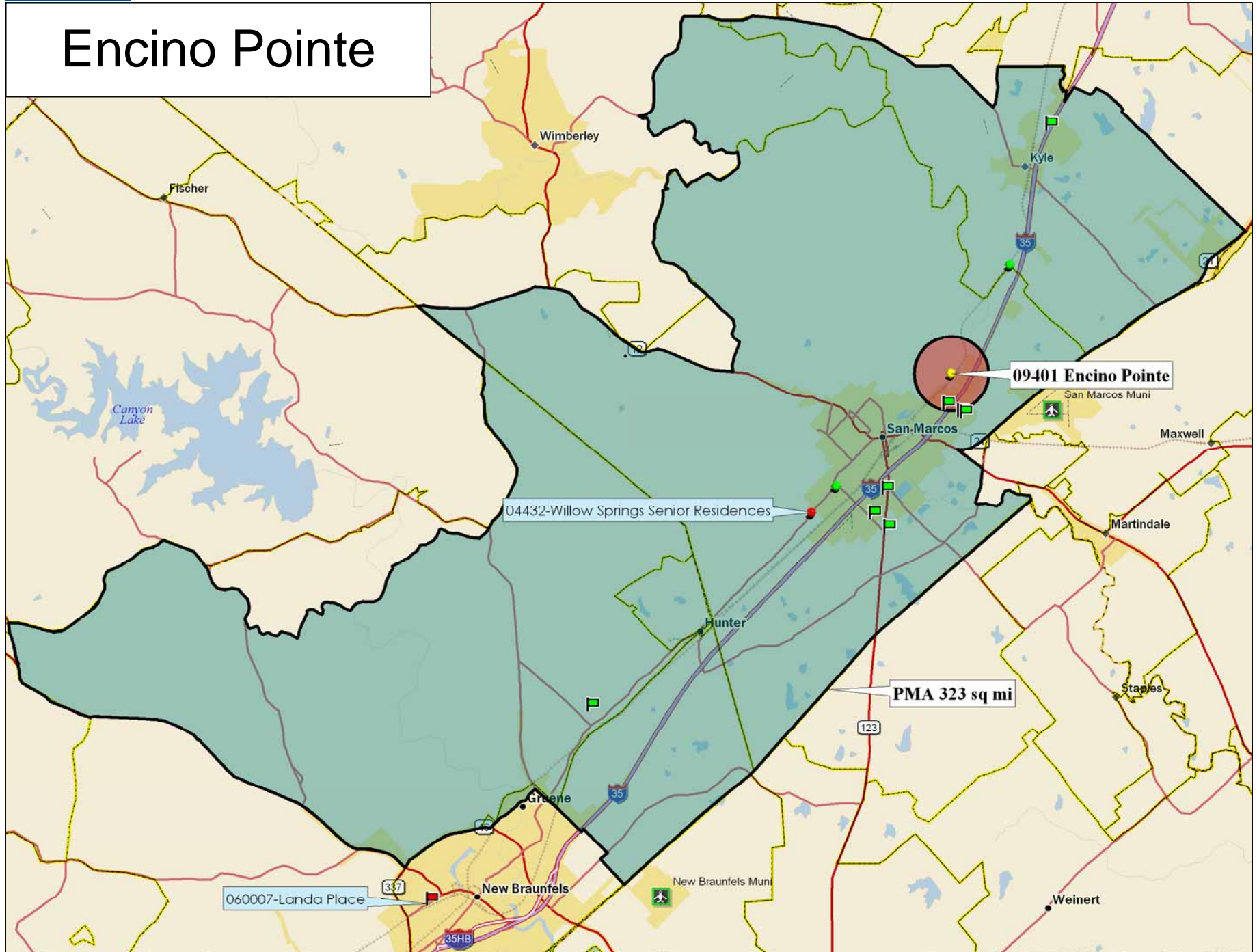
**HTC ALLOCATION ANALYSIS -Encino Pointe, San Marcos, 4% HTC / HOME #09401**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$2,143,152	\$2,143,152		
Purchase of buildings				
<b>Off-Site Improvements</b>	\$400,000	\$400,000		
<b>Sitework</b>	\$2,268,000	\$2,268,000	\$2,268,000	\$2,268,000
<b>Construction Hard Costs</b>	\$13,116,921	\$12,809,567	\$13,116,921	\$12,809,567
<b>Contractor Fees</b>	\$2,153,888	\$2,110,859	\$2,153,888	\$2,110,859
<b>Contingencies</b>	\$526,164	\$526,164	\$526,164	\$526,164
<b>Eligible Indirect Fees</b>	\$1,530,500	\$1,530,500	\$1,530,500	\$1,530,500
<b>Eligible Financing Fees</b>	\$787,175	\$787,175	\$787,175	\$787,175
<b>All Ineligible Costs</b>	\$1,685,881	\$1,685,881		
<b>Developer Fees</b>			\$3,057,397	
Developer Fees	\$3,282,754	\$3,004,840		\$3,004,840
<b>Development Reserves</b>	\$322,000	\$322,000		
<b>TOTAL DEVELOPMENT COSTS</b>	\$28,216,435	\$27,588,139	\$23,440,045	\$23,037,106

<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>		\$23,440,045	\$23,037,106
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$30,472,059	\$29,948,237
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$30,472,059	\$29,948,237
Applicable Percentage		3.43%	3.43%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,045,192	\$1,027,225

<b>Syndication Proceeds</b>	<b>0.8500</b>	<b>\$8,884,399</b>	<b>\$8,731,674</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,045,192</b>	<b>\$1,027,225</b>
<b>Syndication Proceeds</b>		<b>\$8,884,399</b>	<b>\$8,731,674</b>
<b>Requested Tax Credits</b>		<b>\$1,033,705</b>	
<b>Syndication Proceeds</b>		<b>\$8,786,760</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$10,501,435</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,235,425</b>	

# Encino Pointe



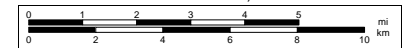
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TN  
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 Page 14 of 14

Scale 1 : 225,000



1" = 3.55 mi

Data Zoom 9-7

# Applicant Evaluation

Project ID **09401**

Name **Encino Pointe**

City:

HTC 9%     HTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas       Members of the development team have been disbarred by HUD

## Portfolio Management and Compliance

Total # of MF awards monitored: 24

Total # of MF awards not yet monitored or pending review: 12

SF Contract Experience  Yes  No

Total # of SF Contracts: 3

### Projects in Material Noncompliance

Yes       No

Unresolved Audit Findings Identified w/ Contract(s)

Total # of MF Projects in Material Noncompliance: 0

Projects grouped by score	0-9:	<u>14</u>
	10-19:	<u>6</u>
	20-29:	<u>4</u>

Total monitored with a score 0-29: 24

Completed by: J. Taylor

Reviewer: Wendy Quackenbush

Date: 4/3/2009

Date: 4/3/2009

### Single Audit

Single audit review not applicable

Late single audit certification form (see comments)

Single audit review found no unresolved issues

Past due single audit or unresolved single audit issue (see comments)

Reviewer: Betty Gallegos

Date: 3/31/2009

Comments (if applicable):

### Financial Administration Loan Servicing

No delinquencies found

Delinquencies found (see comments)

Reviewer: Candace Christiansen

Date: 3/30/2009

Comments (if applicable):

### Financial Administration Financial Services

No delinquencies found

Delinquencies found (See Comments)

Reviewer: Monica Guerra

Date: 3/30/2009

Comments (if applicable):

OFFICE OF THE HAYS COUNTY JUDGE



ELIZABETH 'LIZ' SUMTER

111 E. San Antonio St., Suite 300 • San Marcos, Texas 78666  
Phone: 512/393-2205 • Fax: 512/393-2282 • E-mail: lizsumter@co.hays.tx.us

09401  
01-25-09P03:46 RCVD

January 26, 2009

Mr. Michael Gerber  
Executive Director  
Texas Department of Housing and Community Affairs  
P.O. BOX 13941  
Austin, TX 78711-3941

VIA FACSIMILE: (512) 475-0764

RE: Proposed Encino Pointe

Dear Mr. Gerber,

I would like to express my support for the proposed Encino Pointe Apartments that are proposed for the San Marcos area in Hays County.

Providing quality housing for the working families in the area is a priority and one that we take seriously. The quality of the development is important, as are the amenities and services that will be provided. Both NRP and Capital Area Housing Finance Corporation (CAHFC) have built their reputations on ensuring that their communities enhance neighborhoods and serve as positive economic generators.

Thank you for the opportunity to provide my input and please contact me if you have any questions.

Sincerely,



Judge Elizabeth Sumter  
Hays County

09401  
01-26-09 PD3:46 RCVD

**OFFICE OF THE HAYS COUNTY COMMISSIONER PCT. 4**



**KAREN FORD**

P.O. Box 1158 • Dripping Springs, Texas 78620  
Phone: 512/858-7268 • Fax: 512/858-2655 • E-mail: karen.ford@co.hays.tx.us

VIA FACSIMILE (512) 475-0764

January 26, 2009

Mr. Michael Gerber  
Executive Director  
Texas Department of Housing and Community Affairs  
P. O. Box 13941  
Austin, TX 78711-3941

Re: Proposed Encino Pointe

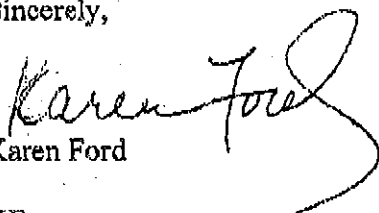
Dear Mr. Gerber:

I would like to express my support for the proposed Encino Pointe Apartments that are proposed for the San Marcos area in Hays County – and within my precinct.

Providing quality housing for the working families in Hays County is a priority and one that we take seriously. The quality of the development is important, as are the amenities and services that will be provided. Both NRP and Capital Area Housing Finance Corporation (CAHFC) have built their reputations on ensuring that their communities enhance neighborhoods and serve as positive economic generators.

Thank you for the opportunity to provide my input and please contact me if you have any questions.

Sincerely,

  
Karen Ford

KF:mw

**MULTIFAMILY FINANCE PRODUCTION DIVISION  
BOARD ACTION REQUEST  
April 23, 2009**

**Action Items**

Presentation, Discussion and Possible Approval for Housing Tax Credit Extensions.

**Required Action**

Approve, Amend, or deny the requests for extensions related to one (1) 2007 Housing Tax Credit allocations.

**Background**

Pertinent facts about the request for extension are given below. The requests were accompanied by a mandatory \$2,500 extension request fee.

**HTC No. 07189, Sunlight Manor Apartments  
(Commencement of Substantial Construction)**

Summary of Request: Pursuant to §49.14(c) of the 2007 Qualified Allocation Plan, “The Development Owner must submit evidence of having commenced and continued substantial construction activities. The evidence must be submitted not later than December 1 of the year after the execution of the Carryover Allocation Document with a possibility of an extension...” The owner missed the December 1, 2008 deadline to submit commencement of substantial construction for the above referenced development. The owner will submit the full commencement of substantial construction documentation by March 31, 2009, to the Compliance Division for review and approval. The owner’s extension request included all documentation necessary to comply with the requirement.

Owner:	Sunlight Manor, LP
General Partner:	Sunlight Manor GP, LLC
Developer:	Itex Developers, LLC and Baristone Developers, LLC
Principals/Interested Parties:	K.T. Akbari and Chris Akbari
City/County:	Beaumont/Jefferson
Set-Aside:	N/A
Type of Area:	Urban/Exurban
Type of Development:	Acq/Rehab
Population Served:	Family
Units:	120 HTC units
2007 Allocation:	\$668,192
Allocation per HTC Unit:	\$5,568
Extension Request Fee Paid:	\$2,500
Current Deadline:	December 1, 2008
New Deadline Requested:	March 31, 2009
<b>New Deadline Recommended:</b>	<b>March 31, 2009</b>
Previous Extensions:	N/A
<b>Staff Recommendation:</b>	<b>Approve the extension as requested.</b>





K. T. "Ike" Akbari

March 12, 2009

Mr. Kent Bedell  
Texas Department of Housing & Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701

Re: Commencement of Substantial Construction  
Sunlight Manor Apartments  
TDHCA #07189 CMTS #4475

Dear Mr. Bedell:

We hereby request an extension to the original deadline date of December 1, 2008 for submitting the Commencement of Substantial Construction documentation on referenced project to March 31, 2009. Enclosed is our check in the amount of \$2,500.00 for the extension fee.

Sincerely,

*K. T. Akbari*  
K. T. Akbari *By [Signature]*

KTA/gb

Encl.

**Housing Tax Credit Program  
Board Action Request  
April 23, 2009**

**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 one (1) four percent (4%) Tax Credit Determination Notices with **TDHCA** as the Issuer for the 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 Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Credit Allocation</b>
09605	Woodmont Apartments	Fort Worth	TDHCA	252	252	\$28,984,958	\$15,000,000	\$1,029,811	\$1,029,811
09604	Costa Mariposa	Texas City	TDHCA	252	252	\$0	\$0	\$0	\$0



[WWW.TDHCA.STATE.TX.US](http://WWW.TDHCA.STATE.TX.US)

## **MULTIFAMILY FINANCE PRODUCTION DIVISION**

### **2009 Private Activity Multifamily Housing Revenue Bonds**

**Woodmont Apartments  
Northeast Corner of Interstate 20 and Oak Grove Road  
Tarrant County, Texas**

**Woodmont Apartments, Ltd.  
252 Units  
Priority 3  
\$15,000,000 Tax Exempt – Series 2009**

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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>Compliance Status Summary</b>
<b>TAB 7</b>	<b>Public Hearing Transcript (October 28, 2008)</b>

**MULTIFAMILY FINANCE PRODUCTION DIVISION  
BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Presentation, Discussion and Possible Issuance of Multifamily Housing Revenue Bonds Series 2009 with TDHCA as the Issuer, a Determination Notice of Housing Tax Credits, a HOME Persons with Disabilities Rental Housing Development Award and a Housing Trust Fund Rental Production Program Award for Woodmont Apartments in Fort Worth, Texas.

**Requested Action**

Approve, Amend or Deny the Issuance of Multifamily Housing Revenue Bonds, the Determination of Housing Tax Credits, a HOME Persons with Disabilities Rental Housing Development Award and a Housing Trust Fund Rental Production Program Award.

**Summary of the Transaction**

***Private Activity Bond and 4% Housing Tax Credit Programs:***

*Background and General Information:* The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, as amended, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. *(The Statute 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 pre-application for the 2008 Waiting List was received on June 26, 2008. The application was scored and ranked by staff and was induced at the September 4, 2008 Board Meeting. Following this Board meeting, the application was submitted to the Texas Bond Review Board and received a Reservation of Allocation on April 2, 2009. The deadline for bond delivery is on or before August 30, 2009, but the anticipated closing date is May 28, 2009. Located in Fort Worth, Tarrant County, the development consists of the new construction of 252 units targeted to a family population and is currently zoned for such development. This application was submitted under the Priority 3 category, with the applicant proposing at least 80% of the units serving individuals and families earning 60% of Area Median Family Income (AMFI).

***HOME Rental Housing Development Program for Persons with Disabilities (PWD):***

*Background and General Information:* A Notice of Funding Availability (NOFA) for \$1,675,307 for Rental Housing Development for Persons with Disabilities was released in June 2008 and allowed applicants to apply for funding on a statewide first-come, first-served basis until October 3, 2008. Of the total funds available, \$429,659 was restricted to non-participating jurisdiction areas and \$1,245,648 was available for any area of the state. In accordance with the Texas Government Code Section 2306.111(c), only 5% of the Department's HOME funding may be used for persons with disabilities anywhere in the state, including participating jurisdictions.

The Department received four applications, including this application, requesting a total of \$1,926,145. Two applications totaling \$926,145 were awarded previously from the funds available statewide, one

application for \$500,000 was withdrawn and the final application for \$316,000 is currently being considered for an award today. If approved today, the subject award will be made from the remaining \$319,503 in funds available for use in Participating Jurisdictions.

The subject application has completed the three stages of the review process as required by the HOME Rule and has set aside the required number of units for persons with disabilities. The Applicant has requested \$316,000 in HOME funds to be structured as a soft third lien loan that is repayable from available cashflow. This structure is not specifically disallowed under the HOME PWD NOFA; however, Board policy has been to require hard payment except in limited circumstances. The loan structure and underwriting conclusions are discussed further below.

***Housing Trust Fund (HTF) Rental Production Program:***

*Background and General Information:* A Notice of Funding Availability (NOFA) for \$2,594,000 for Rental Production was approved by the Board in September 2008, consistent with the 2009 Housing Trust Fund Annual Plan. The NOFA allows applications be submitted for funding on a statewide first-come, first-served basis and establishes a submission deadline of April 6, 2009. The subject is one of two HTF Rental Production awards being considered today. The remaining award and additional details regarding the NOFA and pending applications will be discussed under a separate Housing Trust Fund awards agenda item.

The subject application has completed the two stages of the review process as required by the Housing Trust Funds rules. The Applicant has requested the HTF funds to be structured as a third or fourth lien loan that is repayable from available cashflow. This structure is not allowable under the current HOME NOFA. The loan structure and underwriting conclusions are discussed further below.

*Organizational Structure and Compliance:* The Borrower is Woodmont Apartments, Ltd., the General Partner of which is NRP Woodmont Apartments, LLC of which the Fort Worth Housing Authority has 100% ownership interest. The developer for the transaction is NRP Holdings, LLC with Alan Scott, J. David Heller and T. Richard Bailey as principals. The Compliance Status Summary completed on April 3, 2009 reveals that the principals of the general partner have received thirteen (13) multifamily awards that have no material noncompliance.

*Public Hearing:* A public hearing was conducted by the Department for the proposed development on October 28, 2008. There were approximately 21 people in attendance with 9 speaking on the record. The majority of those in attendance were in support of the development. The comments made in opposition were as follows: there are too many vacant apartment units in the area that are run down, there will be too many low/moderate income individuals concentrated in one area, the road that the property is located on is already congested and dangerous, there is already a lack of employment opportunities in the area, crime/noise/air pollution will increase, property values will drop, and the retail portion of the Development will not succeed because of its poor location, which is not visible from I-20. A copy of the hearing transcript is included in this presentation. The Department has received a letter of support from State Representative Lon Burnam, four letters of support from local businesses and a petition in support with 142 signatures. No letters in opposition have been received.

*Census Demographics:* The proposed site is located at Oak Grove and Loop 820, Fort Worth, Tarrant County. Demographics for the census tract (1059.00) include AMFI of \$30,941; the total population is 7,524; the percent of the population that is minority is 90.91%; the number of owner occupied units is

783; number of renter occupied units is 1357; and the number of vacant units is 198. (Census Information from FFIEC Geocoding for 2008).

### **Summary of the Financial Structure**

The applicant is requesting the Department's approval and issuance of variable rate tax-exempt bonds in the amount of \$15,000,000. Bank of America will provide the equity as well as credit enhancement through a Letter of Credit during the construction phase. Freddie Mac will provide credit enhancement for the bonds during the permanent phase. Citigroup Global Markets, Inc. will serve as the underwriter and MMA Financial, LLC will be the lender. The term of the Bonds will be for 30 years with a 35 year amortization. The construction phase will be for 30 months with the option of one 6-month extension. The underwriting interest rate is estimated at 6.58%, which includes a base interest rate of 4.00%, a Trustee Fee of 0.04%, an Issuer Fee of 0.19%, a Remarketing Agent Fee of 0.10%, a Credit Facility Fee of 0.85%, a Liquidity Facility Fee of 1.00% and a Servicing Spread Fee of 0.40%.

The hedge protection will be in the form of an interest rate cap. Additionally, the lender's commitment states that commencing on the conversion date and as long as the Bonds accrue interest at a variable rate, the Borrower must maintain an interest rate cap or an interest rate swap. It is anticipated that the strike rate for years 1 through 5 shall not exceed 4.5% per annum, then 5.0% for years 6 through 10, then 5.50% for years 11 through 17 which is outlined in the lender's commitment. However, the actual cap will not be distributed for bid until conversion; therefore, the terms are subject to change.

In addition to the Departments' HOME and HTF request the Applicant is also requesting HOME funds from the City of Fort Worth in the amount of \$1,500,000. The City of Fort Worth is requesting superior lien position for their HOME investment in the transaction. However, the City of Fort Worth HOME funds are proposed to be structured as a soft loan; therefore, payable out of cash flow. While the Applicant has requested a cash flow structure for the HOME and HTF loans, the underwriting report indicates that the Department funds can be structured with hard payments in order to meet the HTF NOFA requirement and Board policy regarding cash flow debt. The proforma also indicates the ability to support the \$1,500,000 Fort Worth HOME loan as hard debt and the Department's DCR requirements are still met. If the Board approves the HOME and HTF loan structures as underwritten, staff recommends that the Department funds carry superior lien positions to the City of Fort Worth funds. If the Applicant's requested cash flow loan structure and lien position are approved, the Department funds will be last in priority for repayment behind \$15,000,000 in conventional debt, deferred developer fee of approximately \$3M, and \$1,500,000 in City of Fort Worth HOME funds.

The owner will be seeking a full property tax abatement through the ownership of the Fort Worth Housing Authority. The owner has received a letter from the Tarrant County Appraisal District indicating they are eligible for the tax exemption; however, approval is still dependent upon the District's review of the organizational structure, contracts and operating rules of the development. Receiving the tax abatement makes a significant difference in the financial feasibility of the development. If at least a 50% tax abatement is not granted, the development will not be financially feasible. More details regarding the financial feasibility of the development can be found in the Real Estate Analysis report included in this presentation.

### **Recommendation**

Staff recommends the Board approve the issuance of up to \$15,000,000 in tax-exempt Multifamily Housing Revenue Bonds, Series 2009 and \$1,029,811 in Housing Tax Credits for the Woodmont Apartments.

Staff recommends the Board approve the request of a HOME Rental Housing Development award for persons with disabilities of \$316,000 for the Woodmont Apartments structured as a fully repayable loan at AFR over 35 years.

Staff recommends the Board approve the request of a Housing Trust Rental Production Program award for \$460,000 structured as a fully repayable loan at AFR over 35 years.

Additionally, Staff recommends that the Department funds carry superior lien positions to the City of Fort Worth funds.

RESOLUTION NO. 09-030

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (WOODMONT APARTMENTS) SERIES 2009; 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, construction and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely 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, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; (d) to make, commit to make, and participate in the making of mortgage loans, including federally insured loans, and to enter into agreements and contracts to make or participate in mortgage loans for residential housing for individuals and families of low, very low and extremely low income and families of moderate income; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Variable Rate Demand Multifamily Housing Revenue Bonds (Woodmont Apartments) Series 2009 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Woodmont Apartments, Ltd., a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental



development described on Exhibit A attached hereto (the “Development”) located within the State 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 September 4, 2008, declared its intent to issue its revenue bonds to provide financing for the Development; 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 a mortgage loan funded with the proceeds of the Bonds (the “Bond Mortgage Loan”) to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the “Bond Mortgage 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 credit enhancement for the Bond Mortgage Loan and liquidity support for the Bonds will be provided for initially by a Letter of Credit issued by Bank of America, N.A. (the “Bank”), and upon conversion of the Bond Mortgage Loan from the construction phase to the permanent phase, if conversion occurs, by a Credit Enhancement Agreement between Federal Home Loan Mortgage Corporation (the “Credit Facility Provider”) and the Trustee; and

WHEREAS, it is anticipated that the Bond Mortgage Note will be secured by a First Leasehold Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing (the “Bond Mortgage”) by the Borrower for the benefit of the Department and an Assignment of First Deed of Trust from the Department in favor of the Trustee; and

WHEREAS, the Department’s interest in the Bond Mortgage Loan (except for certain unassigned rights), including the Bond Mortgage Note and the Bond Mortgage, will be assigned to the Trustee, and the exercise of rights thereunder will be governed by an Intercreditor Agreement (the “Intercreditor Agreement”) among the Department, the Trustee, the Bank, and the Credit Facility Provider; and

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

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the “Official Statement”) and to authorize the authorized representatives of the Department 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, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the “Bond Purchase Agreement”) with Citigroup Global Markets Inc., on behalf of itself and Stern Brothers & Co. (the “Underwriter”), and the Borrower, or any other parties to such Bond Purchase Agreement as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or another party to such Bond Purchase Agreement; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Intercreditor Agreement, the Regulatory Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the “Issuer Documents”), all of which are attached to and comprise a part of this Resolution and (b) the Bond Mortgage and the Bond Mortgage 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 Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Bond Mortgage and the Bond Mortgage 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 for approval, the Comptroller of Public Accounts of the State 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 or purchasers thereof.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That the Chairman or Vice Chair of the Board or the Executive Director or Acting Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chairman or Vice Chair of the Board or the Executive Director or Acting Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate)

exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.00%; (ii) the aggregate principal amount of the Bonds shall not exceed \$15,000,000.00; (iii) the final maturity of the Bonds shall occur not later than June 1, 2042; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 103% of the principal amount thereof.

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 the Indenture and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement. That the form and substance of the Financing Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Financing Agreement and deliver the Financing Agreement to the Borrower and the Trustee.

Section 1.5 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of 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 Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Tarrant County, Texas.

Section 1.6 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and any other party to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter and any other party to the Bond Purchase Agreement, as appropriate.

Section 1.7 Acceptance of the Bond Mortgage Note and Bond Mortgage. That the form and substance of the Bond Mortgage Note and Bond Mortgage are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are hereby authorized to endorse and deliver the Bond Mortgage Note to the order of the Trustee without recourse.

Section 1.8 Approval, Execution and Delivery of the Intercreditor Agreement. That the form and substance of the Intercreditor 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 Intercreditor Agreement and to deliver the Intercreditor Agreement to the Trustee, the Bank and the Credit Facility Provider.

Section 1.9 Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter

in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chairman and Vice Chair of the Governing Board and the Executive Director or the Acting Executive Director of the Department are hereby severally authorized to deem the Official Statement “final” for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the use and distribution 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 Bond Purchase Agreement and as may be approved by the Executive Director or Acting Executive Director of the Department and the Department’s counsel.

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 - Financing Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Bond Purchase Agreement
- Exhibit F - Bond Mortgage
- Exhibit G - Bond Mortgage Note
- Exhibit H - Intercreditor Agreement
- Exhibit I - Official Statement

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 Chair of the Board, Executive Director or Acting Executive Director of the Department, Deputy Executive Director of Programs of the Department, Deputy Executive Director 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 1.14 Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Development'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 Development.

## **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. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State, 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 Approval of Requests for Rating from Rating Agency. That the action of the Executive Director or Acting Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

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

Section 2.6 Underwriter. That the underwriter with respect to the issuance of the Bonds will be Citigroup Global Markets Inc., Stern Brothers & Co., or any other party identified in the Bond Purchase Agreement.

Section 2.7 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.8 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 Development 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 Development and the information with respect to the proposed financing of the Development 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 Development 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 financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development 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 Development in accordance with the requirements of the Financing Agreement and 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 Bond Mortgage Loan in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Development 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 Development in accordance with the Financing Agreement and the Regulatory Agreement, which require, among other things, that the Development 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 Development 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 to obtain decent, safe, and sanitary housing by financing the costs of the Development, 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 Development 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 Regulatory Agreement.

Section 3.3 Sufficiency of Bond Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Bond Mortgage 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 Development 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 Chapters 33 and 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 special 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 or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State 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 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 made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

*[Execution page follows]*



PASSED AND APPROVED this 23rd day of April, 2009.

[SEAL]

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C. Kent Conine, Chairman

ATTEST:

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Timothy K. Irvine, Secretary to the Governing Board

**EXHIBIT A**

**Description of Development**

Borrower: Woodmont Apartments, Ltd., a Texas limited partnership

Development: The Development is a 252-unit 100% affordable multifamily community to be known as Woodmont Apartments, to be located at the Northeast corner of Interstate 20 and Oak Grove Road, Fort Worth, Tarrant County, Texas 76115. It will consist of three-story residential apartment buildings with approximately 257,536 net rentable square feet. The unit mix will consist of:

12	one-bedroom/one-bath units
132	two-bedroom/two-bath units
96	three-bedroom/two-bath units
12	four-bedroom/two-bath units
<hr style="width: 100%; border: 0.5px solid black;"/>	
252	Total Units

Unit sizes will range from approximately 722 square feet to approximately 1,685 square feet.

Common areas are expected to include a clubhouse, barbecue areas, two playgrounds, and a swimming pool. All units are expected to have central heating and air conditioning, carpeting, ceiling fixtures in all rooms, mini-blinds, a dishwasher, a range and oven, and covered patios or balconies.





MULTIFAMILY FINANCE PRODUCTION DIVISION

April 23, 2009

Development Information, Public Input and Board Summary

Woodmont Apartments, TDHCA Number 09605

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Davis, District 10 NC US Representative: Burgess, District 26, NC
TX Representative: Burnam, District 90 S US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Mike Moncrief, Mayor, City of Fort Worth, Resolution of Support from Local Government NC

Individuals/Businesses: In Support: 4 In Opposition: 0

Neighborhood Input:

A petition in support with 142 signatures was received at the hearing.

General Summary of Comment:

Public Hearing: The following concerns were expressed by the community: there are too many vacant apartment units in the area that are run down, there will be too many low/moderate income individuals concentrated in one area, the road that the property is located on is already congested and dangerous, there is already a lack of employment opportunities in the area, crime/noise/air pollution will increase, property values will drop, and the retail portion of the Development will not succeed because of its poor location, which is not visible from I-20.

Number that attended: 21
Number that spoke: 9
Number in support: 16
Number in opposition: 4
Number Neutral: 1

CONDITIONS OF COMMITMENT

Receipt, review, and acceptance, prior to closing on the bonds, of the following:

- Documentation that additional subsurface evaluation to determine if potential historical excavation and filling activities have impacted the site;
•Documentation that further evaluation to ensure that non-native fill materials do not exist beneath or in the immediate vicinity of proposed structure foundations, and/or to satisfy the soil test requirements under Subchapter T;
•Documentation in the form of formal concurrence from TCEQ that that the proposed development is not subject to the permitting requirements of Subchapter T;
•Evidence of further evaluation with regards to a noise assessment study;
•Evidence that the Applicant has secured at least a 50% property tax exemption
•Documentation of a firm commitment for the HOME funding from the City of Fort Worth with all terms and conditions clearly stated.
•An attorney's opinion determining that the Fort Worth HOME loan can be considered to be valid debt with the reasonable expectation that it will be repaid in full.
•A subordination agreement from the City of Fort Worth acknowledging that the HOME and Housing Trust Fund financing provided by the Department have a superior lien position over the HOME financing provided by the City of Fort Worth.
•Evidence of an agreement by the related-party contractor to defer contractor fees as necessary.

Should the terms and rates of the proposed debt or syndication change, the transaction should be reevaluated and an adjustment to the credit allocation amount may be warranted.



MULTIFAMILY FINANCE PRODUCTION DIVISION

April 23, 2009

Development Information, Public Input and Board Summary

**Woodmont Apartments, TDHCA Number 09605**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

4% Housing Tax Credits:	Credit Amount:	\$1,029,811
Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed \$1,029,811 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:	Bond Amount:	\$15,000,000
Recommendation: Recommend approval of issuance of up to \$15,000,000 in Tax Exempt Mortgage Revenue Bonds with a variable interest rate currently at 6.58% and a repayment term of 35 years with a 35 year amortization period, subject to conditions.		
HOME Activity Funds:	Loan Amount:	\$316,000
HOME CHDO Operating Expense Grant:	Grant Amount:	\$0
Recommendation: Staff recommends the Board approve the request of a HOME Rental Housing Development award for persons with disabilities of \$316,000 structured as a fully repayable loan at AFR over 35 years. Additionally, Staff recommends that the Department's HOME and HTF funds carry superior lien positions to the City of Fort Worth funds.		
HTF Rental Production Funds:	Loan Amount:	\$460,000
Recommendation: Staff recommends the Board approve the request of a Housing Trust Rental Production Program award for \$460,000 structured as a fully repayable loan at AFR over 35 years.		

## Woodmont Apartments

### Estimated Sources & Uses of Funds

#### Sources of Funds

Series 2009 Tax-Exempt Bond Proceeds	\$ 15,000,000
Tax Credit Proceeds	8,546,576
TDHCA HOME Funds	316,000
TDHCA HTF Funds	460,000
Fort Worth HOME Funds	1,500,000
Deferred Developer's Fee	2,958,993
GIC Income	140,000
<b>Total Sources</b>	<b><u>\$ 28,921,569</u></b>

#### Uses of Funds

Acquisition and Site Work Costs	\$ 3,868,000
Direct Hard Construction Costs	13,140,767
Other Construction Costs (General Require, Overhead, Profit)	2,202,597
Developer Fees and Overhead	3,159,000
Direct Bond Related	279,550
Bond Purchase Costs	2,704,960
Other Transaction Costs	3,391,695
Real Estate Closing Costs	175,000
<b>Total Uses</b>	<b><u>\$ 28,921,569</u></b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 75,000
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	30,000
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)	5,000
Trustee Fee	8,000
Trustee's Counsel (Note 1)	6,000
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
<b>Total Direct Bond Related</b>	<b><u>\$ 279,550</u></b>

## Woodmont Apartments

<b>Bond Purchase Costs</b>	
Lender's Fees & Expenses	150,000
Lender Underwriting Fee	10,000
Lender Third Party Fees	10,000
Lender's Legal Fees	30,000
Freddie Mac's Counsel	45,500
Freddie Mac Review Fee	150,000
Freddie Mac Standby Fee	37,500
Limited Partner's Counsel	30,000
LOC Origination Fee and Expenses	284,330
LOC Ongoing Fees	228,330
Underwriter's Discount	112,500
Underwriter's Counsel	30,000
Interest Rate Cap	1,400,000
Borrower's Counsel	170,000
Rating Agency	14,800
OS Printing/Mailing	2,000
<b>Total Bond Purchase Costs</b>	<b><u><u>\$ 2,704,960</u></u></b>
<b>Other Transaction Costs</b>	
Tax Credit Related Costs	92,500
Construction Contingency	533,820
Soft Construction Costs	1,663,150
Construction Period Interest	866,025
Lease-Up Reserves	214,200
Miscellaneous	20,000
TEFRA Fees	2,000
<b>Total Other Transaction Costs</b>	<b><u><u>\$ 3,391,695</u></u></b>
<b>Real Estate Closing Costs</b>	
Title and Recording	175,000
<b>Total Real Estate Costs</b>	<b><u><u>\$ 175,000</u></u></b>
<b>Estimated Total Costs of Issuance</b>	<b><u><u>\$ 6,551,205</u></u></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**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 04/15/09 PROGRAM: 4% HTC, MRB, HOME, HTF FILE NUMBER: 09605

**DEVELOPMENT**

**Woodmont Apartments**

Location: Northeast Corner of Interstate 20 and Oak Grove Rd. Region: 3  
 City: Fort Worth County: Tarrant Zip: 76115  OCT  DDA  
 Key Attributes: Multifamily, New Construction, Family, Urban

**ALLOCATION**

TDHCA Program	REQUEST AT APPLICATION			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Private Activity Mortgage Revenue Bonds	\$18,000,000			\$15,000,000	6.58%	420
Housing Trust Fund	\$460,000	AFR	480/360	\$460,000	AFR	420
HOME Activity Funds	\$316,000	AFR	480/360	\$316,000	AFR	420
Housing Tax Credit (Annual)	\$1,029,811			\$1,029,811		

**CONDITIONS**

- 1 Receipt, review, and acceptance, prior to closing on the bonds, of the following:
  - documentation that additional subsurface evaluation to determine if potential historical excavation and filling activities have impacted the site;
  - documentation that further evaluation to ensure that non-native fill materials do not exist beneath or in the immediate vicinity of proposed structure foundations, and/or to satisfy the soil test requirements under Subchapter T;
  - documentation in the form of formal concurrence from TCEQ that that the proposed development is not subject to the permitting requirements of Subchapter T;
  - evidence of further evaluation with regards to a noise assessment study;
  - evidence that the Applicant has secured at least a 50% property tax exemption;
  - documentation of a firm commitment for the HOME funding from the City of Fort Worth with all terms and conditions clearly stated.
  - an attorney's opinion determining that the Fort Worth HOME loan can be considered to be valid debt with the reasonable expectation that it will be repaid in full.
  - a subordination agreement from the City of Fort Worth acknowledging that the HOME and Housing Trust Fund financing provided by the Department have a superior lien position over the HOME financing provided by the City of Fort Worth.
  - evidence of an agreement by the related-party contractor to defer contractor fees as necessary.
- 2 If the rates or terms of any of the financing change, the underwriting analysis should be re-evaluated, and an adjustment to the allocations may be warranted.

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**SALIENT ISSUES**

TDHCA SET-ASIDES for HTC & BOND LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	1
50% of AMI	50% of AMI	25
60% of AMI	60% of AMI	226

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/Low HOME	1
50% of AMI	50%/Low HOME	9
60% of AMI	60%/High HOME	8

TDHCA SET-ASIDES for HTF LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	1
50% of AMI	50% of AMI	25

**PROS**

**CONS**

- Multiple Recognized Environmental Concerns were identified in the submitted Environmental Site Assessment.
- The proposed number of two and three bedroom units targeting 60% family households may be more than the demand for such units given the Underwriter's high capture rates for this unit type.

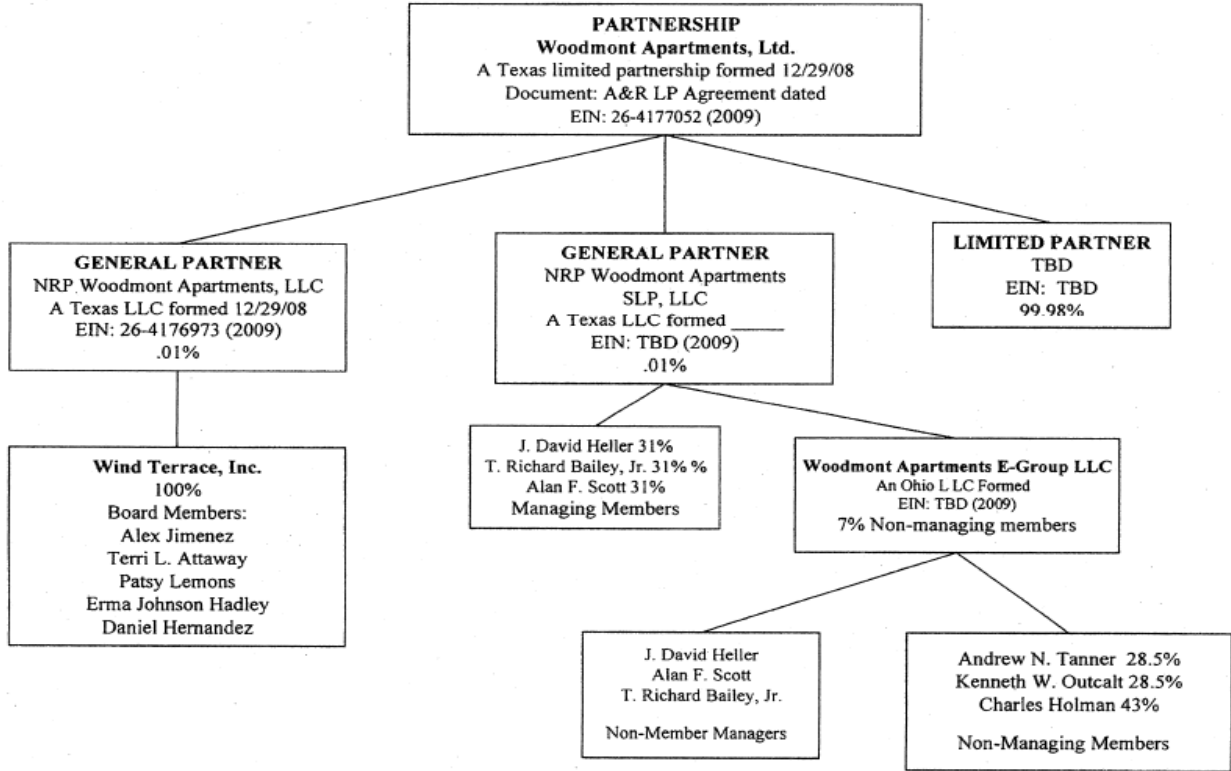
**PREVIOUS UNDERWRITING REPORTS**

none

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**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Valerie Garrity Phone: (216) 584-0674 Fax: (216) 584-2572  
 Email: vgarrity@nrpgroup.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Woodmont Apartments, Ltd.	N/A	
Wind terrace, Inc.	N/A	
NRP Holdings, LLC	N/A	15
NRP Contractors, LLC	N/A	15
NRP Properties, LLC	N/A	15

**IDENTITIES of INTEREST**

- o The Applicant, Developer, General Contractor, and Property Manager are related entities. These are common relationships for HTC-funded developments.

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**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A	B	C	Ca	D							Total Buildings
Floors/Stories	1	1	2	2	1							
Number	6	4	2	1	2							<b>15</b>

BR/BA	SF	Units										Total Units	Total SF
1 / 1	722					6						12	8,664
2 / 2	936	12				6						84	78,624
2 / 2	930		12									48	44,640
3 / 2	1,112	12				12						96	106,752
4 / 2	1,561			4	3							11	17,171
4 / 2	1,685				1							1	1,685
Units per Building		24	12	4	4	24						<b>252</b>	<b>257,536</b>

**SITE ISSUES**

Total Size: 14.065 acres      Scattered site?       Yes       No  
 Flood Zone: X      Within 100-yr floodplain?       Yes       No  
 Zoning: C - Medium Density Multifamily      Needs to be re-zoned?       Yes       No       N/A

Comments:  
 Portions of the subject site were rezoned by the City of Fort Worth effective July 29, 2008.

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TDHCA SITE INSPECTION

Inspector: TDHCA Multifamily Staff Date: 10/28/2008  
 Overall Assessment:  
 Excellent     Acceptable     Questionable     Poor     Unacceptable  
 Surrounding Uses:  
 North: Residential, Commercial East: Vacant, Law Enforcement Complex  
 South: Vacant Commercial, Interstate Hwy West: Multifamily, vacant

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Terracon Date: 8/20/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- "The site has historically been utilized for landfill activities. Surface observations of the central portion of the site indicated the presence of carpet, concrete, rebar, wood, asphalt, shingles, PVC piping, tires, and plastic debris. Based on an interview with Mr. German Vasquez, with the City of Fort Worth, the site has been reportedly utilized as an unregistered landfill for construction debris for the last 1.5 years. In addition, Mr. Russell Fox, site owner, indicated that demolition material had been illegally dumped on the site for approximately two years ... the unregistered on-site landfill presents a recognized environmental condition (REC)." (pp. i-ii)
- "Surrounding properties consisted of a landfill area abutting the site to the north ... Terracon was unable to obtain information regarding the materials dumped on the abutting property to the north. Based on the lack of information regarding the fill materials, the property abutting the site to the north appears to constitute a REC to the site." (p. ii)
- "Based on a review of the historical information, the site consisted of undeveloped land with land scarring visible on the northern portion of the site, ponds located on the eastern portion of the site from at least 1942 to 1980, when the ponds were filled and the northern portion of the site appeared to be undergoing excavation activities. A commercial building was constructed on the southeast corner of the site in the mid-1950's and subsequently removed in the mid-1970's. Significant land scarring is visible on the north and central portions of the site in the early 2000's. Based on the historical land scarring and the filling of the on-site ponds with unknown materials, the historical use of the site constitutes a REC." (p. ii)
- "Although no structures are present on-site ... observations indicate that asphalt shingles are present within the landfilled materials. Based on this information, Terracon recommends any suspect asbestos containing materials be properly handled and disposed in accordance of applicable regulations." (p. ii)
- "A railroad is located approximately 50 feet east of the site, the I-20 access road abuts the site to the south ... and the Arlington Municipal Airport is located approximately 14 miles east of the site." (p. ii)

Recommendations

- "Terracon recommends that additional subsurface evaluation be conducted on-site to determine if potential historical excavation and filling activities have impacted the site." (p. iv)
- "It appears that future development on-site may be subject the Municipal Solid Waste rules as promulgated in Chapter 330, Subchapter T, of the Texas Administrative Code (TAC) ... if future developments are planned for construction over the identified on-site non-native fill material, the development may be subject to the permitting requirements of Subchapter T ... Therefore, Terracon recommends that the location of any proposed future construction on-site be further evaluated to ensure that non-native fill materials do not exist beneath or in the immediate vicinity of proposed structure foundations and/or to satisfy the soil test requirements under Subchapter T. (p. iv)

This section intentionally left blank.

- If the additional evaluation indicates that the proposed structure is outside the limits of the non-native fill, or if the non-native fill material will be excavated from the vicinity of the proposed structures, Terracon recommends submitting all applicable documentation to the Texas Commission on Environmental Quality to obtain concurrence that the proposed development on-site is not subject to the permitting requirements of Subchapter T." (p. iv)
- "Terracon also recommends further evaluation be conducted with regards to a noise assessment study." (p. v)

Comments

Any funding recommendation will be subject to receipt, review, and acceptance, prior to closing on the bonds, of evidence that the Applicant has fully implemented all ESA recommendations, as well as any additional recommendations resulting from subsequent evaluation.

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData Date: 9/17/2008  
 Contact: Darrell Jack Phone: (210) 530-0040 Fax: (210) 340-5830  
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 27 sq. miles 3 mile radius

"For this analysis, we utilized a primary market area encompassing 26.74 square miles ... the boundaries approximately follow Ramsay Avenue to the north, Wichita Street to the east, Everman Road / Sycamore School Road to the south, and Vega Drive / Fort Worth Western Railroad to the west." (p. 4)  
 The PMA consists of the following census tracts:

48439104400	48439104505	48439104802	48439105704	48439106001
48439104502	48439104605	48439105600	48439105800	48439106002
48439104503	48439104700	48439105701	48439105900	48439111003
48439104504	48439104801	48439105703		

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				near the PMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Peppertree	07433	88	rehab	HomeTowne at Matador	07409	198	senior
Oak Timbers Seminary	060038	128	senior				
				Candletree	060053	216	rehab
				Villas of Forest Hill	04089	100	senior

INCOME LIMITS						
Tarrant						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$13,600	\$15,500	\$17,450	\$19,400	\$20,950	\$22,500
50	\$22,600	\$25,850	\$29,050	\$32,300	\$34,900	\$37,450
60	\$27,120	\$31,020	\$34,860	\$38,760	\$41,880	\$44,940

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 / 1 60%	267	2		269	12	0	4%
2 / 2 60%	187	1		188	132	0	70%
3 / 2 60%	229	4		233	96	0	41%
4 / 2 60%	97	7		104	12	0	12%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 / 1 30%	46	0		46	1	0	2%
1 / 1 50%	80	0		80	11	0	14%
2 / 2 50%	136	-2		134	14	0	10%
2 / 2 60%	58	1		59	118	0	200%
3 / 2 60%	105	0		105	96	0	91%
4 / 2 60%	72	0		71	12	0	17%

OVERALL DEMAND									
		Target Households	Household Size	Income Eligible	Tenure	Demand			
PMA DEMAND from TURNOVER									
Market Analyst p.						3,760	48%	1,812	
Underwriter	100%	29,084	96%	27,921	33%	9,298	43%	3,997	48%
PMA DEMAND from HOUSEHOLD GROWTH									
Market Analyst p.									30
Underwriter			96%	127	33%	41	43%	17	100%

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p.	252	0	0	252	1,842	14%
Underwriter	252	0	0	252	1,944	13%

Supply and Demand:

The market study assumes all units at the subject have rent and income restrictions at 60% of AMI, apparently based on an early version of the application. Based on this assumption, from the 60% of AMI income band, the Market Analyst identified demand for 1,842 units. With 252 units at the subject, and no additional unstabilized supply within the PMA, the Market Analyst concludes an inclusive capture rate of 14%. The underwriting analysis uses the demographic data provided in the market study, and considers the current unit configuration, which includes one unit at 30% of AMI, 25 units at 50% of AMI, and 226 units at 60% of AMI. This analysis identifies total demand for 1,944 units, resulting in an inclusive capture rate of 13%. This is well below the maximum rate of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"The competitive sub-market supply and demand analysis ... included 1,000 affordable units, and 661 conventional units in and around the PMA ... The occupancy rate for the income restricted one bedrooms is 98.3%, for income restricted two bedrooms it is 89.6%, for income restricted three bedrooms it is 90.7%, for income restricted four bedrooms it is 91.3%, and the overall average occupancy for income restricted units is 91.0% ... The occupancy rate for the market rate one bedrooms is 89.8%, for market rate two bedrooms it is 91.6%, for market rate three bedrooms it is 94.4%, for market rate four bedrooms it is 100%, and the overall average occupancy for market rate units is 90.9%." (pp. 14-15)

Absorption Projections:

"Over the past 6 years, we see over 750 new units built since 2000 have been absorbed. This fares well for Woodmont Apartments. There have been no affordable family units built within the PMA for the past several years. As such, we are not able to determine the recent absorption of affordable units." (p. 98)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	722 SF	30%	\$292	\$292	\$652	\$292	\$360
1 BR	722 SF	50%	\$539	\$539	\$652	\$539	\$113
1 BR	722 SF	50%	\$539	\$526	\$652	\$526	\$126
2 BR	930 SF	50%	\$648	\$648	\$785	\$648	\$137
2 BR	936 SF	50%	\$648	\$632	\$785	\$632	\$153
2 BR	930 SF	60%	\$700	\$785	\$785	\$785	\$0
2 BR	936 SF	60%	\$710	\$785	\$785	\$785	\$0
3 BR	1,112 SF	60%	\$820	\$922	\$925	\$922	\$3
3 BR	1,112 SF	60%	\$820	\$922	\$925	\$922	\$3
4 BR	1,561 SF	60%	\$975	\$1,033	\$1,040	\$1,033	\$7
4 BR	1,561 SF	60%	\$975	\$1,033	\$1,040	\$1,033	\$7
4 BR	1,685 SF	60%	\$1,007	\$1,033	\$1,040	\$1,033	\$7

**Market Impact:**

The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Stabilized affordable family projects are 91.0% occupied. Demand for new affordable rental housing is high.

**Comments:**

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

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          3          Date of Last Applicant Revision:          3/24/2009    

The Applicant has applied for HOME and Housing Trust Fund financing as well as tax credits; some units are therefore subject to multi-layered restrictions. When more than one program applies, the most restrictive rent restriction is used. The Applicant has overstated the collectible rent for the 25 units with 50% restrictions, and understated the collectible rent for the 226 units with 60% restrictions. The Applicant has also assumed losses equal to 10% of potential gross rental income due to vacancy and collection. The Applicant has projected non-rental income of \$15 per unit per month, consistent with underwriting guidelines.

The Underwriter's estimate of projected income is calculated based on 2009 program rents adjusted by utility allowances maintained by the Fort Worth Housing Authority. The Underwriter utilized the standard \$15/unit/month for secondary income and 7.5% vacancy and collection loss. Due to the differences in the Applicant's estimated rental income described above, the Applicant's projected effective gross income is 12% less than the underwriting estimate.

Expense:      Number of Revisions:          3          Date of Last Applicant Revision:          3/24/2009    

The Applicant's projected annual operating expenses are \$3,177 per unit; this is within 5% of the underwriting estimate of \$3,327, based on the TDHCA database and third party sources. While the Applicant's total expenses are within underwriting guidelines, several line items vary significantly: general & administrative (\$15K lower); payroll & payroll tax (\$22K lower); repairs and maintenance (\$31K higher); utilities (\$20K lower); water, sewer, and trash (\$16K higher); and property insurance (\$24K lower).

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The operating expenses originally submitted with the application included \$327K per year in property taxes. The Applicant has subsequently indicated that the sole member of the General Partner is an affiliate of the Fort Worth Housing Authority, and will therefore be exempt from property tax. This exemption reduces the total annual operating expenses by more than \$1,000 per unit, and has a significant impact on the feasibility of the project.

Conclusion:

The Applicant's projected gross income and net operating income (NOI) are not within 5% of the underwriting estimates; therefore, the underwriting estimates will be used to determine debt capacity and financial feasibility. Based on the financing structure proposed by the Applicant, the debt coverage ratio (DCR) would be 1.38, which exceeds the underwriting range of 1.15 to 1.35.

However, the Applicant has not included any debt service on the HOME and Housing Trust Fund financing requested from TDHCA, or on the proposed HOME funding from the City of Fort Worth. The Applicant has requested \$316,000 in HOME funds and \$460,000 in HTF funds from TDHCA; while the application requests these funds amortized at AFR over 40 years, no debt service is indicated on the Applicant's proforma. It is Department policy that any TDHCA financing be structured as fully repayable debt. The underwriting analysis will therefore include these amounts amortized, after 18 months of no interest, at AFR over the same 35 year period as the primary debt.

The Applicant's proposed financing also includes \$1,500,000 in HOME funds from the City of Fort Worth, but with no clearly defined terms or conditions. The Applicant has provided a term sheet suggesting these funds will bear 3% simple interest over 38 years, with "payment beginning after deferred developer fees and senior lenders are paid, and to the extent payable from cash flow". It is not clear whether Fort Worth has committed to these terms. IRC§42 requires that any federal funding (e.g. HOME) must be structured as valid debt, or, alternatively, if the funding is determined to be a grant, the amount must be excluded from eligible basis when calculating tax credits.

Any recommended funding by the Department will be conditioned on receipt, review, and acceptance, prior to closing, of a firm commitment for the funding from the City of Fort Worth, with all terms and conditions clearly stated. Since the Applicant is not proposing any debt service on this loan, any recommended funding by the Department will also be conditioned on receipt, review, and acceptance, prior to closing, of an attorney's opinion determining that the Fort Worth HOME loan can be considered to be valid debt with the reasonable expectation that it will be repaid in full.

Since repayability is required for the eligibility of the proposed Fort Worth funding, the underwriting analysis will assume this funding is fully repaid at the terms suggested by the term sheet (3% simple interest over 35 years following a 3-year period of deferred interest). The underwriting estimate of first year income and expenses, with the recommended financing structure, result in a debt coverage ratio of 1.24; this is within the acceptable range of 1.15 to 1.35, indicating the development has the capacity to carry the proposed debt.

Moreover, the DCR conclusions are based on the Applicant securing a 100% property tax exemption as discussed previously. The Underwriter evaluated the impact of increasing the total operating expenses by the full property tax expense and determined that the DCR would fall below the Department's minimum requirement of 1.15. The Underwriter further determined that even if the HOME and HTF award were granted to this development, the minimum DCR requirement would not be met and, therefore, this development would not meet the Department's feasibility criteria. However, if the Applicant were able to secure at least a 50% property tax exemption the development may still be characterized as feasible.

It has been indicated that confirmation and commitment of a property tax exemption will be required by the primary lender before closing. Therefore, any recommendation for funding will be conditioned upon receipt, review and acceptance, prior to closing, of documentation that the Applicant has secured at least a 50% property tax exemption for the development.

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Contingency & Fees:

The Applicant included \$200,000 for "soft cost contingency" under indirect construction costs; this amount has been included with the Applicant's direct cost contingency.

Conclusion:

The Applicant's projected total development cost is \$29 million. This is within 5% of the underwriting estimate of \$29.5 million. The Applicant's projections will therefore be used to determine eligible basis and the need for permanent financing. The calculated eligible basis of \$24,225,144 is increased by 30% because the site is located in a Qualified Census Tract. The adjusted basis of \$31,492,687 supports a tax credit allocation of \$1,083,348 per year over ten years. This amount will be compared to the Applicant's requested allocation, and the amount determined by the gap in financing, to determine any recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: 3 Date of Last Applicant Revision: 10/22/2008

Source: NRP Holdings, LLC Type: Interim Financing

Principal: \$700,000 Interest Rate: 0.0%  Fixed Amort: 24 months

Source: TDHCA -- HOME Type: Interim to Permanent Financing

Principal: \$316,000 Interest Rate: AFR  Fixed Amort: 480 months

Comments:

The application indicates a request for HOME funds amortized over 40 years at the Applicable Federal rate; however, the Applicant has not included any debt service associated with this funding. It is TDHCA policy that Department HOME funding be structured as fully amortized debt; the underwriting analysis will therefore include this amount amortized at AFR over the same period as the primary debt.

Source: TDHCA -- Housing Trust Fund Type: Interim to Permanent Financing

Principal: \$460,000 Interest Rate: AFR  Fixed Amort: 480 months

Comments:

The application indicates a request for HTF funds amortized over 40 years at the Applicable Federal rate; however, the Applicant has not included any debt service associated with this funding. It is TDHCA policy that Department HOME funding be structured as fully amortized debt; the underwriting analysis will therefore include this amount amortized at AFR over the same period as the primary debt.

Issuer: TDHCA

Source: Freddie Mac Type: Interim to Permanent Bond Financing

Interim \$15,000,000 Interest Rate: 6.33%  Fixed  
Permanent \$15,000,000 Interest Rate: 6.58%  Variable Amort: 420 months

Comments:

Bank of America will provide a Construction Letter of Credit in the principal amount of \$15,000,000. The Underwriter estimated the interest on the construction loan based upon the following: 2% base rate, 2% cushion, 0.33% fees, 2% LC.

The forward commitment from MMA reflects a 17 year cap with a base rate of the following: 4.5% for years 1-5, 5% for years 6-10, and 5% for years 11-17. The rate stack includes: bond trustee and issuer fees of 0.33%; credit enhancement fees of 1.85% and servicing spread of 0.40%. The lender utilized an underwriting rate of 6.58% (includes 4% base rate + 2.58% in fees).

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Source: City of Fort Worth HOME Type: Interim to Permanent Financing

Principal: \$1,500,000 Interest Rate: 3.0%  Fixed Amort: 420 months

Comments:

The Applicant's proposed financing includes \$1,500,000 in HOME funds from the City of Fort Worth, but with no clearly defined terms or conditions. The Applicant has provided a term sheet suggesting these funds will bear 3% simple interest over 38 years, with "payment beginning after deferred developer fees and senior lenders are paid, and to the extent payable from cash flow". This causes some concern as to whether the Fort Worth HOME funds should be excluded from eligible basis. IRC§42 requires that any federal funding (e.g. HOME) must be structured as valid debt, or, alternatively, if the funding is determined to be a grant, the amount must be excluded from eligible basis when calculating tax credits.

The Applicant has also provided a letter from the City of Fort Worth requesting that the City funds have superior lien position for their larger investment in the transaction, if the TDHCA Board agrees to fund the requested HOME and HTF award as soft debt subject to cash flow. The City of Fort Worth commitment indicates that this type of structure would be a condition of their loan proposal to the Fort Worth City Council.

As stated previously, Department policy requires that the Department financing be fully amortized and repayable. As such the Underwriter has evaluated this transaction with full repayment for the requested HOME and HTF award. Additionally, since repayment of the Fort Worth financing is subject to cash flow, per the commitment provided, the Department will require that the Fort Worth soft financing be subordinate to the Department's financing. Any recommended funding by the Department will be conditioned on:

- receipt, review, and acceptance, prior to closing on the bonds, of a firm commitment for the funding from the City of Fort Worth, with all terms and conditions clearly stated.
- receipt, review, and acceptance, prior to closing on the bonds, of an attorney's opinion determining that the Fort Worth HOME loan can be considered to be valid debt with the reasonable expectation that it will be repaid in full.
- receipt, review, and acceptance, prior to closing on the bonds, of a subordination agreement from the City of Fort Worth acknowledging that the HOME and Housing Trust Fund financing provided by the Department have a superior lien position over the HOME financing provided by the City of Fort Worth.

Source: Bank of America Type: Syndication

Proceeds: \$8,546,575 Syndication Rate: 83% Anticipated HTC: \$ 1,029,708

Comments:

The Equity Letter of Interest dated March 30, 2009 indicates a syndication price of \$0.83 per tax credit dollar.

Amount: \$140,964 Type: GIC Income

Comments:

The Applicant's most recent sources and uses indicates \$140,964 in interest income to be derived from the investment of bond proceeds in a Guaranteed Investment Contract. Underwriting guidelines do not include GIC income as a source of funds. These funds are considered to be at the Developer's risk, and are therefore added to any deferred developer fee and must be repayable from cash flow.

Amount: \$3,021,419 Type: Deferred Developer Fees

Comments:

The Applicant's most recent sources and uses indicates \$3,021,419 in deferred developer fees. This amount represents 96% of the Applicant's total proposed developer fee.

## CONCLUSIONS

### Recommended Financing Structure:

The current underwriting analysis assumes all TDHCA funding is fully amortized at AFR over 35 years, and that the \$1,500,000 in financing from the City of Fort Worth is repaid over 35 years at 3% simple interest. This recommended financing structure yields an acceptable DCR of 1.24

The Applicant's total development cost estimate less \$17,276,000 in permanent financing (\$15,000,000 primary mortgage, \$316,000 in TDHCA HOME funds, \$460,000 in TDHCA HTF funds, and \$1,500,000 in HOME funds from the City of Fort Worth) indicates the need for \$11,708,958 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,410,718 annually would be required to fill this gap in financing. The underwriting guidelines consider three possible tax credit allocation amounts:

Credit amount determined by eligible basis:	<u>\$1,083,348</u>
Credit amount requested by the Applicant:	<u>\$1,029,811</u>
Credit amount determined by the gap in financing:	<u>\$1,410,718</u>

Of these amounts, the allocation requested by the Applicant is recommended as it is the least of the three options. This financing structure indicates the need for \$3,161,528 in additional permanent funds. This exceeds the total proposed developer fee; however, the General Contractor is a related party to the Developer. As a result, any recommendation made in this report will be conditioned upon receipt, review and acceptance, prior to closing, of documentation from the related-party contractor to defer contractor fees as necessary. Deferred developer and contractor fees totaling \$3,161,528 appear to be repayable from development cashflow within 15 years of stabilized operation.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the ratio of HOME units to total units.

Underwriter:	_____	Date:	<u>April 15, 2009</u>
	<i>Thomas Cavanagh</i>		
Manager of Real Estate Analysis:	_____	Date:	<u>April 15, 2009</u>
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	<u>April 15, 2009</u>
	<i>Brent Stewart</i>		

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Woodmont Apartments, Fort Worth, 4% HTC, MRB, HOME, HTF #08615**

Type of Unit	Other	Other	Number	Bedrooms	No. of Baths	Size in SF	HTC Gross	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC30%	LH	HTF30%	1	1	1	722	\$371	\$292	\$292	\$0.40	\$79.00	\$11.00
TC50%	LH	HTF50%	1	1	1	722	\$618	\$539	\$539	\$0.75	\$79.00	\$11.00
TC50%		HTF50%	10	1	1	722	\$618	\$526	\$5,260	\$0.73	\$79.00	\$11.00
TC50%	LH	HTF50%	8	2	2	930	\$742	\$648	\$5,184	\$0.70	\$94.00	\$11.00
TC50%		HTF50%	6	2	2	936	\$742	\$632	\$3,792	\$0.68	\$94.00	\$11.00
TC 60%			40	2	2	930	\$891	\$785	\$31,400	\$0.84	\$94.00	\$11.00
TC 60%			78	2	2	936	\$891	\$785	\$61,230	\$0.84	\$94.00	\$11.00
TC60%	HH		6	3	2	1,112	\$1,029	\$922	\$5,532	\$0.83	\$107.00	\$11.00
TC 60%			90	3	2	1,112	\$1,029	\$922	\$82,980	\$0.83	\$107.00	\$11.00
TC60%	HH		2	4	2	1,561	\$1,149	\$1,033	\$2,066	\$0.66	\$116.00	\$11.00
TC 60%			9	4	2	1,561	\$1,149	\$1,033	\$9,297	\$0.66	\$116.00	\$11.00
TC 60%			1	4	2	1,685	\$1,149	\$1,033	\$1,033	\$0.61	\$116.00	\$11.00
<b>TOTAL:</b>			<b>252</b>			<b>AVERAGE: 1,022</b>		<b>\$828</b>	<b>\$208,605</b>	<b>\$0.81</b>	<b>\$99.29</b>	<b>\$11.00</b>

<b>INCOME</b>		Total Net Rentable Sq Ft:			<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>			257,536		\$2,503,260	\$2,269,500	Tarrant	Fort Worth	3
Late fees, laundry fees		Per Unit Per Month:	\$15.00		45,360	45,360	\$15.00	Per Unit Per Month	
Other Support Income:					0		\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>					\$2,548,620	\$2,314,860			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(191,147)	(231,492)	-10.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
<b>EFFECTIVE GROSS INCOME</b>					\$2,357,474	\$2,083,368			
<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		4.38%	\$410	0.40	\$103,228	\$88,200	\$0.34	\$350	4.23%
Management		3.70%	346	0.34	87,172	83,335	0.32	331	4.00%
Payroll & Payroll Tax		11.07%	1,036	1.01	\$260,974	239,400	0.93	950	11.49%
Repairs & Maintenance		4.53%	424	0.42	\$106,901	138,000	0.54	548	6.62%
Utilities		3.05%	285	0.28	71,844	51,800	0.20	206	2.49%
Water, Sewer, & Trash		1.55%	145	0.14	36,480	52,120	0.20	207	2.50%
Property Insurance		2.91%	272	0.27	68,557	44,352	0.17	176	2.13%
Property Tax	2.7013	0.00%	0	0.00	0	0	0.00	0	0.00%
Reserve for Replacements		2.67%	250	0.24	63,000	63,000	0.24	250	3.02%
TDHCA Compliance Fees		0.43%	40	0.04	10,080	10,080	0.04	40	0.48%
Other: sup services		1.28%	120	0.12	30,240	30,240	0.12	120	1.45%
<b>TOTAL EXPENSES</b>		<b>35.57%</b>	<b>\$3,327</b>	<b>\$3.26</b>	<b>\$838,477</b>	<b>\$800,527</b>	<b>\$3.11</b>	<b>\$3,177</b>	<b>38.42%</b>
<b>NET OPERATING INC</b>		<b>64.43%</b>	<b>\$6,028</b>	<b>\$5.90</b>	<b>\$1,518,996</b>	<b>\$1,282,841</b>	<b>\$4.98</b>	<b>\$5,091</b>	<b>61.58%</b>
<b>DEBT SERVICE</b>									
MMA		46.55%	\$4,355	\$4.26	\$1,097,385	\$1,099,743	\$4.27	\$4,364	52.79%
TDHCA HOME		0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing		0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>		<b>17.88%</b>	<b>\$1,673</b>	<b>\$1.64</b>	<b>\$421,611</b>	<b>\$183,098</b>	<b>\$0.71</b>	<b>\$727</b>	<b>8.79%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>					<b>1.38</b>	<b>1.17</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>					<b>1.24</b>				

<b>CONSTRUCTION COST</b>		<b>Factor</b>	<b>% of TOTAL</b>	<b>PER UNIT</b>	<b>PER SQ FT</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)			4.41%	\$5,159	\$5.05	\$1,300,000	\$1,300,000	\$5.05	\$5,159	4.49%
Off-Sites			0.34%	397	0.39	100,000	100,000	0.39	397	0.35%
Sitework			8.38%	9,794	9.58	2,468,000	2,468,000	9.58	9,794	8.51%
Direct Construction			46.01%	53,795	52.64	13,556,280	13,140,767	51.02	52,146	45.34%
Contingency	4.58%		2.49%	2,912	2.85	733,820	733,820	2.85	2,912	2.53%
Contractor's Fees	13.64%		7.42%	8,672	8.49	2,185,227	2,185,227	8.49	8,672	7.54%
Indirect Construction			5.94%	6,943	6.79	1,749,707	1,749,707	6.79	6,943	6.04%
Ineligible Costs			10.63%	12,424	12.16	3,130,814	3,130,814	12.16	12,424	10.80%
Developer's Fees	14.71%		10.72%	12,536	12.27	3,159,000	3,159,000	12.27	12,536	10.90%
Interim Financing			2.68%	3,129	3.06	788,623	788,623	3.06	3,129	2.72%
Reserves			0.99%	1,154	1.13	290,895	229,000	0.89	909	0.79%
<b>TOTAL COST</b>			<b>100.00%</b>	<b>\$116,914</b>	<b>\$114.40</b>	<b>\$29,462,366</b>	<b>\$28,984,958</b>	<b>\$112.55</b>	<b>\$115,020</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>			<b>64.30%</b>	<b>\$75,172</b>	<b>\$73.56</b>	<b>\$18,943,327</b>	<b>\$18,527,814</b>	<b>\$71.94</b>	<b>\$73,523</b>	<b>63.92%</b>

<b>SOURCES OF FUNDS</b>					<b>RECOMMENDED</b>				
MMA		50.91%	\$59,524	\$58.24	\$15,000,000	\$15,000,000	\$15,000,000	Developer Fee Available	
TDHCA HOME		1.07%	\$1,254	\$1.23	316,000	316,000	316,000	\$3,159,000	
TDHCA HTF					460,000	460,000	460,000		
Fort Worth HOME					1,500,000	1,500,000	1,500,000		
HTC -- Bank of America		29.01%	\$33,915	\$33.19	8,546,575	8,546,575	8,547,430	% of Dev. Fee Deferred	
GIC Income						140,964		100%	
Deferred Developer Fees		10.26%	\$11,990	\$11.73	3,021,419	3,021,419	3,161,528		
Additional (Excess) Funds Req'd		2.10%	\$2,454	\$2.40	618,372	0	0	15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>					<b>\$29,462,366</b>	<b>\$28,984,958</b>	<b>\$28,984,958</b>	<b>\$6,803,404</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Woodmont Apartments, Fort Worth, 4% HTC, MRB, HOME, HTF #08615*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.94	\$14,149,864
<b>Adjustments</b>				
Exterior Wall Finish	1.12%		\$0.62	\$158,478
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.14%		1.73	444,306
Roofing			0.00	0
Subfloor			(0.83)	(212,943)
Floor Cover			2.38	612,936
Breezeways/Balconies	\$22.95	20,541	1.83	471,413
Plumbing Fixtures	\$835	720	2.33	601,200
Rough-ins	\$410	504	0.80	206,640
Built-In Appliances	\$1,800	252	1.76	453,600
Exterior Stairs	\$1,875	80	0.58	150,000
Interior Stairs	\$1,575	12	0.07	18,900
Heating/Cooling			1.83	471,291
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$72.88	3,582	1.01	261,038
Other: fire sprinkler	\$2.15	257,536	2.15	553,702
<b>SUBTOTAL</b>			<b>71.22</b>	<b>18,340,426</b>
Current Cost Multiplier	1.01		0.71	183,404
Local Multiplier	0.90		(7.12)	(1,834,043)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$64.81</b>	<b>\$16,689,788</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.53)	(\$650,902)
Interim Construction Interest	3.38%		(2.19)	(563,280)
Contractor's OH & Profit	11.50%		(7.45)	(1,919,326)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$52.64</b>	<b>\$13,556,280</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$15,000,000	Amort	420
Int Rate	6.58%	DCR	1.38

<b>Secondary</b>	\$776,000	Amort	0
Int Rate	3.61%	Subtotal DCR	1.38

<b>Additional</b>	\$1,500,000	Amort	0
Int Rate	3.00%	Aggregate DCR	1.38

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$1,097,385
Secondary Debt Service	39,081
Additional Debt Service	87,857
<b>NET CASH FLOW</b>	<b>\$294,673</b>

<b>Primary</b>	\$15,000,000	Amort	420
Int Rate	6.58%	DCR	1.38

<b>Secondary</b>	\$776,000	Amort	420
Int Rate	3.61%	Subtotal DCR	1.34

<b>Additional</b>	\$1,500,000	Amort	420
Int Rate	3.00%	Aggregate DCR	1.24

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at	2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT		\$2,503,260	\$2,553,325	\$2,604,392	\$2,656,480	\$2,709,609	\$2,991,627	\$3,302,998	\$3,646,777	\$4,445,401
Secondary Income		45,360	46,267	47,193	48,136	49,099	54,209	59,852	66,081	80,552
Other Support Income:		0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME		2,548,620	2,599,592	2,651,584	2,704,616	2,758,708	3,045,837	3,362,850	3,712,858	4,525,953
Vacancy & Collection Loss		(191,147)	(194,969)	(198,869)	(202,846)	(206,903)	(228,438)	(252,214)	(278,464)	(339,446)
Employee or Other Non-Rental Units or Concessions		0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME		\$2,357,474	\$2,404,623	\$2,452,715	\$2,501,770	\$2,551,805	\$2,817,399	\$3,110,636	\$3,434,394	\$4,186,507
EXPENSES at	3.00%									
General & Administrative		\$103,228	\$106,325	\$109,515	\$112,800	\$116,184	\$134,690	\$156,142	\$181,012	\$243,264
Management		87,172	88,916	90,694	92,508	94,358	104,179	115,022	126,994	154,805
Payroll & Payroll Tax		260,974	268,803	276,867	285,173	293,728	340,512	394,746	457,619	615,002
Repairs & Maintenance		106,901	110,108	113,411	116,814	120,318	139,482	161,698	187,452	251,920
Utilities		71,844	73,999	76,219	78,506	80,861	93,740	108,670	125,979	169,305
Water, Sewer & Trash		36,480	37,574	38,702	39,863	41,059	47,598	55,179	63,968	85,968
Insurance		68,557	70,614	72,733	74,914	77,162	89,452	103,699	120,216	161,560
Property Tax		0	0	0	0	0	0	0	0	0
Reserve for Replacements		63,000	64,890	66,837	68,842	70,907	82,201	95,293	110,471	148,464
Other		40,320	41,530	42,775	44,059	45,381	52,608	60,988	70,701	95,017
TOTAL EXPENSES		\$838,477	\$862,760	\$887,753	\$913,479	\$939,958	\$1,084,461	\$1,251,438	\$1,444,411	\$1,925,303
NET OPERATING INCOME		\$1,518,996	\$1,541,863	\$1,564,962	\$1,588,291	\$1,611,847	\$1,732,938	\$1,859,198	\$1,989,983	\$2,261,203
<b>DEBT SERVICE</b>										
First Lien Financing		\$1,097,385	\$1,097,385	\$1,097,385	\$1,097,385	\$1,097,385	\$1,097,385	\$1,097,385	\$1,097,385	\$1,097,385
Second Lien		39,081	39,081	39,081	39,081	39,081	39,081	39,081	39,081	39,081
Other Financing		87,857	87,857	87,857	87,857	87,857	87,857	87,857	87,857	87,857
NET CASH FLOW		\$294,673	\$317,539	\$340,638	\$363,967	\$387,523	\$508,614	\$634,875	\$765,659	\$1,036,880
DEBT COVERAGE RATIO		1.24	1.26	1.28	1.30	1.32	1.42	1.52	1.63	1.85

**HTC ALLOCATION ANALYSIS -Woodmont Apartments, Fort Worth, 4% HTC, MRB, HOME, HTF #08615**

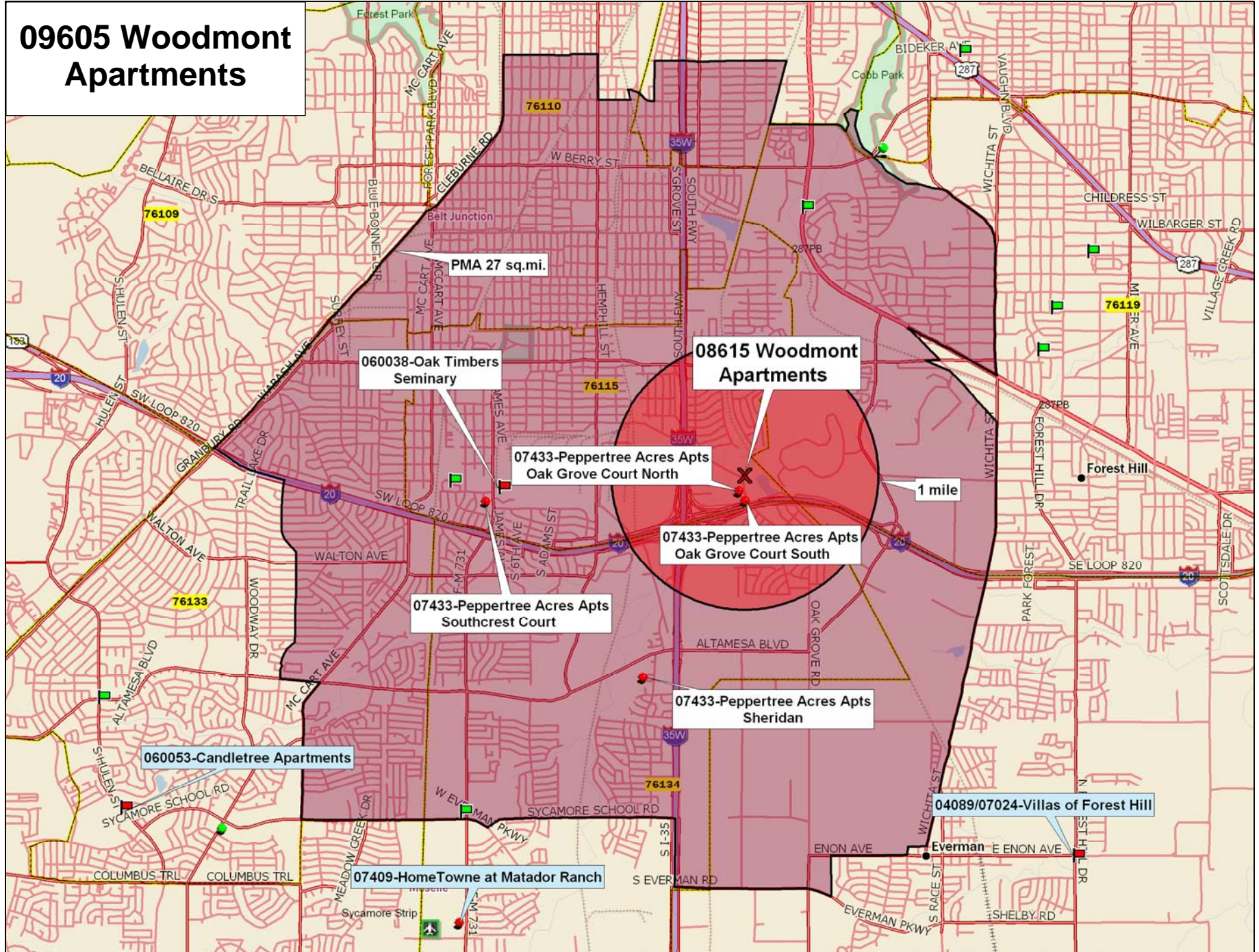
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,300,000	\$1,300,000		
Purchase of buildings				
<b>Off-Site Improvements</b>	\$100,000	\$100,000		
<b>Sitework</b>	\$2,468,000	\$2,468,000	\$2,468,000	\$2,468,000
<b>Construction Hard Costs</b>	\$13,140,767	\$13,556,280	\$13,140,767	\$13,556,280
<b>Contractor Fees</b>	\$2,185,227	\$2,185,227	\$2,185,227	\$2,185,227
<b>Contingencies</b>	\$733,820	\$733,820	\$733,820	\$733,820
<b>Eligible Indirect Fees</b>	\$1,749,707	\$1,749,707	\$1,749,707	\$1,749,707
<b>Eligible Financing Fees</b>	\$788,623	\$788,623	\$788,623	\$788,623
<b>All Ineligible Costs</b>	\$3,130,814	\$3,130,814		
<b>Developer Fees</b>				
Developer Fees	\$3,159,000	\$3,159,000	\$3,159,000	\$3,159,000
<b>Development Reserves</b>	\$229,000	\$290,895		
<b>TOTAL DEVELOPMENT COSTS</b>	\$28,984,958	\$29,462,366	\$24,225,144	\$24,640,657

<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>		\$24,225,144	\$24,640,657
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$31,492,687	\$32,032,855
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$31,492,687	\$32,032,855
Applicable Percentage		3.44%	3.44%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$1,083,348	\$1,101,930

<b>Syndication Proceeds</b>	<b>0.8300</b>	<b>\$8,991,791</b>	<b>\$9,146,019</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$1,083,348</b>	<b>\$1,101,930</b>
<b>Syndication Proceeds</b>		<b>\$8,991,791</b>	<b>\$9,146,019</b>
<b>Requested Tax Credits</b>		<b>\$1,029,811</b>	
<b>Syndication Proceeds</b>		<b>\$8,547,430</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$11,708,958</b>	<b>\$14,146,366</b>
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,410,718</b>	<b>\$1,704,382</b>



# 09605 Woodmont Apartments



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# Applicant Evaluation

Project ID **09605**

Name **Woodmont Apartments**

City: **Fort Worth**

HTC 9%     HTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas       Members of the development team have been disbarred by HUD

## Portfolio Management and Compliance

Total # of MF awards monitored: 13

Total # of MF awards not yet monitored or pending review: 11

SF Contract Experience  Yes  No

Total # of SF Contracts: 0

### Projects in Material Noncompliance

Yes       No

Unresolved Audit Findings Identified w/ Contract(s)

Total # of MF Projects in Material Noncompliance: 0

Projects grouped by score	0-9:	<u>7</u>
	10-19:	<u>2</u>
	20-29:	<u>4</u>

Total monitored with a score 0-29: 13

Completed by: J. Taylor

Reviewer: Wendy Quackenbush

Date: 4/2/2009

Date: 4/3/2009

### Single Audit

Single audit review not applicable

Late single audit certification form (see comments)

Single audit review found no unresolved issues

Past due single audit or unresolved single audit issue (see comments)

Reviewer: Betty Gallegos

Date: 4/3/2009

Comments (if applicable):

### Financial Administration Loan Servicing

No delinquencies found

Delinquencies found (see comments)

Reviewer: Candace Christiansen

Date: 4 /2 /2009

Comments (if applicable):

### Financial Administration Financial Services

No delinquencies found

Delinquencies found (See Comments)

Reviewer: Monica Guerra

Date: 4 /13/2009

Comments (if applicable):

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS  
WOODMONT APARTMENTS

PUBLIC HEARING

Clifford Davis Elementary School  
4400 Campus Drive  
Fort Worth, Texas

October 28, 2008  
6:00 p.m.

BEFORE:

KENT B. BEDELL, Multifamily Housing Specialist

*ON THE RECORD REPORTING*  
(512) 450-0342

I N D E X

<u>SPEAKER</u>	<u>PAGE</u>
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Laura Meeks	38

P R O C E E D I N G S

MR. BEDELL: My name is Kent Bedell, and I work for the Texas Department of Housing and Community Affairs, and I am a multifamily housing specialist. The role of the Department in this process is to allow all interested persons in the surrounding community the opportunity to provide comments on the development we will be discussing this evening.

The format of this evening's hearing will be as follows: First, I will present the programs the developer has applied for; second, the developer or a member of the development team will give a presentation on specifics of the development; and lastly, I will read a speech required by the Internal Revenue Service. And at the conclusion of the speech, the floor will be opened for public comment.

There are handouts for you on the back table. One handout is a question and answers handout that will have some of the more common questions regarding these types of developments. We have a handout regarding the development specifics, which includes income levels, and also a handout containing deadlines for input and how to submit input.

We have a handout regarding zip code email notifications, which allows you the opportunity to sign up

to receive emails on applications being received for funding. And we have business cards with our contact information on the back. More specifically, the program administrator for the bond program, Teresa Morales, her cards are back there if you have some specific questions you want to email or call her about.

Now some ground rules for the hearing. If you would like to speak, there are witness affirmation forms available on the back table. Please fill out the form and hand it to a TDHCA staff person, which would be me.

There are sign-in sheets also on the back table. Please be sure you sign in. That is the only way of us knowing exactly how many people were in attendance.

Also there are columns for you to check on the far right hand side of the sign-in sheet to indicate whether you support or oppose the development.

If neither box is checked, then we will consider your opinion as being neutral, so please make sure the boxes are checked. If you do have -- if you support the development, either way, make sure you check the box.

The entire hearing and all the comments made here this evening will be transcribed by a court reporter. It is important that you make comments in the microphone

so she can record your comments. Any comments or questions made from the audience may not be picked up on the record.

To allow everyone the opportunity to speak, we will answer any questions or concern that were raised at the end after all public comment has been made. Okay. I asked that the developer keep a list of any questions that come up as it relates to the development, and I will keep a list of the questions that come up as it relates to the Department and our role.

According to the IRS, the Department is only required to take public comment on the bond issuance. However, TDHCA has extended this to take comment on the development itself. We are not required to do that, but we want the community input to ensure that your voice is heard. TDHCA schedules the public hearings where the development is to be located, at a time and location that is convenient for the community.

The mission of the Department is to help Texans achieve and improve quality of life through the development of better communities. The two programs the developer has applied for include the private activity bond program and the housing tax credit program, and I believe the HOME -- an additional HOME --

Is that correct?

MR. MARKSON: Yes, I think we filed an application.

MR. BEDELL: I think that is a HOME. But the most important ones are the private activity bonds and the housing tax credit program. Both programs were created by the federal government to encourage private industry to build quality housing that is affordable to individuals and families with lower than average incomes.

The private activity bond program refers to the issuance of tax exempt bonds. The tax exemption is not an exemption of property tax, but rather an exemption of the purchaser -- rather an exemption to the purchaser of the bonds. The bond purchaser does not have to pay taxes on their investment, and the income they make on that investment.

The bond purchaser accepts a lower rate of return, therefore, the lender that is involved will charge a lower interest rate for the mortgage that will be placed on the property to the developer. Therefore, the developer can build a market rate property at a lower cost to the development.

The housing tax credit is another program that goes along with the bond program. The housing tax credit

was created as a result of the Tax Reform Act of 1986. The housing tax credit is a credit or reduction in tax liability each year for 10 years for investors in affordable rental housing.

By providing a credit against the tax liability, the housing tax credit is an incentive for individuals and corporations to invest in the construction and rehabilitation of the housing for low income families.

The housing tax credit provides additional financing for development and lowers building costs which allow the developers to provide lower rents to affordable tenants.

In conclusion, with both of these program, the tax benefit goes to the investors to help finance the development. These two programs result in the developer being able to bring something of high quality to your area. And all of these properties are privately owned and privately managed.

There are some compliance requirements. There are ongoing oversight responsibilities between the affordable housing developments and the Department. This includes regular monitoring to ensure that the development is complying with the rules of the housing tax credit and private activity bonds program.

The terms that the developments will be



monitored for is the greater of 30 years or as long as bonds are outstanding. Oversight responsibilities include, units are occupied by eligible households, the physical appearance of the property, rents are capped at appropriate levels, and repair reserve accounts are established and funded.

Some other important facts. Tenant background checks, which include credit, criminal, et cetera, are established by the developer and would apply to all tenants equally. The developer can establish procedures up to and including eviction for various reasons consistent with state eviction laws that would be applicable to any other apartment complex. TDHCA does not set these requirements.

Private activity bond developments are monitored every year by the Department's third-party asset oversight agent. In addition, the Department's compliance division monitors the development every two years. Desk reviews are done quarterly by the Department and are a modified version of an onsite visit. The Department verifies that the set-asides were met, i.e. low income eligible tenants, special needs, and that units are income and rent restricted.

Tenant services. After lease up, a survey is

usually done to determine the tenant profile and the types of services that would be of interest to tenants. These services can include tutoring, honor roll programs, computer access, educational classes, after school activities, summer camps, healthcare screening, immunization for school children, ESL classes and GED certification, financial planning and credit counseling, and down payment assistance.

It is important to note that all or most individuals begin in multifamily housing. It is the first step to home ownership. Therefore, some developers could choose to provide down payment assistance classes to help educate their tenants on steps they can take towards home ownership.

With that being said, we're going to move on to letting the -- Dan Markson from NRP Group speak on behalf of the development. I would like to just say again, if you would like to provide -- if you'd like to add comment, you're going to need to fill out one of these witness affirmation forms. So I'll go ahead and let Dan speak.

MR. MARKSON: Okay. Thank you.

Is this on?

MR. BEDELL: It's actually not on.

MR. MARKSON: Does it matter?

MR. BEDELL: No, but that's recording you,  
so --

MR. MARKSON: Okay.

MR. BEDELL: -- go ahead and just --

MR. MARKSON: Okay. You can all hear me.

Thank you, and welcome. I'm glad you all could  
come tonight. Appreciate it.

I'm going to just go over the materials that  
I'm going to review. I know many of you, or most of you,  
have heard my presentation before. This will probably be  
the fourth time that we've done a public presentation, as  
well as some private presentations for members of the  
community, the neighborhoods, as well as zoning and city  
council, the councilwoman, representative, and recently  
for some of members of the community who were willing to  
come up and see some of our work.

You have here a brief summary form of what  
we're going to talk about tonight. And there's a more  
detailed presentation that Debra's going to hand out.

This is the site plan here, and this is changed  
slightly from what some of you may have seen originally  
because of the rezoning, reconfiguration of the site. We  
did a rezoning on this site. It was zoned multifamily.  
But we reduced the amount of multifamily and increased the

amount of retail, and reconfigured it along the highway, just by way of background.

So the units run along Oak Grove here; the main entry will be Oak Grove. And if you take a look at this, this is the -- where the community center will be, and the buildings will line up along Oak Grove and there will be a retail strip that will be developed along a much better configuration than the original square of retail.

What I really want to talk about are the four things that set the NRP Group apart. And we've spent -- I've dedicated my life to ending some of the bad perceptions that have been out there in multifamily housing and creating a new paradigm. And there are four keys to that. Number one is quality. And as members of the community came up and tore at us and the representative --

Representative Burnham, thank you.

-- well, I hope we attest that we do a great job on quality. We don't believe that any affordable housing should look like affordable housing. When you go by this, you will think we have people coming in all the time that think we're condominiums.

I'm just going to tell you one little story, and I promise I won't ramble on too much. I'm already

getting a look here, I can see.

We -- a little -- in a group, we were doing senior housing, and an elderly gentleman said to me, You know, I want to live here. And we asked the room if they were all for it, and everybody said they were for it, and then the elderly gentleman said, I'm opposed. And I said, Why are you opposed? And he said, Because it's too nice.

And I said to him, Sir, I don't understand. I said, Gee, I feel really bad because you must think that you don't deserve quality, and I'm saying this to myself.

Anyway, he was a little right in one way. It took us a long time to get people to believe that this was affordable housing. We had to hold community events, we had to hold parties, we had to hold -- people thought it was a hotel or a condominium. And that's a good problem to have.

The second thing is our community involvement.

And whether or not you've been for us or against us in this process, I know you know we've engaged the community multiple times. This is going to be your community center. Because of the tax law changes that occurred, this community center would, of course contacting us in normal -- in a normal process, is available for community needs.

We want this to be the center of the neighborhood, we want you to hold anything you want here.

The more activity, the better. It's a building that is for public use with the caveats of reserving it.

In every neighborhood we're in -- at the back of this you'll see a list of neighborhood references -- a lot of my colleagues were not real happy with me because I was very much for the law for community support points. We believe in what we do, and we have never had anyone oppose us who's come to see what we do.

And I can say that with great pride and an open heart. And for those who haven't seen it, I still invite you again to come whenever you like. And I would urge you to check out these neighborhood references here if you'd like to do so.

The third thing is obviously crime. It's a big concern everywhere, anywhere in the city. And we've developed a courtesy officer program that is par excellence. We -- I was blessed, when I first got into the business, who have had a young officer. He's not so young and I'm not so young anymore, and we were -- both been working together when he moved in with his wife and young child.

And I said, How do we make this place safe?

And we developed a very simple series of protocols where we review every single call to the property, and we run it down and we figure out what the problem was. And I will tell you that the majority of the calls we get are single mothers who have a problem with an abusive ex-spouse or boyfriend.

And I want them to make those calls, and I want to protect them and make that a safe place. So if you see calls, that's not an indication of crime, it's an indication of people feeling that they can go and report and be safe and protect their community.

Also, we're gated. We have an eyes on the street design. If you look here, you will see all the buildings face the parking areas, there's no remote parking areas, the buildings are configured so that there's distance where you're not seeing into somebody's windows yet you're looking at what's going on on the street.

And some of my property management people were kind enough to come tonight and they're here to talk to you if you have any questions about our management company. We're very proud of it.

And finally, the fourth area, and this is really nearest and dearest to my heart, are the after

school programs. You don't mean to play a tiny violin, but I grew up in a single-parent household and I got into a lot of trouble after school. And so I decided that I was going to figure out a way so that other kids wouldn't have to get into the trouble I got into.

And when I was growing up, a few years ago, we didn't have drugs on the streets, we didn't have gangs, we didn't have predators; it was pretty safe. But our kids can come in, get off the bus right here, they can walk into this building, and they have an educational program going on with computers and the educational paraprofessional -- I'm not allowed to say teacher, if there's any teachers in here, unless they're a certified teacher -- who will help them with their homework.

And that's the number one program; it's hallmark for us. It's -- if we can teach kids good work habits and then they have a little fun afterwards, their whole lives will be different. And, again, I would urge you to talk to our manager company folks about what we do.

Finally, I want to talk a little bit about who lives here. And, you know, there's a lot of misconception because of the various affordable housing programs that have occurred, but this is a place where you have to pay your own rent. We don't have rent subsidy, nobody's



giving you your rent.

You have to earn money to pay these rents. And if you look at this chart that's on there, these rents, although they are affordable in comparison to other high quality new construction, are not low rents. They're reasonable rents.

And you can see them right here. They range -- the highest, a four-bedroom unit, is \$1,000 here. And that's a very, very nice unit, but if you're alternative -- if you want to try to rent a nice new four-bedroom house, good luck.

There's a list here of our future residence. And this -- the source of this is the Tarrant County 2007 salary survey. And I just want to highlight some jobs on here. If you go down here you see an entry-level firefighter here, 38,000; an entry-level -- a police trainee, 29,000; police officer, 36,000; a teacher, 35,000.

These are all professionals that qualify for our housing. And not to mention all the other good and noble professions that are in here, and all the retail jobs. So this is who is going to live here. They're the people who are in your face every day, at the stores you work in, on the buses you travel on, and the gas stations

you work in, they're educating your kids, they're protecting your homes. That's who's going to live here, and we want to give them an opportunity to have the same quality as everybody else.

And with that, thank you.

MR. BEDELL: Good evening. Again, my name is Kent Bedell. I would like to proceed with the public hearing. Let the record show that it is 6:30 p.m., Tuesday, October 28, 2008, and we are at the Clifford Davis Elementary School, located at 4400 Campus Drive, Ft. Worth, Texas, zip code 76119.

I am here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax-exempt multifamily revenue bonds for a residential rental 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 issue. No decisions regarding the development will be made at this hearing.

The Department's Board is scheduled to meet to consider the transaction on December 18, 2008. In addition to providing your comment at the hearing, the

public is also invited to provide comment directly to the Board at any of their meetings. Department staff will also accept written comment from the public up to 5:00 p.m. on December 9, 2008.

The bonds will be issued as tax-exempt multifamily revenue bonds in the aggregate principal amount not to exceed \$18 million in taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the Issuer.

The proceeds of the bonds will be loaned to Woodmont Apartments, Ltd., or a related person or affiliate entity thereof, to finance a portion of the cost of acquiring, constructing, and equipping a multifamily residential housing community described as follows: A 252-unit multifamily residential rental development to be constructed on approximately 14 plus or minus acres of land located at approximately Oak Grove Road and Loop 820, Ft. Worth, Tarrant County, Texas.

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

I would like to now open the floor for public comment. If you have signed up to speak, I will call your

name. At that time, please use the microphone and state your name for the record. You will then have three minutes to make your comments. If you have not already signed in and wish to speak, please come forward and sign in now before we begin.

So, again, if you would like to speak, you're going to need to fill out a witness affirmation form.

Do you have one? Okay.

I would first like to ask Representative Lon Burnham to come up and speak.

REP. BURNHAM: Good evening. My name's Lon Burnham, and I am a state representative for District 90, and have served in that capacity since 1997.

The proposed site is in the far southeast corner of the legislative district I represent, and I'm here this evening as much because I know that there has been some neighborhood opposition as for any other reason.

And I want to explain a little bit my perspective on the importance of this site and this project.

My graduate degree is in city and regional planning. And my first job out of graduate school was with the City of Ft. Worth in economic development. So for about 25 or 30 years now, I've been actively concerned with the issue of adequate housing stock for the working

population of inner city Ft. Worth.

And when I first got in the legislature in 1997, I requested to be on the urban affairs committee, the committee in the House that has legislative oversight over this agency. And I served on that committee for three sessions. The main reason I asked to serve on that committee is my strong interest, concern, and support for low to moderate cost housing.

This is really a wonderful project. And I have a great deal of respect for the community activists. Ms. Givens, I've known for a number of years and I appreciate the commitment that she's made to the community. And I appreciate and respect that the concerns that she has that any neighborhood home owner association is going to have about any proposed project that could have an impact on their community.

But then the question becomes, what's the impact? I think it's going to be a positive impact for all of southeast Ft. Worth. I've toured a half a dozen of Mr. Markson's developments in San Antonio, and I was very impressed with them. This is based on my experience on the urban affairs committee where I have toured low cost housing such as the helter-skelter approach that we sometimes see in Colonias and the not-so-good developments

that I've seen in San Antonio and Houston.

But this project, with the level of commitment to address some of the basic social fabric issues that any community has, I think this 250 unit apartment complex is going to be a great subcommunity within our larger community. And the bottom line is, there's just not enough good housing stock in Ft. Worth for the working people of Ft. Worth.

Would it were that everybody could afford to live in a single-family unit, and live on their own private lot. But most of them can't. And as Mr. Markson pointed out from the list of people that are eligible, just based upon income, I was there on the committees working for and advocating for firefighters and police. I'm on the public pensions investment committee now, I know about the problems that teachers have, underpaid, underappreciated.

One of the key costs in anybody's home budget is housing. They want to be able to maximize what they can get out of those costs. And these are going to be some of the best apartments in Ft. Worth. And I'm really glad to have Mr. Markson and his company wanting to come into Ft. Worth. I hope this is the first of many more projects.

And I am here to be held accountable by the community people that are concerned about this project. If you have a problem with this project, you let me know and I'll be calling Mr. Markson myself. Thank you.

MR. BEDELL: Thank you, Mr. Burnham.

I'd like to call Kaoru Corbett. I'm sorry if I mispronounced that.

MS. CORBETT: My name is Kaoru Corbett. I don't know where to start, but it's hard for me to find a home because I've been disabled for a long time. Especially for me being in a wheel chair finding a place that's handicap access, and also with low income. I've been trying to find something for a long time now, housing, affordable, just anything.

But the most important thing for me is for the handicap -- for the wheel chair and stuff like that for -- like I said, I don't know, just a lot of things, with my income also. And I just -- it's hard for me to get into anyplace, an apartment, or anywhere like that, that has handicap access period, which I've lived in two apartments already that's not handicap access, which they told me it is.

And that's about it I guess. And it's really hard to find anything that's affordable at this time

because it's hard for me to get any type of vouchers. And the place where I'm in right now, it's not handicap access at all, and the place I lived before wasn't handicap access at all. And I've been looking anywhere for a handicap access.

But with my issue, with my salt and stuff like that, it's really hard for me to find anywhere where it's safe for me to live. So that's pretty much it I guess.

MR. BEDELL: Do you want to mention if you support the development --

MS. CORBETT: Huh?

MR. BEDELL: Do you support the development or oppose it?

MS. CORBETT: Oh, yes, I do support the development.

MR. BEDELL: Okay.

MS. CORBETT: Yes, I really do support the development.

MR. BEDELL: Okay. Thank you.

I'd like to call Charles Steven --

MR. KANEASTER: Kaneaster.

MR. BEDELL: -- Kaneaster.

MR. KANEASTER: I like the way people struggle with that. I couldn't pronounce it till I was six.



No, I don't need a microphone.

My name is Charles Steve Kaneaster. I reside at 913 East Fuller Avenue, in Fort Worth, Texas, which is in the Southland Terrace addition, which is also the boundary for which this proposed apartment complex is going to be -- it goes through.

I'm also president of the Southland Terrace Neighborhood Improvement Association, and I am in support of building these apartments. Over the last year or so -- well, let me back up just a minute. I've been a part of this neighborhood since 1967, except for a few short stints in the military and so forth.

I have seen how this neighborhood, and when I say neighborhood I include Highland Hills because I consider Highland Hills also part of that neighborhood. I went to school with a lot of the folks that went there, and I still consider everybody there neighbors.

I have seen not only Highland Hills, but also my own neighborhood degrade, and it makes me sick. You can do two things with a neighborhood: you can tear it down, or you can try to rebuild it. You can rebuild it economically. When the proposal was first made to me about these apartments, the first thought through my head was, We do not need another Pepper Tree, we do not need

another Ladera Palms.

However, in speaking mainly with Mike Dunn, who's been the main contact, me asking him the tough questions, really trying to challenge him, trying to find reasons not to support this project, I have come to believe more and more that this particular company, with this particular project is an excellent choice for this area.

First of all, multifamily housing is the wave of the future. That doesn't mean that we just lay down and accept anything. To build homes in this area is not economically feasible for anyone. The housing market is horrible. It's been horrible.

The multifamily housing, you can put more people in one area with some control than you can with homes. With the number of families that are going to be coming into this area, they're going to be accessing our businesses. That's going to bring in more money for our businesses, whether it's the mom-and-pop shops, which there's a lot of them around here, anybody who knows me know that my family has a business.

In turn, as that money increases, hopefully if they're good entrepreneurs, they're going to want to improve the quality of their own business, will attract

more quality people, and get rid of some of these scum bags that a lot of us are familiar with.

The fact that they're also bringing in a retail section with this is very exciting to me. The fact that they said, There is not going to be tattoo parlors, there is not going to be alcohol, there is not going to be those kinds of things that attract the type of people we don't want to attract, again, is, to me, is a very positive point for this.

The fact that they have the school programs. Now granted, that doesn't necessary affect my neighborhood, but it affects that neighborhood. And so in that case then, we're able to help improve the quality of our children, in my case someday grandchildren, to have a better education and have better opportunities.

One of the things I've also emphasized to them, and some of you know me pretty well, I want neighborhood crime watch to be mandatory. We may not be able to make it that way, but we can really push that program.

Citizens on patrol, code blue, there's an excellent opportunity there to push that program. And here, to me, is a benefit because they would not just patrol their apartment complex, they could patrol our neighborhoods. And I know Highland Hills very well, you

know Southland Terrace very well, we need those people. We need a lot of them. And hopefully this would be a good resource.

The other thing that I really like about this company is they don't build it and sell it. They own it, they keep it, they maintain it. So they're accountable. They're accountable to us. And if there's not something going right, trust me, I will drive to Austin, I will drive to San Antonio. I got Mike's number on my cell phone. He will hear from me.

But every conversation that I've had with this company, every challenge that I've thrown at them, they have come back and shown me what they want to do to make this a high quality project.

I have here a petition -- or, well, signatures of those who are in support. Also, I have here businesses who have supplied their business -- copies of their business cards, but as well as letters of support. And I'd like to submit that to you.

MR. BEDELL: Do you have a rough estimate of how many --

MR. KANEASTER: No, I'm sorry, I --

MR. BEDELL: That's fine.

MR. KANEASTER: -- was trying to make a quick

count.

MR. BEDELL: Okay. Thank you.

MR. KANEASTER: But overall, I do think that this would be a benefit to our communities. It's also our responsibility to hold them accountable, which I know you will do. And that's all I have to say. Thank you very much.

MR. BEDELL: Thank you.

I'd like to invite up Mr. Scott, Greg Scott.

MR. SCOTT: Good afternoon. My name is Gregory Scott. I've been residing in Highland Hills approximately 40 years. I oppose this project due to the fact I sat on the building standards for seven years, and I know what properties does.

It's so hard -- see, when you get the brick and mortar here, that's fine. But five years from now, seven years from now, tell me nothing about a company. Lehman Brothers is a company. Bear Stearns. These companies have been in business for a 150 years, so we never know.

We get stuck with it. We got enough medium income and poor people in Highland Hills, and you're putting more of that. District 8 got more apartments than anywhere. We can go down here, there's four right down the street here less than a mile. And they don't keep

them up. They get so much money out of it, and they let them go.

Now you're bringing people in, saying these medium income. It's no income because they don't play the game. If you go on Camp Bowie, where high income -- there's a bank every two or three blocks, we got one bank -- two banks here. So don't play that game. These people are not going to be able to help out the economy. If you're making \$40,000 as an individual, you're not making any money.

When you come to the upkeep, on building standards we beg people, we beg people, you can't make them, they flip property. These people are in business to make money, you know. It's not the people, it's what you bring in. This lady here would be perfect. Brick and mortar.

But when they bring in the others. We already got -- police already can't handle what they got in Highland Hills. We got drug houses they've been after for five years. You know why the undercover can't -- because they don't sell to nobody they don't know. And these are low income apartments. We're going to have the same problem.

You know, this is a social issue. This is not

a police issue. You've got to have money. You can show what you want to, these apartments are not going to bring no more money in the neighborhood. That's the reason -- you say it's not going to be subsidized. You can't do nothing with that money, guys, and you all know with what bread costs, what gas is going to cost when we recover the economy.

This is not going to help Highland Hills. This is not a good project. I'm telling you. They did the same thing over on Boca Raton. Why did the councilmen buy two apartments and tear them down? You're grouping too many poor people and middle income together. Spread the wealth. Thank you.

MR. BEDELL: Okay. I'd like to invite Mr. Guyden, Jessie D. Guyden, Jr. to come up to speak.

MR. GUYDEN: My name is Jessie Guyden. I reside at 15121 Milmo Drive, and I am in support of these apartments for one reason: because it'll enhance the neighborhood. It brings working class people to the neighborhood.

Now I heard this brother say \$40,000 is no money at all, but that's good money. And I've seen the neighborhood needs working class people. I was there at the first meeting he had and him -- by someone telling me

and bragging on himself like he did, I said, Well, if he's going to invite me, he's going to fly me to San Antonio to see all these apartments that he has.

And I'm going on a surprise notice, nobody knows I'm coming, and I went there, and I'd seen some apartments that had been -- I mean some nice facilities that been there from 10 to 15 to 20 years, well maintenance.

Well, when I got there, the first thing you always check out when you go these apartment complexes is people that's hanging out. I mean I'm noticing the hang out; no hang outs. People over there are working class people, people that are at work at the time that they're supposed to be at work. Some places you go, you see people all -- you know, in the apartment complexes all day and all night.

I didn't see cars jacked up, I didn't see anybody in and out trying to sell drugs. I seen the facility, how well it was kept, how it was tidy and clean.

I watched the management of all of the apartments. I went to, what, five or six major apartments. And I saw this for myself.

And I believe, if you build your community, you will the dollar to the community. I believe that if you



build it up, you will bring the dollar to the community. I believe that if you build it up, you can bring business, you can bring a Bank One in our neighborhood. You can bring a big store in our neighborhood. You can bring these things here.

But what hurts Highland Hills and all the other neighborhoods is that we don't have the working class young people that want to work. That's where the problem is. We've got to have young people that will work and take care of everything. And we've got all the property there, I mean with nobody, I think a store and a nursery there, and they didn't go anywhere.

I mean we got land over there that needs to be used to enhance not only the Highland Hills, but this brother here on the other side as well.

And I'm with -- I'm a part of the code blue police enforcement. And I make my rounds, and I see the crime, I see people hanging around. I know where all the crack houses is in Highland Hills, because I make my rounds. And also I know people that sees these things, and they won't say anything about it.

But see, we've got to get involved as a neighborhood. We've got to learn to stick together. We've got to learn to progress. See, Highland Hills is

behind. I don't know how old Highland Hills is, but it's -- I bet you it's about 40 years behind.

Now let's do something it. Let's enhance this Highland Hills. Let's make it a good place to live. Not only can you bring the apartments here -- I mean bring a better -- the working class people there, you can even build up in your own neighborhood. You cause people to start up buying some of these houses that's vacant right now in our neighborhoods.

And we have plenty of them that are vacant, people that have gotten old and losing their homes -- no, not old and losing their homes, have retired or died out, and these homes are staying vacant. And it's because -- they're staying vacant because we don't have the working class people to fill those houses up.

So let's help out in here. Let's quit fighting. Let's get together and make this a better Highland Hills. And I am in support of anything that's going to help Highland Hills because that's where I'm going to live the rest of my life.

And if I get to a point where I can't cut my yard, or get to the point where I can't clean my house, then I know I can have a senior citizen place. In fact, I've been through the senior citizen place that's there.

And it's a nice facility. As a matter of fact, you're thinking, you know, it's got large rooms, closets, and everything that you, or anybody, would need.

And I'm very supportive of it. I've seen it for myself. This is just no hearsay thing. This is what I saw for myself. And just like the brother said, I was trying to find fault in your partner company, because it is too true to be -- it is too good to be true. But what I saw was very impressive.

And I'm not trying to fight against anybody, I'm just trying to help Highland Hills. And it's going to take some people that's coming up to Highland Hills grow better than what it is. Thank you very much.

MR. BEDELL: Thank you.

Okay. Mr. Weldon Bond? Is there a Weldon Nolen Bond?

MR. BOND: That's me.

MR. BEDELL: Oh, sorry, sir.

MR. BOND: I'm W.N. Bond, and I'm pastor of the Petra Baptist Church out on the South Freeway, right next door to the restaurant called The Rig.

And if what they tell me they'll do, who could oppose this? That they do what they tell us they'll do, I'm in favor of it, and I believe in helping folks have a

better life, and I like to see things happen and grow up and the improvement.

So that's all I've to say. I'm in favor of this because what they tell me and where they got the other projects like this, they're working, well, that probably mean, if it works, then you don't have to fix it.

All right. Thank you.

MR. BEDELL: Thank you.

And I have a Eunice Givens.

MS. GIVENS: Good evening. Highland Hills neighborhood is adjacent to this proposed multifamily Woodmont Apartment development located at the northeast corner of 1029 Oak Grove Road and Loop 820. We are in opposition of these apartments as well as issue of the tax exempt multifamily residential rental development revenue bonds.

We know what hardship this will bring to our neighborhood: loss of property value, increase in traffic bleeding into neighborhoods from the two-lane undeveloped roads, increase in noise and air pollution. Excess gas grilling is a significant contribution to air pollution. With thousands of people moving in the area, crime will also increase.

There are 11 such structures already in the

area that are not fully occupied, and in need of repair. One apartment complex is located across from this proposed Woodmont Apartments on the middle -- on the developed road.

After 15 years, and after the IRS stopped checking on these tax exempt properties, after the tax credits had expired, and the apartments are in need of repair, they probably would change hands. Each owner will flip the property again and again till nothing is left.

We will have another run down vacant apartment building across the bridge from the Highland Hills neighborhood. The neighborhood has been through this before. It was not a pretty outcome. A vacant, abandoned apartment building in the middle of our neighborhood, it took us years for the city to demolish.

If the developer wants to construct this development, raise the funding through the private sector.

Do not warrant them without the tax money because we are totally in agreement with this tax exemption. Thank you very much. I'd like to attach this to my form, please.

MR. BEDELL: Thank you.

MS. GIVENS: Thank you very much.

MR. BEDELL: Well, that's all the witness affirmation forms I have. Is there anyone who would like

to speak?

Okay. Anthony Moore. Please state your name.

MR. MOORE: Good afternoon. My name is Anthony Moore, and I worked on behalf of the NRP and the [indiscernible] endeavors. I was a part of the petition team.

First of all, I want to just make something clear, that NRP has a record of success. You can check it. Everybody can speak and say what other companies have done, but that was not NRP. I would not work for a company that is bound to fail. It just doesn't make sense.

I mean the upkeep of the property -- I mean other people have attested to it, but like I said, I mean everything is lined up and knocked down correctly. I mean you just -- first of all, you just can't compare them to everybody else.

Second of all, you have to take a chance at some point. If things are continuing to go wrong, you can't just -- well, what is the other solution to it? What else are you going to do? You have to take a chance on somebody who has at least got something positive going on. Over 12 years you've not sold a property. That speaks for something. You have to take a chance on

something.

I work those streets. I went through individual neighborhoods, and ten to one, people were for this. The only people that were against this project were the people who did not know and didn't want to know. Unfortunately, you're going to have people who are like that.

I mean, yes, it sounds all good; yeah, okay, yeah, there's been crime, there's been drugs. Okay. Everywhere in the world there's been crime and drugs. But at least you have somebody who is coming in and is willing to show their face. I don't know too many presidents of companies who just come and you can talk to these people and know them. You know, you -- I mean at some point you can't -- you have to evolve. It's very important.

Also, there are people who are on these properties themselves to judge them. And if something is going on, if there's graffiti on the walls, if there's something -- they're going to come and clean it up because they care about these properties themselves. I wouldn't -- I mean they put blood and sweat and tears into these things.

And I've spent many 103 degree days with my other two workers walking these streets, and I wouldn't do

that for just anybody. These are loyal people who show that they care about this community. And you can say, Okay, I don't stay there. Yeah, you're right. We don't -- I don't stay there. They don't stay there either. But they put up apartments in other places and they've succeeded.

So I'm for this project, and I hope everybody else comes to see that also. Thank you.

MR. BEDELL: Thank you.

Is there anyone else who'd like to offer comment?

MS. MEEKS: I'm Laura Meeks, and I reside at 5640 Conlin Drive in the Highland Hills neighborhood. The neighborhood that is adjacent of the site that is being proposed for the apartment complex, and I am in opposition to the apartment complex, as well as tax exempt for this proposed development.

And I've heard many things, but we have had experience with apartments before, and absentee landlords, and I know you say now that you will be there, you will be on the premises, you will do this, and do the other. But we know that there are promises, and sometimes we fail to keep those promises.

You know, yes, you're there for the first



offset, the first few years of the apartments, then those apartments will change hands, you will sell them to someone else, and they will go on off and leave them, which brings about -- we know, we have had experience with apartments with the hanging out and the drugs trafficking, not to say that we don't have that now in Highland Hills, but we do not want to add to it.

We have enough of it, and if someone says no one is doing anything about it or whatever, but there are people that are trying to do something about the drug trafficking that is going on now. You know, I may not ride code blue, but it's not because I'm not doing something to help to enhance my neighborhood, you know.

And so, as I said, I am against this. Plus the fact we have this little road that curves around the area where those apartments are going to be built, which is already congested, and accidents have occurred there, and I don't know whether you're planning on doing something about the road, or not, those of you that are building the apartments. Are you planning on to widening the road, or doing something to make it more accessible to those apartments?

And not only that, but then this will increase traffic over into our neighborhood, you know. And you

know what a car wash can do, which we have one in our neighborhood, and it has -- enough are hanging out there already. We don't need any more added to it, you know.

I know you say that those apartments in San Antonio, or Austin, or wherever they are, you know, upscale apartments and all, they may be. I don't know. I can't say they aren't because I have not seen them. But I do know what I have experienced with other apartments. And I guess you say that I can't compare you to the others because I have not seen yours.

But I'm only visualizing right now what yours will eventually end up being, you know, and -- because that is really -- and like the businesses that you're going to add, you know, someone said, Yes, the nursery failed, the mobile homes failed. Why? Because it's really not a place that you will see traveling 20, and who knows it's going to be over there unless you get off 20 and come down that side, and then, you know, you can see the businesses.

But as far as those businesses being accessible, and we're saying, invisible, they would just -- will not. That's why those other things failed, because they were not visible to the public. Nobody could see them.

And so as I say, I am in opposition to the apartments, and also in opposition for a tax exempt for this apartment complex, because, you know, I look at myself, my husband and I, retired, and we're still paying tax. Nobody's giving us a tax break.

MR. BEDELL: Ms. Meeks, I'm going to have to ask you to wrap it up, so.

MS. MEEKS: Thank you.

MR. BEDELL: Thank you.

All right. Is there anyone else who wants to speak, fill out an affirmation form?

MR. MARKSON: Well, I wanted to answer your question, I heard one --

MR. BEDELL: Actually --

MR. MARKSON: -- question --

MR. BEDELL: -- actually, let me close it, and then we'll answer questions.

MR. MARKSON: Okay.

MR. BEDELL: Thank you.

Is there anyone else who wants to add public comment, not specifically a question? We're going to do a question and answer period now after the hearing is closed. But is there anyone else who wants to provide any public comment?

(No response.)

MR. BEDELL: Okay. Okay. All right. So thank you for attending this hearing. Your comments have been recorded. The meeting is now adjourned, and the time is now 7:05.

(Whereupon, at 7:05 p.m., the hearing was concluded.)

#### QUESTION AND ANSWER PERIOD

MR. BEDELL: Okay. Now I'm going to open it to question and answers, and Mr. Markson has come up and is going to answer a couple of questions that were raised.

MR. MARKSON: If I may start with your question, Ms. Meeks?

There are going to be -- first of all, the design is meeting all of the City of Fort Worth's standards for traffic. We'll also have two curve cuts, gated access, we'll have stacking inside the properties so

people aren't going to be lined up on the streets, and we're at a highway interchange, so it's as good a location as it's going to get to get people out quickly, because we're right at the interchange.

The second thing is, I heard -- this wasn't a question, but if I may comment on it, there seems to be a misconception that we're not paying property taxes. This property pays \$327,000 a year in the first year in property taxes. That's full property taxes, with an assessment estimate. And the -- what's tax exempt is the interest to the investor who buys the bonds.

Was there another -- any other questions?

(No response.)

MR. MARKSON: Okay. And now I'm just open for anything you'd like to ask.

MALE VOICE: I've got a question. Would you this project without it?

MR. MARKSON: No, and I'll tell you why. Could I?

MALE VOICE: I said would you, not could -- I know you could, but would you do the property if you couldn't get the tax exemption?

MR. MARKSON: This project I could not do without it, because I couldn't build the quality that you

see here. It is impossible. What happens is, if you look at some of the stuff that's been built, and you say it's junk, and a lot of the stuff that's deteriorated had cheap wood siding, it had metal stairs that rusted away, it had unengineered foundations. If you look at it, it had crummy roofs, flat roofs, or cheap pitched roofs on it.

If you look at all of the elements that we add to it, 30 year plus roofs, masonry, or masonry product exterior materials so that the stuff doesn't rot, hardy plank, stucco, stone, brick, engineered foundations, these are things that are going to look the same -- no matter what I do, these things are going to look the same, because they don't deteriorate.

It's just like the brick homes. Brick homes look good, you see them. You look at some of the wood houses, if people don't paint them, they rot. So I think there's a big difference in the quality of construction. And that's really why the tax exempt debt and the tax credits are in place.

Could you build something here without any assistance? Yes. Would it be junk? Absolutely, because you'd have to cut the cost. And if you take the difference between a quality unit and a junk unit, you're talking all the things you see, the exterior materials,

and then you -- not to mention internal systems, piping, wiring, et cetera.

All this stuff, stuff that was built 30 years in the apartments, aluminum wiring, galvanized plumbing, it was junk, it wasn't meant to last. They were meant to flip. This is different. These give us these credits so that we invest in long term quality construction that will last. The state doesn't want to come back and have these problems.

MALE VOICE: Okay. And I'm going to sit down, I promise you. What is the value of a tax break, and how long, by law, do you have to keep this property before you can flip it and not have to take a tax break?

MR. MARKSON: On the -- which -- are you asking about the tax exempt debt?

MALE VOICE: Right. What's the value of that?

MR. MARKSON: The tax exempt debt right now the value is we will probably get a 5-1/2-5 3/4 percent interest loan versus a 6-1/4 percent interest loan. And if we pay it off, we lose it. So there would be no reason to pay it off. The only reason we would pay it off is if we got a lower interest rate.

One of the things I wanted to also say is that these programs are designed to be renewed. People are

coming back and renovating these in 15 years because they want to keep them in the program. There's two things that's going to happen. Okay? You said, you know, You're in the business of making money. That's a good thing.

We're in the business of making money because if you're not making a profit, you're not going to maintain the property. I want to get higher rents, I want to get the highest rents that I can get under the program. I want the property to be attractive.

The problem with the old deals that have deteriorated was they had, you know, these -- they encouraged -- there was public ownership of many of the properties. Not private ownership. And so the developers that came in didn't have any incentive to stay in. They weren't getting a share of the cash flow, they weren't getting -- or having to earn a development fee.

So there was no incentive to maintain the properties, and the government was paying the rent, and every year the government budget shrunk the rent a little bit, so the expenses went up, and the rent went down.

This is a completely different structure now. I want to sell -- there's two goals here. One of two things is going to happen. Inner city Fort Worth, all inside the Loop, is going to become so desirable because



of increasing energy costs, because of job growth, because of access to amenities, that everything is going to gentrify. And this stuff, when it expires, when all the tax breaks expire and everything in 30 years, we'll go condo, or luxury housing.

Now that's a very high goal. But that's one thing that could happen. There are areas in the cities all over the northeast -- in Houston you don't even have to go to the northeast, you go right to Houston or Dallas where, 20 years ago, the areas were slums and now they're half million dollar condominiums or townhouses.

You see the areas yourself, because of proximity to transportation and jobs and entertainment and access. People don't want to drive 20 miles, people can't afford \$3,000 a year in gas to drive 30 miles outside the city.

The other alternative is that it doesn't make economic sense to convert it to a luxury for sale product, so what you do is you go back in for another set of incentives to renovate it, and you basically do the deal over. And there's no harm in that. In renovating in 15 years, even if we maintain it, will this still need some renovation? Absolutely. But it's either going to be renovated through additional tax credits, additional

incentives that we will ask for then, or it's going to be renovated by a market rate loan.

But we have an asset that we want to make money on, so your best motivation is the fact that we do want to make money on it. If you have nobody who wants to make money on it, you maintain your house because you want to have the value increase. It's no different for us.

We want this value to increase, we want to be able to collect the most rents we can under the program. Fort Worth median income has skyrocketed in the past 10 years, and it's probably going to continue to do so with the great jobs that are being attracted here.

So, you know, that's the best answer I can give you, and exactly the motivation you talked about.

MR. MARKSON: Ms. Givens?

MS. GIVENS: You will be an absentee landlord. You'll be back in Ohio, won't you?

MR. MARKSON: I do not live in Ohio. I live in San Antonio.

MS. GIVENS: But I thought, what's his name, Russell Crowe -- Russell Fox --

MR. MARKSON: Russell Fox owns the property now. I'm Dan Markson.

MS. GIVENS: And he's in Ohio?

MR. MARKSON: And he's in North Carolina.

MS. GIVENS: He's in North Carolina.

MR. MARKSON: Yes. But we're here. And once again, I invite you to come down and see the properties.

MS. GIVENS: Okay.

MR. MARKSON: Well, thank you very much.

MR. BEDELL: All right. Well, thank you for coming today.

(Whereupon, at 7:15 p.m., the meeting concluded.)

C E R T I F I C A T E

IN RE: Woodmont Apartments

LOCATION: Fort Worth, Texas

DATE: October 28, 2008

I do hereby certify that the foregoing pages, numbers 1 through 51, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Judy Farnsworth before the Texas Department of Housing and Community Affairs.

\_\_\_\_\_  
(Transcriber) 11/03/2008  
(Date)

On the Record Reporting, Inc.  
3307 Northland, Suite 315  
Austin, Texas 78731

# TEXAS HOUSE OF REPRESENTATIVES

5

CAPITOL OFFICE:  
BOX 2910  
AUSTIN, TEXAS 78768-2910  
512-463-0740

DISTRICT OFFICE:  
1067 W. MAGNOLIA  
FORT WORTH, TEXAS 76104  
817-924-1997

EMAIL: LON.BURNAM@HOUSE.STATE.TX.US



LON BURNAM  
DISTRICT 90 • FORT WORTH

LEGISLATIVE STUDY GROUP, VICE-CHAIR  
MEXICAN-AMERICAN LEGISLATIVE CAUCUS  
ENVIRONMENTAL LEGISLATIVE CAUCUS  
WOMEN'S HEALTH CAUCUS

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#08615

March 13, 2008

Mr. Michael Gerber  
Executive Director  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, TX 78711-3941

RE: Proposed Woodmont Apartments, Fort Worth, Texas

Dear Mr. Gerber,

Please accept this letter of support for the NRP Group's multifamily bond and tax credit application submitted for the proposed Woodmont Apartments to be located at approximately the northeast corner of Oak Grove and Loop 820 in Fort Worth, Texas. The proposed development is designed to address the needs of my district by providing 252 families the opportunity to reside in high quality, safe and affordable housing.

I have had the opportunity to visit the developer's other properties and am impressed with their quality and design. Most importantly NRP's communities provide an excellent resident services program that provides an after-school program for children living at the properties. Further, I like that their design that complements the terrain and natural vegetation.

I ask that you give this application your most favorable consideration.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Lon Burnam".

Lon Burnam

July 3, 2008

The Honorable Kathleen Hicks  
Mayor Pro Tem - Council District 8  
City of Fort Worth  
1000 Throckmorton St.  
Fort Worth, Texas 76102

VIA FACSIMILE: 817-392-6187

RE: Woodmont Apartments  
Zoning Case: ZC-08-072

Dear Mayor Pro Tem Hicks,

I would like to express my support of the Woodmont Apartments proposed at 1391 SE Loop 820 & 1029 Oak Grove Road in Fort Worth, Texas. Woodmont Apartments will provide much-needed quality affordable housing for the working families in Fort Worth and I strongly support the applicant's efforts in obtaining adequate zoning for the site.

This development will help bring new customers to the area and will help my business. Please support efforts to bring greater economic opportunity to the area.

Sincerely,

Name: *MARVIN BROWN*  
Business Name: *WESTPARK HEALTHCARE*  
Address: *3114 S.E. Loop 820*  
Phone: *817-654-4048*

cc: The Honorable Mike Moncrief  
Mayor of Fort Worth  
VIA FACSIMILE: 817-392-6187

July 3, 2008

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Sincerely,

Name: Robert M. MGR  
Business Name: Sound Ideas  
Address: 2810 SE Cap St FW, TX 76116  
Phone: 817-346-4500

cc: The Honorable Mike Moncrief  
Mayor of Fort Worth  
VIA FACSIMILE: 817-392-6187

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Sincerely,

Name: Haydee Garcia G.M  
Business Name: whataburger  
Address: 3160 S. E LOOP 820  
Phone: 817 551-0576

cc: The Honorable Mike Moncrief  
Mayor of Fort Worth  
VIA FACSIMILE: 817-392-6187



July 3, 2008

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Sincerely,

Name: Sha-Danna D'Neal  
Business Name: Daybreak  
Address: 2900 SE LOOP 820  
Phone: 817-293-9744

cc: The Honorable Mike Moncrief  
Mayor of Fort Worth  
VIA FACSIMILE: 817-392-6187

Support Quality Neighborhood Retail Petition

142

We, the Undersigned, want more quality neighborhood retail in South Fort Worth. We believe that quality multifamily housing located near the intersection of 1391 SE Loop 820 and 1029 Oak Grove Rd. in Fort Worth, Texas, will attract better retail options!!

NAME (full name, do not print)	Address (address, zip code)	Contact (phone or email)
Donripolennoso	1109 Javap Dr. 76134	(817) 551-7666
* Marcus Bell	1109 Savage Dr. 76134	(817) 551-7666
Jamela Dial	6630 South Creek Dr 76133	(817) 294-3263
Bella Dial	6630 South Creek Dr 76133	(817) 294-3263
Toneje Parker	1129 Oak Grove	817-726-9954
Charlene Adams	5206 Southeast Ct.	817-443-7710
Leticia Hays	5339 Bandy St.	817-333-4605
Cynthia Owens	6315 Songbird 1804	682-583-1746
Anty & wife	1441 Glasgow Rd 76134	682-438-7755
Jonathan Allen	3420 Meadow Moor 76133	817-907-5130
Darren Hush	5114 Densley Dr 76134	817-797-4884
Loni Brader	1105 Blasgow Rd 76134	817-293-0497
Roy Thompson	5420 Conroy St	817-627-8512
L. Ann	3849 Burner	
* Eliseo Rodriguez	3417 Conroy St	817-983-8331
* Eudelia Rodriguez	5417 Conroy St	817-983-8331
* Cynthia Neria	5417 Conroy St	817-983-8331

Beauty Shop Owner →

Signatures collected by: Zmora Williams

For information about this petition, or for directions about how to make sure it is officially counted as support, please call the NRP Group at 210-487-7878.

Support Quality Neighborhood Retail Petition

We, the Undersigned, want more quality neighborhood retail in South Fort Worth. We believe that quality multifamily housing located near the intersection of 1391 SE Loop 820 and 1029 Oak Grove Rd. in Fort Worth, Texas, will attract better retail options!!

NAME (full name, do not print)	Address (address, zip code)	Contact (phone or email)
20. Maria Mayo	2550 Berner	817 740-9792
Tony Coile	2550 Berner	817 740 9792
20. Marcus Washington	2550 Berner	830-391-0213
Peggy Smith	917 Baker	817) 294-9684
Mesa Smith	917 Baker	817) 294-9684
DueDel Wms	918 Baker	817 535 8737
Mario Fernandez	3028 S. Adams	(817) 923-8115
25. Luis Vargas	2712 Covert Ave 76133	(817) 920-0448
Monica Wilson	1908 Valley View Rd <sup>76108</sup>	817-929-0555
Jerrold Braniel	1536 milmo	(817) 676-5744
Rina Hyder	1341 Miller Ave	817-568-1832
The Park	2905 FARRELL LN	817-451-3961
20. Amy Taylor	1548 Cloverdale	817-584-8582
Jose Ramon	905 Browne	817-602-9272
Ann Flouin	909 Brown Dr.	
Bill Flouin	909 Brown Dr.	
Jeremy Stroud	729 Brown Dr	817-386-5994

Signatures collected by: Anthony Moore

Page 2 of 81 pages

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+ 26  
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Support Quality Neighborhood Retail Petition

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NAME (full name, do not print)	Address (address, zip code)	Contact (phone or email)
1. Chris Brown	1428 Stafford Dr 76134	817-293-8321
Juanita Ellis	5612 Conroy	817-243-2164
Renee J. [unclear]	1155 Glasgow P.	817-277-5151
Dominique [unclear]	1208 Glasgow	817-489-8494
5. Nikki Sam	1251 Glasgow	682-551-7249
Antreia Chatman	1313 Glasgow 76134	817-846-6641
LAQuita Williams	1313 Glasgow 76134	817-747-6725
Norma Rodriguez	1304 Merimether	817-655-4891
Sybil G. Carter	3409 Orchard	817-655-4891
10. Minnie [unclear]	4304 Cottage	817-534-1576
Isaac Martinez	2913 Pate Drive	817-443-2430
Dulaciano Sandoval	4238 Stage Ave	817-879-4020
Robert Ponle	3240 Ronay Dr	817-535-1441
David Trigo	3240 Ronay Dr	802-559-9093
David Trigo	4526 Fourth St	(817) 716-1566
15. Malcolm [unclear]	6836 Fr 2445 Alvarado 76009	817-401-8585
Mike Smith	351 Jettie Lane Ft. W. 76179	682-365-6785
David Dusek	2550 BERNER	817-740-9792

Signatures collected by: Anthony Moore

Page 3 of 11

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Support Quality Neighborhood Retail Petition

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NAME (full name, do not print)	Address (address, zip code)	Contact (phone or email)
Sir T. Harris	1117 Savaage 76134	(817) 333-7872
* <del>W. [unclear]</del>	5345 Conroy 76134	(817) 293-4291
Dr. N. Jenkins	5401 Hensley Dr 76134	(817) 539-1401
W. [unclear]	1129 Oakgrove	(817) 293-9333
Monte how	1129 Oakgrove	(817) 293-9333
Markus Bell	1129 oakgrove	(817) 293-9333
Cameron Dugg	5445 Hensley Dr	817 902-5754
W. L. [unclear]	5441 Conroy	817 293-1806
Allen Taylor	8436 Conroy St	817 568-1801
* Dan	5429 Conroy St	817 966-2554
Esther M	5413 Conroy St	817 568-0222
Leslie M. [unclear]	5409 Hensley Dr	(817) 489-4320
Doug Murray	1312 Glas Gow Rd	817-819-3390
Martha Bayera	3605 S. Henderson	
Jethro L. [unclear]	1312 Monterrey Blvd	
Stephanie Kelley	3316 Raleigh Dr	817-346-0874
Raymond [unclear]	1023 Asher St	508-367-5166

Aubrey Bayera Barber Shop Owner →

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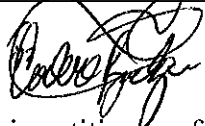
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NAME (full name, do not print)	Address (address, zip code)	Contact (phone or email)
Howard Kim	1312 E. Elmwood Ave.	1-832-228-2297
Henry Pena	4400 Fair Park #22	(817) 298 1240
Lauren Darden	4108 Sundeage Ave	817-360-2067
DAVID ISMAEL	926 MEMPHIS ST. DALLAS TX 76028	(214) 297-5890
William Lewis	3425 Cayman Dr	(817) 423-0169
SYED HASIB	1104 OAK GROVE RD	817-293-4116
Daphyne Davis	1006 Oak Grove Ct. Apt. 1006	(817) 423-7477
Maria Molano	1005 Brown Dr.	(817) 923-2019
Raul Molano	1005 Brown Dr.	(682) 564 4992
Luis Amza	1005 Brown Dr.	862 382 2932
Ashley Currell-Ltd	705 Bridgewood Cir #331	817 884-7742
<del>CP</del>	322 W. Boyd	924-6921
Danyel Bond	925 E. Cantey	682-558-4134
Garry Fields	3816 Howard St	(817) 483-5984
Naten Williams		817-531-3409
Opal Smith	8312 Clover Glen	817 8458359
Cynthia Brun	4128 Queen	817-831-4226-2050

Signatures collected by:



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Support Quality Neighborhood Retail Petition

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	NAME (full name, do not print)	Address (address, zip code)	Contact (phone or email)
35.	Crystal Paslay	929 Brown Dr.	817-586-5994
	Luz Njeru	1048 Cole Ct.	817 3869799
	Quirino Medina	1048 Cole Ct.	817 3869799
	Derick Bryant	3916 Howard St.	682-559-2303
	Luis Barera	4200 S Fwy.	(817) 927-9040
40.	Dale Williams	4708-R.	817-567-5514
	Dollawn Hicks	1701 E. Robert	(8) 696-1910
	BARBARA HUNT	5301 Bandy Ave	(817) 568-9873
	KATCHINSKA	916 E FULLER AVE	817-927-0249
	LENA-KATCHINSKA	" " " "	" " "
45.	DORIS CABLE	<del>653</del> 653 OZARK BURLESON	817-447-6636
	José GOMEZ	1004 E FULLER AVE	817-926-3472
	Louise Randolph	1053 Cole Ct.	.. ' .
	Roberto Lopez	4862 Cole.	817 891 5477
	W.M. Bend	1033 Cardinal Ridge	817 923-7378
50.	Rosa Mendez	913 Cardinal Ridge	

Form - 1 page  
(817-293-0366 church #)

Petra  
↓  
Pastor of  
Petra Baptist

Signatures collected by: *Anthony Moore*

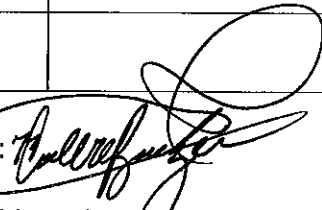
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Support Quality Neighborhood Retail Petition

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NAME (full name, do not print)	Address (address, zip code)	Contact (phone or email)
Tony Duque	905 E. Fuller Ave.	817-926-2677
Hope Mendez	917 E Fuller	682-472-0839
Elle Humeant	921 E Fuller	817-927-7046
Virginia Nash	1045 Cole Ct	817-923-9157
Beatriz Alvarez	4905 Cole St	817-923-2387
Maria Sambrano	1024 Cardinal Ridge Ave	682-221-9232
Ricky Sambrano	1024 Cardinal Ridge Ave	817-353-4849
Lidia Contreras	1012 Cardinal Ridge	817-386-0783

Signatures collected by: 

For information about this petition or for directions about how to make sure it is officially counted as support, please call the NRP Group at 210-487-7878.

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We, the Undersigned, demand more quality affordable housing and quality neighborhood retail in South Fort Worth. We believe that quality multifamily housing located near the intersection of 1391 SE Loop 820 and 1029 Oak Grove Rd. in Fort Worth, Texas, will attract better retail options!! We support the proposed Woodmont Apartments !!

NAME (full name, do not print)	Address (address, zip code)	Contact (phone or email)
Nichole Roy	1002 E Chambers 76031	882-560-9571
Michelle Garrett	816 Ogden Drive <sup>TX 76001</sup> Arlington	817-734-4060
Janett MFT <del>Garrett</del>	2814 SE Loop 820 Ft W.	817-727-3054
Vanessa Williams	2900 S.E. Loop 820.	817-293-9744
Ashley Jones	3000 E Loop 820	817-551-1150
Jerome Williams Sr	5200 Hensley 76134	817-231-9322
Brandy Williams	5200 Hensley 76134	817-344-2056
Mark Enriquez	2107 Dublin Dr.	817-851-3013
Norma Enriquez	1017 Dublin Dr.	817-243-5782
William Randle	5405 Conroy St	817-551-6459
Camaki Allen	2632 Conroy St 76134	817-551-2367
Wayne Scott	6294 Rendon New Hope	817-572-5460

Prokalo

Jackson Hewitt

Signatures collected by: *Anthony Moore*

For information about this petition, or for directions about how to make sure it is officially counted as support, please call the NRP Group at 210-487-7878.





[WWW.TDHCA.STATE.TX.US](http://WWW.TDHCA.STATE.TX.US)

## **MULTIFAMILY FINANCE PRODUCTION DIVISION**

### **2009 Private Activity Multifamily Housing Revenue Bonds**

**Costa Mariposa  
Palmer Highway and Monticello Drive  
Galveston County, Texas**

**Costa Mariposa, Ltd.  
252 Units  
Priority 2  
\$15,000,000 Tax Exempt – Series 2009**

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### **TABLE OF EXHIBITS**

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**MULTIFAMILY FINANCE PRODUCTION DIVISION  
BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Presentation, Discussion and Possible Issuance of Multifamily Housing Revenue Bonds Series 2009 with TDHCA as the Issuer, a Determination Notice of Housing Tax Credits and a contract for HOME Rental Housing Development Funds for Costa Mariposa in Texas City, Texas.

**Requested Action**

Approve, Amend or Deny the Issuance of Multifamily Housing Revenue Bonds, a Determination of Housing Tax Credits and a contract for HOME Rental Development Funds.

**Summary of the Transaction**

***Private Activity Bond and 4% Housing Tax Credit Programs:***

*Background and General Information:* The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, as amended, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. (*The Statute 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 pre-application for the 2008 Waiting List was received on October 9, 2008. The application was scored and ranked by staff and was induced at the November 13, 2008 Board Meeting. Following this Board meeting, the application was submitted to the Texas Bond Review Board and received a Reservation of Allocation on April 2, 2009. The deadline for bond delivery is on or before August 30, 2009, but the anticipated closing date is May 28, 2009. Located in Texas City, Galveston County, the development consists of the new construction of 252 units targeted to a family population and is currently zoned for such development. This application was submitted under the Priority 2 category, with the applicant proposing at least 80% of the units serving individuals and families earning 60% of Area Median Family Income (AMFI).

***HOME Rental Housing Development Program:***

*Background and General Information:* On June 26, 2008 the TDHCA Board approved the 2008 Rental Housing Development (RHD) Notice of Funding Availability (NOFA) that set aside \$5,000,000 for new construction, rehabilitation, and acquisition and rehabilitation of affordable rental housing. Subsequent to approval of this initial funding level, the Board approved transferring all remaining funds under the 2007 NOFA to the 2008 NOFA for a total balance of approximately \$20,869,797 in funds available. To date, the Department has received 42 applications for a total of \$63,582,645. Of these, six applications have been awarded funds totaling \$8,173,992, which leaves \$12,695,805 in funds available to award. Two applications under this NOFA, including the subject, are being considered for award today in conjunction with 4% tax credits. Currently, 23 applications totaling \$34,733,756 are under review and 20 have also made application for 2009 9% Housing Tax Credits. It should be noted that the CHDO RHD NOFA is also oversubscribed and any applications remaining after all funds are awarded may compete for the remaining funds under this NOFA.

The subject application, requesting \$3,000,000, has completed the three stages of the review process as required by the HOME Rule and has set aside the required number of HOME units. The Applicant has requested that the HOME funds be structured with a soft payment that is subject to available cashflow from the property. Pursuant to the NOFA, staff cannot recommend a loan structure with contingent payments except in limited circumstances that the Applicant has not met. This NOFA requirement is consistent with the Board's policy of requiring HOME loans to multifamily properties to be structured with hard payments in order to help ensure that funds are recycled for future assistance. The underwriting report indicates that only \$645,837 of the \$3,000,000 request is repayable at the Department's minimum debt coverage ratio of 1.15. Should the Board consider approving the subject application, the Board should consider that the Department currently has \$34,733,756 in applications that are currently under review and only \$12,695,805 in remaining funds available in this NOFA. Moreover, while staff has not completed reviews of these applications, it appears that the vast majority suggest that they can support the debt with the required hard payment structure.

*Organizational Structure and Compliance:* The Borrower is Costa Mariposa, Ltd., the General Partner of which is NRC Costa Mariposa, LLC of which UPCDC Texas Inc. has 100% ownership interest. The Board members of UPCDC Texas Inc. includes Don Robinson, James Harp III, Julie Perez and Juan Jose Anguiano. UPCDC Texas Inc. is also serving as the co-developer along with NRP Holdings, LLC which is comprised of Alan Scott, J. David Heller and T. Richard Bailey. The Compliance Status Summary completed on April 1, 2009 reveals that the principals of the general partner have received eleven (11) multifamily awards that have no material noncompliance.

*Public Hearing:* A public hearing was conducted by the Department for the proposed development on November 20, 2008. There were approximately 56 people in attendance with 18 speaking on the record. The majority of those in attendance were in support of the development. The comments made in opposition were as follows: property values of the surrounding homes will decline, ongoing long term maintenance of the property and whether or not there is really a need in the city for additional apartments. A copy of the hearing transcript is included in this presentation. The Department has received a letter in support from State Senator Mike Jackson and Jeffrey M. Cravey, President of the Galveston County MUD No. 66 and no letters of opposition from have been received.

*Census Demographics:* The proposed site is located on the north side of Monticello Drive, directly east of the College of the Mainland and approximately 50 yards northwest of the intersection of Monticello Drive and N. Vauthier Road, Texas City, Galveston County. Demographics for the census tract (7227.00) include AMFI of \$44,310; the total population is 3,942; the percent of the population that is minority is 93.38%; the number of owner occupied units is 1,067; number of renter occupied units is 392; and the number of vacant units is 112. (Census Information from FFIEC Geocoding for 2008).

### **Summary of the Financial Structure**

The applicant is requesting the Department's approval and issuance of variable rate tax-exempt bonds in the amount of \$13,680,000. Bank of America will provide the equity as well as the Letter of Credit during construction. Citigroup Global Markets, Inc. will serve as the underwriter and Freddie Mac will be providing the credit enhancement at conversion. The term of the Bonds will be for 30 years with a 35-year amortization. The construction phase will be 30 months with the option of one 6-month extension. The underwriting interest rate is estimated at 6.475% which includes 3.645% for the Swap Rate, 0.85% for Freddie Mac Credit Facility Fee, 0.25% for the Swap Credit Enhancement Fee, 1.00% Liquidity Facility Fee, 0.04% for Trustee Fee, 0.19% for Issuer's fee, 0.10% for Remarketing Agent Fee and a

Servicing Spread Fee of 0.40%. The Applicant is requesting a 50% property tax abatement through the non-profit general partner, UPCDC Texas Inc. However, if the development does not receive the abatement it will result in a debt coverage ratio that falls significantly below the Department's threshold requirements. More details regarding this can be found in the Real Estate Analysis report included in this presentation.

The hedge protection will be in the form of an interest rate swap. Additionally, the lender's commitment states that commencing on the conversion date and as long as the Bonds accrue interest at a variable rate, the Borrower must maintain an interest rate cap or an interest rate swap.

There will be a Swap Agreement between the Borrower and Bank of America as the swap provider. Additionally, there will be a Swap Credit Enhancement Agreement between Freddie Mac and Bank of America as the swap provider. The Department will not be a party to either one of these agreements. The Swap Credit Enhancement Agreement provides that, to the extent the Borrower does not make its fixed rate payment under the Swap Agreement, Freddie Mac will do so. The Swap Agreement will provide payment to the Borrower of a variable rate based on SIFMA applied to a notional amount corresponding to the principal amount of the Bond loan. The Borrower's obligations under the Swap Agreement, which are guaranteed by Freddie Mac under the Swap Credit Enhancement Agreement are not secured by a mortgage. The Borrower's obligation to pay Freddie Mac for any sums advanced by Freddie Mac under the Swap Credit Enhancement Agreement is secured by the second lien reimbursement mortgage in favor of Freddie Mac.

### **Recommendation**

Staff recommends the Board deny the request of a HOME Rental Housing Development award of \$3,000,000 for Costa Mariposa. The requested amount of HOME funds is not projected to be repayable within an acceptable debt coverage ratio as required by the 2009 Real Estate Analysis Rules. In accordance with the HOME NOFA staff will not recommend to the Board any contingent payment loans except for applications with first lien debt that is insured by HUD or the Federal Housing Administration (FHA) or for applications with other lenders with which the Department has a Memorandum of Agreement permitting such contingent payment debt structures.

Staff also recommends the Board deny the issuance of up to \$15,000,000 in tax-exempt Multifamily Housing Revenue Bonds, Series 2009 as well as the Applicant's requested \$975,006 in Housing Tax Credits for the Costa Mariposa Apartments due to the infeasibility of the transaction without the requested HOME funds.

Should the Board award funds to this development, the Board must waive its rules for the issues related to the HOME funds listed above and such an award should be conditioned upon the following:

- an allocation of tax credits not to exceed \$975,006 per year for ten years;
- the issuance of an amount not to exceed \$15,000,000 in tax-exempt Multifamily Housing Revenue Bonds, Series 2009; and
- a HOME award not to exceed \$3,000,000 to be structured with \$654,837 as a fully repayable loan bearing interest at AFR and 35-year amortization and the remaining \$2,345,163 structured as a soft loan with payment subject to available cash flow.



RESOLUTION NO. 09-031

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (COSTA MARIPOSA APARTMENTS) SERIES 2009; 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, construction and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely 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, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; (d) to make, commit to make, and participate in the making of mortgage loans, including federally insured loans, and to enter into agreements and contracts to make or participate in mortgage loans for residential housing for individuals and families of low, very low and extremely low income and families of moderate income; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Variable Rate Demand Multifamily Housing Revenue Bonds (Costa Mariposa Apartments) Series 2009 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Costa Mariposa, Ltd., a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental development

described on Exhibit A attached hereto (the “Development”) located within the State 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 November 13, 2008, declared its intent to issue its revenue bonds to provide financing for the Development; 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 a mortgage loan funded with the proceeds of the Bonds (the “Bond Mortgage Loan”) to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the “Bond Mortgage 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 credit enhancement for the Bond Mortgage Loan and liquidity support for the Bonds will be provided for initially by a Letter of Credit issued by Bank of America, N.A. (the “Bank”) and upon conversion of the Bond Mortgage Loan from the construction phase to the permanent phase, if conversion occurs, by a Credit Enhancement Agreement between Federal Home Loan Mortgage Corporation (the “Credit Facility Provider”) and the Trustee; and

WHEREAS, it is anticipated that the Bond Mortgage Note will be secured by a First Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing (the “Bond Mortgage”) by the Borrower for the benefit of the Department and an Assignment of First Deed of Trust from the Department in favor of the Trustee; and

WHEREAS, the Department’s interest in the Bond Mortgage Loan (except for certain unassigned rights), including the Bond Mortgage Note and the Bond Mortgage, will be assigned to the Trustee, and the exercise of rights thereunder will be governed by an Intercreditor Agreement (the “Intercreditor Agreement”) among the Department, the Trustee, the Bank, and the Credit Facility Provider; 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 Development which will be filed of record in the real property records of Galveston County, Texas; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the “Official Statement”) and to authorize the authorized representatives of the Department 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, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the “Bond Purchase Agreement”) with Citigroup Global Markets Inc., on behalf of itself and Stern Brothers & Co. (the “Underwriter”), and the Borrower, or any other parties to such Bond Purchase Agreement as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or another party to such Bond Purchase Agreement; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Intercreditor Agreement, the Regulatory Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the “Issuer Documents”), all of which are attached to and comprise a part of this Resolution and (b) the Bond Mortgage and the Bond Mortgage 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 Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Bond Mortgage and the Bond Mortgage 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 for approval, the Comptroller of Public Accounts of the State 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 or purchasers thereof.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That the Chairman or Vice Chair of the Board or the Executive Director or Acting Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chairman or Vice Chair of the Board or the Executive Director or Acting Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate)

exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.00%; (ii) the aggregate principal amount of the Bonds shall not exceed \$15,000,000.00; (iii) the final maturity of the Bonds shall occur not later than June 1, 2042; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 103% of the principal amount thereof.

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 the Indenture and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement. That the form and substance of the Financing Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Financing Agreement and deliver the Financing Agreement to the Borrower and the Trustee.

Section 1.5 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of 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 Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Galveston County, Texas.

Section 1.6 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and any other party to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter and any other party to the Bond Purchase Agreement, as appropriate.

Section 1.7 Acceptance of the Bond Mortgage Note and Bond Mortgage. That the form and substance of the Bond Mortgage Note and Bond Mortgage are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are hereby authorized to endorse and deliver the Bond Mortgage Note to the order of the Trustee without recourse.

Section 1.8 Approval, Execution and Delivery of the Intercreditor Agreement. That the form and substance of the Intercreditor 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 Intercreditor Agreement and to deliver the Intercreditor Agreement to the Trustee, the Bank and the Credit Facility Provider.

Section 1.9 Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter

in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chairman and Vice Chair of the Governing Board and the Executive Director or the Acting Executive Director of the Department are hereby severally authorized to deem the Official Statement “final” for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the use and distribution 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 Bond Purchase Agreement and as may be approved by the Executive Director or Acting Executive Director of the Department and the Department’s counsel.

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 - Financing Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Bond Purchase Agreement
- Exhibit F - Bond Mortgage
- Exhibit G - Bond Mortgage Note
- Exhibit H - Intercreditor Agreement
- Exhibit I - Official Statement

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 Chair of the Board, Executive Director or Acting Executive Director of the Department, Deputy Executive Director of Programs of the Department, Deputy Executive Director 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 1.14 Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Development'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 Development.

## **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. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State, 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 Approval of Requests for Rating from Rating Agency. That the action of the Executive Director or Acting Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

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

Section 2.6 Underwriter. That the underwriter with respect to the issuance of the Bonds will be Citigroup Global Markets Inc., Stern Brothers & Co., or any other party identified in the Bond Purchase Agreement.

Section 2.7 Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Development shall not exceed the amounts attached to the Regulatory Agreement and shall be annually redetermined by the Issuer.

Section 2.8 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.9 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 Development 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 Development and the information with respect to the proposed financing of the Development 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 Development 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 financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development 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 Development in accordance with the requirements of the Financing Agreement and 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 Bond Mortgage Loan in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Development 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 Development in accordance with the Financing Agreement and the Regulatory Agreement, which require, among other things, that the Development 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 Development 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 to obtain decent, safe, and sanitary housing by financing the costs of the Development, 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 Development 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 Regulatory Agreement.

Section 3.3 Sufficiency of Bond Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Bond Mortgage 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 Development 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 Chapters 33 and 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 special 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 or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State 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 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 made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

*[Execution page follows]*

PASSED AND APPROVED this 23rd day of April, 2009.

[SEAL]

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C. Kent Conine, Chairman

ATTEST:

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Timothy K. Irvine, Secretary to the Governing Board

**EXHIBIT A**

**Description of Development**

Borrower: Costa Mariposa, Ltd., a Texas limited partnership

Development: The Development is a 252-unit 100% affordable multifamily community to be known as Costa Mariposa located at Palmer Highway and North Westward St., Texas City, Galveston County, Texas 77591. It will consist of three-story residential apartment buildings with approximately 257,536 net rentable square feet. The unit mix will consist of:

12	one-bedroom/one-bath units
132	two-bedroom/two-bath units
96	three-bedroom/two-bath units
12	four-bedroom/two-bath units
<hr/>	
252	Total Units

Unit sizes will range from approximately 722 square feet to approximately 1,685 square feet.

Common areas are expected to include a clubhouse, barbecue areas, two playgrounds, and a swimming pool. All units are expected to have central heating and air conditioning, carpeting, ceiling fixtures in all rooms, mini-blinds, a dishwasher, a range and oven, and covered patios or balconies.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**April 23, 2009**  
**Development Information, Public Input and Board Summary**  
**Costa Mariposa, TDHCA Number 09604**

**BASIC DEVELOPMENT INFORMATION**

Site Address: Corner of Palmer Highway and Monticello Dr. Development #: 09604  
 City: Texas City Region: 6 Population Served: General  
 County: Galveston Zip Code: 77591 Allocation: Urban  
 HOME Set Asides:  CHDO  Preservation  General Purpose/Activity: NC  
 Bond Issuer: TDHCA  
 HTF

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: Costa Mariposa, Ltd.  
 Owner Contact and Phone: Vincent A. Marquez, (713) 228-3778  
 Developer: NRP Holdings LLC  
 Housing General Contractor: NRP Contractors LLC  
 Architect: Alamo Architects  
 Market Analyst: Apartment Market Data  
 Syndicator: Bank of America  
 Supportive Services: Community Housing Resource Partners  
 Consultant: n/a

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>80%</u>	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	Total Restricted Units:	252
14	0	0	238	0	0	12	132	96	12	0	Market Rate Units:	0
Type of Building: <input checked="" type="checkbox"/> 4 units or more per building											Owner/Employee Units:	0
<input type="checkbox"/> Duplex											Total Development Units:	252
<input type="checkbox"/> Triplex											Total Development Cost:	\$27,867,646
<input type="checkbox"/> Fourplex											Number of Residential Buildings:	15
<input type="checkbox"/> Detached Residence											HOME High Total Units:	37
<input type="checkbox"/> Single Room Occupancy											HOME Low Total Units:	14
<input type="checkbox"/> Transitional												
<input type="checkbox"/> Townhome												

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
4% Housing Tax Credits with Bonds:	\$975,006	\$0	0	0	0%
TDHCA Bond Allocation Amount:	\$15,000,000	\$0	0	0	0%
HOME Activity Fund Amount:	\$3,000,000	\$0	0	0	0%
HOME CHDO Operating Grant Amount:	\$0	\$0			
HTF Rental Production Funds:	\$0	\$0			



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**April 23, 2009**  
**Development Information, Public Input and Board Summary**  
**Costa Mariposa, TDHCA Number 09604**

**PUBLIC COMMENT SUMMARY**

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

**State/Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11	S	US Representative: Olson, District 22, NC
TX Representative: Eiland, District 23	NC	US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: Matthew T. Doyle, Mayor, City of Texas      Resolution of Support from Local Government   
City - NC

Jeffery M Cravey, President, Galveston County MUD  
District #66 - S

**Individuals/Businesses:** In Support:      0      In Opposition:      0

**Neighborhood Input:**

**General Summary of Comment:**

Public Hearing: The majority of the individuals at the hearing spoke in support; however a few voiced concerns regarding the property values of the surrounding homes as well as ongoing longterm maintenance of the property and if there was really a need in the city for additional apartments.

Number that attended: 56  
Number that spoke: 18  
Number in support: 47  
Number in opposition: 0  
Number Neutral: 9

**CONDITIONS OF COMMITMENT**

Should the Board award funds to this development, the Board must waive its rules for the issues related to the HOME funds listed above and such an award should be conditioned upon the following:

Issuance of up to \$15,000,000 in tax exempt multifamily housing revenue bonds.

An allocation of tax credits not to exceed \$975,006 per year for ten years.

An award of \$3,000,000 in HOME funds with \$654,837 structured as a fully amortized and repayable loan bearing interest at AFR and 35-year amortization, and the remaining \$2,345,163 structured as a soft loan with payment subject to available cash flow.

Receipt, review, and acceptance, prior to closing on the bonds, of a tax attorney or CPA opinion determining that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.

Receipt, review, and acceptance, by cost certification, of evidence that a noise study in accordance with HUD guidelines has been conducted, and that any resulting recommendations have been followed.

Receipt, review, and acceptance, prior to closing on the bonds, of an opinion from the Applicant's attorney stating that they have reviewed the Applicant's qualifications to meet Galveston County's requirements for the 50% property tax exemption. Additionally, documentation of the exemption, once received, to be provided at Cost Certification.

Receipt, review, and acceptance, before closing, of evidence of the execution of a partial release of the lien identified in Schedule C, Item 6 of the title commitment.

If the rates or terms of any of the financing change, the underwriting analysis should be re-evaluated, and an adjustment to the allocations may be warranted.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**April 23, 2009**  
**Development Information, Public Input and Board Summary**  
**Costa Mariposa, TDHCA Number 09604**

**RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

4% Housing Tax Credits:	Credit Amount:	\$0
Recommendation: Staff recommends the Board deny the request of Housing Tax Credits in the amount of \$975,006 due to the infeasibility of the transaction without the requested HOME funds.		
TDHCA Bond Issuance:	Bond Amount:	\$0
Recommendation: Staff recommends the Board deny the issuance of the \$15,000,000 in tax-exempt Multifamily Housing Revenue Bonds, Series 2009 due to the infeasibility of the transaction without the requested HOME funds.		
HOME Activity Funds:	Loan Amount:	\$0
HOME CHDO Operating Expense Grant:	Grant Amount:	\$0
Recommendation: Staff recommends the Board deny the request of a HOME Rental Housing Development award of \$3,000,000. The requested amount of HOME funds is not projected to be repayable within the acceptable debt coverage ratio as required by the 2009 Real Estate Analysis Rules.		
HTF Rental Production Funds:	Loan Amount:	\$0
Recommendation:		

# Costa Mariposa

## Estimated Sources & Uses of Funds

### Sources of Funds

Series 2009 Tax-Exempt Bond Proceeds	\$ 13,680,000
Tax Credit Proceeds	8,432,116
TDHCA HOME Funds	3,000,000
Deferred Developer's Fee	1,507,367
GIC Income	345,000
<b>Total Sources</b>	<b>\$ 26,964,483</b>

### Uses of Funds

Acquisition and Site Work Costs	\$ 4,818,000
Direct Hard Construction Costs	12,949,079
Other Construction Costs (General Require, Overhead, Profit)	2,619,027
Developer Fees and Overhead	1,991,000
Direct Bond Related	273,521
Bond Purchase Costs	782,700
Other Transaction Costs	3,406,156
Real Estate Closing Costs	125,000
<b>Total Uses</b>	<b>\$ 26,964,483</b>

## Estimated Costs of Issuance of the Bonds

### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 68,400
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	27,360
TDHCA Bond Compliance Fee (\$25 per unit)	6,300
TDHCA Bond Counsel and Direct Expenses (Note 1)	88,211
TDHCA Financial Advisor and Direct Expenses	35,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	5,000
Trustee Fee	8,000
Trustee's Counsel (Note 1)	6,000
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,750
<b>Total Direct Bond Related</b>	<b>\$ 273,521</b>

# Costa Mariposa

<b>Bond Purchase Costs</b>	
Lender's Fees & Expenses	136,800
Lender Underwriting Fee	10,000
Lender Third Party Fees	10,000
Lender's Legal Fees	30,000
Freddie Mac's Counsel	45,500
Freddie mac Review Fee	136,800
Freddie Mac Standby Fee	34,200
Limited Partner's Counsel	30,000
Borrower's Counsel Fees	200,000
Underwriter's Discount	102,600
Underwriter's Counsel	30,000
Rating Agent	14,800
OS Printing/Mailing	2,000
<b>Total Bond Purchase Costs</b>	<b>\$ 782,700</b>
<b>Other Transaction Costs</b>	
Tax Credit Related Costs	36,420
Construction Contingency	520,424
Soft Construction Costs	1,192,000
Construction Period Interest	1,259,312
Lease-Up Reserves	378,000
Miscellaneous	20,000
<b>Total Other Transaction Costs</b>	<b>\$ 3,406,156</b>
<b>Real Estate Closing Costs</b>	
Title and Recording	125,000
<b>Total Real Estate Costs</b>	<b>\$ 125,000</b>
<b>Estimated Total Costs of Issuance</b>	<b>\$ 4,587,377</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**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 04/15/09 PROGRAM: 4% HTC/ MRB/ HOME FILE NUMBER: 09604

**DEVELOPMENT**

Costa Mariposa

Location: Palmer Highway Region: 6  
 City: Texas City County: Galveston Zip: 77591  QCT  DDA  
 Key Attributes: New Construction, Multifamily, Urban, Family

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Private Activity Mortgage Revenue Bonds	\$15,000,000			\$0		
HOME Activity Funds	\$3,000,000	AFR	40 / 30	\$0		
Housing Tax Credit (Annual)	\$975,006			\$0		

**NOT RECOMMENDED DUE TO THE FOLLOWING:**

- The requested amount of HOME funds is not projected to be repayable within an acceptable debt coverage ratio as required by the 2009 Real Estate Analysis Rules, 10 TAC 1.32(i)(5). In accordance with the HOME NOFA staff will not recommend to the Department's Governing Board any contingent payment loans except for applications with first lien debt that is insured by HUD or the Federal Housing Administration (FHA) or for applications with other lenders with which the Department has a Memorandum of Agreement permitting such contingent payment debt structures.

SHOULD THE BOARD APPROVE THIS AWARD, THE BOARD MUST WAIVE ITS RULES FOR THE ISSUES LISTED ABOVE, AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

**CONDITIONS**

- 1 Issuance of up to \$15,000,000 in tax exempt multifamily housing revenue bonds.
- 2 An allocation of tax credits not to exceed \$975,006 per year for ten years.
- 3 An award of \$3,000,000 in HOME funds with \$654,837 structured as a fully amortized and repayable loan bearing interest at AFR and 35-year amortization, and the remaining \$2,345,163 structured as a soft loan with payment subject to available cash flow.
- 4 Receipt, review, and acceptance, prior to closing on the bonds, of a tax attorney or CPA opinion determining that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
- 5 Receipt, review, and acceptance, by cost certification, of evidence that a noise study in accordance with HUD guidelines has been conducted, and that any resulting recommendations have been followed.

- 6 Receipt, review, and acceptance, prior to closing on the bonds , of an opinion from the Applicant's attorney stating that they have reviewed the Applicant's qualifications to meet Galveston County's requirements for the 50% property tax exemption. Additionally, documentation of the exemption, once received, to be provided at Cost Certification.
- 7 Receipt, review, and acceptance, before closing, of evidence of the execution of a partial release of the lien identified in Schedule C, Item 6 of the title commitment.
- 8 If the rates or terms of any of the financing change, the underwriting analysis should be re-evaluated, and an adjustment to the allocations may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	14
60% of AMI	60% of AMI	238

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/Low HOME	14
60% of AMI	60%/High HOME	37

PROS

CONS

- The proforma analysis indicates it would take more than 20 years to repay the proposed HOME loan and the required deferred developer fee.
- The Applicant's projected operating expenses assumes a 50% property tax exemption for CHDO's, but the Department has determined that the Applicant does not qualify as a CHDO

**PREVIOUS UNDERWRITING REPORTS**

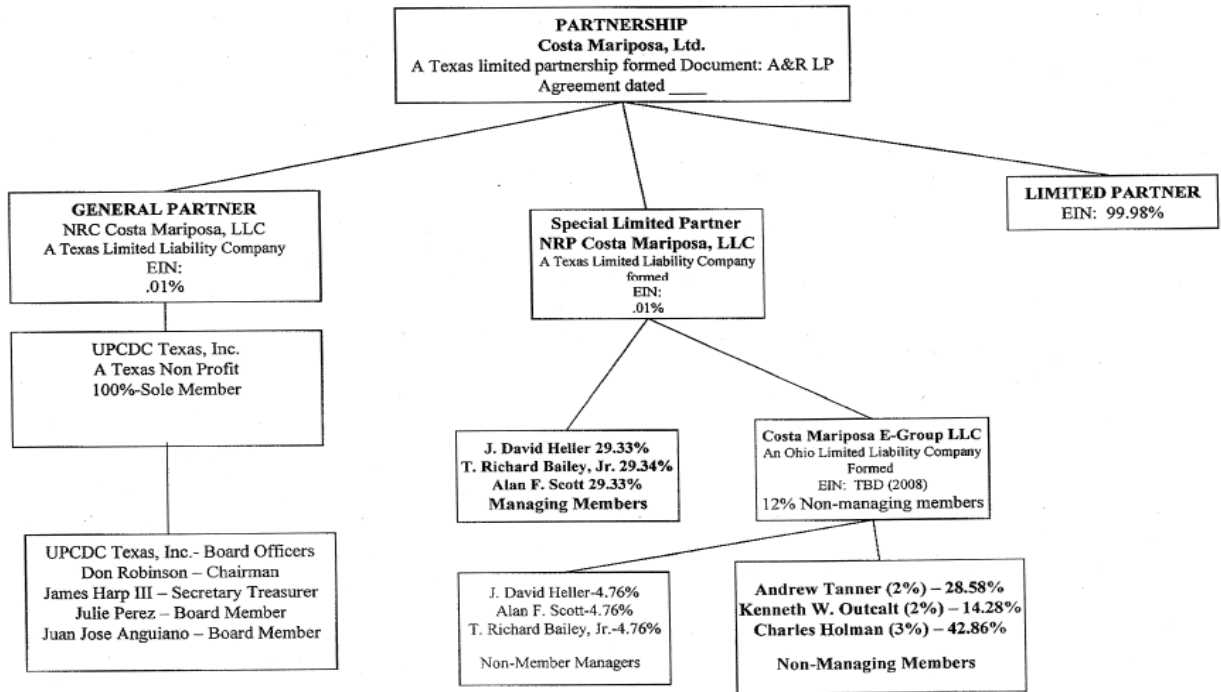
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**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**

**Costa Mariposa**



**CONTACT**

Contact: Valerie Garrity Phone: (216) 584-0674 Fax: (216) 584-2572  
 Email: vgarrity@nrpgroup.com

**KEY PARTICIPANTS**

Name	Financial Notes	# Completed Developments
Costa Mariposa, Ltd.	N/A	2
Urban Progress Community Development Corp.	N/A	0
NRP Holdings, LLC	N/A	15
NRP Contractors, LLC	N/A	15
NRP Properties, LLC		15

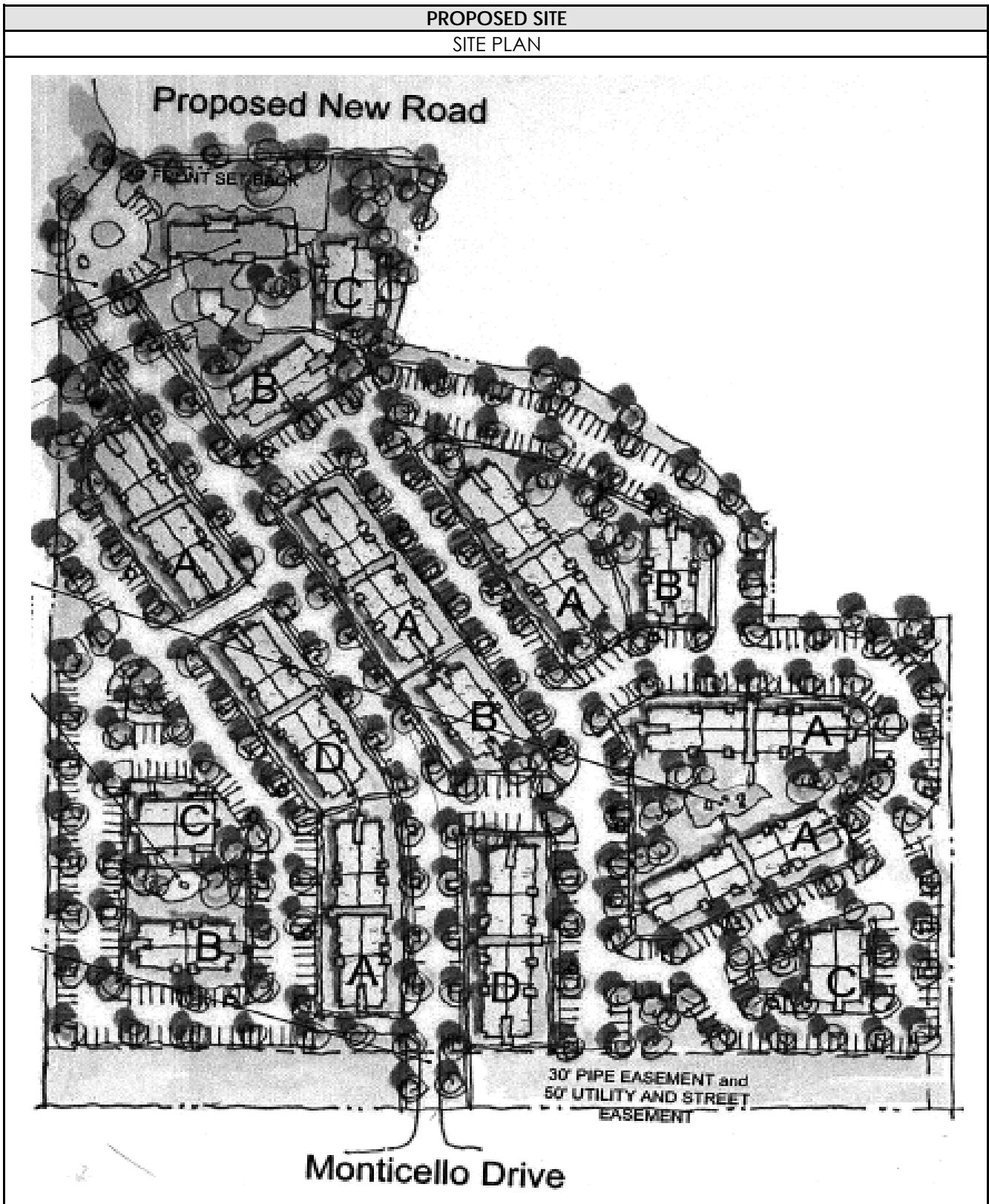
**IDENTITIES of INTEREST**

- o The Applicant, Developer, General Contractor, and Property Manager are related entities. These are common relationships for HTC-funded developments.

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PROPOSED SITE

SITE PLAN



This section intentionally left blank.

### BUILDING CONFIGURATION

Building Type	A	B	C	Ca	D							Total Buildings
Floors/Stories	3	3	2	2	3							
Number	6	4	2	1	2							15

BR/BA	SF	Units										Total Units	Total SF
1 / 1	722					6						12	8,664
2 / 2	936	12				6						84	78,624
2 / 2	930		12									48	44,640
3 / 2	1,112	12				12						96	106,752
4 / 2	1,561			4	3							11	17,171
4 / 2	1,685				1							1	1,685
Units per Building		24	12	4	4	24						252	257,536

### SITE ISSUES

Total Size: 15.68 acres      Scattered site?       Yes       No  
 Flood Zone: X      Within 100-yr floodplain?       Yes       No  
 Zoning: PUD      Needs to be re-zoned?       Yes       No       N/A

### TDHCA SITE INSPECTION

Inspector: TDHCA Staff      Date: 11/20/2008  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: vacant land      beyond: Palmer Highway  
 South: Monticello Drive      beyond: church, vacant land  
 East: vacant land      beyond: Mainland Medical Center  
 West: bayou      beyond: College of the Mainland

### HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Arias & Associates      Date: 8/19/2008  
 Comments:  
 "It is our opinion that no recognized environmental conditions were identified involving the Site. Therefore, Arias has concluded that there is a low level of environmental risk associated with this property." (p. 1)  
  
 "Based on the Site's proximity to airports, railroads, and major highways, a noise study is recommended." (p. 2) Any funding recommendation will be subject to receipt, review, and acceptance, by cost certification, of evidence that a noise study in accordance with HUD guidelines has been conducted, and that any resulting recommendations have been followed.

### MARKET HIGHLIGHTS

Provider: Apartment MarketData      Date: 9/25/2008  
 Contact: Darrell Jack      Phone: (210) 530-0040      Fax: (210) 340-5830  
 Number of Revisions: none      Date of Last Applicant Revision: N / A  
 Primary Market Area (PMA): 96.4 sq. miles      6 mile equivalent radius

"The boundaries of the primary market area follow those of the following census tracts:

481677209	481677210	481677219	481677220	481677221
481677222	481677223	481677224	481677225	481677226
481677227	481677228	481677229	481677230	481677231
481677232	481677233	481677238		

These boundaries approximately follow FM 517 to the north, Galveston Bay to the east, State Hwy 6 and Highland Bayou to the south, and FM 646 to the west." (p. 4)

Secondary Market Area (SMA):

The market study does not define a secondary market area.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS				
PMA				SMA
Name	File #	Total Units	Comp Units	
Village at Morningstar	04213	100	senior	
Morningstar Villas	07293	36	senior	
Cedar Drive Village	060034	36	senior	
Highland Manor	08198	141	senior	
Mansions at Moses Lake	08402	240	senior	
Heritage Square	08303	50	rehab	

INCOME LIMITS						
Galveston						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$12,850	\$14,700	\$16,500	\$18,350	\$19,800	\$21,300
60	\$25,680	\$29,340	\$33,000	\$36,660	\$39,600	\$42,540

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR / 30% of AMI	148	0		148	3		2%
1 BR / 60% of AMI	252	0		252	9		4%
2 BR / 30% of AMI	76	-4		72	4		6%
2 BR / 60% of AMI	129	-1		128	128		100%
3 BR / 30% of AMI	59	-3		56	4		7%
3 BR / 60% of AMI	80	0		80	92		115%
4 BR / 30% of AMI	23	-1		22	3		14%
4 BR / 60% of AMI	24	0		24	9		38%

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR / 30% of AMI	39	0		39	3		8%
1 BR / 60% of AMI	71	0		71	9		13%
2 BR / 30% of AMI	45	-2		42	4		9%
2 BR / 60% of AMI	95	-1		93	128		137%
3 BR / 30% of AMI	38	-2		36	4		11%
3 BR / 60% of AMI	59	1		60	92		154%
4 BR / 30% of AMI	197	-1		196	3		2%
4 BR / 60% of AMI	216	-26		189	9		5%

OVERALL DEMAND						
	Target Households	Household Size	Income Eligible	Tenure	Demand	
PMA DEMAND from TURNOVER						
Market Analyst p. 56				4,638	44%	2,055
Underwriter	100% 28,097	95% 26,692	31% 8,366	45% 3,745	44%	1,659
PMA DEMAND from HOUSEHOLD GROWTH						
Market Analyst p. 56						14
Underwriter		95% 218	31% 65	45% 29	100%	29
INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 57	252	0	0	252	2,069	12%
Underwriter	252	0	0	252	1,688	15%

Supply and Demand Analysis:

A number of unstabilized properties exist within the PMA, but they all target seniors, so none are considered comparable and none will be included in the calculation of an inclusive capture rate. The Market Analyst identified demand for 2,055 units due to household turnover and demand for 14 units based on household growth, concluding an inclusive capture rate of 12%. The underwriting analysis, based on the demographic data presented in the market study, identified demand for 1,659 units due to household turnover and demand for 29 units based on household growth, concluding an inclusive capture rate of 15%. Both conclusions are well below the maximum capture rate of 25% for urban developments targeting families.

Primary Market Occupancy Rates:

"The current occupancy of the market area is 92.8% as a result of stable demand." (p. 10)

Absorption Projections:

Over the past 6 years, we see 641 new units built since 2000 have been absorbed. This fares well for Costa Mariposa." (p. 13)

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
1 BR 722 SF 30%	\$261	\$261	\$631	\$261	\$370	
1 BR 722 SF 60%	\$620	\$617	\$631	\$617	\$14	
1 BR 722 SF 60%	\$620	\$620	\$631	\$620	\$11	
2 BR 930 SF 30%	\$308	\$311	\$806	\$311	\$496	
2 BR 930 SF 60%	\$739	\$741	\$806	\$741	\$65	
2 BR 930 SF 60%	\$739	\$741	\$806	\$741	\$65	
2 BR 936 SF 30%	\$308	\$311	\$806	\$311	\$496	
2 BR 936 SF 60%	\$739	\$741	\$806	\$741	\$65	
2 BR 936 SF 60%	\$739	\$741	\$806	\$741	\$65	
3 BR 1,112 SF 30%	\$350	\$352	\$931	\$352	\$579	
3 BR 1,112 SF 60%	\$848	\$849	\$931	\$849	\$82	
3 BR 1,112 SF 60%	\$848	\$849	\$931	\$849	\$82	
4 BR 1,561 SF 30%	\$382	\$384	\$1,181	\$384	\$797	
4 BR 1,561 SF 60%	\$937	\$939	\$1,181	\$939	\$242	
4 BR 1,561 SF 60%	\$937	\$939	\$1,181	\$939	\$242	
4 BR 1,685 SF 60%	\$937	\$939	\$1,181	\$939	\$242	

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Affordable family projects are 98.5% occupied. This demonstrates that the demand for new affordable rental housing is high." (p. 14)

Comments:

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:    Number of Revisions:        4        Date of Last Applicant Revision:      3/27/2009  

The Applicant has applied for HOME financing as well as tax credits; some units are therefore subject to multi-layered restrictions. When more than one program applies, the most restrictive rent restriction is used. The Applicant's projected income is based on program rents adjusted by utility allowances developed by an outside consultant. These utility allowances have been approved by Cirro Energy, the regional utility provider, as required under Department guidelines.

Estimates of secondary income and vacancy and collection loss are in line with Department guidelines. Overall, the Applicant's projected income is within 1% of the underwriting estimate.

Expense:    Number of Revisions:        1        Date of Last Applicant Revision:      3/24/2009  

The Applicant's projected annual operating expenses are \$3,905 per unit; this is within 3% of the underwriting estimate of \$4,045, based on the TDHCA database and third party sources. There are several line items that vary significantly: general & administrative (the Applicant's projection is lower by \$28K); management (\$12K lower); payroll & payroll tax (\$21K lower); utilities (\$26K lower); and property insurance (\$63K higher).

The Applicant has indicated that the sole member of the General Partner is a Texas non profit, CHDO and 501c 3, and therefore, the partnership should be entitled to a 50% CHDO tax exemption under Sec. 11.1825 of the Texas Property Code. The Applicant's expense estimate for property taxes takes into account the anticipated 50% property tax exemption. The Underwriter's estimate also considers a 50% exemption; however, TDHCA has determined that the Applicant does not qualify as a CHDO for purposes of the application for HOME funding. This raises concern that the Applicant may not qualify for a property tax exemption as a CHDO. As a result, any award should be conditioned upon receipt, review and acceptance, by cost certification, of documentation reflecting that the property has received at least a 50% tax exemption.

Conclusion:

The Applicant's projected gross income, expenses, and net operating income (NOI) are each within 5% of the underwriting estimates; therefore, the Applicant's figures will be used to determine debt capacity and financial feasibility. The Applicant's NOI provides a debt coverage ratio (DCR) of 1.15 based on the debt service associated with the primary mortgage only. However, while the Applicant's requested terms for the HOME funds include a 40-year amortization and interest rate at AFR, the Applicant's proforma does not contemplate any debt service on the Department's HOME funds. If the debt service based on the requested terms for the TDHCA HOME funds is included the Applicant's DCR would fall to well below the Department's minimum guideline of 1.15.

It has been the Department's policy that TDHCA HOME funds be structured as repayable debt in order to ensure that these funds are returned to the Department and recycled for future activities. Additionally, in accordance with the HOME NOFA staff will not recommend to the Department's Governing Board any contingent payment loans except for applications with first lien debt that is insured by HUD or the Federal Housing Administration (FHA) or for applications with other lenders with which the Department has a Memorandum of Agreement permitting such contingent payment debt structures. Therefore, since these exceptions do not apply to this application the Underwriter's recommendation will attempt to structure the requested HOME funds as fully amortized debt. This will be discussed further later in the report.





**Direct Construction Cost:**

The original development cost schedule submitted with the application indicated direct construction costs of \$14.3 million, or \$56 per sq. ft. During the underwriting process the Applicant submitted a revised cost schedule that reduced this cost by 17% to \$11.9 million with the explanation that the development is receiving "cost advantages in the bidding process." The Applicant's most recent cost schedule has revised the direct construction cost again to \$12.9 million. This final iteration is within 5% of the underwriting estimate of \$13.6 million, derived from the Marshall & Swift Residential Cost Handbook. It should be noted that the Applicant currently has another pending application, the Woodmont Apartments in Fort Worth, with an identical development; the Applicant's projected direct construction cost for Woodmont is \$13.1 million.

**Contingency & Fees:**

The Applicant included \$100,000 of soft cost contingency under interim financing. Underwriting guidelines require this to be included under the limit for total contingency. The Applicant's figures have been adjusted accordingly.

**Conclusion:**

The Applicant's projected total development cost is \$27.9 million. The underwriting estimate is \$28.5 million. Since the Applicant's latest projection for total development cost is within 5% of the underwriting estimate, the Applicant's figures will be used to calculate eligible basis and to determine the need for permanent financing. The calculated eligible basis of \$23,935,923 is increased by 30% because the site is located in a Qualified Census Tract. The adjusted basis of \$29,816,700 supports a tax credit allocation of \$1,025,694 per year over ten years. This amount will be compared to the Applicant's requested allocation, and the amount determined by the gap in financing, to determine any recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 2 Date of Last Applicant Revision: 2/23/2009

Source: NRP Holdings, Inc. Type: Interim Financing

Principal: \$275,000 Interest Rate: \_\_\_\_\_  Fixed Term: \_\_\_\_\_ months

Source: TDHCA HOME Type: Permanent Financing

Principal: \$4,000,000 Interest Rate: AFR  Fixed Amort: 420 months

**Comments:**

The application indicates a request for HOME funds amortized over 40 years at the Applicable Federal rate; however, the Applicant has not included any debt service associated with this funding. In accordance with the HOME NOFA, the requested HOME funds must be structured as a fully repayable debt and meet the minimum DCR requirements in the Real Estate Analysis Rules and Guidelines described in 10 TAC §1.32. As such staff has evaluated the requested amount amortized at AFR over the same period as the primary debt (35 years). It should also be noted that the original application requested \$3 million in HOME funds; a revised application sought to increase this amount to \$4 million under a CHDO allocation, but the Department's legal review determined that the Applicant did not qualify as a CHDO for purposes of this allocation.

Issuer: TDHCA

Source: MMA Financial Type: Interim to Permanent Bond Financing

Tax-Exempt: \$13,680,000 Interest Rate: 6.475%  Fixed Amort: 420 months

**Comments:**

Bank of America will provide a Construction Letter of Credit in the principal amount of \$15,000,000. The Underwriter estimated the interest on the construction loan based upon the following: 2% base rate, 2% cushion, 0.33% fees, 2% LC.

The forward commitment from MMA reflects a 17 year cap with a base rate not to exceed 6%. The rate stack includes: bond trustee and issuer fees of 0.33%; credit enhancement fees of 1.85% and servicing spread of 0.40%. The lender utilized an underwriting rate of 6.39% (includes 3.86% base rate + 2.53% in fees).

Source: Bank of America Type: Syndication

Proceeds: \$8,432,116 Syndication Rate: 86.5% Anticipated HTC: \$ 975,006

Comments:

The Equity Letter of Interest dated March 30, 2009 indicates a syndication price of \$0.865 per tax credit dollar.

Amount: \$345,333 Type: GIC Income

Comments:

The Applicant's most recent sources and uses indicates \$345,333 in interest income to be derived from the investment of bond proceeds in a Guaranteed Investment Contract. Underwriting guidelines do not include GIC income as a source of funds. These funds are considered to be at the Developer's risk, and are therefore added to any deferred developer fee and must be repayable from cash flow.

Amount: \$1,410,197 Type: Deferred Developer Fees

Comments:

The Applicant's most recent sources and uses indicates \$1,410,197 in deferred developer fees.

## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the Applicant's proforma, including the TDHCA HOME funds amortized over the requested 40 years at AFR, results in a debt coverage ratio well below the Department's minimum guideline of 1.15. The underwriting analysis indicates that in order to achieve the minimum 1.15 DCR, the maximum amortized HOME loan possible is \$654,837 at 0% for 35 years (the amortization period of the primary debt). This adjustment would require the remaining \$2,345,163 to be structured as soft financing payable only out of available cashflow. Therefore, the requested amount of HOME funds is not projected to be repayable within an acceptable debt coverage ratio as required by the 2009 Real Estate Analysis Rules, 10 TAC 1.32(i)(5). In accordance with the HOME NOFA staff will not recommend to the Department's Governing Board any contingent payment loans and, therefore, this development cannot be recommended for funding.

Should the Board choose to waive its rules for the issues listed above, the requested HOME funds would require a structure as follows in order to fall within the Department's Real Estate Analysis Rules: a HOME award of \$654,837 structured as a fully amortized and repayable loan at 0% interest and 35-year amortization, and the remaining \$2,345,163 structured as soft financing payable out of available cash flow.

If the Board approves this structure, the Applicant's projected total development cost less the permanent debt of \$16,680,000 indicates the need for \$11,187,646 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,293,628 annually would be required to fill this gap in financing. The underwriting guidelines consider three possible tax credit allocation amounts:

Credit amount determined by eligible basis:	<u>\$891,534</u>
Credit amount requested by the Applicant:	<u>\$975,006</u>
Credit amount determined by the gap in financing:	<u>\$1,293,628</u>

Of these amounts, the allocation requested by the Applicant would be recommended as it is the least of the three options. This financing structure would require \$2,755,530 in additional permanent funds is required. This amounts to 92% of the developer fee available. Moreover, this amount represents 75% of the available cash flow through 15 years of stabilized operation. This structure would therefore provide \$2,345,163 of Federal HOME funds with repayment subject to available cash flow, and no expectation of available cash flow for more than 10 years. The proforma analysis indicates it would take more than 20 years to repay the deferred developer fee and the proposed \$3,000,000 HOME loan.

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If Federal financing is provided without the reasonable expectation that it will be repaid in full, it should be considered a grant. IRC§42 requires that a federal grant be excluded from eligible basis for Housing Tax Credits. Such treatment would reduce the equity proceeds and further undermine the feasibility of the property. Therefore, should the Board approve the alternative structure whereby \$2.3M of the requested HOME funds are structured as soft financing, such an award should be conditioned upon receipt, review and acceptance of, prior to closing on the bonds, of a tax attorney or CPA opinion determining that the proposed HOME financing can be considered to be a valid debt with the reasonable expectation that it will be repaid in full.

Even if the Department were to grant the \$3,000,000 in HOME funds to the Applicant, there would still be a significant shortfall in cashflow over the 15 year period to repay the gap in funds remaining.

Underwriter:	<u>Thomas Cavanagh</u>	Date:	<u>April 15, 2009</u>
Manager of Real Estate Analysis:	<u>Raquel Morales</u>	Date:	<u>April 15, 2009</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>	Date:	<u>April 15, 2009</u>

**MULTIFAMILY COMPARATIVE ANALYSIS- HOME FUNDS FULLY REPAYABLE**

**Costa Mariposa, Texas City, 4% HTC/ MRB/ HOME #09604**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC 30%	LH	3	1	1	722	\$358	\$261	\$783	\$0.36	\$97.00	\$12.00
TC 60%	HH	3	1	1	722	\$717	\$617	\$1,851	\$0.85	\$97.00	\$12.00
TC 60%		6	1	1	722	\$717	\$620	\$3,720	\$0.86	\$97.00	\$12.00
TC 30%	LH	1	2	2	930	\$431	\$311	\$311	\$0.33	\$120.00	\$12.00
TC 60%	HH	9	2	2	930	\$861	\$741	\$6,669	\$0.80	\$120.00	\$12.00
TC 60%		38	2	2	930	\$861	\$741	\$28,158	\$0.80	\$120.00	\$12.00
TC 30%	LH	3	2	2	936	\$431	\$311	\$932	\$0.33	\$120.00	\$12.00
TC 60%	HH	10	2	2	936	\$861	\$741	\$7,410	\$0.79	\$120.00	\$12.00
TC 60%		71	2	2	936	\$861	\$741	\$52,611	\$0.79	\$120.00	\$12.00
TC 30%	LH	4	3	2	1,112	\$498	\$352	\$1,408	\$0.32	\$146.00	\$12.00
TC 60%	HH	12	3	2	1,112	\$995	\$849	\$10,188	\$0.76	\$146.00	\$12.00
TC 60%		80	3	2	1,112	\$995	\$849	\$67,920	\$0.76	\$146.00	\$12.00
TC 30%	LH	3	4	2	1,561	\$555	\$384	\$1,152	\$0.25	\$171.00	\$12.00
TC 60%	HH	3	4	2	1,561	\$1,110	\$939	\$2,817	\$0.60	\$171.00	\$12.00
TC 60%		5	4	2	1,561	\$1,110	\$939	\$4,695	\$0.60	\$171.00	\$12.00
TC 60%		1	4	2	1,685	\$1,110	\$939	\$939	\$0.56	\$171.00	\$12.00
<b>TOTAL:</b>		<b>252</b>		<b>AVERAGE:</b>	<b>1,022</b>		<b>\$760</b>	<b>\$191,563</b>	<b>\$0.74</b>	<b>\$131.24</b>	<b>\$12.00</b>

**INCOME**

Total Net Rentable Sq Ft: 257,536

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$7.50  
 Other Support Income: \$0.00

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions: 0

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.11%	\$350	0.34	\$88,208	\$65,520	\$0.25	\$260	3.06%
Management	5.00%	426	0.42	107,366	85,724	0.33	340	4.00%
Payroll & Payroll Tax	11.45%	976	0.95	245,928	239,400	0.93	950	11.17%
Repairs & Maintenance	6.37%	543	0.53	136,856	126,000	0.49	500	5.88%
Utilities	3.45%	294	0.29	74,160	48,400	0.19	192	2.26%
Water, Sewer, & Trash	2.86%	243	0.24	61,344	65,000	0.25	258	3.03%
Property Insurance	4.31%	367	0.36	92,497	155,484	0.60	617	7.26%
Property Tax	3.37	5.93%	505	127,373	112,802	0.44	448	5.26%
Reserve for Replacements	2.93%	250	0.24	63,000	63,000	0.24	250	2.94%
TDHCA Compliance Fees	0.47%	40	0.04	10,080	10,080	0.04	40	0.47%
Other: supportive services	0.59%	50	0.05	12,600	12,600	0.05	50	0.59%
<b>TOTAL EXPENSES</b>	<b>47.47%</b>	<b>\$4,045</b>	<b>\$3.96</b>	<b>\$1,019,413</b>	<b>\$984,010</b>	<b>\$3.82</b>	<b>\$3,905</b>	<b>45.92%</b>
<b>NET OPERATING INC</b>	<b>52.53%</b>	<b>\$4,476</b>	<b>\$4.38</b>	<b>\$1,127,915</b>	<b>\$1,159,094</b>	<b>\$4.50</b>	<b>\$4,600</b>	<b>54.08%</b>
<b>DEBT SERVICE</b>								
MMA Financial	46.06%	\$3,924	\$3.84	\$988,962	\$1,007,284	\$3.91	\$3,997	47.00%
TDHCA HOME	6.89%	\$587	\$0.57	147,952		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>-0.42%</b>	<b>(\$36)</b>	<b>(\$0.03)</b>	<b>(\$8,998)</b>	<b>\$151,810</b>	<b>\$0.59</b>	<b>\$602</b>	<b>7.08%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>0.99</b>	<b>1.15</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>					<b>1.17</b>			

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		8.95%	\$10,119	\$9.90	\$2,550,000	\$2,550,000	\$9.90	\$10,119	9.15%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.96%	9,000	8.81	2,268,000	2,268,000	8.81	9,000	8.14%
Direct Construction		47.64%	53,857	52.70	13,572,021	12,949,079	50.28	51,385	46.47%
Contingency	3.92%	2.18%	2,462	2.41	620,424	620,424	2.41	2,462	2.23%
Contractor's Fees	13.45%	7.48%	8,454	8.27	2,130,392	2,130,392	8.27	8,454	7.64%
Indirect Construction		3.27%	3,693	3.61	930,563	930,563	3.61	3,693	3.34%
Ineligible Costs		7.03%	7,951	7.78	2,003,722	2,003,722	7.78	7,951	7.19%
Developer's Fees	14.54%	10.50%	11,869	11.61	2,991,000	2,991,000	11.61	11,869	10.73%
Interim Financing		3.67%	4,153	4.06	1,046,466	1,046,466	4.06	4,153	3.76%
Reserves		1.33%	1,500	1.47	378,000	378,000	1.47	1,500	1.36%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$113,058</b>	<b>\$110.63</b>	<b>\$28,490,588</b>	<b>\$27,867,646</b>	<b>\$108.21</b>	<b>\$110,586</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>65.25%</b>	<b>\$73,773</b>	<b>\$72.19</b>	<b>\$18,590,837</b>	<b>\$17,967,895</b>	<b>\$69.77</b>	<b>\$71,301</b>	<b>64.48%</b>

**SOURCES OF FUNDS**

				RECOMMENDED	
MMA Financial	48.02%	\$54,286	\$53.12	\$13,680,000	Developer Fee Available
TDHCA HOME	10.53%	\$11,905	\$11.65	3,000,000	\$2,991,000
Bank of America- HTC Proceeds	29.60%	\$33,461	\$32.74	8,432,116	% of Dev. Fee Deferred
GIC Income				345,333	
Deferred Developer Fees	4.95%	\$5,596	\$5.48	1,410,197	0%
Additional (Excess) Funds Req'd	6.91%	\$7,811	\$7.64	1,968,275	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$28,490,588</b>	<b>\$27,867,646</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Costa Mariposa, Texas City, 4% HTC/ MRB/ HOME #09604*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.94	\$14,149,864
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		1.65	424,496
Roofing			0.00	0
Subfloor			(0.83)	(212,943)
Floor Cover			2.38	612,936
Breezeways/Balconies	\$22.95	20,541	1.83	471,413
Plumbing Fixtures	\$835	720	2.33	601,200
Rough-ins	\$410	504	0.80	206,640
Built-In Appliances	\$1,800	252	1.76	453,600
Exterior Stairs	\$1,875	80	0.58	150,000
Interior Stairs	\$1,575	12	0.07	18,900
Heating/Cooling			1.83	471,291
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$72.88	3,582	1.01	261,038
Other: fire sprinkler	\$2.15	257,536	2.15	553,702
<b>SUBTOTAL</b>			<b>70.52</b>	<b>18,162,138</b>
Current Cost Multiplier	1.01		0.71	181,621
Local Multiplier	0.91		(6.35)	(1,634,592)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$64.88</b>	<b>\$16,709,167</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.53)	(\$651,658)
Interim Construction Interest	3.38%		(2.19)	(563,934)
Contractor's OH & Profit	11.50%		(7.46)	(1,921,554)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$52.70</b>	<b>\$13,572,021</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$13,680,000	Amort	420
Int Rate	6.48%	DCR	1.14

<b>Secondary</b>	\$3,000,000	Amort	420
Int Rate	3.46%	Subtotal DCR	0.99

<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	0.99

**RECOMMENDED FINANCING STRUCTURE APPLICAN**

Primary Debt Service	\$988,962
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$170,132</b>

<b>Primary</b>	\$13,680,000	Amort	420
Int Rate	6.48%	DCR	1.17

<b>Secondary</b>	\$3,000,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.17

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.17

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,294,184	\$2,340,068	\$2,386,869	\$2,434,606	\$2,483,299	\$2,741,762	\$3,027,127	\$3,342,193	\$4,074,114
Secondary Income	22,680	23,134	23,596	24,068	24,550	27,105	29,926	33,040	40,276
Other Support Income:	0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>	<b>2,316,864</b>	<b>2,363,201</b>	<b>2,410,465</b>	<b>2,458,675</b>	<b>2,507,848</b>	<b>2,768,867</b>	<b>3,057,053</b>	<b>3,375,233</b>	<b>4,114,391</b>
Vacancy & Collection Loss	(173,760)	(177,240)	(180,785)	(184,401)	(188,089)	(207,665)	(229,279)	(253,143)	(308,579)
Employee or Other Non-Rental Units or Cc	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$2,143,104</b>	<b>\$2,185,961</b>	<b>\$2,229,680</b>	<b>\$2,274,274</b>	<b>\$2,319,759</b>	<b>\$2,561,202</b>	<b>\$2,827,774</b>	<b>\$3,122,091</b>	<b>\$3,805,811</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$65,520	\$67,486	\$69,510	\$71,595	\$73,743	\$85,489	\$99,105	\$114,890	\$154,402
Management	85,724	87,438	89,187	90,971	92,790	102,448	113,111	124,883	152,232
Payroll & Payroll Tax	239,400	246,582	253,979	261,599	269,447	312,363	362,114	419,789	564,162
Repairs & Maintenance	126,000	129,780	133,673	137,684	141,814	164,401	190,586	220,942	296,927
Utilities	48,400	49,852	51,348	52,888	54,475	63,151	73,209	84,870	114,058
Water, Sewer & Trash	65,000	66,950	68,959	71,027	73,158	84,810	98,318	113,978	153,177
Insurance	155,484	160,149	164,953	169,902	174,999	202,871	235,184	272,642	366,408
Property Tax	112,802	116,186	119,672	123,262	126,960	147,181	170,623	197,799	265,825
Reserve for Replacements	63,000	64,890	66,837	68,842	70,907	82,201	95,293	110,471	148,464
Other	22,680	23,360	24,061	24,783	25,527	29,592	34,306	39,770	53,447
<b>TOTAL EXPENSES</b>	<b>\$984,010</b>	<b>\$1,012,673</b>	<b>\$1,042,179</b>	<b>\$1,072,552</b>	<b>\$1,103,819</b>	<b>\$1,274,507</b>	<b>\$1,471,849</b>	<b>\$1,700,033</b>	<b>\$2,269,102</b>
<b>NET OPERATING INCOME</b>	<b>\$1,159,094</b>	<b>\$1,173,288</b>	<b>\$1,187,502</b>	<b>\$1,201,722</b>	<b>\$1,215,940</b>	<b>\$1,286,695</b>	<b>\$1,355,925</b>	<b>\$1,422,058</b>	<b>\$1,536,709</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$988,962	\$988,962	\$988,962	\$988,962	\$988,962	\$988,962	\$988,962	\$988,962	\$988,962
Second Lien	147,952	147,952	147,952	147,952	147,952	147,952	147,952	147,952	147,952
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$22,180</b>	<b>\$36,374</b>	<b>\$50,588</b>	<b>\$64,808</b>	<b>\$79,027</b>	<b>\$149,781</b>	<b>\$219,011</b>	<b>\$285,144</b>	<b>\$399,795</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.02</b>	<b>1.03</b>	<b>1.04</b>	<b>1.06</b>	<b>1.07</b>	<b>1.13</b>	<b>1.19</b>	<b>1.25</b>	<b>1.35</b>

**MULTIFAMILY COMPARATIVE ANALYSIS- HOME FUNDS NOT FULLY REPAYABLE**

**Costa Mariposa, Texas City, 4% HTC/ MRB/ HOME #09604**

Type of Unit	Other	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Trash
TC 30%	LH	3	1	1	722	\$358	\$261	\$783	\$0.36	\$97.00	\$12.00
TC 60%	HH	3	1	1	722	\$717	\$617	\$1,851	\$0.85	\$97.00	\$12.00
TC 60%		6	1	1	722	\$717	\$620	\$3,720	\$0.86	\$97.00	\$12.00
TC 30%	LH	1	2	2	930	\$431	\$311	\$311	\$0.33	\$120.00	\$12.00
TC 60%	HH	9	2	2	930	\$861	\$741	\$6,669	\$0.80	\$120.00	\$12.00
TC 60%		38	2	2	930	\$861	\$741	\$28,158	\$0.80	\$120.00	\$12.00
TC 30%	LH	3	2	2	936	\$431	\$311	\$932	\$0.33	\$120.00	\$12.00
TC 60%	HH	10	2	2	936	\$861	\$741	\$7,410	\$0.79	\$120.00	\$12.00
TC 60%		71	2	2	936	\$861	\$741	\$52,611	\$0.79	\$120.00	\$12.00
TC 30%	LH	4	3	2	1,112	\$498	\$352	\$1,408	\$0.32	\$146.00	\$12.00
TC 60%	HH	12	3	2	1,112	\$995	\$849	\$10,188	\$0.76	\$146.00	\$12.00
TC 60%		80	3	2	1,112	\$995	\$849	\$67,920	\$0.76	\$146.00	\$12.00
TC 30%	LH	3	4	2	1,561	\$555	\$384	\$1,152	\$0.25	\$171.00	\$12.00
TC 60%	HH	3	4	2	1,561	\$1,110	\$939	\$2,817	\$0.60	\$171.00	\$12.00
TC 60%		5	4	2	1,561	\$1,110	\$939	\$4,695	\$0.60	\$171.00	\$12.00
TC 60%		1	4	2	1,685	\$1,110	\$939	\$939	\$0.56	\$171.00	\$12.00
<b>TOTAL:</b>		<b>252</b>		<b>AVERAGE:</b>	<b>1,022</b>		<b>\$760</b>	<b>\$191,563</b>	<b>\$0.74</b>	<b>\$131.24</b>	<b>\$12.00</b>

**INCOME**

Total Net Rentable Sq Ft: 257,536

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$7.50

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.11%	\$350	0.34	\$88,208	\$65,520	\$0.25	\$260	3.06%
Management	5.00%	426	0.42	107,366	85,724	0.33	340	4.00%
Payroll & Payroll Tax	11.45%	976	0.95	245,928	239,400	0.93	950	11.17%
Repairs & Maintenance	6.37%	543	0.53	136,856	126,000	0.49	500	5.88%
Utilities	3.45%	294	0.29	74,160	48,400	0.19	192	2.26%
Water, Sewer, & Trash	2.86%	243	0.24	61,344	65,000	0.25	258	3.03%
Property Insurance	4.31%	367	0.36	92,497	155,484	0.60	617	7.26%
Property Tax	3.37	5.93%	505	127,373	112,802	0.44	448	5.26%
Reserve for Replacements	2.93%	250	0.24	63,000	63,000	0.24	250	2.94%
TDHCA Compliance Fees	0.47%	40	0.04	10,080	10,080	0.04	40	0.47%
Other: supportive services	0.59%	50	0.05	12,600	12,600	0.05	50	0.59%
<b>TOTAL EXPENSES</b>	<b>47.47%</b>	<b>\$4,045</b>	<b>\$3.96</b>	<b>\$1,019,413</b>	<b>\$984,010</b>	<b>\$3.82</b>	<b>\$3,905</b>	<b>45.92%</b>
<b>NET OPERATING INC</b>	<b>52.53%</b>	<b>\$4,476</b>	<b>\$4.38</b>	<b>\$1,127,915</b>	<b>\$1,159,094</b>	<b>\$4.50</b>	<b>\$4,600</b>	<b>54.08%</b>

**DEBT SERVICE**

MMA Financial 46.06% \$3,924 \$3.84 \$988,962 \$1,007,284 \$3.91 \$3,997 47.00%

TDHCA HOME- repayable 6.89% \$587 \$0.57 147,952 \$0.00 \$0 0.00%

Additional Financing 0.00% \$0 \$0.00 0 \$0.00 \$0 0.00%

**NET CASH FLOW**

-0.42% (\$36) (\$0.03) (\$8,998) \$151,810 \$0.59 \$602 7.08%

**AGGREGATE DEBT COVERAGE RATIO**

0.99 1.15

**RECOMMENDED DEBT COVERAGE RATIO**

1.15

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		8.95%	\$10,119	\$9.90	\$2,550,000	\$2,550,000	\$9.90	\$10,119	9.15%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.96%	9,000	8.81	2,268,000	2,268,000	8.81	9,000	8.14%
Direct Construction		47.64%	53,857	52.70	13,572,021	12,949,079	50.28	51,385	46.47%
Contingency	3.92%	2.18%	2,462	2.41	620,424	620,424	2.41	2,462	2.23%
Contractor's Fees	13.45%	7.48%	8,454	8.27	2,130,392	2,130,392	8.27	8,454	7.64%
Indirect Construction		3.27%	3,693	3.61	930,563	930,563	3.61	3,693	3.34%
Ineligible Costs		7.03%	7,951	7.78	2,003,722	2,003,722	7.78	7,951	7.19%
Developer's Fees	14.54%	10.50%	11,869	11.61	2,991,000	2,991,000	11.61	11,869	10.73%
Interim Financing		3.67%	4,153	4.06	1,046,466	1,046,466	4.06	4,153	3.76%
Reserves		1.33%	1,500	1.47	378,000	378,000	1.47	1,500	1.36%
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$113,058</b>	<b>\$110.63</b>	<b>\$28,490,588</b>	<b>\$27,867,646</b>	<b>\$108.21</b>	<b>\$110,586</b>	<b>100.00%</b>	
<b>Construction Cost Recap</b>	<b>65.25%</b>	<b>\$73,773</b>	<b>\$72.19</b>	<b>\$18,590,837</b>	<b>\$17,967,895</b>	<b>\$69.77</b>	<b>\$71,301</b>	<b>64.48%</b>	

**SOURCES OF FUNDS**

				RECOMMENDED			
MMA Financial	48.02%	\$54,286	\$53.12	\$13,680,000	\$13,680,000	Developer Fee Available	
TDHCA HOME- repayable	10.53%	\$11,905	\$11.65	3,000,000	3,000,000	\$654,837	\$2,991,000
TDHCA HOME- deferred, forgivable						2,345,163	
Bank of America- HTC Proceeds	29.60%	\$33,461	\$32.74	8,432,116	8,432,116	8,432,116	% of Dev. Fee Deferred
GIC Income						345,333	
Deferred Developer Fees	4.95%	\$5,596	\$5.48	1,410,197	1,410,197	2,755,530	92%
Additional (Excess) Funds Req'd	6.91%	\$7,811	\$7.64	1,968,275	1,000,000	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$28,490,588</b>	<b>\$27,867,646</b>	<b>\$27,867,646</b>	<b>\$3,685,602</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Costa Mariposa, Texas City, 4% HTC/ MRB/ HOME #09604*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.94	\$14,149,864
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		1.65	424,496
Roofing			0.00	0
Subfloor			(0.83)	(212,943)
Floor Cover			2.38	612,936
Breezeways/Balconies	\$22.95	20,541	1.83	471,413
Plumbing Fixtures	\$835	720	2.33	601,200
Rough-ins	\$410	504	0.80	206,640
Built-In Appliances	\$1,800	252	1.76	453,600
Exterior Stairs	\$1,875	80	0.58	150,000
Interior Stairs	\$1,575	12	0.07	18,900
Heating/Cooling			1.83	471,291
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$72.88	3,582	1.01	261,038
Other: fire sprinkler	\$2.15	257,536	2.15	553,702
<b>SUBTOTAL</b>			<b>70.52</b>	<b>18,162,138</b>
Current Cost Multiplier	1.01		0.71	181,621
Local Multiplier	0.91		(6.35)	(1,634,592)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$64.88</b>	<b>\$16,709,167</b>
Plans, specs, survy, bld prmts	3.90%		(\$2.53)	(\$651,658)
Interim Construction Interest	3.38%		(2.19)	(563,934)
Contractor's OH & Profit	11.50%		(7.46)	(1,921,554)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$52.70</b>	<b>\$13,572,021</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$13,680,000	Amort	420
Int Rate	6.48%	DCR	1.14

<b>Secondary</b>	\$3,000,000	Amort	420
Int Rate	3.46%	Subtotal DCR	0.99

<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	0.99

**RECOMMENDED FINANCING STRUCTURE APPLICAN**

Primary Debt Service	\$988,962
Secondary Debt Service	18,710
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$151,422</b>

<b>Primary</b>	\$13,680,000	Amort	420
Int Rate	6.48%	DCR	1.17

<b>Secondary</b>	\$654,837	Amort	420
Int Rate	0.00%	Subtotal DCR	1.15

<b>Additional</b>	\$2,345,163	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,294,184	\$2,340,068	\$2,386,869	\$2,434,606	\$2,483,299	\$2,741,762	\$3,027,127	\$3,342,193	\$4,074,114
Secondary Income	22,680	23,134	23,596	24,068	24,550	27,105	29,926	33,040	40,276
Other Support Income:	0	0	0	0	0	0	0	0	0
<b>POTENTIAL GROSS INCOME</b>	<b>2,316,864</b>	<b>2,363,201</b>	<b>2,410,465</b>	<b>2,458,675</b>	<b>2,507,848</b>	<b>2,768,867</b>	<b>3,057,053</b>	<b>3,375,233</b>	<b>4,114,391</b>
Vacancy & Collection Loss	(173,760)	(177,240)	(180,785)	(184,401)	(188,089)	(207,665)	(229,279)	(253,143)	(308,579)
Employee or Other Non-Rental Units or Cc	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$2,143,104</b>	<b>\$2,185,961</b>	<b>\$2,229,680</b>	<b>\$2,274,274</b>	<b>\$2,319,759</b>	<b>\$2,561,202</b>	<b>\$2,827,774</b>	<b>\$3,122,091</b>	<b>\$3,805,811</b>
<b>EXPENSES at 3.00%</b>									
General & Administrative	\$65,520	\$67,486	\$69,510	\$71,595	\$73,743	\$85,489	\$99,105	\$114,890	\$154,402
Management	85,724	87,438	89,187	90,971	92,790	102,448	113,111	124,883	152,232
Payroll & Payroll Tax	239,400	246,582	253,979	261,599	269,447	312,363	362,114	419,789	564,162
Repairs & Maintenance	126,000	129,780	133,673	137,684	141,814	164,401	190,586	220,942	296,927
Utilities	48,400	49,852	51,348	52,888	54,475	63,151	73,209	84,870	114,058
Water, Sewer & Trash	65,000	66,950	68,959	71,027	73,158	84,810	98,318	113,978	153,177
Insurance	155,484	160,149	164,953	169,902	174,999	202,871	235,184	272,642	366,408
Property Tax	112,802	116,186	119,672	123,262	126,960	147,181	170,623	197,799	265,825
Reserve for Replacements	63,000	64,890	66,837	68,842	70,907	82,201	95,293	110,471	148,464
Other	22,680	23,360	24,061	24,783	25,527	29,592	34,306	39,770	53,447
<b>TOTAL EXPENSES</b>	<b>\$984,010</b>	<b>\$1,012,673</b>	<b>\$1,042,179</b>	<b>\$1,072,552</b>	<b>\$1,103,819</b>	<b>\$1,274,507</b>	<b>\$1,471,849</b>	<b>\$1,700,033</b>	<b>\$2,269,102</b>
<b>NET OPERATING INCOME</b>	<b>\$1,159,094</b>	<b>\$1,173,288</b>	<b>\$1,187,502</b>	<b>\$1,201,722</b>	<b>\$1,215,940</b>	<b>\$1,286,695</b>	<b>\$1,355,925</b>	<b>\$1,422,058</b>	<b>\$1,536,709</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$988,962	\$988,962	\$988,962	\$988,962	\$988,962	\$988,962	\$988,962	\$988,962	\$988,962
Second Lien	18,710	18,710	18,710	18,710	18,710	18,710	18,710	18,710	18,710
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$151,422</b>	<b>\$165,616</b>	<b>\$179,830</b>	<b>\$194,050</b>	<b>\$208,268</b>	<b>\$279,023</b>	<b>\$348,253</b>	<b>\$414,385</b>	<b>\$529,037</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.15</b>	<b>1.16</b>	<b>1.18</b>	<b>1.19</b>	<b>1.21</b>	<b>1.28</b>	<b>1.35</b>	<b>1.41</b>	<b>1.53</b>

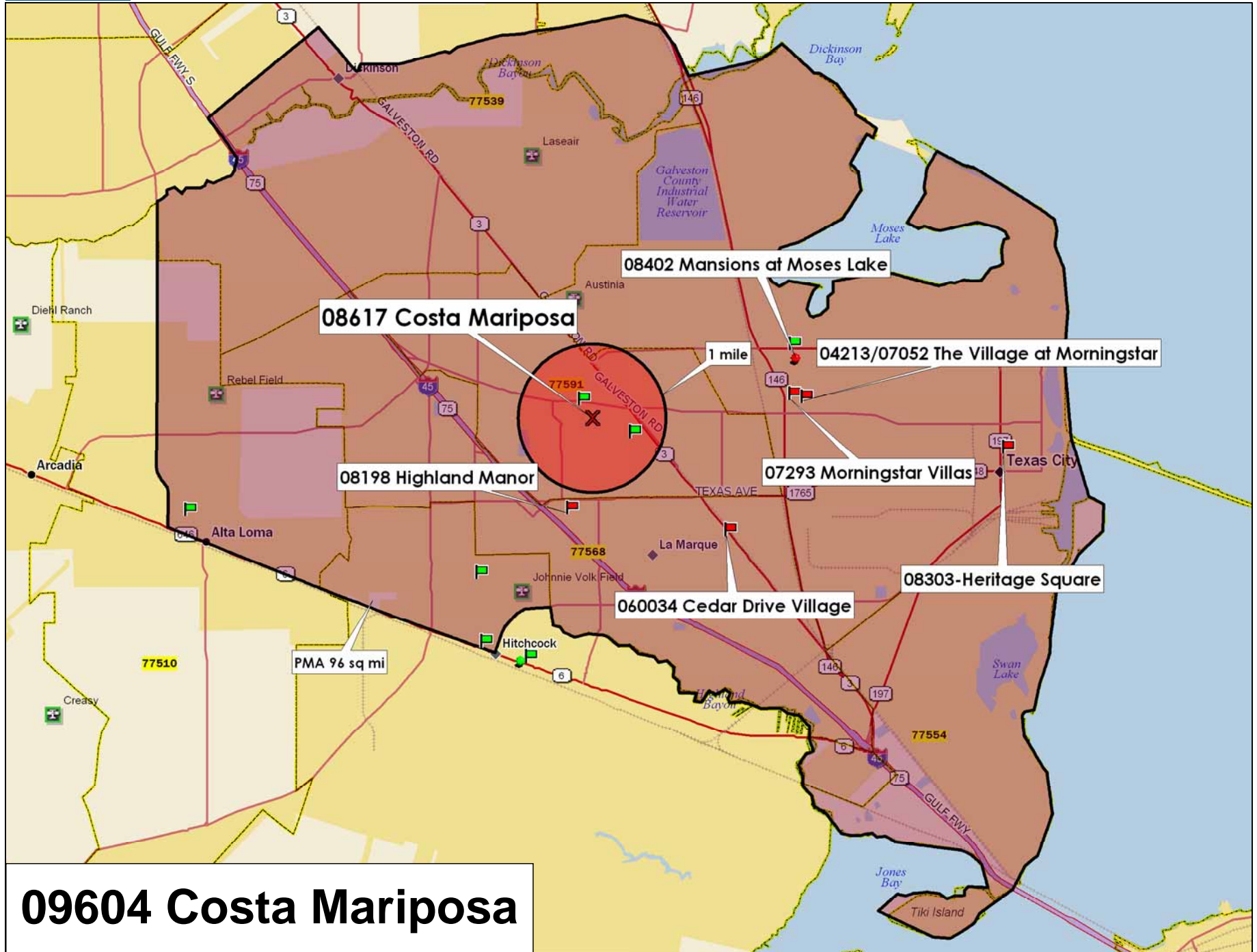


**HTC ALLOCATION ANALYSIS -Costa Mariposa, Texas City, 4% HTC/ MRB/ HOME #09604**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$2,550,000	\$2,550,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
Sitework	\$2,268,000	\$2,268,000	\$2,268,000	\$2,268,000
Construction Hard Costs	\$12,949,079	\$13,572,021	\$12,949,079	\$13,572,021
Contractor Fees	\$2,130,392	\$2,130,392	\$2,130,391	\$2,130,392
Contingencies	\$620,424	\$620,424	\$620,424	\$620,424
Eligible Indirect Fees	\$930,563	\$930,563	\$930,563	\$930,563
Eligible Financing Fees	\$1,046,466	\$1,046,466	\$1,046,466	\$1,046,466
All Ineligible Costs	\$2,003,722	\$2,003,722		
<b>Developer Fees</b>				
Developer Fees	\$2,991,000	\$2,991,000	\$2,991,000	\$2,991,000
Development Reserves	\$378,000	\$378,000		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$27,867,646</b>	<b>\$28,490,588</b>	<b>\$22,935,923</b>	<b>\$23,558,866</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		\$3,000,000	
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>\$19,935,923</b>	<b>\$23,558,866</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$25,916,700</b>	<b>\$30,626,526</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$25,916,700</b>	<b>\$30,626,526</b>
Applicable Percentage		3.44%	3.44%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$891,534</b>	<b>\$1,053,552</b>

<b>Syndication Proceeds</b>	<b>0.8648</b>	<b>\$7,710,232</b>	<b>\$9,111,407</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$891,534</b>	<b>\$1,053,552</b>
<b>Syndication Proceeds</b>		<b>\$7,710,232</b>	<b>\$9,111,407</b>
<b>Requested Tax Credits</b>		<b>\$975,006</b>	
<b>Syndication Proceeds</b>		<b>\$8,432,116</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$11,187,646</b>	<b>\$11,810,588</b>
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,293,628</b>	<b>\$1,365,659</b>

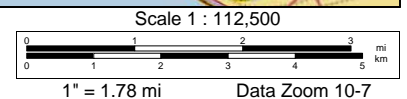
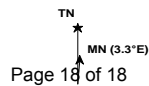


# 09604 Costa Mariposa

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# Applicant Evaluation

Project ID **09604**

Name **Costa Mariposa**

City:

HTC 9%     HTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas       Members of the development team have been disbarred by HUD

## Portfolio Management and Compliance

Total # of MF awards monitored: 11

Total # of MF awards not yet monitored or pending review: 8

SF Contract Experience  Yes  No

Total # of SF Contracts: 0

### Projects in Material Noncompliance

Yes       No

Unresolved Audit Findings Identified w/ Contract(s)

Total # of MF Projects in Material Noncompliance: 0

Projects grouped by score	0-9:	<u>6</u>
	10-19:	<u>1</u>
	20-29:	<u>4</u>

Total monitored with a score 0-29: 11

Completed by: J. Taylor

Reviewer: Wendy Quackenbush

Date: 3/30/2009

Date: 4/1/2009

### Single Audit

Single audit review not applicable

Late single audit certification form (see comments)

Single audit review found no unresolved issues

Past due single audit or unresolved single audit issue (see comments)

Reviewer: Betty Gallegos

Date: 3/31/2009

Comments (if applicable):

### Financial Administration Loan Servicing

No delinquencies found

Delinquencies found (see comments)

Reviewer: Candace Christiansen

Date: 3/30/2009

Comments (if applicable):

### Financial Administration Financial Services

No delinquencies found

Delinquencies found (See Comments)

Reviewer: Monica Guerra

Date: 3/30/2009

Comments (if applicable):

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS  
COSTA MARIPOSA APARTMENTS

PUBLIC HEARING

Simms Elementary School  
529 N. Westward  
Texas City, Texas

November 20, 2008  
6:12 p.m.

BEFORE :

SHANNON ROTH, Housing Specialist

ALSO PRESENT :

DAN MARKSON

*ON THE RECORD REPORTING*  
(512) 450-0342

I N D E X

<u>SPEAKER</u>	<u>PAGE</u>
Phil Newton	12
Lucille McGaskey	14
Beverly Mitchell	15
Charles Govan	18
David Triplett	18
Vincent Marquez	19
Brandy Statum	20
Shartasia Hurst	20
Lucille McGaskey	21
Alma Evans	21
Joe Evans	21
Gilda Peterson	22
Derrick Statum	24
Diane Merchant	24
Wilma Green	25
Ruby Ambrose	25
<u>QUESTION AND ANSWER PERIOD</u>	27
Quinita Cleveland	35
Adjourn	54

P R O C E E D I N G S

MR. MARKSON: -- if you haven't taken one, if you want to follow along, please feel free to do so. The first sheet here, the single sheet, is just a very brief summary of the development. It shows the rents and it shows the square footages of the units and the number of each unit here. And just a brief summary here about the resident services, the taxes paid, et cetera.

This -- and if you look here, this little photograph is what the community center will actually look like. This is our newest community center, the first one just opened in Houston and the architecture is really great on it.

This handout is a little more detailed. This is a PowerPoint presentation and I'll just flip through this so you can see what's here. This talks a little bit about the NRP Group. We've been blessed to have been declared the number one affordable housing developer in the country, and of all we're about number 25 on multifamily for the last few years.

We have built over 6,000 units. We own and manage all of them; we haven't sold any of them. And there's some photographs here. I might call your attention to this one here is right down the road a piece

in Clute. And we have some of our folks from Clute here visiting tonight, and if you want to ask them about that, please feel free.

The next page is selection criteria, and we have a very rigorous screening process. I know that in some instances in the past -- management is key, and there are three things that we do that are absolute: you have to be employed, you have to have good credit history, and you can't have a criminal record.

And we found that if you stick with those three things, you really get good, working folks in. And very interestingly enough, you know, we're blessed here with a very high median income relative to other parts of the country. And this is a -- from the greater Houston -- from a database -- this is a list of all of the jobs that are qualified income levels.

And I found this kind of stunning here, because if you look at this, you have the assistant city attorney, the auditor, a court reporter, electrician, fire fighter, architect, engineer, chemist, microbiologist, plumber, police officer, teacher, and, you know, obviously these are people who spend a lot of time, you know, in years of training. And it was pretty shocking to me to find out what the levels of income are.

So this is who -- you know, these are who our residents are. And we also end up with a lot of municipal employees, too, because especially school districts, the hospital district, the college, although, you know, people think of the professor and the doctor as -- you know, when they first think of the hospital, that's not really who most of the employees are. So most of the employees are people that really need good, quality, affordable housing.

Going on to the next page -- and by the way, nurses do qualify as well. Not all of them, but some of them. One of the other benefits I wanted to mention that is too, there were some affordable housing programs in the past where if your income went up, you got kicked out. And so it was a disincentive for people.

And in this, for example, and I can tell you the income's higher here, but like in San Antonio a police -- a cadet qualifies. So if they move in when they're a cadet, they qualify, but as soon as they bump up to an entry level police officer, they're salary goes way up. Well, they don't have to leave; they still get the rent break. So it's a really good opportunity for people to be able to save for a house, and that's really our goal. Most of our residents go from here into homeownership.



A little bit about security here. And this is -- I'm going to probably digress from this a little and tell you there are, I think, four things that really have been the secret to our success, and they're really quite simple, and this is one of them, but I'll start with this: our courtesy officer program. I was really blessed in -- almost 10 years ago, to have met a young officer in my home town, who we were giving a free apartment to a, you know, police officer.

And I really didn't have a great program worked out, but he and I developed this program where we go through every call every month, we know what's going in every unit. And basically, you know, what you have to do -- it's not how good things are when everything's going okay, it's how you handle a problem.

And once in a while somebody will get through the system, you know, and come in. And we bust them. I mean we get rid of them. And, you know, I had a story where this, you know, young lady came in and rented with her children, and, you know, she seemed like she was just fantastic. And it turned out that her boyfriend was a professional gangster. I mean he's a really serious guy.

And we had an instance where the -- so my courtesy officer helped me with this. He's with the

Sheriff's Department, and we were going after this guy because he wasn't on the lease, so we trespassed him over, you know, over and over again.

Well, when finally he had gotten a lawyer and it ended up the sheriff had to back off, was told to back off. But we got the SAPD involved and we arrested the guy. So, you know, if you really pay attention, that's what it's all about. That's what the secure community is all about.

Next are our resident programs, and I don't want you all pulling out a handkerchief, but I'll tell you, my -- their built on my personal experience. I grew up in a single-parent household, and the reality today is that most of the households end up being single mothers, and some single fathers too, but we know the divorce rate's gone way up in this country.

And so what we try to do is address the need for working families to be able to have their children dropped off after school on the bus, walk into a community center, get met by an after school aide, we call them educational paraprofessionals for those of you who are teachers, you know we can't call them teachers unless they're officially a teacher.

And my partner, Vincent Marquez, and NRC, has

dedicated themselves to educational programs. And that's why we work together. They, in fact, had one of the first schools ever built on a property. So that was precedent setting. And that's kind of what we do. If you look here in the photographs, you'll see the little classroom, and it's a great program.

We have some very simple things. The main thing is called Homework First. It's exactly what it says. Children walk in, they do their homework first, and if I can accomplish that, we can really change their lives. After that, if they get some cookies and milk, or lunch, or they watch a movie, or they go in the swimming pool, that's great, but Homework First is our number one program.

We've also been blessed to have been able to work with the Barbara Jordan Endeavors job center, and Ms. Thelma Scott -- is Thelma here -- and, well, she's outside, and we were really fortunate to be able to meet her, but there are a lot of folks who don't know how to use the internet and search for jobs and, you know, and that's really what they're all about is helping seniors, and disabled, and folks who don't have computers or the ability to use computers to find jobs. And there'll be a Barbara Jordan job center on site. So that will be great.

Next is our endeavors to work with the community. This is your community. This is going -- this community center is open under the provision change in the tax law. You all want to have a neighborhood meeting, whatever, you need to do -- all you need to do is notify us if the -- any council person, or any city public hearings, the facility is open. You just need to notify us. And that was a change in the tax law a few years ago.

So we pride ourselves on that, and we plan on joining all the neighborhood associations and local organizations and being a good citizen and part of the community.

Finally, and I hope it's evident by the photographs, we're affordable housing, but I will bet you that no one will ever say that we're affordable housing driving by it. I can guarantee you that this will be the nicest development in the city. Clute has one and, you know, I think everybody was a little skeptical on, you know, the word "affordable."

But I would welcome any of you -- seeing is believing, if any of you would like a tour of our properties, I'm going to give you my number, it's -- if you want to write it down, my cell phone is 210-240-6217, and if you want to call me, I'll arrange for a tour of any

of our properties.

And that's us. So I'm glad I can answer any questions.

MS. ROTH: Okay.

MR. MARKSON: Thank you.

MS. ROTH: You're welcome.

Okay. I'm going to go ahead and read this speech now that's required by the IRS, and then we're going to open the floor up for public comment.

Good evening. My name is Shannon Roth. I would like to proceed with the public hearing. Let the record show that it is 6:25 p.m., Thursday, November 20, 2008, and we are at the Simms Elementary School located at 529 North Westward, Texas City, Texas 77591. 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 a tax-exempt multifamily revenue bond for a residential rental 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 issue.

No decisions regarding the development will be

made at this hearing. The Department's Board is scheduled to meet to consider this transaction in January 2009, however, at this time the exact date has not been determined.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the Board at any of their meetings. Department staff will also accept written comments from the public up to 5:00 p.m. on January 9, 2009.

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

The proceeds of the bonds will be loaned to Costa Mariposa, Ltd., or an 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: a 252-unit multifamily residential rental development to be constructed on approximately 15.68 acres of land located on the north side of Monticello Drive, directly east of the College of the Mainland, and approximately 50 yards northwest of the

intersection of Monticello Drive and North Vauthier Road, Galveston County, Texas.

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

So now I would like to open the floor for public comment. Does anyone have one of these forms they want to give me, if they didn't already?

(No response.)

MS. ROTH: Okay. So we're going to start with Phil Newton. And if you will please state your name for the record, I'd appreciate it.

MR. NEWTON: Okay. It's this one?

MS. ROTH: It doesn't matter. You're really making comment. You need to -- I mean --

MR. NEWTON: Well, he'll be talking too.

MS. ROTH: Sure. That situation might happen, I think.

MR. NEWTON: My name is Phil Newton, and I came tonight to explain a little bit about the overall development. We own the -- I'm the managing partner of the development. It runs all the way from the College of the Mainland to the Hospital of the Mainland, which includes this new complex that's proposed here.

And let me explain a little bit about NPR. I platted this property, it's been about two years ago now, we platted a portion of it for an apartment complex. We had several different apartment developers approach us over the last, I don't know, probably the last 18 months.

We finally ended up with NRP, only because we checked out their quality, we checked out their developments, we looked at the end product, and we decided, since we're going to be selling a 17-acres apartment site, that we're going to end up with -- approximately 70 acres is the balance of our property, so we wanted to make sure that, you know, this added to our project and not took away from the future development.

Because this is Phase 1, and if we start this development, we're hoping in March of this year, Phase 2 runs around next to the hospital which includes about another 45 acres, and then that -- so I'm going to explain a little bit about that.

The balance of this development is going to be medical projects. We have a 50,000 square foot building that we have planned right now that's next to the hospital that is, right now, going to be the Beeler-Manske Clinic, which is on the top floor of the hospital. They're going to move down and take over approximately 50,000 square



feet.

We've got a medical clinic that's buying the property next door to them which is a small semi-surgicare center. So those are the type of tenants that are going to be in -- like Phase 1 would be the apartment complex and then in front of the apartment complex we've got a three-acre site that would be a future office building site, and then as it goes around towards the hospital, it'll be all medical.

And basically that's -- unfortunately, I had a big layout like this of our development that would have showed you a little bit clearer, an aerial, but our office got flooded too, so we have no more aerials, so.

But I'll welcome any questions that anybody has that has to do with this property as far as what our plan is for the development between the hospital and the College of the Mainland.

Any questions? Yes?

MS. MCGASKEY: How long have you said you'd been doing this for, two years?

MR. NEWTON: This -- actually owning the property over -- about three and a half years that we've owned the whole property, but as far as the platting goes, we just had our plat in place not quite two years ago.

FEMALE VOICE: And you say it's going to be just like a -- almost like a city within a city --

MR. NEWTON: Yes, it has -- you know, this is 16 or 17 acres of a total of almost 70 acres. And so this isn't the main part of the development. This is actually the back half of the development that sits back to Monticello.

And, you know, there's really not a whole lot of -- when you have a big site like that, you know, you need a multifamily development, because, you know, Texas City, you know, just doesn't have the medical needs for 70 acres. So we had to come up with something, and then we ended up meeting, you know, this developer and we liked their product, and so we decided to go forward with them.

Yes, ma'am.

MS. MITCHELL: I'm Beverly Mitchell, and I'm a property owner and resident here in Texas City, and also work at the local community college. And my first question is, what type of property maintenance controls will be in place to make sure that if this property is sold, it'll still be maintained, as you have already stated that it will be maintained?

MR. NEWTON: Yes, what we're going to do is we're going to have some restrictions as far as the

landscaping, you know, the landscaping that goes around in front of this project and it continues around into the hospital. We're going to have some restrictions that -- you know, the do's and don't's basically of what you can't do in landscaping, and how we're going to keep it up.

And the developer on the apartment complex is actually going to be responsible for their entry ways, their landscaping, everything in front of their property, but we will provide some deed restrictions for the roadways and the easements that go along the roadways.

MS. MITCHELL: That's not quite where I was coming from.

MR. NEWTON: Okay.

MS. MITCHELL: You have security, you have a list of things that are amenities for this project, so what will we, as the residents and homeowners -- is there a built-in guarantee within your deed that states that, if I sell this property tomorrow, I know that we will still have security. I know that we will still have these programs and projects in place. Those are the kinds of things -- and the management, is that going to be maintained? And if so, how?

MR. NEWTON: Yes, that's a question you're going to have to ask the apartment developer, because we

don't control inside this 16 acres. We control everything that gets to his 16 acres.

FEMALE VOICE: So where is his --

MS. ROTH: All right. He will -- we're going to do question and answers --

MR. NEWTON: These are --

MS. ROTH: -- after we get all the public comment.

FEMALE VOICE: Okay.

MS. ROTH: So any questions you have like that for Mr. Markson specifically, he will come back up as soon as everyone gets to make their public comment, and then he'll respond to all of this.

FEMALE VOICE: Thank you.

MS. ROTH: Yes.

MR. NEWTON: Yes, ma'am.

MS. MITCHELL: That sign they placed there on Vauthier, that sign is no way in the right place.

MR. NEWTON: Which sign?

MS. MITCHELL: You make a turn there and about three car lengths down, you have to stop, if you're crazy enough to stop -- you could get hit from behind or something. And right as you enter that section, there is a stop sign and an open space there with two large arrows.

It's a mystery to me how it could be read. I live in the community. I found out about this at five o'clock this evening, about this meeting.

How did you all go about letting the community know that this meeting was happening today -- tonight?

MR. NEWTON: I didn't let anyone know. There's a --

MS. ROTH: Yes, that's probably a question for Mr. Markson that he can answer after we get public comment.

FEMALE VOICE: Yes, well, we've been out there just inviting people to come up here and tell us their --

MS. ROTH: Okay.

FEMALE VOICE: -- opinion on it.

MS. ROTH: Let's go ahead and get the next speaker up. Thank you.

MR. NEWTON: Okay.

MS. ROTH: Ms. Mitchell, Beverly Mitchell? Did you care to make comment?

MS. MITCHELL: Oh, no, mine is all Q&A.

MS. ROTH: Okay.

MS. MITCHELL: Thank you.

MS. ROTH: Charles Gova. Pardon me.

MS. MITCHELL: Charles Govan.

MS. ROTH: Govan. Sorry. Pardon me. If you could come up to the microphone and state your name?

MR. GOVAN: Good evening, everyone. My name is Charles Govan. And the reason I'm here, I just want to state that I think this is a good idea for the community, that it's a nice development these apartments will be. And it's something that we need, something that is affordable, and that's what I was talking about. Thank you very much.

MS. ROTH: Thank you.

(General applause.)

MS. ROTH: David Triplett. And if I call your name and you don't wish to speak, you can just let me know; it's not a problem.

MR. TRIPLETT: Good evening. My name is David Triplett. It's a long time coming, that we've been through a hurricane, we've been through a lot. We've been through suffering. We've been through a lot. And for a developer to come here and invest into our community is a plus.

And we like to see a developer -- we like to see companies come in and generate revenue for our city. And I am in support of the developer that is here, and for his initiative to think of our city, Texas City, and I

appreciate that everybody else gives their support to the developer. Thank you.

MS. ROTH: Thank you.

(General applause.)

MS. ROTH: Vincent Marquez?

MR. MARQUEZ: How are you doing tonight? You doing all right? Thank you for coming. Thank you for having us. We appreciate the opportunity.

My name is Vincent Marquez. I'm executive director of NRC. We're a 501(c)(3) nonprofit. We've been doing community development work -- I've been doing it since 1993; NRC's been around since the year 2000.

This project will be a blessing and an asset to Texas City. We'll work hard with the community; we'll get together with them; we'll meet and see what needs -- we've already gotten together with Ms. Stevenson with the medical center to talk about the issues and concerns that she's had. And one of them, with UTMB closing down, she got concerned about having her ER filled with people that have flus.

And so therefore we went with Jay Holloman and talked with him about community health centers and see if they can come out to our property, once we get established in our community centers, and educate them about what an

FQHC or community health center can meet the needs. So therefore the ER can participate and take care of the emergencies that they really need.

I think Mr. Newton, what he's talking about is good. Texas City is going to definitely need it; Galveston County is going to need some more medical facilities with UTMB closing; and I look forward to working with everybody. Thank you.

(General applause.)

MS. ROTH: Brandy Statum?

MS. STATUM: My name is Brandy Statum, and I support the development. And I'm from within the community of Hitchcock, and I support them.

(General applause.)

MS. ROTH: Shartasia Hurst? I'm sorry if I butchered your name.

MS. HURST: Hi. My name is Shartasia Hurst, and I support the proposal.

(General applause.)

MS. ROTH: Lucille McGocky?

MS. MCGASKEY: Good afternoon. I'm Lucille McGaskey and I can't say I support, nor I not support, because I haven't heard the total proposal. So as soon as that is over and they do their presentations, then I will



let you know what I think.

MS. ROTH: Thank you.

(General applause.)

MS. ROTH: Alma Evans? That's okay. Take your time.

MS. EVANS: How are you all doing tonight? My name is Alma Evans, and I support building the proposed apartments, because I believe that there should be equal housing in this area. And it'll be great for that. Thank you.

MS. ROTH: Thank you.

(General applause.)

MS. ROTH: Joe Evans?

MR. EVANS: Good afternoon. Besides the broke toe, I've got all that other -- a bunch of other things that's wrong with me. But I support these apartments because I'm originally from Beaumont, and when we had the Hurricane Rita, it destroyed everything, and when they did start to build a whole lot of other things, these kinds of proposals, they didn't even bring it up, they didn't say nothing. And the people that are still there now are still almost living in the same piece of junk that they had, you know, before, you know, the hurricane even came.

Matter of fact, the hurricane came, the houses

look better and --

(General laughter.)

MR. EVANS: -- so this is a good proposal for this area here. We're in Dickinson now; we bought us a home in Dickinson, we're homeowners, and here in Dickinson we saw all kinds of new development and stuff like that, boy, and it's going great. The only thing I'd just like to have besides this is a Fiesta store.

(General laughter and applause.)

MS. ROTH: Quinita Cleveland?

(No response.)

MS. ROTH: Gilda Peterson?

MS. PETERSON: Hello. My name is Gilda Peterson, and I'm a former resident of Dickinson, and now of Hitchcock, Texas. And I like, just like so many others, have been, you know, displaced myself during the storm. And we had nowhere to go because we didn't have enough available housing for people that's on fixed incomes like myself.

And I feel like this is a good thing, and we all should come together now, you know, as a whole, and support this. This is a good thing, in my opinion. Thank you.

MS. ROTH: Thank you.

(General applause.)

MS. ROTH: Felicia Caldwell?

MS. CALDWELL: I'll pass.

MS. ROTH: Okay. What about Felice Gill?

MS. GILL: I'll pass as well.

MS. ROTH: And then Quinita Cleveland?

(No response.)

MS. ROTH: Does anybody -- is she outside?

(No response.)

MS. ROTH: Okay. It doesn't look like we have anyone else. Did anyone else --

FEMALE VOICE: Yes, there are some homeowners that need to speak up there.

FEMALE VOICE: I do want to say something.

MS. ROTH: Did you fill out one of these?

FEMALE VOICE: Yes, and I gave it to you.

MS. ROTH: Well, I think -- this must be yours then with no name on it, that's why -- if you'll just put your name on it then. There's a lot of blank ones here.

(Pause.)

MR. STATUM: How are you all doing? My name is Derrick Statum, and I'm 22. I'm living with my mother right now, and we're living on an income of Section 8, and I just would like to say that I think this is a great

idea, for the proposal for a new development, so we can have these wonderful apartments.

And I really think this is a great idea, and you guys have established something within all of us now.

Now I see that we'll be like better taken care of. Thank you.

(General applause.)

(Pause.)

MS. MERCHANT: Good evening. My name is Diane Merchant, and I am a homeowner in the Texas City area. And at this time I do oppose this development simply because enough information has not been disseminated to the homeowners in the area. Even though the sign has been posted, we must acknowledge that it has not been posted in a clear area. And it was presented as a senior citizens area.

So I do oppose this development because we, as the ones who will be most clearly affected by it, have not been given the information to make an informed, clearly informed, decision.

MS. ROTH: Thank you.

FEMALE VOICE: I have some -- I have --

MS. ROTH: Wait. Just a moment. We're going to finish public comment first.

Wilma Green?

MS. GREEN: Thank you. At this time I am a member of the community; I live on Clover, which is right at the very end where the development's going to be. I'm opposed to low income housing in my community. We already have low income housing on the other end of Blue Jay. And there's not been enough information concerning how the low income housing will work or so forth.

It was proposed first as a senior citizens' location, and now it's changed to low income housing. I'm opposed to low income housing for my community.

MS. ROTH: Thank you.

Ruby Ambrose?

MS. AMBROSE: Hi. I'm Ruby Ambrose. I'm also part of this community here. I stay right off of Clover Circle. I've been in this area for the last 31 years, on the same street. I'm opposed to the project myself. I didn't know anything about the project. Like they said, the sign is in an inconvenient place where you can't really read it unless you want to be back -- rear -- from the road to read it.

So we thought it wasn't anything for our community. Nothing's been shown in the paper about the community. So I'm just opposed to it. Until we get more

information about it, I'm not fully in agreement with it.

Thank you.

MS. ROTH: Thank you.

Okay. What I'm going to do now is thank you for attending the hearing. All the public comments have been made. We're going to adjourn the official hearing; it's 6:45.

(Whereupon, at 6:45 p.m., the hearing was concluded.)

## QUESTION AND ANSWER PERIOD

MS. ROTH: So now what I'm going to do is open the floor up for questions and answers. I'm going to ask Mr. Markson and members of his development team to come back up and respond to questions. If you do ask any questions, if you would come up and state your name so we can be sure we get it on the record and into the transcript, that would be greatly appreciated.

I think he has a couple from earlier that he's going to respond to.

MR. MARKSON: Yes, I'm going to -- first of all, any of you who have any questions, I welcome you to come down and tour one of our properties. And if you'd like, give us your names, we'll put together a van, I'll take you down. The proof is in the pudding. See what we build, see how we manage, and see our controls that are in place.

I also have here several people from our management staff, so if you want to ask them specific questions about our management policies, I'll make all the written information available to you, but I would ask you, please come see what we've built. I think you'll be pleased and surprised.

I have never proposed this as a senior

development, so I don't know if it was some other developer at some time who proposed this as senior, but it wasn't us. Ours has been under contract always for family.

As far as notices go, first the sign. The property is a little difficult. We couldn't put -- because we don't have actual frontage because it's part of the subdivision, we couldn't put it out on the main drag.

So we had to go to the back side of the property, and because of the drainage ditch -- the TDHCA rules require that we're at the street.

So that was the only place where the drainage ditch didn't come in, and we could put it out on the street. And if you look at the way that -- if you walk along the frontage there, you'll see. I would have loved to have put it out on the other side of the ditch, but we don't own that property. It would have been in the public right of way.

Something maybe we want to allow for, just, you know, in the future or something in the QAP.

As far as notifications go, the system used to be to place -- you had your choice of placing an ad in the paper or doing the sign. I always used to do the newspaper ads, but the -- at the public hearings, the



community activists responded that they wanted signage, not the newspaper ads, because --

MS. GUERRERO: But it was in the newspaper as well.

MR. MARKSON: Oh, it was?

MS. GUERRERO: TDHCA requires that we --

MR. MARKSON: Oh, we were in the newspaper as well.

MS. GUERRERO: Yes.

MR. MARKSON: Oh, okay. Sorry. We were in the newspaper as well. Excuse me. And I'm glad to give you a copy of that ad.

Thank you, Debra.

MS. GUERRERO: You're welcome.

MR. MARKSON: We also notified the Congressman, State Senator, State Representative, city councilmen, and school district. And I can provide you copies of all those notifications if you'd like them. Come -- please come see any one of our team with your specific requests, and I'll make sure we get them.

I want to talk to you about property maintenance. The number one reason why this property is going to be maintained there is because we want to make money. And we're guaranteeing the loan. And that's the

best thing in the world. People keep up their homes and sell their -- because they want to sell their homes and maintain their equity.

There used to be programs where the government paid the rent, and they never gave you enough money for the expenses, so there was a slow decline in maintenance because they couldn't pay the operating expenses over time. This program, nobody is giving anybody the money for the rent. You have to pay the rent. And the rents, although they're affordable for a new product, are not by any means a give away.

So we have to compete with other properties. Now are we going to be the best, so I think we'll compete favorably. But that's the best incentive of all to maintain them. In addition, there is a land use restriction agreement that's filed on the deed, and that states all of the long term obligations of the property, and the agency can provide you with copies of the sample land use restriction agreement, and it will have all of the specific commitments that we made, and that has to be recorded.

In addition, because this has federal tax credits, if we have a violation of any kind, and it can be de minimis, I mean really de minimis, you have a hole of

light coming through your weather stripping, and I know this because I had an inspection and I had a hole of light through my weather stripping, and you got cited.

So you have to fix it. And if you don't fix it, they send a notice to the Internal Revenue Service, which we don't want them to do, and that takes away our tax credits, because if we lose our tax credits, our investor is very upset and asks us for the money. So there are both carrots in terms of making money, and sticks in terms of land use restrictions.

If you look at -- and, again, if -- really the proof is in the pudding. If you'd like to see something that we've built 10, 12, 15 years ago, I'll show you. It's -- the stuff looks like it did the day it was built.

And we're -- you know, we've dedicated our company to this. In fact, in your handout you will see that what was the worse slum in the City of San Antonio, and I'm telling you, it was disgraceful, just won the best mixed income housing award in the United States out of 268 entries.

So, you know, we really believe that we can not only be a good addition to the neighborhood, but that we will raise values in the neighborhood for you because of how we work. And I would urge you to come look at what we

do.

I hope I covered all the questions. I'm glad to answer more.

MS. ROTH: Ms. Mitchell, did you have some further questions?

MS. MITCHELL: I have -- yes, I do. Beverly Mitchell.

And does your company keep crime statistics for your areas at any of these projects?

MR. MARKSON: Yes.

MS. MITCHELL: Could you provide some for us this evening --

MR. MARKSON: No, I have police records, if you need them, in terms of calls and things.

MS. MITCHELL: That wouldn't be sufficient because --

MR. MARKSON: I can tell you that I just went over a property today. The neighborhood crime watch called me and they said that my crime -- my police calls had gone way up, and we're an active member of the crime watch in every community, also of National Night Out, et cetera, and we had 33 calls.

Out of those 33 calls, we had 90 percent of them were burglar alarms that went off. We had one car

break, and there may have been something to do with another car. And there was somebody was caught by our courtesy officer with something inappropriate and --

MS. MITCHELL: Are your courtesy --

MR. MARKSON: -- was arrested.

MS. MITCHELL: -- officers 24/7?

MR. MARKSON: Our courtesy officers live on the property.

MS. MITCHELL: They live there.

MR. MARKSON: Yes.

MS. MITCHELL: Are they 24/7 in terms of their duty?

MR. MARKSON: We will usually have two courtesy officers on a property of this size, so we try to get one officer as a night shift and one officer as a day shift so that they're there. And the way it works is if you're -- if there's a call, we encourage you, if -- now if it's an emergency, you always dial 9-1-1, you know, but we encourage if, for example, it's, you know, some issue around the property, our courtesy officers are police officers with arrest power. They're not, you know, just security guards.

So we encourage the residents to call the courtesy officers, and when the courtesy officers live on

site, and most of my courtesy officers are young families who, you know, their children are on the properties, their neighbors, they're protecting their home, so, you know, they're very interested in what's going on.

And I would invite you to talk to Officer Wayne Overstreet, who is kind of our trainer for our courtesy officers and helps get them. And he's been with me seven, eight years now, and he's just excellent. And he'll -- and I will tell you that we do get a fair number of calls from boyfriends, or ex-husbands, who are abusive, harassing their ex-wives, and those are -- or girlfriends.

I mean and we're dedicated to protecting those women. I mean there's a reality out there in that. There are calls if people are afraid. But we provide a safe environment for that. And I'm -- you know, and I'll gladly go over any property statistics with you.

MS. GUERRERO: And it's a gated community.

MR. MARKSON: And, oh, yes, we're a gated community. Yes. So that's -- you know, nobody's going to be able to -- you can't just drive in and drive around.

MS. ROTH: Did anyone else have any questions?  
Okay. Ma'am --

MS. STATUM: I have a kind of -- I got a question.

MS. ROTH: Okay. Could you just state your name?

MS. STATUM: My name is Brandy Statum, and my comment is to the opposing people who said that they don't want this development because of low income. Well, if they're already homeowners, you don't have a reason to want low income housing, because you're homeowners.

So I say that you're opposing this if it don't apply to you, if you're stable, this is for people who are not stable, who can't afford the homes that you already have, so being opposing is not cool, just sitting here and oppose just because you all stable in you all houses, because this is really -- it's a benefit to the ones who aren't stable. That's just my comment --

MS. CLEVELAND: And, Brandy, I have a comment on that as well that I was going to say.

MS. ROTH: Could you state your name for the record?

MS. CLEVELAND: I'd like to remain anonymous, if at all possible.

MS. ROTH: Okay.

MS. CLEVELAND: I understand where you're coming from, because I am low income. I'm from Galveston, lost everything. However, I understand you ladies who are

opposed to it. Again, they are homeowners, so therefore they're opposed to whatever the low income may bring about.

However, we are low income, therefore we have nowhere to go. So they don't understand that we have nowhere to go, they have to keep in mind that they are ignorant to the fact that we have nowhere to go, but keep in mind that they are still saying, Oh, they're going to be ghetto. But we're not.

I can't speak for myself; I can't speak for you, but like, say, for instance, my grandmother, who lost everything at 4010 Winnie, Apartment 183 in Galveston, Texas, had nowhere to go, but would love -- but through the grace of God, was able to go back to Galveston, got an apartment for her and her grandchildren that she raised.

Okay. So if, say, for instance, she was in a place with her apartment that she had to go back to right after the storm, I imagine she did need this, opposed to you may need this, but they're not seeing the whole outcome, of the picture, of everything.

Okay. Yes, they are blessed to have a savings account to where we don't have a savings account. And I'm saying I'm not doubting -- I'm not doubting no one that does have that ability to have that job and have that



amount of money in their savings accounts for whatever they need.

I'm Quinita Cleveland. I'm Quinita Cleveland.  
I was just being outspoken; I'm sorry.

MS. ROTH: Okay. No --

(General applause.)

MS. CLEVELAND: I'm sorry. I get very emotional because we lost it all, whether you all know it or not, and, again, you homeowners, you don't understand what we come from. We don't -- I understand, I'm not telling you all, Hey, don't -- I'm not doubting you all, not by no means, but if somebody's trying to come and help us, then go ahead and let them help us.

Okay. She said it was a gated community; therefore they'll keep out the riffraff, okay, the ghetto people. However, everybody's not ghetto that's African American. Even white, because there's a lot of white Caucasian ghetto people. But we're -- don't label us all to be the ghetto people, you homeowners. Please keep that in mind. Please.

So I understand that you all are opposing this, and, hey, I don't know the whole outcome of everything, everyone, you homeowners, but if this is helping the people that need it, then help them. Help them, please.

I'm begging you to help them. But we're going to do our research on this whole establishment, and if it's good, then, hey, we're going to reach out and we're going to help those people who have lost everything.

Unfortunately -- well, no, not unfortunately -- I was blessed to have a friend -- I'm going to keep pointing at her; she's in this room. She helped me when I didn't have nothing, because I let my grandmother take everything. They didn't give me nothing. Nothing. So I let her take everything because she's taking care of my little cousins, and I was left without nothing.

I been up this street up the street, but everybody don't have to go up this street. So just keep that in mind, you homeowners. Okay? Please. That's all I ask.

MS. ROTH: Great. Thank you.

MS. CLEVELAND: And, again, my name is Quinita Cleveland.

(General applause.)

MS. ROTH: Thank you.

Okay. Yes, ma'am?

MS. LINDLEY: Yes, I'm Lorraine Lindley, and I work for NRP Management Company.

MS. ROTH: Okay.

MS. LINDLEY: And I used to work in the Section 8 --

MS. ROTH: Can everyone hear her okay? Can you come up and use the microphone? Thank you.

MS. LINDLEY: Yes. I used to work in the Section 8 industry before I came to NRP. And I can say NRP is an A-plus community. Everything's brand new, I mean we take care of everything, our community is just A-plus. It's not your D properties, your C properties, your ghetto properties, or anything like that.

I've been working with them for five months now, and it's wonderful. And we have some beautiful communities. And, you know, if they bring that in here to Texas City, you all are really going to love it. I mean it's just beautiful.

Okay. And the ghetto part and all that, you need to knock that out of it, because it's nothing like that at all. Okay. Thank you.

MR. MARKSON: Thank you.

MS. ROTH: Okay. Thank you.

MS. LINDLEY: You're welcome.

(General applause.)

MR. MARKSON: And this is Ms. Thelma Scott, who I talked about before she came in, with Barbara Jordan

Endeavors.

(General applause.)

MS. SCOTT: Thank you guys so much. This is a beautiful turn out. I am just so blessed to be here. But one thing that I want to say to you guys is I am blessed to be working for NRP. I am a woman with a disability. I'm a breast cancer survivor.

My Barbara Jordan program was not picked up by nobody but NRP. I work on that property with my Barbara Jordan program. I help seniors, I help kids with disabilities, I help a lot of people, and I'm going to do the same here. So I'm blessed to be a part of NRP.

Beautiful properties. You should come and see. If you want to see, they'll take you to any one that you want to see. But they're beautiful, and they manage them themselves. You might see a property go down, but not NRP properties. I've been in San Antonio; I've been everywhere. But this is the best, you guys. If you turn this down, you're going to be missing a blessing. And I'm blessed to be a part of it.

And I love what I'm doing, and I'll be coming back and forth here, and I'm going to have Barbara Jordan program here. We have a program which is where we help people to find jobs, on the property. When you lose your

job, you let me put out those -- I'll help you find a job; you can stay on that property. Okay.

So that's my logic behind it, because no one else is doing what NRP is doing. They are number one, and they are number one because they are the best. Thank you.

MR. MARKSON: Thank you, Thelma.

(General applause.)

MR. MARKSON: Ma'am, you had a -- I don't know if you saw her, this --

MS. ROTH: Does anyone else have a question?

MR. MARKSON: Right here.

MS. ROTH: Okay. Yes, please just state your name and --

MR. MARKSON: Sorry.

MALE VOICE: She was over there -- she was first.

MR. MARKSON: She was first? Who was first?

FEMALE VOICE: No, I mean go ahead. She's already gone.

MR. MARKSON: I'm sorry, I didn't see you.

FEMALE VOICE: No, go ahead.

MR. MARKSON: Okay. Thanks.

MS. ROGERS: Hello, my name is Toni Rogers, and I went to the meeting last night. And just like she said,

we lost everything --

FEMALE VOICE: She needs to talk a little louder. We can't hear you. Talk into the mike.

MS. ROGERS: -- a whole bunch of us lost everything. And just to hear that somebody's coming down and trying to build some type of low income or --

MR. MARKSON: Affordable.

MALE VOICE: Affordable.

MS. ROGERS: -- affordable housing for us, I mean that can just really give us hope again, and because just the last past two and a half months, we've been looking for somewhere to stay, and haven't had anywhere -- no luck of finding anywhere safe. And I seen the pictures last night and I think it's just beautiful, and I think it's a beautiful job that, you know, that they're trying to do. And I hope it goes through. And it's just really a blessing for a lot of us.

MR. MARKSON: Thank you very much.

(General applause.)

MR. MARKSON: Ma'am?

FEMALE VOICE: The question I have is, how are you -- why are you different from the housing developments that they have set up now? They have, what, they have housing in Texas City, they have housing in Galveston. So

what makes NRP different from those environments and that setting?

MR. MARKSON: Sure. Sure. Well, there are probably -- there's two categories of things. One is the type of the development. So we're tax credit. And some of the developments that you think about negatively may be old public housing, or older Section 8 housing.

And it's not so much the program that's the problem, it's that there hasn't been -- well, I happen to think that disincentive to work is an issue, because you do lose your subsidy if you go over a certain income, so it holds people there because there's an issue where if you take, you know, X dollars more, why would you bother, because you're going to lose Y dollars.

But even more so, those properties tended to deteriorate because every year the government was giving them less and less money, while the expenses were going up and up. So that's why you see deferred maintenance.

Now, these are -- you know, Texas has been blessed with income that's increasing. As you know, the job growth here is excellent. I mean we couldn't be in a better place maybe in the world right now than here.

The second category is us. And I would love to have a group of you come really and see what we do. I

mean I can take you right down to Clute here, and they were skeptical as well.

I think the masonry construction that we do, you don't have wood houses that -- you know, trim that deteriorates. You know, no matter what you do to masonry, it generally looks the same 20, 30 years later. And I can show you some of the construction techniques used. So that's number one.

And then the other things with the courtesy officer program, and -- I mean I think the most important thing is really the after school programs because it's all about our kids and education, and if we build the next generation and we give them a chance to, you know, to develop good study habits, work habits, et cetera, you don't have trouble with the property.

It's good for the kids, but you also don't have trouble because the children have a place to go. If they don't have any place to go, and these other properties, you know, I don't know that there are any properties in town that have children's programs. I mean there may be, but I don't know about them.

FEMALE VOICE: So you're nonprofit, and you have the Barbara Jordan nonprofit part of the facility?

MR. MARKSON: We have -- there is a non -- a



for-profit/nonprofit partnership --

FEMALE VOICE: Okay.

MR. MARKSON: -- on the development and ownership, and then the -- NRC provides also the educational programs, and then Barbara Jordan Endeavors provides the Barbara Jordan jobs program.

FEMALE VOICE: Okay.

MR. MARKSON: So there are --

FEMALE VOICE: So everybody's nonprofit or for-profit?

MR. MARKSON: It's all in one partnership. It's very complicated. I can show you the organizational chart, but it works. It works, so -- and we've all -- none of us are strangers, we've all been working together so we, you know --

FEMALE VOICE: You say you've been doing this for how long?

MR. MARKSON: I've been doing this for -- since 1981 I've been doing development, and I spent -- I did my first developments with tax credits in 1988, and the program started in 1986, so 20 years I've been involved in this program. And I feel really old.

(General laughter.)

MR. MARKSON: Yes. Okay. Sir, you wanted to

Speak first.

MALE VOICE: No, she did.

MR. MARKSON: Oh. Okay. Did you want to say something?

FEMALE VOICE: Yes. To the homeowners.

MR. MARKSON: And I'll get you all --

FEMALE VOICE: There's a lot of people that's victims of not one hurricane, but two hurricanes, because I'm a victim of Katrina and Ike. So right now I feel it's a good start for a lot of people, because we really don't have nowhere to go right now. I'm living in an apartment with a lot of people. I mean I just met them a couple of months ago, so I really don't them. So that'd be a good start for a lot of people.

MR. MARKSON: Thank you.

MS. ROTH: Any other questions?

MR. WILLIAMS: I have about three if you could bear with me.

MR. MARKSON: Yes.

MR. WILLIAMS: My name is Ed Williams, and I am a homeowner in this --

MR. MARKSON: Sure.

MR. WILLIAMS: -- community --

First of all, I want to get something straight.

I'm confused. Maybe I came in late about it -- is this considered, or labeled "affordable" or "low income," which one is it?

MR. MARKSON: Oh, okay. I'll explain to you. The program is called low income tax credit. But the rules are at -- the rules are the households we serve are at 60 percent of area median or less. But the truth is, you've got to be between about 50 and 60 percent of median to afford it.

So do you have an income table there? I gave out -- if you look in your -- if you look at page -- no, no, it's labeled, see it says, "Houston Bay, Our Residents," here, this page. Okay. This shows the incomes, the maximum incomes that you can earn. But you have to pay, for example, if you're one person and you want a one-bedroom, your rent is 590. Okay. It doesn't go down if you're less.

So it's set at 60 percent, for somebody who earns 25,000. But if you earn 18,000, you're not going to be able to afford that rent. So you have to earn probably between 21- and 25- to be able to afford it. And if you look -- so most of our residents -- like I'll give you an example here, if you look at -- do you have this jobs list here, see this qualifying residents here, these are all of

the jobs, from Houston area data, that qualify.

So, for example, if you're, you know, a fire fighter, and you're earning, you know, you're earning 26,000 and you just got married, you qualify. On the higher end, a police officer starting off at 37,000 here, so if you were 37, a police officer who had -- they'd have to have three kids. So that's, you know, a wife and -- I should say or a wife and two children.

MR. WILLIAMS: I'm a little clearer on that. But my understanding is really that that's really, from my understanding of growing up in Texas City/La Marque area --

MR. MARKSON: Yes.

MR. WILLIAMS: -- and really to me that's not considered low income, as far as I'm concerned, you know.

My next question is, do you have any statistical data or any information for the homeowners, and I'm asking on the whole --

MR. MARKSON: Sure.

MR. WILLIAMS: Yes.

MR. MARKSON: Sure.

MR. WILLIAMS: But do you have any kind of information to tell us does our property value go up, or

does it go down?

MR. MARKSON: Yes.

MR. WILLIAMS: Do you have any information on that?

MR. MARKSON: Yes.

MR. WILLIAMS: I think that's a good sign --

MR. MARKSON: In fact, I can get you a national home builders association study that will show that these increase property values. And I know people -- because every time people think -- people have these, you know, these horrible images of this run down junk, and I mean, if you come into one of these, and I'd love to have you.

First of all, if you have a chance, on the back of this, the last page, are references from neighborhood associations all over the state. And if you call any of these folks and talk to them, you know, and they'll tell you what's going on in their neighborhoods.

But you will see -- I mean this is -- the quality that we're building is on par with a \$500,000 house. I mean if you look at the exteriors of these with the, you know, the 40-year dimensional shingle roofs, and the masonry, and, I mean these -- the community centers look -- the community center is basically a million dollar mansion sitting at the front of the property.

So I think, you know, our signage, our landscaping, everything, and a lot of it's mandated by your city codes, it's, you know, part of Texas City government. You know, you can't build junk here.

And especially if you heard Phil Newton, he's got -- see, he's probably my best reference because he's got 45 or 50 more acres that he's got to sell, so if he thinks I'm building a piece of junk, he's not going to be able to rent high end medical offices. So the economics of it are pretty compelling.

But if you would come see what we do, you know, I really -- I will tell you that I have never had anyone oppose me who's visited one of our properties. Ever.

MS. GUERRERO: Dan, if we could get e-mail addresses so I can send them my statistics and the property value study --

MR. MARKSON: And the NHB --

MS. GUERRERO: -- and the NHB --

MR. MARKSON: -- study. Yes. If you'd give it to us, please.

MS. ROTH: Okay. Any more questions? One more? Okay.

MS. SIMON: I have one more question. My name is Margaret Simon, and I'm interested in knowing more

about the community involvement. How do you plan on -- in developing the -- will you be hiring local contractors --

MR. MARKSON: Yes.

MS. SIMON: -- to come in?

MR. MARKSON: Yes. NRP is a general contractor, and we look for local subcontractors. I mean we -- it doesn't make sense to be -- we get, you know, of course, we're bid competitive. You know, it's -- we're trying to get fair pricing. But, yes, we have -- if you look at our subcontractor base, they're, you know, largely local, wherever we are.

MS. SIMON: Okay. How soon -- if this is accepted within our community, how soon would the contractors be aware that they are able to place their bids on the table?

MR. MARKSON: We would have -- I'm not -- I don't have a calendar of exactly when this would close.

In April, is that right? Debra?

MS. GUERRERO: We're looking at April or May --

MR. MARKSON: April, it would be an April or May closing. Once we get the cap, the bond amounts from TDHCA, we have, by law, 150 days to close. Once in a while we'll push that back 30 days by refileing, you know, if our lenders have questions, et cetera. But I would say

that a good rule of thumb would be by March, if you have any subcontractors that want to contact us.

We have a large subcontractor base in Greater Houston because of our construction in Houston, and in Clute. We haven't done anything here in Texas City, and we hope to do something in Galveston as well. But if you have local subcontractors who want to call us, I can get them a qualification form right now.

In fact, we have other work going on, so if somebody's interested in bidding, I want all the bids I can get, because that's competition, and fair pricing.

MS. ROTH: Okay. Go ahead, ma'am.

MS. MCGASKEY: You want to go again, Toni?

MS. ROGERS: The question that I have is --

MS. MCGASKEY: Go ahead, Toni.

MS. ROGERS: -- if we're single or kind of -- okay, if we're single and make maybe 23,000 a year, how much is it for a one- or two-bedroom?

MR. MARKSON: A one-bedroom would be 590, and you would make it on qualification in that --

MS. ROGERS: Okay.

MR. MARKSON: -- and a two-bedroom --

MS. ROGERS: I just needed to know happens, do you do a background check, a credit check?



MR. MARKSON: Yes, credit check, employment, and criminal.

MS. GUERRERO: And two and a half times the rent.

MR. MARKSON: Yes.

MS. ROGERS: Yes, so you have to rent -- like your income classifies your rent per month.

MS. ROTH: I believe some of their property management folks are here.

MR. MARKSON: Yes.

MS. ROTH: They could probably speak with you directly, if you'd like to about that. You can get their card and they can probably --

MR. MARKSON: Yes, sure.

MS. ROTH: -- give you a run down on what the -- what you would need to --

MR. MARKSON: In fact, if you all want to live in Clute, we have apartments down there.

(General laughter.)

MR. MARKSON: Or in Houston. But wait and stay here. Wait and move in here, please.

MS. ROTH: Yes, ma'am, go ahead and state your name.

MS. BOWDEN: My name is Sheila Bowden, and I'm

a program coordinator for the City of Texas City. And I basically just came to the meeting -- I was supposed to sit and listen and then take it back. But I really wanted to address the two ladies and the young lady that left, and when the homeowners say that they oppose, they're not opposing you. And our hearts go out to all of the people in Galveston, Texas. Daily we have worked hand in hand with Galveston. We're still trying to help them rebuild.

But what has happened here, there are homeowners in this area who have put investments in this area, so much so that NRP wants to come and invest. And so they're just wanting to make sure that their investment is going to be safe. Just like NRP. They're telling you that they will invest in of these different areas and cities, and their investment is safe. And if not, then the federal government is going to pull their funds, tax credits.

So that's what the homeowners are just trying to do, to ensure that their investment is safe. It's not opposing you, that need a place to stay. We do need affordable housing in Texas City, in Galveston, in Dickinson, in Hitchcock. So their job is to go around to see the homeowners really that have made their area worth

investing in.

So, please, you know, I wish you the best of luck, be it in Texas City, or Hitchcock, or wherever you are, you know, I wish you the best of luck. But please don't feel that when they oppose, that they're opposing you. They're not.

MS. ROTH: Thank you.

(General applause.)

MS. MCGASKEY: What is your oldest property?

MR. MARKSON: We have properties up in --

MS. MCGASKEY: Where's the first one you built?

MR. MARKSON: The first one in Ohio --

MS. MCGASKEY: Oh. Ohio.

MR. MARKSON: -- would be 15 years ago.

(General laughter.)

MR. MARKSON: The oldest one in Texas is about 11 years old.

MS. MCGASKEY: And where is that?

MR. MARKSON: In San Antonio. And I would welcome an opportunity to show that to you.

MS. MCGASKEY: I would like to see that.

MR. MARKSON: Please. Be a pleasure.

MS. ROTH: Anyone else have any more questions for Mr. Markson? Okay. Well, thank you for coming. And

all your comments have been recorded. Again, we, at the Department, welcome your comments. You can submit them e-mail, regular mail, fax something to us, however you'd like to do it. You're welcome to attend our meeting in Austin.

And everybody have a good evening.

MR. MARKSON: Thank you.

(Whereupon, at 7:20 p.m., the meeting was concluded.)

C E R T I F I C A T E

IN RE: Costa Mariposa Apartments

LOCATION: Texas City, Texas

DATE: November 20, 2008

I do hereby certify that the foregoing pages, numbers 1 through 58, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Leslie Berridge before the Texas Department of Housing and Community Affairs.

\_\_\_\_\_  
(Transcriber) 11/25/2008  
(Date)

On the Record Reporting, Inc.  
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Austin, Texas 78731

# THE SENATE OF THE STATE OF TEXAS

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## MIKE JACKSON

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SUBCOMMITTEE ON AGRICULTURE, CHAIR  
NATURAL RESOURCES, VICE-CHAIR  
BUSINESS AND COMMERCE  
GOVERNMENT ORGANIZATION  
NOMINATIONS  
SUNSET ADVISORY COMMISSION

RECEIVED  
JAN - 8 2009

EXECUTIVE DIRECTOR

#08617

January 6, 2009

Mr. Michael Gerber  
Executive Director  
Texas Department of Housing and Community Affairs  
P.O. BOX 13941  
Austin, TX 78711-3941

VIA FACSIMILE: (512) 475-0764

RE: NRP Group proposed development known as Costa Mariposa Apartments to be located on the north side Monticello Drive, directly east of the College of the Mainland and approximately 50 yards northwest of the intersection of Monticello Drive and N. Vauthier Road, Texas City, Galveston County, Texas 77591.

Dear Mr. Gerber,

I would like to express my support for the proposed Costa Mariposa Apartments that are proposed for Texas City, Texas.

As the State Senator for District 11, in which the proposed development is located, I believe that the apartments will provide much-needed quality affordable housing for working families in the area and it will also help bring new customers and greater economic opportunity to the area.

Sincerely,

Mike Jackson

MJ/mw

01-08-09 10:30:01 AM

LEAGUE CITY DISTRICT OFFICE  
201 ENTERPRISE, SUITE #600-A  
LEAGUE CITY, TEXAS 77573  
281/334-0011  
FAX: 281/334-3043



SENATE DISTRICT 11

PASADENA DISTRICT OFFICE  
1109 FAIRMONT PARKWAY  
PASADENA, TEXAS 77504  
713/948-0111  
FAX: 713/948-0004

08617  
S

**GALVESTON COUNTY MUNICIPAL UTILITY DISTRICT NO. 66**

c/o SECHRIST · DUCKERS LLP  
770 South Post Oak Lane, Suite 410  
Houston, Texas 77056

November 16, 2008

Mr. Michael Gerber  
Executive Director  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

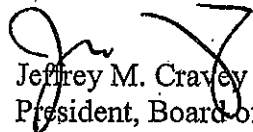
RE: Proposed Costa Mariposa Apartments, Texas City, Texas  
Application #08617

Dear Mr. Gerber:

Please accept this letter of support for the Costa Mariposa Apartments to be located in Texas City, Texas. As a municipal utility district with local political jurisdiction over the proposed development because it lies within our service boundaries, we have been working with the developer to ensure that adequate utilities and infrastructure are installed on the property.

We ask that you give this application your most favorable consideration. Should you have any questions, please do not hesitate to contact the undersigned at (713)960-0110 or the attorney for the District, Ms. Terrie Sechrist, at (713)395-4200, extension 102.

Sincerely,



Jeffrey M. Cravey  
President, Board of Directors



## **REQUEST FOR BOARD ACTION Multifamily Finance Production**

**Private Activity Bond Program – Waiting List**

**1 Priority 3 Application for 2009 Waiting List**

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### **TABLE OF EXHIBITS**

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<b>TAB 1</b>	<b>TDHCA Board Presentation – April 23, 2009</b>
<b>TAB 2</b>	<b>Summary of Applications</b>
<b>TAB 3</b>	<b>Inducement Resolution</b>
<b>TAB 4</b>	<b>Map of Development Site</b>



## Texas Department of Housing and Community Affairs

2009 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
09603	White Settlement Assisted Living - Willow Oak West side of Dale Lane (south of Dale Lane Court and north of Marilyn Drive)	100	\$ 15,000,000	White Settlement-Senior Living III, LP  A. V. Mitchell	Recommend
Priority 3	City: White Settlement County: Tarrant <i>New Construction</i>	General	Score = 125	801 E. Ave. H. Ste. 120 Arlington, TX76011 (817) 652-9650	
<b>Totals for Applications</b>		<b>100</b>	<b>\$ 15,000,000</b>		

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Action Item**

Presentation, Discussion and Possible Approval of an Inducement Resolution for Multifamily Housing Revenue Bonds and Authorization for Filing Applications for Private Activity Bond Authority – 2009 Waiting List.

**Requested Action**

Approve, Amend or Deny the Inducement Resolution to proceed with application submission to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority from the 2009 Private Activity Bond Program for one (1) application.

**Private Activity Bond Process**

The Texas Bond Review Board (BRB) administers the state's annual bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds through the bond program. Each issuer's Board is required to induce an application for bonds prior to the submission to the BRB. The Board approval of the inducement resolution is the first step for the Board in the application process. The inducement allows staff to submit the application to the BRB to await a reservation of allocation. Once the application receives a reservation of allocation, the Applicant has 150 days to close on the private activity bond transaction. During the 150 day process, the Department will review the Applicant's complete application for threshold and compliance with the Department's Rules and see that it is underwritten to determine financial feasibility. The Department will schedule and conduct a public hearing in the community of the proposed location of the development. The complete application including a transcript from the hearing will then be presented before the Board again for a decision on the actual issuance of the bonds as well as the allocation of housing tax credits.

Each year, the State of Texas is notified of the cap on the amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately \$481 million is set aside for multifamily until August 17<sup>th</sup> for the 2009 bond program year. TDHCA has a set aside of approximately \$96 million available for new 2009 applications. If the Board approves the Waiting List application listed below it will be submitted to the Texas Bond Review Board.

Inducement Resolution 09-032 includes one (1) application that was received on or before February 5, 2009. The application will reserve approximately \$15 million in 2009 state volume cap. Upon Board approval to proceed, the application will be submitted to the Texas Bond Review Board for placement on the 2009 Waiting List. Board approval of the inducement resolution allows the Department to submit the application to the Bond Review Board to await a reservation of allocation. This is the first application received for the 2009 program year.

Willow Oak, #09603– The proposed new construction development will consist of 100 units and will target the general population. It will be located on approximately 11.67 acres on the west side of Dale Lane, White Settlement, Tarrant County. Demographics for the census tract (1107.03) include AMFI of \$42,557; the total population is 3,831; the percent of the population that is minority is 24.51%; the number of owner occupied units is 730; number of renter occupied units is 684; and the number of vacant units is 107. (Census Information from FFIEC Geocoding for 2008).

The development has been presented to staff as an assisted living development, licensed by the Department of Aging and Disability Services (DADS) with participation in their Community Based Alternatives (CBA) program. The development is expected to serve persons within Tarrant County who have a disability and a need for assistance with the activities of daily living such as bathing, dressing, meal preparation, housekeeping, medication management, etc. Because this is the first application of its type to be considered by the Department, staff has had several discussions with DADS to get a better understanding of their rules and regulations. Staff has identified some areas of concern that are discussed in the paragraphs that follow.

### **Background on the Application**

The CBA program is an alternative to placement in a nursing home facility administered by DADS. Under the CBA program, certain services must be made available to residents, including assistance with dressing, assistance with bathing, weekly housekeeping, weekly linen service, three meals daily, scheduled activities, medication reminders and assistance with scheduling transportation. Staff must be available 24 hours per day to provide security and peace of mind, and the staff must be qualified to provide assistance to each resident with personalized care, as needed. While the Applicant expects various levels of function ability among the resident population, in order to receive funding from DADS it must make available the services described above.

It was initially staff's concern that the development would violate Revenue Ruling 98-47, which states that the availability of continual or frequent medical, nursing or psychiatric services in a facility for the residents will cause the facility to not meet the definition of a "residential rental project" as defined pursuant to Section 1.103-8(b)(4) of the Regulations. However, based on the guidelines set forth in Revenue Ruling 98-47, the personal care services mandatory under the CBA program are not medical, nursing or psychiatric in nature. However, if continual or frequent medical, nursing or psychiatric services subsequently are made available to residents, the development will no longer meet the requirements of a licensed assisted living facility as defined by DADS and would be ineligible for the CBA waiver. Further, the development would become ineligible for the housing tax credit and any obligations issued for the financing thereof would become taxable.

### **Timeline for Financing**

*DADS:* Through CBA program, DADS would provide funding to administer the personal care services for the clients they refer to the development. The applicant has indicated that this is a significant source of funds needed to make this property financially feasible due to the nature of the services and staff required. The development cannot apply for the CBA program until they are licensed. The applicant cannot request a licensing review until construction is complete and the building is placed in service.

*TDHCA:* Under the Private Activity Bond program, the Applicant has 150 days from the reservation date from the Bond Review Board to close on the bond financing. During this time, the application will be underwritten and must demonstrate financial feasibility. Commitments for all sources of funding must be submitted in the application in order to be evaluated. However, given the DADS timeline above, it will not be possible for the Applicant to supply a commitment for the CBA program; therefore, the Department's underwriting will need to evaluate this transaction with and without the proposed DADS funding in its underwriting analysis and may need to condition its recommendation on future documentation of such funding.

Of additional concern to Department staff is that the Applicant would still be required to meet the required set aside under the Housing Tax Credit program prior to the end of the year after the development is placed in service. This might be difficult given the timeline for applying for the CBA program and that the Applicant may not have sufficient referrals from DADS.

*Supportive Services and Unit Mix:* If the development is licensed as an assisted living facility, personal care services must be offered. DADS cannot guarantee that they will be able to refer 100 clients (100% of the development) which would provide a stable funding source for the mandatory services. Regardless of how many clients are referred by DADS, the owner is obligated to incur the expense of the services program. It is anticipated that only people who need these types of services would choose to live at this property. The residents who do not receive financial assistance through DADS will have to pay for the service program out of pocket (“private pay”). Department staff has pointed out to the Applicant that it is unlikely that a “private pay” client will be able to afford the services *and* qualify as a low-income household under the Housing Tax Credit program. Therefore, the Applicant may determine that the unit mix should include a percentage of market rate units. The Applicant needs to do more research on how much the “private pay” residents will be charged for the personal care services.

Because the “private pay” residents will be charged for the personal care services, these services cannot be considered the supportive services under the Housing Tax Credit program. Therefore, distinct and separate services that are free of charge must be offered to all residents (i.e. basic adult education, notary public service, legal assistance, counseling services, child care, computer facilities, etc.).

*Integrated Housing Rule:* It seems reasonable to conclude that, for the development to be feasible with the population targeted, the goal would be for all of the units to be occupied by persons who need personal care services. This may be in conflict with the intention of 10 TAC §1.15(c)(1) of the Department’s Integrated Housing Rule which states that a housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations. If this application moves forward, the Board may need to grant a waiver of this rule prior to the issuance of the bonds and allocation of the credits.

*General Use Provision:* Section 1.42-9 of the Treasury Regulations (the “Regulations”) promulgated under the Internal Revenue Code (the “Code”) states that if a residential rental unit in a building is not for use by the general public, the unit is not eligible for housing tax credits. It has been stressed to the Applicant that all units must be marketed to and available to the general public. However, as described above, it is unlikely that persons who do not need personal care services would avail themselves of this housing option. Should the applicant not actively comply with the marketing requirements, Department staff will cite the property in noncompliance. This type of noncompliance affects the eligibility of the entire property and would therefore place the entire amount of bonds and housing tax credits at risk.

The Applicant is aware of staff’s concerns as outlined above. It is strongly encouraged that the Applicant becomes familiar with the rules, regulations and limitations on all funding sources involved prior to submitting the complete tax credit and bond application to the Department. If private activity bonds are issued and credits awarded, it will ultimately be the Applicant’s responsibility to demonstrate continuing compliance with the rules, regulations and limitations outlined above.

*Public Comment:* The Department has not received any letters of support or opposition.

### **Recommendation**

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

## RESOLUTION NO. 09-032

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

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

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

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

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

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

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

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

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

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

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

BE IT RESOLVED BY THE BOARD THAT:

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

- (a) each Development is necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) each Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the financing of each Development is a public purpose and will provide a public benefit;
- (d) each Owner is financially responsible; and
- (e) each Development will be undertaken within the authority granted by the Act to the Department and each Owner.

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

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

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

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

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

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

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

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



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

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

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

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

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

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Development's necessary review and legal documentation for the filing of an Application for the 2008 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

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

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

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

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

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

Section 20--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State 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 made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 23rd day of April, 2009.

[SEAL]

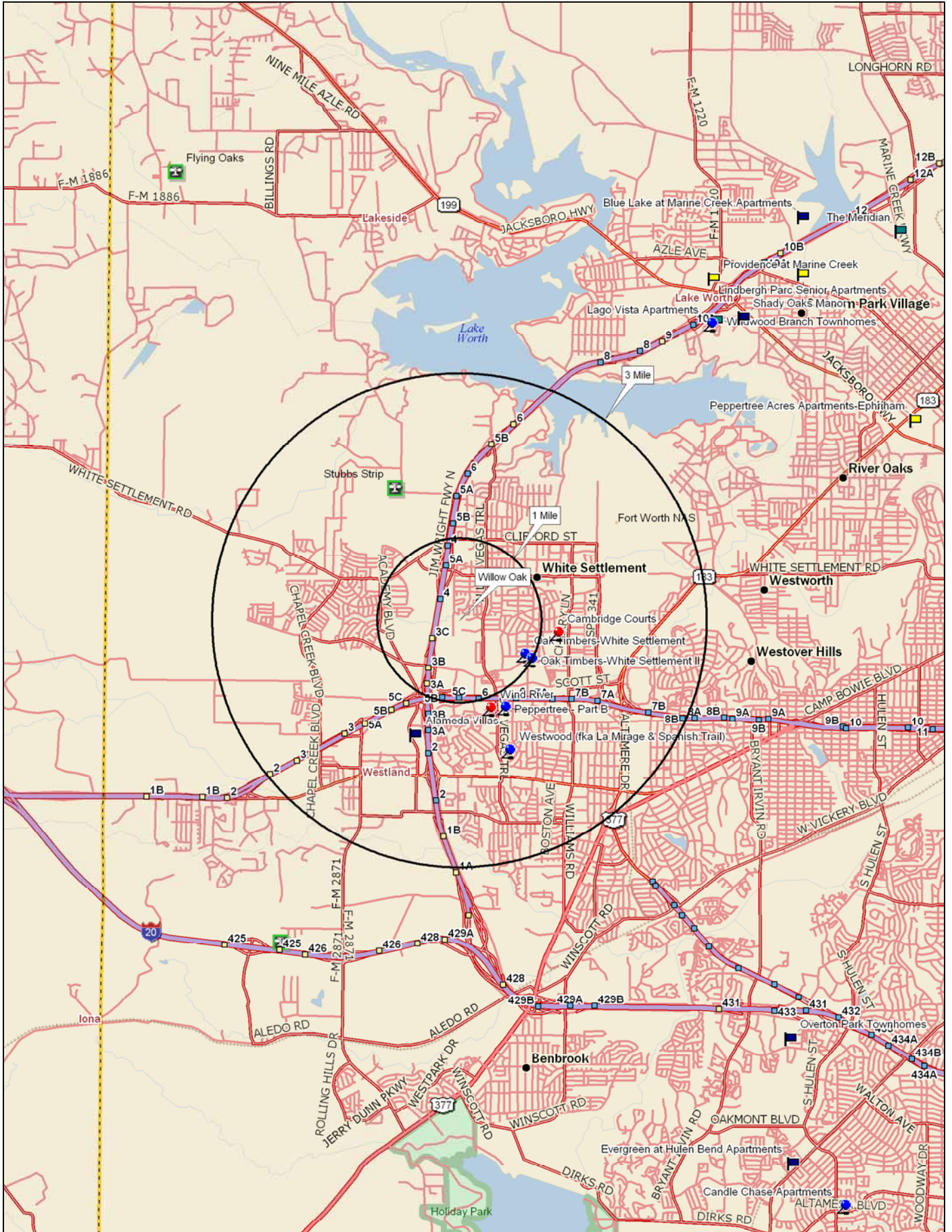
By: \_\_\_\_\_  
Chairman, Governing Board

Attest: \_\_\_\_\_  
Secretary to the Governing Board

EXHIBIT "A"

Description of each Owner and its Development

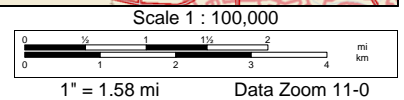
Project Name	Owner	Principals	Amount Not to Exceed
Willow Oak	White Settlement-Senior Living III, LP	The General Partner of which is White Settlement-Senior Living III, GP, LLC, or other entity and the Limited Partner of which is A.V. Mitchell, or other entity	\$15,000,000
<p>Costs: (i) acquisition of real property located at approximately 11.671 +/- acres on west side of Dale Lane (south of Dale Lane Court and north of Marilyn Drive), White Settlement, Tarrant County, Texas; and (ii) the construction thereon of an approximately 100-unit multifamily residential rental housing development in an amount not to exceed \$15,000,000.</p>			



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**UNDERWRITING  
APPEALS TIMELY FILED**

08154  
Pioneer Crossing at Mineral  
Wells  
Board Appeal

**REAL ESTATE ANALYSIS**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Item**

Presentation, discussion and possible action on a timely filed appeal regarding the underwriting recommendation of a development under the 2008 Competitive Housing Tax Credit program, #08154 Pioneer Crossing at Mineral Wells, Mineral Wells, Texas.

**Required Action**

Approve, deny or approve with amendments a determination on the appeal.

**Background**

Mr. Noorallah Jooma, the contact for the General Partner of Pioneer Crossing at Mineral Wells submitted an application for funding under the 2008 Competitive Housing Tax Credit program to construct 80 new units of affordable housing targeting 30%, 50% and 60% households in Mineral Wells, Texas. The application was approved to be added to the 2008 waiting list for a forward commitment, subject to underwriting. The Applicant requested \$805,355 in annual tax credits and \$2,972,073 in TDHCA HOME funds to support a total development budget of \$8,312,300.

The application is not recommended for funding due to the fact that the Underwriter's expense to income ratio exceeds the Department's maximum of 65% per the 2008 Real Estate Analysis Rules and Guidelines §1.32(i)(5).

The Applicant projected effective gross income for the development in the first year of stabilized operations to be \$485,724 and expenses to be \$290,800 for an expense to income ratio of 64.72%. The Underwriter concluded effective gross income for the first year of stabilized operations to be \$431,524 and expenses to be \$287,248 for an expense to income ratio of 66.57%.

The Applicant appealed that staff look to four HTC developments as comparable properties to the subject in terms of garage rentals, and also consider a revised property tax assumption. Staff's review has revealed that the four HTC properties identified in the Applicant's appeal are not located in the subject's market area and, therefore, difficult to compare current demand for garages in the subject's market area. Moreover, while it may be possible for the Applicant to achieve the garage rental income at the proposed levels, the exclusion of this unsubstantiated income for determining long-term feasibility of the development is due to the uncertainty of garage rental income as it is highly dependant upon sub-market unit occupancy, rental rates and leasing concessions. This uncertainty represents an underwriting risk and, therefore, excluded by TDHCA for underwriting purposes on new construction transactions unless it can be



substantiated by comparables in the market. Of note is that the four properties cited by the Applicant as comparable in terms of garage rents were originally underwritten with no garage income.

The Applicant's second suggestion to review a newly reduced property tax assumption is not reasonable given the Applicant's original estimate was \$16K or 50% higher than the Underwriter's estimate. Staff can not be held to have made an appealable error with information that was not provided to them during the application acceptance period. Pursuant to §50.17(b)(3) of the 2008 Qualified Allocation Plan staff is not allowed to consider new information presented in the Applicant's appeal. Therefore, the infeasibility conclusion cannot be changed by the Underwriter based on newly submitted information. However, should the Applicant's revised property tax assumption be allowed, the Underwriter has determined that this change, in and of itself, would not change the Underwriter's infeasibility conclusion.

#### **Recommendation**

Staff recommends the Board deny the appeal.

08154

Pioneer Crossing at Mineral  
Wells Executive Director  
Response



# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

March 16, 2009

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Facsimile: (972) 245-7655  
Via Email: [NoorJooma@gmail.com](mailto:NoorJooma@gmail.com)

**Re: Underwriting Appeal for Mineral Wells Pioneer Crossing, HTC #08154**

Dear Mr. Jooma:

### Appeal Review

I have reviewed the subject application, as well as your appeal that was received on March 11, 2009 regarding the underwriting recommendation. Pursuant to the following Department guidelines, Mineral Wells Pioneer Crossing was not recommended for a Housing Tax Credit award for the following reason:

- The Underwriter's determination of the income to expense ratio exceeds the Department's maximum guideline of 65% per §1.32(i)(5) of the 2008 Real Estate Analysis Rules and Guidelines.

The underwritten income to expense ratio which exceeds 65% is affected, among other items, by the two items stated in your appeal: (1) the use of garage rental income; and, (2) the assumption for annual property taxes.

### Garage Rental Income:

Staff excluded the garage rental income pursuant to §1.32(d)(1)(B) of the 2008 REA Rules which allows an underwriter to use discretion when calculating miscellaneous income. While it may be possible for you to achieve garage rental income at the proposed levels, the exclusion of this income for determining the long-term feasibility of the development is due to the uncertainty of garage rental income as it is highly dependant upon sub-market unit occupancy, rental rates and leasing concessions. When occupancy in a sub-market is high, garages can be generally leased at a rate the sub-market will bear. When occupancy in a sub-market is low, garages are typically used as a leasing concession or rented at a reduced rate in order to achieve higher unit occupancy. This uncertainty represents an underwriting risk and is therefore typically excluded by TDHCA for underwriting purposes on new construction transactions.

Your appeal letter outlines four LIHTC developments as comparable properties to the subject in terms of garage rentals. These properties are not located in the subject's market area (based on location determined by application number) and therefore difficult to determine current demand for garages in the subject's market area. TDHCA's underwriting relies solely upon market conditions in the subject's market area.

It should be noted that none of the comparable LIHTC properties you provided as comparables were underwritten with garage income.

**Property Taxes:**

Section 50.17(b)(3) of the 2008 Qualified Allocation Plan states that the applicant must identify grounds for an appeal based on the original application and additional documentation filed with the original application. As such, the underwriter is not able to consider the revised property tax assumption contained in your appeal. Therefore, the infeasibility determination can not be changed by the underwriter based on new information.

If the new information regarding the annual property tax assumption were to be used in the underwriter's analysis, the infeasibility determination would not change. You also referenced and acknowledged in your appeal that lowering the property tax assumption by itself does not address the infeasibility determination.

The underwriter's annual property tax assumption of \$36,118 is \$15,882 less than the original property tax assumption of \$52,000 you provided in the application. Your revised annual property tax assumption contained in the appeal is \$30,500.


If your revised property tax assumption were utilized in both the underwriter's proforma and your proforma, the variance in net operating income between them would be 20.01%. Being that this variance is greater than 5%, the underwriter's proforma would continue to be used in the feasibility analysis pursuant to §1.32(d)(2)(K) of the 2008 REA Rules. Using the new information in the appeal, the underwriter's expense to income ratio is 65.26% which is above the Department's 65% guideline and thus the development continues to be considered infeasible.

I have determined that the Department's rules and guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

**Appeal Determination:**

Appeal is denied.

Sincerely,



Michael Gerber  
Executive Director

MGG : rbs

08154

Pioneer Crossing at Mineral  
Wells Appeal

Pamela Cloyde

Executive Assistant REA

TDHCA

email: [pamela.cloyde@tdhca.state.tx.us](mailto:pamela.cloyde@tdhca.state.tx.us)

phone: 512.475.4573

fax: 512.475.4420

-----Original Message-----

**From:** Noorallah Jooma [<mailto:noorjooma@gmail.com>]  
**Sent:** Friday, March 27, 2009 10:20 AM  
**To:** [pamela.cloyde@tdhca.state.tx.us](mailto:pamela.cloyde@tdhca.state.tx.us); Cynthia L. Bast  
**Cc:** Don Youngs  
**Subject:** Appeal for Board for 08154 Mineral Wells Pioneer Crossing

Good morning Pamela,

In a follow up to our conversation this morning, I am emailing this request to be on the agenda for the April Board meeting.

If you need me to sign any special forms please email them to me.

Have a good weekend.

Noor Jooma

XX

NOTICE: This E-mail (including attachments) is covered by the Electronic Communications Privacy Act, 18 U.S.C. 2510-2521, is confidential and may be legally privileged. If you are not the intended recipient, you are hereby notified that any retention, dissemination, distribution or copying of this communication is strictly prohibited. Please reply to the sender that you have received the message in error, then delete it.

--  
Noor Jooma

XX

NOTICE: This E-mail (including attachments) is covered by the Electronic Communications Privacy Act, 18 U.S.C. 2510-2521, is confidential and may be legally privileged. If you are not the intended recipient, you are hereby notified that any retention, dissemination, distribution or copying of this communication is strictly prohibited. Please reply to the sender that you have received the message in error, then delete it.

done



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS  
Housing Tax Credit Program - 2008 Application Cycle  
Underwriting Report Notice

Appeal Election Form: 08154 Mineral Walls Pioneer Crossing (FC)

Date Notice Sent: 3/4/09

I am in receipt of my 2008 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 50.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site. I understand that my appeal must identify my specific grounds for appeal.

If my appeal is denied by the Executive Director, I

Do wish to have my appeal to the Board of Directors and request that my appeal be added to the next available Board of Directors' meeting agenda. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., seven days prior to the next Board meeting or three days prior if the Executive Director has not responded to my appeal in order to be included in the Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

Wish to wait to hear the Executive Director's response before deciding on my appeal to the Board of Directors.

Do not wish to appeal to the Board of Directors or Executive Director.

Signed Ali Allah Jorman

Title APPLICANT

Date March 11, 2009

Please fax or e-mail to the attention of:  
Pam Cloyde: (fax) 512.475.4420  
(e-mail) pamela.cloyde@tdhca.state.tx.us

# Mineral Wells Pioneer Crossing, LP

972-242-7602 (voice)  
972-245-7655 (Fax)

P O Box 113267  
Carrollton, TX 75011

NoorJooma@gmail.com

March 11, 2009

**To:** Michael Gerber – Executive Director - TDHCA  
**From:** NoorAllah Jooma - Applicant  
**Re:** Appeal of Staff Decision To Not Recommend Application  
08-154 – Pioneer Crossing of Mineral Wells

On March 5, 2009, staff released their RE Analysis for the above styled application.

This memo constitutes the Applicant's appeal of staff's recommendations.

Please note that should this administrative appeal not result in a reversal of staff's recommendation, 08-154 Mineral Wells respectfully requests that this appeal be placed on the agenda of the earliest board meeting thereafter.

**Background:**

Pioneer Crossing of Mineral Wells is a proposed new construction, family community of 24 one bedroom, one bathroom Apartments (750 square feet of living area), 48 two bedrooms, two bathrooms (1035 square feet of living area) 8 three bedroom, two bathroom (1,200 square feet of living area) and 40 garages.

**Summary:**

Underwriting calculates that the Applicant's expense/income ratio is 66.57%....1.57% higher than TDHCA guidelines. The Applicant has calculated this ratio to be 64.72%, which falls within the agency's guidelines.

**Detail:**

➤ Per staff's Real Estate Analysis Report issued March 5...page 10/13:  
.....Applicant Effective Gross Income = \$449,292 – TDHCA = \$431,524; and  
.....Applicant Total Expense = \$290,800 – TDHCA = 287,2478

➤ **Solution:** Increase income and/or decrease expenses by a cumulative total of \$6,800 (\$570 per month), and the expense/income ratio will comply with the agency's guidelines.

There are two "easy" solutions to this issue:

**Solution #1: (See Exhibit 1)**

➤ 2008 REA Rules, page 5 states: "Exceptions may be made at the discretion of the Underwriter for garage income....." The Underwriter has opted not to permit discretionary use of fee income for garages. We request that this position be reconsidered.

The following analysis, prepared by Apartment Market Data, identified four Texas HTC developments that charge for garages.

- 94-067 – Abilene – Canturbury Crossing– Charges \$50 monthly for 65 garages. According to the site manager, they stay "nearly full all the time – we don't have enough for all apartments – I believe we have 3 vacancies now" approximate occupancy 95%.
- 03-163 – Plainview – Stonebriar– Charges \$35 for 19 garages. Management states "They, too, have been a popular option for tenants and it stays full most of the time".
- 04-283 – Weatherford– Cypress View Village – Charges \$40 for 40 garages. The site manager states that the garages have been popular....approximately 90% occupied.
- 05-020 – Hereford– Central Place – Charges \$65 for 10 garages. The Developer says they are rarely vacant and



occupancy is over 90%.

**Result:**

The Applicant has proposed building 40 garage units. Note that the cost of these garages are not included in the development's eligible basis. Staff's position is that there is no guarantee that Applicant can rent any of them.

**Solution:**

With an annual difference of only \$6,800 between staff's projections and Applicant's projections, just half (20) of these garages, rented at \$30 per month would yield \$7,200. This, alone, would cause the Applicant's expense/income ratio to meet TDHCA's standards. Given that garages in other HTC complexes in similar locations rent for \$35 - \$65 and stay rented, Applicant believes that \$30 for half of the garages is a reasonable conclusion for the financial projections. Alpha Barnes experience in this area leads them to project as much as 70% occupancy at \$40 monthly rent of garages at this property.

**Solution #2: (See Exhibit 2)**

Another area of significant difference between Staff and Applicant is the area of *Ad Valorem* taxes.

Per the 3/5/09 REA Report:

\$36,118 = Staff estimated Ad Valorem taxes

\$52,000 = Applicant's estimate

When Applicant realized that its initial projection for ad valorem taxes was off base, it sought a professional opinion. Applicant was referred to Mr. Jeffrey Burgher of Property Tax Advocates, Inc. Mr. Burgher's experience includes negotiating "the values of approximately 125 tax credit properties located in 45 Texas counties, including Palo Pinto County." Mr. Burgher's conclusion as to the estimated taxes for this property is attached.

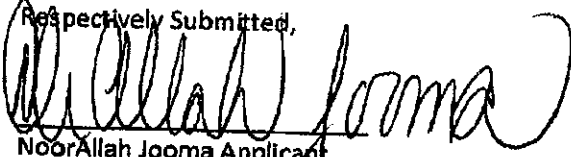
**Solution:** For Mineral Wells, Mr. Burgher estimates a 2.23% tax rate and a property tax of no more than \$30,500 (a \$5,618 reduction from staff's recommendation. If Mr. Burgher's recommendation is used it does not, in and of itself, resolve the expense/income ratio problem identified by staff. However, if Mr. Burgher's recommendation is used, then Applicant would only need to rent 4 of the 40 garages at \$30 per month to meet the TDHCA expense/income ratio. Again, this is a reasonable conclusion.

**Conclusion:**

Applicant is confident that a combination of Solutions #1 and #2 will yield an income/expense ratio that will be within TDHCA's 65% guideline.

#####

We thank you in advance for your review of these materials. Based upon the market study's observation of the need for affordable housing in Mineral Wells...as pointed out on page 5/13 of the REA Report...where "current occupancy of the market area is 98.8% as a result of high demand, and the Affordable Housing is 100% occupied (Page 6/13 of REA)" we, along with the city council of Mineral Wells feel confident that this development will prove to be very successful.

Respectively Submitted,  
  
NoorAllah Jooma Applicant  
08-154 Pioneer Crossing at Mineral Wells

ADDENDUM

Clarification of unrelated concerns in the REA Report.

Concern #1

Page 2/13: Staff has voiced concern on a couple of occasions about the Applicant's lack of experience in the affordable housing industry.

That is why NoorAllah Jooma has relied upon and continues to do so.... on the advice and counsel of a number of persons who have demonstrated their depth of knowledge of this program in Texas. These advisors include:

Mike Sugrue – Developer, past president of Rural Rental Housing and current president of TAAHP with Affordable Housing experience spanning several decades;

Darrel Jack – Principal of Apartment Market Data, a/the leading market analyst in this program in Texas;

Cynthia Bast - Partner with the law firm of Locke, Liddell, et al and a prominent participant in the affordable housing industry in Texas and before the TDHCA Board;

Frank Pollacia – Principal of Architettura and the only Architect member of TAAHP, a leading architectural firm providing design and inspection services to many of the industry's principal developers in Texas. Mr. Pollacia has designed the Applicant's proposed development....and will serve as the principal inspector of the buildings as they are built;

Monique Allen: Co-Developer (Experience Certificate attached); an experienced participant/consultant serving several areas of the affordable housing industry of Texas; and

Alpha Barnes Management: Which has been selected to market and manage the development as/when it is built.

Concern #2

Clarification of a Statement on page 4/13 of the REA Report.

The Inspector stated: "...the site is opposite a massive chemical/ industrial park."

The "chemical plant" is erroneously characterized as such. Rather, it is a plastic pipe extruding company that is nearly 800 feet and is 3 blocks south of the closest point of any apartments. It takes delivery of tank trucks filled with plastic resins and processes/extrudes them into plastic pipe and electrical boxes. No manufacturing/ refining of chemicals are conducted on the site which is located nearly 3 times the agency's minimum distance permitted for industrial manufacturing facilities. The subject site is surrounded on all four sides by retail, restaurants, and/or residences/open area.

# Exhibit 1

## Rental Rates for Garages

### Affordable Housing

		Rent	Garages	Units	
Central Place (LIHTC)	Hereford	\$65	10	32	Limits garage units to 30% of Apts. Full most of the time
Canterbury Crossing (LIHTC)	Ablene	50	65	304	Westlake Housing - Austin-Robt Turner. Nearly full all the time-don't have enough for all apts. 3 vacancies now
Cypress View Villas (LIHTC)	Weatherford	40	40	192	Pretty full (took over property 1 mo ago)- 3-4 vacant
Stonebriar (LIHTC)	Plainview	35	19	76	Full most of the time

### Market Rate

The Vantage at Midland	Midland	\$100
The Palms	Midland	75
Dorado Ranch	Odessa	75
Stone Creek Ranch	Wichita Falls	70
Dakota Arms	Lubbock	65
Ashton Point	Lubbock	60
Springfield Apts	Lubbock	55
The Wyndham	Lubbock	55
Fairgreen	Odessa	50

Sources: Apartment Market Data plus a few additional calls



**PROPERTY TAX  
ADVOCATES INC.**

March 2, 2009

Mr. Noorallah Jooma  
Mineral Wells Pioneer Crossing  
PO Box 113267  
Carrollton, TX 75011

Re: Tax Estimate Pioneer Crossing, Mineral Wells, TX

Dear Noorallah:

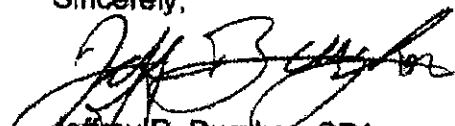
I'm writing this letter in response to your request for a property tax estimate for Pioneer Crossing Apartments, an 80-unit tax credit apartment complex to be built in Mineral Wells, TX. From our discussions, the property will be rent restricted for 40 years and the sale of the property is restricted by a Right of First Refusal. As you are aware, I've personally negotiated the values of approximately 125 tax credit properties located in approximately 45 Texas counties, including Palo Pinto County.

I've compared your proforma expenses with that of the 2006 TDHCA survey as well as with a 76-unit complex I represent in Mineral Wells. They seem to be appropriate. I will trust your estimate of income since it is somewhat mandated by the state.

Based on your income and expense estimates, the 2008 tax rate of approximately 2.23% and the two restrictions referenced above, I estimate the property tax liability to be no more than \$30,500.

If you have any questions, please call me.

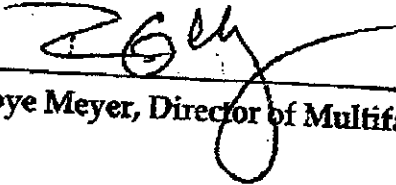
Sincerely,

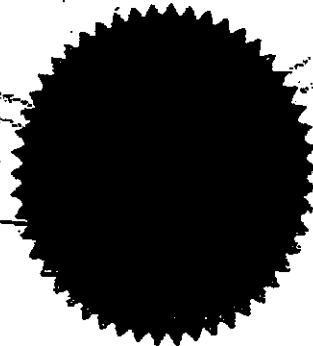
  
Jeffrey R. Burgher, CPA  
President

# *Certificate of Experience*

## Monique Allen

Has a record of successfully constructing or developing at least 100 residential units in accordance with the requirements of the 2008 Low Income Housing Tax Credit Program Qualified Allocation Plan and Rules.

  
Abby Meyer, Director of Multifamily Finance



February 22, 2008  
Date

**MINERAL WELLS PIONEER CROSSING, LP**  
**P.O. BOX 113267**  
**CARROLLTON TX 75011**

April 13, 2009

C. Kent Conine, Chairman  
C/O Michael Gerber, Executive Director  
Texas Department of Housing And Community Affairs  
221 East 11<sup>th</sup>  
Austin, Texas 78711-3941  
Via email to: Michael.Gerber@TDHCA.stste.TX.US

Re: Application No. 08154, Mineral Wells Pioneer Crossing

Dear Chairman Conine:

On March 5<sup>th</sup>, 2009, staff determined that the above styled 2009 Forward Commitment application was "Not Recommended" (EXHIBIT "A"). The rationale for this determination was that the Applicants Income to Expense ratio was 66.57%....1.57% higher than the Agency's standard (Exhibit "B").

Applicant timely filed an appeal to TDHCA's Executive Director on March 11, 2009 in which two points were used to cure the Income to Expense Ratio.

- > An *Ad Valorem* tax advocate's letter rationalized the reduction of Applicant's estimated tax estimate (Agency agreed with the advocate's assessment of Ad Valorem Taxes); and
- > Applicant's use of income from 40 garages as part of "Other Income" which the agency denied.

The result of this appeal was that the Applicant's Income to Expense ratio was reduced to 65.26%, or 0.26% over the Agency's standard. The Appeal was denied (Exhibit "C").

The following paragraphs constitute our appeal of this determination.

#### Rationale for Appeal to TDHCA's Board

The 2008 application was submitted to March 1, 2008. The rents used were 2007 HUD and HOME rents (Exhibit "D"). The 2008 HUD rent schedules would not be available until the 3<sup>rd</sup> week of March, 2007. The 2008 Low HOME and High HOME rents would not be available until 2-3 months later.

The first time that the Income to Expense Ratio became an issue was when the REA analysis was complete and the application was determined to be "Not Recommended on March 5<sup>th</sup>, 2009.

Since this determination occurred, the 2009 HUD rents have been released (Exhibit "E"). The 2009 Low HOME and High HOME rents will still not be released until sometime in May or June, 2009.

In the Applicant's revision of V1-T2-B (Rent Schedule) and V1-T2-D (Annual Operating Expenses), the Applicant has updated the following data:

#### V1-T2-B Rent Schedule

- 1) Update of Rents, as noted below (Exhibit "F")

30% and 60% Rents have been updated from 2007 to 2009 published rents.

50% Rents have been updated from 2007 to 2008 published rents.

Thus, the 50% rents are still under-reported because the 2009 Low and High HOME rents are not yet published.

Using only the 2009 adjustments to 30% and 60% rents, and the 2008 adjustments to 50% rents...

> Monthly Rental Income increases from \$37,677 to \$42,205 = \$4,528

> annual increase from \$490,896 to \$506,460 = \$15,564

#### 08154 Mineral Wells Pioneer Crossing Appeal

972-242-7602 PH  
972-245-7655 FAX  
NOORJOOMA@GMAIL.COM

**MINERAL WELLS PIONEER CROSSING, LP**  
**P.O. BOX 113267**  
**CARROLLTON TX 75011**

2) Plus: Adjustment of Provision for Vacancy and Collection Loss (Exhibit "G")

Reduce 7.5% Vacancy & Collection Loss to 5% per Market Analysts recommendation:  
Using Monthly Rental Income = \$42,205

... x 7.5% = \$3,165  
... x 5.0% = \$2,110

Difference:

- Monthly Rental Income Increase = \$1,055
- Annual Rental Income Increase = \$12,660

3) Plus: Adjustment of Other Income providing for Garage Rentals (Exhibit "H")

Two scenarios:

...Use analysts recommendation of \$10 increase of comparable's \$15/month for carports (\$25); and 50% occupancy versus comparable's carport occupancy of 85% = (20 units)

- Monthly Non-Rental Income of \$25/month x 20 units = \$500 per month
- Annual Non-Rental Income of \$25/month x 20 units = \$6,000 per year

...Use comparable's \$15 (carport) rent and 85% occupancy (34 units)

- Monthly Non-Rental Income of \$15/month x 34 units = \$510 per month
- Annual Non-Rental Income of \$15/month x 34 units = \$6,120 per year

Result: Choose the scenario generating the least amount of income.

**Summary:**

The three adjustments above, when combined, yield the following:

1) Update Rents	Increases monthly income \$1,297 – annual income \$54,336
2) Adjust Vacancy	Increases monthly income \$1,055 – annual income \$12,660
3) Permit Garage Income	Increases monthly income \$ 500 – annual income \$ 6,000
Total	Increases monthly income \$ 2,852 –annual income \$73,668

**Conclusion:**

As documented in (Exhibit "I"), these three updates to the rent schedule make a dramatic difference in the Expense/Income Ratio, well within the agency's 65% Income/Expense Ratio standard.

Reference	Annual Income	Annual Expense	Income/Expense Ratio
Exhibit F: Update TDHCA/HUD Rents from 2007 to 2008/09	\$481,796	\$281,632	58.45%
Exhibit G: Adjust Vacancy/Collection per Market Analyst	\$494,817	\$281,632	56.92%
Exhibit H: Permit Garages at 50% Occupancy & Carport Rents	\$500,813	\$281,632	56.23%

Many thanks to you and the Board for your courtesy and consideration of this matter.

Very truly yours,

NoorAllah Jooma,  
Applicant  
08154 Mineral Wells Pioneer Crossing

**08154 Mineral Wells Pioneer Crossing Appeal**

# Exhibit "A"

## CONCLUSIONS

### Recommended Financing Structure

At its November 13, 2008 meeting, the Governing Board approved an increase in tax credits for all competitive 2007 and 2008 transactions using the 9% credit rate and a 10% increase in direct and sitework construction costs. As a result, all applications on the 2008 waiting list to be considered for a forward commitment will be treated in the same manner. As discussed previously, the Applicant's total development cost estimate is within 5%, therefore, the Applicant's cost will be used for purposes of determining the development's eligible basis and funding need. Accordingly, the Applicant's development cost has been increased by 10% as approved by the IDHCA Board for purposes of determining the recommended tax credit allocation.

The Applicant's total development cost estimate (including the 10% increase) less the requested \$2.9M in HOME funds indicates no need for additional permanent funds. As a result, of the two possible tax credit amounts: the gap-driven amount (\$855,825) and the eligible basis derived amount (\$934,593), the gap-driven allocation amount of \$855,825 would be recommended.

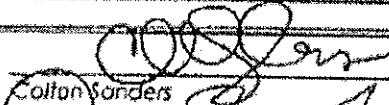
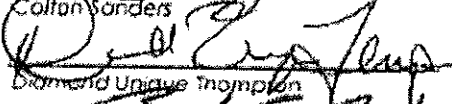
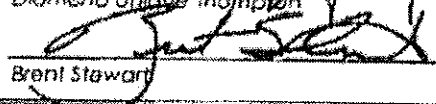
However, as discussed previously in this report, the Underwriter's proforma is used in this analysis for purposes of determining the development's debt service capacity. The Underwriter's year one expense to income ratio exceeds the Department's guideline of 65%. Therefore, pursuant to 10 IAC § 1.32(i)(5) of the 2008 Real Estate Analysis Rules the development must be characterized as infeasible and cannot be recommended for funding.

Should the Board approve this application and waive § 1.32(i)(5) of the 2008 Real Estate Analysis Rules, the Underwriter recommends a housing tax credit allocation not to exceed \$655,825 and a HOME award in the amount of \$2,972,073 structured as a repayable first lien mortgage with a 2.4% interest rate and amortization of 35 years. Based on this financing structure no additional permanent funds would be required.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the pro rata share of development cost based on the number HOME units to total units.

### Return on Equity

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of less than 1% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe, decent, and affordable housing will be met under the proposed financing structure.

Underwriter:	 Colton Sanders	Date:	March 5, 2009
Reviewing underwriter:	 Diamond Ungar Thompson	Date:	March 5, 2009
Director of Real Estate Analysis:	 Brent Stewart	Date:	March 5, 2009



# Exhibit "B"

## Conclusion:

The Applicant's Effective Gross Income and Operating Expenses are within 5% of the Underwriter's estimates however the Applicant's Net Operating Income is not within 5%. Therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The Applicant's revised financing structure results in a debt coverage ratio (DCR) that falls below the Department's minimum guideline of 1.15. As a result, the Underwriter has adjusted the interest rate in order to bring the DCR to an acceptable level.

However, the underwriting estimates indicate an expense to income ratio of 66.57%. The Department's rules require that the year one expense to income ratio be less than 65% in order to be considered feasible. Therefore, pursuant to 10 TAC § 1.32(i)(5) the development must be characterized as infeasible and cannot be recommended for funding. It should be noted that the Applicant's proforma estimates an expense to income ratio of 64.72%. This ratio would exceed the Department's 65% guideline if the secondary income attributed to garage and carport rental were excluded from the Applicant's proforma, arguably demonstrating a strong dependence on this rather provisional source of income. A high expense to income ratio suggests the feasibility of the development would be particularly vulnerable to periods of rising expenses accompanied by flat rents.

## Feasibility:

The underwriting estimates and the recommended financing structure are used to create a 30-year operating proforma, applying a 3% growth factor to income and 4% to expenses. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow.

## ACQUISITION INFORMATION

### ASSESSED VALUE

Land Only: 5.74 acres	\$317,870	Tax Year:	2007
Existing Buildings:	\$0	Valuation by:	Palo Pinto County
Total Assessed Value:	\$317,870	Tax Rate:	2.25737

## EVIDENCE OF PROPERTY CONTROL

Type:	<u>Commercial Real Estate Purchase Contract</u>	Acreage:	<u>5 +/-</u>
Contract Expiration:	<u>2/28/2009</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>\$250,000</u>	Other:	_____
Seller:	<u>Seay Family Properties, Inc</u>	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 Date of \_\_\_\_\_ Last Applicant Revision: 12/29/2008

### Acquisition Value:

The Acquisition Cost of \$275,000 is considered acceptable as this is an arm's length transaction. The acquisition cost in the Applicant's cost schedule reflects \$270,000 for the purchase of the land as well as \$5,000 for the closing costs of the purchase. The \$270K includes a broker's fee for services which will be paid by the Buyer in an amount equal to 8% of the purchase price, or \$20,000.

### Off-Site Cost:

The Applicant claimed Off-site Costs totaling \$15,000 for the installation of a fire hydrant to the property. The estimate was verified by a professional engineer.

### Sitework Cost:

The Applicant's claimed Sitework Costs of \$8,688 per unit is within current Department guidelines. Therefore further third party justification is not required.

# Exhibit "C"



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

March 16, 2009

Mr. Noorallah Jooma  
Mineral Wells Pioneer Crossing, LP  
P.O. Box 113267  
Carrollton, TX 75011  
Telephone: (214) 448-0829  
Facsimile: (972) 245-7655  
Via Email: [NoorJooma@gmail.com](mailto:NoorJooma@gmail.com)

BOARD MEMBERS  
C. Kent Conline, *Chair*  
Leslie Bingham-Escobedo  
Tomas Cardenas, P.E.  
Sonny Flores  
Juan S. Muñoz, Ph.D.  
Gloria Ray

Re: Underwriting Appeal for Mineral Wells Pioneer Crossing, HTC #08154

Dear Mr. Jooma:

### Appeal Review

I have reviewed the subject application, as well as your appeal that was received on March 11, 2009 regarding the underwriting recommendation. Pursuant to the following Department guidelines, Mineral Wells Pioneer Crossing was not recommended for a Housing Tax Credit award for the following reason:

- The Underwriter's determination of the income to expense ratio exceeds the Department's maximum guideline of 65% per §1.32(i)(5) of the 2008 Real Estate Analysis Rules and Guidelines.

The underwritten income to expense ratio which exceeds 65% is affected, among other items, by the two items stated in your appeal: (1) the use of garage rental income; and, (2) the assumption for annual property taxes.

### Garage Rental Income:

Staff excluded the garage rental income pursuant to §1.32(d)(1)(B) of the 2008 REA Rules which allows an underwriter to use discretion when calculating miscellaneous income. While it may be possible for you to achieve garage rental income at the proposed levels, the exclusion of this income for determining the long-term feasibility of the development is due to the uncertainty of garage rental income as it is highly dependant upon sub-market unit occupancy, rental rates and leasing concessions. When occupancy in a sub-market is high, garages can be generally leased at a rate the sub-market will bear. When occupancy in a sub-market is low, garages are typically used as a leasing concession or rented at a reduced rate in order to achieve higher unit occupancy. This uncertainty represents an underwriting risk and is therefore typically excluded by TDHCA for underwriting purposes on new construction transactions.





# 2009 RENTS--Exhibit "E"

## ➔ 2009 RURAL INCOME AND RENT LIMITS- effective March 19, 2009 ←

Income limits based on household size:

	1	2	3	4	5	6	7	8
30%	\$10,770	\$12,300	\$13,860	\$15,390	\$16,620	\$17,850	\$19,080	\$20,310
40%	\$14,360	\$16,400	\$18,480	\$20,520	\$22,160	\$23,800	\$25,440	\$27,080
50%	\$17,950	\$20,500	\$23,100	\$25,650	\$27,700	\$29,750	\$31,800	\$33,850
60%	\$21,540	\$24,600	\$27,720	\$30,780	\$33,240	\$35,700	\$38,160	\$40,620
80%	\$28,720	\$32,800	\$36,960	\$41,040	\$44,320	\$47,600	\$50,880	\$54,160

Rent limits based on number of bedrooms:

	Efficiency	1	2	3	4	5
30%	\$269	\$288	\$346	\$400	\$446	\$492
40%	\$359	\$384	\$462	\$533	\$595	\$656
50%	\$448	\$480	\$577	\$666	\$743	\$820
60%	\$538	\$576	\$693	\$800	\$892	\$984
65%	\$583	\$624	\$750	\$866	\$966	\$1066
80%	\$717	\$769	\$924	\$1066	\$1189	\$1312

The rural income and rent limits apply to the Housing Tax Credit, Housing Trust Fund and Preservation properties located in the cities listed below. These limits cannot be used by HOME rental developments or Housing Tax Credit properties that also received an allocation of tax exempt bonds.

City	County
Abernathy	Hale
Albany	Shackelford
Alice	Jim Wells
Alpine	Brewster
Alto	Cherokee
Alton	Hidalgo
Amherst	Lamb
Andrews	Andrews
Aransas Pass	San Patricio
Athens	Henderson
Baird	Callahan
Bay City	Matagorda
Beeville	Bee
Big Lake	Reagan
Bogata	Red River
Bowie	Montague
Brackettville	Kinney
Brady	McCulloch



# Exhibit "F"

Mineral Wells Pioneer Crossing			
Development Name: <b>Mineral Wells Pioneer Crossing</b>		City: <b>Mineral Wells</b>	
<b>Part D. Annual Operating Expenses</b>			
<b>General &amp; Administrative Expenses</b>			
Accounting	\$	7,500.00	
Advertising	\$	5,000.00	
Legal fees	\$	1,600.00	
Leased equipment	\$		
Postage & office supplies	\$	3,028.00	
Telephone	\$	3,600.00	
Other <i>Miscellaneous</i>	\$		
<b>Total General &amp; Administrative Expenses:</b>			
<b>Management Fee:</b>		Percent of Effective Gross Income: <b>4.48%</b>	<b>\$21,578.00</b>
<b>Payroll, Payroll Tax &amp; Employee Benefits</b>			
Management	\$	29,000.00	
Maintenance	\$	22,000.00	
Other <i>Payroll taxes, Workers Comp, Benefits</i>	\$	19,000.00	
<b>Total Payroll, Payroll Tax &amp; Employee Benefits:</b>			<b>\$70,000.00</b>
<b>Repairs &amp; Maintenance</b>			
Elevator	\$		
Exterminating	\$	6,000.00	
Grounds	\$	9,500.00	
Make-ready	\$	5,000.00	
Repairs	\$	5,192.00	
Pool	\$		
Other <i>Supplies</i>	\$	7,500.00	
<b>Total Repairs &amp; Maintenance:</b>			<b>\$33,192.00</b>
<b>Utilities (Enter development owner expense)</b>			
Electric	\$	15,589.00	
Natural gas	\$	15,500.00	
Trash	\$	7,530.00	
Water & sewer	\$	16,000.00	
Other <i>Describe</i>	\$		
<b>Total Utilities:</b>			<b>\$54,619.00</b>
<b>Annual Property Insurance:</b>		Rate per net rentable square foot: \$ <b>0.27</b>	<b>\$21,115.00</b>
<b>Property Taxes:</b>			
Published Capitalization Rate: <u>APPEAL</u>		Source: <u>Palo Pinto Appraisal District</u>	
Annual Property Taxes:	\$	30,500.00	
Payments in Lieu of Taxes:	\$		
Other Taxes <i>Describe</i>	\$		
<b>Total Property Taxes:</b>			<b>\$30,500.00</b>
<b>Reserve for Replacements:</b>		Annual reserves per unit: \$ <b>250</b>	<b>\$20,000.00</b>
<b>Other Expenses</b>			
Cable TV	\$	3,700.00	
Supportive service contract fees	\$	3,000.00	
Compliance fees	\$	3,200.00	
Security	\$		
Other <i>Describe</i>	\$		
<b>Total Other Expenses:</b>			<b>\$9,900.00</b>
<b>TOTAL ANNUAL EXPENSES</b>		Expense per unit: \$ <b>3520.40</b>	<b>\$281,632.00</b>
		Expense to income Ratio: <b>58.45%</b>	
<b>NET OPERATING INCOME (before debt service)</b>			<b>\$200,163.50</b>
<b>Annual Debt Service</b>			
<i>Chase Bank</i>	\$		
<i>HOME Funds UNDERWRITING</i>	\$	137,258	
<i>Describe Source</i>	\$		
<b>TOTAL ANNUAL DEBT SERVICE</b>		Debt Coverage Ratio: <b>1.45</b>	<b>\$137,258.00</b>
<b>NET CASH FLOW</b>			<b>\$62,005.50</b>





**Exhibit G**  
**2009 Rents Plus Vacancy/Collection**

<b>Mineral Wells Pioneer Crossing</b>			
Development Name: <b>Mineral Wells Pioneer Crossing</b>		City: <b>Mineral Wells</b>	
<b>Part D. Annual Operating Expenses</b>			
<b>General &amp; Administrative Expenses</b>			
Accounting	\$	7,500.00	
Advertising	\$	5,000.00	
Legal fees	\$	1,600.00	
Leased equipment	\$		
Postage & office supplies	\$	3,028.00	
Telephone	\$	3,800.00	
Other <i>Miscellaneous</i>	\$		
<b>Total General &amp; Administrative Expenses:</b>			<b>\$20,728.00</b>
<b>Management Fee:</b>	Percent of Effective Gross Income:	4.36%	<b>\$21,578.00</b>
<b>Payroll, Payroll Tax &amp; Employee Benefits</b>			
Management	\$	20,000.00	
Maintenance	\$	22,000.00	
Other <i>Payroll taxes, Workers Comp, Benefits</i>	\$	19,000.00	
<b>Total Payroll, Payroll Tax &amp; Employee Benefits:</b>			<b>\$70,000.00</b>
<b>Repairs &amp; Maintenance</b>			
Elevator	\$		
Exterminating	\$	8,000.00	
Grounds	\$	9,500.00	
Make-ready	\$	5,000.00	
Repairs	\$	5,192.00	
Pool	\$		
Other <i>Supplies</i>	\$	7,500.00	
<b>Total Repairs &amp; Maintenance:</b>			<b>\$33,192.00</b>
<b>Utilities (Enter development owner expense)</b>			
Electric	\$	15,589.00	
Natural gas	\$	15,600.00	
Trash	\$	7,530.00	
Water & sewer	\$	16,000.00	
Other <i>Describe</i>	\$		
<b>Total Utilities:</b>			<b>\$54,619.00</b>
<b>Annual Property Insurance:</b>	Rate per net rentable square foot:	\$ 0.27	<b>\$21,115.00</b>
<b>Property Taxes:</b>			
Published Capitalization Rate:	APPEAL	Source:	Palo Pinto Appraisal District
Annual Property Taxes:	\$	30,500.00	
Payments in Lieu of Taxes:	\$		
Other Taxes <i>Describe</i>	\$		
<b>Total Property Taxes:</b>			<b>\$30,500.00</b>
<b>Reserve for Replacements:</b>	Annual reserves per unit:	\$ 250	<b>\$20,000.00</b>
<b>Other Expenses</b>			
Cable TV	\$	3,700.00	
Supportive service contract fees	\$	3,000.00	
Compliance fees	\$	3,200.00	
Security	\$		
Other <i>Describe</i>	\$		
<b>Total Other Expenses:</b>			<b>\$9,900.00</b>
<b>TOTAL ANNUAL EXPENSES</b>			<b>\$281,832.00</b>
Expense per unit: \$ 3520.40			
Expense to Income Ratio: 66.92%			
<b>NET OPERATING INCOME (before debt service)</b>			<b>\$213,185.00</b>
<b>Annual Debt Service</b>			
<i>Chase Bank</i>	\$		
<i>HOME Funds UNDERWRITING</i>	\$	137,258	
<i>Describe Source</i>	\$		
<b>TOTAL ANNUAL DEBT SERVICE</b>			<b>\$137,258.00</b>
Debt Coverage Ratio: 1.55			
<b>NET CASH FLOW</b>			<b>\$75,927.00</b>

Exhibit G  
2009 Rents + Vacancy/Collection

APARTMENT

**MARKETDATA, LLC**

CONSULTANTS, ECONOMISTS, ANALYSTS

April 7, 2009

Mr. Joe Jooma  
Pioneer Crossing at Mineral Wells, LP  
PO Box 113267  
Carrollton, Texas 75011

RE: Pioneer Crossing at Mineral Wells  
Mineral Wells, Palo Pinto County, Texas

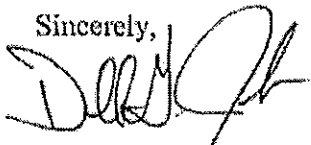
Dear Mr. Jooma:

In accordance with TDHCA guidelines, Apartment MarketData prepared a market feasibility study for the above referenced project, dated March 18, 2008. At the time, our survey of other rental communities in the Mineral Wells area are showed an overall occupancy rate of 98.8%. In total, we accounted for just 3 vacant apartments.

We have continued to survey the Mineral Wells apartment market over the past year. Our last survey again showed only 3 vacant units. Given this high overall occupancy rate, the standard "underwriting" occupancy rate of 92.5% is not representative of the conditions we found in the market. As such, we believe that the actual "stabilized" occupancy rate of your project is likely to be much higher.

Should you have any questions regarding this matter, please feel free to contact me directly.

Sincerely,



Darrell G. Jack  
President

Exhibit G, continued  
2009 Rents + Vacancy/Collection

REA's Refusal to Permit Other Income for Garages

Continuation of the Email sent to Darrell Jack April 2, 2009

"2) Additional issue: "..... 08-154 Mineral Wells Pioneer Crossing's development includes 40 garages in this 80 unit family development. The developer, based upon his observations, planned to charge \$40 rent for each garage. REA has opted to deny any income for garages or covered parking, stating that there is no evidence to support any additional income for these because there are no garages in HTC developments in Mineral Wells.

This Mineral Wells Development, 03-163 Cedar View Apartments, has 72 general population units and 28 carports that rent at \$15 each. The attached letter states that (site manager) has experienced 85% occupancy for the past year....and that current occupancy composition (current composition is typical) is about 10 units occupied by elderly, and 12 by families.

My question to you: There are no absolute comparables for garages in Mineral Wells. (HTC units in other communities that rent garages [for \$40/month] are shown as an attachment.) But there are comparables for covered parking (for \$15/month).

How many of these 40 garages could/would you project that the developer could rent at a (what??) price somewhere between \$15 and \$40 per month?

Darrell Jack's Response to this issue:

From:Darrell G Jack Date: Wed Apr 8 11:58:44 CDT 2009

"Its hard to say how much the garages are worth without a comparable (in Mineral Wells). If the other is getting \$15 for a car port, it would be reasonable to expect that someone might pay another \$10/month for a garage."





## Exhibit H, continued

### REA's Refusal to Permit Other Income for Garages

#### Continuation of the Email sent to Darrell Jack April 2, 2009

"2) Additional issue: "..... 08-154 Mineral Wells Pioneer Crossing's development includes 40 garages in this 80 unit family development. The developer, based upon his observations, planned to charge \$40 rent for each garage. REA has opted to deny any income for garages or covered parking, stating that there is no evidence to support any additional income for these because there are no garages in HTC developments in Mineral Wells.

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"Its hard to say how much the garages are worth without a comparable (in Mineral Wells). If the other is getting \$15 for a car port, it would be reasonable to expect that someone might pay another \$10/month for a garage."

# Cedar View

APARTMENTS

1701 Highway 180 West  
Mineral Wells, TX 76067

## Exhibit H, continued

Phone (940) 325-7656

Fax (940) 325-7654

March 25, 2009

Don Youngs  
[don@youngsco.com](mailto:don@youngsco.com)

Mr. Young,

In regards to my covered parking, this service is offered as an optional charge at my property. The cost for a covered/ reserved parking space is 15.00 dollars a month. All other parking is free and unreserved.

I have been employed at the property since January 2007 and have seen a steady increase in renting parking spaces. I started out with about 25% of my spaces rented; I have 28 total spaces to rent. I have increased the participation to 85% occupancy on the covered/reserved spaces and maintained that occupancy for approx 12 months.

I have approx. 10 parking accounts that are senior residents and 12 that rented by non senior residents. Generally during storm season or colder weather I will add a few spaces, less chance of storm damage or ice on the windshield when their vehicle is protected by covered parking.

I hope this information is useful and please let me know if I can answer anything further or be of additional assistance.

Thanks,

  
Paula Fabian  
Cedar View Apartments

**Exhibit I**  
**Impact of Changes Upon Expense/Income Ratio**

Date	Document	Total Monthly Rent	+ Garages	+ Vending	= Potential Gross Monthly Income	Vacancy/Collection %	- Vacancy/Collection Amount	= Effective Gross Monthly Income	X12 Effective Gross Annual Income	V1-T2-D Total Annual Expense	Exhibit I Expense to Income Ratio
3/1/2008	Exhibit D - Original Application V1-T-B	37,677	1,600	1,200	40,477	7.50%	3,036	37,441	449,295	290,800	64.72%
3/5/2009	Exhibit-A REA Analysis-Denial of Garage Income	37,677	0	1,200	38,877	7.50%					66.57%
3/31/2009	Exhibit-F 2009 Rents - No Garages - 7.5% Vacancy	42,205	0	1,200	43,405	7.50%	3,255	40,150	481,796	281,632	58.45%
3/31/2009	Exhibit-G 2009 Rents - No Garages - 5.0% Vacancy	42,205	0	1,200	43,405	5.00%	2,170	41,235	494,817	281,632	56.92%
3/31/2009	Exhibit-H 2009 Rents-50% Garages @\$15/per Mo.	42,205	526	1,200	43,931	5.00%	2,197	4,734	500,813	281,632	56.23%

- Notes:
- 1) 28/80=35% of 80 units are shown at 2008 HOME Rents and are therefore shown below actual 2009 rental income. Expense/Income Ratio will actually be less than shown.
  - 2) Market Study shows that 2 existing HTC developments in Mineral Wells are 98.5% occupied
  - 3) 03-163 Mineral Wells - 70 unit family HTC development has waiting list of 100 potential tenants - site manager states development has been 100% for over a year.



08154

Pioneer Crossing at Mineral  
Underwriting Report



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 03/05/09 PROGRAM: HOME / 9% HTC FILE NUMBER: 08154

**DEVELOPMENT**

Pioneer Crossing at Mineral Wells

Location: 2509 East Hubbard Region: 3  
 City: Mineral Wells County: Palo Pinto Zip: 76067  QCT  DDA  
 Key Attributes: Family, Rural, and New Construction

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION*		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$2,972,073	3.00%	35/35	\$0		
Housing Tax Credit (Annual)	\$805,355			\$0		

\*Originally the Applicant requested \$2.4M structured with a 3% interest rate amortized for 40 years.

**NOT RECOMMENDED DUE TO THE FOLLOWING:**

- The transaction is financially infeasible due to the ratio of annual operating expenses to effective gross income, as determined by the Underwriter, exceeding the Department's minimum of 65%, per 10 TAC §1.32(i)(5) of the 2008 Real Estate Analysis Rules.

**SHOULD THE BOARD APPROVE THIS AWARD, THE BOARD MUST WAIVE ITS RULES FOR THE ISSUES LISTED ABOVE AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:**

- A housing tax credit allocation not to exceed \$855,825 annually for ten years and a HOME loan not to exceed \$2,972,073 amortized over 35 years at 2.4% interest.
- Receipt, review, and acceptance by Carryover of documentation verifying the appropriate rezoning of the site for the intended use as planned.
- Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	28
60% of AMI	60% of AMI	48

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TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/Low HOME	4
50% of AMI	50%/Low HOME	12
50% of AMI	50%/High HOME	16

**PROS**

There is a lack of LIHTC development within the PMA.

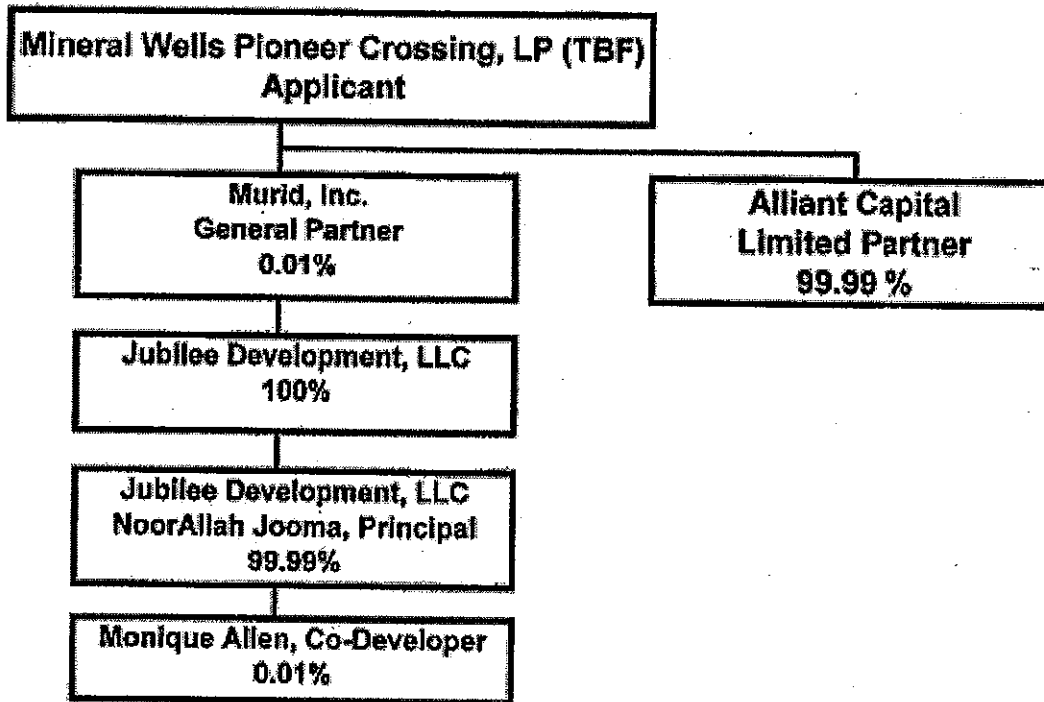
**CONS**

- The expense to income ratio as determined by the Underwriter exceeds the 65% maximum. Expense ratios at this level indicate the feasibility of the development is particularly vulnerable to periods of increasing expenses accompanied by flat rental income.
- The developer does not appear to have a considerable amount of experience in affordable housing development and may lack the capacity to support a transaction if necessary.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM  
OWNERSHIP STRUCTURE**



**CONTACT**

Contact: NoorAllah Jooma - Jubilee Development, LLC Ph: 214-448-0829 Fax: 972-245-7655  
 Email: noorjooma@gmail.com

**KEY PARTICIPANTS**

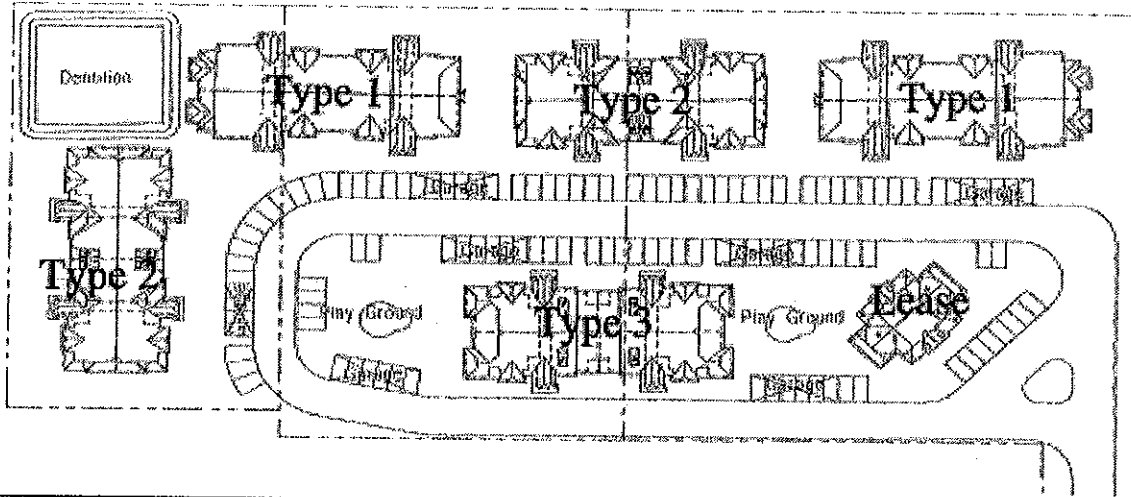
Name	Financial Notes	# Completed Developments
NoorAllah Jooma	CONFIDENTIAL	0

**IDENTITIES of INTEREST**

- The Applicant and Developer are related entities. This is a common relationship for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	1a	1b	2a	2b	3a	3b							Total Buildings
Floors/Stories	2	2	2	2	2	2							
Number	2	2	2	2	1	1							<b>10</b>

According to the application each building type will be separated into two sections along the middle of the buildings by a building separation wall. Therefore, while only five different building types are reflected above in the proposed site plan, each of the buildings are considered to have two separate sections, thereby creating a total of ten residential buildings.

BR/BA	SF	Units								Total Units	Total SF
1/1	750	4		4	4					24	18,000
2/2	1,035	4	4	4	4	4	4			40	41,400
2/2	1,035					4	4			8	8,280
3/2	1,200		4							8	9,600
Units per Building		8	8	8	8	8	8			<b>80</b>	<b>77,280</b>

**SITE ISSUES**

Total Size: 5.118 acres      Scattered site?       Yes       No

Flood Zone: Zone X      Within 100-yr floodplain?       Yes       No

Zoning: Commercial      Needs to be re-zoned?       Yes       No       N/A

Comments:

Currently, the land is zoned for Commercial use only. However, the Applicant has submitted an application to the City of Mineral Wells to change the zoning to allow for the intended use. Therefore, any funding recommendation in this report will be conditioned upon receipt, review, and acceptance of documentation verifying the appropriate re-zoning of the site for its intended use.

**TDHCA SITE INSPECTION**

Inspector: ORCA Staff Date: 4/28/2008

Overall Assessment:

- Excellent   
  Acceptable   
  Questionable   
  Poor   
  Unacceptable

Surrounding Uses:

North: Open land, neighborhood; then hills, open land    East: Storage, shops, restaurants; then shops, restaurants, business  
 South: Restaurants, auto shop, bank; then huge chemical facility    West: Restaurants, shops; then restaurants, shops, business

Comments:

Per the Site Inspector "the site looks very small for the number of proposed units, the site looks to be in an area not zoned for residential use, the site is opposite a massive chemical / industrial park". Other comments include, "inconvenient access to site due to proposed entrance located on a one-way street."

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: ETTL Engineers & Consultants, Inc. Date: 3/13/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- The Phase 1 ESA did not reveal any significant known or suspect recognized environmental conditions associated with the subject property.

**MARKET HIGHLIGHTS**

Provider: Apartment MarketData, LLC Date: 3/18/2008  
 Contact: Darrell G. Jack Phone: 210-530-0040 Fax: 210-340-5830  
 Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 470 square miles (1.5 mile radius)

"The proposed site is located in the Qualified Census Tract 48363908.00 City of Mineral Wells, Palo Pinto County, Texas." (p. 22) The Primary Market Area also includes the census tracts: 483639804.00, 483639805.00, 483639806.00, 483639807.00, 483639808.00, 483639809.00, 483671405.00, 483671406.01. The boundaries of the PMA follow those of the census tracts listed. These boundaries approximately follow such: North - Parker County Line, East - FM 51, South - Brazos River, West -Brazos River

Secondary Market Area (SMA):

The Market Analyst did not define a SMA.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS	
PMA	SMA
None present	N/A

INCOME LIMITS						
Palo Pinto						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,500	\$10,900	\$12,250	\$13,600	\$14,700	\$15,800
50	\$15,900	\$18,150	\$20,450	\$22,700	\$24,500	\$26,350
60	\$19,080	\$21,780	\$24,540	\$27,240	\$29,400	\$31,620

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30% Rent Limit	39	0		39	2	0	5.1%
1 BR/50% Rent Limit	45	0		45	8	0	17.8%
1 BR/60% Rent Limit	59	0		59	14	0	23.7%
2 BR/30% Rent Limit	24	0		24	1	0	4.2%
2 BR/50% Rent Limit	44	0		44	17	0	38.6%
2 BR/60% Rent Limit	37	0		37	30	0	81.1%
3 BR/30% Rent Limit	13	0		13	1	0	7.7%
3 BR/50% Rent Limit	36	0		36	3	0	8.3%
3 BR/60% Rent Limit	46	0		46	4	0	8.7%

OVERALL DEMAND										
		Target Households	Household Size	Income Eligible	Tenure	Demand				
PMA DEMAND from TURNOVER										
Market Analyst p. 52	100%	13,239	97%	12,792	8%	1,062	100%	1,062	55%	584
Underwriter	100%	13,239	97%	12,792	8%	1,067	100%	1,067	55%	587
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 55			97%	106	8%	9	100%	9	100%	9
Underwriter			97%	135	8%	11	100%	11	100%	11

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p.	80	0	0	80	593	13.5%
Underwriter	80	0	0	80	598	13.4%

**Primary Market Occupancy Rates:**

"The current occupancy of the market area is 98.8% as a result of high demand." (p. 11)

**Absorption Projections:**

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction. An 8% monthly lease-up rate would be as follows:" (p.100)

Month	7	8	9	10	11	12	13	14	15	16	17	18	Total: 93%
Units	6	6	6	6	6	6	6	6	6	6	6	8	74
<b>Note: During months 1-6, the project will be under construction so no units will be occupied.</b>													

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RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
1 BR 750 SF 30%	\$198	\$198	\$575	\$198	\$377	
1 BR 750 SF 50%	\$368	\$368	\$575	\$368	\$207	
1 BR 750 SF 60%	\$368	\$453	\$575	\$453	\$122	
2 BR 1,035 SF 30%	\$453	\$231	\$675	\$231	\$444	
2 BR 1,035 SF 50%	\$231	\$503	\$675	\$503	\$172	
2 BR 1,035 SF 50%	\$436	\$436	\$675	\$436	\$239	
2 BR 1,035 SF 60%	\$436	\$538	\$675	\$538	\$137	
3 BR 1,200 SF 30%	\$538	\$497	\$775	\$497	\$278	
3 BR 1,200 SF 50%	\$260	\$640	\$775	\$640	\$135	
3 BR 1,200 SF 60%	\$497	\$615	\$775	\$615	\$160	

**Market Impact:**

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Affordable family projects are 100% occupied. This demonstrates that the demand for new affordable rental housing is high." (p.100)

**Comments:**

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

**Concentration:**

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of 93 units per square mile which is less than the 1,432 units per square mile limit and a Primary Market Area concentration of 1.15 units per square mile which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department's standard criteria.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      4/30/2008

The Underwriter utilized the lesser of the Market Analyst's rent conclusion or the projected rents collected per unit calculated by subtracting tenant-paid utility allowances as of January 2008 as maintained by Palo Pinto County Housing Authority. Tenants will be required to pay electric utility costs only. The Applicant's vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, secondary income assumptions are not, as the Applicant included an additional \$20 per unit over the \$15 guideline. The Applicant indicated that this revenue would be from garage and carport income but provided limited support that these additional amounts are achievable in this market. Moreover, the market study provided no support for such additional income. Despite the differences in secondary income, the Applicant's effective gross rent is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:      2      Date of Last Applicant Revision:      12/29/2008

The Applicant's total annual operating expense projection of \$3,635 per unit is within 5% of the Underwriting Analysis estimate of \$3,591 per unit, derived from the TDHCA database, IREM, and other third-party data sources. Specific line items that vary significantly from the Underwriter's estimates include: payroll (Applicant's estimate is \$12K lower); water, sewer, & trash (Applicant's estimate is \$12K lower); and property tax (Applicant's estimate is \$16K higher).

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**Conclusion:**

The Applicant's Effective Gross Income and Operating Expenses are within 5% of the Underwriter's estimates, however the Applicant's Net Operating Income is not within 5%. Therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The Applicant's revised financing structure results in a debt coverage ratio (DCR) that falls below the Department's minimum guideline of 1.15. As a result, the Underwriter has adjusted the interest rate in order to bring the DCR to a acceptable level.

However, the underwriting estimates indicate an expense to income ratio of 66.57%. The Department's rules require that the year one expense to income ratio be less than 65% in order to be considered feasible. Therefore, pursuant to 10 TAC §1.32(i)(5) the development must be characterized as infeasible and cannot be recommended for funding. It should be noted that the Applicant's proforma estimates an expense to income ratio of 64.72%. This ratio would exceed the Department's 65% guideline if the secondary income attributed to garage and carport rental were excluded from the Applicant's proforma, arguably demonstrating a strong dependence on this rather provisional source of income. A high expense to income ratio suggests the feasibility of the development would be particularly vulnerable to periods of rising expenses accompanied by flat rents.

**Feasibility:**

The underwriting estimates and the recommended financing structure are used to create a 30-year operating proforma, applying a 3% growth factor to income and 4% to expenses. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only:	5.74 acres	\$317,870	Tax Year:	2007
Existing Buildings:		\$0	Valuation by:	Palo Pinto County
Total Assessed Value:		\$317,870	Tax Rate:	2.25737

**EVIDENCE of PROPERTY CONTROL**

Type: Commercial Real Estate Purchase Contract Acreage: 5 +/-

Contract Expiration: 2/28/2009 Valid Through Board Date?  Yes  No

Acquisition Cost: \$250,000 Other: \_\_\_\_\_

Seller: Seay Family Properties, Inc Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

COST SCHEDULE Number of Revisions: Date of 1 Last Applicant Revision: 12/29/2008

**Acquisition Value:**

The Acquisition Cost of \$275,000 is considered acceptable as this is an arm's length transaction. The acquisition cost in the Applicant's cost schedule reflects \$270,000 for the purchase of the land as wells as \$5,000 for the closing costs of the purchase. The \$270K includes a broker's fee for services which will be paid by the Buyer in an amount equal to 8% of the purchase price, or \$20,000.

**Off-Site Cost:**

The Applicant claimed Offsite Costs totaling \$15,000 for the installation of a fire hydrant to the property. The estimate was verified by a professional engineer.

**Sitework Cost:**

The Applicant's claimed Sitework Costs of \$8,688 per unit is within current Department guidelines. Therefore further third party justification is not required.



**Direct Construction Cost:**

The Applicant's Direct Construction Cost estimate is \$16K or less than 1% lower than Underwriter's Marshall and Swift Residential Cost Handbook derived estimate.

**Interim Interest Expense:**

The Underwriter reduced the Applicant's eligible interim financing fees by \$110K 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.

**Contingency & Fees:**

The Applicant's, contractor's fee; general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines. However, the Applicant's developer fee is overstated by \$14K which results in an equivalent reduction to the Applicant's eligible basis.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$7,619,670 supports annual tax credits of \$891,501. The TDHCA Board acted on November 13, 2008 to allow all transactions the benefit of the 9% applicable percentage which is accounted for in this calculation.

In addition, the Board approved an increase in the credit amount for all 2007 and 2008 competitive HTC transactions, including those on the 2008 Waiting List, which provides an additional 10% of direct construction and site work cost as contingency. In this case, the increase results in an additional eligible basis amount of \$478,800 and \$43,092 in additional credits. The total eligible credit of \$934,593 will be compared to the amount determined by the gap in financing to determine any recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: Date of 2 Last Applicant Revision: 2/10/2009

Source: Chase Bank Type: Interim Financing

Principal: \$3,000,000 Interest Rate: 3.85%  Fixed Term: 30 months

Comments:

Term: 30 months from closing. Rate Index: 1 month LIBOR + 350 floating. Interest only during construction; principal & interest due at maturity.

Source: Alliant Capital Type: Syndication

Proceeds: \$6,836,546 Syndication Rate: 68% Anticipated HTC: \$ 1,005,475

Comments:

The latest equity commitment provided, dated 1/2/2009, quotes a price of \$0.68 and appears to be consistent with recent trends in pricing. However, should the credit price decrease to less than \$0.55 the financial viability of the transaction may be jeopardized.

Amount: \$1,603 Type: Deferred Developer Fees

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## CONCLUSIONS

### Recommended Financing Structure:

At its November 13, 2008 meeting, the Governing Board approved an increase in tax credits for all competitive 2007 and 2008 transactions using the 9% credit rate and a 10% increase in direct and sitework construction costs. As a result, all applications on the 2008 waiting list to be considered for a forward commitment will be treated in the same manner. As discussed previously, the Applicant's total development cost estimate is within 5%, therefore, the Applicant's cost will be used for purposes of determining the development's eligible basis and funding need. Accordingly, the Applicant's development cost has been increased by 10% as approved by the TDHCA Board for purposes of determining the recommended tax credit allocation.

The Applicant's total development cost estimate (including the 10% increase) less the requested \$2.9M in HOME funds indicates no need for additional permanent funds. As a result, of the two possible tax credit amounts: the gap-driven amount (\$855,825) and the eligible basis derived amount (\$934,593), the gap-driven allocation amount of \$855,825 would be recommended.

However, as discussed previously in this report, the Underwriter's proforma is used in this analysis for purposes of determining the development's debt service capacity. The Underwriter's year one expense to income ratio exceeds the Department's guideline of 65%. Therefore, pursuant to 10 TAC §1.32(i)(5) of the 2008 Real Estate Analysis Rules the development must be characterized as infeasible and cannot be recommended for funding.

Should the Board approve this application and waive §1.32(i)(5) of the 2008 Real Estate Analysis Rules, the Underwriter recommends a housing tax credit allocation not to exceed \$855,825 and a HOME award in the amount of \$2,972,073 structured as a repayable first lien mortgage with a 2.4% interest rate and amortization of 35 years. Based on this financing structure no additional permanent funds would be required.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the pro rata share of development cost based on the number HOME units to total units.

### Return on Equity:

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of less than 1% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe, decent, and affordable housing will be met under the proposed financing structure.

Underwriter:	<u>Colton Sanders</u>	Date:	<u>March 5, 2009</u>
Reviewing Underwriter:	<u>Diamond Unique Thompson</u>	Date:	<u>March 5, 2009</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>	Date:	<u>March 5, 2009</u>

Pioneer Crossing at Mineral Wells, Mineral Wells, HOME / 9% HTC #08154

Type of Unit	HOME	Number	Bedrooms	No. of Baths	Size In SF	Gross Rent Lmt	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WH,W,S&T
TC 30%	LH	2	1	1	750	\$255	\$198	\$396	\$0.26	\$57.00	\$87.00
TC 50%	LH	4	1	1	750	\$425	\$368	\$1,472	\$0.49	\$57.00	\$87.00
TC 50%	HH	4	1	1	750	\$425	\$368	\$1,472	\$0.49	\$57.00	\$87.00
TC 60%		14	1	1	750	\$510	\$453	\$6,342	\$0.60	\$57.00	\$87.00
TC 30%	LH	1	2	2	1,035	\$306	\$231	\$231	\$0.22	\$75.00	\$96.00
TC 50%	LH	7	2	2	1,035	\$511	\$436	\$3,052	\$0.42	\$75.00	\$96.00
TC 50%	HH	10	2	2	1,035	\$511	\$436	\$4,360	\$0.42	\$75.00	\$96.00
TC 60%		30	2	2	1,035	\$613	\$538	\$16,140	\$0.52	\$75.00	\$96.00
TC 30%	LH	1	3	2	1,200	\$353	\$260	\$260	\$0.22	\$93.00	\$105.00
TC 50%	LH	1	3	2	1,200	\$590	\$497	\$497	\$0.41	\$93.00	\$105.00
TC 50%	HH	2	3	2	1,200	\$590	\$497	\$994	\$0.41	\$93.00	\$105.00
TC 60%		4	3	2	1,200	\$708	\$815	\$2,460	\$0.51	\$93.00	\$105.00
<b>TOTAL:</b>		<b>80</b>			<b>AVERAGE: 966</b>		<b>\$471</b>	<b>\$37,676</b>	<b>\$0.49</b>	<b>\$108.10</b>	<b>\$57.50</b>

**INCOME**

Total Net Rentable Sq Ft: **77,280**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$15.00  
 Other Support Income: Garage Rent Fee - 40 garages available

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

TDHCA	APPLICANT
\$452,112	\$452,124
14,400	14,400
	19,200
\$466,512	\$485,724
(34,988)	(36,432)
0	0
\$431,524	\$449,292

COUNTY	IREM REGION	COMPT REGION
Palo Pinto		3
	Per Unit Per Month	
	\$15.00	
	Per Unit Per Month	
	\$20.00	
	Per Unit Per Month	
	-7.50%	of Potential Gross Income

**EXPENSES**

	% OF EQ	PER UNIT	PER SQ FT
General & Administrative	4.80%	259	0.27
Management	5.00%	270	0.28
Payroll & Payroll Tax	16.22%	875	0.91
Repairs & Maintenance	7.69%	415	0.43
Utilities	5.25%	283	0.29
Water, Sewer, & Trash	7.41%	400	0.41
Property Insurance	4.89%	264	0.27
Property Tax	2.26 8.37%	451	0.47
Reserve for Replacements	4.63%	250	0.26
TDHCA Compliance Fees	0.74%	40	0.04
Other: Cable TV, Supportive Service Contract F	1.55%	84	0.09
<b>TOTAL EXPENSES</b>	<b>66.57%</b>	<b>\$3,591</b>	<b>\$3.72</b>

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EQ
\$20,728	\$17,150	\$0.22	\$214	3.82%
21,576	27,000	0.35	338	6.01%
70,000	58,250	0.75	728	12.96%
33,192	33,700	0.44	421	7.50%
22,645	28,000	0.36	350	6.23%
31,974	20,000	0.26	250	4.45%
21,115	25,000	0.32	313	5.56%
36,118	52,000	0.67	650	11.57%
20,000	20,000	0.26	250	4.45%
3,200	3,000	0.04	38	0.67%
6,700	6,700	0.09	84	1.49%
<b>\$287,248</b>	<b>\$290,800</b>	<b>\$3.76</b>	<b>\$3,635</b>	<b>64.72%</b>

**NET OPERATING INC**

33.43% \$1,803 \$1.87

\$144,275 \$158,492 \$2.05 \$1,981 35.28%

**DEBT SERVICE**

First Lien Mortgage	0.00%	\$0	\$0.00
TDHCA HOME	31.81%	\$1,716	\$1.78
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>1.83%</b>	<b>\$88</b>	<b>\$0.09</b>

\$0	\$89,465	\$1.16	\$1,118	19.91%
137,256	32,520	\$0.42	\$407	7.24%
0	0	\$0.00	\$0	0.00%
<b>\$7,019</b>	<b>\$36,507</b>	<b>\$0.47</b>	<b>\$456</b>	<b>8.13%</b>

**AGGREGATE DEBT COVERAGE RATIO**

1.05 1.30

**RECOMMENDED DEBT COVERAGE RATIO**

1.15

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		3.32%	\$3,438	\$3.56
Off-Sites		0.18%	188	0.19
Sitework		8.40%	8,688	8.99
Direct Construction		49.67%	51,367	53.18
Contingency	4.95%	2.88%	2,975	3.08
Contractor's Fees	13.83%	8.03%	8,306	8.60
Indirect Construction		6.15%	6,360	6.58
Ineligible Costs		1.91%	1,975	2.04
Developer's Fees	15.00%	12.04%	12,454	12.89
Interim Financing		5.16%	5,331	5.52
Reserves		2.25%	2,331	2.41
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$103,413</b>	<b>\$107.05</b>

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
\$275,000	\$275,000	\$3.56	\$3,438	3.13%
15,000	15,000	0.19	188	0.17%
695,000	695,000	8.99	8,688	7.91%
4,109,368	4,093,000	52.96	51,163	46.56%
238,000	238,000	3.08	2,975	2.71%
664,500	664,500	8.60	8,306	7.56%
508,800	508,800	6.58	6,360	5.79%
158,000	158,000	2.04	1,975	1.80%
996,325	1,008,500	13.05	12,606	11.47%
426,500	426,500	5.52	5,331	4.85%
186,514	230,000	2.98	2,875	2.62%
<b>\$8,273,007</b>	<b>\$8,791,100</b>	<b>\$113.76</b>	<b>\$109,889</b>	<b>100.00%</b>

**Construction Cost Recap**

68.98% \$71,336 \$73.86

\$5,706,868 \$5,690,500 \$73.63 \$71,131 64.73%

**SOURCES OF FUNDS**

First Lien Mortgage	0.00%	\$0	\$0.00
TDHCA HOME	35.92%	\$37,151	\$38.46
Alliant	82.84%	\$85,457	\$88.46
Deferred Developer Fees	0.02%	\$20	\$0.02
Additional (Excess) Funds Req'd	-18.58%	(\$19,215)	(\$19.68)
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT	RECOMMENDED	
\$0	\$0	\$0	Developer Fee Available
2,972,073	2,972,073	2,972,073	\$993,870
6,836,546	6,836,546	5,819,027	% of Dev. Fee Deferred
1,603	1,603	0	0%
(1,537,215)	(1,019,122)	0	15-Yr Cumulative Cash Flow
<b>\$8,273,007</b>	<b>\$8,791,100</b>	<b>\$8,791,100</b>	<b>\$413,883</b>

**DIRECT CONSTRUCTION COST ESTIMATE**

Marshall & Swift Residential Cost Handbook  
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.04	\$4,253,131
<b>Adjustments</b>				
Exterior Wall Finish	6.00%		\$3.30	\$255,188
Elderly			0.00	0
9-Ft. Ceilings	3.40%		1.87	144,606
Roofing			0.00	0
Subfloor			(1.24)	(95,441)
Floor Cover			2.43	187,790
Breezeways/Balconies	\$31.31	8,000	3.24	250,440
Plumbing Fixtures	\$805	118	1.23	94,990
Rough-ins	\$400	80	0.41	32,000
Built-In Appliances	\$1,850	80	1.92	148,000
Exterior Stairs	\$1,800	20	0.47	36,000
Enclosed Corridors	\$45.12	0	0.00	0
Heating/Cooling			0.00	0
Garages/Carports	\$19.99		0.00	0
Comm &/or Aux Bldgs	\$76.62	2,140	2.12	163,977
Other: fire sprinkler	\$1.95	77,280	1.95	150,696
<b>SUBTOTAL</b>			<b>72.74</b>	<b>5,621,378</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(7.27)	(562,138)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$65.47</b>	<b>\$5,059,240</b>
Plans, specs, survy, bid prmts	3.90%		(\$2.56)	(\$197,310)
Interim Construction Interest	3.38%		(2.21)	(170,749)
Contractor's OH & Profit	11.50%		(7.53)	(581,813)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$53.18</b>	<b>\$4,109,368</b>

**PAYMENT COMPUTATION**

Primary	\$0	Amort	0
Int Rate	0.00%	DCR	#DIV/0!

Secondary	\$2,972,073	Amort	420
Int Rate	3.00%	Subtotal DCR	1.05

Additional		Amort	
Int Rate		Aggregate DCR	1.05

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$0
Secondary Debt Service	125,597
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$18,679</b>

Primary	\$0	Amort	0
Int Rate	0.00%	DCR	#DIV/0!

Secondary	\$2,972,073	Amort	420
Int Rate	2.40%	Subtotal DCR	1.15

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

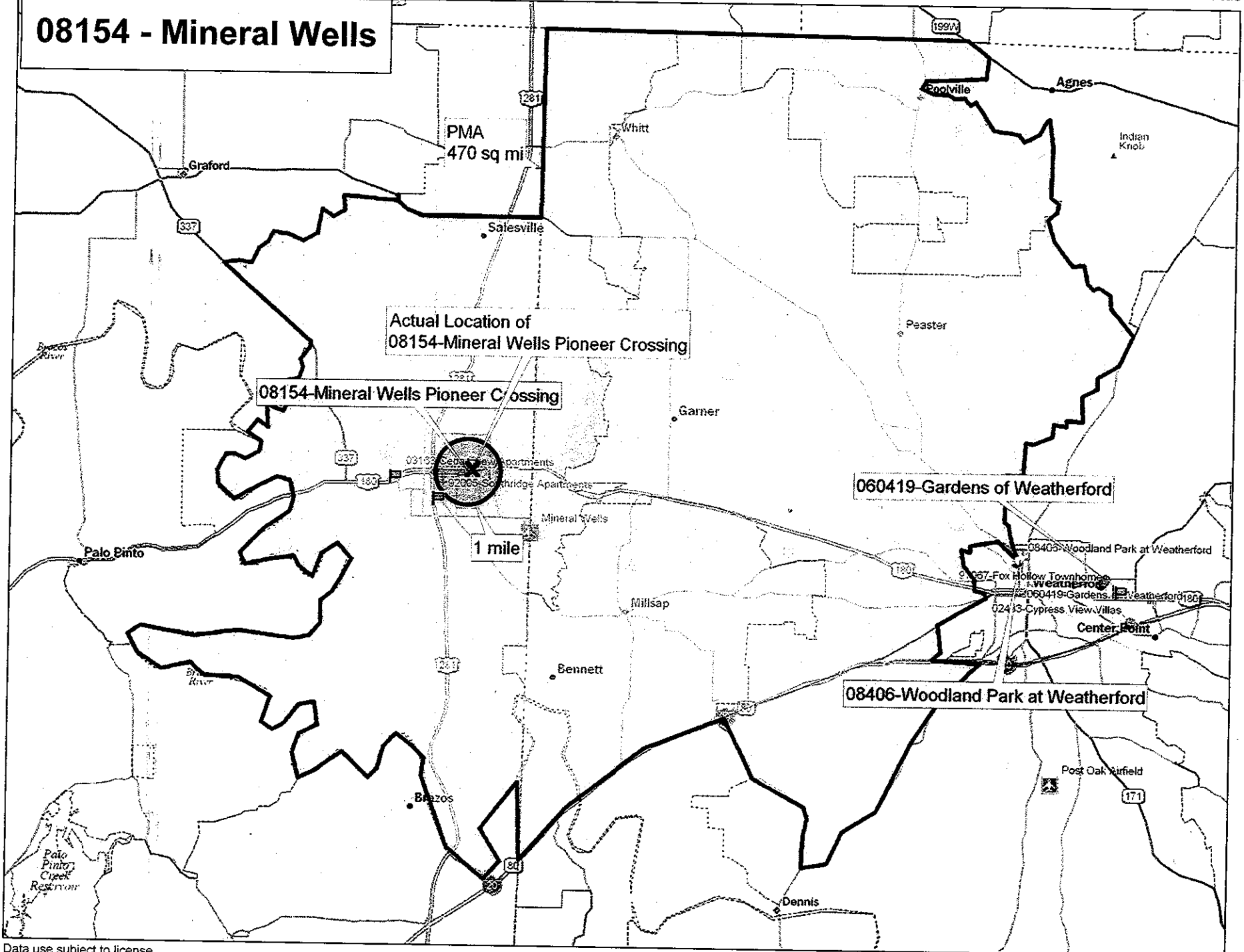
INCOME at	3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT		\$452,112	\$465,675	\$479,646	\$494,035	\$508,856	\$589,904	\$683,860	\$792,781	\$1,065,432
Secondary Income		14,400	14,832	15,277	15,735	16,207	18,789	21,781	25,250	33,935
Other Support Income: Garage Rent Fee - 40 ga		0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME		466,512	480,507	494,923	509,770	525,063	608,692	705,641	818,032	1,099,366
Vacancy & Collection Loss		(\$4,000)	(\$3,036)	(\$7,119)	(\$8,233)	(\$9,393)	(\$5,662)	(\$2,923)	(\$1,352)	(\$2,452)
Employee or Other Non-Rental Units or Concess		0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME		\$431,524	\$444,469	\$457,803	\$471,537	\$485,684	\$563,040	\$652,718	\$756,679	\$1,016,914
<b>EXPENSES at 4.00%</b>										
General & Administrative		\$20,728	\$21,557	\$22,419	\$23,316	\$24,249	\$29,502	\$35,894	\$43,670	\$64,643
Management		21,576	22,223	22,890	23,577	24,284	28,152	32,836	37,834	50,846
Payroll & Payroll Tax		70,000	72,800	75,712	78,740	81,890	99,632	121,217	147,479	218,306
Repairs & Maintenance		33,192	34,520	35,900	37,336	38,830	47,243	57,478	69,930	103,514
Utilities		22,645	23,551	24,493	25,472	26,491	32,231	39,213	47,709	70,621
Water, Sewer & Trash		31,974	33,253	34,584	35,967	37,406	45,510	55,369	67,365	99,717
Insurance		21,115	21,960	22,838	23,752	24,702	30,054	36,565	44,487	65,851
Property Tax		36,118	37,563	39,065	40,628	42,253	51,407	62,545	76,095	112,839
Reserve for Replacements		20,000	20,800	21,632	22,497	23,397	28,466	34,634	42,137	62,373
Other		9,900	10,296	10,708	11,136	11,582	14,091	17,144	20,858	30,875
TOTAL EXPENSES		\$287,248	\$298,522	\$310,241	\$322,422	\$335,083	\$406,286	\$492,694	\$597,565	\$879,385
NET OPERATING INCOME		\$144,275	\$145,947	\$147,562	\$149,116	\$150,601	\$156,754	\$160,024	\$159,114	\$137,529
<b>DEBT SERVICE</b>										
First Lien Financing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Lien		125,597	125,597	125,597	125,597	125,597	125,597	125,597	125,597	125,597
Other Financing		0	0	0	0	0	0	0	0	0
NET CASH FLOW		\$18,679	\$20,350	\$21,966	\$23,519	\$25,004	\$31,157	\$34,427	\$33,517	\$11,932
DEBT COVERAGE RATIO		1.15	1.16	1.17	1.18	1.20	1.25	1.27	1.27	1.10

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS	10% Increase
<b>Acquisition Cost</b>					
Purchase of land	\$275,000	\$275,000			
Purchase of buildings					
<b>Off-Site Improvements</b>					
Sitework	\$15,000	\$15,000			
Construction Hard Costs	\$695,000	\$695,000	\$695,000	\$695,000	\$69,500
Contractor Fees	\$4,093,000	\$4,109,368	\$4,093,000	\$4,109,368	\$409,300
Contingencies	\$664,500	\$664,500	\$664,500	\$664,500	
Eligible Indirect Fees	\$238,000	\$238,000	\$238,000	\$238,000	
Eligible Financing Fees	\$508,800	\$508,800	\$508,800	\$508,800	
Eligible Financing Fees	\$426,500	\$426,500	\$426,500	\$426,500	
All Ineligible Costs	\$158,000	\$158,000			
<b>Developer Fees</b>					
Developer Fees	\$1,008,500	\$996,325	\$993,870	\$996,325	
Development Reserves	\$230,000	\$186,514			
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$8,312,300</b>	<b>\$8,273,007</b>	<b>\$7,619,670</b>	<b>\$7,638,493</b>	<b>\$478,800</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>\$7,619,670</b>	<b>\$7,638,493</b>	<b>\$478,800</b>
High Cost Area Adjustment			130%	130%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$9,905,571</b>	<b>\$9,930,041</b>	<b>\$478,800</b>
Applicable Fraction			100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$9,905,571</b>	<b>\$9,930,041</b>	<b>\$478,800</b>
Applicable Percentage			9.00%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$891,501</b>	<b>\$893,704</b>	<b>\$43,092</b>

Syndication Proceeds	0.6799	\$6,061,603	\$6,076,577	\$292,996
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$891,501</b>	<b>\$893,704</b>	<b>\$934,593</b>
Syndication Proceeds		\$6,061,603	\$6,076,577	\$6,354,599
Requested Tax Credits		\$805,355		
Syndication Proceeds		\$5,475,866		
<b>Gap of Syndication Proceeds Needed</b>		<b>\$5,819,027</b>	<b>\$5,300,934</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$855,825</b>	<b>\$779,627</b>	

# 08154 - Mineral Wells



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08183 Desert Villas  
Board Appeal

**REAL ESTATE ANALYSIS**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Item**

Presentation, discussion and possible action on a timely filed appeal regarding the underwriting recommendation of a development under the 2008 Competitive Housing Tax Credit program, #08183 Desert Villas, El Paso, Texas.

**Required Action**

Approve, deny or approve with amendments a determination on the appeal.

**Background**

Mr. Ike Monty, the contact for the General Partner of Desert Villas submitted an application for funding under the 2008 Competitive Housing Tax Credit program to construct 94 new units of affordable housing targeting 30%, 50% and 60% households in El Paso, Texas. The application was approved to be added to the 2008 waiting list for a forward commitment, subject to underwriting. The Applicant requested \$954,776 in annual tax credits to support a total development budget of \$9,743,179.

The application is not recommended for funding due to the fact that the estimated deferred developer fee is not repayable from development cash flow within the first 15 years of stabilized operation, per 10 TAC §1.32(i)(3).

The Applicant did not contest that the development did not satisfy the Department's feasibility requirements with respect to the ability to repay the resulting deferred developer fee within 15 years of stabilized operation based on the information provided in the original application and additional documentation filed with the original application. Rather, the Applicant requested that staff consider additional information that was not previously made available to the Underwriter during the underwriting process. Specifically, the Applicant requested that staff look to a reduction in the management fee and a revised projected gross annual rental income reflecting the recently published 2009 rent limits. Further, the Applicant requested that staff consider that the development could now be deemed financially feasible based on potential equity that could be derived from funds to be made available through the newly enacted American Recovery and Reinvestment Act of 2009 (ARRA).

With regard to the Applicant's first request to consider a lower management fee, the Underwriter utilized the management fee documented via a management agreement contract dated January 1, 2009. However, as the Applicant has also acknowledged, this change alone would not resolve the cash flow issue and allow the deferred developer fee to be repaid within 15 years.



The Applicant's second request is for staff to re-evaluate the application considering a revised projected gross annual rental income based on the new 2009 rent limits. This is inconsistent with the Board's policy passed at its November 13, 2008 meeting to award forward commitments to all remaining applications on the 2008 waiting list, subject to underwriting. All applications to be considered under this policy were to be underwritten based on the information provided in the original application and additional documentation filed with the original application. This policy directive has been consistently applied across all 2008 transactions that received a forward commitment award. Moreover using only 2009 rents and not adjusting for 2009 utility allowances or increases in expenses for 2009 would provide a less realistic evaluation of financial feasibility.

Pursuant to §50.17(b)(3) and §50.17(b)(5) of the 2008 QAP regarding conditions of appeal, staff is not allowed to consider the new information presented in the Applicant's appeal.

Finally, the Applicant's request to consider ARRA funds as a potential source of assistance for this development cannot be considered by staff as the Department's Board has not approved a program or policy for the issuance of these funds.

#### **Recommendation**

Staff recommends the Board deny the appeal.

**08183 Desert Villas  
Executive Director Response**



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

*www.tdhca.state.tx.us*

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
C. Kent Conine, *Chair*  
Gloria Ray, *Vice Chair*  
Leslie Bingham Escareño  
Tomas Cardenas, P.E.  
Thomas H. Gann  
Juan S. Muñoz, Ph.D.

April 9, 2009

Cynthia L. Bast  
Locke Lord Bissell & Liddell, LLP  
100 Congress Avenue, Suite 300  
Austin, Texas 78701-2748  
Telephone: (512) 305-4707  
Telecopier: (512) 391-4707

Re: Executive Director Appeal for Desert Villas, TDHCA # 08183

Dear Ms. Bast:

**Appeal Review**

I have reviewed the subject application, as well as your appeal that was received on April 1, 2009 regarding the underwriting recommendation. Pursuant to the Department's rules, Desert Villas was not recommended for a Housing Tax Credit award for the following reason:

- The estimated deferred developer fee is not repayable from development cash flow within the first 15 years of stabilized operation, per 10 TAC§1.32(i)(2).

You have not contested that the development did not satisfy the Department's feasibility requirements based on the ability to repay the resulting deferred developer fee within 15 years of stabilized operation. Rather, you are asking staff to consider the following additional information:

- A reduction in the management fee, which you have indicated, by itself will not resolve the cash flow issue and allow deferred developer fee to be repaid within 15 years;
- Revised projected gross annual rental income to reflect the new 2009 rent limits; and/or
- That the development could now be deemed financially feasible based on potential equity that could be derived from funds to be made available through the newly enacted American Recovery and Reinvestment Act of 2009 (ARRA).

With regard to your first request item concerning the management fee, Staff requested additional information on January 6, 2009 for documentation to support the management fee as proposed in the application. On January 9, 2009, you provided a management agreement contract dated January 1, 2009 between Desert Villas, Ltd and

IBI Property Management, LLC, indicating a management fee of 4%. As a result, the Underwriter anticipated the management fee of 4% as indicated in the management agreement contract provided at that time.

Additionally, documentation to support a management fee of 3.75% as indicated in the appeal request was not made available to the underwriter previously and therefore could not have been considered during the underwriting process. It should be noted however, by decreasing the management fee as requested, to 3.75% of gross rents, the total expenses decrease to \$3,319 per unit per year from the previous \$3,325 per unit per year. This amount is nominal when compared to the \$110K gap in funds required to sufficiently repay the \$833K in estimated deferred developer fee, producing additional cash flow of only approximately \$11K.

The second request item in your letter asks that staff re-evaluate the projected gross annual rental income utilizing the 2009 rent limits. However, your request to reflect the 2009 rent limits is inconsistent with the Board's policy passed at its November 13, 2008 meeting, to award forward commitments to all remaining applications on the 2008 waiting list, subject to the Department's underwriting. All competitive 2008 transactions to be considered in this policy were underwritten based on the 9% credit rate and a 10% increase in direct and sitework construction costs. All other information in the analyses was based on the information presented in the original application.

This policy directive is reflected in the November 13, 2008 Board-approved policy and has been consistently applied across all 2008 transactions that received a forward commitment award of additional 9% housing tax credits.

Moreover, pursuant to ~~§~~<sup>50</sup> 17(b)(3) & ~~§~~<sup>50</sup> 17(b)(5) of the 200~~8~~<sup>8</sup> QAP, Staff is unable to consider the new information presented in your first two requests.

Finally, as the Department's Board has not approved a program or policy for the issuance of ARRA funds, this potential assistance cannot be considered as an alternative to fill the gap of financing identified by the Underwriter and determine financial feasibility at this time.

I have determined that the Department's rules and guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

#### Appeal Determination

The appeal is denied.

Pursuant to Title 10 Texas Administrative Code Section 1.7 you have requested that your appeal, if denied by me, be filed with the Board and heard at its next regularly scheduled meeting. This appeal will be considered by the Board at the April 23, 2009 Board meeting.

If you have questions or comments, please call me or Brent Stewart, Director of our Real Estate Analysis Division at (512) 475-2973.

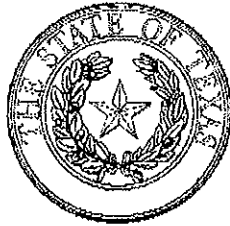
Sincerely,



Michael Gerber  
Executive Director

MGG:rbs

**08183 Desert Villas  
Appeal**



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS

Housing Tax Credit Program - 2008 Application Cycle  
Underwriting Report Notice

Appeal Election Form: 08183 Desert Villas (FC)

Date Notice Sent: 3/25/09

I am in receipt of my 2008 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 50.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site. I understand that my appeal must identify my specific grounds for appeal.

If my appeal is denied by the Executive Director, I

Do wish to have my appeal to the Board of Directors and request that my appeal be added to the next available Board of Directors' meeting agenda. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., seven days prior to the next Board meeting or three days prior if the Executive Director has not responded to my appeal in order to be included in the Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

Wish to wait to hear the Executive Director's response before deciding on my appeal to the Board of Directors.

Do not wish to appeal to the Board of Directors or Executive Director.

Signed

  
\_\_\_\_\_

Title

President, Investment Builders, Inc., General Partner  
of Desert Villas, Ltd.

Date

03/26/2009

Please fax or e-mail to the attention of:  
Pam Cloyde: (fax) 512.475.4420  
(e-mail) pamela.cloyde@tdhca.state.tx.us



Locke Lord Bissell & Liddell

Attorneys & Counselors

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Direct Telephone: 512-305-4707  
Direct Fax: 512-391-4707  
cbast@lockelord.com

April 1, 2009

**VIA E-MAIL**

Mr. Michael Gerber  
Executive Director  
Texas Department of Housing and Community Affairs  
221 West 11<sup>th</sup> Street  
Austin, Texas 78701

Re: Underwriting Appeal for Desert Villas (El Paso)  
TDHCA No: 08183

Dear Mike:

We represent the tax credit applicant for the above-referenced Development. Our client appeals the determination in the Real Estate Analysis Division's underwriting report that the Development not be recommended for an award of tax credits due to financial infeasibility. The infeasibility identified in the underwriting report is the Development's inability to repay the deferred developer fee within 15 years from stabilized operations. Specifically, the underwriting report states as follows:

**NOT RECOMMENDED DUE TO THE FOLLOWING:**

The transaction is financially infeasible due to the development's inability to repay the resulting deferred developer fee within 15 years of stabilized operation per 10 TAC § 1.32(i)(2).

**Background**

The proposed Development consists of construction of a new 94-unit multifamily project in El Paso. El Paso's population has been increasing over the past several years, and this is expected to continue at an even greater rate, particularly due to the influx of personnel at Fort Bliss. The construction of the Development would provide a timely and necessary addition to El Paso's affordable housing stock to help fulfill the increased housing needs in the area.

**Analysis**

Section 1.32(i)(2) of the Real Estate Analysis Rules indicates that a Development will be considered financially infeasible under the following condition:

Atlanta, Austin, Boston, Chicago, Dallas, Houston, London, Los Angeles, New Orleans, New York, Sacramento, San Francisco, Washington DC

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Developments requesting an allocation of tax credits cannot repay the estimated deferred developer fee, based on the Underwriter's recommended financing structure, from cash flow within the first fifteen (15) years of the long term proforma as described in subsection (d)(5) of this section.

The Real Estate Analysis Division's underwriting report initially showed \$726,454 in deferred developer fee, but only \$722,405 in 15-year cumulative cash flow from which to repay the deferred fee. The initial underwriting did not include the 10% cost increase approved at the Department's November 13, 2008 Board Meeting. Consequently, the underwriting report further indicates that the inclusion of this 10% increase would result in \$832,650 in deferred developer fee that would have to be repaid from the projected \$722,405 in cash flow.

Based on the Department's conclusion and the Development Owner's discussion with underwriting staff, the Development Owner has reviewed its projected cash flow numbers and has identified an expense reduction in the management fee, as detailed below. The projected income for the Development has also increased as a result of HUD's publication of the 2009 rent limits, which is also discussed below.

(a) **Management Fee reduced from 4.0% to 3.75%** - The original pro forma calculated the property manager's fee at 4.0% of gross rents. However, the Development Owner has been able to lower this fee to 3.75% of gross rents, which is still a reasonable and acceptable rate in the El Paso market. The Development Owner is able to achieve this reduction in fee due to the fact that the property manager, IBI Property Management, LLC, is an affiliate of the Development Owner. The reduction in the management fee will leave more cash flow available to pay the deferred developer fee by year fifteen.

(b) **Increased Rents** - In addition to the expense reduction discussed above, the Development Owner has also revised the projected gross annual rent income shown in its original pro forma to reflect the 2009 rent limits published by HUD. The new rent limits provide for a substantial increase from 2008, which will positively impact the available cash flow for the Development.

With the referenced modifications to the pro forma, the 15-year cumulative cash flow is projected to be \$1,229,462, which is more than sufficient to cover the deferred developer fee. The following documentation is attached in connection with the foregoing:

**Exhibit A** - Revised pro forma reflecting the reduction in management fee and the rent increase.

**Exhibit B** - Revised rent schedule for the tax credit application (Volume 1, Tab 2, Part B) based on the 2009 rent limits.

### **Conclusion and Request**

Based on the information submitted above, the applicant requests that the infeasibility determination in the underwriting report be revised to account for the updated pro forma attached hereto, so that the Development may continue to move forward in the tax credit award process.



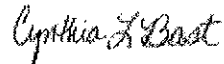
Mr. Gerber  
April 1, 2009.  
Page 3

The Development Owner feels confident that this additional documentation should alleviate any concerns with respect to feasibility. However, to the extent that concerns remain, we note that the Department's Board will soon be deciding on the implementation and administration of the various funding sources provided by the American Recovery and Reinvestment Act of 2009 ("ARRA"), which may provide additional assistance to projects such as the Development. However, the Development will not have an opportunity to take advantage of those sources if the recommendation in the underwriting report is left unchanged. Consequently, a revision to the underwriting report's recommendation is a necessary step in order to fully assess the Development's ultimate potential and viability.

Should the Executive Director deny this appeal, we request that it be considered at the April 23 Board meeting.

If you need additional information to process this request, please let me know.

Sincerely,



Cynthia L. Bast

cc: Investment Builders, Inc.  
Brent Stewart (*TDHCA- Director of REA*)  
Pamela Cloyde (*TDHCA - REA Executive Assistant*)  
(*all via e-mail*)

**EXHIBIT A**  
**Revised Pro Forma**

**Desert Villas, Ltd**  
**Cash Flow Projections Using Current Information**

	Units	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
(a)	Potential Gross Annual Rent Income	582,181	599,646	617,635	636,164	655,249	674,906	695,153	716,008	737,488	759,613	782,401	805,873	830,049	854,950	
	Secondary Income	11,280	11,618	12,326	12,696	13,077	13,469	13,873	14,289	14,718	15,160	15,615	16,083	16,565	17,062	
	Potential Gross Annual Income	593,461	611,264	629,961	648,860	668,326	688,375	709,026	730,297	752,206	774,773	798,016	821,956	846,614	872,012	
	Provision For Vacancy & Collection Loss	43,238	44,535	45,871	47,247	48,665	50,124	51,628	53,177	54,772	56,415	58,108	59,851	61,647	63,496	
	Effective Gross Annual Income	550,223	566,729	584,090	601,615	619,661	636,747	655,849	675,525	695,791	716,665	738,165	760,309	783,118	806,611	
	Expenses															
(b)	General & Administrative Expenses	26,777	27,848	28,962	30,120	31,325	32,578	33,881	35,236	36,645	38,111	39,635	41,220	42,869	44,584	46,367
	Management Fee	19,997	20,597	21,215	21,852	22,507	23,183	23,878	24,594	25,332	26,092	26,875	27,681	28,512	29,367	30,248
	Payroll, Payroll Tax & Employee Benefits	95,060	96,782	100,653	104,679	108,866	113,221	117,750	122,460	127,358	132,452	137,750	143,260	148,990	154,950	161,148
	Repairs & Maintenance	29,140	30,306	31,518	32,779	34,090	35,454	36,872	38,347	39,881	41,476	43,135	44,860	46,654	48,520	50,461
	Electric & Gas Utilities	27,260	28,350	29,484	30,663	31,890	33,166	34,493	35,873	37,308	38,800	40,352	41,966	43,645	45,391	47,207
	Water, Sewer & Trash Utilities	25,662	26,688	27,756	28,866	30,021	31,222	32,471	33,770	35,121	36,526	37,987	39,506	41,086	42,729	44,438
	Annual Property Insurance Premiums	15,980	16,619	17,284	17,975	18,694	19,442	20,220	21,029	21,870	22,745	23,655	24,601	25,585	26,608	27,672
	Property Tax	45,499	47,319	49,212	51,180	53,227	55,356	57,570	59,873	62,268	64,759	67,349	70,043	72,845	75,759	78,789
	Reserve For Replacements	23,500	24,440	25,418	26,435	27,492	28,592	29,736	30,925	32,162	33,448	34,786	36,177	37,624	39,129	40,694
	Other Expenses:	6,110	6,354	6,608	6,872	7,147	7,433	7,730	8,039	8,361	8,695	9,043	9,405	9,781	10,172	10,579
	Total Annual Expenses	312,985	325,303	338,110	351,421	365,259	379,647	394,601	410,146	426,306	443,104	460,567	478,719	497,591	517,209	537,603
	Net Operating Income	220,281	223,961	227,632	231,293	234,936	238,555	242,146	245,703	249,219	252,687	256,098	259,446	262,718	265,909	269,008
	Annual Loan Payment	163,342	163,342	163,342	163,342	163,342	163,342	163,342	163,342	163,342	163,342	163,342	163,342	163,342	163,342	163,342
	Net Cash Flow	56,939	60,619	64,290	67,951	71,594	75,213	78,804	82,361	85,877	89,345	92,756	96,104	99,376	102,567	105,666
	Debt Coverage Ratio	1.349	1.371	1.394	1.416	1.438	1.461	1.482	1.504	1.526	1.547	1.568	1.588	1.608	1.628	1.647
	Annual Expenses Per Unit	3,330	3,461	3,597	3,739	3,886	4,039	4,198	4,363	4,535	4,714	4,900	5,093	5,294	5,502	5,719
	15 Year Cumulative Cash Flow	1,229,462														

(a) Used 2009 Rent Limits Effective 03/19/2009.

(b) Lowered management fee from 4.0% to 3.75%.

**EXHIBIT B**

**Revised Tax Credit Application Rent Schedule**



**Volume 1, Tab 2. Populations Served**

**Part B. Rent Schedule (Cont.)**

HOUSING	TC30%	5
	TC40%	0
	TC50%	33
	TC60%	56
	HTC LI Total	94
TAX	TCEO	0
	MR	0
	MR Total	0
CREDITS	TC Total	94
MORTGAGE	MRB30%	0
	MRB40%	0
	MRB50%	0
	MRB60%	0
	MRB LI Total	0
REVENUE	MRBMR	0
BOND	MRBMR Total	0
	MRB Total	0

HOUSING	HTF30%	0
	HTF40%	0
	HTF50%	0
	HTF60%	0
	HTF80%	0
TRUST	HTF LI Total	0
	MR	0
	MR Total	0
FUND	HTF Total	0
HOME	HOME HH	0
	HOME LH	0
	HOME LI Total	0
	MR/EO	0
	MR	0
	MR Total	0
OTHER	HOME Total	0
	Total OT Units	0

Note: Pursuant to 49.9(h)(7)(C), any local, state or federal financing identified in this section which restricts household incomes at any AMGI lower than restrictions required pursuant to the Rules must be identified in the Rent Schedule and the local, state or federal income restrictions must include corresponding rent levels that do not exceed 30% of the income limitation in accordance with §42(g), Internal Revenue Code. The income and corresponding rent restrictions will be continuously maintained over the compliance and extended use period as specified in the LURA.

**08183 Desert Villas  
Underwriting Report**



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 03/25/09      PROGRAM: 9% HTC      FILE NUMBER: 08183

DEVELOPMENT		
Desert Villas		
Location: ~0.5 miles SW from the intersection of Alameda Ave & Coronado Rd	Region: 13	
City: El Paso	County: El Paso	Zip: 79915 <input checked="" type="checkbox"/> QCT <input type="checkbox"/> DDA
Key Attributes: Family, New Construction, Urban		

ALLOCATION						
TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$954,776			\$0		

**NOT RECOMMENDED DUE TO THE FOLLOWING:**

- The transaction is financially infeasible due to the development's inability to repay the resulting deferred developer fee within 15 years of stabilized operation per 10 TAC §1.32(i)(2).

SHOULD THE BOARD APPROVE THIS AWARD, THE BOARD MUST WAIVE ITS RULES FOR THE ISSUES LISTED ABOVE AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

- 1 A housing tax credit allocation not to exceed \$1,085,932 annually for ten years.
- 2 Receipt, review, and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs.
- 3 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

SALIENT ISSUES		
TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	5
50% of AMI	50% of AMI	33
60% of AMI	60% of AMI	56

<p style="text-align: center;"><b>PROS</b></p> <ul style="list-style-type: none"> <li>• The Developer has a strong history of development in the El Paso area.</li> </ul>	<p style="text-align: center;"><b>CONS</b></p> <ul style="list-style-type: none"> <li>• The Applicant &amp; Underwriter both reflect high expense to income ratios, only slightly less than the maximum guideline, reflecting extensive deep rent targeting, but still acceptable.</li> </ul>
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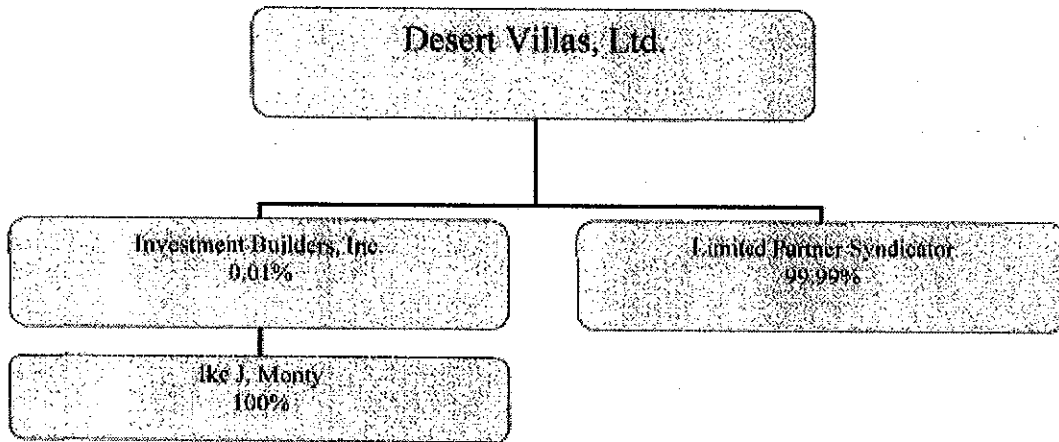
- The anticipated syndication proceeds as a percentage of total cost (83%) is higher than the typical percentage (less than 70%) for a 9% transaction due to the level of low income targeting.

**PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Ike Monty Phone: (915) 599-1245 Fax: (915) 594-0434  
 Email: ikejmonty@aol.com

**KEY PARTICIPANTS**

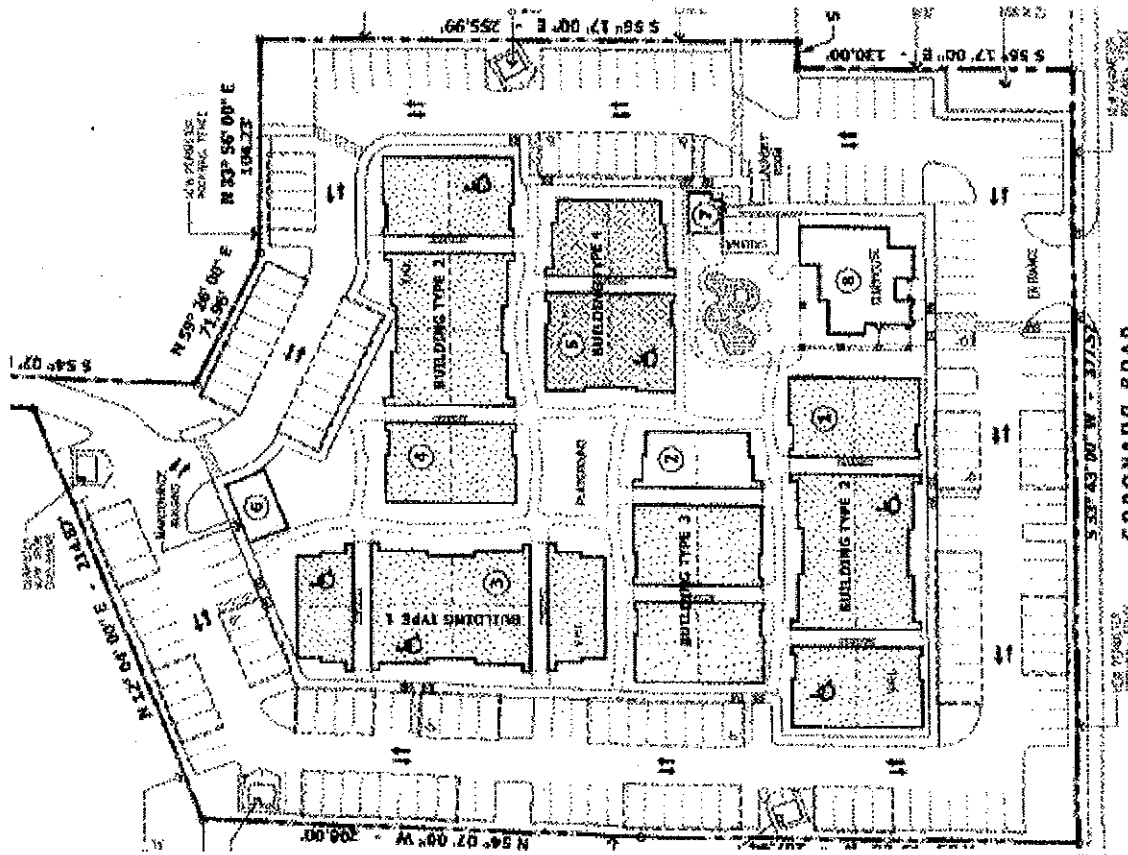
Name	Financial Notes	# Completed Developments
Investment Builders	N/A	40
Ike Monty	N/A	40

**IDENTITIES OF INTEREST**

- The Applicant, Developer, General Contractor and property manager are related entities. These are common relationships for HTC-funded developments.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	1	2	3	4						Total Buildings
Floors/Stories	3	3	3	2						
Number	1	2	1	1						5

BR/BA	SF	Units				Total Units	Total SF
1/1	667	12		2		14	9,338
2/2	963	12	12		4	40	38,520
3/2	1,125		12	12		36	40,500
4/2.5	1,390				4	4	5,560
Units per Building		24	24	14	8	94	93,918

**SITE ISSUES**

Total Size: 3.8167 acres      Scattered site?       Yes       No  
 Flood Zone: Zones B      Within 100-yr floodplain?       Yes       No  
 Zoning: A-2 Med Density Res      Needs to be re-zoned?       Yes       No       N/A

Comments:  
 Receipt, review, and acceptance of documentation by cost certification verifying no buildings and/or improvements to include drives are located in the 100-year floodplain. Should buildings or improvements be found to be in the floodplain, a flood hazard mitigation plan must be provided to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs, building flood insurance and tenant flood insurance costs is a condition of this report.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 4/16/2008

Overall Assessment:  
 Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:  
 North: Irrigation canal, rock wall fence and residential uses.  
 South: Residential uses.  
 East: Coronado Rd and residential uses  
 West: Rock wall fence and residential uses.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: EFI Global, Inc. Date: 3/14/2008  
 Updated: 12/22/2008

Recognized Environmental Concerns (RECs) and Other Concerns:  
 • "The environmental cleanup liens issued for the Subject Property by the City of El Paso are not a "recognized environmental condition." However, they are of concern to the Subject Property." (p.17)

Comments:  
 "According to FEMA Flood Insurance Rate Map Community Panel Number 480214-0044B, Effective Date: October 15, 1982, the property is located within Zone B, which is described as "Areas between limits of the 100-year flood and 500-year flood; or certain areas subject to 100-year flooding with average depths less than one (1) foot or where contributing drainage area is less than one square mile; or areas protected by levees from the base flood." (Addendum dated 12/22/2008)

With respect to the cleanup liens, the Applicant states that "the City of El Paso issued these after a clean up of the property, while an attempt to pay these have been made the City is having difficulty finding the reference number and is unsure as to where the credit needs to be applied. The current owner is working with the Title Company to find the file number and get this discrepancy resolved."

**MARKET HIGHLIGHTS**

Provider: Ipser & Associates Date: 3/17/2008  
 Contact: Ed Ipser Phone: 817-927-2838 Fax: 817-927-0032  
 Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 11.05 square feet (1.88 miles radius)  
 "The primary market area consists of 10 census tracts in the area between IH-10 and the U.S.-Mexico border, from Ascarate Park to Yarbrough Drive. The 10 census tracts contain 11.04 square miles of land area." (pg. 3-8)

Secondary Market Area (SMA):  
 The Market Analyst did not define a secondary market for the subject development.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
None				N/A			

INCOME LIMITS						
El Paso						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,150	\$10,500	\$11,800	\$13,100	\$14,150	\$15,200
50	\$15,250	\$17,450	\$19,600	\$21,800	\$23,550	\$25,300
60	\$18,300	\$20,940	\$23,520	\$26,160	\$28,260	\$30,360

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30% Rent Limit	32	0		32	3	3	9.2%
1 BR/50% Rent Limit	29	0		29	6	6	20.4%
1 BR/60% Rent Limit	35	0		35	5	5	14.2%
2 BR/30% Rent Limit	47	-1		46	2	2	4.4%
2 BR/50% Rent Limit	78	-2		76	11	11	14.6%
2 BR/60% Rent Limit	62	1		63	27	27	43.2%
3 BR/50% Rent Limit	81	1		82	14	14	17.1%
3 BR/60% Rent Limit	93	2		95	22	22	23.2%
4 BR/50% Rent Limit	1	0		1	2	2	145.3%
4 BR/60% Rent Limit	1	1		2	2	2	127.3%

OVERALL DEMAND										
		Target Households	Household Size	Income Eligible	Tenure	Demand				
PMA DEMAND from TURNOVER										
Market Analyst	Exhb N-1A	14,994	100%	14,994	41%	6,103	39%	2,362	43%	1,018
Underwriter		14,973	100%	14,973	37%	5,492	39%	2,126	43%	914
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst	Exhb N-1A			47	41%	19	39%	7	100%	7
Underwriter			100%	39	37%	14	39%	5	100%	5

INCLUSIVE CAPTURE RATE							
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst	Exhb N-1A	94	0	0	94	1,025	9.17%
Underwriter		94	0	0	94	920	10.22%

**Primary Market Occupancy Rates:**

The Market Analyst did not explicitly comment on the occupancy of the subject market area, but rather indicated occupancy rates for the 11 developments surveyed. The Market Analyst reports, "I&A apartment survey of 11 rental housing complexes in southeast El Paso included 6 conventional complexes and 5 Housing Tax Credit (HTC) complexes, two of which were rehabilitation projects and one other is under the Project Based Section 8 program. Overall, physical occupancy in these 11 complexes was 97.0% with a 97.7% economic occupancy rate. Occupancy of the 480 HTC/HOME units was 99.4%, excluding the 150 units in the one Project Based Section 8 complex which had 98.0% occupancy. Four of the five HTC projects, including the Project Based Section 8 complex reported waiting lists and the fifth did not specify a waiting lists, but reported 100% occupancy." (pg. 3-2)

**Absorption Projections:**

"Average absorption for the subject is estimated at 12 to 14 units per month. It is expected that 6 to 7 months will be required to achieve 92.5% occupancy of the 94 units. Absorption could be accelerated by the acceptance of Section 8 Vouchers. Some tenants can be expected to relocate from higher cost projects within the market area, as well as from more distant parts of El Paso or the county." (pg. 3-6)

RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 667 SF 30%	\$159	\$172	\$575	\$172	\$403
1 BR 667 SF 50%	\$322	\$335	\$575	\$335	\$240
1 BR 667 SF 60%	\$404	\$417	\$705	\$417	\$288
2 BR 963 SF 30%	\$194	\$209	\$705	\$209	\$496
2 BR 963 SF 50%	\$389	\$404	\$705	\$404	\$301
2 BR 963 SF 60%	\$487	\$502	\$705	\$502	\$203
3 BR 1,125 SF 50%	\$448	\$467	\$780	\$467	\$313
3 BR 1,125 SF 60%	\$562	\$581	\$780	\$581	\$199
4 BR 1,390 SF 50%	\$496	\$518	\$870	\$518	\$352
4 BR 1,390 SF 60%	\$623	\$645	\$870	\$645	\$225

**Market Impact:**

The Market Analyst did not explicitly comment on the impact the construction of the subject development will have on the market area. However, the Market Analyst does indicate that Existing HTC housing in the market area has been readily absorbed with a need for continued development (redevelopment and in-fill)." (pg. 3-6)

**Comments:**

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

**OPERATING PROFORMA ANALYSIS**

Income: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of September 1, 2008, maintained by the Housing Authority of the City of El Paso, from the 2008 program gross rent limits. Tenants will be required to pay electric and natural gas utilities. The Applicant has elected for an evaporative cooler for each unit. The Applicant's secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines and effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$3,325 per unit is within 5% of the Underwriter's estimate of \$3,329, derived from the TDHCA database, and third-party data sources.

**Conclusion:**

The Applicant's effective gross income, operating expenses, and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's year one proforma will be used to determine the development's debt capacity. The proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.19, which is within the Department's DCR guideline of 1.15 to 1.35.

Feasibility:

Both the Applicant's and the Underwriter's expense to income ratio are high reflecting the significant deep rent targeting proposed in the application. The Applicant's estimate at 61.73%, is only slightly below the 65% Department guideline. Because the Applicant's NOI is generally accepted, the Applicant's expense to income ratio is also used and is acceptable. The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with 2008 TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 3.90 acres	<u>\$117,521</u>	Tax Year:	<u>2008</u>
Existing Improvements:	<u>\$12,455</u>	Valuation by:	<u>El Paso CAD</u>
Total Assessed Value:	<u>\$129,976</u>	Tax Rate:	<u>2.593782</u>

**EVIDENCE of PROPERTY CONTROL**

Type: Unimproved Commercial Property Contract      Acreage: 3.8167

Contract Expiration: 6/30/2009      Valid Through Board Date?     Yes     No

Acquisition Cost: \$665,016      Other: \_\_\_\_\_

Seller: Enrique Escobar      Related to Development Team?     Yes     No

**CONSTRUCTION COST ESTIMATE EVALUATION**

COST SCHEDULE    Number of Revisions: None      Date of Last Applicant Revision: N/A

Acquisition Value:

The site cost of \$208,685 per acre or \$7,075 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 \$8,980 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$251K or 5% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$8,827,445 supports annual tax credits of \$1,032,811. The TDHCA Board acted on November 13, 2008 to allow all transactions the benefit of the 9% applicable percentage which is accounted for in this calculation.

In addition, the Board approved increase in the credit amount for all 2008 transactions by an additional 10% of direct construction and site work cost as contingency. In this case, the increase results in an additional eligible basis amount of \$590,240 and \$53,122 in additional credit. The total eligible credit of \$1,085,933 will be compared to the amount determined by the gap in financing to determine any recommended allocation.

### FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 12/16/2008

Source: Alliant Capital Type: Interim to Permanent Financing

Interim: \$5,500,000 Interest Rate: 7.75%  Fixed Amort: 24 months

Permanent: \$1,900,000 Interest Rate: 7.75%  Fixed Amort: 360 months

Source: Alliant Capital Type: Syndication

Proceeds: \$8,062,739 Syndication Rate: 70% Anticipated HTC: \$ 1,151,935

Comments:

Due to the recent volatility in credit pricing, it should be noted, any decrease in rate could increase the amount of deferred developer fee and may further jeopardize the financial feasibility of the deal.

Amount: \$726,454 Type: Deferred Developer Fees

Market Uncertainty:

The financial market for tax credit developments from both a loan and equity perspective are in their greatest period of uncertainty since the early 1990's and fluctuations in pricing and private funding are expected to continue to occur. The Underwriter has evaluated the pricing flexibility independently for credits and interest rates under which this development could continue to be considered financially feasible. Because of the significant number of potential scenarios, the Underwriter has not modeled the potential impact of movement on both interest rates and equity pricing occurring at the same time.

### CONCLUSIONS

Recommended Financing Structure:

At its November 13, 2008 meeting, the Governing Board approved an across the board increase for all competitive 2007 and 2008 transactions using the 9% credit rate and a 10% increase in direct and sitework construction costs. As a result, all applications on the 2008 waiting list to be considered for a forward commitment will be treated in the same manner. Therefore, the Applicant's total development cost estimate has been increased by 10%.

The Applicant's total development cost estimate (including the 10% increase) less the permanent loan of \$1,900,000 indicates the need for \$8,433,419 in gap funds. Based on the currently submitted syndication terms, a tax credit allocation of \$1,204,895 annually would be required to fill this gap in financing. Of the two possible tax credit allocations, the gap-driven amount (\$1,204,895) and eligible basis-derived estimate, including 10% increase in basis (\$1,085,933), the eligible basis-derived amount of \$1,085,933 would be recommended resulting in proceeds of \$7,600,769 based on a syndication rate of 70%.

The Underwriter's recommended financing structure indicates the need for \$832,650 in additional permanent funds. Deferred developer fees in this amount do not appear to be repayable from development cashflow within 15 years of stabilized operation. Therefore, the development must be characterized as infeasible according to § 1.32(i)(2) of Department Rules and cannot be recommended for funding.





**MULTIFAMILY COMPARATIVE ANALYSIS**

**Desert Villas, El Paso, 9% HTC #08183**

Type of Unit	Number	Bedrooms	No. of Baths	Size In SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WST
TC 30%	3	1	1	667	\$245	\$172	\$516	\$0.26	\$73.00	\$34.00
TC 50%	6	1	1	667	\$408	\$335	\$2,010	\$0.50	\$73.00	\$34.00
TC 60%	5	1	1	667	\$490	\$417	\$2,085	\$0.63	\$73.00	\$34.00
TC 30%	2	2	2	963	\$295	\$209	\$418	\$0.22	\$86.00	\$34.00
TC 50%	11	2	2	963	\$490	\$404	\$4,444	\$0.42	\$86.00	\$34.00
TC 60%	27	2	2	963	\$588	\$502	\$13,554	\$0.52	\$86.00	\$34.00
TC 50%	14	3	2	1,125	\$566	\$467	\$6,538	\$0.42	\$99.00	\$34.00
TC 60%	22	3	2	1,125	\$680	\$581	\$12,782	\$0.52	\$99.00	\$34.00
TC 50%	2	4	2.5	1,390	\$632	\$518	\$1,036	\$0.37	\$114.00	\$36.00
TC 60%	2	4	2.5	1,390	\$759	\$645	\$1,290	\$0.46	\$114.00	\$36.00
<b>TOTAL:</b>	<b>94</b>		<b>AVERAGE:</b>	<b>999</b>		<b>\$475</b>	<b>\$44,673</b>	<b>\$0.46</b>	<b>\$90.23</b>	<b>\$34.09</b>

**INCOME**

Total Net Rentable Sq Ft: **93,918**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: **\$10.00**  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: **-7.50%**  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	6.13%	\$330	0.33
Management	4.00%	215	0.22
Payroll & Payroll Tax	17.30%	932	0.93
Repairs & Maintenance	6.01%	324	0.32
Utilities	5.03%	271	0.27
Water, Sewer, & Trash	5.59%	301	0.30
Property Insurance	3.71%	200	0.20
Property Tax 2.593782	8.19%	441	0.44
Reserve for Replacements	4.64%	250	0.25
TDHCA Compliance Fees	0.74%	40	0.04
Other: Sup servs	0.46%	25	0.03
<b>TOTAL EXPENSES</b>	<b>61.80%</b>	<b>\$3,329</b>	<b>\$3.33</b>

**NET OPERATING INC**

**38.20%** **\$2,057** **\$2.06**

**DEBT SERVICE**

Alliant Capital	32.26%	\$1,738	\$1.74
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>5.94%</b>	<b>\$320</b>	<b>\$0.32</b>

**AGGREGATE DEBT COVERAGE RATIO**

**RECOMMENDED DEBT COVERAGE RATIO**

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		7.24%	\$7,252	\$7.26	\$681,646	\$681,646	\$7.26	\$7,252	6.80%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.97%	8,980	8.99	844,100	844,100	8.99	8,980	8.17%
Direct Construction		51.06%	51,141	51.19	4,807,219	5,058,300	53.86	53,812	48.95%
Contingency	3.63%	2.18%	2,184	2.19	205,264	205,264	2.19	2,184	1.99%
Contractor's Fees	14.00%	8.40%	8,417	8.42	791,185	826,336	8.80	8,791	8.00%
Indirect Construction		3.83%	3,838	3.84	360,800	360,800	3.84	3,838	3.49%
Ineligible Costs		1.69%	1,690	1.69	158,888	158,888	1.69	1,690	1.54%
Developer's Fees	15.00%	11.77%	11,793	11.80	1,108,510	1,151,145	12.26	12,246	11.14%
Interim Financing		4.05%	4,059	4.06	381,500	381,500	4.06	4,059	3.69%
Reserves		0.80%	800	0.80	75,200	75,200	0.80	800	0.73%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$100,152</b>	<b>\$100.24</b>	<b>\$9,414,312</b>	<b>\$10,333,419</b>	<b>\$110.03</b>	<b>\$109,930</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>70.61%</b>	<b>\$70,721</b>	<b>\$70.78</b>	<b>\$6,647,768</b>	<b>\$6,934,000</b>	<b>\$73.83</b>	<b>\$73,766</b>	<b>67.10%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
Alliant Capital	20.18%	\$20,213	\$20.23	\$1,900,000	\$1,900,000		Developer Fee Available
Alliant Capital	85.64%	\$85,774	\$85.86	8,062,739	8,062,739		% of Dev. Fee Deferred
Deferred Developer Fees	7.72%	\$7,728	\$7.73	726,454	726,454		72%
Additional (Excess) Funds Req'd	-13.54%						15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$9,414,312</b>	<b>\$10,333,419</b>		<b>\$722,406</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (CONTINUED)**

Desert Villas, El Paso, 9% HTC #08183

**DIRECT CONSTRUCTION COST ESTIMATE**

Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$55.30	\$5,194,035
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly			0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor				
Floor Cover			2.38	223,525
Breezeway	\$24.28	12,757	3.30	309,767
Plumbing Fixtures	\$835	248	2.20	207,080
Rough-Ins	\$410	94	0.41	38,540
Built-In Appliances	\$1,800	94	1.80	169,200
Exterior Stairs	\$1,875	30	0.60	56,250
Enclosed Corridors	\$45.38		0.00	0
Heating/Cooling			0.00	0
Carports	\$9.90	18,800	1.98	186,120
Comm &/or Aux Bldgs	\$77.69	2,122	1.76	164,853
Other: fire sprinkler	\$2.15	84,506	1.93	181,688
<b>SUBTOTAL</b>			<b>70.81</b>	<b>6,649,886</b>
Current Cost Multiplier	1.01		0.71	66,499
Local Multiplier	0.88			
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$83.02</b>	<b>\$5,918,398</b>
Plans, specs, survy, bld pm	3.90%			
Interim Construction Interest	3.38%			
Contractor's OH & Profit	11.50%			
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$51.19</b>	<b>\$4,807,219</b>

**PAYMENT COMPUTATION**

Primary	\$1,900,000	Amort	360
Int Rate	7.75%	DCR	1.18

Secondary	\$0	Amort	
Int Rate		Subtotal DCR	1.18

Additional	\$8,062,739	Amort	
Int Rate		Aggregate DCR	1.18

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S**

<b>NOI:</b>	
Primary Debt Service	\$163,342
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$30,412</b>

Primary	\$1,900,000	Amort	360
Int Rate	7.75%	DCR	1.19

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.19

Additional	\$8,062,739	Amort	0
Int Rate	0.00%	Aggregate DCR	1.19

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

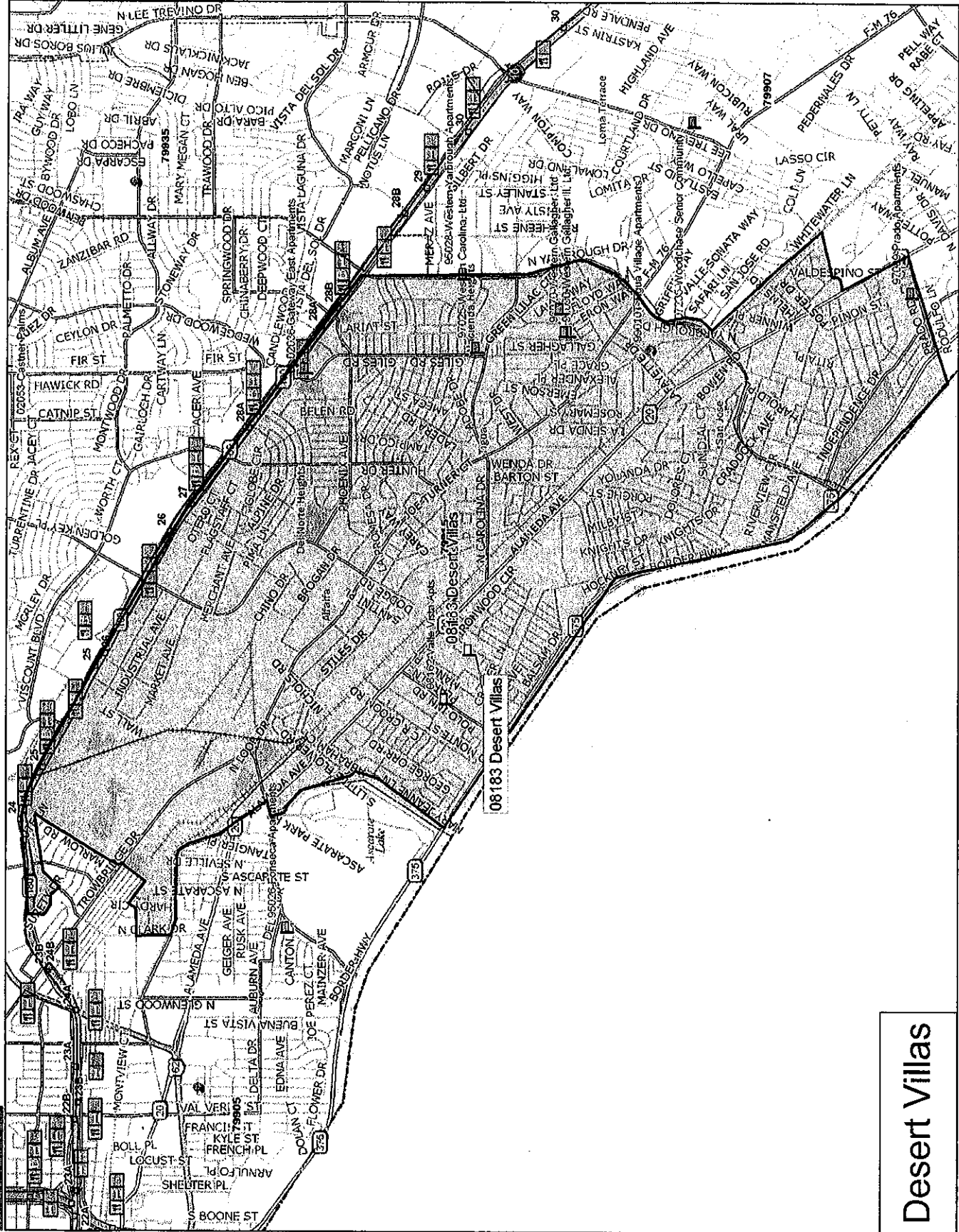
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$536,076	\$552,158	\$568,723	\$585,785	\$603,358	\$699,458	\$810,863	\$940,013	\$1,263,298
Secondary Income	11,280	11,618	11,967	12,326	12,696	14,718	17,062	19,780	26,582
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	547,356	563,777	580,690	598,111	616,054	714,175	827,925	959,792	1,289,880
Vacancy & Collection Loss									
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$506,304	\$521,493	\$537,138	\$553,252	\$569,850	\$660,612	\$765,831	\$887,808	\$1,193,139
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$26,777	\$27,848	\$28,962	\$30,120	\$31,325	\$38,112	\$46,369	\$56,415	\$83,508
Management	19,562	20,149	20,753	21,376	22,017	25,524	29,589	34,302	46,099
Payroll & Payroll Tax	93,060	96,782	100,854	104,680	108,867	132,453	161,150	196,063	290,222
Repairs & Maintenance	29,140	30,306	31,518	32,779	34,090	41,475	50,461	61,394	90,878
Utilities	27,260	28,350	29,484	30,664	31,890	38,799	47,205	57,433	85,014
Water, Sewer & Trash	25,662	26,688	27,756	28,866	30,021	36,525	44,438	54,066	80,031
Insurance	15,980	16,619	17,284	17,975	18,694	22,745	27,672	33,667	49,836
Property Tax	45,499	47,319	49,212	51,180	53,227	64,759	78,790	95,860	141,896
Reserve for Replacements	23,500	24,440	25,418	26,434	27,492	33,448	40,694	49,511	73,286
Other	6,110	6,354	6,609	6,873	7,148	8,696	10,581	12,873	19,055
<b>TOTAL EXPENSES</b>	<b>\$312,550</b>	<b>\$324,856</b>	<b>\$337,649</b>	<b>\$350,948</b>	<b>\$364,772</b>	<b>\$442,537</b>	<b>\$536,950</b>	<b>\$651,584</b>	<b>\$959,827</b>
<b>NET OPERATING INCOME</b>	<b>\$193,754</b>	<b>\$196,637</b>	<b>\$199,489</b>	<b>\$202,305</b>	<b>\$205,078</b>	<b>\$218,075</b>	<b>\$228,881</b>	<b>\$236,224</b>	<b>\$233,313</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$163,342	\$163,342	\$163,342	\$163,342	\$163,342	\$163,342	\$163,342	\$163,342	\$163,342
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>\$30,412</b>	<b>\$33,295</b>	<b>\$36,147</b>	<b>\$38,963</b>	<b>\$41,736</b>	<b>\$54,733</b>	<b>\$65,539</b>	<b>\$72,882</b>	<b>\$69,971</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.19</b>	<b>1.20</b>	<b>1.22</b>	<b>1.24</b>	<b>1.26</b>	<b>1.34</b>	<b>1.40</b>	<b>1.45</b>	<b>1.43</b>

**FISCAL OPERATION ANALYSIS - DEDUCTIBLE ELIGIBLE BASIS**

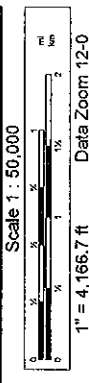
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS	10% Increase
<b>Acquisition Cost</b>					
Purchase of land	\$681,646	\$681,646			
Purchase of buildings					
<b>Off-Site Improvements</b>					
Sitework	\$844,100	\$844,100	\$844,100	\$844,100	\$84,410
Construction Hard Costs	\$5,058,300	\$4,807,219	\$5,058,300	\$4,807,219	\$505,830
Contractor Fees	\$826,336	\$791,185	\$826,336	\$791,185	
Contingencies	\$205,264	\$205,264	\$205,264	\$205,264	
Eligible Indirect Fees	\$360,800	\$360,800	\$360,800	\$360,800	
Eligible Financing Fees	\$381,500	\$381,500	\$381,500	\$381,500	
All Ineligible Costs	\$158,888	\$158,888			
<b>Developer Fees</b>					
Developer Fees	\$1,151,145	\$1,108,510	\$1,151,145	\$1,108,510	
Development Reserves	\$75,200	\$75,200			
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$9,743,179</b>	<b>\$9,414,312</b>	<b>\$8,827,445</b>	<b>\$8,498,578</b>	<b>\$590,240</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>\$8,827,445</b>	<b>\$8,498,578</b>	<b>\$590,240</b>
High Cost Area Adjustment			130%	130%	100%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$11,475,679</b>	<b>\$11,048,151</b>	<b>\$590,240</b>
Applicable Fraction			100%	100%	100%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$11,475,679</b>	<b>\$11,048,151</b>	<b>\$590,240</b>
Applicable Percentage			9.00%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$1,032,811</b>	<b>\$994,334</b>	<b>\$53,122</b>

Syndication Proceeds	0.6999	\$7,228,955	\$6,959,640	\$371,814
Total Tax Credits (Eligible Basis Method)		\$1,032,811	\$994,334	\$1,085,933
Syndication Proceeds		\$7,228,955	\$6,959,640	\$7,600,769
Requested Tax Credits		\$954,776		
Syndication Proceeds		\$6,682,764		
Gap of Syndication Proceeds Needed		\$8,433,419	\$7,514,312	
Total Tax Credits (Gap Method)		\$1,204,895	\$1,073,580	



# Desert Villas



08190  
Sutton Homes  
Board Appeal

**REAL ESTATE ANALYSIS**

**BOARD ACTION REQUEST**

**April 23, 2009**

**Item**

Presentation, discussion and possible action on a timely filed appeal regarding the underwriting recommendation of a development under the 2008 Competitive Housing Tax Credit program, #08190 Sutton Homes, San Antonio, Texas.

**Required Action**

Approve, deny or approve with amendments a determination on the appeal.

**Background**

Mr. Ryan Wilson, the contact for the General Partner of Sutton Homes, submitted an application for funding under the 2008 Competitive Housing Tax Credit program to re-construct 194 units of mixed-income targeting 30%, 50% and 60% and market rate households in San Antonio, Texas. The application was approved to be added to the 2008 waiting list for a forward commitment, subject to underwriting. The Applicant requested \$1,200,000 in annual tax credits to support a total development budget of \$22,368,240.

The application was recommended for an annual tax credit award of \$1,417,486. The recommended amount incorporates the Board's approved policy to allow the full 9% applicable percentage as well as an increase in tax credits based on an additional 10% cushion in direct and site work costs.

The Applicant is appealing the amount of recommended tax credits and asserts that the development now justifies an annual allocation of \$1.65M based on new information not previously provided to the Department. Specifically, the Applicant cites a reduction to the permanent loan amount and terms, and a reduction in the syndication rate not previously disclosed. In November 2008 the Board provided all 2008 applications on the waiting list to be considered for a forward commitment an opportunity to provide to the Department by December 1, 2008 an updated syndication commitment letter. Use of the updated commitments for underwriting purposes has been consistently applied to all 2008 applications that received a forward commitment. The syndication commitment submitted by the Applicant on December 1, 2008 was the same commitment letter filed with the original application and dated February 22, 2008. As a result, the Underwriter utilized the syndication rate documented by the Applicant for purposes of determining the recommended credit amount. The Applicant did not attempt to provide new syndication information until the underwriting report was completed. Moreover Section 50.17(b)(3) and a similar section in the 2009 QAP does not allow consideration of new

information provided only in the appeal. The Board's decision to allow the Underwriter to consider the updated syndication commitment did not provide an unlimited timeframe for considering other new information.

**Recommendation**

Staff recommends the Board deny the appeal.

08190  
Sutton Homes  
Executive Director Response





TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

*www.tdhca.state.tx.us*

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
C. Kent Conine, *Chair*  
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Leslie Bingham Escareño  
Tomas Cardenas, P.E.  
Thomas H. Gann  
Juan S. Muñoz, Ph.D.

April 9, 2009

Mr. Scott Marks  
Coats | Rose  
1717 W. 6<sup>th</sup> Street, Suite 420  
Austin, Texas 78703  
Telephone: (512) 469-7987  
Telecopier: (512) 469-9408

Re: Executive Director Appeal for Sutton Homes, TDHCA # 08190

Dear Mr. Marks:

**Appeal Review**

I have reviewed the subject application, as well as your appeal that was received on April 2, 2009 regarding the underwriting recommendation for approval of the forward commitment of 2009 credits in the annual amount of \$1,417,486.

Your appeal is based on new information provided in the appeal letter, specifically a reduction to the permanent loan amount and terms and a reduction in the syndication rate. Your appeal asserts that the development justifies an annual allocation of tax credits in the amount of \$1.65 million based on this new information. The appeal does not contest that the Underwriter's determination of feasibility and recommended tax credit allocation is incorrect. Rather, you are appealing the tax credit amount based on new information that was previously unavailable to the Underwriter.

Pursuant to §49.17(b)(3) & §49.17(b)(5) of the 2009 QAP, Staff is unable to consider any information that was not provided in your original application unless subsequently provided in a response for information by the underwriter. In November 2008 and as an exception to the above, the Board provided all 2008 applicants receiving a forward commitment of 2009 credits an opportunity to submit by December 1, 2008 an updated syndication commitment letter. Use of these updated syndication commitment letters for underwriting has been consistently applied across all 2008 transactions that received a forward commitment award.

The syndication commitment letter submitted by you on December 1, 2008 was dated February 22, 2008 and the same syndication commitment letter filed with the original application. As a result, the underwriter used the

same syndication information contained in the original application. The Board's decision to allow the underwriter to consider the updated syndication commitment did not provide a waiver of the rules with respect to considering other new information intending to amend the original application including the information contained in your appeal.

I have determined that the Department's rules and guidelines were applied evenly, fairly, and as originally intended during the course of the underwriting analysis and in making the recommendation.

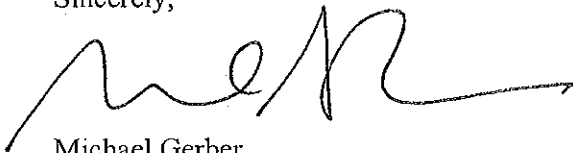
**Appeal Determination**

The appeal is denied.

Pursuant to Title 10 Texas Administrative Code Section 1.7 you have requested that your appeal, if denied by me, be filed with the Board and heard at its next regularly scheduled meeting. This appeal will be considered by the Board at the April 23, 2009 Board meeting.

If you have questions or comments, please call me or Brent Stewart, Director of our Real Estate Analysis Division at (512) 475-2973.

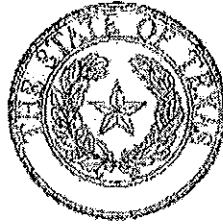
Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Gerber', written in a cursive style.

Michael Gerber  
Executive Director

MGG:rbs

08190  
Sutton Homes  
Appeal



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS  
Housing Tax Credit Program - 2008 Application Cycle  
Underwriting Report Notice

Appeal Election Form: 08190 Sutton Homes (FC)

Date Notice Sent: 3/26/09

I am in receipt of my 2008 Underwriting report notice and have reviewed the Appeal Policy at 10TAC Section 50.17(b). I recognize that should I choose to file an appeal, I must file a formal appeal to the Executive Director within seven days from the date this Notice was issued and the Underwriting report was posted to the Department's web site. I understand that my appeal must identify my specific grounds for appeal.

If my appeal is denied by the Executive Director, I

Do wish to have my appeal to the Board of Directors and request that my appeal be added to the next available Board of Directors' meeting agenda. I understand that my Board appeal documentation must still be submitted by 5:00 p.m., seven days prior to the next Board meeting or three days prior if the Executive Director has not responded to my appeal in order to be included in the Board book. I understand that if no documentation is submitted, the appeal documentation submitted to the Executive Director will be utilized.

Wish to wait to hear the Executive Director's response before deciding on my appeal to the Board of Directors.

Do not wish to appeal to the Board of Directors or Executive Director.

Signed Will D. Webb, Jr.

Title Attorney for the Applicant

Date 4-2-09

Please fax or e-mail to the attention of:  
Pam Cloyde: (fax) 512.475.4420  
(e-mail) pamela.cloyde@tdhca.state.tx.us

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smarks@coatsrose.com

Direct Fax  
(713) 890-3911

HOUSTON  
AUSTIN  
DALLAS  
SAN ANTONIO  
CLEARLAKE/GALVESTON CO.  
NEW ORLEANS

April 2, 2009

Via Email (pamela.cloyde@tdhca.state.tx.us)

Ms. Pam Cloyde  
Real Estate Analysis  
TDHCA  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701

Re: Appeal of Underwriting Report for Sutton Homes (#08190)

Dear Ms. Cloyde:

Please accept this letter as an appeal of the Underwriting Report issued 3/26/09 for Sutton Homes, TDHCA #08190. Sutton Homes received a forward commitment of 2009 credits in the amount of \$1,417,486. This appeal is based on a syndication rate that has dropped by more than 10 cents since the application was submitted and a permanent loan amount that has dropped by more than \$1.8 million.

The tax credit allocation amount was underwritten using the "Gap/DCR Method" pursuant to 1.32(c)(2) of the Real Estate Analysis Rules (the "Underwriting Rules"). As required by the Underwriting Rules, the underwriter evaluated "the amount of funds needed to fill the gap created by total development cost less total non-Department-sourced funds or Tax Credits." The applicant's total development cost estimate (with the 10% increase in hard costs approved by the board) was \$23,480,500. The underwriter reduced this total development cost amount by three non-TDHCA sources: a permanent loan in the amount of \$6,176,716, Replacement Housing Factor Funds from the San Antonio Housing Authority ("SAHA") in the amount of \$4,641,000, and an additional SAHA loan in the amount of \$900,000. The resulting gap amount to be filled by tax credits was \$11,762,784. The underwriter divided this gap amount by the syndication rate of 83 cents per the investor letter of intent submitted with the application to determine the credits to be allocated based on the Gap/DCR Method.

Two critical numbers used in the Gap/DCR Method have changed: the syndication rate to be paid by the tax credit investor and the permanent loan amount. The equity market has experienced a seismic shift since early 2008, and the price to be paid by the investor purchasing the Sutton Homes tax credits is now \$0.725 rather than \$0.83. Moreover, the permanent loan

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*A Professional Corporation*

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Phone: 512-469-7987 Fax: 512-469-9408

Web: [www.coatsrose.com](http://www.coatsrose.com)

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April 2, 2009

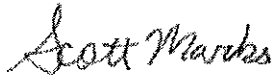
Page 2

amount has dropped from \$6,176,716 to \$4,375,000 because of an increase in the permanent loan interest rate from 7.63% to 8.06% and an amortization of 35 years rather than 40 years. Revised commitment letters are attached, as well as revised volume 1, tab 4, part A ("Summary Sources and Uses of Funds") and volume 1, tab 2, part E ("30-Year Rental Housing Operating Proforma").

As indicated on the attached Summary Sources and Uses of Funds, the Sutton Homes Gap/DCR Method justifies an allocation of \$1.65 million in tax credits because of the decreases in the syndication rate and the permanent loan amount. We respectfully appeal the Underwriting Report for Sutton Homes and request tax credits in the amount of \$1.65 million per year.

If you have questions, please contact Ryan Wilson at (210) 408-3151 or me at (512) 469-7987.

Sincerely,




Scott A. Marks

cc: Ryan Wilson

**Volume 1 Tab 4: Funding Request**

**PART A. Summary Sources and Uses of Funds**

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants and Development Cost Schedule forms). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

 Applicants must attach a written narrative to this form that describes the financing plan for the Development. The narrative shall include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to the Development; (c) the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and (d) the commitment status of the funding sources

Development Name: **Sutton Homes**

Source #	Funding Description	Priority of Lien	Construction or Rehab. Loan Stage Amt.	Permanent Loan Stage Amount	Financing Participants
1	Conventional Loan				
2	Conventional Loan/FHA	1st	\$ 4,900,000	\$ 4,375,000	B of A/MMA
3	Conventional Loan/Letter of Credit				
4	HOME				
5	Housing Trust Fund				
6	CDBG				
7	Mortgage Revenue Bonds				
8	HTC Syndication Proceeds		\$ 11,436,304	\$ 11,981,304	B of A
9	Historic Tax Credit Syndication Proceeds				
10	USDA/ TXRD Loan(s)				
11	Other Federal Loan or Grant	2nd	\$ 4,641,000	\$ 4,641,000	San Antonio Housing Auth.
12	Other State Loan or Grant				
13	Local Government Loan or Grant				
14	Private Loan or Grant	3rd	\$ 900,000	\$ 900,000	San Antonio Housing Auth.
15	Cash Equity				
16	In-Kind Equity/Deferred Developer Fee		\$ 1,603,196	\$ 1,603,196	Franklin Development
<b>TOTAL SOURCES OF FUNDS</b>			<b>\$ 23,480,500</b>	<b>\$ 23,480,500</b>	
<b>TOTAL USES OF FUNDS</b>				<b>\$ 23,480,500</b>	

<sup>(1)</sup> Indicate Exclusive Use Financing Participant only where funds from that source are dedicated only for a specific purpose, i.e. CDBG infrastructure

**Volume 1, Tab 2, ACTIVITY OVERVIEW**

**Part E. 30 Year Rental Housing Operating Proforma**

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 3% for income and 4% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit. While the 30-year proforma projects 30 years of data, the Department's standard for financial feasibility is 15 years.

Development Name: **Sutton Homes**

City: **San Antonio**

INCOME		LEASE-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30
POTENTIAL GROSS ANNUAL RENTAL INCOME			\$1,187,809	\$1,233,587	\$1,270,543	\$1,308,860	\$1,347,819	\$1,562,838	\$1,811,481	\$2,100,815	\$2,434,493	\$2,822,844
Secondary Income			58,944	60,712	62,534	64,410	66,342	76,509	89,158	103,358	119,821	138,905
POTENTIAL GROSS ANNUAL INCOME		\$0	\$1,256,553	\$1,294,250	\$1,333,077	\$1,373,069	\$1,414,261	\$1,639,517	\$1,900,649	\$2,203,373	\$2,554,314	\$2,961,149
Provision for Vacancy & Collection Loss			94,241	97,069	99,981	102,980	106,070	122,964	142,549	165,253	191,574	222,086
Rental Concessions												
EFFECTIVE GROSS ANNUAL INCOME		\$0	\$1,162,312	\$1,197,181	\$1,233,096	\$1,270,089	\$1,308,192	\$1,516,553	\$1,758,100	\$2,038,120	\$2,362,740	\$2,739,063
EXPENSES												
General & Administrative Expenses:		\$	112,000.00	\$116,480	\$121,139	\$125,985	\$131,024	\$159,411	\$199,948	\$235,867	\$287,090	\$349,289
Management Fee			46,492	48,352	50,286	52,298	54,390	66,173	80,510	97,953	119,174	144,994
Payroll, Payroll Tax & Employee Benefits			290,900	298,000	306,320	314,973	323,972	384,662	463,335	561,370	680,661	830,730
Repairs & Maintenance			101,850	105,924	110,151	114,567	119,150	144,964	176,371	214,583	261,073	317,635
Electric & Gas Utilities			51,690	53,664	55,811	58,043	60,365	73,443	89,355	108,713	132,266	160,922
Water, Sewer & Trash Utilities			68,400	71,136	73,981	76,941	80,018	97,355	118,447	144,108	175,330	213,316
Annual Property Insurance Premiums			42,000	43,680	45,427	47,244	49,134	59,779	72,730	88,488	107,659	130,993
Property Tax			0	0	0	0	0	0	0	0	0	0
Reserve for Replacements			48,500	50,440	52,458	54,556	56,738	69,031	83,986	102,182	124,320	151,255
Other Expenses:			28,000	29,120	30,265	31,436	32,756	39,853	48,487	58,992	71,773	87,922
TOTAL ANNUAL EXPENSES		\$0	\$698,842	\$726,796	\$755,868	\$786,103	\$817,547	\$994,671	\$1,210,169	\$1,472,356	\$1,791,346	\$2,179,446
NET OPERATING INCOME		\$0	\$463,469	\$470,385	\$477,228	\$483,986	\$490,645	\$521,882	\$547,931	\$565,765	\$571,394	\$559,617
DEBT SERVICE												
First Deed of Trust Annual Loan Payment			\$378,621	\$378,621	\$378,621	\$378,621	\$378,621	\$378,621	\$378,621	\$378,621	\$378,621	\$378,621
Second Deed of Trust Annual Loan Payment												
Third Deed of Trust Annual Loan Payment												
Other Annual Required Payment:												
NET CASH FLOW		\$0	\$84,849	\$91,764	\$98,608	\$105,366	\$112,024	\$143,262	\$169,311	\$187,144	\$192,774	\$180,997
Debt Coverage Ratio			1.22	1.23	1.24	1.25	1.26	1.30	1.33	1.36	1.37	1.35

\$127,643    \$156,286

1 to 5  
5 to 10  
10 to 15

\$492,611  
\$ 638,215  
\$ 781,431  
  
\$1,912,257  
\$1,603,196





MMA Financial, Inc.

1705 W NW Highway, Suite 143  
Grapevine, TX 76051  
T 817.310.5800 F 817.310.3817  
www.MMAfin.com

*A MuniMae Company*

March 25, 2009

Mr. Aubra Franklin  
President  
Franklin Development Company  
21260 Gathering Oaks, Suite 101  
San Antonio, TX 78258

**RE: Summary of Terms for a Freddie Mac Unfunded Forward Rate Lock  
Sutton Homes, San Antonio, TX**

Dear Mr. Franklin:

Thank you for giving MMA Financial, Inc. ("MMA" or "Lender") the opportunity to provide the following summary of terms for a permanent non recourse loan for the Sutton Homes Apartments (the "Project") located in San Antonio, TX ("Property"). It is our understanding that the Project expects to receive a reservation of low-income housing tax credits and that 186 of the 194 project units will be rent and income restricted.

After our preliminary analysis of the information you provided, we propose financing the permanent loan for the Property using Freddie Mac's Unfunded Forward Rate Lock loan program.

The permanent loan parameters are as follows:

**Permanent Loan**

Proposed Loan Amount: \$4,375,000, based on current interest rates, per below preliminary loan analysis.

Permanent Note Rate: To be determined based on Freddie Mac at the time of rate lock. Interest is computed on an Actual/360 basis. As of March 25, 2009 the indicated Unfunded Forward Rate Lock permanent note rate is 8.07%.

*The interest rate is subject to daily changes based on changes in market conditions.*

Net Operating Income/Valuation: The above referenced loan amounts and loan terms outlined herein are based on a preliminary underwritten Net Operating Income of \$432,000, replacement reserves in the amount of \$250 per unit per year, a minimum final appraised valuation of \$4,862,000 and a maximum interest rate of 8.15% to the extent that any of these loan sizing parameters change the loan amount could change.

**Permanent Loan Term:** 15 years

**Amortization:** 35 years

**Yield Maintenance:** 14.5 years, 1% thereafter, open at par for last 90 days

**LTV Limitation:** Not to exceed 90% of the "as-stabilized and restricted value", as established by an MAI appraisal, and not to exceed 100% of the development costs of the Property.

**Minimum DSCR:** 1.15x

**Forward Period:** 24 months. Lender shall have the option for one six-month extension at no cost to the Borrower. Any further extensions require Freddie Mac approval and may affect the locked interest rate on the Permanent Loan.

**Insurance Requirements:** The terms and conditions outlined herein assume that the Borrower will be able to comply with the insurance requirements of Freddie Mac and provide insurance coverage accordingly. The Borrower will be required to provide a written insurance quote for permanent coverage as a component of MMA's underwriting and permanent loan sizing.

**Conditions for Loan Funding/Conversion:** The Forward Commitment will have conditions relating to satisfactory completion of improvements, occupancy of 90% for at least 90 consecutive days, apartment leases for initial terms of not less than six months, collected income at or above levels used in underwriting, and adequate debt coverage of 1.15x at the locked permanent interest rate.

**Subordinate Financing:** Subordinate financing will be permitted and must be subordinated to the first mortgage using a standard Freddie Mac Subordination and Intercreditor Agreement. Unsecured subordinate financing shall be permitted which is not secured by any interest in the property or the borrowing entity. Notwithstanding the foregoing, any secondary financing is subject to prior written approval by Freddie Mac. Freddie Mac requires that payments on any Subordinate financing must be made out of not more than 75% of available cash flow and that the term of any Subordinate financing must mature at least 90 days after the amortization period on the Freddie Mac Loan which is approximately 37.5 years from closing. Subordinate financing that requires mandatory/hard payments cannot exceed an amount which would generate a combined DSCR of 1.10x or a combined LTV of 90% (when combining the DSCR and LTV of the first mortgage and Subordinate financing).

**Replacement Reserves:** To be determined prior to rate lock in an amount recommended by MMA's Plan & Cost review (estimated to be \$250/unit per year). In no event will the Replacement Reserve be lower than the greater of what is required by the limited partnership agreement, the Freddie Mac Guidelines, or the Regulatory Agreement.

**Third Party Reports:** Appraisal, Market Study, Phase I Environmental Site Assessment, and a Plan & Cost Engineering Review are required.

**Permanent Loan Security:**

The Permanent Loan will be evidenced by a promissory note executed by Borrower and secured by a first deed of trust, mortgage or deed to secure debt, as applicable, covering the land, together with the improvements and fixtures to be constructed thereon and related personal property and leases of the Property.

**Ground Lease /  
Housing Authority Affiliate:**

The Borrower acknowledges that the terms and conditions of the ground lease must be acceptable to Freddie Mac in its sole discretion and that Freddie Mac must receive a leasehold mortgage in a form that is acceptable to Freddie Mac. The ground lease and the fee simple interest in the land must be fully subordinated to the leasehold mortgage pursuant to Freddie Mac's standard form of leasehold subordination agreement.

The Borrower acknowledges that as a condition of financing this Loan certain provisions with respect to the Borrowing entity must be met: the general partner of the Borrower must be a Public Facilities Corporation ("PFC"), which is a single purpose single asset entity created by the San Antonio Housing Finance Authority ("SAHA"), which may not voluntarily or involuntarily withdraw from the Borrower without the consent of Freddie Mac. Additionally, Freddie Mac will require that the land owner, the general partner(s) and/or the SAHA PFC entity agree to enter into a new lease with a new Borrowing entity and enter the new Borrowing entity as a PFC general partner, upon the same terms and conditions as the existing lease and the existing Borrowing entity, should Freddie Mac exercise its remedies and foreclose upon the Borrowing entity during the term of the loan.

**Recourse:**

Non-recourse loan except for standard non-recourse carve-outs to be executed by the key principal(s) where a key principal is an individual(s) with acceptable net worth and liquidity acting in the capacity of general partner or managing member, or, any limited partner or member that may control 25% or more of the borrower.

MMA acknowledges that the LIHTC syndicator is not required to execute the non-recourse carveouts.

**Assumption:**

The loan is assumable at the discretion of MMA and Freddie Mac with a 1% transfer fee and a \$3,000 assumption processing fee.

**Escrows:**

Monthly deposits to an escrow account for the payment of real estate taxes, insurance, and any other lienable expenses will be required.

Section 8 Transition Reserve:

To the extent that the Project is bound by a Section 8 Contract, Freddie Mac will require that the Borrower establish a Section 8 Transition Reserve in an amount equal to six (6) months of debt service at the locked interest rate.

MMA will request that Freddie Mac waive the requirements to fund this reserve if MMA and Freddie Mac market diligence determines that sufficient market demand exists where the Project can remain viable in the event that the Section 8 Contract is terminated.

If the Project is not bound by a Section 8 Contract, then no Section 8 Transition Reserve will be required.

Loan Brokerage/  
Indemnification:

Borrower and MMA acknowledge that there are no loan brokers or loan placement agents of record in this transaction. Borrower agrees to indemnify and hold MMA and its principals, officers, affiliates, agents, successors and their assigns harmless from and against any loss, expense, damage, attorney's fees, costs, claims or judgments arising out of or connected with any claims of any nature whatsoever made against MMA in connection with this letter of intent.

Exclusive Right:

MMA is hereby granted the exclusive right to procure a written loan commitment for the Project for a period of sixty (60) days from the date of execution of this financing proposal by the Borrower. Borrower shall not apply for or accept such a loan from any other lender during such period. By signing this financing proposal, borrower acknowledges that MMA will be registering the proposed transaction with Freddie Mac. Borrower acknowledges further that it has made a choice of MMA for a Freddie Mac loan for this transaction.

Other Fees and Deposits

Due Diligence Costs:

\$15,000, applied to appraisal, market study, environmental, A&E Review, etc. Any costs for due diligence in excess of the collected deposit are the responsibility of the Borrower and will be collected at initial loan closing and any cost savings that arise via sharing of 3<sup>rd</sup> party reports will be credited to the Borrower at closing. Third party reports will be shared with other transaction financing participants. Fees for MMA's inspecting engineer will be charged separately during the construction period.

MMA Processing Fee:

Waived

MMA/Freddie Mac  
Legal Fee Deposit:

\$10,000. The legal fee deposit will be applied toward and credited against the total legal fees due at closing.

The Borrower agrees and acknowledges that MMA's counsel will be involved in preparing documentation, reviewing diligence items, and attending conference calls prior to loan closing. Legal fees will be payable regardless of whether or not the loan closes and upon acceptance of a loan application the Borrower acknowledges that its obligation to pay all legal fees incurred by MMA is unconditional.

Freddie Mac Application Fee:

The greater of \$3,000 or 0.10% of the permanent loan amount.

Freddie Mac Refundable  
Good Faith Deposit:

3.0% of the maximum permanent mortgage amount. The fee is required to rate lock and is fully refundable and reimbursed at delivery of the permanent loan to Freddie Mac. Upon completion, lease-up and stabilization at 90% occupancy for 90 consecutive days at a sustained 1.15 DSCR, the permanent lien will be recorded and delivered to Freddie Mac. Upon Conversion to the Freddie Mac loan, the Good Faith Deposit will be refunded or released. If Conversion fails to occur, the Borrower will forfeit the 3.0% Good Faith Deposit.

Borrower will execute a Delivery Assurance Note that places a junior lien (subordinated to the Project's 1<sup>st</sup> mortgage and any subordinate mortgages) on the Property as security for a possible non-delivery event in an amount not to exceed 5% of the permanent loan amount. The lien is released upon delivery of the permanent loan.

In the event that the loan does not convert for reasons outside of the Borrower's control like failure to complete construction, construction delays, or failure of the property to achieve stabilized occupancy due to market conditions, Freddie Mac will not have the right to exercise its remedies under the delivery assurance note and the note will be released. If the loan does not convert for reasons outside of the Borrower's control, the Borrower is at risk for only the 3.0% good faith deposit and no other amounts will be due.

Permanent Loan Commitment Fee:

1.50% of the permanent loan amount.

The Commitment Fee constitutes (in part) the consideration for Lender to issue a Commitment to Borrower. Borrower agrees to pay Lender the Permanent Loan Commitment Fee, which is fully earned upon acceptance of the Permanent Loan Commitment and payable at closing.

MMA Legal Counsel:

\$25,000 estimated, for the construction and permanent loan at initial closing. The foregoing estimate for legal costs assumes that the MMA and Freddie Mac form loan documents are accepted without substantial negotiation and that MMA's due diligence will not reveal conditions warranting additional legal work.

Sutton Homes  
MMA Financial, Inc.  
March 25, 2009

Conversion Costs:

The Borrower will be responsible for all costs associated with converting to the permanent loan including but not limited to title and recording costs, survey updates, MMA legal which is estimated at \$7,500, and a one-time Conversion processing fee of \$10,000 payable at the close of the loan conversion.

The above terms and conditions are a general summary of terms for the proposed transaction and is not a commitment to lend or a binding contract in any way on MMA, its successors or assigns. If the terms and conditions herein are acceptable and you would like us to consider issuing a loan application please execute this document and return it to my office along with a check in the amount of \$25,000 which represents a legal fee deposit and application fee. Upon receipt of this executed term sheet and check we will request additional diligence that is required prior to issuing a formal application. A formal application will only be issued after the terms and conditions set forth herein are approved by Freddie Mac and MMA's pre-application loan committees.

Please do not hesitate to contact me should you have any questions.

We very much look forward to working with you on this transaction.

Sincerely,

*Timothy R. Leonhard*

Timothy R. Leonhard  
Managing Director

AGREED & ACCEPTED:

APDC Sutton, Ltd.

Borrower's Name

By:

Its:

Date:

*[Signature]*  
Representative  
2/30/09

**Bank of America.**



April 1, 2009

**ARDC Sutton, Ltd.**  
c/o Aubra Franklin  
**Franklin Development Properties, Ltd.**  
21260 Gathering Oaks, Suite 101  
San Antonio, Texas 78258

Via e-mail: [afranklin@franklindevelopment.net](mailto:afranklin@franklindevelopment.net) and [ryan@franklindevelopment.net](mailto:ryan@franklindevelopment.net)

Re: Sutton Homes Apartments (San Antonio, Texas)

Dear Aubra:

This letter will serve as a preliminary outline of the terms under which Bank of America (the "Bank") would consider a loan request on the above referenced project. **This letter does not represent an offer or commitment by the Bank for the proposed financing, nor does it define all the terms and conditions of a loan commitment, but is a framework upon which a loan request may be submitted. Issuance of a commitment by the Bank is subject to, among other things, the completion of the following items, and approval of the loan request under the Bank's internal approval process. The Bank may decline to approve the loan request. Upon your response to this letter and after providing any additional information which may be necessary, the Bank will proceed with the necessary due diligence to submit the loan request. The proposed terms and conditions are as follows:**

**Project:** To be constructed 194-unit apartment complex located on 28.5+/- acres (only a portion of which will be dedicated to this phase of the total contemplated development for this parcel) at the intersection of Hines Ave. and IH-35 feeder Road, San Antonio, Bexar County, Texas.

**Borrower:** ARDC Sutton, LP — form and substance of Borrower must be acceptable to the Bank.

**Reporting Requirements:**

Annually:	Borrower and Guarantors' financial statements and covenant compliance.
Monthly:	Property operating statements and rental summary report.

**Know Your Customer:** Within five (5) business days of opening an account with Bank, Borrower shall have delivered to Bank all due diligence materials necessary and relevant to

verifying Borrower's identity and background information, as deemed necessary by Bank in its sole and absolute discretion.

**Other**

**Requirements:**

All of the following to be acceptable to the Bank: documentation and submissions that are standard for loans of this type including, but not limited to, appraisal, ESA, legal documentation, title/survey, proposed standard lease form, front-end cost and document reviews and acceptance of final budget (includes adequate contingency, interest carry/operating deficit reserve, etc.), review of plans/specs, condition of markets/submarkets, revenue/expenses pro-formas, financial review of Borrower, Guarantor, and general contractor, management agreement and subordination; and (as applicable), proof of tax credit award, equity investor and pay-in schedule, proof of tax-exempt status with respect to ad valorem taxes, payment of an administrative fee of \$1,500, and other terms and conditions as may be required.

**Confidentiality:**

This term sheet is strictly confidential and may not be shared with anyone else other than the owners of Borrower and Texas Department of Housing and Community Affairs.

**Construction Loan**

**Construction**

**Loan Amount:**

Based on our general underwriting parameters for what we believe to be similar transactions, the construction loan amount in this transaction would be the lesser of:

- 1) \$4,900,000
- 2) 40% LTC based on final Bank approved construction budget or
- 3) 80% LTV based on an appraisal in form and substance acceptable to the Bank.

**Construction**

**Interest Rate:**

Daily Floating 1-month BBA LIBOR + 350 bps. The all-in rate as of the date of this letter would be 3.995%.

An interest rate protection product from a financial provider acceptable to the Bank may be required prior to funding of a loan.

**Construction**

**Loan Term:**

24 months from the loan closing.

**Construction**

**Loan**

**Amortization:**

Interest only for 24 months.

**Commitment Fee:**

1.25% of the total Loan Commitment, payable at closing.

**Construction**

**Renewal Options:**

One, six-month extension option subject to the following:

- a) no less than 30 but no more than 90 day written notice of intention to exercise the option,
- b) lien-free construction completion and final C/O of the Project,
- c) no event of default having occurred or potential default occurring,



- d) no material adverse change in the financial condition of the Project, Borrower, and Guarantor, and,
- e) payment of .50% renewal fee based on the then outstanding loan balance.
- f) extension of take-out commitment.

**Payment and Performance Guaranty:**

100 % guarantee of completion, performance and repayment to be provided by Franklin Development Properties, Ltd. and Aubra Franklin. For borrowers that are single-asset entities, principal(s) with general liability or guarantor(s) acceptable to the Bank must be jointly and severally liable for completion of the project and repayment of the financing, including interest and costs.

**Collateral:**

- 1) First Lien Deed of Trust on land and improvements constructed thereon.
- 2) UCC filing on furniture, fixtures and equipment.
- 3) Assignment of rents/leases and management/construction/architectural contracts, etc.
- 4) Assignment of interest rate hedge agreement, if any.

**General Contractor:**

Entity to be named. It is understood that the GC will be an affiliate entity of San Antonio Housing Authority and the sub-GC will be Franklin Construction, Ltd. or an entity owned by Aubra Franklin. Minimum of 5% hard cost contingency shall be budgeted.

**Fees and Expenses:**

Borrower will pay all reasonable costs incurred by the Bank in connection with the loans including, but not limited to, legal, environmental, front end costs and document review/inspections, physical needs assessment (for existing projects only) and appraisal.

**Material Adverse Change:**

Bank of America's obligations hereunder shall terminate if, prior to closing, Bank of America determines, in its sole judgment, that there shall exist any conditions regarding the property, or the operations, business, assets, liabilities or condition (financial or otherwise, including credit rating) of Borrower or Guarantor, or there shall have occurred a material adverse change in, or there shall exist any material adverse conditions in, the market for syndicated bank credit facilities or the financial, banking, credit or debt capital markets generally, that could be expected to cause the loan to become delinquent or prevent any guarantor from performing its obligations under any guaranty or to materially and adversely affect the value or marketability of the loan or the property or Bank of America's ability to syndicate the loan.

**Assumptions made:**

The terms discussed herein are presented, based on the credit conditions in the potential transaction as known by Bank of America. Should additional facts come to light that positively or negatively impact the situation, prices or other requirements quoted here may be adjusted.

**Expiration:**


This term sheet will expire at 5:00 p.m. central time on that date which is ten (10) business days from the date hereof unless you execute this term sheet and return it to us prior to that time, which may be by facsimile transmission. Please understand that this term sheet does not represent an offer or commitment by Bank of America, or any of its affiliated entities, for the proposed new financing, nor does it define all of the terms and conditions of a loan commitment, but is a framework upon which a loan request may be submitted. Issuance of a

commitment by Bank of America is subject to, among other things, the approval of your loan request under the Bank's approval process. If Bank of America issues a financing commitment in this transaction, it will in all respects supersede this letter.

Please review the above terms and conditions and feel free to call me with any questions or comments you may have. If you find the above terms and conditions to be acceptable, please indicate so by signing below and returning a faxed copy to my attention by April 15, 2009 along with a good-faith deposit of \$10,000. Upon receipt of the letter and the good-faith deposit, the Bank will proceed with the necessary due diligence to prepare and submit your loan request, provided, however that in any event, this term sheet will finally expire at 5:00 p.m. central time on that date which is sixty (60) days from the date hereof. Your deposit is refundable, less the Bank's out of pocket expenses incurred, should the Bank decline the financing opportunity discussed herein. I look forward to hearing from you and working with you on this and other transactions.

Sincerely,

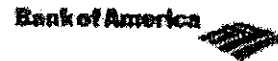
**Bank of America, N. A.**



Cassandra Silvernail  
Senior Vice President  
Bank of America  
700 Louisiana, 5<sup>th</sup> Floor  
Mail Code TX4-213-05-15  
Houston, Texas 77002  
713.247.6645 direct  
214.416.0710 RightFax

Please submit a loan application as outlined above:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



Community Development Banking  
1755 Grant Street, 1<sup>st</sup> Floor  
Concord, CA 94520  
CA4-703-01-29

Todd McCain  
Vice President  
P 925.692.6863 F 925.675.1949  
Todd.mccain@bankofamerica.com

February 23, 2009

Aubra Franklin  
Franklin Development  
21260 Gathering Oaks, Suite 101  
San Antonio, TX 78258

Re: Equity Letter of Intent  
Sutton Homes (the "Project")

Dear Mr. Franklin:

This letter expresses the interest of Bank of America, N.A., and, or, its affiliates ("Investor") in making an equity investment in a partnership for purposes of developing and owning the Sutton Homes low income families project (the "Project"). This letter is intended to describe the terms and conditions of Investor's proposed equity investment.

1. Project. The Project consists of the construction of 194 affordable housing units for low income families located at Hines Avenue and IH35 in San Antonio, Texas 78208. The project will have approximately 330 parking spaces.
2. Tax Credits. The Partnership has received a reservation of 2008 federal low-income housing 9% tax credits (the "Projected Federal Credits") totaling \$1,450,000 per annum from the Texas Department of Housing and Community Affairs (the "Credit Agency").
3. Partnership. The Project will be owned and operated by ARDC Sutton, Ltd., a Texas limited partnership (for purposes of this letter the "Partnership"). The Partnership will be comprised of the following entities, which will possess ownership interests (collectively the "Percentage Interests", and as to any one party the "Percentage Interest") as detailed below:

Sutton Homes  
February 23, 2009

- General Partner: (.01%) 252 Sutton GP, LLC, a Texas limited liability company.
- Investor Limited Partner: (99.98%) Bank of America, N.A. or its affiliate.
- Special Limited Partner: (0.01%) Banc of America CDC Special Holding Company, Inc.

4. Project Financing. Financing will be provided to the Partnership as follows (the "Loans"):

- A. Construction Loan. A construction loan in the amount as reflected in Bank of America's Debt Term Sheet (the "Construction Loan") will be provided by Bank of America.
- B. Permanent Loans. The following permanent loans (the "Permanent Loans") are expected to be made to the Partnership:
- (1) First Mortgage Loan. A permanent loan in the amount equal to the lesser of the amount reflected in Bank of America's Debt Term Sheet or an amount as approved by the Bank's Tax Credit Equity Group.
  - (2) Funds of \$5,461,000. Funds in the amount of \$5,641,000 will be provided to the Partnership during construction. The structure and terms of this financing is TBD.
  - (3) Seller Financing. The Housing Authority of the City of San Antonio will provide a Land Loan in the amount of \$1,200,000. The Loan will bear interest at the AFR and have a term of 30 years.

The terms and conditions of all loans to the Partnership will be subject to Investor's approval. Such loans will (i) expressly permit the admission of Investor into the Partnership and the potential transfers of the partnership interests by Investor and Special Limited Partner without consent of the maker of the loan provided that such transfers are permitted under the Partnership Agreement, and (ii) will provide Investor with notices of default and cure rights acceptable to Investor. All Permanent Loans will be non-recourse.

This equity offer is conditional upon Bank of America providing a construction loan to the Partnership. All must-pay debt must have a combined debt service coverage ratio of at least 1.15. Any change in the amount or terms of the project financing may result a change in the Investor's Credit Price or a withdrawal of this offer. The terms of all Project Financing will be subject to the approval of tax counsel and the Investor.

5. Other Parties.

- A. Developer: Franklin Development Partners Ltd, a Texas limited partnership and San Antonio Housing Facility Corporation, as Co-Developers..

Sutton Homes  
February 23, 2009

- B. Guarantor: Franklin Development, Ltd, a Texas limited partnership plus Aubra Franklin, jointly and severally.
- C. General Contractor. Franklin Construction, Ltd., under a Guaranteed Maximum Price Contract with all subcontractors with contracts in excess of \$250,000 providing Payment and Performance bonding. The General Contractor is affiliated with Developer, Guarantor, Property Manager, or General Partner.
- D. Partnership Accountant: Novogradac & Company, LLC.
- E. Investor Counsel: Sidley Austin -- David Hill

The qualifications and financial condition of each of the foregoing parties must be acceptable to Investor.

6. Capital Contributions. Investor will make a total Capital Contribution equal to \$0.725 for each \$1.00 of Federal Tax Credits to which it will be entitled as the Investor Limited Partner. Please note that we will reevaluate our pricing 60 days prior to closing, which is anticipated June 1, 2009, and our pricing will reflect the Bank's yield and shareholder requirements at that time. Based on the Projected Credits for the Partnership this would amount to a total Capital Contribution of \$10,511,449 (the "Total Capital Contribution"). The Total Capital Contribution will be paid as follows:
- A. Initial Capital Contribution. \$2,627,862 upon admission of the Investor into the Partnership, after satisfaction of the following pre-conditions: (i) closing of the Partnership, (ii) closing and initial funding of all construction financing for the Project, (iii) receipt of commitments for all permanent financing on the Project with the interest rate fixed for at least 15 years, (iv) evidence of either acquisition of, or a leasehold interest in, the land and building for the Project, (v) evidence the Partnership has received an allocation from the Credit Agency of 9% credits in an amount equal to the Projected Credits, (vi) receipt by the Investor of a tax opinion prepared by tax counsel for the Partnership in a form which is acceptable to the Investor, and (vii) satisfactory completion of Investor's due diligence. This equity installment is anticipated to occur May 7, 2009.
  - B. 50% Construction Capital Contribution. \$2,102,290 shall be payable when, among other conditions, the Investor has received and approved (i) the Bank's Construction Consultant's report evidencing 50% completion of the property, and (ii) achievement of all prior Capital Contribution requirements. This equity installment will be paid in no earlier than December 1, 2009.
  - C. 75% Construction Capital Contribution. \$2,627,862 shall be payable when, among other conditions, the Investor has received and approved (i) the Bank's Construction Consultant's report evidencing 75% completion of the property, and (ii) achievement of all prior Capital Contribution requirements. This equity installment will be paid in no earlier than March 1, 2010.

- D. Completion Capital Contribution. \$2,102,290 will be payable when, among other things, the Investor has received and approved (i) the Bank's Construction Consultant's report evidencing 100% completion of the property, (ii) temporary certificates of occupancy have been issued for each building, and (iii) an endorsement to the Partnership's title policy evidencing no mechanics or materialmen's liens. This equity installment will be paid in no earlier than June 1, 2010.
- E. Conversion Capital Contribution. \$525,572 will be payable when, among other things, the Investor has received and approved (i) the Project then has achieved at least three consecutive calendar months of a minimum of 1.15 to 1 debt service coverage on the Permanent Loans (which period must include the last day of the most recent calendar month ending prior to the date of the Conversion Capital Contribution), (ii) the Project is then at least 90% occupied, (iii) all tax credit units have been leased to qualified tenants at least one time, (iv) all Permanent Loans have closed and funded, or will close and fund concurrent with this Conversion Capital Contribution, (v) permanent certificates of occupancy have been issued for each building, (vi) an ALTA survey of the improvements has been provided, (vii) a cost certification by a qualified accountant has been received in a form acceptable to Investor, and (viii) all reserves have funded or will fund concurrent with this payment. This equity installment will be paid in no earlier than September 1, 2011.
- F. Final Capital Contribution. The balance of the unpaid Total Capital Contribution, \$525,574 will be payable when, among other things, the Investor has received and approved (i) the Credit Agency has issued a Form 8609 for each building, (ii) a copy of the recorded Extended Use Agreement has been received, (iii) a copy of the compliance audit of the initial tenant files has been received, and (iv) calculations of final adjusters have been prepared and agreed to. This equity installment will be paid in no earlier than December 1, 2011.

7. General Partner and Guarantor Obligations.

- A. Completion and Development Deficit Guaranty. General Partner and Guarantor will guarantee lien-free completion of the Project in a good and workmanlike manner substantially in accordance with plans and specifications as approved by Investor on or before December 31, 2010 (the "Completion Date"). General Partner and Guarantor will guaranty payment of all development costs, including all costs of achieving such lien-free completion, including all soft costs and construction period interest. Further, under this guaranty, General Partner and Guarantor will guaranty payment of all operating costs through the later of the date (i) the Project has achieved 90% occupancy for three consecutive calendar months, (ii) the Project is 100% complete, (iii) all tax credit units have been leased to qualified tenants at least one time, and (iv) all Permanent Loans have closed and funded. Payments made under this guaranty will not constitute loans to the Partnership and neither General Partner nor any Guarantor will have any right to receive any repayment on account of such payments.

- B. Operating Deficit Guaranty. General Partner and Guarantor will agree to loan to the Partnership any amounts required to fund operating deficits arising after the expiration of the Completion and Development Deficit Guaranty up to the greater of 6 months of operating expenses plus debt service or \$650,000 (the "Operating Deficit Loan Maximum"). Any amounts so advanced will constitute interest-free loans ("Operating Loans") repayable only out of future available cash flow or out of available proceeds of a sale or refinancing. The Operating Deficit Guaranty will terminate 60 months after the later of (i) the expiration of the Completion and Development Deficit Guaranty, or (ii) the Project's achievement of an average 1.15 to 1 debt service coverage on the Permanent Loans calculated over a period of 12 consecutive months.
- C. Repurchase. General Partner and Guarantor will be required to repurchase the Investor's interest upon certain material events including but not limited to: failure to achieve completion by December 31, 2010, failure to achieve stabilization within 24 months of completion, or failure to place the Project in service prior to the date required by the Internal Revenue Code or loss of permanent financing commitments. The General Partner and Guarantors will repurchase the Investor's interest in the Partnership at a price equal to the Investor's Capital Contributions paid to date, plus the actual out of pocket costs to the Investor (including legal, accounting, and consulting) plus 10% interest per annum, less any net tax credits received and retained by the Investor.
- D. Tax Credits Guaranty and Indemnification. General Partner and Guarantors will indemnify Investor for the failure to achieve projected tax benefits. Should the actual tax credits be lower than the Projected Tax credits, Investor's capital contributions will be adjusted downward by the amount of the difference and any interest or penalties owed by Investor. Subsequent to the payment of Investor Capital Contributions, Managing Member and/or Guarantors will, within 75 days of the end of each calendar year, pay to Investor an amount equal to the difference in actual tax credits plus any interest or penalties owed by Investor.
- E. Adjuster Provisions. The Capital Contributions are based upon your projection of total federal Low-Income Housing Tax Credits of \$ 14,498,550 ("Original Projected Credit") to Investor, which in turn is based upon certain assumptions and projections. The following federal credits are to be delivered to the Investor: \$281,916 in Year 2010, \$1,449,855 in Year 2011 and through 2019, and \$1,167,939 in Year 2020. The actual amount of Low-Income Housing Tax Credits may in fact change after the determination of eligible and qualified basis. Accordingly, the Capital Contribution may be adjusted when (i) final projections of the amount of Low-Income Housing Tax Credits are completed and/or (ii) upon or after actual completion of the project. Upon satisfaction of all conditions and prior to payment of the Final Capital Contribution, the Partnership Accountant will provide the Investor with Revised Economic Projections and the Final Credit Amount determined by the Accountants.

**Credit Adjuster.** To the extent such final projected amount of Low-Income Housing Tax Credits varies from the Original Projected Credits, Investor's capital contribution will be adjusted by \$0.725 per federal credit on such variance in the delivery of actual credits to Original Project Credit (as reflected in cost certifications or Form 8609). In no event will the application of the above adjusters cause Investor's capital contribution to increase by more than 5% without approval from Investor's Investment Committee.

**Timing Adjuster.** Investor's federal credit capital contribution will be adjusted to reflect the later or earlier than projected delivery of federal credits with respect to the first year and, if applicable, the second year, of the credit period, based on a reduction in price of 65 cents for every federal credit dollar deferred, or an increase based on 65% of the price per credit established in Section 6 above for every federal credit dollar accelerated.

If due to such adjusters, Investor's capital contributions are to be adjusted downward by more than the amount of Investor's then unpaid capital contributions, then General Partner and Guarantor will guaranty payment of the shortfall in such adjustments.

The General Partner's and Guarantor's obligations will be more specifically set forth in the Partnership Agreement and other related documents.

8. **Allocation of Tax Credits, Depreciation, Profits and Losses.** The Tax Credits, depreciation, operating profits and losses will be allocated in accordance with the Percentage Interests.
9. **Distribution of Cash Flow.**
  - A. **Operating Cash Flow.** Operating cash flow will be utilized as follows: (i) payment of all must-pay debt service on the Permanent Loans and other operating expenses, (ii) additions to a funded capital replacement reserve as provided in the Partnership Agreement, (iii) payment of any tax credit recapture owed to the Investor (iv) payment of any tax associated with taxable income to the Investor (v) payment of any loan made by the limited partner to the Partnership (vi) payment of the Asset Management Fee of \$5,000 per year to the Investor, which fee will accrue if not paid, (vii) payment of the Developer Fee Note, (viii) repayment of any Operating Deficit Loans made by General Partner, (ix) payment of the GP Asset Management Fee of \$5,000 (split evenly between the General Partner and Franklin Family Investments Ltd.) which fee shall accrue if not paid, (x) up to 90% of cash flow will be applied to pay the Seller Financing (loan from affiliate of GP) (xi) payment of the Partnership Management Fee equal to the lesser of 90% of cash flow or \$80,000 to the General Partner, and (xii) then to the partners in accordance with the Percentage Interests.
  - B. **Sale or Refinancing Proceeds.** Distributions of proceeds from a sale or refinancing of the Project will be distributed as follows: (i) payment of all must



pay debt service on the Permanent Loans and other operating expenses, (ii) payment of any tax credit recapture owed to the Investor, (iii) payment of any Investor taxes due at sale, (iv) payment of any loan made by the limited partner to the Partnership (v) to the extent reasonably determined necessary by General Partner additions to a capital replacement reserve, (vi) payment of any unpaid accrued Asset Management Fee, (vii) payment of the Developer Fee Note, (viii) repayment of any Operating Deficit Loans made by General Partner, (ix) payment of any unpaid accrued OP Asset Management Fee, (x) to any amounts due on the Land Loan (xi) 90% to the General Partner, and (xii) then to the partners in accordance with the Percentage Interests.

10. Developer Fee. The Developer will earn a Developer Fee, projected to be \$2,400,000, with no more than 50% of the non deferred developer fee paid during construction. In the event that the amount of the Final Capital Contribution is insufficient to pay the remaining balance of the Developer Fee, such unpaid portion will be deferred (the "Deferred Developer Fee") and will be payable not later than 12 years after the date the Project is placed in service.
11. Property Manager. United Apartment Group, Inc. will be the Project's initial property manager. The Property Manager will earn a fee equal to 4.00% of the Project's gross collected rents. If the Property Manager is an affiliate of General Partner, Guarantor, or Developer, then a portion of the property management fees may be deferred to cover operating deficits. The Property Manager may be terminated as Property Manager in the event of the removal of General Partner.
12. Replacement Reserves, ACC Reserves, Operating Reserves and Lease-Up Reserves. A Replacement Reserve equal to the greater of \$250 per unit per annum, or amounts required by any Project lender, will be funded from cash flow into a reserve account. ACC Reserve will be funded in the amount of \$150,000 at the time of the Initial Capital Contribution. An Operating Reserve of \$273,307 will be capitalized prior to or concurrent with the Completion Installment. Lease Up Reserves in the amount of \$268,104 will be funded into a reserve at the time of, or prior to, funding of the Completion Capital Contribution. Amounts remaining in the Lease Up Reserve, following funding of the Conversion Capital Contribution, may be released into the Cash Flow waterfall or used to fund Operating Deficits.
13. Investor Review. As set forth in the Partnership Agreement, Investor will have the right to inspect the Project during and after construction and to review construction loan disbursement requests and other financial and operations matters of the Project and the Partnership.
14. Reporting. The Partnership will be required to prepare quarterly and annual reports in form and substance satisfactory to Investor as set forth in the Partnership Agreement.
15. Additional Partnership Agreement Terms. The Partnership Agreement will provide for customary covenants, rights to approve major Partnership matters, representations and

Sutton Homes  
February 23, 2009

warranties, defaults, remedies, and indemnities to be more fully described in the Partnership Agreement. The Partnership will carry insurance acceptable to Investor.

16. **Transfer of Investor Interest.** Investor will have the right to transfer its interest in the Partnership, and to have the transferee admitted as a substitute limited partner: (i) to any affiliate of Investor, (ii) to any other person or entity provided that (A) Investor will remain liable to make all capital contributions outstanding at the time of the transfer or (B) the net worth of the proposed transferee will be acceptable to General Partner in its reasonable discretion, or (iii) to a partnership or limited liability company in which the Investor is the general partner or managing member.
17. **Transfer of General Partner Interest.** General Partner will not sell, transfer, assign, pledge or encumber any portion of its interest in the Partnership without the prior written consent of Investor.
18. **Bank Accounts.** At least one bank account of the Partnership must be maintained with Investor for the full duration of the Partnership.
19. **Conditions to Closing.** Investor's investment in the Partnership in accordance with this letter is subject to the satisfaction of the following conditions precedent on or before the Closing Date, which will occur on or before June 1, 2009.
  - A. **Due Diligence.** Investor's satisfactory due diligence review, in its sole and absolute discretion, of all matters pertaining to the Partnership, the General Partner, the Guarantor, the Developer and the Project including, without limitation:
    - (1) the construction budget, the scope of work, the construction schedule, all required permits, the construction contract, and all other construction and development matters;
    - (2) title, survey, zoning, engineering and environmental matters;
    - (3) any ground lease;
    - (4) market studies, appraisals, and all other matters regarding project feasibility;
    - (5) all aspects of the project's capital structure: the terms of all loans, grants, tax increment financing and equity contributions;
    - (6) debt service coverage, reserves, rental subsidies, income, expenses, and all other assumptions underlying the Projections;
    - (7) tax matters, including all aspects of all tax-exempt bonds;
    - (8) government benefits, government consents, government requirements and all other regulatory aspects of the Project;

- (9) all formation documents and government filings of the Partnership, the General Partner and the Developer; and
  - (10) the financial condition of the General Partner and the Developer.
- B. Negotiation of Satisfactory Documentation. The negotiation of a final Partnership Agreement and related documents (collectively the "Project Documents") that are satisfactory to Investor in its sole and absolute discretion. Investor's attorney will prepare and send to General Partner and its attorney the form of the Project Documents.
- C. Opinions. Investor's receipt of corporate rendered by counsel to General Partner satisfactory to Investor, in form and substance acceptable to Investor. Investor's receipt of tax opinion rendered by counsel to Investor, at the expense of the General Partner, in form and substance acceptable to Investor.
- D. Consents. Receipt of all necessary consents of governmental authorities and lenders.
- E. Title Insurance. Receipt of a title insurance policy in an amount and in a form acceptable to Investor, provided the amount of such title insurance must be at least equal to the aggregate of the Total Capital Contribution plus all Permanent Loans.
- F. Survey Certification & Additional Insured. Certify the Survey to, and add as an Additional Insured, "Bank of America, N.A. and its successors and assigns as lender to and limited partner in ARDC Sutton, Ltd., a Texas limited partnership."
- G. Miscellaneous. Receipt of other items or information reasonably required by Investor.
20. Transaction Expenses. The Investor will reimburse the Partnership for all of the Investor's transaction expenses including its legal, market analysis, and accounting fees. This reimbursement will be made in the form of a capital contribution from the Investor, which is separate from and in addition to the Capital Contribution in paragraph 6. If the Partnership fails to close, the entity signing this letter on behalf of the General Partner will be responsible for reimbursing the Investor for all the Investor's transaction expenses.
21. Termination. If the transaction contemplated by this letter fails to close by the Closing Date, as extended by the parties, this letter will be null and void and of no further force and effect, and, neither party will have any claim or demand whatsoever against the other party in connection with this letter, its execution or termination, except the Investor's transaction expenses identified above.
22. Right of First Refusal. At the end of the 15 year tax credit compliance period, SAHA will have the right of first refusal for one year to purchase the Property for an amount

Sutton Homes  
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equal to outstanding debt plus Investors taxes payable as a result of the sale. The General Partner will have the option, following the date all tax credits have been received by the Investor, 1) to purchase the property for an amount equal to the greater of (a) fair market value of the property or (b) outstanding debt plus Investor's taxes payable as a result of the sale, assuming the posting of an IRS Bond and the provision of a Letter of Credit to support potential recapture resulting from the sale.

23. **Tax Disclosure.** Notwithstanding anything to the contrary contained in the Partnership Agreement or any other agreement between the parties hereto, or in any offering materials pertaining to the Project, Investor and each officer, employee, representative or agent of Investor may disclose to any and all persons, without limitation of any kind, (i) the tax treatment and tax structure of the Partnership and any of the Partnership's transactions or activities, and (ii) all materials of any kind (including opinions and tax analysis) that are provided to Investor regarding its investment in the Partnership and/or such transactions or activities of the Partnership. This authorization as to tax disclosure is effective retroactively to the commencement of any discussions between the parties hereto or any of their agents or representatives.
24. **Material Adverse Change.** Bank of America's obligations hereunder shall terminate if, prior to closing, Bank of America determines, in its sole judgment, that there shall exist any conditions regarding the Property, or the operations, business, assets, liabilities or condition (financial or otherwise, including credit rating) of Borrower, Guarantor, or any tenants or there shall have occurred a material adverse change in, or there shall exist any material adverse conditions in, the market for syndicated bank facilities or the financial, banking, credit or debt capital markets generally, that could be expected to cause the potential Investment to go into default or prevent any guarantor from performing its obligations under any guaranty or to materially and adversely affect the value or marketability of the Investment or the Property.
25. **Expiration:** This Letter of Intent will expire at 5:00 p.m. on that date which is five (5) business days from the date hereof unless you execute this LOI and return it to us prior to that time, which may be by facsimile transmission. This letter is not intended as a commitment or offer by Investor to invest in the Partnership or the Project, but is intended only to summarize for discussion purposes the equity investment it is considering at this time. Investor must obtain the approval of its Investment Committee with respect to any such investment. After receipt of your signature on this LOI and after you provide any additional information that may be required, we will proceed with the necessary due diligence to process your request for Investment Committee Approval; provided, however that in any event, if this investment is not closed within sixty (60) days from the date hereof this LOI will expire.

Please indicate your agreement and acceptance of the foregoing by signing the enclosed copy of this letter and returning it to the undersigned. We look forward to working with you on this transaction.

Sutton Homes  
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Bank of America, N.A.

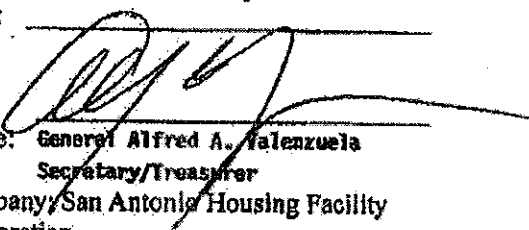
*Todd McCain*

By:  
Name: Todd McCain  
Title: Vice President  
Date: February 23, 2009

Agreed and Accepted:

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By:  
Name: Aubra Franklin  
Title: President  
Company: Franklin Development  
Date: \_\_\_\_\_

By:   
Name: General Alfred A. Valenzuela  
Title: Secretary/Treasurer  
Company: San Antonio Housing Facility  
Corporation  
Date: \_\_\_\_\_

Sutton Homes  
February 23, 2009


Bank of America, N.A.

*Todd McCain*

By:  
Name: Todd McCain  
Title: Vice President  
Date: February 23, 2009

Agreed and Accepted:

---

By:   
Name: Aubra Franklin  
Title: President  
Company: Franklin Development  
Date: 2/23/09

By:  
Name:  
Title:  
Company: San Antonio Housing Facility  
Corporation  
Date: \_\_\_\_\_

08190  
Sutton Homes  
Underwriting Report



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 03/26/09 PROGRAM: HTC 9% FILE NUMBER: 08190

**DEVELOPMENT**

Sutton Homes

Location: 909 Runnels Region: 9  
 City: San Antonio County: Bexar Zip: 78208  QCT  DDA  
 Key Attributes: Multifamily, Family, Urban/Exurban, Reconstruction

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION*		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$1,200,000			\$1,417,486		

\* The recommended tax credit allocation incorporates the November 13, 2008 TDHCA Board approval to use the 9% credit rate and a 10% increase in direct and sitework construction costs for all competitive 2007 and 2008 transactions as well as all applications on the 2008 waiting list to be considered for a forward commitment.

**CONDITIONS**

- 1 Receipt, review, and acceptance, by carryover, of firm commitments from SAHA for the second and third lien notes, with all terms and conditions clearly defined.
- 2 Receipt, review, and acceptance, by carryover, of an attorney's opinion determining that the Replacement Housing Factor Funds loan can and should be considered to be a valid debt with the reasonable expectation that it will be repaid in full.
- 3 Receipt, review and acceptance of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm is a condition of this report. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the TDSHS Texas Asbestos Health Protection Rules.
- 4 Receipt, review, and acceptance, by carryover, of the results of further noise evaluation to identify measures that can be taken to mitigate the effects of excessive noise, resulting in an acceptable noise environment for the development, and evidence that such measures have been incorporated into the development plans and are being followed.
- 5 Receipt, review and acceptance of a zoning change from the City of San Antonio Development Services Zoning approving a zoning change to MR-33 EP-1.
- 6 Receipt, review and acceptance by cost certification of an executed ground lease with clear lease terms including, but not limited to the annual rent amount.
- 7 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit and or allocation amount may be warranted.



SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
Public Housing	30% of AMI	39
30% of AMI	30% of AMI	10
50% of AMI	50% of AMI	28
60% of AMI	60% of AMI	109

PROS

- The proposed reconstruction would continue the revitalization of an existing significantly deteriorated circa 1951 public housing development.

CONS

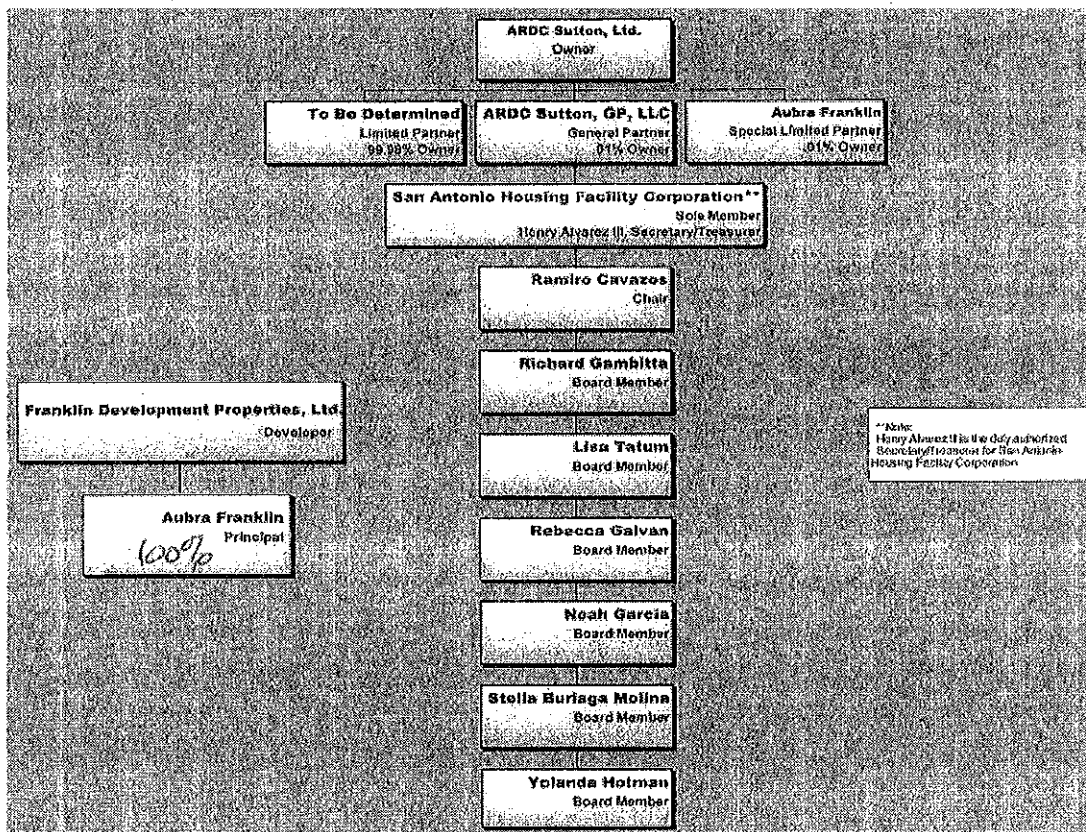
- The Applicant proposes \$5.4 million in soft secondary financing, and at the stated interest rate there does not appear to be sufficient cash flow to repay the debt.

PREVIOUS UNDERWRITING REPORTS

None

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Ryan Wilson Phone: (210) 694-2223 Fax: (210) 694-2225  
 Email: ryan@franklindevelopment.net

**KEY PARTICIPANTS**

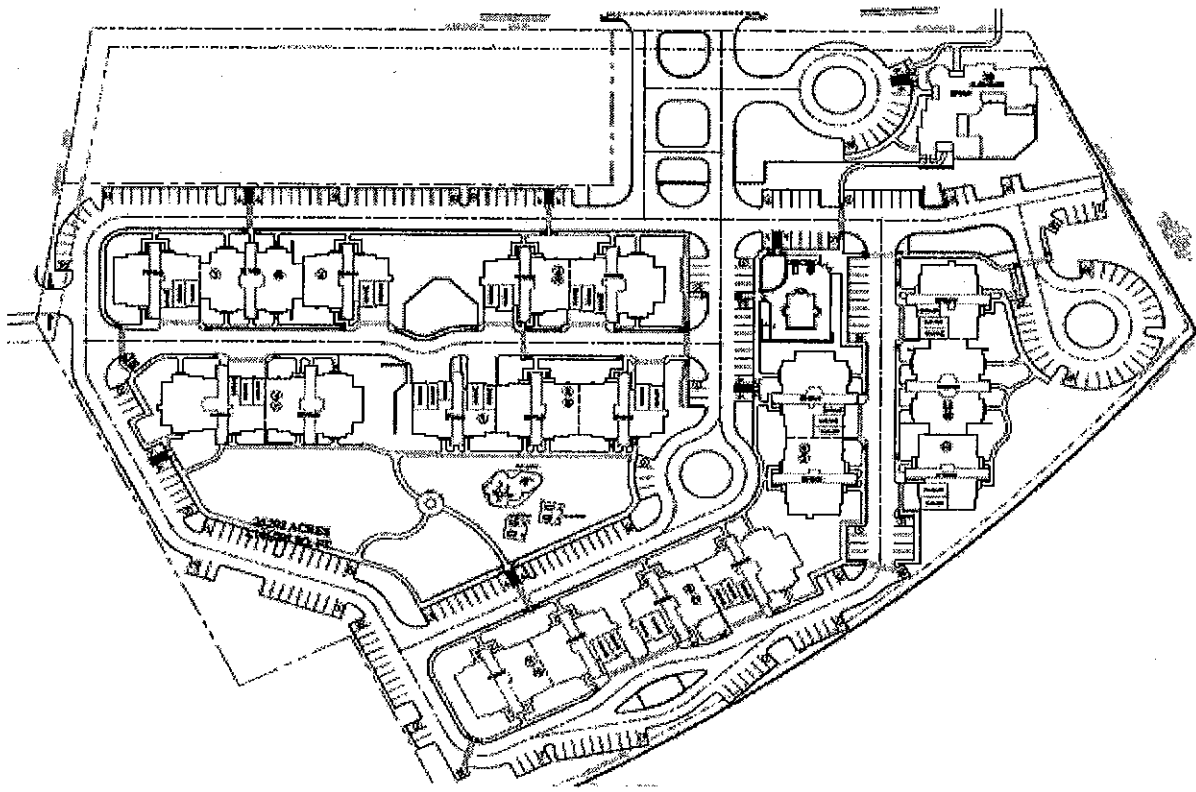
Name	Financial Notes	# Completed Developments
San Antonio Housing Facility Corp.	N/A	--
Aubra L. Franklin	N/A	8

**IDENTITIES of INTEREST**

- The Applicant and Developer are related entities. These are common relationships for HTC-funded developments.
- The seller is a related party. The transfer price is less than both the appraised value of the land plus demolition costs. Moreover the seller is providing additional separate favorable financing in an amount greater than the transfer price.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Income: \_\_\_\_\_ Number of Revisions: 2 Date of Last Applicant Revision: 3/11/2009

Building Type	I	II	III	IV	V	VI				Total Buildings
Floors/Stories	2	3	3	3	3	3				
Number	1	1	2	2	1	1				<b>8</b>

BR/BA	SF	Units per Building								Total Units	Total SF
1/1	750	4	16	7	5		11			55	41,250
2/2	985	7	17	11	11	11	12			91	89,635
3/2	1,161	4		12	6	4				44	51,084
4/2	1,250					4				4	5,000
Units per Building		15	33	30	22	19	23			194	186,969

Comments:

The most recently provided site plan indicates only 194 open parking spaces, or one per unit. The plan also includes 80 covered carport spaces and 35 garages, but these additional spaces are available only for an additional fee. Department rules do not include a minimum ratio of no-charge parking per unit; however, limiting free parking to one space per unit for a family development does not appear to be sufficient.

Relocation Plan:

The land for Sutton Homes will be sold to ARDC Sutton, Ltd. once the San Antonio Housing Authority (SAHA) has relocated the tenants. At present there are a total of 242 existing units at Sutton Homes. 191 are occupied, 28 vacant, and 23 off the rent rolls. When the revitalized development is ready for lease up there will be 186 low income units available and 8 market rate units.

SAHA is responsible for relocation of the current residents. Residents will be informed of what options and assistance will be available to them in order to seek other housing, such as: Housing Choice Vouchers, transfers to other available Public Housing Units, amount of relocation benefits, relocation counseling services provided to each individual family, and transportation that may be required for any family. The SAHA intends to fully comply with 49 CFR Part 24, Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

SITE ISSUES

Total Size: 13 acres Scattered site?  Yes  No  
 Flood Zone: X Within 100-yr floodplain?  Yes  No  
 Zoning: MF-33, I 1, I 2 Needs to be re-zoned?  Yes  No  N/A

Comments:

A zoning change from the City of San Antonio Development Services Zoning approving a zoning change to MR-33 EP-1 is a condition of this report.

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/7/2008

Overall Assessment:

Excellent  Acceptable  Questionable  Poor  Unacceptable

Surrounding Uses:

North: Single Family homes and IH 35 northbound access road beyond  
 South: Vacant land and Single Family homes beyond  
 East: Industrial businesses  
 West: Single Family homes

Comments:

The inspector had reservations regarding the development due to the age and the visible repairs that are needed.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Integrated Testing and Engineering Company of San Antonio

Date: 3/7/2008

**Recognized Environmental Concerns (RECs) and Other Concerns:**

- "A limited asbestos survey was performed on the Sutton Homes buildings in July 1992 by others. According to the report provided by SAHA, non-friable asbestos was found in floor tile, transite concrete pipe and roof soffets. According to SAHA personnel, the asbestos located within the buildings has not been removed. According to the initial report, "all locations of friable and non-friable ACBM were not inspected". Therefore, the asbestos survey was not a complete survey which would have included all buildings located on the property. No information was found indicating that any of the identified ACBM was removed." (p. 16) Therefore, receipt, review and acceptance of evidence that the asbestos affected materials have been removed or receipt, review and acceptance of an Operation & Maintenance plan prepared by a qualified firm is a condition of this report. It is required that any removal of asbestos-containing materials associated with the structure be conducted by trained and licensed asbestos abatement personnel working under the requirements of the TDSHS Texas Asbestos Health Protection Rules.
- "Based on calculations from the HUD Noise Assessment Worksheet (dated March 2008), Final Site Evaluation is unacceptable." (p. 14) Therefore, any recommended funding will be subject to receipt, review, and acceptance, by carryover, of the results of further noise evaluation to identify measures that can be taken to mitigate the effects of excessive noise resulting in an acceptable noise environment for the development, and evidence that such measures have been incorporated into the development plans and are being followed.

**Comments:**

"A review of Environmental databases did not reveal any facilities within the specified search areas that are suspected to represent an environmental concern to the Target Property." (p.16)

**MARKET HIGHLIGHTS**

Provider: Land America Valuation Corporation

Date: 3/2/2008

Contact: B. Diane Butler

Phone: (214) 739-0700

Fax: (214) 361-8168

Number of Revisions: None

Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 40.35 square miles / (3.6 miles radius)

"The primary market area is defined as the area east of IH 37 and Broadway Street; south of Rittiman Road; west of North Forester Road; and north of SH 87 and IH 10." (p. 40)

Secondary Market Area (SMA):

"The secondary market is defined as the San Antonio MSA." (p. 40)

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS				
PMA				SMA
Name	File #	Total Units	Comp Units	N/A
Artisan at Salado Heights	060417	252	246	

INCOME LIMITS						
Bexar						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$11,500	\$13,100	\$14,750	\$16,400	\$17,700	\$19,000
50	\$19,150	\$21,900	\$24,600	\$27,350	\$29,550	\$31,750
60	\$22,980	\$26,280	\$29,520	\$32,820	\$35,460	\$38,100

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/ 30% Rent Limit	669	2	0	671	10	0	1.49%
1 BR/ 60% Rent Limit	688	2	0	690	43	46	12.90%
2 BR/ 30% Rent Limit	275	1	0	276	32	0	11.59%
2 BR/ 50% Rent Limit	471	1	0	472	22	0	4.66%
2 BR/ 60% Rent Limit	537	2	0	539	35	120	28.76%
3 BR/ 30% Rent Limit	413	1	0	414	7	0	1.69%
3 BR/ 50% Rent Limit	663	2	0	665	6	0	0.90%
3 BR/ 60% Rent Limit	775	2	0	777	29	80	14.03%
4 BR/ 60% Rent Limit	1,033	3	0	1,036	2	0	0.19%

OVERALL DEMAND										
		Target Households	Household Size	Income Eligible	Tenure	Demand				
PMA DEMAND from TURNOVER										
Market Analyst p. 66	100%	30,918	100%	30,918	32%	10,008	40%	3,973	69%	2,722
Underwriter	100%	30,918	97%	29,861	33%	9,778	40%	3,882	46%	1,793
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. 66			100%	60	32%	19	40%	8	100%	8
Underwriter			97%	64	33%	21	40%	8	100%	8

INCLUSIVE CAPTURE RATE							
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand	Inclusive Capture Rate
Market Analyst p. 66		145	252	0	397	2,729	15%
Underwriter		147	252	0	399	1,802	22%

The 39 public housing units at the subject will replace the pre-existing public housing that will be demolished, and previous tenants will receive a leasing preference; as Replacement Housing, these units are exempt from the capture rate criteria. The Market Analyst determined an inclusive capture rate of 15% based on total demand for 2,729 units, and unstabilized supply of 397 units (145 HTC units at the subject and 252 units at Artisan at Salado Heights). The Market Analyst applied a turnover rate of 68.5% as reported by IREM for the San Antonio MSA for 2007. The underwriting analysis applied a more conservative turnover rate of 46% derived from the US Census data for Bexar County, and considered the corrected quantity of 147 HTC units at the subject. As a result of the lower turnover rate, the inclusive capture rate is determined to be 22%; this higher result is still within the maximum rate of 25% for urban developments targeting families.

**Primary Market Occupancy Rates:**

"Vacancy and collection loss was estimated at 6.0%, encumbered.....as noted by this higher average occupancy level currently being achieved at the competing HTC properties, there is demand for affordable housing in the immediate area. The comparable communities typically have waiting lists or quickly fill vacant units; this points to continued pent-up demand in the market." (p. 93)

**Absorption Projections:**

"An absorption rate of 20 units/month, after completion, is reasonable for the subject considering the location with visibility from IH 35. The development will serve the existing residential base in the PMA who desire better housing and new in-migration searching for a close-in location with easy access. The absorption rate will result in a 7-month absorption period from date of completion to obtain stabilized physical occupancy. The subject community should achieve stabilization (encumbered) by July 2010" (p. 79)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market		
1 BR 750 SF (30%)PH	\$233	\$240	\$645	\$100	\$545		
1 BR 750 SF (60%)	\$532	\$548	\$645	548	\$97		
1 BR 750 SF MR	\$532		\$645	\$645	\$0		
2 BR 985 SF (30%)	\$320	\$287	\$768	287	\$481		
2 BR 985 SF (30%)PH	\$320	\$287	\$768	\$100	\$668		
2 BR 985 SF (50%)	\$519	\$534	\$768	534	\$234		
2 BR 985 SF (60%)	\$638	\$657	\$768	\$657	\$111		
2 BR 985 SF MR	\$638		\$768	768	\$0		
3 BR 1,161 SF (30%)	\$348	\$324	\$871	\$324	\$547		
3 BR 1,161 SF (30%)PH	\$348	\$324	\$871	100	\$771		
3 BR 1,161 SF (50%)	\$591	\$609	\$871	\$609	\$262		
3 BR 1,161 SF (60%)	\$729	\$751	\$871	751	\$120		
3 BR 1,161 SF MR	\$729		\$871	\$871	\$0		
4 BR 1,250 SF (60%)	\$802	\$800	\$950	800	\$150		
4 BR 1,250 SF MR	\$802		\$950	\$950	\$0		

**Market Impact:**

"The local apartment market continues to balance supply and demand as the significant demand for quality apartment product has resulted in a significant amount of new product to come on line over the last several years. Occupancy levels have remained above 90% over the last several years. Brokers also indicate that San Antonio is currently perceived as a relatively stable apartment market particularly as compared to other large Texas markets such as Dallas and Austin that have experienced a higher degree of overbuilding and job loss. As a result, brokers indicated that investor interest has been strong for well-located quality apartment projects in San Antonio. The overall outlook for the area is positive, barring a significant and prolonged downturn in the local economy and assuming developers maintain an appropriate level of discipline with respect to new development in the midst of an improving market." (p. 38-39)

**Comments:**

The market study provides sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          4          Date of Last Applicant Revision:          8/25/2008    

Thirty-nine units have been set aside as public housing assisted units. These units are subject to an Annual Contributions Contract with the US Department of HUD. Tenants pay up to 30% of household income toward rent, and HUD provides a subsidy up to the operating expenses for the units. Since there is no minimum qualifying income, and tenants pay a percentage of household income, it is not possible to precisely estimate the amount of tenant-paid rent for the public housing units. The underwriting analysis assumes an arbitrary average of \$100 per month in tenant-paid rent for each public housing unit; the analysis also includes an operating subsidy equal to the difference between the tenant-paid rent and the operating expenses for each public housing unit. The Applicant's rent schedule assumes the collected rent for the public housing units will be equivalent to 30% HTC units.

For the remaining tax credit units the Underwriter calculated the current gross program rents less the current utility allowances as maintained by the San Antonio Housing Authority in determining projected gross rental income. The Market Analyst concludes the market could support rents at these rent limit maximums. The subject also includes 8 market rate units; the underwriter has applied market rents for these units as reported in the market study.

In addition to secondary income from normal operation, the Applicant projects income from garages and carports at \$3,250 per month. Traditionally, the Department has not accepted carport income and has heavily discounted garage rental income. Given that the Applicant maximized other secondary income and provided no support for garage rental income, the underwriting analysis assumes only the maximum of \$15 per unit per month in secondary income from normal operation.

The Applicant has allowed for losses due to vacancy and collection equal to 7.0% of effective gross income; the underwriting analysis has followed the guideline provision of 7.5% losses. Overall, the Applicant's projected effective gross income is equivalent to the Underwriter's estimate.

Expense:      Number of Revisions:      None      Date of Last Applicant Revision:      N/A

The Applicant's total annual operating expense projection at \$3,326 per unit is within 1% of the Underwriter's estimate of \$3,366, derived from the TDHCA database. The Applicant's budget reflects that the compliance fee of \$7440 was not considered.

The Applicant is also projecting a 100% property tax exemption as a result of the Public Facility's control of the general partner. It is anticipated that the Applicant will enter into a ground lease with the Public Facility in order to secure such an exemption. Receipt, review and acceptance by cost certification of an executed ground lease with clear lease terms including, but not limited to, the annual rent amount is a condition of this report.

**Conclusion:**

The Applicant's estimated income, expenses, and net operating income are each within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI will be used to evaluate debt service capacity. Use of the Applicant's proforma and the estimated debt service results in a debt coverage ratio (DCR) of 1.16 which falls within the current underwriting guideline of 1.15 to 1.35.

**Feasibility:**

The Applicant's projections are used to create a 30-year operating proforma, applying a 3% growth factor to income and 4% to expenses. This analysis, with the financing structure as proposed by the Applicant, indicates substantial positive cash flow and debt coverage that remains above 1.15 throughout the proforma. This generally leads to a conclusion that the development is financially feasible. It should be noted, however, that the primary mortgage is amortized over 40 years; and more importantly, the financing structure includes \$5.4 million in soft debt, at 4.5% interest, payable from cash flow. This raises questions about the financial feasibility of the project, which will be discussed further in the Conclusions of this report.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider: Land America Valuation Corporation      Date: 3/6/2008  
 Number of Revisions: None      Date of Last Applicant Revision: N/A  
 Land Only:      13 acres      \$1,300,000      As of: 3/6/2008  
 Existing Buildings: (as-is)      \$9,200,000      As of: 3/6/2008  
 Total Development: (as-is)      \$10,500,000      As of: 3/6/2008

**Comments:**

The seller, Housing Authority of the City of San Antonio, is to cause the existing structures at the property to be demolished and a reconstruction of 194 units with 8 buildings will be constructed.

**ASSESSED VALUE**

Land Only:      13 acres      Tax Exempt      Tax Year: 2008  
 Existing Buildings:      Tax Exempt      Valuation by: Bexar CAD  
 Total Assessed Value:      Tax Exempt      Tax Rate: 0

**EVIDENCE of PROPERTY CONTROL**

Type: Purchase and Sale Contract Acreage: 13  
 Contract Expiration: 1/31/2009 Valid Through Board Date?  Yes  No  
 Acquisition Cost: The greater of \$800,000 or the fair market value of the land as determined by an appraiser which was determined to be \$1,300,000.  
 Seller: San Antonio Housing Authority Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

COST SCHEDULE Number of Revisions: 1 Date of Last Applicant Revision: 8/7/2008

**Acquisition Value:**

The Applicant has an identity of interest with the seller but has provided documentation of the property's original acquisition value (in the form of 155 closing statements dated in late 1951 and early 1952) and an appraised value as required by the QAP. The contracted sales price of \$1,300,000 is the same as the appraised value, but the acquisition cost in the Applicant's development cost schedule is shown as \$1,200,000. The underwriting analysis will utilize the \$1.2M reflected in the Applicant's cost schedule.

As discussed above, it is anticipated that San Antonio Housing Facility Corporation or an affiliate thereof will take title to the land and the Applicant will enter into a ground lease with that entity in order to secure a 100% property tax exemption. The Applicant did not provide a ground lease; however, this report has been conditioned upon receipt of a ground lease with terms from the Applicant.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$7,587 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$9.7 million. The underwriting estimate, based on the most recently provided building plans and derived with the Marshall & Swift Residential Cost Handbook, is 9% higher at \$10.6 million.

**Ineligible Costs:**

The Applicant included \$51,665 for garages and carports as an eligible cost. This cost is regarded to be ineligible; therefore, the Underwriter reduced the Applicant's eligible basis by an equivalent amount. This cost also appeared to be highly understated, as the original site plan indicated 53 garages. The current site plan indicates 35 garages, 80 carports, and approximately 1,400 square feet of storage unit space. The underwriting estimate of direct construction cost for these items totals \$272K; these costs are ineligible since tenants will be charged fees for the use of these facilities, so this amount is included with ineligible costs.

**Interim Interest Expense:**

The Applicant claimed \$613K in eligible interim financing interest. Underwriting guidelines limit eligible interest to one year of fully drawn interest on the construction financing. Based on the commitment from the lender, one year of interest on the primary loan would be \$471K; no terms have been provided for the \$5.4 million in soft financing to be provided by SAHA. The Applicant's eligible basis estimate has been adjusted to include only \$471K in interim interest.

**Contingency & Fees:**

As a result of the reductions to eligible basis discussed above, the Applicant's eligible contractor fees exceed the Department's maximum by \$3,026. Additionally, the Applicant's contingency costs were overstated by \$1,312. These amounts have been removed from eligible basis.



Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$19,017,619 is boosted by 30% because the site is located in a Qualified Census Tract; the basis is also reduced by the 95.5% applicable fraction because 8 units will not be subject to rent and income restrictions; the adjusted basis of \$23,626,454 supports annual tax credits of \$2,126,381 based on the full 9% applicable percentage, as approved by the TDHCA Board on November 13, 2008.

In addition the Board approved an increase in the credit amount for all 2008 transactions based on an additional 10% of direct construction and site work cost as contingency. In this case the adjusted cost results in an additional \$1,112,260 in eligible basis and \$793,851 in additional credit. The total eligible credit of \$2,222,045 will be compared to the amount determined by the gap in financing to determine any recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: One Date of Last Applicant Revision: 8/7/2008

Source: KeyBank Real Estate Capital Type: Interim to Permanent Financing

Principal: \$6,176,716 Interest Rate: 7.63%  Fixed Term: 480 months

Comments:

The loan will be provided through the FHA 221(d)(4) program. The commitment from KeyBank lists the Note rate as 7.18% with MIP of 0.45%, but the total is incorrectly indicated at 8.06%. The debt service listed on the proforma is consistent with the total of the Note Rate and MIP, so the underwriting analysis assumes the correct rate is 7.63%.

Source: San Antonio Housing Authority Type: Interim to Permanent Financing

Principal: \$4,641,000 Interest Rate: 4.5%  Fixed Amort: 480 months

Comments:

The loan will begin amortizing after full payment of the deferred development fee. The source is Replacement Housing Factor Funds. RHF funds are granted by HUD to Public Housing Authorities for the replacement of public housing units that have been demolished or sold.

Source: San Antonio Housing Authority Type: Interim to Permanent Financing

Principal: \$900,000 Interest Rate: 4.5%  Fixed Amort: 480 months

Comments:

The loan will begin amortizing after payment of the \$4,641,000 loan to the San Antonio Housing Authority. The source of these funds is listed as being a portion of the land sale proceeds loaned back to the partnership.

Source: RED Capital Group Type: Syndication

Proceeds: \$9,958,008 Syndication Rate: 83% Anticipated HTC: \$ 1,200,000

Comments:

Applications from 2008 being considered for forward commitments were required to submit updated syndication letters by 12/1/2008. The Applicant simply resubmitted a copy of the original syndication letter dated February 22, 2008, indicating a credit price of \$0.83.

Amount: \$692,512 Type: Deferred Developer Fees

## CONCLUSIONS

### Recommended Financing Structure:

As stated above, the Applicant's year one proforma and the debt service on the primary mortgage provide an acceptable debt coverage ratio of 1.16. However, there is an additional \$5.4 million in soft financing. All proposed debt has a stated maturity of 40 years. An underwriting proforma analysis indicates that, at the stated interest rate of 4.5%, assuming all available cash flow is dedicated to the subordinate debt, the \$4.6 million second lien will have an outstanding balance of \$11.2 million at the end of 40 years; and the \$900,000 third lien will have an outstanding balance of \$5.2 million. Since the second lien is sourced from federal funds, it is necessary that it be determined to be a valid debt; if it cannot be reasonably expected to be repaid in full, the amount must be excluded from basis when determining eligibility for tax credits.

As a result, any recommended funding will be subject to receipt, review, and acceptance, by carryover, of firm commitments from SAHA for the second and third lien notes, with all terms and conditions clearly defined. Additionally, receipt, review, and acceptance, by carryover, of an attorney's opinion determining that the Replacement Housing Factor Funds loan can and should be considered to be a valid debt with the reasonable expectation that it will be repaid in full is also a condition of this report.

At its November 13, 2008 meeting, the Governing Board approved an increase in tax credits for all competitive 2007 and 2008 transactions based on the 9% credit rate and a 10% increase in direct and sitework construction costs. As a result, all applications on the 2008 waiting list to be considered for a forward commitment will be treated in the same manner. As discussed previously, the Applicant's total development cost estimate is within 5%; therefore, their cost will be used for purposes of determining the development's eligible basis and funding need. Accordingly, the Applicant's development cost has been increased by 10% as approved by the TDHCA Board for purposes of determining the recommended tax credit allocation.

The Applicant's total development cost estimate (including the 10% increase) less the permanent debt of \$11,717,716 indicates the need for \$11,762,784 in gap funds. Based on the submitted syndication rate of \$0.83 per credit, a tax credit allocation of \$1,417,486 annually would be required to fill this gap in financing. This is less than the credit amount of \$2,222,045 determined by eligible basis; therefore, the amount determined by the gap in financing is recommended. An annual allocation of \$1,417,486 results in equity proceeds of \$11,762,784.

The Underwriter's recommended financing structure does not indicate the need for any additional permanent funds.

In the event that the Replacement Housing Factor Funds are determined to constitute a federal grant rather than a loan, it appears that there is sufficient excess basis such that the \$4.6 million can be excluded and the allocation would still be determined by the gap in financing. In such a circumstance, the underwriting analysis should be reevaluated.

Underwriter:	_____	Date:	_____
	<i>Carl Hoover</i>		<i>March 26, 2009</i>
Reviewing Underwriter:	_____	Date:	_____
	<i>Thomas Cavanagh</i>		<i>March 26, 2009</i>
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Brent Stewart</i>		<i>March 26, 2009</i>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Sutton Homes, San Antonio, HTC 9% #08190**

Type of Unit	Number	Bedrooms	No. of Baths	Size In SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tot-Pd Unit	WS&T
30%/PH	10	1	1	750	\$307	\$100	\$1,000	\$0.13	\$66.66	\$35.82
TC 60%	43	1	1	750	615	548	23,579	0.73	66.66	35.82
MR	2	1	1	750	0	645	1,290	0.86	66.66	35.82
TC 30%	8	2	2	985	368	287	2,298	0.29	80.69	42.62
30%/PH	24	2	2	985	368	100	2,400	0.10	80.69	42.62
TC 50%	22	2	2	985	615	534	11,755	0.54	80.69	42.62
TC 60%	35	2	2	985	738	657	23,006	0.67	80.69	42.62
MR	2	2	2	985	0	768	1,537	0.78	80.69	54.11
TC 30%	2	3	2	1,161	426	324	648	0.28	102.10	54.11
30%/PH	5	3	2	1,161	426	100	500	0.09	102.10	54.11
TC 50%	6	3	2	1,161	711	609	3,653	0.52	102.10	54.11
TC 60%	29	3	2	1,161	853	751	21,776	0.65	102.10	54.11
MR	2	3	2	1,161	0	871	1,742	0.75	102.10	54.11
TC 60%	2	4	2 <sup>+</sup>	1,250	\$952	800	1,599	0.64	152.30	74.05
MR	2	4	2	1,250	\$0	950	1,900	0.76	152.30	74.05
<b>TOTAL:</b>	<b>194</b>		<b>AVERAGE:</b>	<b>964</b>		<b>\$509</b>	<b>\$98,683</b>	<b>\$0.53</b>	<b>\$83.04</b>	<b>\$44.06</b>

**INCOME** Total Net Rentable Sq Ft: **186,969**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: **\$15.00**

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: **-7.50%**

Public Housing Operating Subsidy

**EFFECTIVE GROSS INCOME**

	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
	\$1,184,191	\$1,239,120	Bexar	San Antonio	9
	34,920	70,428	\$30.25	Per Unit Per Month	
	0		\$0.00	Per Unit Per Month	
	\$1,219,111	\$1,309,548			
	(91,433)	(91,668)	-7.00%	of Potential Gross Income	
	89,569				
	\$1,217,247	\$1,217,880			

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	7.11%	\$446	0.46
Management	4.07%	256	0.27
Payroll & Payroll Tax	15.95%	1,001	1.04
Repairs & Maintenance	8.42%	528	0.55
Utilities	2.47%	155	0.16
Water, Sewer, & Trash	5.35%	335	0.35
Property Insurance	3.48%	218	0.23
Property Tax	0.00%	0	0.00
Reserve for Replacements	3.98%	250	0.26
TDHCA Compliance Fees	0.61%	38	0.04
Other: Supp. Serv., Cable TV	2.21%	139	0.14
<b>TOTAL EXPENSES</b>	<b>53.65%</b>	<b>\$3,386</b>	<b>\$3.49</b>
<b>NET OPERATING INC</b>	<b>46.35%</b>	<b>\$2,900</b>	<b>\$3.02</b>

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
	\$86,489	\$86,000	\$0.46	\$443	7.06%
	49,584	48,715	0.26	251	4.00%
	\$194,202	185,000	0.99	954	15.19%
	\$102,475	105,000	0.56	541	8.62%
	30,019	46,655	0.25	240	3.83%
	65,074	56,420	0.30	291	4.63%
	42,383	42,000	0.22	216	3.45%
	0	0	0.00	0	0.00%
	48,500	48,500	0.26	250	3.98%
	7,440		0.00	0	0.00%
	26,925	26,925	0.14	139	2.21%
	\$653,091	\$645,215	\$3.45	\$3,326	52.98%
	\$564,156	\$572,665	\$3.06	\$2,952	47.02%

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

	1.14	1.15
		1.16

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		5.16%	\$6,186	\$6.42
Off-Sites		0.00%	0	0.00
Sitework		6.32%	7,587	7.87
Direct Construction		45.37%	54,421	56.47
Contingency	4.63%	2.40%	2,873	2.98
Contractor's Fees	12.97%	6.70%	8,042	8.34
Indirect Construction		9.61%	11,523	11.96
Ineligible Costs		7.02%	8,424	8.74
Developer's Fees	12.95%	9.82%	11,778	12.22
Interim Financing		5.42%	6,501	6.75
Reserves		2.18%	2,617	2.72
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$119,954</b>	<b>\$124.46</b>
Construction Cost Recap		60.79%	\$72,924	\$75.67

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
	\$1,200,000	\$1,200,000	\$6.42	\$6,186	5.11%
	0		0.00	0	0.00%
	1,471,817	1,471,817	7.87	7,587	6.27%
	10,557,742	9,650,778	51.62	49,746	41.10%
	557,442	557,442	2.98	2,873	2.37%
	1,560,189	1,560,189	8.34	8,042	6.64%
	2,235,508	2,235,508	11.96	11,523	9.52%
	1,634,350	1,414,406	7.56	7,291	6.02%
	2,284,982	2,284,982	12.22	11,778	9.73%
	1,261,241	1,261,241	6.75	6,501	5.37%
	507,772	731,877	3.91	3,773	3.12%
	\$23,271,043	\$23,480,500	\$125.58	\$121,034	100.00%
	\$14,147,190	\$13,240,226	\$70.82	\$68,249	56.39%

**SOURCES OF FUNDS**

Key Bank	26.54%	\$31,839	\$33.04
SAHA RHF Funds	19.94%	\$23,923	\$24.82
San Antonio Housing Authority	3.87%	\$4,639	\$4.81
HTC Syndication Proceeds	42.79%	\$51,330	\$53.26
Deferred Developer Fees	2.98%	\$3,570	\$3.70
Additional (Excess) Funds Req'd	3.88%	\$4,654	\$4.83
<b>TOTAL SOURCES</b>			

	TDHCA	APPLICANT	RECOMMENDED	
	\$6,176,716	\$6,176,716	\$6,176,716	Developer Fee Available
	4,641,000	4,641,000	4,641,000	\$2,284,982
	900,000	900,000	900,000	
	9,958,008	9,958,008	11,762,784	% of Dev. Fee Deferred
	692,512	692,512		0%
	902,807	1,112,264	0	15-Yr Cumulative Cash Flow
	\$23,271,043	\$23,480,500	\$23,480,500	\$2,209,802

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

Sutton Homes, San Antonio, HTC 9% #08190

**DIRECT CONSTRUCTION COST ESTIMATE**

Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.10	\$10,115,716
<b>Adjustments</b>				
Exterior Wall Finish	0.40%		\$0.22	\$40,463
Elderly			0.00	0
9-Ft. Ceilings	3.05%		1.65	308,529
Sprinklers	\$1.95	166,869	1.95	364,580
Subfloor			(0.66)	(137,324)
Floor Cover			2.43	454,335
Breezeways/Balconies	\$22.27	36,006	4.29	801,854
Plumbing Fixtures	\$905	417	1.80	335,685
Rough-ins	\$400	388	0.83	155,200
Built-In Appliances	\$1,850	194	1.92	358,900
Exterior Stairs	\$1,800	72	0.69	129,600
Enclosed Corridors	\$42.14	34,664	7.81	1,460,889
Heating/Cooling			1.90	355,241
Garage & Storage	\$17.64	12,836	1.21	226,427
Comm &/or Aux Bldgs	\$65.23	6,139	2.14	400,462
Carports	\$10.15	16,000	0.87	162,400
<b>SUBTOTAL</b>			<b>82.92</b>	<b>15,502,947</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.86		(11.61)	(2,170,413)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$71.31</b>	<b>\$13,332,535</b>
Plans, specs, survy, bid pm	3.90%		(\$2.79)	(\$519,959)
Interim Construction Interest	3.38%		(2.41)	(440,873)
Contractors OH & Profit	11.60%		(8.20)	(1,533,241)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$57.92</b>	<b>\$10,829,351</b>

**PAYMENT COMPUTATION**

Primary	\$6,176,716	Amort	480
Int Rate	7.63%	DCR	1.14

Secondary	\$4,641,000	Amort	0
Int Rate	4.50%	Subtotal DCR	1.14

Additional	\$900,000	Amort	0
Int Rate	4.50%	Aggregate DCR	1.14

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S**

NOI:

Primary Debt Service	\$494,902
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$77,763</b>

Primary	\$6,176,716	Amort	480
Int Rate	7.63%	DCR	1.16

Secondary	\$4,641,000	Amort	0
Int Rate	4.50%	Subtotal DCR	1.16

Additional	\$900,000	Amort	0
Int Rate	4.50%	Aggregate DCR	1.16

**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	\$1,239,120	\$1,276,294	\$1,314,582	\$1,354,020	\$1,394,640	\$1,616,771	\$1,874,280	\$2,172,804	\$2,920,067
Secondary Income	70,428	72,541	74,717	76,959	79,287	91,893	106,529	123,486	165,988
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,309,548	1,348,834	1,389,299	1,430,978	1,473,927	1,708,663	1,980,809	2,296,300	3,086,055
Vacancy & Collection Loss	(91,862)	(96,185)	(100,197)	(104,823)	(109,540)	(128,160)	(148,861)	(172,230)	(231,453)
Public Housing Operating Subs	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,217,880</b>	<b>\$1,247,872</b>	<b>\$1,285,102</b>	<b>\$1,323,655</b>	<b>\$1,363,385</b>	<b>\$1,580,513</b>	<b>\$1,832,248</b>	<b>\$2,124,078</b>	<b>\$2,854,583</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$88,000	\$89,440	\$93,018	\$96,738	\$100,608	\$122,405	\$148,924	\$181,189	\$268,204
Management	48,715	49,907	51,404	52,948	54,534	63,220	73,290	84,983	114,183
Payroll & Payroll Tax	185,000	192,400	200,096	208,100	216,424	263,313	320,360	389,767	576,851
Repairs & Maintenance	105,000	109,200	113,568	118,111	122,835	149,448	181,826	221,219	327,458
Utilities	46,655	48,521	50,462	52,481	54,580	66,405	80,791	98,295	145,501
Water, Sewer & Trash	56,420	58,677	61,024	63,465	66,003	80,303	97,701	118,868	175,954
Insurance	42,000	43,680	45,427	47,244	49,134	59,779	72,730	88,488	130,983
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	46,500	50,440	52,458	54,556	56,738	69,031	83,986	102,182	151,255
Other	26,925	28,002	29,122	30,287	31,498	38,323	46,625	56,727	83,970
<b>TOTAL EXPENSES</b>	<b>\$645,215</b>	<b>\$670,267</b>	<b>\$698,678</b>	<b>\$723,927</b>	<b>\$762,355</b>	<b>\$912,226</b>	<b>\$1,106,235</b>	<b>\$1,341,698</b>	<b>\$1,974,458</b>
<b>NET OPERATING INCOME</b>	<b>\$572,665</b>	<b>\$577,405</b>	<b>\$588,524</b>	<b>\$599,728</b>	<b>\$611,010</b>	<b>\$688,288</b>	<b>\$726,014</b>	<b>\$782,380</b>	<b>\$880,125</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$494,902	\$494,902	\$494,902	\$494,902	\$494,902	\$494,902	\$494,902	\$494,902	\$494,902
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>\$77,763</b>	<b>\$82,503</b>	<b>\$93,622</b>	<b>\$104,826</b>	<b>\$116,108</b>	<b>\$173,386</b>	<b>\$231,112</b>	<b>\$287,478</b>	<b>\$385,223</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.16</b>	<b>1.17</b>	<b>1.19</b>	<b>1.21</b>	<b>1.23</b>	<b>1.35</b>	<b>1.47</b>	<b>1.58</b>	<b>1.78</b>

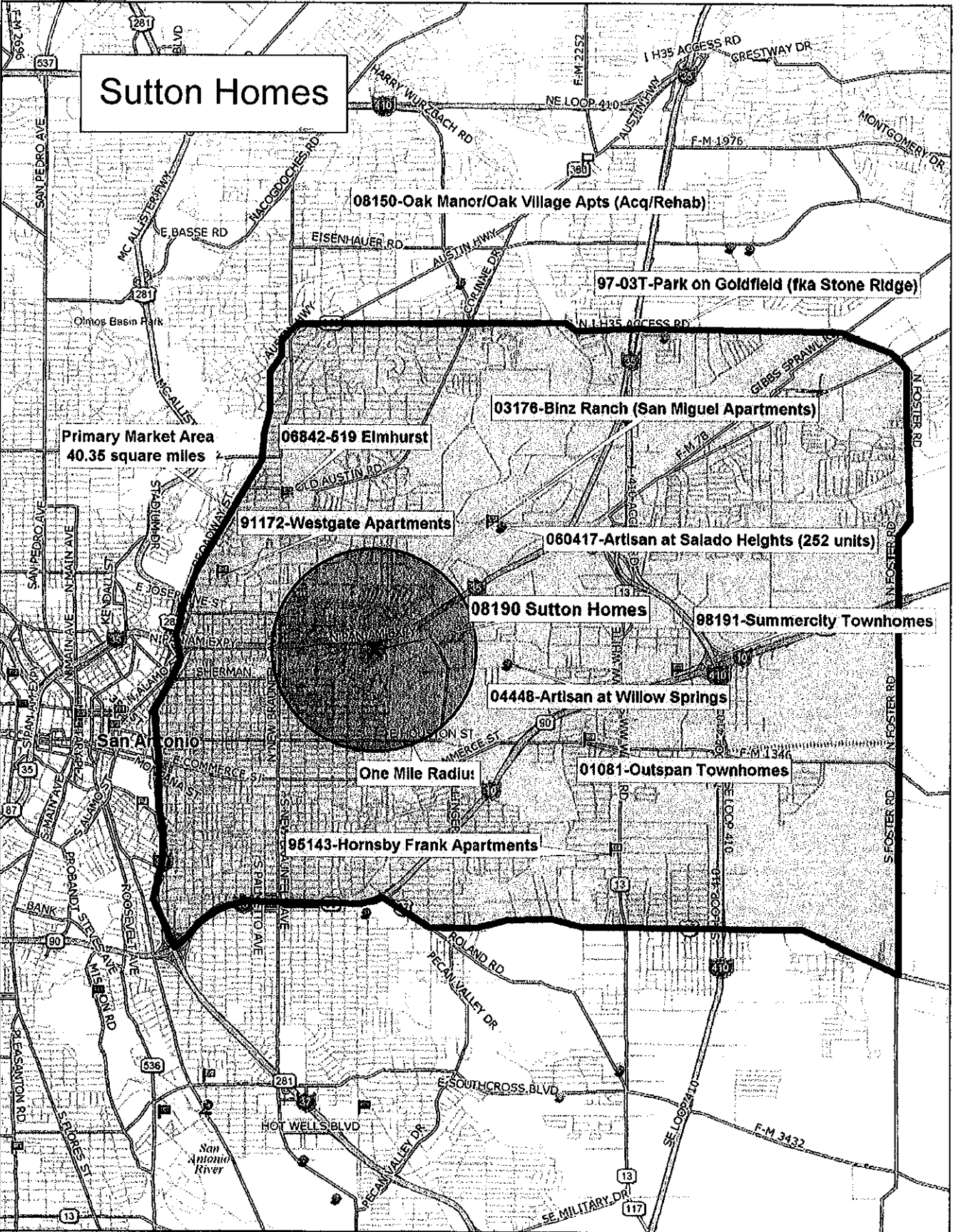
**HTC ALLOCATION ANALYSIS - Sutton Homes, San Antonio, HTC 9% #08190**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS	10% Increase
<b>Acquisition Cost</b>					
Purchase of land	\$1,200,000	\$1,200,000			
Purchase of buildings					
<b>Off-Site Improvements</b>					
Sitework	\$1,471,817	\$1,471,817	\$1,471,817	\$1,471,817	\$147,182
Construction Hard Costs	\$9,650,778	\$10,557,742	\$9,650,778	\$10,557,742	\$965,078
Contractor Fees	\$1,560,189	\$1,560,189	\$1,557,163	\$1,560,189	
Contingencies	\$557,442	\$557,442	\$556,130	\$557,442	
Eligible Indirect Fees	\$2,235,508	\$2,235,508	\$2,235,508	\$2,235,508	
Eligible Financing Fees	\$1,261,241	\$1,261,241	\$1,261,241	\$1,261,241	
All Ineligible Costs	\$1,414,406	\$1,634,350			
<b>Developer Fees</b>					
Developer Fees	\$2,284,982	\$2,284,982	\$2,284,982	\$2,284,982	
Development Reserves	\$731,877	\$507,772			
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$22,368,240</b>	<b>\$23,271,043</b>	<b>\$19,017,619</b>	<b>\$19,928,921</b>	<b>\$1,112,260</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>			\$19,017,619	\$19,928,921	\$1,112,260
High Cost Area Adjustment			130%	130%	100%
<b>TOTAL ADJUSTED BASIS</b>			\$24,722,905	\$25,907,598	\$1,112,260
Applicable Fraction			95.57%	95.57%	95.57%
<b>TOTAL QUALIFIED BASIS</b>			\$23,626,454	\$24,758,606	\$1,062,931
Applicable Percentage			9.00%	9.00%	9.00%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$2,126,381	\$2,228,275	\$95,664

Syndication Proceeds	0.8298	\$17,645,432	\$18,490,980	\$793,851
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$2,126,381</b>	<b>\$2,228,275</b>	<b>\$2,222,045</b>
Syndication Proceeds		\$17,645,432	\$18,490,980	\$18,439,282
Requested Tax Credits		\$1,200,000		
Syndication Proceeds		\$9,958,008		
Gap of Syndication Proceeds Needed		\$11,762,784	\$12,453,327	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,417,486</b>	<b>\$1,500,701</b>	

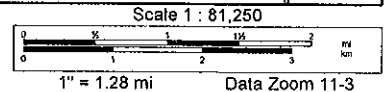
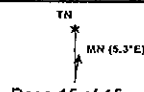
# Sutton Homes



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**REAL ESTATE ANALYSIS DIVISION**

**BOARD ACTION REQUEST**

**April 23, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of an Extension of the Cost Certification Submission Deadline and an Increase to the Housing Tax Credit Allocation Pursuant to §49.12(d) of the 2009 Qualified Allocation Plan and Rules, for Application #04456, Champion Homes at Marshall Meadows.

**Required Action**

Approve or Deny the Extension of the Cost Certification Documentation Submission Deadline and the Issuance of Additional Housing Tax Credits via IRS Forms 8609 for Application #04456, Champion Homes at Marshall Meadows.

**Background**

Champion Homes at Marshall Meadows, TDHCA # 04456, is a 2004 4% Tax Credit / Tax-Exempt Bond Development. The cost certification documentation for the development was submitted to the Department on December 19, 2008, which was after the required deadline. Pursuant to §50.16(a) of the 2004 Qualified Allocation Plan and Rules (“QAP”) “... Developments requesting IRS Forms 8609 must submit the required Cost Certification documentation no later than April 1 of the year following the date the buildings were placed in service...” Based on the date the first building place in service, the cost certification documentation was due on April 1, 2007. The owner requested the extension on March 30, 2009 in response to a deficiency notice associated with the cost certification review. Several factors appear to have contributed to the late submission. Three of the twelve buildings did not receive certificates of occupancy until June of 2008. Additionally, total development costs increased 11%, with a 7% increase in site work and direct construction costs.

In addition, the Owner is requesting more tax credits (the “additional credits”) than initially committed in the Determination Notice due to the increase in construction costs. Section 49.12(d) of the 2009 Qualified Allocation Plan and Rules (“QAP”) allows owners of 4% Tax Credit / Tax-Exempt Bond Developments to request additional tax credits at the time of cost certification. Pursuant to the 2009 QAP, an increase “will only be permitted if it is determined by the Department... that the Tax-Exempt Bond Development does not receive more tax credits than the amount needed for the financial feasibility and viability of a Development throughout the Compliance Period.” Further, “Increases to the amount of tax credits that exceed 110% of the

amount of credits reflected in the Determination Notice are contingent upon approval by the Board.” The Development was issued a Determination Notice for \$503,778, and the Owner is now requesting \$594,504. The final requested amount of credit is 118% of the credit amount reflected in the Determination Notice and because of this, Board approval is required.

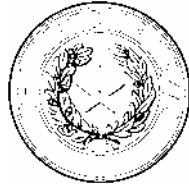
Staff has performed a feasibility analysis for the Development in conjunction with the cost certification review. Staff has determined that based on the Owner’s final certified costs the Development has incurred sufficient eligible basis to qualify for the additional credits, for a total allocation of \$594,504. However, there is uncertainty as to whether a portion of costs can be considered offsite, and therefore would not be includable in eligible basis. If the costs in question are excluded from eligible basis, the Development would qualify for approximately \$579,489 in annual tax credits. An award of additional tax credits up to the larger allocation amount of \$594,504 would not cause the Development to be over-subsidized with tax credits. In addition, staff has received confirmation from the investor limited partner confirming their intention to purchase the additional credits as proposed.

The Owner is required by §49.20(i) of the 2009 QAP to pay an additional credit request fee equal to 5% of the annual amount of additional credits being requested. The Owner has paid this required fee.

### **Recommendation**

Staff recommends that the Board approve the extension as requested. Additionally, staff recommends that the Board approve an increase in the tax credit allocation up to 18% for a maximum tax credit allocation of \$594,504. However, staff recommends that the Board give the Executive Director discretion to reduce this allocation prior to the issuance of IRS Forms 8609, in the event that the costs in question are determined to be ineligible costs.





## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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### Memorandum

**To:** File

**From:** Rosalio Banuelos, Real Estate Analysis

**cc:** Multifamily Finance Production Division

**Date:** April 15, 2009

**Re:** Credit Increase Request for Champion Homes at Marshall Meadows, TDHCA #04456

#### Background

The development was originally underwritten and approved for an award of \$503,778 in annual tax credits in 2004. The owner's final cost certification identifies a tax credit request of \$594,504, which is 18% greater than the originally approved credit amount of \$503,778. Per §49.12(d) of the 2009 QAP, a tax-exempt bond development may request an increase in tax credits if the Department determines that the development will not receive more tax credits than needed for the financial feasibility and viability of the transaction. Per the QAP, increases to the amount of tax credits that exceed 110% of the amount of credits reflected in the Determination Notice are contingent upon approval by the Board. The owner has submitted the payment for the Tax-Exempt Bond Credit Increase Request Fee per §49.20(i) of the 2009 QAP.

#### Analysis

The owner has submitted the cost certification documentation for the subject development. The owner's final development costs, as certified by the CPA, are within 5% of the Underwriter's estimate at cost certification. The Owner's site work costs have decreased by \$410K or 22%, while direct construction costs have increased by \$1.2 million or 13% from the estimates provided at application. Contractor fees increased \$4K or less than 1%. Indirect construction costs increased by \$1.3 million or 155%. Ineligible costs decreased \$1.1 million or 54%, and developer fees increased by \$135K or 5%. Interim financing costs increased \$2 million or 151%. The overall final development cost is \$2.4 million or 11% greater than the owner's estimate at application and \$1.8 million or 8% greater than the Underwriter's estimate at application. The owner indicated that the construction cost increases of 2005 and 2006 contributed to the increased costs.

The owner has also stated that approximately \$600K associated with the cost of providing utilities to the site via a right of way (ROW) has been included in total development costs and eligible basis. Because this ROW is not a part of the development site that has been restricted under the development's LURA, these costs appear to be offsite costs, which are not includable in eligible

basis. The owner has been asked to further clarify and document these costs, and staff determination of the eligibility of these costs is pending the owner's response.

**Conclusion**

Based on the owner's final certified costs, it appears that the owner's requested additional credits can be supported for a total allocation of \$594,504. However, if the \$600K in road and utility improvements is deemed to be offsite costs, and therefore ineligible, the development will not be eligible for the requested credits. Rather, an award of approximately \$579,489 will be recommended.

**COST CERTIFICATION COMPARATIVE ANALYSIS**

**Champion Homes at Marshall Meadows, San Antonio, HTC#04456**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	UW Net Rent	CC Net Rent	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	27	1	1	758	\$615	\$538	\$533	548	\$14,526	\$0.71	\$66.66	\$35.82
MR	23	1	1	758		597	\$600	597	13,731	0.79	66.66	35.82
TC 60%	36	2	1	849	\$738	590	\$644	657	21,240	0.69	80.69	42.62
MR	21	2	1	849		680	\$750	680	14,280	0.80	80.69	42.62
TC 60%	31	2	2	986	\$738	649	\$644	657	20,119	0.66	80.69	42.62
MR	26	2	2	986		717	\$775	717	18,642	0.73	80.69	42.62
TC 60%	56	3	2	1,127	\$853	726	\$744	751	40,656	0.64	101.98	54.11
MR	30	3	2	1,127		828	\$850	828	24,840	0.73	101.98	54.11
<b>TOTAL:</b>	<b>250</b>		<b>AVERAGE:</b>	<b>958</b>		<b>\$672</b>		<b>2,068,741</b>	<b>\$168,034</b>	<b>\$0.70</b>	<b>\$85.21</b>	<b>\$45.21</b>

**INCOME** Total Net Rentable Sq Ft: **239,417**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$15.00

Other Support Income:

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

	TDHCA	TDHCA-UW	APPLICATION	APPLICANT
POTENTIAL GROSS RENT	\$2,016,408	\$2,097,984	\$2,112,840	\$2,026,092
Secondary Income	45,000	60,000	15,000	54,000
Other Support Income:	0	0	45,000	0
POTENTIAL GROSS INCOME	\$2,061,408	\$2,157,984	\$2,172,840	\$2,080,092
Vacancy & Collection Loss	(154,606)	(161,849)	(152,100)	(145,608)
Employee or Other Non-Rental Units or Concessions	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,906,802	\$1,996,135	\$2,020,740	\$1,934,484

COUNTY	IREM REGION	COMPT. REGION
Bexar	San Antonio	9

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.77%	\$364	0.38
Management	5.00%	381	0.40
Payroll & Payroll Tax	9.50%	725	0.76
Repairs & Maintenance	4.91%	375	0.39
Utilities	1.78%	135	0.14
Water, Sewer, & Trash	1.49%	114	0.12
Property Insurance	2.54%	194	0.20
Property Tax	2.772434	562	0.59
Reserve for Replacements	2.62%	200	0.21
TDHCA Compliance Fees	0.20%	15	0.02
Other: Security and Trustee Fee	1.28%	98	0.10
<b>TOTAL EXPENSES</b>	<b>41.47%</b>	<b>\$3,163</b>	<b>\$3.30</b>
<b>NET OPERATING INC</b>	<b>58.53%</b>	<b>\$4,464</b>	<b>\$4.66</b>

	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	\$0.16	\$152	1.96%
Management	0.32	306	3.95%
Payroll & Payroll Tax	0.83	799	10.33%
Repairs & Maintenance	0.43	410	5.30%
Utilities	0.19	180	2.33%
Water, Sewer, & Trash	0.18	172	2.22%
Property Insurance	0.21	200	2.58%
Property Tax	0.50	476	6.15%
Reserve for Replacements	0.21	200	2.58%
TDHCA Compliance Fees	0.10	96	1.24%
Other: Security and Trustee Fee	0.10	98	1.27%
<b>TOTAL EXPENSES</b>	<b>\$3.23</b>	<b>\$3,089</b>	<b>39.92%</b>
<b>NET OPERATING INC</b>	<b>\$4.85</b>	<b>\$4,649</b>	<b>60.08%</b>

**DEBT SERVICE**

Centerline Capital Group	52.54%	\$4,007	\$4.18
Texas State Affordable Housing Corj	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>5.99%</b>	<b>\$457</b>	<b>\$0.48</b>

	TDHCA	TDHCA-UW	APPLICATION	APPLICANT
Centerline Capital Group	\$1,001,834	\$1,001,834	\$1,019,397	\$1,001,834
Texas State Affordable Housing Corj	0	0	0	0
Additional Financing	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$114,157</b>	<b>\$106,059</b>	<b>\$133,030</b>	<b>\$160,400</b>

	PER SQ FT	PER UNIT	% OF EGI
Centerline Capital Group	\$4.18	\$4,007	51.79%
Texas State Affordable Housing Corj	\$0.00	\$0	0.00%
Additional Financing	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>\$0.67</b>	<b>\$642</b>	<b>8.29%</b>

AGGREGATE DEBT COVERAGE RATIO: 1.11

RECOMMENDED DEBT COVERAGE RATIO: 1.16

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		0.79%	\$782	\$0.82
Off-Sites		0.00%	0	0.00
Sitework		5.93%	5,860	6.12
Direct Construction		49.42%	48,842	51.00
Contingency				
Contractor's Fees	12.04%	6.67%	6,589	6.88
Indirect Construction		8.57%	8,472	8.85
Ineligible Costs		3.81%	3,769	3.94
Developer's Fees	12.46%	10.45%	10,330	10.79
Interim Financing		13.27%	13,113	13.69
Reserves		1.09%	1,079	1.13
<b>TOTAL COST</b>	<b>100.00%</b>	<b>\$98,835</b>	<b>\$103.20</b>	<b>\$24,708,718</b>
<b>Construction Cost Recap</b>	<b>62.01%</b>	<b>\$61,290</b>	<b>\$64.00</b>	<b>\$15,322,570</b>

	TDHCA	TDHCA-UW	APPLICATION	APPLICANT
Acquisition Cost (site or bldg)	\$195,407	\$1,040,000	\$1,040,000	\$1,040,000
Off-Sites	0	0	0	0
Sitework	1,464,980	1,874,999	1,874,999	1,464,980
Direct Construction	12,210,460	10,040,460	9,709,860	10,930,290
Contingency		595,773	704,092	
Contractor's Fees	1,647,130	1,642,881	1,642,881	1,647,130
Indirect Construction	2,117,994	829,500	829,500	2,117,994
Ineligible Costs	942,147	2,032,294	2,032,294	942,147
Developer's Fees	2,582,401	2,443,416	2,447,879	2,582,401
Interim Financing	3,278,358	1,305,825	1,305,825	3,278,358
Reserves	269,841	434,058	0	0
<b>TOTAL COST</b>	<b>\$24,708,718</b>	<b>\$22,239,206</b>	<b>\$21,587,330</b>	<b>\$24,003,300</b>
<b>Construction Cost Recap</b>	<b>\$15,322,570</b>	<b>\$14,154,113</b>	<b>\$13,931,832</b>	<b>\$14,042,400</b>

	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)	\$4.34	4160	4.33%
Off-Sites	0.00	0	0.00%
Sitework	6.12	5,860	6.10%
Direct Construction	45.65	43,721	45.54%
Contingency	0.00	0	0.00%
Contractor's Fees	6.88	6,589	6.86%
Indirect Construction	8.85	8,472	8.82%
Ineligible Costs	3.94	3,769	3.93%
Developer's Fees	10.79	10,330	10.76%
Interim Financing	13.69	13,113	13.66%
Reserves	0.00	0	0.00%
<b>TOTAL COST</b>	<b>\$100.26</b>	<b>\$96,013</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>	<b>\$58.65</b>	<b>\$56,170</b>	<b>58.50%</b>

**SOURCES OF FUNDS**

Centerline Capital Group	57.71%	\$57,040	\$59.56
Texas State Affordable Housing Corj	2.02%	\$2,000	\$2.09
Avenidas - HOME loan	1.01%	\$1,000	\$1.04
HTC Syndication Proceeds	20.57%	\$20,332	\$21.23
Deferred Contractor Fees	0.00%	\$0	\$0.00
Deferred Developer Fees	10.00%	\$9,881	\$10.32
Additional (Excess) Funds Req'd	8.68%	\$8,581	\$8.96
<b>TOTAL SOURCES</b>			

	TDHCA	TDHCA-UW	APPLICATION	APPLICANT
Centerline Capital Group	\$14,260,000	\$14,260,000	\$14,260,000	\$14,260,000
Texas State Affordable Housing Corj	500,000	750,000	750,000	500,000
Avenidas - HOME loan	250,000			250,000
HTC Syndication Proceeds	5,083,019	4,107,000	4,107,000	5,083,019
Deferred Contractor Fees	0	0	0	1,439,951
Deferred Developer Fees	2,470,330	1,394,882	1,394,882	2,470,330
Additional (Excess) Funds Req'd	2,145,369	1,727,324	1,075,448	0
<b>TOTAL SOURCES</b>	<b>\$24,708,718</b>	<b>\$22,239,206</b>	<b>\$21,587,330</b>	<b>\$24,003,300</b>

	RECOMMENDED	
Centerline Capital Group	\$14,260,000	Developer Fee Available
Texas State Affordable Housing Corj	500,000	\$2,582,401
Avenidas - HOME loan	250,000	
HTC Syndication Proceeds	4,925,570	% of Dev. Fee Deferred
Deferred Contractor Fees	625,183	
Deferred Developer Fees	2,470,330	96%
Additional (Excess) Funds Req'd	127,624	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>	<b>\$23,158,707</b>	<b>\$5,271,207</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Champion Homes at Marshall Meadows, San Antonio, HTC#04456*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$ 55.49	\$13,285,171
<b>Adjustments</b>				
Exterior Wall Finish	2.15%		\$1.19	\$285,631
Elderly			0.00	0
9-Ft. Ceilings	3.00%		1.66	398,555
Roofing			0.00	0
Subfloor			(0.81)	(193,130)
Floor Cover			2.38	569,812
Breezeways/Balconies	\$22.95	19897	1.91	456,631
Plumbing Fixtures	\$835	429	1.50	358,215
Rough-ins	\$410	500	0.86	205,000
Built-In Appliances	\$1,800	250	1.88	450,000
Exterior Stairs	\$1,875	96	0.75	180,000
Enclosed Corridors	\$45.57		0.00	0
Heating/Cooling			1.83	438,133
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$70.81	4,666	1.38	330,411
Other: fire sprinkler	\$2.15	239,417	2.15	514,747
<b>SUBTOTAL</b>			<b>72.17</b>	<b>17,279,177</b>
Current Cost Multiplier	1.01		0.72	172,792
Local Multiplier	0.86		(10.10)	(2,419,085)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$62.79</b>	<b>\$15,032,884</b>
Plans, specs, survy, bld prm	3.90%		(\$2.45)	(\$586,282)
Interim Construction Interest	3.38%		(2.12)	(507,360)
Contractor's OH & Profit	11.50%		(7.22)	(1,728,782)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$51.00</b>	<b>\$12,210,460</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$14,260,000	Amort	480
Int Rate	6.50%	DCR	1.11

<b>Secondary</b>	\$500,000	Amort	
Int Rate		Subtotal DCR	1.11

<b>Additional</b>	\$250,000	Amort	
Int Rate		Aggregate DCR	1.11

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

Primary Debt Service	\$1,001,834
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$160,400</b>

<b>Primary</b>	\$14,260,000	Amort	480
Int Rate	6.50%	DCR	1.16

<b>Secondary</b>	\$500,000	Amort	0
Int Rate	3.00%	Subtotal DCR	1.16

<b>Additional</b>	\$250,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.16

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS RENT	\$2,026,092	\$2,086,875	\$2,149,481	\$2,213,965	\$2,280,384
Secondary Income	54,000	55,620	57,289	59,007	60,777
Other Support Income:	0	0	0	0	0
POTENTIAL GROSS INCOME	2,080,092	2,142,495	2,206,770	2,272,973	2,341,162
Vacancy & Collection Loss	(145,608)	(160,687)	(165,508)	(170,473)	(175,587)
Employee or Other Non-Rental	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,934,484</b>	<b>\$1,981,808</b>	<b>\$2,041,262</b>	<b>\$2,102,500</b>	<b>\$2,165,575</b>
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
General & Administrative	\$38,000	\$39,520	\$41,101	\$42,745	\$44,455
Management	76,500	78,371	80,723	83,144	85,639
Payroll & Payroll Tax	199,750	207,740	216,050	224,692	233,679
Repairs & Maintenance	102,500	106,600	110,864	115,299	119,911
Utilities	45,000	46,800	48,672	50,619	52,644
Water, Sewer & Trash	43,000	44,720	46,509	48,369	50,304
Insurance	50,000	52,000	54,080	56,243	58,493
Property Tax	119,000	123,760	128,710	133,859	139,213
Reserve for Replacements	50,000	52,000	54,080	56,243	58,493
Other	48,500	50,440	52,458	54,556	56,738
<b>TOTAL EXPENSES</b>	<b>\$772,250</b>	<b>\$801,951</b>	<b>\$833,246</b>	<b>\$865,768</b>	<b>\$899,568</b>
<b>NET OPERATING INCOME</b>	<b>\$1,162,234</b>	<b>\$1,179,856</b>	<b>\$1,208,016</b>	<b>\$1,236,731</b>	<b>\$1,266,007</b>
DEBT SERVICE					
First Lien Financing	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834
Second Lien	0	0	0	0	0
Other Financing	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$160,400</b>	<b>\$178,023</b>	<b>\$206,182</b>	<b>\$234,898</b>	<b>\$264,173</b>
DEBT COVERAGE RATIO	1.16	1.18	1.21	1.23	1.26

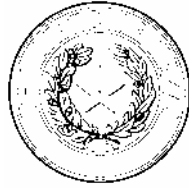
YEAR 10	YEAR 15	YEAR 20	YEAR 30
\$2,643,591	\$3,064,646	\$3,552,765	\$4,774,619
70,458	81,680	94,689	127,255
0	0	0	0
2,714,048	3,146,326	3,647,454	4,901,873
(203,554)	(235,974)	(273,559)	(367,640)
0	0	0	0
\$2,510,495	\$2,910,351	\$3,373,895	\$4,534,233
\$54,086	\$65,804	\$80,060	\$118,509
99,279	115,091	133,422	179,308
284,307	345,902	420,843	622,951
145,889	177,497	215,952	319,662
64,049	77,925	94,808	140,339
61,202	74,462	90,595	134,102
71,166	86,584	105,342	155,933
169,374	206,069	250,715	371,120
71,166	86,584	105,342	155,933
69,031	83,986	102,182	151,255
\$1,089,548	\$1,319,905	\$1,599,262	\$2,349,110
\$1,420,947	\$1,590,446	\$1,774,632	\$2,185,123
\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834
0	0	0	0
0	0	0	0
\$419,113	\$588,613	\$772,799	\$1,183,289
1.42	1.59	1.77	2.18

**HTC ALLOCATION ANALYSIS -Champion Homes at Marshall Meadows, San Antonio, HTC#04456**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,040,000	\$195,407		
Purchase of buildings				
<b>Off-Site Improvements</b>				
<b>Sitework</b>	\$1,464,980	\$1,464,980	\$1,464,980	\$1,464,980
<b>Construction Hard Costs</b>	\$10,930,290	\$12,210,460	\$10,930,290	\$12,210,460
<b>Contractor Fees</b>	\$1,647,130	\$1,647,130	\$1,647,130	\$1,647,130
<b>Contingencies</b>				
<b>Eligible Indirect Fees</b>	\$2,117,994	\$2,117,994	\$2,117,994	\$2,117,994
<b>Eligible Financing Fees</b>	\$3,278,358	\$3,278,358	\$3,278,358	\$3,278,358
<b>All Ineligible Costs</b>	\$942,147	\$942,147		
<b>Developer Fees</b>				
Developer Fees	\$2,582,401	\$2,582,401	\$2,582,401	\$2,582,401
<b>Development Reserves</b>		\$269,841		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$24,003,300</b>	<b>\$24,708,718</b>	<b>\$22,021,153</b>	<b>\$23,301,323</b>

<b>Deduct from Basis:</b>			
Estimated cost of road and utility improvements, considered offsite		\$600,000	\$600,000
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>\$21,421,153</b>	<b>\$22,701,323</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$27,847,499</b>	<b>\$29,511,720</b>
Applicable Fraction		60%	60%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$16,708,499</b>	<b>\$17,707,032</b>
Applicable Percentage		3.47%	3.47%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$579,489</b>	<b>\$614,121</b>

<b>Syndication Proceeds</b>	<b>0.849984856</b>	<b>\$4,925,570</b>	<b>\$5,219,932</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$579,489</b>	<b>\$614,121</b>
<b>Syndication Proceeds</b>		<b>\$4,925,570</b>	<b>\$5,219,932</b>
<b>Approved Tax Credits</b>		<b>\$503,778</b>	
<b>Syndication Proceeds</b>		<b>\$4,282,037</b>	
<b>Cost Certification Request</b>		<b>\$594,504</b>	
<b>Syndication Proceeds</b>		<b>\$5,053,194</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$8,148,707</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$958,688</b>	
<b>Reconciled Tax Credits</b>		<b>\$579,489</b>	
<b>Syndication Proceeds</b>		<b>\$4,925,570</b>	



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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**Memorandum**

**To:** File

**From:** Rosalio Banuelos, Real Estate Analysis

**cc:** Ben Sheppard, Multifamily Finance Production

**Date:** February 18, 2009

**Re:** Amendment Request for Champion Homes at Marshall Meadows, TDHCA #04456

I have reviewed the amendment request letter dated December 4, 2008, in which the Owner is requesting approval for two changes: a change to the site plan and the elimination of controlled gate access. The Owner explained that due to new building layout requirements from the City of San Antonio, the buildings were built in a different configuration from what was proposed at application. The number of buildings, the number of units, and unit mix were not affected by the change to the site plan. The letter from the Owner also explained that the entry roads to the development are platted as public streets, and the entryways and exits of the development cannot be gated due to the building code of the City. A public telephone and a service coordinator office, which have been certified as present by the architect, have been proposed as substitutes for the controlled access gates. It must be noted that full perimeter fencing is present at the development.

It is also important to mention that Department staff identified another issue not addressed by the Owner in the amendment request: the as-built survey submitted with the amendment request indicates that the majority of the development was constructed on a piece of land adjacent to the site originally proposed at application underwriting. Only a small portion of the site indicated at application was used for the development. Documentation provided by the Owner indicates a large portion of the 16.47 acres used for the development was part of a 29.5 tract of land purchased in a separate transaction and for a lower price than the originally proposed site. The Owner also provided a Phase I Environmental Site Assessment (ESA) dated December 17, 2004 for the land that was ultimately utilized for the development. The ESA states that no recognized environmental conditions were observed and that no further investigations were required or recommended.

The Owner has submitted the Cost Certification documentation for the subject development. The Owner's final construction costs, as certified by the CPA, are within 5% of the

Underwriter's estimate at application. Due to the fact that the number of buildings, number of units, and unit mix did not change, the change to the site plan does not affect the underwriting of the transaction. Additionally, the costing method used by the Underwriter does not estimate the cost of controlled access gates or the substitute amenities as individual items. As a result of this analysis, it has been determined that the substitution of amenities also does not negatively impact the underwriting of the transaction. Finally, regarding the change in site, it has been determined that although the land utilized for the development had a lower cost to the Owner than the originally proposed land, the recommended credit amount would not have been affected had the correct site been evaluated at original underwriting. This is because the credit amount that would have resulted from the gap in financing method is greater than the final credit amount determined at application underwriting. Staff does not recommend a change to the tax credit award prior to finalization of the Cost Certification review process.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM**

**DATE:** December 13, 2004      **PROGRAM:** 4% HTC      **FILE NUMBER:** 04456

**DEVELOPMENT NAME**

Providence at Marshall Meadows Apartments

**APPLICANT**

<b>Name:</b>	<u>TX Chicory Court XXV, LP</u>	<b>Type:</b>	<u>For-profit</u>				
<b>Address:</b>	<u>1200 Three Lincoln Centre,</u>	<b>City:</b>	<u>Dallas</u>		<b>State:</b> <u>TX</u>		
	<u>5430 LBJ Freeway</u>						
<b>Zip:</b>	<u>75240</u>	<b>Contact:</b>	<u>Saleem Jafar/ Bill Fisher</u>	<b>Phone:</b>	<u>972 455-9299</u>	<b>Fax:</b>	<u>(972) 455-9792</u>

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	<u>Chicory Court XXV, LP</u>	<b>(%):</b>	<u>N/A</u>	<b>Title:</b>	<u>Operating Partnership</u>
<b>Name:</b>	<u>Chicory Court GP, LLC</u>	<b>(%):</b>	<u>.01</u>	<b>Title:</b>	<u>Managing General Partner</u>
<b>Name:</b>	<u>Saleem Jafar and/or Provident Odyssey Partners, LP</u>	<b>(%):</b>	<u>N/A</u>	<b>Title:</b>	<u>Developer</u>
<b>Name:</b>	<u>Bill Fisher, VP for purposes of experience certification</u>	<b>(%):</b>	<u>N/A</u>	<b>Title:</b>	<u>Developer</u>
<b>Name:</b>	<u>Avenidas Group 501c 3</u>	<b>(%):</b>	<u>49% of the GP</u>	<b>Title:</b>	<u>GP Shareholder</u>
<b>Name:</b>	<u>Saleem Jafar</u>	<b>(%):</b>	<u>51% of the GP</u>	<b>Title:</b>	<u>GP Shareholder</u>

**PROPERTY LOCATION**

**Location:** E. Chavaneaux & Riodosa (fronting Loop 410)       **QCT**       **DDA**  
**City:** San Antonio      **County:** Bexar      **Zip:** 78214

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
<u>\$528,291</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<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>	
<b>Special Purpose (s):</b> <u>General population</u>			

**RECOMMENDATION**

**RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$503,778 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.**

**CONDITIONS**

1. Receipt, review, and acceptance of documentation verifying the zoning prior to closing of the bonds;
2. Receipt, review, and acceptance of documentation verifying the likelihood of a 50% property tax exemption can be obtained;
3. Receipt, review, and acceptance of a permanent loan commitment from TSAHC for \$500,000 or recognition from the Applicant that an increase in the initial deferred developer fee totaling the same amount is likely;



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM**

4. Receipt, review, and acceptance of financial statements for Avenidas Group 501(c)(3) prior to execution of determination notice; and
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**ADDENDUM**

**Background:** In the initial underwriting report the Underwriter miscalculated the applicable fraction based upon square footage, resulting in an applicable fraction of 55.76%, a recommended allocation of \$472,469, and syndication proceeds from tax credits of \$4,015,987. The Applicant identified this error and requested a correction, which is the purpose of this addendum.

**Analysis:** The applicable fraction calculation is based upon the lower of: the number of low-income units divided by the number of total units or the total low-income unit square footage divided by the total net rentable square footage. In the subject application the unit-based applicable fraction is 60.0% and the correct square-footage-based applicable fraction is 59.45%, which will therefore be used to calculate the corrected recommended allocation.

**Conclusion:** The correct applicable fraction is 59.45%, which yields a recommended allocation of \$503,778 and estimated syndication proceeds of \$4,282,114. The estimated required deferral of developer fee is reduced to \$2,295,216, which represents approximately 96% of the total eligible fee and which is projected to be repayable within ten years without any deferral of contractor fees.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- Significant inconsistencies in the application could affect the financial feasibility of the development.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Phillip Drake*

**Date:** December 13, 2004

**Director of Real Estate Analysis:**

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

**Date:** December 13, 2004

**MULTIFAMILY COMPARATIVE ANALYSIS- ADDENDUM**

**Providence at Marshall Meadows Apartments, San Antonio, 4% HTC, #04456 ADDENDUM**

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	Owner paid
TC60%	38	1	1	750	579	533	20,254	0.71	45.66	25.28
MR	12	1	1	750		600	7,200	0.80	45.66	25.28
TC60%	30	2	1	836	696	644	19,320	0.77	51.91	29.28
MR	27	2	1	836		750	20,250	0.90	51.91	29.28
TC60%	31	2	2	973	696	644	19,964	0.66	51.91	29.28
MR	26	2	2	973		775	20,150	0.80	51.91	29.28
TC60%	51	3	2	1,125	803	744	37,944	0.66	58.70	37.68
MR	35	3	2	1,125		850	29,750	0.76	58.70	37.68
<b>TOTAL:</b>	<b>250</b>		<b>AVERAGE:</b>	<b>949</b>	<b>\$422</b>	<b>\$699</b>	<b>\$174,832</b>	<b>\$0.74</b>	<b>\$53.00</b>	<b>\$31.37</b>

**INCOME**

Total Net Rentable Sq Ft: 237,363

**POTENTIAL GROSS RENT**

Secondary Income	Per Unit Per Month:	\$20.00
Application, NSF, late fees, cable, phone, carports		

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%
Employee or Other Non-Rental Units or Concessions		

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.58%	\$366	0.39
Management	4.00%	319	0.34
Payroll & Payroll Tax	11.72%	936	0.99
Repairs & Maintenance	5.14%	411	0.43
Utilities	3.60%	288	0.30
Water, Sewer, & Trash	4.04%	323	0.34
Property Insurance	2.97%	237	0.25
Property Tax	4.73%	378	0.40
Reserve for Replacements	2.50%	200	0.21
Other: Compliance & Security	1.20%	96	0.10
<b>TOTAL EXPENSES</b>	<b>44.50%</b>	<b>\$3,553</b>	<b>\$3.74</b>

**NET OPERATING INC**

	<b>55.50%</b>	<b>\$4,432</b>	<b>\$4.67</b>
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**DEBT SERVICE**

Charter Mac	50.19%	\$4,007	\$4.22
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>5.31%</b>	<b>\$424</b>	<b>\$0.45</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)		4.68%	\$4,160	\$4.38
Off-Sites		0.00%	0	0.00
Sitework		8.43%	7,500	7.90
Direct Construction		45.15%	40,162	42.30
Contingency	5.00%	2.68%	2,383	2.51
General Req'ts	5.91%	3.17%	2,816	2.97
Contractor's G &	1.97%	1.06%	939	0.99
Contractor's Prof	5.91%	3.17%	2,816	2.97
Indirect Construction		3.73%	3,318	3.49
Ineligible Costs		9.14%	8,129	8.56
Developer's G & A	2.98%	2.18%	1,940	2.04
Developer's Profi	12.02%	8.81%	7,833	8.25
Interim Financing		5.87%	5,223	5.50
Reserves		1.95%	1,736	1.83
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$88,957</b>	<b>\$93.69</b>
<b>Recap-Hard Construction Costs</b>		<b>63.64%</b>	<b>\$56,616</b>	<b>\$59.63</b>

**SOURCES OF FUNDS**

Charter Mac	64.12%	\$57,040	\$60.08
Additional Financing	3.37%	\$3,000	\$3.16
HTC Syndication Proceeds	18.47%	\$16,428	\$17.30
Deferred Developer Fees	6.27%	\$5,580	\$5.88
Additional (excess) Funds Requ	7.77%	\$6,909	\$7.28
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT
\$2,097,984	\$2,112,840
60,000	15,000
0	45,000
\$2,157,984	\$2,172,840
(161,849)	(152,100)
0	0
\$1,996,135	\$2,020,740
\$91,467	\$87,050
79,845	81,674
233,926	204,730
102,652	112,750
71,882	78,913
80,684	70,750
59,341	58,446
94,445	100,000
50,000	50,000
24,000	24,000
\$888,242	\$868,313
\$1,107,893	\$1,152,427
\$1,001,834	\$1,019,397
0	0
0	0
\$106,060	\$133,030
1.11	1.13
	1.15

Comptroller's Region 9  
IREM Region:an Antoni  
Per Unit Per Month  
-7.00% of Potential Gross Rent

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
\$1,040,000	\$1,040,000	\$4.38	\$4,160	4.82%
0	0	0.00	0	0.00%
1,874,999	1,874,999	7.90	7,500	8.69%
10,040,460	9,709,860	40.91	38,839	44.98%
595,773	704,092	2.97	2,816	3.26%
704,092	704,092	2.97	2,816	3.26%
234,697	234,697	0.99	939	1.09%
704,092	704,092	2.97	2,816	3.26%
829,500	829,500	3.49	3,318	3.84%
2,032,294	2,032,294	8.56	8,129	9.41%
485,113	489,576	2.06	1,958	2.27%
1,958,303	1,958,303	8.25	7,833	9.07%
1,305,825	1,305,825	5.50	5,223	6.05%
434,058	0	0.00	0	0.00%
\$22,239,205	\$21,587,330	\$90.95	\$86,349	100.00%
\$14,154,113	\$13,931,832	\$58.69	\$55,727	64.54%

**RECOMMENDED**

\$14,260,000	\$14,260,000	\$14,260,000	Developer Fee Available
750,000	750,000	250,000	\$2,388,196
4,107,000	4,107,000	4,282,114	% of Dev. Fee Deferred
1,394,882	1,394,882	2,295,216	96%
1,727,323	1,075,448	500,000	15-Yr Cumulative Cash Flow
\$22,239,205	\$21,587,330	\$21,587,330	\$4,959,408

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Providence at Marshall Meadows Apartments, San Antonio, 4% HTC, #04456 ADDENDUM**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

**PAYMENT COMPUTATION**

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.85	\$10,408,368
<b>Adjustments</b>				
Exterior Wall Fini	2.00%		\$0.88	\$208,167
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.68)	(160,616)
Floor Cover			2.00	474,726
Porches/Balconies	\$18.00	19896.79	1.51	358,142
Plumbing	\$605	429	1.09	259,545
Built-In Appliance	\$1,650	250	1.74	412,500
Stairs/Fireplaces	\$1,475	96	0.60	141,600
Floor Insulation			0.00	0
Heating/Cooling			1.53	363,165
Garages/Carports		0	0.00	0
Comm &/or Aux Bldg	\$59.58	4,666	1.17	278,003
Other:			0.00	0
SUBTOTAL			53.69	12,743,600
Current Cost Multiplier	1.08		4.30	1,019,488
Local Multiplier	0.89		(5.91)	(1,401,796)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$52.08</b>	<b>\$12,361,292</b>
Plans, specs, survy, b	3.90%		(\$2.03)	(\$482,090)
Interim Construction I	3.38%		(1.76)	(417,194)
Contractor's OH & Prof	11.50%		(5.99)	(1,421,549)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$42.30</b>	<b>\$10,040,460</b>

<b>Primary</b>	\$14,260,000	Term	480
Int Rate	6.50%	DCR	1.11

<b>Secondary</b>	\$750,000	Term	
Int Rate	0.00%	Subtotal DCR	1.11

<b>Additional</b>	\$4,107,000	Term	
Int Rate		Aggregate DCR	1.11

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

Primary Debt Service	\$1,001,834
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$150,593</b>

<b>Primary</b>	\$14,260,000	Term	480
Int Rate	6.50%	DCR	1.15

<b>Secondary</b>	\$250,000	Term	
Int Rate	1.00%	Subtotal DCR	1.15

<b>Additional</b>	\$4,107,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME	a/ 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT		\$2,112,840	\$2,176,225	\$2,241,512	\$2,308,757	\$2,378,020	\$2,756,777	\$3,195,860	\$3,704,878	\$4,979,046
Secondary Income		15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	35,348
Contractor's Profit		45,000	46,350	47,741	49,173	50,648	58,715	68,067	78,908	106,045
POTENTIAL GROSS INCOME		2,172,840	2,238,025	2,305,166	2,374,321	2,445,551	2,835,063	3,286,615	3,810,088	5,120,440
Vacancy & Collection Los		(152,100)	(167,852)	(172,887)	(178,074)	(183,416)	(212,630)	(246,496)	(285,757)	(384,033)
Developer's G & A		0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME		\$2,020,740	\$2,070,173	\$2,132,279	\$2,196,247	\$2,262,134	\$2,622,434	\$3,040,119	\$3,524,331	\$4,736,407
<b>EXPENSES at 4.00%</b>										
General & Administrative		\$87,050	\$90,532	\$94,153	\$97,919	\$101,836	\$123,899	\$150,742	\$183,401	\$271,479
Management		81,674	83671.98894	86182.1486	88767.61306	91430.64145	105993.1722	122875.1366	142445.9603	191435.4592
Payroll & Payroll Tax		204,730	212,919	221,436	230,293	239,505	291,395	354,526	431,335	638,482
Repairs & Maintenance		112,750	117,260	121,950	126,828	131,902	160,478	195,247	237,547	351,628
Utilities		78,913	82,070	85,352	88,766	92,317	112,318	136,652	166,258	246,102
Water, Sewer & Trash		70,750	73,580	76,523	79,584	82,767	100,699	122,516	149,060	220,645
Insurance		58,446	60,784	63,215	65,744	68,374	83,187	101,210	123,137	182,273
Property Tax		100,000	104,000	108,160	112,486	116,986	142,331	173,168	210,685	311,865
Reserve for Replacements		50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Other		24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
TOTAL EXPENSES		\$868,313	\$901,777	\$937,011	\$973,630	\$1,011,687	\$1,225,626	\$1,485,079	\$1,799,776	\$2,644,688
NET OPERATING INCOME		\$1,152,427	\$1,168,397	\$1,195,268	\$1,222,617	\$1,250,447	\$1,396,808	\$1,555,040	\$1,724,556	\$2,091,718
<b>DEBT SERVICE</b>										
First Lien Financing		\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834
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		\$150,593	\$166,563	\$193,434	\$220,784	\$248,614	\$394,974	\$553,206	\$722,722	\$1,089,885
DEBT COVERAGE RATIO		1.15	1.17	1.19	1.22	1.25	1.39	1.55	1.72	2.09

LIHTC Allocation Calculation - Providence at Marshall Meadows Apartments, San Antonio, 4% HTC,

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	\$1,040,000	\$1,040,000		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,874,999	\$1,874,999	\$1,874,999	\$1,874,999
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation ha	\$9,709,860	\$10,040,460	\$9,709,860	\$10,040,460
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$234,697	\$234,697	\$231,697	\$234,697
Contractor profit	\$704,092	\$704,092	\$695,092	\$704,092
General requirements	\$704,092	\$704,092	\$695,092	\$704,092
<b>(5) Contingencies</b>	\$704,092	\$595,773	\$579,243	\$595,773
<b>(6) Eligible Indirect Fees</b>	\$829,500	\$829,500	\$829,500	\$829,500
<b>(7) Eligible Financing Fees</b>	\$1,305,825	\$1,305,825	\$1,305,825	\$1,305,825
<b>(8) All Ineligible Costs</b>	\$2,032,294	\$2,032,294		
<b>(9) Developer Fees</b>			\$2,388,196	
Developer overhead	\$489,576	\$485,113		\$485,113
Developer fee	\$1,958,303	\$1,958,303		\$1,958,303
<b>(10) Development Reserves</b>			\$434,058	
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$21,587,330</b>	<b>\$22,239,205</b>	<b>\$18,309,503</b>	<b>\$18,732,853</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$18,309,503	\$18,732,853
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$23,802,354	\$24,352,709
Applicable Fraction		59.45%	59.45%
<b>TOTAL QUALIFIED BASIS</b>		\$14,151,071	\$14,478,270
Applicable Percentage		3.56%	3.56%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$503,778	\$515,426

Syndication Proceeds	0.8500	\$4,282,114	\$4,381,125
<b>Total Credits (Eligible Basis Method)</b>		<b>\$503,778</b>	<b>\$515,426</b>
Syndication Proceeds		\$4,282,114	\$4,381,125
Requested Credits		\$528,291	
Syndication Proceeds		\$4,490,474	
Gap of Syndication Proceeds Needed		\$7,077,330	
Credit Amount		\$832,627	

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MULTIFAMILY UNDERWRITING ANALYSIS**

**DATE:** November 30, 2004      **PROGRAM:** 9% HTC      **FILE NUMBER:** 04456

**DEVELOPMENT NAME**

Providence at Marshall Meadows Apartments

**APPLICANT**

<b>Name:</b>	<u>TX Chicory Court XXV, LP</u>	<b>Type:</b>	<u>For-profit</u>
<b>Address:</b>	<u>1200 Three Lincoln Centre, 5430 LBJ Freeway</u>	<b>City:</b>	<u>Dallas</u> <b>State:</b> <u>TX</u>
<b>Zip:</b>	<u>75240</u>	<b>Contact:</b>	<u>Saleem Jafar/ Bill Fisher</u>
		<b>Phone:</b>	<u>972 455-9299</u> <b>Fax:</b> <u>(972) 455-9792</u>

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	<u>Chicory Court XXV, LP</u>	<b>(%):</b>	<u>N/A</u>	<b>Title:</b>	<u>Operating Partnership</u>
<b>Name:</b>	<u>Chicory Court GP, LLC</u>	<b>(%):</b>	<u>.01</u>	<b>Title:</b>	<u>Managing General Partner</u>
<b>Name:</b>	<u>Saleem Jafar and/or Provident Odyssey Partners, LP</u>	<b>(%):</b>	<u>N/A</u>	<b>Title:</b>	<u>Developer</u>
<b>Name:</b>	<u>Bill Fisher, VP for purposes of pervious</u>	<b>(%):</b>	<u>N/A</u>	<b>Title:</b>	<u>Developer</u>
<b>Name:</b>	<u>Avenidas Group 501c 3</u>	<b>(%):</b>	<u>49% of the GP</u>	<b>Title:</b>	<u>GP Shareholder</u>
<b>Name:</b>	<u>Saleem Jafar</u>	<b>(%):</b>	<u>51% of the GP</u>	<b>Title:</b>	<u>GP Shareholder</u>

**PROPERTY LOCATION**

**Location:** E. Chavaneauz & Riodosa (fronting 410 loop)       **QCT**       **DDA**  
**City:** San Antonio      **County:** Bexar      **Zip:** 78214

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$528,291	N/A	N/A	N/A
<b>Other Requested Terms:</b>	<u>1) 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>
<b>Special Purpose (s):</b>	<u>General Population</u>		

**RECOMMENDATION**

**RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$472,469 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.**

**CONDITIONS**

1. Receipt, review, and acceptance of documentation verifying the zoning prior to closing of the bonds;
2. Receipt, review, and acceptance of documentation verifying the likelihood of a 50% property tax exemption can be obtained;
3. Receipt, review, and acceptance of a commitment from the related party general contractor to defer fees as necessary to fill a potential gap in permanent financing;
4. Receipt, review, and acceptance of a permanent loan commitment from TSAHC for \$500,000 or recognition from the Applicant that an increase in the initial deferred developer fee totaling the same

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- amount is likely;
5. Receipt, review, and acceptance of financial statements for Avenidas Group 501c 3 prior to execution of determination notice; and
  6. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 250    **# Rental Buildings:** 12    **# Non-Res. Buildings:** 2    **# of Floors:** 3    **Age:** N/A yrs    **Vacant:** N/A at / /

**Net Rentable SF:** 237,363    **Av Un SF:** 949    **Common Area SF:** 4,666    **Gross Bldg SF:** 242,029

**STRUCTURAL MATERIALS**

The structure will be wood frame concrete block on a post-tensioned concrete slab. According to the plans provided in the application the exterior will be comprised as follows: 25% stone veneer/ 15% cement fiber siding, 60% stucco, and wood trim. The interior wall surfaces will be drywall and the pitched roof will be finished with composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting & vinyl tile. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, central boiler water heating system, and individual heating and air conditioning.

**ON-SITE AMENITIES**

A 4,666-square foot community building will include an activity room, management offices, fitness, maintenance, & laundry facilities, a kitchen, restrooms, a business center, & a central mailroom. The community building and swimming pool are located at the entrance to the property. In addition, sports courts & perimeter fencing with a limited access gate is planned for the site.

**Uncovered Parking:** 500 spaces    **Carpports:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Providence at Marshall Meadows Apts. is a moderately dense (8.4 units per acre) new construction development of 250 units of mixed income housing located in southeast San Antonio. The development will be comprised of 12 evenly-distributed large garden style walk-up low-rise residential buildings as follows:

- Seven Building Type 1 with 6 two-bedroom/one-bath units, 6 two-bedroom/two-bath units, and 8 three-bedroom/two-bath units;
- Five Building Type 2 with 10 one-bedroom/one-bath units, 3 two-bedroom/one-bath units, 3 two-bedroom/two-bath units and 6 three-bedroom/two-bath units;

**Architectural Review:** The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. The Applicant has presented several different square footage scenarios with regard to the clubhouse and several of the units and the latest plans were slightly inconsistent with the square footages listed in the rent schedule, which were the square footages used in this report. They appear to provide acceptable access and storage. The elevations reflect modest buildings with nice fenestration.

**SITE ISSUES**

**SITE DESCRIPTION**

**Size:** 30 acres    1,306,800 square feet    **Zoning/ Permitted Uses:** Currently AG, in process of rezoning

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**Flood Zone Designation:** Zone X                      **Status of Off-Sites:** Partially improved

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is a rectangularly-shaped parcel located in the south area of San Antonio, approximately seven miles from the central business district. The site is situated on the north side of East Chavaneaux Road.

**Adjacent Land Uses:**

- **North:** SE Loop 410 immediately adjacent;
- **South:** Open Space and metal fabricator;
- **East:** Vacant land immediately adjacent;
- **West:** Residential Development immediately adjacent;

**Site Access:** Access to the property is from the east or west along Chavaneaux Road. The development is to have two main entries from the north. Access to Interstate Highway 410 is less than one mile north, which provides connections to all other major roads serving the area.

**Public Transportation:** Public transportation to the area is provided by San Antonio Area Transit System. The location of the nearest bus stop was identified as between Renova and Sanco Streets.

**Shopping & Services:** The site is within five miles of major grocery/pharmacies, shopping centers, and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

**Special Adverse Site Characteristics:** The following issue has been identified as potentially bearing on the viability of the site for the proposed development:

- **Zoning:** The Applicant is in the process of changing zoning to a compatible use. Receipt, review, and acceptance of documentation verifying the appropriate re-zoning of the site for the use as planned is a condition of this report.

**Site Inspection Findings:** TDHCA staff performed a site inspection on September 14, 2004, and found the location to be acceptable for the proposed development. The inspector noted the site “will be an asset to the neighborhood.”

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

A Phase I Environmental Site Assessment report dated September 10, 2004 was prepared by Gerald Nehman, PhD and contained the following findings and recommendations:

**Findings:**

- **Asbestos-Containing Materials (ACM):** “An asbestos survey was not conducted. There were no buildings on the site. There were no waste sites observed that might contain building materials containing asbestos.” (p. 11, ESA)
- **Floodplain:** “The property is in Zone X, which is outside the 100-year floodplain zone, according to the Federal Emergency Management Agency’s (FEMA) Flood Insurance Rate Map (FIRM) Number48113C 0495, effective August 23, 2001.” p.13 (ESA)

**Recommendations:** “No potentially significant on-site environmental concerns or recognized environmental conditions were observed during the site visit.” p.15 (ESA)

**POPULATIONS TARGETED**

**Income Restrictions:** The Applicant has proposed use of a direct allocation of bond funds from TSAHC (Texas State Affordable Housing Commission). 150 of the units (60% of the total) will be reserved for low-income tenants. All 150 of those units (100%) will be reserved for households earning 60% or less of AMGI, and the remaining 100 units will be offered at market rents.

**MAXIMUM ELIGIBLE INCOMES**

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons

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<b>60% of AMI</b>	\$21,660	\$24,720	\$27,840	\$30,900	\$33,360	\$35,820
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**MARKET HIGHLIGHTS**

A market feasibility study dated October 6, 2004 was prepared by Butler-Burgher, Inc. ("Market Analyst") and highlighted the following findings:

**Definition of Primary Market Area (PMA):** "For purposes of this market study, the Primary Market Area is the area bounded by US 90 (north border), IH 37 (east border), FM 1604 (south border), and SR 16/ Somerset Road/ Zarzamora Street (west border). This primary market area includes portions of the Cities of San Antonio, Southton and Earl." (p. 39). This area encompasses approximately 100 square miles and is equivalent to a circle with a radius of 5.65 miles.

**Population:** The estimated 2004 population of the PMA was 123,390 and is expected to increase by .73% to approximately 124,285 by 2009. Within the primary market area there were estimated to be 38,133 households in 2004.

**Total Primary Market Demand for Rental Units:** The Market Analyst calculated a total demand of 1,934 qualified households in the PMA, based on the current estimate of 38,133 households, the projected annual growth rate of 1.47%, renter households estimated at 34.63% of the population, income-qualified households estimated at 23.97%, and an annual renter turnover rate of 7.05 %. (p. 4). The Market Analyst used an income band of \$19,851 to \$32,130.

<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>
Resident Turnover	1,922	99.38%	1,911	99.7%
Other Sources: Future Demand	12	.62%	6	0.3%
<b>TOTAL ANNUAL DEMAND</b>	<b>1,934</b>	<b>100%</b>	<b>1,917</b>	<b>100%</b>

Ref: p. 4

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 22.29% based upon 1,934 units of demand and 431 unstabilized affordable housing in the PMA (including the subject) (p. 55). The Underwriter calculated an inclusive capture rate of 22.4% based upon a revised supply of unstabilized comparable affordable units of 430 divided by a revised demand of 1,917.

**Market Rent Comparables:** The Market Analyst surveyed seven comparable apartment projects totaling 1,274 units in the market area. (p. 63, Exhibit F).

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (60%)</b>	\$542	\$527	\$15	\$615	-\$73
<b>1-Bedroom (MR)</b>	\$650	N/A		\$615	\$35
<b>2-Bedroom (60%)</b>	\$652	\$635	\$17	\$767	-\$115
<b>2-Bedroom (MR)</b>	\$825	N/A		\$767	\$58
<b>3-Bedroom (60%)</b>	\$752	\$729	\$23	\$855	-\$103
<b>3-Bedroom (MR)</b>	\$885	N/A		\$855	\$30

(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:** "Occupancy levels in the ... submarket have remained relatively consistent over the last several years, from a low of 95% in December 2001 to a high of 97.7% in December 1998. More recently, occupancy in June 2004 was 96.6%." (p. 37).

**Absorption Projections:** "The newly constructed apartment complexes in the San Antonio market have experienced absorption rates ranging from 13 to 48 units/ month. The following table indicates absorption data on the new apartment complexes in San Antonio." (p. 56).

**Known Planned Development:** "The number of units completed citywide increased significantly from



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1994 through 1996, after which the number of completions declined through 1998. Thereafter, inventory increased annually through 2001, the year that reported the greatest number of units completed during the current development cycle. Completions totaled 4,586 units in 2001 and 3,962 were completed citywide in 2002 (through September). ... this submarket currently has no units under construction, approved for construction, submitted for approval, or proposed. ... As noted above, no units have started construction or anticipate construction within the subject's submarket in 2004." (pp.29-31).

**Market Study Analysis/Conclusions:** The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant's rent projections are the maximum rents allowed under HTC guidelines, and are achievable according to the Market Analyst. The Applicant used slightly lower utility allowances. The Applicant stated that the applicant will pay water heating in this project, and rents and expenses were calculated accordingly but a difference of \$7 to \$9 per unit remained. Estimates of secondary income are \$5 per unit higher than TDHCA underwriting guidelines, but substantiated by the TDHCA database for other similar properties in San Antonio. The Applicant utilized a lower vacancy and collection loss rate of 7.00% that also contributed to the \$25K (1%) higher gross income estimate than the Underwriter's estimate.

**Expenses:** The Applicant's total expense estimate of \$3,473 per unit is within 5% of the Underwriter's database-derived estimate of \$3,553 per unit for comparably-sized developments. The Applicant's budget shows one line item estimate that deviates significantly when compared to the Underwriter's estimate (payroll is \$29K lower). It should also be noted that the Applicant will apply for a 50% property tax abatement due to the non-profit ownership of the General Partner. No further documentation of the acceptance of this exemption by the taxing authorities was provided and such documentation is a condition of this report. The Underwriter discussed these differences with the Applicant but was unable to reconcile them further.

**Conclusion:** The Applicant's estimated income and total estimated operating expense is consistent with the Underwriter's expectations and the Applicant's net operating income (NOI) estimate is within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI will be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage, as the terms are reflected in the commitment, at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

**ASSESSED VALUE**

<b>Land: 19 acres</b>	\$81,000	<b>Assessment for the Year of:</b>	2004
<b>Building:</b>	\$0	<b>Valuation by:</b>	Bexar County Appraisal District
<b>Total Assessed Value:</b>	\$81,000	<b>Tax Rate:</b>	2.52%

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b>	Unimproved Property Contract					
<b>Contract Expiration Date:</b>	12/	15/	2004	<b>Anticipated Closing Date:</b>	12/	15/ 2004
<b>Acquisition Cost:</b>	\$1,000,000			<b>Other Terms/Conditions:</b>		
<b>Seller:</b>	Peter Marshall			<b>Related to Development Team Member:</b>	No	

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The Applicant included site cost of \$1,040,000 (\$4.38/SF, \$54,736/acre, or \$4,160/unit) which is assumed to be reasonable since the acquisition is an arm's-length transaction. This cost includes \$40,000 of closing costs associated with the acquisition.

**Sitework Cost:** The Applicant's claimed sitework costs of \$7,500 per unit are within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.

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**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$507.9K or 4.97% lower than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate, and is therefore regarded as reasonable as submitted.

**Interim Financing Fees:** The Underwriter reduced the Applicant's eligible interim financing fees by \$252K 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 contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by \$21,001 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant also exceeded the allowable contingency limit of 5% by \$124,849 and this amount was regarded as ineligible. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by \$59,683 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

**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 \$18,309,503 is used to determine a credit allocation of \$472,469 from this method. The Applicant had several different calculations reflecting requested amounts of between \$530K and most recently \$504,147. The last development cost schedule provided a credit amount of \$512,342 which has been adjusted by the issues discussed above to provide the recommended amount. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount. It should further be noted that the Applicant has most recently submitted a draft sources and uses statement from the lender which suggests total development costs that are \$1,075,448 less than the most recent development cost schedule from which this analysis is drawn. Direct construction costs on both documents are consistent with each other. The main differences appear to be in ineligible costs.

**INTERIM TO PERMANENT BOND FINANCING**

**Source:** Charter Mac **Contact:** Saleem Jafar  
**Tax-Exempt Amount:** \$14,260,000 **Interest Rate:** 6.5%  
**Amortization:** 40 yrs **Term:** 18 yrs **Commitment:**  LOI  Firm  Conditional  
**Annual Payment:** \$1,001,834 **Lien Priority:** 1st **Commitment Date** 11/ 15/ 2004

**PERMANENT FINANCING**

**Source:** TSAHC **Contact:** Katherine Clossman  
**Principal Amount:** \$500,000 **Interest Rate:** Unknown  
**Additional Information:** No documentation of this loan was provided  
**Amortization:** \_\_\_\_\_ yrs **Term:** \_\_\_\_\_ yrs **Commitment:**  LOI  Firm  Conditional  
**Annual Payment:** \$ \_\_\_\_\_ **Lien Priority:** \_\_\_\_\_ **Commitment Date** / /

**PERMANENT FINANCING**

**Source:** Avenidas Group 501 c 3 **Contact:** Alvin Brown  
**Principal Amount:** \$250,000 **Interest Rate:** 1% interest (accrued only till year 18)  
**Additional Information:** Related party loan originally funded through grant funds from the City or County  
**Amortization:** N/A yrs **Term:** 18 yrs **Commitment:**  LOI  Firm  Conditional  
**Annual Payment:** \$0 **Lien Priority:** 2nd **Commitment Date** 10/ 11/ 2004

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**TAX CREDIT SYNDICATION**

**Source:** Related Capital Company **Contact:** Justin Ginsberg  
**Net Proceeds:** \$4,107,000 **Net Syndication Rate (per \$1.00 of 10-yr HTC)** 85¢  
**Commitment**  LOI  Firm  Conditional **Date:** 11/ 15/ 2004

**APPLICANT EQUITY**

**Amount:** \$2,470,330 **Source:** Deferred Developer Fee & GIC income

**FINANCING STRUCTURE ANALYSIS**

**Interim to Permanent Bond Financing:** The tax-exempt bonds are to be issued by TSAHC and purchased by Charter Mac. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The Applicant also provided a resolution from the minority General Partner which provided for a \$250,000 loan contribution from them. This loan appears to be funded with a grant from either the City or the County, but the resolution was not more specific than that. The issuer TSAHC has also indicated that they would be making a \$500,000 loan to the Applicant, but no documentation to support this source has been provided. Therefore the underwriter completed this analysis without the TSAHC funds.

**HTC Syndication:** The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,288,618 is based on total costs in the sources and uses statement which were lower than the total cost listed on the development cost schedule. It would appear that these costs will need to be sourced from deferral of developer fees as well.

**Financing Conclusions:** Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed \$472,469 annually for ten years, resulting in syndication proceeds of approximately \$4,015,987. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to \$3,061,343, which is over 100% of the eligible developer fee. If the TSAHC funds are contributed, the deferred fees required will still be \$2.56M or just over 100% of the fee available. Therefore, contractor fees may also need to be deferred. Receipt review and acceptance of a commitment from the general contractor to defer fees as necessary, is a condition of this report. The total deferred fee required is not repayable within ten years, but should be repayable out of cash flow over 15 years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may not be available to fund those development cost overruns.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant and Developer 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 49% shareholder of the General Partner, Avenidas Group 501c 3, did not submit financial statement and receipt review and acceptance of same are a condition of this report.
- The principals of the 51% shareholders of the General Partner, Saleem Jafar, submitted unaudited financial statements as of September 1, 2004 and is anticipated to be a guarantor of the development.

**Background & Experience:**

- The Applicant and General Partner are new entities formed for the purpose of developing the project. Multifamily Production Finance Staff have verified that the contractor has met the Department's experience requirements and Portfolio Management and Compliance staff will ensure that the proposed owners have an

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

acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- Significant inconsistencies in the application could affect the financial feasibility of the development.
- 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.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Phillip Drake*

**Date:** November 30, 2004

**Director of Real Estate Analysis:**

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

**Date:** November 30, 2004

**MULTIFAMILY COMPARATIVE ANALYSIS**

*(Providence at Marshall Meadows, San Antonio, 4% HTC, #04456)*

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	Owner paid
TC60%	38	1	1	750	579	533	20,254	0.71	45.66	25.28
MR	12	1	1	750		600	7,200	0.80	45.66	25.28
TC60%	30	2	1	836	696	644	19,320	0.77	51.91	29.28
MR	27	2	1	836		750	20,250	0.90	51.91	29.28
TC60%	31	2	2	973	696	644	19,964	0.66	51.91	29.28
MR	26	2	2	973		775	20,150	0.80	51.91	29.28
TC60%	51	3	2	1,125	803	744	37,944	0.66	58.70	37.68
MR	35	3	2	1,125		850	29,750	0.76	58.70	37.68
<b>TOTAL:</b>	<b>250</b>		<b>AVERAGE:</b>	<b>949</b>	<b>\$422</b>	<b>\$699</b>	<b>\$174,832</b>	<b>\$0.74</b>	<b>\$53.00</b>	<b>\$31.37</b>

<b>INCOME</b>				Total Net Rentable Sq Ft: <u>237,363</u>		<b>TDHCA</b>	<b>APPLICANT</b>	Comptroller's Region 9		
<b>POTENTIAL GROSS RENT</b>						\$2,097,984	\$2,112,840	IREM Region San Antonio		
Secondary Income		Per Unit Per Month:	\$20.00			60,000	15,000	\$5.00	Per Unit Per Month	
application, NSF, Late Fees, Cable, Phone, Car Ports						0	45,000			
<b>POTENTIAL GROSS INCOME</b>						\$2,157,984	\$2,172,840			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(161,849)	(152,100)	-7.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$1,996,135	\$2,020,740			
<b>EXPENSES</b>	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI		
General & Administrative	4.58%	\$366	0.39			\$91,467	\$87,050	\$0.37	\$348	4.31%
Management	4.00%	319	0.34			79,845	81,674	0.34	327	4.04%
Payroll & Payroll Tax	11.72%	936	0.99			233,926	204,730	0.86	819	10.13%
Repairs & Maintenance	5.14%	411	0.43			102,652	112,750	0.48	451	5.58%
Utilities	3.60%	288	0.30			71,882	78,913	0.33	316	3.91%
Water, Sewer, & Trash	4.04%	323	0.34			80,684	70,750	0.30	283	3.50%
Property Insurance	2.97%	237	0.25			59,341	58,446	0.25	234	2.89%
Property Tax	2.518534	4.73%	378	0.40		94,445	100,000	0.42	400	4.95%
Reserve for Replacements	2.50%	200	0.21			50,000	50,000	0.21	200	2.47%
Other: Compliance & Security	1.20%	96	0.10			24,000	24,000	0.10	96	1.19%
<b>TOTAL EXPENSES</b>	<b>44.50%</b>	<b>\$3,553</b>	<b>\$3.74</b>			<b>\$888,242</b>	<b>\$868,313</b>	<b>\$3.66</b>	<b>\$3,473</b>	<b>42.97%</b>
<b>NET OPERATING INC</b>	<b>55.50%</b>	<b>\$4,432</b>	<b>\$4.67</b>			<b>\$1,107,893</b>	<b>\$1,152,427</b>	<b>\$4.86</b>	<b>\$4,610</b>	<b>57.03%</b>
<b>DEBT SERVICE</b>										
Charter Mac	50.19%	\$4,007	\$4.22			\$1,001,834	\$1,019,397	\$4.29	\$4,078	50.45%
Additional Financing	0.00%	\$0	\$0.00			0		\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00			0		\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>5.31%</b>	<b>\$424</b>	<b>\$0.45</b>			<b>\$106,060</b>	<b>\$133,030</b>	<b>\$0.56</b>	<b>\$532</b>	<b>6.58%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						1.11	1.13			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>							1.15			

<b>CONSTRUCTION COST</b>					<b>TDHCA</b>	<b>APPLICANT</b>	PER SQ FT	PER UNIT	% of TOTAL
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT					
Acquisition Cost (site or bldg)		4.68%	\$4,160	\$4.38	\$1,040,000	\$1,040,000	\$4.38	\$4,160	4.82%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.43%	7,500	7.90	1,874,999	1,874,999	7.90	7,500	8.69%
Direct Construction		45.15%	40,162	42.30	10,040,460	9,709,860	40.91	38,839	44.98%
Contingency	5.00%	2.68%	2,383	2.51	595,773	704,092	2.97	2,816	3.26%
General Req'ts	5.91%	3.17%	2,816	2.97	704,092	704,092	2.97	2,816	3.26%
Contractor's G & A	1.97%	1.06%	939	0.99	234,697	234,697	0.99	939	1.09%
Contractor's Profit	5.91%	3.17%	2,816	2.97	704,092	704,092	2.97	2,816	3.26%
Indirect Construction		3.73%	3,318	3.49	829,500	829,500	3.49	3,318	3.84%
Ineligible Costs		9.14%	8,129	8.56	2,032,294	2,032,294	8.56	8,129	9.41%
Developer's G & A	2.98%	2.18%	1,940	2.04	485,113	489,576	2.06	1,958	2.27%
Developer's Profit	12.02%	8.81%	7,833	8.25	1,958,303	1,958,303	8.25	7,833	9.07%
Interim Financing		5.87%	5,223	5.50	1,305,825	1,305,825	5.50	5,223	6.05%
Reserves		1.95%	1,736	1.83	434,058	0	0.00	0	0.00%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$88,957</b>	<b>\$93.69</b>	<b>\$22,239,205</b>	<b>\$21,587,330</b>	<b>\$90.95</b>	<b>\$86,349</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>		<b>63.64%</b>	<b>\$56,616</b>	<b>\$59.63</b>	<b>\$14,154,113</b>	<b>\$13,931,832</b>	<b>\$58.69</b>	<b>\$55,727</b>	<b>64.54%</b>

<b>SOURCES OF FUNDS</b>				<b>RECOMMENDED</b>	
Charter Mac	64.12%	\$57,040	\$60.08	\$14,260,000	Developer Fee Available
Additional Financing	3.37%	\$3,000	\$3.16	750,000	\$2,388,196
HTC Syndication Proceeds	18.47%	\$16,428	\$17.30	4,107,000	% of Dev. Fee Deferred
Deferred Developer Fees	6.27%	\$5,580	\$5.88	1,394,882	107%
Additional (excess) Funds Required	7.77%	\$6,909	\$7.28	1,727,323	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$22,239,205</b>	<b>\$21,587,330</b>

**MULTIFAMILY COMPARATIVE ANALYSIS(continued)**  
**(Providence at Marshall Meadows, San Antonio, 4% HTC, #04456)**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook  
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.85	\$10,408,368
<b>Adjustments</b>				
Exterior Wall Finish	2.00%		\$0.88	\$208,167
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.68)	(160,616)
Floor Cover			2.00	474,726
Porches/Balconies	\$18.00	19896.79	1.51	358,142
Plumbing	\$605	429	1.09	259,545
Built-In Appliances	\$1,650	250	1.74	412,500
Stairs/Fireplaces	\$1,475	96	0.60	141,600
Floor Insulation			0.00	0
Heating/Cooling			1.53	363,165
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	\$59.58	4,666	1.17	278,003
Other:			0.00	0
<b>SUBTOTAL</b>			<b>53.69</b>	<b>12,743,600</b>
Current Cost Multiplier	1.08		4.30	1,019,488
Local Multiplier	0.89		(5.91)	(1,401,796)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$52.08</b>	<b>\$12,361,292</b>
Plans, specs, survy, bld prm	3.90%		(\$2.03)	(\$482,090)
Interim Construction Interest	3.38%		(1.76)	(417,194)
Contractor's OH & Profit	11.50%		(5.99)	(1,421,549)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$42.30</b>	<b>\$10,040,460</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$14,260,000	Term	480
Int Rate	6.50%	DCR	1.11

<b>Secondary</b>	\$750,000	Term	
Int Rate	0.00%	Subtotal DCR	1.11

<b>Additional</b>	\$4,107,000	Term	
Int Rate		Aggregate DCR	1.11

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S NO**

Primary Debt Service	\$1,001,834
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$150,593</b>

<b>Primary</b>	\$14,260,000	Term	480
Int Rate	6.50%	DCR	1.15

<b>Secondary</b>	\$250,000	Term	
Int Rate	1.00%	Subtotal DCR	1.15

<b>Additional</b>	\$4,107,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,112,840	\$2,176,225	\$2,241,512	\$2,308,757	\$2,378,020	\$2,756,777	\$3,195,860	\$3,704,878	\$4,979,046
Secondary Income	15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	35,348
Contractor's Profit	45,000	46,350	47,741	49,173	50,648	58,715	68,067	78,908	106,045
POTENTIAL GROSS INCOME	2,172,840	2,238,025	2,305,166	2,374,321	2,445,551	2,835,063	3,286,615	3,810,088	5,120,440
Vacancy & Collection Loss	(152,100)	(167,852)	(172,887)	(178,074)	(183,416)	(212,630)	(246,496)	(285,757)	(384,033)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$2,020,740	\$2,070,173	\$2,132,279	\$2,196,247	\$2,262,134	\$2,622,434	\$3,040,119	\$3,524,331	\$4,736,407
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$87,050	\$90,532	\$94,153	\$97,919	\$101,836	\$123,899	\$150,742	\$183,401	\$271,479
Management	81,674	83671.98894	86182.1486	88767.61306	91430.64145	105993.1722	122875.1366	142445.9603	191435.4592
Payroll & Payroll Tax	204,730	212,919	221,436	230,293	239,505	291,395	354,526	431,335	638,482
Repairs & Maintenance	112,750	117,260	121,950	126,828	131,902	160,478	195,247	237,547	351,628
Utilities	78,913	82,070	85,352	88,766	92,317	112,318	136,652	166,258	246,102
Water, Sewer & Trash	70,750	73,580	76,523	79,584	82,767	100,699	122,516	149,060	220,645
Insurance	58,446	60,784	63,215	65,744	68,374	83,187	101,210	123,137	182,273
Property Tax	100,000	104,000	108,160	112,486	116,986	142,331	173,168	210,685	311,865
Reserve for Replacements	50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Other	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
TOTAL EXPENSES	\$868,313	\$901,777	\$937,011	\$973,630	\$1,011,687	\$1,225,626	\$1,485,079	\$1,799,776	\$2,644,688
NET OPERATING INCOME	\$1,152,427	\$1,168,397	\$1,195,268	\$1,222,617	\$1,250,447	\$1,396,808	\$1,555,040	\$1,724,556	\$2,091,718
<b>DEBT SERVICE</b>									
First Lien Financing	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834	\$1,001,834
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	\$150,593	\$166,563	\$193,434	\$220,784	\$248,614	\$394,974	\$553,206	\$722,722	\$1,089,885
DEBT COVERAGE RATIO	1.15	1.17	1.19	1.22	1.25	1.39	1.55	1.72	2.09

LIHTC Allocation Calculation - (Providence at Marshall Meadows, San Antonio, 4% HTC, #04456)

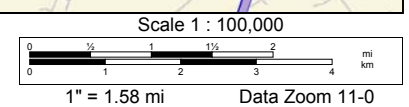
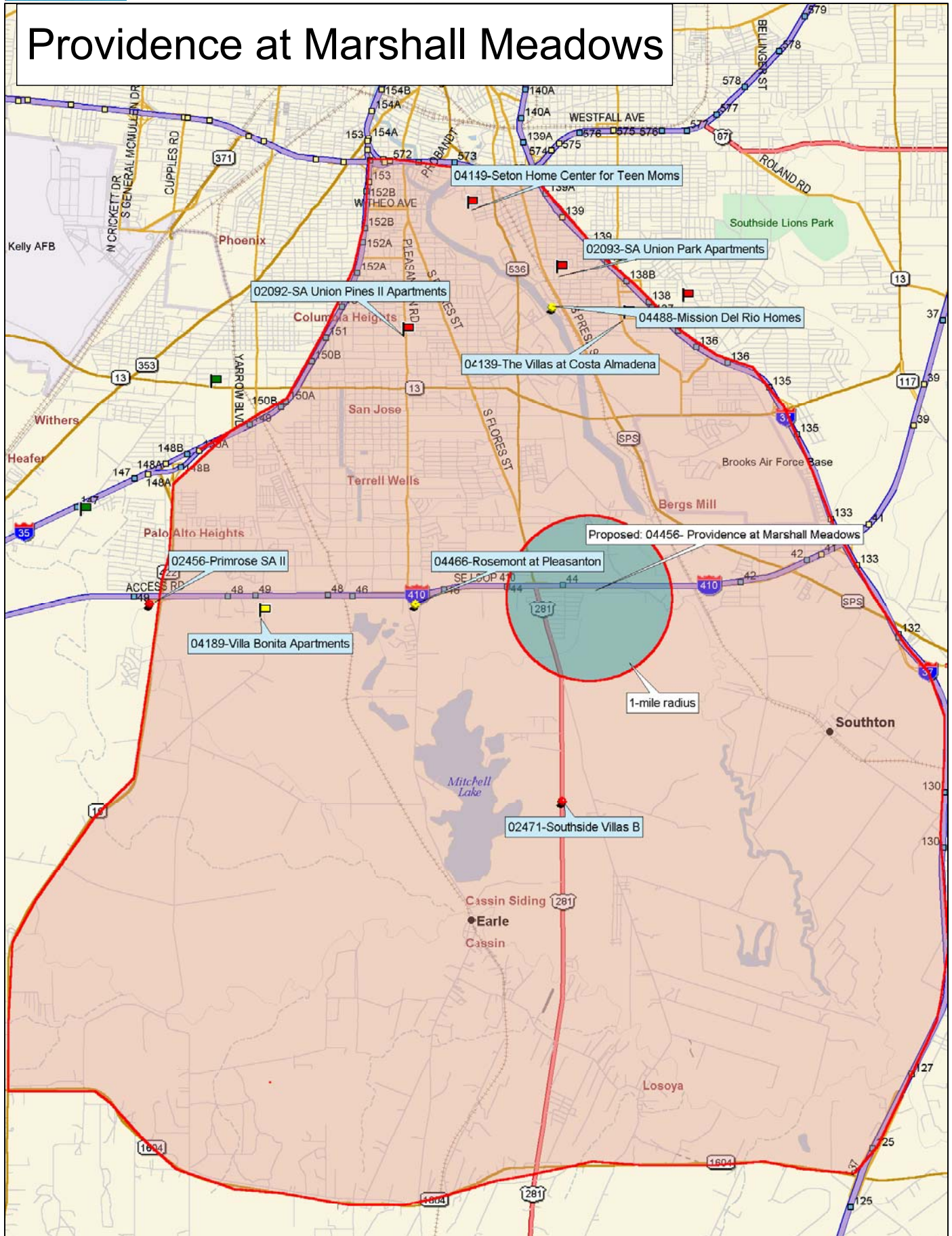
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$1,040,000	\$1,040,000		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,874,999	\$1,874,999	\$1,874,999	\$1,874,999
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$9,709,860	\$10,040,460	\$9,709,860	\$10,040,460
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$234,697	\$234,697	\$231,697	\$234,697
Contractor profit	\$704,092	\$704,092	\$695,092	\$704,092
General requirements	\$704,092	\$704,092	\$695,092	\$704,092
<b>(5) Contingencies</b>	\$704,092	\$595,773	\$579,243	\$595,773
<b>(6) Eligible Indirect Fees</b>	\$829,500	\$829,500	\$829,500	\$829,500
<b>(7) Eligible Financing Fees</b>	\$1,305,825	\$1,305,825	\$1,305,825	\$1,305,825
<b>(8) All Ineligible Costs</b>	\$2,032,294	\$2,032,294		
<b>(9) Developer Fees</b>			\$2,388,196	
Developer overhead	\$489,576	\$485,113		\$485,113
Developer fee	\$1,958,303	\$1,958,303		\$1,958,303
<b>(10) Development Reserves</b>				
		\$434,058		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$21,587,330</b>	<b>\$22,239,205</b>	<b>\$18,309,503</b>	<b>\$18,732,853</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>\$18,309,503</b>	<b>\$18,732,853</b>
High Cost Area Adjustment			130%	130%
<b>TOTAL ADJUSTED BASIS</b>			<b>\$23,802,354</b>	<b>\$24,352,709</b>
Applicable Fraction			55.76%	55.76%
<b>TOTAL QUALIFIED BASIS</b>			<b>\$13,271,604</b>	<b>\$13,578,469</b>
Applicable Percentage			3.56%	3.56%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			<b>\$472,469</b>	<b>\$483,393</b>

Syndication Proceeds	0.8500	\$4,015,987	\$4,108,845
<b>Total Credits (Eligible Basis Method)</b>		<b>\$472,469</b>	<b>\$483,393</b>
Syndication Proceeds		\$4,015,987	\$4,108,845
Requested Credits		\$528,291	
Syndication Proceeds		\$4,490,474	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$7,077,330</b>	
Credit Amount		\$832,627	



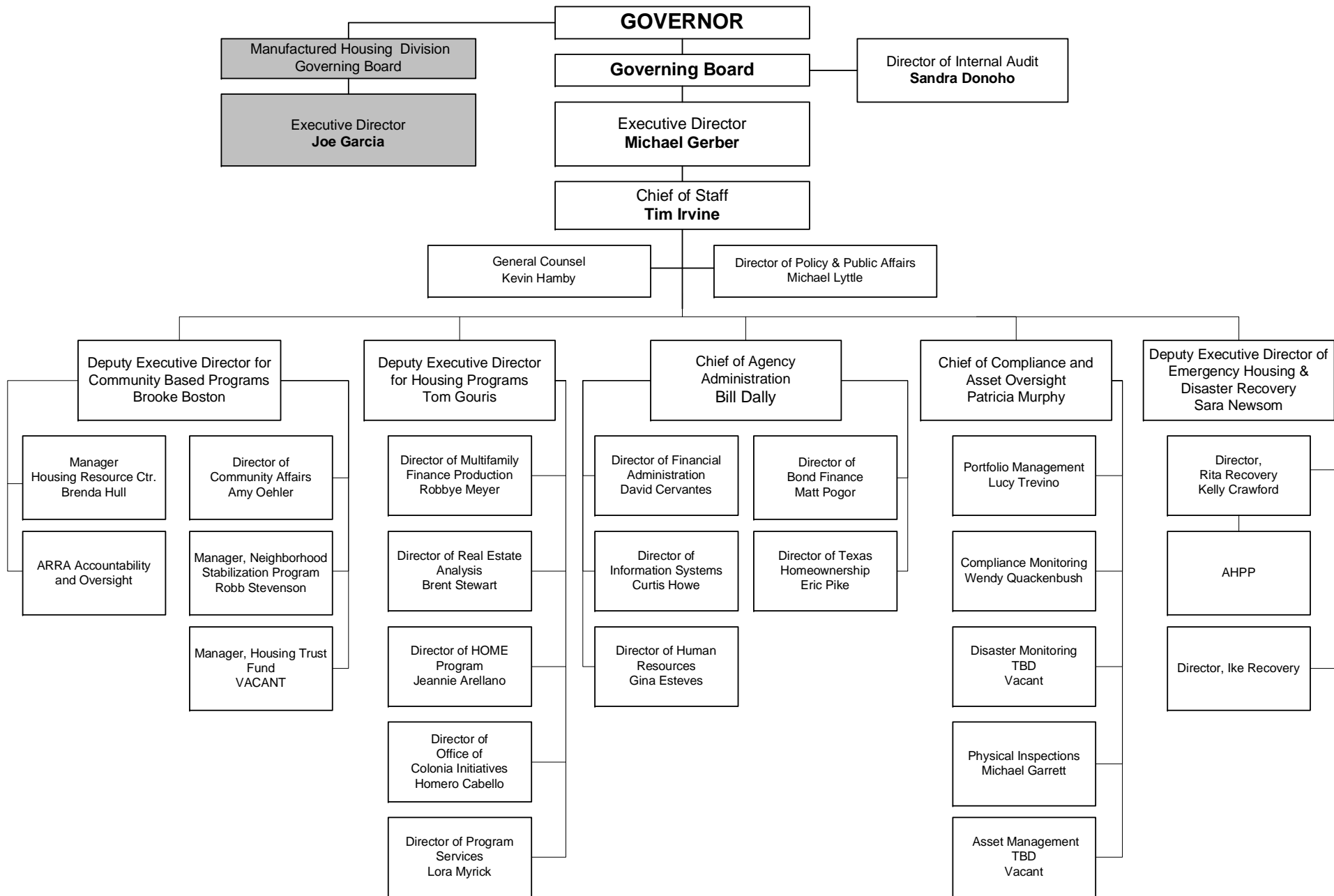
# Providence at Marshall Meadows

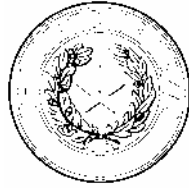




# REPORT ITEMS

# TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS





TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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**Memorandum**

**To:** Michael Gerber  
**From:** Gordon Anderson  
**cc:** Tim Irvine, Michael Lyttle  
**Date:** April 14, 2009  
**Re:** TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for March 2009. The information provided focuses primarily on activities Executive and staff have taken on voluntarily; however, also included are mandated activities such as TEFRA and tax credit public hearings. This list may not account for every activity undertaken by staff, as there may be a limited number of events not brought to my attention.

For brevity sake, the chart provides the name of the event, its location, the date of the event, division(s) participating in the event, and an explanation of what role staff played in the event. Should you wish to obtain additional details regarding these events, I will be happy to provide you with this information.

## TDHCA Outreach Activities, March 2009

*A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public*

<b>Event</b>	<b>Location</b>	<b>Date</b>	<b>Division</b>	<b>Purpose</b>
ARRA of 2009 Round Table Discussion	Austin	March 2	Executive, Multifamily Finance, Legal, Real Estate Analysis, HOME, Portfolio Management & Compliance, Housing Resource Center	Presentation, Round Table
First Thursday Income Eligibility Training	Austin	March 5	Portfolio Management & Compliance	Training
Texas Apartment Association/ Uniform Physical Condition Standards Training	Fort Worth	March 10	Portfolio Management & Compliance	Presentation
Texas Apartment Association/ Uniform Physical Condition Standards Training	Houston	March 12	Portfolio Management & Compliance	Presentation
Texas Interagency Council for the Homeless	Austin	March 13	Housing Resource Center	Participant
Disability Advisory Workgroup	Austin	March 20	Housing Resource Center	Participant
University of Texas Job and Intern Fair	Austin	March 25-26	Human Resources, Community Affairs, Policy & Public Affairs	Participant
Neighborhood Stabilization Program Application Workshop	Austin	March 27	Office of Colonia Initiatives	Training
Saint Edward's University Job Fair	Austin	March 27	Human Resources	Participant
Farmworker Workshop	Austin	March 30	Housing Resource Center	Participant